REGULAR MEETING
TUESDAY, SEPTEMBER 24, 2019, 5:30 P.M.
COMMUNITY MEETING ROOM, 501 POLI STREET, VENTURA

Water Commission Purpose: Review and make advisory recommendations regarding water rates, water resources infrastructure projects in the five-year capital improvement program, the integrated water resources management plan, water supply options, the Urban Water Management Plan approval process, a water dedication and in-lieu fee requirement, and other water resource issues.

The public has the opportunity to address the Commission on any item appearing on the agenda. Persons wishing to address the Commission should fill out a "Speaker Form." If you wish to comment on an item and do not want to speak before the Commission, you may complete the "Comment" portion of the form. This form is located on the table at the entrance of the room. The Chairperson will acknowledge comments for the record.

The Water Commission has adopted Meeting Protocols and are available at www.venturawater.net. Evidence must be submitted to the Water Commission Secretary for agenda items provided they are compliant with the following specifications:

<table>
<thead>
<tr>
<th>Written Rebuttal Submissions</th>
<th>Written Day of Meeting Submissions</th>
<th>PowerPoint Presentations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submittal Date &amp; Time</td>
<td>September 23, 2019 by noon</td>
<td>September 23, 2019 by noon</td>
</tr>
</tbody>
</table>
| Page Limitation (single side equivalent) | 10 pages maximum, including exhibits | 2 page maximum, including exhibits | None (Each slide must identify as "Personal Comments of Private Citizen [first and last name]"
| Number of copies to be submitted | 20 copies | 20 copies | 10 copies (back up) |

Pursuant to the Rules of Procedures, the Commission has adopted a 3 (three) minute speaking time per agenda item. The Commission may adjust the time limit if deemed appropriate.

ROLL CALL – WATER COMMISSION

PLEDGE OF ALLEGIANCE

1. MINUTES

RECOMMENDATION

Approve the minutes of the August 27, 2019 regular session.

SPEAKER

Staff: Susan Rungren, General Manager
2. **VENTURA WATER SUPPLY PROJECTS FINAL ENVIRONMENTAL IMPACT REPORT CERTIFICATION AND PROJECT APPROVAL**

Staff recommends that the Water Commission recommend City Council:

a. Adopt a resolution certifying the Final Environmental Impact Report for the proposed Ventura Water Supply Projects.

If recommendation A is approved, then City Council is asked to:

b. Adopt a resolution adopting Findings and a Statement of Overriding Considerations, adopting a Mitigation, Monitoring, and Reporting Program, and approving the Ventura Water Supply Projects.

If recommendation A fails, no additional City Council action is required.

**SPEAKER**

Staff: Gina Dorrington, Assistant General Manager

3. **AMENDMENT NO. 14 (CONTRACT EXTENSION AMENDMENT) TO THE WATER SUPPLY CONTRACT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE VENTURA COUNTY WATERSHED PROTECTION DISTRICT**

Staff recommends the Water Commission recommend that City Council adopt a resolution directing the Ventura County Watershed Protection District to approve a Resolution Authorizing Amendment No. 14 (Contract Extension Amendment) to the Water Supply Contract between the State of California Department of Water Resources and the Ventura County Watershed Protection District.

**SPEAKER**

Staff: Jennifer Tribo, Management Analyst II

4. **RECOMMENDATION FOR UTILIZATION OF THE CITY’S STATE WATER ALLOCATION FOR 2019**

Staff requests that the Water Commission make a recommendation to City Council regarding the Interim Utilization of the City’s State Water Allocation for 2019.

**SPEAKER**

Staff: Jennifer Tribo, Management Analyst II
PUBLIC COMMENT

COMMISSIONER COMMUNICATIONS

Per Government Code Section 54954.2(a), the Commissioner Communications section of the agenda provides the Water Commission the opportunity to ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities.

GENERAL MANAGER REPORT

ADJOURNMENT
REGULAR MEETING
TUESDAY, AUGUST 25, 2019, 5:30 P.M.
COMMUNITY MEETING ROOM, 501 POLI STREET, VENTURA

Water Commission Purpose: Review and make advisory recommendations regarding water rates, water resources infrastructure projects in the five-year capital improvement program, the integrated water resources management plan, water supply options, the Urban Water Management Plan approval process, a water dedication and in-lieu fee requirement, and other water resource issues.

General Manager called the meeting to order at 5:30 p.m.

ROLL CALL – WATER COMMISSION

Present: Commissioners Burton, Clite, Feeney, Hubner, McCombs, McCord and Mulligan.

Absent: None.

PLEDGE OF ALLEGIANCE

WATER COMMISSION ITEMS

1. INTRODUCTION OF NEW COMMISSION MEMBER (S)

   General Manager Susan Rungren thanked former Commissioners McCarty and Mills for their service on the Water Commission.

   Each Water Commissioner introduced themselves.

   Members of the Public: None.

   Informational Only – No Vote

2. BROWN ACT TRAINING AND WATER COMMISSION RULES OF Procedure

   Staff recommends the Water Commission receive an oral presentation from the City Attorney’s Office regarding the Brown Act and Water Commission Rules of Procedure.
Members of the Public: None.

**Informational Only – No Vote**

3. **ELECT COMMISSION CHAIR AND VICE CHAIR**

Commissioner Hubner moved to nominate Commissioner Burton as Chair. Commissioner McCombs seconded the motion. The vote was as follows:

**AYES:** Commissioners Burton, Clite, Feeney, Hubner, McCombs, McCord and Mulligan.

**NOES:** None.

Commissioner Clite moved to nominate Commissioner Mulligan as Vice-Chair. Commissioner McCord seconded the motion. The vote was as follows:

**AYES:** Commissioners Clite, Feeney, Hubner, McCombs, McCord, Mulligan and Burton.

**NOES:** None.

Commission Chair Burton declared the motions carried.

4. **MINUTES**

**RECOMMENDATION**

Approve the minutes of the June 25, 2019 regular session.

Members of the Public: None.

Commissioner McCombs moved to approve the recommendation. Commissioner Hubner seconded the motion. The vote was as follows:

**AYES:** Commissioners Clite, Feeney, Hubner, McCombs, McCord and Burton.

**NOES:** None.

**ABSTAIN:** Commissioner Mulligan.

Commission Chair Burton declared the motion carried.
5. **GROUNDWATER SUSTAINABILITY AGENCIES UPDATE**

Staff recommends the Water Commission receive an oral update on the status of local Groundwater Sustainability Agencies.

Members of the Public: None.

**Informational Only – No Vote**

6. **AMENDMENT NO. 14 (CONTRACT EXTENSION AMENDMENT) TO THE WATER SUPPLY CONTRACT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE VENTURA COUNTY WATERSHED PROTECTION DISTRICT**

Staff recommends the Water Commission recommend that City Council adopt a resolution directing the Ventura County Watershed Protection District to approve a Resolution Authorizing Amendment No. 14 (Contract Extension Amendment) to the Water Supply Contract between the State of California Department of Water Resources and the Ventura County Watershed Protection District.

Members of the Public: Christina Speed and Duane Georgeson.

Commissioner Hubner moved to move the item to a future meeting. Commissioner Mulligan seconded the motion. The vote was as follows:

**AYES:** Commissioners Clite, Feeney, Hubner, McCombs, McCord, Mulligan and Burton.

**NOES:** None.

Commission Chair Burton declared the motion carried.

Commissioner Burton moved to solicit from staff recommendations on a restructuring among the three entities in the current State Water Contract regarding to remove Ventura County Watershed Protection District. Commissioner Feeney seconded the motion. The vote was as follows:

**AYES:** Commissioners Burton, Clite, Feeney, Hubner, McCombs, McCord and Mulligan.

**NOES:** None.

Commission Chair Burton declared the motion carried.
7. **2020-2026 CAPITOL IMPROVEMENT PLAN PROCESS**

Staff recommends the Water Commission receive an oral presentation on the 2020-2026 Capital Improvement Plan Process and Proposed Projects.

Members of the Public: None.

**Informational Only – No Vote**

8. **FINANCIAL STATUS UPDATE**

Staff recommends the Water Commission receive this written report and an oral presentation on financial information for Ventura Water’s Operating Program and Capital Improvement Plan (CIP) for both the Water and Wastewater Enterprise Funds.

Members of the Public: None.

**Informational Only – No Vote**

**PUBLIC COMMENT:** Burt Handy.

**COMMISSIONER COMMUNICATIONS**

Commissioner McCord and Burton reported they will be attending an AdHoc meeting scheduled September 17, 2019 at United Water Conservation District for the California WaterFix Project and a representative of the State Water Contractors Board will be giving a presentation. Commissioner Hubner discussed the recent guideline updates from the State Water Resources Control Board for perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS). General Manager Susan Rungren confirmed staff is aware of the new guidelines and will update Commission in a future meeting.

**GENERAL MANAGER REPORT**

- Betsy Cooper has been promoted to Assistant General Manager of Water Resources.
- On July 22, 2019, City Council authorized the City Manager to execute the required documents for an agreement for a one-year exchange between the City and San Gorgonio Pass Water Agency for a portion of the City’s 2019 State Water allocation consistent with the Water Commission recommendation from the June 25, 2019 meeting.
- On August 5, 2019 the City Council appointed the new Water Commission members. Council also approved the purchase of three portable emergency generators previously rented, a Ventura Water closed-circuit television sewer inspection vehicle for inspection over hiring an outside contractor which will save money in the long run and authorized a professional service agreement with Waterwise Consulting for the instant hot water heater recirculating system program to assist with water conservation.
• City Council certified the State Water Interconnection Project Final Environmental Impact Report and approved the project on June 25, 2019 consistent with the Water Commissions recommendation.

• Next on the City Council calendar for September 16, 2019 is a Water Workshop which we invite all the Water Commission members to attend.

• Water Commission calendar – We are hoping that in September we will present the Ventura Water Supply Projects Environmental Impact Report as well as bring back the State Water contract along with the process to remove the County name from the contract. In October we may discuss draft deal points for the State Water contract and in November we will give another CIP update. Due to Holiday’s we will discuss if we need to move the November meeting and cancel or move the December meeting. Also, a Waterwise update will be coming soon.

ADJOURNMENT: 8:23 P.M.
To: Ventura Water Commission

From: Susan Rungren, Ventura Water General Manager

Subject: Ventura Water Supply Projects Final Environmental Impact Report Certification and Project Approval

RECOMMENDATIONS

Staff recommends that the Water Commission recommend City Council:

a. Adopt a resolution certifying the Final Environmental Impact Report for the proposed Ventura Water Supply Projects.

If recommendation A is approved, then City Council is asked to:

b. Adopt a resolution adopting Findings and a Statement of Overriding Considerations, adopting a Mitigation, Monitoring, and Reporting Program, and approving the Ventura Water Supply Projects.

If recommendation A fails, no additional City Council action is required.

PREVIOUS ACTIONS

December 12, 2011, City Council approved the Tertiary Treated Flows Consent Decree and Stipulated Dismissal with Wishtoyo Foundation/Ventura Coastkeeper and Heal the Bay, Inc.

During the Commission’s review of the 2015 Urban Water Management Plan and the Water Rights Dedication and Water Resource Net Zero Policy, the Commission recommended pursuing additional water supply options for the City.

March 20, 2017 – City Council approved Professional Services Agreement with Environmental Science Associates to for CEQA/NEPA Environmental Review Services of the VenturaWaterPure Advanced Treatment, Reuse and Diversion Infrastructure Project

DISCUSSION/ANALYSIS

Environmental Impact Report Certification

To comply with the California Environmental Quality Act (CEQA), the City of Ventura has developed the Ventura Water Supply Projects Environmental Impact Report (EIR). The City is proposing to implement the Ventura Water Supply Projects (proposed projects) to protect the ecology of the Santa Clara River Estuary (SCRE), develop additional water supply sources to meet water demands for planned future growth, enhance supply reliability even in drought years, and improve system water quality. The proposed projects would achieve the goals of protecting the ecology of the SCRE while augmenting local potable water supplies.

The proposed projects would be implemented in two phases. The first phase (Phase 1) would divert tertiary-treated water, which currently flows into the SCRE, to the VenturaWaterPure Project for additional treatment, protecting the ecology of the SCRE and to provide a new potable water supply. The second phase (Phase 2) would provide additional needed water supply if Phase 1 is insufficient to meet the needs of planned growth. Phase 1 is evaluated at a “project level” in the EIR since its implementation would occur as the priority water supply project. Phase 2 would only be implemented if the amount of recycled water available is less than future potable demands. If Phase 2 is needed to meet future water demands, then additional project-level CEQA review would be required to evaluate its implementation.

A Draft EIR was prepared to evaluate the environmental impacts associated with construction and operation of the proposed projects and associated components. The Draft EIR circulated for a 45-day public review period from March 6, 2019 to April 22, 2019. On March 26, 2019, a public meeting was held during the regularly scheduled Water Commission meeting during which staff provided a presentation on the Draft EIR. During the review period, the City received a total of 51 comment letters from agencies and other interested parties.

Following the close of the public comment period, the City prepared a Final EIR, including comments submitted by agencies and other interested parties and responses to those comments. On September 18, 2019, the Final EIR was released and posted on the City’s website.

The Draft EIR is available here:

The Final EIR is available here:
The EIR is an informational document for decision-makers and the public that identifies any significant environmental impacts and describes feasible alternatives and mitigation measures to avoid or reduce those significant impacts. The EIR is also intended to support the permitting processes of all agencies whose discretionary approvals must be obtained for the projects.

The City of Ventura is the lead agency for the proposed projects under the CEQA, and Ventura’s City Council is the governing body responsible for certifying the Final EIR. It is anticipated that the Final EIR will be presented to City Council on October 14, 2019, with the recommendation that City Council adopt a resolution certifying the Final EIR (Attachment A).

There are no fiscal impacts to certifying the Final EIR.

Project Approval

If City Council adopts the resolution certifying the Final EIR, it is recommended that City Council adopt a resolution approving the Ventura Water Supply Projects and adopting Findings, a Statement of Overriding Considerations, and a Mitigation, Monitoring, and Reporting Program (Attachment B). If City Council does not certify the Final EIR, then no further action is requested because a certified EIR is a necessary requirement for project approval.

It is recommended that City Council approve and express its intent for the City to carry out the following:

- The proposed projects as described in the Final EIR, including the following components in Phase 1: an Advanced Water Purification Facility; a Concentrate Discharge Facility; Aquifer Storage and Recovery Project Facilities / Groundwater Wells; a Water Conveyance System / Pure Water Pipelines; Wildlife/Treatment Wetlands; Ventura Water Reclamation Facility Treatment Upgrades; associated alignments and appurtenances for all components of the projects; and all mitigation measures, as set forth in the Final EIR and the Mitigation, Monitoring, and Reporting Program.

- For Phase 1, among the project options evaluated in the Final EIR, the City shall prioritize project development and siting for:
  - Advanced Water Purification Facility at the Harbor Site; and
  - Concentrate Discharge Facility as a new Ocean Outfall at Marina Park.

- Phase 2 will augment water supplies to meet future water needs through the expansion of treatment capacity at the Advanced Water Purification Facility as a first option pending regulatory approvals, or, if this option is not approved or does not meet the City’s water supply needs, through construction of an ocean desalination facility, also subject to regulatory approvals. Phase 2 will also
increase the amount of treated groundwater. Phase 2 is analyzed at a programmatic level in the Final EIR and will require additional CEQA review prior to project-level approval.

The Project Approval Resolution includes as Attachment A the Findings of Fact, which describe the Findings regarding the potential environmental impacts identified in the Final EIR that result in less than significant impacts with mitigation, significant and unavoidable impacts, cumulative impacts, alternatives, and growth-inducing impacts of the proposed projects.

The Project Approval Resolution also includes a finding that the City has determined that the benefits of the proposed projects outweigh their potential significant environmental impacts, and the basis for that determination is set forth in Attachment B the Statement of Overriding Considerations, which describes the significant and unavoidable impacts, including temporary construction noise impacts, the objectives, and the benefits of the proposed projects.

The Mitigation, Monitoring, and Reporting Program ("MMRP") is Attachment C to the Project Approval Resolution, and sets forth the mitigation measures to which the City shall bind itself in connection with implementing the proposed projects.

There are no immediate fiscal impacts to approving the projects. The total estimated project construction cost for the Phase 1A projects in 2019 dollars is $156 - $172 million, not including Advanced Water Purification Facility site purchase. The total estimated project cost for the Phase 1A projects in 2019 dollars is $211 million - $232, which includes planning, design, easement acquisition, legal fees, permitting, and construction.

If the projects are approved, next steps include submitting permit applications, initiating the procurement process for final design, site acquisition and annexation, continuing with grant applications and development of project funding plan, construction, and project start-up. Staff will return to the Water Commission and City Council regularly during this process for updates and necessary approvals.

For more information: [https://ca-ventura.civicplus.com/1470/Ventura-Water-Pure](https://ca-ventura.civicplus.com/1470/Ventura-Water-Pure)

Prepared by Gina Dorrington, Assistant General Manager – Operations, and Lauren Bueling, Management Analyst, for:

Susan Rungren
Ventura Water General Manager
ATTACHMENT(S):

A  Draft Resolution Certifying the Ventura Water Supply Projects Environmental Impact Report
B  Draft Resolution Approving the Ventura Water Supply Projects and Adopting Findings, a Statement of Overriding Considerations, and a Mitigation, Monitoring, and Reporting Program
ATTACHMENT A

DRAFT RESOLUTION
CERTIFYING THE VENTURA
WATER SUPPLY PROJECTS
ENVIRONMENTAL IMPACT
REPORT
RESOLUTION NO. 2019-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN BUENAVENTURA, CALIFORNIA, CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE VENTURA WATER SUPPLY PROJECTS

CASE NO. EIR-9-19-52130
PROJECT# PROJ-13833
STATE CLEARINGHOUSE NO. 2017111004

WHEREAS, on November 1, 2017, the City of San Buenaventura, pursuant to the California Environmental Quality Act ("CEQA"), issued a Notice of Preparation ("NOP") of an Environmental Impact Report ("EIR") for the proposed Ventura Water Supply Projects ("Projects") that was distributed to the State Clearinghouse, responsible agencies, and interested parties for a 30-day review period through December 1, 2017, which was later extended to a 45-day review period through December 15, 2017; and,

WHEREAS, the City held an EIR scoping meeting on November 15, 2017 to solicit comments from the public on the proposed Project; and,

WHEREAS, the City received 24 written comments on the NOP; and,

WHEREAS, a Notice of Completion of the Draft EIR was filed with the Office of Planning and Research on March 6, 2019 and a Notice of Availability for the Draft EIR was filed with and posted by the Ventura County Clerk and Recorder on March 6, 2019, filed with the State Clearinghouse on March 6, 2019, and published in the Ventura County Star on March 6, 2019, the Ventura County VIDA Newspaper on March 21, 2019, and the Ventura Breeze on March 13, 2019, giving public notice of the availability of the Draft EIR for review and comment; and,

WHEREAS, copies of the Draft EIR were circulated for public review and comment from March 6, 2019 through April 22, 2019; and,
WHEREAS, the City held a public meeting on March 26, 2019 at which staff presented the Draft EIR to the City’s Water Commission; and,

WHEREAS, during the public comment period, the City received a total of 51 comments from agencies and other interested parties on the Draft EIR; and,

WHEREAS, the City released the proposed Final EIR on September 18, 2019, making the Final EIR available on its website; and,

WHEREAS, the City held a public meeting on September 24, 2019 at which staff presented the Final EIR to the City’s Water Commission; and,

WHEREAS, the proposed Final EIR (EIR-9-19-52130) comprises (i) the Draft EIR, (ii) corrections and additions to the Draft EIR, (iii) list of persons, organizations and public agencies commenting on the Draft EIR, (iv) comments received from the public and interested agencies, and (v) the Response to Comments, including appendices with information supporting the Responses to Comments.

NOW, THEREFORE, the City Council of the City of San Buenaventura does hereby resolve, find, determine and order as follows:

Section 1: The City Council has reviewed and considered the information contained in the Final EIR.

Section 2: The City Council finds that the Final EIR represents the independent judgment and analysis of the City as Lead Agency.

Section 3: The City Council certifies that the Final EIR has been completed in compliance with the CEQA (Public Resources Code Section 21000 et seq.), as amended, and the Guidelines for Implementation of the CEQA (“CEQA Guidelines,” California Code of Regulations, Title 14, Chapter 3, Section 15000 et seq.).

Section 4: The location and custodian of the Final EIR and other documents constituting the record of proceedings is the City of San Buenaventura, Ventura Water Department, 336 Sanjon Road, Ventura, California 93001.
PASSED AND ADOPTED this 14th day of October, 2019.

________________________
Matt LaVere, Mayor

ATTEST:

_____________________________
Antoinette M. Mann, MMC, CRM
City Clerk

APPROVED AS TO FORM
GREGORY G. DIAZ, City Attorney

BY:  __________________________
Miles P. Hogan                    Date
Assistant City Attorney II
ATTACHMENT B

DRAFT RESOLUTION
APPROVING THE VENTURA
WATER SUPPLY PROJECTS AND
ADOPTING FINDINGS, A
STATEMENT OF OVERRIDING
CONSIDERATIONS, AND A
MITIGATION, MONITORING,
AND REPORTING PROGRAM
RESOLUTION NO. 2019-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN BUENAVENTURA, CALIFORNIA, APPROVING THE VENTURA WATER SUPPLY PROJECTS AND ADOPTING FINDINGS, A STATEMENT OF OVERRIDING CONSIDERATIONS, AND A MITIGATION, MONITORING, AND REPORTING PROGRAM

CASE NO. EIR-9-19-52130
PROJECT# PROJ-13833
STATE CLEARINGHOUSE NO. 2017111004

WHEREAS, on November 1, 2017, the City of San Buenaventura, pursuant to the California Environmental Quality Act ("CEQA"), issued a Notice of Preparation ("NOP") of an Environmental Impact Report ("EIR") for the proposed Ventura Water Supply Projects ("Projects") that was distributed to the State Clearinghouse, responsible agencies, and interested parties for a 30-day review period through December 1, 2017, which was later extended to a 45-day review period through December 15, 2017; and,

WHEREAS, the City held an EIR scoping meeting on November 15, 2017 to solicit comments from the public on the proposed Project; and,

WHEREAS, the City received 24 written comments on the NOP; and,

WHEREAS, a Notice of Completion of the Draft EIR was filed with the Office of Planning and Research on March 6, 2019 and a Notice of Availability for the Draft EIR was filed with and posted by the Ventura County Clerk and Recorder on March 6, 2019, filed with the State Clearinghouse on March 6, 2019, and published in the Ventura County Star on March 6, 2019, the Ventura County VIDA Newspaper on March 21, 2019, and the Ventura Breeze on March 13, 2019, giving public notice of the availability of the Draft EIR for review and comment; and,
WHEREAS, copies of the Draft EIR were circulated for public review and comment from March 6, 2019 through April 22, 2019; and,

WHEREAS, the City held a public meeting on March 26, 2019 at which staff presented the Draft EIR to the City’s Water Commission; and,

WHEREAS, during the public comment period, the City received a total of 51 comments from agencies and other interested parties on the Draft EIR; and,

WHEREAS, the City released the proposed Final EIR on September 18, 2019, making the Final EIR available on its website; and,

WHEREAS, the City held a public meeting on September 24, 2019 at which staff presented the Final EIR to the City’s Water Commission; and,

WHEREAS, the proposed Final EIR (EIR-9-19-52130) comprises (i) the Draft EIR, (ii) corrections and additions to the Draft EIR, (iii) list of persons, organizations and public agencies commenting on the Draft EIR, (iv) comments received from the public and interested agencies, and (v) the Response to Comments, including appendices with information supporting the Responses to Comments; and,

WHEREAS, the City Council has reviewed and considered the information contained in the Final EIR, and has certified that the Final EIR was completed in compliance with the CEQA (Public Resources Code Section 21000 et seq.), as amended, and the Guidelines for Implementation of the CEQA (“CEQA Guidelines,” California Code of Regulations, Title 14, Chapter 3, Section 15000 et seq.); and,

WHEREAS, the Findings attached hereto as Attachment A, and incorporated herein by reference, describe the potential environmental impacts identified in the Final EIR that result in less than significant impacts with mitigation, significant and unavoidable impacts, cumulative impacts, alternatives, and growth-inducing impacts of the proposed Projects; and,

WHEREAS, after considering the Final EIR’s conclusion that the Projects will have significant temporary construction noise impacts that cannot feasibly be mitigated to below a level of significance, the City has determined that the benefits of the proposed Projects outweigh their
potential significant environmental impacts, as set forth in the Statement of Overriding Considerations attached hereto as Attachment B, and incorporated herein by reference; and,

    WHEREAS, the Mitigation, Monitoring, and Reporting Program (“MMRP”) attached hereto as Attachment C, and incorporated herein by reference, sets forth the mitigation measures to which the City shall bind itself in connection with implementing the proposed Projects.

    NOW, THEREFORE, the City Council of the City of San Buenaventura does hereby resolve, find, determine and order as follows:

    Section 1: The City Council approves and expresses its intent for the City to carry out the following:

    A. The proposed Projects as described in the Final EIR, including the following components in Phase 1: an Advanced Water Purification Facility; a Concentrate Discharge Facility; Aquifer Storage and Recovery Project Facilities / Groundwater Wells; a Water Conveyance System / Pure Water Pipelines; Wildlife/Treatment Wetlands; Ventura Water Reclamation Facility Treatment Upgrades; associated alignments and appurtenances for all components of the Projects; and all mitigation measures, as set forth in the Final EIR and the Mitigation, Monitoring, and Reporting Program (Attachment “C”).

    B. For Phase 1, among the project options evaluated in the Final EIR, the City shall prioritize project development and siting for:
       i. Advanced Water Purification Facility at the Harbor Site; and
       ii. Concentrate Discharge Facility as a new Ocean Outfall at Marina Park.

    C. Phase 2 will augment water supplies to meet future water needs through the expansion of treatment capacity at the Advanced Water Purification Facility as a first option pending regulatory approvals, or, if this option is not approved or does not meet the City’s water supply needs, through construction of an ocean desalination facility, also subject to regulatory
approvals. Phase 2 will also increase the amount of treated groundwater. Phase 2 is analyzed at a programmatic level in the Final EIR and will require additional CEQA review prior to project-level approval.

Section 2: The City Council adopts the Findings and Statement of Overriding Considerations prepared to meet the requirements of CEQA Section 21081 and CEQA Guidelines Sections 15091 and 15093 (Attachments “A” and “B”).

Section 3: The City Council adopts the Mitigation, Monitoring, and Reporting Program drafted to meet the requirements of CEQA Section 21081.6, with mitigation measures that will avoid or lessen to an insignificant level, potentially significant environmental impacts associated with the Projects (Attachment “C”).

Section 4: The location and custodian of the Final EIR and other documents constituting the record of proceedings is the City of San Buenaventura, Ventura Water Department, 336 Sanjon Road, Ventura, California 93001.

PASSED AND ADOPTED this 14th day of October, 2019.

Matt LaVere, Mayor

ATTEST:

_____________________________
Antoinette M. Mann, MMC, CRM
City Clerk

APPROVED AS TO FORM
GREGORY G. DIAZ, City Attorney

BY: __________________________
Miles P. Hogan                    Date
Assistant City Attorney II
Attachment “A” – Findings
Attachment “B” – Statement of Overriding Considerations
Attachment “C” – Mitigation, Monitoring, and Reporting Program
ATTACHMENT A

California Environmental Quality Act Findings of Fact Regarding the Final Environmental Impact Report for the Ventura Water Supply Projects – State Clearinghouse Number 2017111004

Introduction

The Environmental Impact Report (EIR) prepared by the City of San Buenaventura (Ventura or City) for the Ventura Water Supply Projects (projects) analyzes the potential environmental effects associated with reducing tertiary-treated wastewater discharges to the Santa Clara River Estuary (SCRE), diverting flow to purification facilities for augmentation of local water supply, and providing a reliable water supply to meet the needs of planned growth in normal and dry years, as identified by the City’s 2015 Urban Water Management Plan (UWMP). The projects will be implemented in two phases; the first phase will treat water for potable reuse through implementation of the VenturaWaterPure Project, and the second phase will address the region’s future water needs.

The first phase of the projects includes the construction and operation of the Advanced Water Purification Facility (AWPF) that will treat tertiary-treated discharge from the Ventura Water Reclamation Facility (VWRF) in compliance with the Groundwater Recharge Reuse Regulations, Title 22 of the California Code of Regulations, for direct distribution or for injection into local groundwater basins. The projects will divert discharges to the SCRE in phases: 60 percent by 2025 and 90–100 percent by the year 2030. The diverted water will be purified and used for potable reuse, which requires storage and treatment facilities, pipelines, wells, an ocean outfall and improvements to the VWRF.

The second phase of the project is analyzed at a programmatic level in the EIR and will require additional California Environmental Quality Act (CEQA) review prior to project-level approval. Phase 2 will augment water supplies to meet future water needs, including the accommodation of planned growth, either through increasing the consistent and reliable amount of recycled water produced or construction of an ocean desalination facility. This will be accomplished through either the expansion of treatment capacity AWPF as a first option pending regulatory approvals, or if this option is not approved or does not meet the City’s water supply needs, through construction of an ocean desalination facility. Phase 2 will also increase the amount of treated groundwater.
These findings have been prepared to comply with requirements of CEQA, California Public Resources Code Sections 21000 through 21189.57, and CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3. Pursuant to Public Resources Code Section 21081, and CEQA Guidelines, Section 15091, no public agency shall approve or carry out a project for which an EIR has been certified which identifies one or more significant environmental effects of the project unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. The possible findings which must be supported by substantial evidence in the record are as follows:

- Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the Final EIR.
- Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
- Specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR.

**Record of Proceedings**

For the purposes of CEQA and these Findings, the record of the administrative proceedings for the projects includes, but is not limited to, the following:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notice of Preparation</td>
<td>November 1, 2017</td>
</tr>
<tr>
<td>Public Scoping Meeting</td>
<td>November 15, 2017</td>
</tr>
<tr>
<td>DEIR and Notice of Availability</td>
<td>March 6, 2019</td>
</tr>
<tr>
<td>DEIR Public Meeting</td>
<td>March 26, 2019</td>
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<td>Final EIR</td>
<td>October __, 2019</td>
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- The comments submitted by agencies and members of the public during the public comment period on the Draft EIR (DEIR) and the City of Ventura responses to the comments.
- All written comments received in response to, or in connection with, environmental documents prepared for the projects, including responses to the notice of preparation.
- The Mitigation, Monitoring, and Reporting Program for the projects.
- All findings and resolutions adopted by the City in connection with the projects and all documents cited or referred to therein.
- All documents and information submitted to the City by responsible, trustee, or other public agencies, or by individuals or organizations, in connection with the projects, up through the date the City of Ventura approves the projects.
• Matters of common knowledge to the City, including but not limited to federal, state, and local laws and regulations.

• Studies and other documents relied upon in the EIR, including any documents expressly cited in these findings.

• Any other materials required to be in the record of administrative proceedings pursuant to Public Resources Code, Section 21167.6(e).

The custodian of the documents comprising the record of administrative proceedings is Ventura Water, whose office is located at: 336 Sanjon Road, Ventura, CA 93001.

**Findings of Fact Required Under CEQA**

CEQA provides that “public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects.” Public Resources Code, Section 21002. The same provision states that the procedures required by CEQA “are intended to assist public agencies in systematically identifying both the significant effects of projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects.” Section 21002 goes on to state that “in the event [that] specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects.”

The mitigation measures and/or the design features and construction measures set forth in the Final EIR are included in the Mitigation, Monitoring, and Reporting Program (MMRP) adopted concurrently with these Findings. The City of Ventura will use the MMRP to ensure compliance with project mitigation measures.

The CEQA Guidelines define a significant impact on the environment as “a substantial, or potentially substantial, adverse change in any of the physical conditions within an area affected by the projects, including land, air, water, flora, fauna, ambient noise, and objects of historic or aesthetic significance” (Section 15382). The Final EIR identified all potentially significant environmental effects resulting from implementation of the projects. However, these significant effects can be fully mitigated through the adoption of feasible mitigation measures except for temporary noise impacts associated with the HDD for the ocean outfall. The Final EIR determined that the projects will result in an unavoidable significant noise impact.

**Phase 1 Components**

**Less than Significant Environmental Impacts with Mitigation**

For the following impacts, the City finds that changes or alterations have been required in, or incorporated into, the projects which avoid or substantially lessen the significant environmental effect, as identified in the Final EIR. The impacts described below will be less than significant with mitigation.
AESTHETICS IMPACTS (DEIR Section 3.1)

The proposed projects could substantially degrade the existing visual character or quality of the sites and their surroundings.

Construction of the AWPF and associated infrastructure would result in temporary impacts to the visual character of the surrounding areas. Construction of the facilities, including the new treatment wetlands, would require the temporary use of construction equipment and storage of materials on-site.

Once constructed, the AWPF and associated above-ground components would appear different from the surrounding visual character of the proposed locations. Native vegetation would be removed and permanent facilities would be installed above and below ground.

Mitigation Measures:

AES-1: Prior to the start of construction, the city of Ventura shall prepare a Construction Management Plan. The Construction Management Plan shall, at a minimum, indicate the equipment and vehicle staging areas, areas for stockpiling of materials, temporary opaque fencing material, and haul route(s). Staging areas shall be sited and/or screened to minimize public views to the maximum extent practicable.

AES-2: Aboveground buildings/structures shall be designed to have color palettes and vegetation screening as necessary to blend with the surrounding character of the site and to minimize contrasting features in the visual landscape.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to existing visual resources identified in the EIR. AES-1 would require preparation of a Construction Management Plan that would identify staging areas and screening to minimize public views to the maximum extent practicable. AES-2 would require that the structures associated with the AWPF and groundwater wells be constructed of similar material or painted to match the character of the particular existing surrounding environment.

The proposed projects could create a new source of substantial light or glare which would adversely affect daytime or nighttime views in the area.

The proposed AWPF would require exterior lighting for security and operational purposes and would create a new light source that could impact the surrounding properties. Operation of the groundwater wells would create a new light source that could have a potential impact to the surrounding properties. Construction associated with the proposed new outfall may require 24-hour drilling in order to safely complete the drilling process. Temporary overhead nighttime lighting would be installed during the drilling period. The overnight lighting could spill over into neighboring residential, recreational development, or public roadways.

Mitigation Measure:

AES-3: Lighting used during temporary nighttime construction or for permanent security purposes shall be shielded and directed downward or pointed away from surrounding light-sensitive land uses.
Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from new sources of light and glare identified in the EIR. AES-3 would require any temporary and/or permanent lighting on buildings/structures to be shielded and directed downward to avoid light intrusion onto other surrounding land uses.

AGRICULTURAL IMPACTS (DEIR Section 3.2)

The proposed projects would convert Prime Farmland to non-agricultural use.

Construction and operation of the Portola Road AWPF, if chosen, would permanently convert 9-acres of Prime Farmland to non-agricultural use. Construction and operation of groundwater well Sites 2 or 3 would also result in conversion of Prime Farmland to non-agricultural use.

Construction of the pipeline segments from the existing VWRF along Olivas Park Drive, Telephone Road, and Palma Drive to the potential Harbor Boulevard, Transport Street, and Portola Road AWPF sites would temporarily impact Prime Farmland.

Mitigation Measure

AG-1: Mitigation shall be provided for the loss of state-designated Prime Farmland or Farmland of Local Importance and/or open space in existence at the time property in the project area containing such state-designated farmland or open space is developed. Prior to developing such state-designated farmland, agricultural lands of equivalent acreage (a 1:1 ratio), and with soil and farming conditions equivalent or superior to the state-designated farmland that would be converted, shall be set aside in perpetuity. One or more permanent, irreversible agricultural easements may be purchased for the benefit of the City or other qualifying entity acceptable to the City, or funds may be provided to a local, regional, or statewide organization or agency whose purpose includes the acquisition and stewardship of agricultural easements, to be earmarked for the purchase of permanent, irreversible agricultural easements. The protected acreage shall be set aside prior to the commencement of any development activity.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to agricultural resources identified in the EIR. AG-1 would require an agricultural conservation easement to mitigate for the loss of Prime Farmland.

The proposed projects would conflict with existing zoning for agricultural use.

Construction and operation of the Portola Road AWPF site, if selected, would conflict with existing zoning for agricultural use. Construction and operation of groundwater well sites 2 or 3 would also be in conflict with existing zoning for agricultural use.

Mitigation Measure:

See AG-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to county zoning for agricultural use identified in the EIR. AG-1 would require an agricultural conservation easement to mitigate for the loss of Prime Farmland.
The proposed projects would involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use.

The potential Portola Road AWPF site is located within Prime Farmland and Farmland of Local Importance. The Portola Road site would convert approximately 9 acres of Farmland soils to non-agricultural use.

Mitigation Measure

See AG-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from conversion of farmlands to non-agricultural use identified in the EIR. AG-1 would require an agricultural conservation easement to mitigate for the loss of Prime Farmland.

AIR QUALITY IMPACTS (DEIR Section 3.3)

The proposed projects could violate air quality standards or contribute substantially to an existing or projected air quality violation.

Construction of all project components would temporarily create emissions of dusts, fumes, equipment exhaust, and other air contaminants project and would exceed 25 pounds per day for NOx. The Ventura County Air District recommends implementation of emission and dust control measures for all construction projects with NOx emissions over 25 pounds per day.

Mitigation Measures:

AQ-1: The following control measures provided in the VCAPCD Ventura County Air Quality Assessment Guidelines to minimize the generation of fugitive dust (PM10 and PM2.5), ROC, and NOX during construction activities shall be implemented during construction:

- The area disturbed by clearing, grading, earth moving, or excavation operations shall be minimized to prevent excessive amounts of dust.
- Pre-grading/excavation activities shall include watering the areas to be graded or excavated before grading or excavation operations commences. Application of water (preferably reclaimed, if available) should penetrate sufficiently to minimize fugitive dust during grading activities.
- Fugitive dust produced during grading excavation and construction activities shall be controlled by the following activities:
  a) All trucks shall be required to cover their loads, as required by California Vehicle Code Section 23114.
  b) All graded and excavated material, exposed soil areas, and active portions of the construction site, including unpaved on-site roadways, shall be treated to prevent fugitive dust. Treatment shall include, but not necessarily be limited to, periodic watering, application of environmentally safe soil stabilization material, and/or roll-compaction as appropriate. Watering shall be done as often as necessary and reclaimed water shall be used whenever possible.
• Graded and/or excavated inactive areas of the construction site shall be monitored at least weekly for dust stabilization. Soil stabilization methods, such as water and roll compaction, and environmentally safe dust control materials, shall be periodically applied to portions of the construction site that are inactive for over four days. If no further grading or excavation operations are planned for the area, the area should be seeded and watered until grass growth is evident, or periodically treated with environmentally safe dust suppressants to prevent excessive fugitive dust.

• Signs limiting traffic to 15 miles per hour or less shall be posted on-site.

• During periods of winds 25 miles per hour or greater (i.e., wind speed sufficient to cause fugitive dust to impact adjacent properties) or at the direction of the City, all clearing, grading, earth moving, and excavation operations shall be curtailed to the degree necessary to prevent fugitive dust created by on-site activities and operations from being a nuisance or hazard, either off-site or on-site. The site superintendent/supervisor shall use discretion in conjunction with the VCAPCD in determining when winds are excessive.

• Adjacent streets and roads shall be swept at least once per day, preferably at the end of the day, if visible soil material is carried over to adjacent streets and roads.

• Personnel involved in grading operations, including contractors and subcontractors, should be advised to wear respiratory protection in accordance with California Division of Occupational Safety and Health regulations.

**AQ-2:** During construction contractors shall comply with the following measures, as feasible, to reduce NOX and ROC from heavy equipment as recommended by the VCAPCD in its Ventura County Air Quality Assessment Guidelines:

• All construction equipment shall meet or exceed Environmental Protection Agency Tier 3 certification requirements. The contractor shall be required to document the use of Tier 3 equipment or better.

• HDD drilling motors will comply with Tier 3 standards or greater and have particulate filters installed or the contractor shall provide justification to the City that the equipment is not available.

• The City shall establish a barrier around the HDD drilling site to minimize site lines, air emissions, and noise from the drilling activities.

• For pipeline installation work within 300 feet of sensitive receptors such as schools and health care facilities, the City shall coordinate with the school or health care facility to schedule construction activities during periods that minimize disruption to receptors when feasible.

• Minimize equipment idling time.

• Maintain equipment engines in good condition and in proper tune as per manufacturer’s specifications.

• Lengthen the construction period during smog season (May through October) to minimize the number of vehicles and equipment operating at the same time.
• Use alternatively fueled construction equipment, such as compressed natural gas (CNG), liquefied natural gas (LNG), or electric, if feasible.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to air quality identified in the EIR. AQ-1 and AQ-2 will implement emission reduction strategies as required by Ventura County air district for all construction related projects.

BIOLOGICAL IMPACTS (DEIR Section 3.4)

*The project could have a substantial adverse effect, either directly or through habitat modifications, on species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or USFWS.*

The reduction in discharges from the VWRF into the SCRE would reduce existing wildlife habitat, including wetlands and riparian communities. Open water acreage would be reduced 55 to 62 percent compared to full stage existing conditions, which would also reduce mudflat habitats. Freshwater wetlands would be reduced by 38 acres. The reduction in discharge to the SCRE would impact federally listed species by reducing the acreage of spawning and rearing habitat for the tidewater goby, rearing habitat for subadult steelhead, and foraging habitat for California least tern.

Construction of the concentrate discharge facilities would be located in developed areas adjacent to western snowy plover critical habitat, which consists of the open beach and foredune habitats. California least tern also use the foredune habitat for nesting. Although no direct impacts to critical habitat would occur, indirect effects could be experienced during construction, including noise impacts and nighttime lighting. The area near the HDD drill pit site is an active recreation area, with public access to the beach provided directly adjacent to wildlife ponds.

Construction of the proposed pipeline to the Calleguas SMP would pass under the SCRE, along Harbor Boulevard temporarily impacting critical habitat for several species. Directional drilling activities can release drilling fluid into surface water habitats if drilling pressures result in cracks in the boring tunnel.

There is a potential for construction activities to impact nesting birds at all site locations with the addition of temporary noise and lighting to existing conditions.

Mitigation Measures:

**BIO-1:** Prior to the start of construction in areas that could encounter sensitive species, a qualified biologist shall provide Worker Environmental Awareness Program (WEAP) training to all construction workers onsite. The training shall include materials to aid workers in identifying sensitive habitats, plants, and wildlife that should be avoided; applicable laws and regulations protecting such resources; and proper avoidance and communication procedures to protect sensitive biological resources, as well as common wildlife whenever possible.
**BIO-2:** Prior to construction activities within 50 feet of sensitive habitat, a qualified biologist shall survey a 500-foot radius for the presence of sensitive species that could be affected by construction noise and disruption. If construction activities could generate noise in excess of 65 dBA for prolonged periods (averaged over an 8-hour day) in areas where the ambient noise level is less than 65 dBA and sensitive species are present, the construction contractor shall install noise barriers between the construction activity and the sensitive resource to reduce noise impacts on biological resources.

**BIO-3:** If nighttime construction is required, lighting shall be kept to the minimum necessary to safely conduct the work. All lighting shall be focused on the construction area and avoid spilling onto habitat areas.

**BIO-4:** If the nesting season cannot be avoided and construction or vegetation removal occurs between March 1 to September 15 (January 1 to July 31 for raptors), the project shall do the following to avoid and minimize impacts to nesting birds and raptors:

- During the avian breeding season, a qualified biologist shall conduct a preconstruction avian nesting survey no more than 7 days prior to vegetation disturbance or site clearing. If construction begins in the non-breeding season and proceeds continuously into the breeding season, no surveys are required. However, if there is a break of 7 days or more in cleanup activities during the breeding season, a new nesting bird survey shall be conducted before construction begins again.

- The preconstruction survey shall cover all reasonably potential nesting locations on and within 300 feet of the proposed removal areas, and areas that would be occupied by ground-nesting species such as killdeer. A 500-foot radius shall be surveyed in areas containing suitable habitat for nesting raptors, such as trees, utility poles, rock crevices, and cliffs.

- If an active nest is found during the preconstruction avian nesting survey, a qualified biologist shall implement a 300-foot minimum avoidance buffer for all passerine birds and 500-foot minimum avoidance buffer for all raptor species. The nest site area shall not be disturbed until the nest becomes inactive, the young have fledged, the young are no longer being fed by the parents, the young have left the area, and the young will no longer be impacted by the project. Buffer areas may be increased if any endangered, threatened, CDFW fully protected, or CDFW species of special concern are identified during protocol or preconstruction surveys, based on consultation with USFWS or CDFW.

- If a nest is found in an area where ground disturbance is scheduled to occur, the project operator shall avoid the area either by delaying ground disturbance in the area until a qualified biologist has determined that the birds have fledged and are no longer reliant upon the nest or parental care for survival, or by relocating the project component(s) to avoid the area.

**BIO-5:** The City shall prepare and implement a Pre-Construction Santa Clara River Estuary (SCRE) Monitoring Program that will confirm and update the existing baseline hydrological, chemical and biological conditions of the SCRE for a period of 3 years. The City shall coordinate preparation of the monitoring program with the RWQCB, USFWS, NMFS, and CDFW. The purpose of the program shall be to collect specific ecological monitoring data. This data will be used to inform the development of the Post-Construction Monitoring, Assessment, and Adaptive
Management Plan, which shall identify action criteria and management measures that will guide and confirm that the implementation of Phase 1b reductions in discharges (to an average annual of 0 to 0.5 MGD in closed-berm conditions) avoids and minimizes significant adverse environmental impacts.

**BIO-6:** The City shall prepare and implement a Post Construction Santa Clara River Estuary (SCRE) Monitoring, Assessment, and Adaptive Management Program (MAAMP) that will continue data collection in the SCRE and will evaluate and confirm post-discharge diversion SCRE habitat values and conditions for SCRE listed species. The SCRE MAAMP will consist of the following core elements at a minimum:

- Water depth measurements;
- Aquatic species surveys within the SCRE to document occurrence and abundance of tidewater goby and juvenile steelhead;
- Bird and nesting surveys to document the occurrence and abundance of snowy plover and California least tern using or occupying, or foraging of nesting within the SCRE and its vicinity;
- Acreage and qualitative evaluation of vegetation associations (habitat types) within the SCRE and its vicinity;
- SCRE receiving water quality monitoring including regular measurements for temperature, salinity, dissolved oxygen, and nutrients collected vertically and horizontally to inform stratification and spatial patterns understanding;
- Documentation of eutrophication episodes within the SCRE;
- SCRE berm condition monitoring including berm heights and breaching events; and
- Continuous VWRF discharge flow data, and instantaneous VWRF discharge water quality data.

The monitoring effort will be initiated following implementation of Phase 1a when discharges have been reduced to a CDL of 1.9 MGD. The City shall submit annual monitoring reports to the CDFW, USFWS, and NMFS that compile the data collected for a period of 5 years.

The City shall consult with CDFW, USFWS, and NMFS to evaluate the data and trends shown in the monitoring data. In the event that based on the information and analysis provided by the MAAMP, NMFS,USFWS, and or CDFW notifies the RWQCB and the City in writing that reducing the average annual discharge flows below 1.9 MGD in closed-berm conditions would result in an unauthorized “take” (as defined in the state or federal Endangered Species Act, as applicable) of one or more listed species contrary to the permits or authorizations those agencies have issued, then the actions specified in the MAAMP shall be implemented to further avoid and minimize adverse impacts to, and take of listed species within the SCRE resulting from Phase 1b reductions, until and unless and until the Regional Board and the wildlife agency with jurisdiction authorize lower discharge.

**BIO-7:** Prior to initiating any directional drilling activities, the City shall prepare a Drilling Fluid Mitigation and Response Plan that identifies measures to reduce risks to water quality from accidental release of drilling fluids into surface water. Measures include best practices to employ
to minimize the risk of releases. The plan will identify spill containment equipment, monitoring and reporting roles and responsibilities, and implementation procedures sufficient to contain any release of drilling fluids.

**BIO-8:** Prior to constructing treatment wetlands as a part of Phase 1b, the City shall survey the site for the presence of sensitive habitats or sensitive species. If sensitive habitats are identified that would be affected by the construction of the new treatment wetlands, the City shall compensate for such impacts by establishing riparian habitat on-site through development of riparian habitat within the new treatment wetlands design, or offsite in the SCRE at a minimum ratio of 1:1. In addition, the City shall consult with USFWS and CDFW to ensure that appropriate mitigation and/or compensation is established to replace lost habitat value. The consultation shall satisfy federal and state Endangered Species Act consultation requirements, and shall implement the proposed mitigation ratio of at least 1:1, or such higher ratio as may be required by USFWS and CDFW.

Onsite mitigation within the treatment wetlands would be accomplished by establishment of riparian habitat at the edges of the treatment cells or within designed islands. If additional riparian acreage is required beyond that which can be incorporated into the treatment wetlands design, then riparian habitat may be established offsite within the SCRE, since the modeling of discharge reductions predicts a substantial increase in riparian habitat within the SCRE as a result of hydrological changes associated with discharge reductions proposed for Phase 1a and Phase 1b.

To achieve mitigation credit for new riparian habitat established pursuant to BIO-8, whether onsite or offsite, the City shall document the increase in riparian habitat at the mitigation site(s) as compared to existing conditions over a period of 5 years. The City would establish that the new riparian habitat is suitable for least Bell’s vireo occupation based on standard metrics regarding the acreage of canopy cover, complexity of sub-canopy vegetation structure, and opportunity for new vegetation recruitment. The City may document the new riparian habitat acreage and ecological values created by mitigation performed within the Natural Treatment Wetlands pursuant to a 5-year Habitat Management and Monitoring Plan, and may document new riparian habitat acreage and ecological values created within the SCRE as part of the Monitoring, Assessment, and Adaptive Management Plan (MAAMP) to be implemented as Mitigation Measure BIO-6. In the event that sufficient riparian habitat to mitigate for all losses is not created onsite and/or within the SCRE, the City shall provide additional mitigation necessary to attain the ratio of at least 1:1 through the purchase of mitigation bank credits and/or the creation of additional riparian habitat, as determined through consultation with USFWS and CDFW.

**BIO-9:** If the Harbor Site is selected as the location for the AWPF, the City shall comply with all requirements of the California Coastal Act, including compensation for any environmentally sensitive habitat area (ESHA) that has been documented on the Harbor Boulevard site since the enactment of the Coastal Act (1977). Compensation shall include replacement of ESHA at a minimum ratio of 1:1 locally within the coastal zone, or as required by the CCC. The replacement site may be the City-owned property to the south of the Harbor Site or another nearby site.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the
significant environmental effects from construction activities to nesting birds, from reduced discharge to special status species and habitat in the SCRE, and water quality from accidental release of drilling fluids identified in the EIR. BIO-1 through BIO-4 would require pre-construction surveys for nesting birds; BIO-5 and BIO-6 requires an SCRE monitoring and reporting program that would inform species use and habitat post-discharge conditions in the SCRE; BIO-7 requires that the City prepare a Drilling Fluid Mitigation Plan to ensure containment of any released drilling fluids; BIO-8 would require surveys on the wetland site for sensitive habitats or sensitive species prior to construction: and BIO-9 would require compliance with the CCC ESHA requirements.

The proposed projects could have a substantial adverse effect on riparian habitat or other sensitive natural communities identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or USFWS.

Construction of the proposed pipeline to the Calleguas SMP would pass under the SCRE, along Harbor Boulevard, temporarily impacting critical habitat for several species. Directional drilling activities can release drilling fluid into surface water habitats if drilling pressures result in cracks in the boring tunnel.

Mitigation Measure:
See BIO-7 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from accidental release of drilling fluids identified in the EIR. BIO-7 requires that the City prepare a Drilling Fluid Mitigation Plan to ensure containment of any released drilling fluids.

The proposed projects could affect federally protected wetlands through direct removal, filling, hydrological interruption, or other means.

A permanent reduction in 38 acres of freshwater wetland would occur as a result of habitat conversion associated with reduced discharge to the SCRE. Construction of the proposed pipeline to the Calleguas SMP would pass under the SCRE, along Harbor Boulevard, temporarily impacting critical wetland habitat for several species.

Mitigation Measures:
See BIO-5, BIO-6, and BIO-7 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to wetlands identified in the EIR. BIO-5 and BIO-6 requires an SCRE monitoring and reporting program that would inform species use and habitat post-discharge conditions in the SCRE to ensure the protection and enhancement of the SCRE ecological values.

CULTURAL RESOURCE IMPACTS (DEIR Section 3.5)

The proposed projects could cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5.
Ground-disturbing activities associated with the construction of the projects has potential to impact historical resources.

Mitigation Measures:

**CUL-1:** Prior to the start of any ground-disturbing activity, a Qualified Archaeologist, defined as an archaeologist meeting the Secretary of the Interior’s Standards for professional archaeology (U.S. Department of the Interior 2008) shall be retained by the City to carry out all mitigation measures related to archaeological resources.

**CUL-2:** Cultural resources survey shall be conducted prior to any ground-disturbing activities associated with unsurveyed portions of the project area. The portions of the area of the proposed projects not surveyed include the Harbor Boulevard, Transport Street and Portola Road AWPF sites, the parcels within which groundwater Well Sites 2 and 3 would be located, and the portions of the proposed water conveyance pipeline located on private lands. Any resources identified during the survey that would be impacted as a result of the proposed projects should be evaluated for listing in the NRHP and CRHR. Avoidance and preservation in place shall be the preferred manner of mitigating impacts to historical resources under CEQA.

**CUL-3:** Prior to any ground-disturbing activities associated with the proposed projects, the Qualified Archaeologist should conduct cultural resources sensitivity training for all construction personnel. Construction personnel should be informed of the types of archaeological resources that may be encountered, and of the proper procedures to be enacted in the event of an inadvertent discovery of archaeological resources or human remains. The City shall ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance.

**CUL-4:** Prior to the start of ground-disturbing activities associated with the proposed projects, including development, preparation and implementation of project related geophysical surveys and other offshore data collection and construction activities, an archaeological monitor working under the supervision of the Qualified Archaeologist and a Native American monitor associated with the Barbareño/Ventureño Band of Mission Indians, or other locally affiliated tribe, shall monitor all project-related ground-disturbing activities within previously undeveloped project parcels, offshore areas, all jack-and-bore receiving pits, and all pot-holing activities within existing road rights-of-way. Previously undeveloped parcels requiring monitoring include the Harbor Boulevard, Transport Street, offshore areas, and Portola Road AWPF sites, as well as the new treatment wetlands parcel, and groundwater Well Sites 1, 2, and 3. For the pipeline alignments to be installed within existing road rights-of-way, a monitoring plan shall be prepared by the Qualified Archaeologist outlining the locations and timing of monitoring based on level of disturbance identified during pot-hole monitoring, as well as any geotechnical report to be prepared as part of project implementation. Prior to implementing offshore geophysical surveys, the City shall provide the survey methods and plans to the Barbareño/Ventureño Band of Mission Indians for their information as part of the consultation.

Based on observations of subsurface soil stratigraphy or other factors during initial ground-disturbing activities across the project area, and in consultation with the City and Native American monitor, the Qualified Archaeologist may reduce or discontinue monitoring as
warranted if the Qualified Archaeologist determines that the possibility of encountering archaeological deposits is low in a given area or during a given activity. Archaeological monitors shall maintain daily logs documenting their observations. Monitoring activities shall be documented in a Monitoring Report to be prepared by the Qualified Archaeologist at the completion of construction and shall be provided to the City and filed with the SCCIC within 6 months of construction completion.

CUL-5: In the event of the unanticipated discovery of archaeological materials during implementation activities associated with the proposed projects, including offshore data collection and construction activities, all work shall immediately cease in the area (within approximately 100 feet) of the discovery until it can be evaluated by a qualified archaeologist. In the event that cultural resources are discovered on state lands, including discoveries made during any offshore activities, the California State Lands Commission shall also be notified. Construction shall not resume until the qualified archaeologist and, for offshore activities, the California State Lands Commission, has conferred with the City on the significance of the resource.

If it is determined that the discovered archaeological or cultural resource constitutes a significant resource, avoidance and preservation in place is the preferred manner of mitigation. Preservation in place may be accomplished by, but is not limited to, avoidance, incorporating the resource into open space, capping, or deeding the site into a permanent conservation easement. In the event that preservation in place is demonstrated to be infeasible and data recovery through excavation is the only feasible mitigation available, a Cultural Resources Treatment Plan shall be prepared and implemented by the qualified archaeologist in consultation with City and Barbareño/Ventureño Band of Mission Indians, or other locally affiliated tribe, that provides for the adequate recovery of the scientifically consequential information contained in the archaeological resource.

CUL-6: Prior to development of the new outfall and the Phase 2 Ocean Desalination ocean intake system, the City should retain a qualified archaeologist, defined as meeting the Secretary of the Interior’s Professional Qualification Standards for archaeology (U.S. Department of the Interior 2008), to conduct a cultural resources assessment of the ocean intake system that includes: a records search at the South Central Coastal Information Center; a Sacred Lands File search at the California Native American Heritage Commission; a desktop geoarchaeological review of onshore and offshore components; a shipwrecks database review for offshore components; a paleontological resources records check conducted by the Los Angeles County Natural History Museum, a pedestrian field survey for onshore components; recordation of all identified archaeological resources on California Department of Parks and Recreation 523 forms; and preparation of a technical report documenting the methods and results of the study. All identified cultural resources should be assessed for the ocean intake system’s potential to result in direct and/or indirect effects to those resources. Cultural resources that will be directly and/or indirectly affected and cannot be avoided should be evaluated for their potential significance prior to the City’s approval of the ocean intake system plans and publication of subsequent CEQA documents. The qualified archaeologist should provide recommendations regarding archaeological and Native American monitoring, protection of avoided resources, and/or recommendations for additional work or treatment of significant resources (i.e., resources that qualify as historical resources or unique archaeological resources under CEQA or resources that
qualify as historic properties pursuant to Section 106 of the NHPA) that will be affected by construction of the ocean intake system.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to unknown historical resources identified in the EIR. CUL-1 through CUL-6 would ensure that un-surveyed portions of the project facilities are subject to cultural resources surveys, and protection and monitoring of significant resources during construction.

*The proposed projects could cause a substantial adverse change in the significance of a unique archaeological resource pursuant to Section 15064.*

Ground-disturbing activities associated with the construction of the projects has potential to impact archaeological resources.

**Mitigation Measures:**

See CUL-1 through CUL-6 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to unknown archeological resources identified in the EIR. CUL-1 through CUL-6 would ensure that un-surveyed portions of project facilities are subject to cultural resources surveys, and protection and monitoring of significant resources during construction.

*The proposed projects could directly or indirectly destroy a unique paleontological resource or site or unique geologic feature.*

Ground-disturbing activities associated with construction of the projects that exceed depths of 20 feet have the potential to impact paleontological resources.

**Mitigation Measures:**

**Implement CUL-6.**

**CUL-7:** Prior to the start of project-related ground-disturbing activities, the City shall retain a qualified paleontologist meeting the Society for Vertebrate Paleontology’s professional standards (2010) to carry out all mitigation measures related to paleontological resources.

**CUL-8:** Prior to the start of project-related ground-disturbing activities, the qualified paleontologist shall conduct a paleontological resources sensitivity training for all construction personnel working on the project. This may be conducted in conjunction with the archaeological resources training required by Mitigation Measure CUL-2. The training shall include an overview of potential paleontological resources that could be encountered during ground-disturbing activities to facilitate worker recognition, avoidance, and subsequent immediate notification to the qualified paleontologist for further evaluation and action, as appropriate; and penalties for unauthorized artifact collecting or intentional disturbance of paleontological resources. The City
shall ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance.

**CUL-9:** The qualified paleontologist, or a paleontological monitor working under the direct supervision of the qualified professional paleontologist, shall spot check open and visible excavations and/or spoil piles originating from construction activities exceeding depths of 20 feet. The qualified paleontologist shall review engineering plans to determine where ground-disturbing activities will exceed 20 feet deep and will coordinate with construction staff to determine the scheduling of spot checks. In the event that sensitive Quaternary older alluvial deposits are observed during spot check monitoring, the qualified paleontologist may make recommendations to modify the spot check protocols. Likewise, if monitoring observations suggest no potential for paleontological materials, the paleontologist may recommend to reduce or to discontinue the spot checks. The paleontological monitor shall prepare daily logs. After construction has been completed, a report that details the results of the spot check monitoring will be prepared and submitted to the City.

**CUL-10:** In the event of the unanticipated discovery of paleontological resources during project implementation, all work shall immediately cease in the area (within approximately 100 feet) of the discovery until it can be evaluated by a qualified paleontologist. The qualified paleontologist shall evaluate the significance of the resources and recommend appropriate treatment measures. At each fossil locality, field data forms shall be used to record pertinent geologic data, stratigraphic sections shall be measured, and appropriate sediment samples shall be collected and submitted for analysis. Any fossils encountered and recovered shall be catalogued and donated to a public, non-profit institution with a research interest in the materials, such as the Natural History Museum of Los Angeles County. Accompanying notes, maps, and photographs shall also be filed at the repository. Construction shall not resume until the qualified paleontologist has conferred with the City on the significance of the resource.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to paleontological resources identified in the EIR. CUL-7 through CUL-10 would require a certified paleontologist to monitor construction activities exceeding depths of 20 feet and to provide for an evaluation and recording of significant discoveries.

*The proposed projects could disturb human remains, including those interred outside of formal cemeteries.*

Ground-disturbing activities associated with the construction of the projects has the potential to disturb human remains.

**Mitigation Measures:**

**Implement CUL-6 through CUL-10 above.**

**CUL-11:** If human skeletal remains are uncovered during project construction, all work within 100 feet of the find shall be immediately halted, and the Ventura County coroner shall be contacted to evaluate the remains, and follow the procedures and protocols set forth in Section 15064.5 (c)(1) of the CEQA Guidelines. If the County Coroner determines that the remains are
Native American, the City shall contact the NAHC, in accordance with Health and Safety Code Section 7050.5, subdivision (c), and PRC 5097.98 (as amended by AB 2641). The NAHC shall then identify a Most Likely Descendant (MLD) of the deceased Native American, who shall then help determine what course of action should be taken in the disposition of the remains.

Per PRC 5097.98, the landowner shall ensure that the immediate vicinity, according to generally accepted cultural or archaeological standards or practices, where the Native American human remains are located, is not damaged or disturbed by further development activity until the landowner has discussed and conferred, as prescribed in this section (PRC 5097.98), with the MLD regarding their recommendations, if applicable, taking into account the possibility of multiple human remains.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to human remains identified in the EIR. CUL-6 would ensure that un-surveyed portions of the project facilities are subject to cultural resources surveys; CUL-7 through CUL-10 would require a certified paleontologist to spot check open and visible excavations and/or spoil piles originating from construction activities exceeding depths of 20 feet; and CUL-11 would require work to cease within 100 feet of discovery and ensure human remains would be handled appropriately.

GEOLOGY, SOILS, AND SEISMICITY RESOURCE IMPACTS (DEIR Section 3.6)

The proposed projects could expose people or structures to the risk of loss, injury, or death involving seismic-related ground failure, including liquefaction.

Portions of the proposed project components, including the Harbor Boulevard AWPF site, groundwater wells, the treatment wetland, the upgrades at the existing VWRF, and a portion of conveyance pipelines including the discharge pipeline to the Calleguas SMP, are at risk of liquefaction due to the shallow groundwater.

Mitigation Measure:

GEO-1: A soils report and geotechnical investigation report shall be prepared by a California licensed geotechnical engineer for all facilities with potential to encounter shallow groundwater or expansive soils. These reports shall evaluate various geotechnical characteristics, including existing liquefaction risk, expansive soils, and soil stability, and whether the operation of the proposed projects would exacerbate an existing risk of liquefaction or soil instability or create a new risk. The reports shall provide recommendations for facility design per these findings; these recommendations shall be incorporated into facility design.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of liquefaction identified in the EIR. GEO-1 would ensure that a soils report and a geotechnical investigation report would be prepared for all facilities at risk of liquefaction.

The proposed projects could result in substantial soil erosion or the loss of topsoil.
Construction of the groundwater wells and VWRF treatment upgrades would require minor grading and drilling, which could result in loss of topsoil. During the construction of the new treatment wetlands, large amounts of earth will be moved and stockpiled to be used at a later date to create berms and/or transported to the wildlife/treatment ponds as fill.

Mitigation Measures:

**GEO-2:** For construction sites less than 1 acre, the following types of BMPs shall be implemented during construction: (1) preservation of existing vegetation to the maximum extent practicable, (2) implementation of erosion control and sediment control best management practices, (3) implementation of waste management best management practices, and (4) good housekeeping. The California Stormwater Quality Association Best Management Practices Handbook shall be consulted for implementation instructions for the aforementioned BMPs. The contractor shall identify a construction monitor prior to construction. The construction monitor shall inspect the installation and ongoing maintenance of the BMPs for the duration of the construction activities.

**GEO-3:** During operation, all inactive (unmoved for 14 days) stockpiles shall be covered and contained within temporary perimeter sediment barriers, such as berms, dikes, fiber rolls, or sandbag barriers

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from soil erosion identified in the EIR. GEO-2 would ensure that erosion would be minimized during the groundwater wells and VWRF treatment upgrades construction and GEO-3 would require that a stockpile management BMP be implemented during the reconfiguration of the wildlife/treatment ponds and construction of the treatment wetlands to prevent erosion from occurring by wind or storm events.

*The proposed projects could result in a significant impact if they would be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property.*

The Phase 1 components would be constructed on moderate to highly expansive soils, specifically in the southern portion of the city along the Santa Clara River.

Mitigation Measure:

See GEO-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from expansive soils identified in the EIR. GEO-1 would ensure that a soils report and a geotechnical investigation report would be prepared for all facilities at risk from expansive soils.

**HAZARDS AND HAZARDOUS MATERIALS (DEIR Section 3.8)**
The proposed projects could create a significant hazard to the public or the environment through reasonably foreseeable upset or accident conditions involving the release of hazardous materials into the environment.

The construction of the new outfall would require marine vessels to connect and secure the outfall to the ocean floor. The construction zone would be near the entrance of the Ventura Marina and could interfere with marine vessels, including sail boats. In addition, the construction of the concentrate discharge facility would require use of hazardous materials which could be accidently released into surface waters.

Mitigation Measures:

**HAZ-1:** The City of Ventura shall prepare an Anchoring Plan that applies to all ships, barges, and other oceangoing vessels and describes procedures for deploying, using, and recovering anchorages. The City shall submit this plan to the California Coastal Commission Executive Director for review and approval prior to initiation of offshore activities. The Anchoring Plan shall include, but not be limited to, the following elements:

- Training for the project manager for marine activities, vessel operators, field supervisors, and environmental monitors to ensure familiarity with the Anchoring Plan.
- A brief overview of the project objectives.
- Description of anchor set and anchor leg (wires, winches, and other support equipment).
- Description of vessels to be anchored and support tugs to be used.
- Description and delineation of safety zone and anchor zone, including identification and mapping all areas of kelp, seagrasses, and hard substrate found within the work area.
- Identification of Contractor Vessels and Buoys, including daylight and nighttime marking schemes.
- Anchoring procedures in compliance with Coast Guard Navigation Standards Manual.
- Local notice to U.S. Coast Guard and mariners.

All elements of the Anchoring Plan shall be in compliance with U.S. Coast Guard regulations.

**HAZ-2:** Prior to any offshore construction, the contractor shall prepare a Marine Safety Plan. The Marine Safety Plan would apply to all marine construction activities that would take place for the construction of the concentrate discharge pipes. The purpose would be to provide a precise set of procedures and protocols that shall be used by the marine contractors during the marine portions of the construction work, with a focus on personal, environmental, and vessel safety. The Marine Safety Plan shall include, but not be limited to, the following elements:

- A brief overview of the project objectives.
- Distribution of Marine Safety Plan, which shall include the U.S. Coast Guard, each vessel involved in the marine activities, all environmental monitors, and all support radio operators.
- Training for the project manager for marine activities, vessel operators, field supervisors, and environmental monitors to ensure familiarity with the Marine Safety Plan.
- Description and maps depicting the marine project location.
- Description of marine operations protocols.
- Description of critical operations and curtailment plan, including offshore fueling procedures and storm procedures.
- Marine communications plan.
- Marine transportation plan for barges, tugboats, crew boats, and other vessels.
- Navigational marking and lighting plan.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of accidental release of hazardous substances identified in the EIR. HAZ-1 and HAZ-2 would require the preparation of an Anchoring Plan and Marine Safety Plan to ensure marine vessels are moored effectively and safely, and cover safety measures needed for marine construction activities.

*The proposed projects could result in a significant impact if they would impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.*

The construction of the projects would require temporary lane closures and the increase in large trucks delivering equipment and construction materials to the sites.

**Mitigation Measure:**

**TRAF-1:** Prior to the start of construction facilities that would occur within a roadway right-of-way, the City of Ventura shall require the construction contractor to prepare a Traffic Control Plan. The Traffic Control Plan will show all signage, striping, delineated detours, flagging operations, and any other devices that will be used during construction to guide motorists, bicyclists, and pedestrians safely through the construction area and allow for adequate access and circulation to the satisfaction of the City’s Public Works Director and Fire and Police Chiefs. The Traffic Control Plan shall be provided to the County Transportation Department for review prior to commencement of construction. When construction activities disrupt travel on major collectors or arterials, electronic signs shall be used to provide the public, on all transportation modes, with current construction information and the availability of alternate travel routes.

The Traffic Control Plan shall be prepared in accordance with the City of Ventura’s traffic control guidelines and will be prepared to ensure that access will be maintained to individual properties and that emergency access will not be restricted. Additionally, the Traffic Control Plan shall also include a scheduling plan showing the hours of operation to minimize congestion during the peak hours and special events. Haul routes will be identified based on County-approved truck routes. The scheduling plan will ensure that congestion and traffic delay are not substantially increased as a result of the construction activities. Further, the Traffic Control Plan will include detours or alternative routes for bicyclists using on-street bicycle lanes as well as for pedestrians using adjacent sidewalks.
In addition, the City shall provide written notice at least 2 weeks prior to the start of construction to owners/occupants along streets to be affected during construction. During construction, the City will maintain continuous vehicular and pedestrian access to any affected residential driveways from the public street to the private property line, except where necessary construction precludes such continuous access for reasonable periods of time. Access will be reestablished at the end of the workday. If a driveway needs to be closed or interfered with as described above, the City shall notify the owner or occupant of the closure of the driveway at least 5 working days prior to the closure. The Traffic Control Plan shall include provisions to ensure that the construction of the proposed projects do not interfere unnecessarily with the work of other agencies such as mail delivery, school buses, and municipal waste services. The Traffic Control Plan shall identify that damage to the condition of the roadways due to the use of construction related vehicles including soil haul trucks be repaired pursuant to County Transportation Department standards.

The City shall also notify local emergency responders of any planned partial or full lane closures or blocked access to roadways or driveways required for construction of the proposed project facilities. Emergency responders include fire departments, police departments, and ambulances that have jurisdiction within the proposed project area. Written notification and disclosure of lane closure location must be provided at least 30 days prior to the planned closure to allow for emergency response providers adequate time to prepare for lane closures.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to water quality identified in the EIR. TRAF-1 would require the City to prepare a traffic control plan.

HYDROLOGY AND WATER QUALITY (DEIR Section 3.9)

The proposed projects could violate water quality standards or waste discharge requirements or otherwise substantially degrade water quality.

Operation of groundwater wells in the Oxnard Plain near the coast could promote seawater intrusion in and impact water quality of extracted water under certain operating scenarios. Similarly, long-term storage of injected water in the Oxnard Plain could displace naturally recharged groundwater.

Mitigation Measure:

HYDRO-1: Prior to construction of the proposed projects, the City shall conduct groundwater modeling within the potentially affected portions of the Oxnard Plain Basin to estimate the radius of influence for injected water within the minimum retention time required to comply with Title 22. The City shall conduct a well survey within the radius of influence indicated by the results of the groundwater modeling to identify nearby active water supply wells that could be affected by the proposed ASR wells.

Based on the groundwater modeling or tracer test results, in compliance with Title 22, the City shall demonstrate that no existing drinking water well or agricultural well would be adversely...
affected by injection and extraction of highly treated water. The City shall notify all well owners that could be affected by the operation of the ASR program as determined by the groundwater modeling. As required by Title 22, the City shall conduct groundwater monitoring to ensure injected water remains underground for a minimum of 2 months before being extracted.

If existing potable wells are found to be potentially adversely affected by the ASR operations through a reduction in water quality or through impeding access to groundwater, the City shall conduct one, or a combination, of the following actions:

- Coordinate with the well owner to arrange for an interim or long term replacement water supply.
- Repair or deepen the existing adversely affected well.
- Improve well efficiency of existing extraction wells.
- Construct a new well.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to water quality identified in the EIR. HYDRO-1 would require that the City conduct groundwater modeling or tracer tests to ensure sufficient distance from existing groundwater extraction wells and injected water remains underground for a minimum of 2 months before being extracted through the ASR wells.

**The proposed projects could deplete groundwater supplies or interfere substantially with groundwater recharge.**

Injection of treated water into the Oxnard Plain could increase upward pressure on the aquifer that may result in elevated groundwater levels. If the injected water remains for periods longer than 6 months, resulting in long-term storage of injected water in the Oxnard Plain, naturally recharged groundwater could be displaced.

Mitigation Measure:

See HYDRO-1 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to groundwater quantity identified in the EIR. HYDRO-1 would require that the City conduct groundwater modeling to ensure that the projects do not impede local access to groundwater in quantities similar to existing conditions.

**LAND USE AND PLANNING (DEIR Section 3.10)**

**The proposed projects could result in a significant impact if they would physically divide an established community.**

The construction of the treatment wetland could divide the established RiverHaven community.

Mitigation Measure:
LU-1: Prior to the grading the new treatment wetlands property, the City shall coordinate with Turning Point Foundation to identify an appropriate area for the relocation or reconfiguration of the RiverHaven community. The new area shall provide enough area to accommodate a maximum of 25 individuals accommodated with temporary campground, bathrooms, showers, laundry facilities, and a community building which can accommodate recreational vehicles and tents. The new area shall also be in a location where it would be feasible to obtain any necessary permits and entitlements.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to groundwater quantity identified in the EIR. LU-1 would require the City to coordinate with Turning Point Foundation to identify a satisfactory relocation site for the community.

The proposed projects would conflict with a land use plan, policy, or regulation of an agency with jurisdiction over the project adopted for the purpose of avoiding or mitigating an environmental effect.

Development of the Portola AWPF site would convert land designated for agriculture to a non-agricultural use. Development of the Harbor Boulevard AWPF site would occur within the local coastal zone and is subject to Open Space and COS county zoning designations. Construction of the new outfall would occur within the coastal zone and would require a coastal development permit prior to construction. The Harbor Boulevard and Portola Road AWPF sites are located in Ventura County and would require annexation into the City if selected.

Construction at all AWPF sites, and associated components, would require excavation and has the potential to affect archeological resources.

The RiverHaven community, a temporary shelter campground for a maximum of 25 homeless persons is currently located in the area proposed for the potential new wildlife/treatment wetland. The implementation of a new wildlife/treatment wetland would displace the RiverHaven community.

Mitigation Measures:
See AES-1 through AES-3, AG-1, CUL-1 through CUL-6, and LU-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of county land use designation conflicts identified in the EIR. AES-1 would require preparation of a Construction Management Plan that would identify staging areas and screening to minimize public views to the maximum extent practicable. AES-2 would require that the structures associated with the AWPF be constructed of similar material or painted to match the character of the particular existing surrounding environment. AES-3 would require any permanent lighting on buildings/structures to be shielded and directed downward to avoid light intrusion onto other surrounding land uses. AG-1 would require an agricultural conservation easement to mitigate for the loss of Prime Farmland. CUL-1 through CUL-6 would ensure that un-surveyed portions of project facilities are subject to cultural resources surveys. LU-1 would
require the City to coordinate with Turning Point Foundation to identify a satisfactory relocation site for the community.

**MARINE BIOLOGY (DEIR Section 3.11)**

_The projects could cause direct disturbance, removal, filling, hydrological interruption, or discharge, on any species, natural community, or habitat, including candidate, sensitive, or special-status species identified in local or regional plans, policies, regulations or conservation plans or as identified by the CDFW, USFWS, or NMFS._

The increased presence of construction activities and vessels adjacent and within subtidal construction sites along the Ventura County coast can be expected to pose risk to marine mammals from unplanned accidental releases or spills of fuel or oil, surface and underwater noise, potential for collisions with marine mammals or sea turtles and the preclusion of commercial fishing activities. This loss of marine habitat, effecting marine biota, including special-status marine species, could occur due to ocean discharge.

**Mitigation Measures:**

See HAZ-1 above.

**MARINE-1:** The City of Ventura shall prepare a Marine Oil Spill Response Plan that would apply to all powered vessels used in support of the concentrate discharge construction activities. The purpose would be to provide a precise set of procedures and protocols that would be utilized in the event of an offshore fuel, oil, or hazardous materials spill resulting from construction activities (e.g., marine fuel and oil). The Marine Oil Spill Response Plan shall include but not be limited to the following elements:

- A brief overview of the project objectives.
- Definition of major and minor spills.
- Description of spill sources.
- Description of spill response team and equipment.
- Agreements with Spill Response Organizations.
- Notification requirements, including names and phone numbers of agencies to be notified, along with an information checklist of the incident.
- Description of marine spill scenarios and response procedures.

All elements of the Oil Spill Response Plan shall be in compliance with U.S. Coast Guard regulations, and the City shall implement the Oil Spill Response Plan through the required National Pollutant Discharge Elimination System (NPDES) General Permit for Vessel Incidental Discharges discussed in Section 3.9.2.

**MARINE-2:** Prior to the initiation of any offshore pile driving activities for the project, the City of Ventura shall prepare a Construction Plan that outlines the details of the piling installation approach. The information provided in this plan shall include, but not be limited to:

- The type of piling and piling size to be used.
• The method of pile installation to be used.
• Noise levels for the type of piling to be used and the method of pile driving (vibratory or impact).
• Calculation of potential underwater noise levels that could be generated during pile driving using methodologies outlined in Caltrans 2015 and NOAA 2016b.
• A schedule of when pile-driving would occur.

If calculated noise levels are > 183 dB at \( \leq 10 \) meters or >120 dB at a distance of \( \leq 500 \) meters, the City of Ventura shall develop a NMFS-approved sound attenuation reduction and monitoring plan. This plan shall detail the sound attenuation system, detail methods used to monitor and verify sound levels during pile-placement activities, and describe all BMPs undertaken to reduce impact hammer pile-driving sound in the marine environment to an intensity level of less than 183 and 120 dB at distances of 10 meters and less, and 500 meters and less, respectively. These performance standards ensure compliance with NMFS cumulative sound exposure levels and peak sound pressure level acoustic metrics. The sound-monitoring results shall be made available to NMFS. The Construction Plan shall be presented to the NMFS Environmental Review Officer prior to commencement of construction for review and approval.

The plan shall incorporate, but not be limited to the following BMPs, which have been shown to reduce underwater noise levels and possible impacts to fish and marine mammals:

• Pile driving shall be conducted only between June and November to avoid gray whale migration, unless NMFS in their Section 7 consultation with the USACE determines that the potential effect to marine mammals is less than significant.

• At least 1,600-foot (500-meter) safety zone (or as otherwise required by NMFS) shall be established and visually monitoring around the sound source for the protection of marine mammals and sea turtles in the event that construction sound levels are predicted to be harmful to marine mammals:
  - A NMFS-approved biological monitor will conduct daily surveys before and during impact hammer pile driving to inspect the work zone and adjacent waters for marine mammals. The monitor will be present as specified by NMFS Fisheries during the pile-driving phases of construction.
  - Work activities shall be halted when the biological monitor observes that a marine mammal or sea turtle enters the established safety zone and shall cease until the mammal has been gone from the area for a minimum of 15 minutes.
  - A “soft start” technique shall be used in all impact hammer sourced pile driving, giving marine mammals an opportunity to vacate the area.

Other BMPs will be implemented if the biological monitor determines they are necessary, such as bubble curtains or an air barrier, to reduce underwater noise levels to the performance standards applicable pursuant to Table 311-5A, or at those more stringent thresholds established by NMFS for acute and chronic levels 10 meters and 500 meters, or such other more stringent distances as may be established by NMFS.

Alternatively, to meet these noise criteria, the City of Ventura may consult with NMFS directly and submit evidence to the satisfaction of the Environmental Review Officer. In such case, City
of Ventura shall comply with NMFS recommendations and/or requirements to meet the noise criteria. The BMPs listed above provide examples of measures that are normally used to reduce noise impacts to below the noise criteria.

**MARINE-3:** Entrainment of fish and invertebrate larvae resulting from outfall discharge turbulence, regardless of magnitude, will result in some loss of marine ecosystem productivity, species diversity, and trophic level energy transfer. As part of, and in support of, the Water Code Section 13142.5(b) determination process with the RWQCB, the City will work with the RWQCB to calculate APF estimates for the Phase 2 discharge if it includes ocean desalination. This loss will be compensated for by either direct or indirect habitat restoration consistent with California Ocean Plan Chapter III.M.2.e.(3) or by providing monetary payments to an appropriate state-approved fee-based mitigation program consistent with California Ocean Plan Chapter III.M.2.e.(4), or a combination of the two. Habitat restoration will occur at a location of sufficient marine acreage or alternative coastal lagoon/estuary acreage, and in a manner acceptable to the RWQCB as part of the permitting process. Final determination of the appropriate mitigation shall be determined by the RWQCB with consideration for: (1) existing level of wetland function at the site prior to mitigation; (2) resulting level of wetland function expected at the mitigation site after the habitat restoration is fully successful; (3) length of time before the mitigation is expected to be fully successful; (4) risk that mitigation may not succeed; and (5) differences in the location of the lost wetland and the mitigation wetland that affect the services and values they have the capacity and opportunity to generate, consistent with the OPA. If the RWQCB determines that an appropriate fee-based mitigation program has been established by a public agency, however, and if that payment of a fee to the mitigation program will result in the creation and ongoing implementation of a mitigation project that meets the requirements of California Ocean Plan Chapter III.M.2.e.(3), the City shall pay a fee to the mitigation program in lieu of completing a mitigation project as an alternative.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of marine biology conflicts identified in the EIR. HAZ-1 and MARINE-1 require the preparation and implementation of a Marine Safety Plan and a Marine Oil Spill Response Plan. MARINE-2 would require the City to prepare a Construction Plan that outlines the details of the piling installation approach. MARINE-3 would require the City to replace the habitat value for the losses associated with discharge entrainment.

*The proposed projects could introduce or spread an invasive non-native species.*

Construction barges and utility vessels could spread invasive non-native marine species through ballast water and biofouling, posing a risk to marine habitats and marine biota, including special-status species.

**Mitigation Measure:**

**MARINE-4:** All project barges shall have underwater surfaces cleaned before entering Southern California waters and immediately prior to transiting to the offshore construction area. Additionally, and regardless of vessel size, ballast water for all project vessels must be managed consistent with California State Lands Commission (CSLC) ballast management regulations, and Biofouling Removal and Hull Husbandry Reporting Forms shall be submitted to CSLC staff.
Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of marine biology identified in the EIR. MARINE-4 would require construction barges clean underwater surfaces before entering ocean waters and ballast waters be managed according to applicable regulations.

NOISE IMPACTS (DEIR Section 3.13)

*The proposed projects could expose persons to or generate noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies.*

Construction noise at the AWPF site and water conveyance pipelines locations could impact sensitive receptors.

Mitigation Measures:

NOISE-1: Prior to construction, the City of Ventura shall ensure that the contractor specifications stipulate that:

- All construction equipment, fixed or mobile, is equipped with properly operating and maintained mufflers and other state-required noise attenuation devices.
- When feasible, construction haul routes shall avoid noise-sensitive uses (e.g., residences, convalescent homes).
- During construction, stationary construction equipment shall be placed such that emitted noise is directed away from the nearest noise-sensitive receptors.
- The project shall provide noise blanket/temporary noise barriers between the active areas and residential buildings.

NOISE-2: Throughout project construction and operation, the City of Ventura shall document, investigate, evaluate, and attempt to resolve all project-related noise complaints as soon as possible.

- The City shall establish and disseminate a 24/7 hotline telephone number for use by the public to report any undesirable project noise conditions. If the telephone number is not staffed 24 hours per day, the City shall include an automatic answering feature with date and time stamp recording to answer calls when the phone is unattended.
- The City shall designate a Noise Disturbance Coordinator during construction and permanently once the facility is operational. The Noise Disturbance Coordinator shall assist in resolving noise complaints to minimize impacts while maintaining the objectives of the construction and operation of the facility. The Noise Disturbance Coordinator shall report all noise complaints to the City program manager.
- For construction noise complaints received outside of the construction hours and days allowed (Monday through Friday, between the hours of 7:00 a.m. and 8:00 p.m.), the Noise Disturbance Coordinator shall take immediate steps to determine whether project construction is causing the noise and, if so, to reduce the noise level of that activity or take other appropriate action to remedy the complaint as quickly as possible.
For construction activities near local residences, the Noise Disturbance Coordinator shall have the authority to require the installation of a temporary noise barrier to reduce noise impacts to the closest sensitive receptors. The noise barriers shall be tall enough to effectively block sight-lines of the construction to the closest residences. The contractor shall install noise barriers as directed by the Noise Disturbance Coordinator to minimize construction noise and resolve noise complaints.

Deliveries to the site normally shall not occur before 7:00 a.m. or after 10:00 p.m. on weekdays or between 9:00 a.m. and 6:00 p.m. on Saturdays, and are not allowed on Sundays. Oversized loads and other heavy-duty vehicles would primarily get to and from the site using main traffic conduits. If for reasons of critical operational needs these hours must be violated, the City shall notify adjacent residences of the unusual circumstance at least 2 days in advance.

NOISE-3: Residents of properties shall be offered noise mitigation measures (e.g., hearing protection, sound proofing, white noise machines, etc.) acceptable to the residents or relocation for the duration of nearby HDD drilling for new outfall construction, which would generate construction noise levels at their property in excess of 45 dBA, Leq during nighttime hours, for the duration of time that 24-hour activity occurs. Based on the analyses presented in this EIR, this shall apply to residences located within the first two rows of homes to the north and within approximately 200 feet of the outfall drilling activity (i.e. homes along Greenock Lane and Nathan Lane).

NOISE-4: The project shall provide noise attenuation housings rated for up to a 10 dBA reduction for generator sets operating near sensitive receptors during new outfall HDD drilling operations.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of sensitive receptors identified in the EIR. NOISE-1 through NOISE-4 requires construction equipment be properly operating with state-required noise attenuation devices; that the City provide a qualified Noise Disturbance Coordinator to respond to local complaints; offers noise mitigation measures to nearby residences; and noise attenuation housings for generators during drilling operations.

The proposed projects could expose persons to or generate excessive groundborne vibration or groundborne noise levels.

Construction of the projects would include activities such as demolition, site preparation, grading and paving, which would have the potential to generate low levels of groundborne vibration. Persons residing and working in areas near the construction sites could be exposed to some degree of groundborne vibration or groundborne noise levels related to construction activities. Construction along Bristol Road, Johnson Drive, Ralston Street, and Victoria Avenue would expose nearby residences to vibration velocities that could exceed the threshold for human annoyance.

Mitigation Measure:
NOISE-5: The operation of construction equipment that generates high levels of vibration, such as large bulldozers and loaded trucks, shall be prohibited within 45 feet of existing residential structures. Instead, small construction equipment such as small rubber tired bulldozers, small rubber tired excavator, etc., not exceeding 150 horsepower shall be used within this area during demolition, grading, and excavation operations.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of groundborne vibrations to nearby residences identified in the EIR. NOISE-5 requires that large construction vehicles be prohibited within 45 feet of the existing residential structures.

POPULATION, HOUSING AND ENVIRONMENTAL JUSTICE (DEIR SECTION 3.14)

The proposed projects could displace existing housing, necessitating the construction of replacement housing elsewhere.

The RiverHaven community, a temporary shelter campground for a maximum of 25 homeless persons is currently located in the area proposed for the potential new wildlife/treatment wetland. The implementation of a new wildlife/treatment wetland would displace the RiverHaven community.

Mitigation Measure:
See LU-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of displacement of existing housing identified in the EIR. LU-1 would require the City to coordinate with Turning Point Foundation to identify a satisfactory relocation site for the community.

TRAFFIC AND TRANSPORTATION (DEIR Section 3.17)

The proposed projects could conflict with an applicable plan, ordinances or policy establishing measures of effectiveness for the performance of the circulation system.

The construction of the projects would generate additional truck and vehicle trips within Ventura, resulting in an increase in traffic volume that has potential for impacts in the performance of the surrounding circulation systems.

Mitigation Measure:
See TRAF-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from increased traffic volumes during construction identified in the EIR. TRAF-1 would require the City to prepare a Traffic Control Plan.
The proposed projects could result in inadequate emergency access.

Construction of the Phase 1 Components would require partial lane closures, which could result in inadequate emergency access in the vicinity of the roadway closures.

Mitigation Measure:

See TRAF-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from inadequate emergency access during construction identified in the EIR. TRAF-1 would require the City to prepare a Traffic Control Plan.

The proposed projects could conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities.

Construction of the Phase 1 Components would require partial lane closures which would significantly impact bicycle lanes within the right-of-way, sidewalks, and transit routes and bus stops.

Mitigation Measure:

See TRAF-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to alternative transportation facilities during construction identified in the EIR. TRAF-1 would require the City to prepare a Traffic Control Plan.

Significant and Unavoidable Impacts

The projects will result in the significant and unavoidable temporary noise impacts from the construction of the concentrate discharge facility in Phase 1. With respect to these impacts, the City finds that:

Changes or alterations have been required in, or incorporated into, the projects which mitigate or avoid the significant effects on the environment.

Specific economic, legal, social, technological, and other considerations make infeasible the adoption of the No Project Alternative, which is the only alternative identified in the EIR that would avoid the noise impact relating to construction of the ocean discharge facility. The specific factors that make the adoption of the No Project Alternative infeasible are discussed further in the Statement of Overriding Considerations, incorporated herein by reference.

No feasible mitigation measures are available to avoid the noise impacts of 24-hour drilling for the ocean discharge facility, because 24-hour drilling may be needed to
complete the drilling safely. Once pipe pullback begins, the drilling operation must be continuous until it is complete in order to avoid a potential collapse in the previously bored hole. Construction of the concentrate discharge facility and of the ocean intake would therefore exceed City nighttime noise standards of 45 dBA and cannot feasibly be mitigated to below a level of significance.

NOISE IMPACTS (DEIR Section 3.13)

_The proposed projects could expose persons to or generate noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies._

Noise from the construction of the concentrate discharge facility could impact sensitive receptors.

**Mitigation Measures:**

See NOISE-1 through NOISE-4 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of sensitive receptors identified in the EIR. NOISE-1 through NOISE-4 requires construction equipment be properly operating with state-required noise attenuation devices; that the City provide a qualified Noise Disturbance Coordinator to respond to local complaints; offers noise mitigation measures to nearby residences; and noise attenuation housings for generators during drilling operations. Even with the implementation of NOISE-1 through NOISE-4 the temporary construction noise associated with the concentrate discharge facility would result in a significant unavoidable noise impact. No feasible mitigation measure or feasible alternative would avoid this impact or mitigate it to below the level of significance. The benefits of the projects outweigh the significant impact, as set forth in the Statement of Overriding Considerations.

_The proposed projects could result in a significant impact if they would create a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the projects._

New outfall construction may require 24-hour activity for several weeks and would exceed the nighttime ambient noise threshold.

**Mitigation Measures:**

See NOISE-1 through NOISE-4 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of sensitive receptors identified in the EIR. NOISE-1 through NOISE-4 requires construction equipment be properly operating with state-required noise attenuation devices; that the City provide a qualified Noise Disturbance Coordinator to respond to local complaints; offers noise mitigation measures to nearby residences; and noise attenuation housings for generators during drilling operations. Even with the implementation of NOISE-1 through NOISE-4 the temporary construction noise associated with the concentrate discharge
facility would result in a significant unavoidable noise impact. No feasible mitigation measure or feasible alternative would avoid this impact or mitigate it to below the level of significance., The benefits of the projects outweigh the significant impact, as set forth in the Statement of Overriding Considerations.

**NOISE IMPACTS (DEIR CHAPTER 4.0, CUMULATIVE)**

*Concurrent construction of the proposed projects and related projects in the geographic scope could result in cumulative short-term impacts on noise.*

New outfall construction may require 24-hour activity for several weeks and would exceed the nighttime ambient noise threshold.

**Mitigation Measures:**

See NOISE-1 through NOISE-4 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of sensitive receptors identified in the EIR. NOISE-1 through NOISE-4 requires construction equipment be properly operating with state-required noise attenuation devices; that the City provide a qualified Noise Disturbance Coordinator to respond to local complaints; offers noise mitigation measures to nearby residences; and noise attenuation housings for generators during drilling operations. Even with the implementation of NOISE-1 through NOISE-4 the temporary construction noise associated with the concentrate discharge facility would be considered cumulatively significant. No feasible mitigation measure or feasible alternative would avoid this impact or mitigate it to below the level of significance. The benefits of the projects outweigh the cumulatively significant impact, as set forth in the Statement of Overriding Considerations.

**Phase 2 Components**

**Less than Significant Environmental Impacts with Mitigation**

For the following impacts, the City finds that changes or alterations have been required in, or incorporated into, the projects which avoid or substantially lessen the significant environmental effect, as identified in the Final EIR. The impacts described below will be less than significant with mitigation.
AESTHETICS IMPACTS (DEIR Section 3.1)

The proposed projects could result in a significant impact if they would substantially degrade the existing visual character or quality of the sites and their surroundings.

The location of the ocean intake system is currently undetermined. However, construction of the ocean intake would occur within the coastal zone. The projects would comply with the requirements of the Ventura County Coastal Zoning Ordinance. In addition, Mitigation Measure AES-1 would require preparation of a Construction Management Plan that would identify staging areas, construction pits, and screening to minimize public views to the maximum extent practicable.

Mitigation Measure:

See AES-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to the visual character of the area during construction as identified in the EIR. AES-1 would require the City to prepare a Construction Management Plan.

AIR QUALITY IMPACTS (DEIR Section 3.3)

The proposed projects could have a significant impact if they would violate any air quality standard or contribute substantially to an existing or projected air quality violation.

Construction of all Phase 2 components would temporarily create emissions of dusts, fumes, equipment exhaust, and other air contaminants project and would exceed 25 pounds per day for NOx. The Ventura County air district recommends implementation of emission and dust control measures for all construction projects with NOx emissions over 25 pounds per day.

Mitigation Measures:

See AQ-1 and AQ-2 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to air quality identified in the EIR. AQ-1 and AQ-2 would implement emission reduction strategies as required by Ventura County air district for all construction related projects.

BIOLOGICAL RESOURCES IMPACTS (DEIR Section 3.4)

The proposed projects could have a significant impact if they would have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or USFWS.

Construction of the ocean desalination facility has the potential for construction period impacts on nesting birds on and near the sites. Mitigation Measures BIO-1 through BIO-4 would ensure that nesting birds are not adversely affected. Impacts would be less than significant.
The location of the ocean intake system is undetermined. Pipelines connecting the intake system with the AWPF would follow public rights-of-way within previously disturbed areas that do not contain special-status species habitat. There is a potential for construction period impacts on nesting birds on and near the site. Implementation of Mitigation Measures BIO-1 through BIO-4 would ensure that nesting birds are not adversely affected. Impacts would be less than significant.

**Mitigation Measure:**

See BIO-1 through BIO-4 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from construction activities to nesting birds, from reduced discharge to special status species and habitat in the SCRE, and water quality from accidental release of drilling fluids identified in the EIR. BIO-1 through BIO-4 would require pre-construction surveys for nesting birds.

**CULTURAL RESOURCES IMPACTS (DEIR Section 3.5)**

*The proposed projects could result in a significant impact if they would cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5.*

Ground-disturbing activities associated with the construction the projects have potential to impact historical resources.

**Mitigation Measure:**

See CUL-1 through CUL-6 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to unknown historical resources identified in the EIR. CUL-1 through CUL-6 would ensure that un-surveyed portions of the project facilities are subject to cultural resources surveys, and protection and monitoring of significant resources during construction.

*The proposed projects could result in a significant impact if they would cause a substantial adverse change in the significance of a unique archaeological resource pursuant to Section 15064.5.*

Ground-disturbing activities associated with the construction of the projects has potential to impact archaeological resources.

**Mitigation Measures:**

See CUL-1 through CUL-6 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the
significant environmental effects to unknown archeological resources identified in the EIR. CUL1 through CUL-6 would ensure that un-surveyed portions of project facilities are subject to cultural resources surveys, and protection and monitoring of significant resources during construction.

**The proposed project could result in a significant impact if they would directly or indirectly destroy a unique paleontological resource or site or unique geologic feature.**

Ground-disturbing activities associated with construction of the projects that exceed depths of 20 feet have the potential to impact paleontological resources.

**Mitigation Measures:**

See CUL-6 through CUL-10 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to paleontological resources identified in the EIR. CUL-6 through CUL-10 would require a certified paleontologist to monitor construction activities exceeding depths of 20 feet and to provide for an evaluation and recording of significant discoveries.

**The proposed projects could disturb human remains, including those interred outside of formal cemeteries.**

Ground-disturbing activities associated with the construction of the projects has the potential to disturb human remains.

**Mitigation Measures:**

See CUL-6 through CUL-11 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to human remains identified in the EIR. CUL-6 would ensure that un-surveyed portions of the project facilities are subject to cultural resources surveys; CUL-7 through CUL-10 would require a certified paleontologist to spot check open and visible excavations and/or spoil piles originating from construction activities exceeding depths of 20 feet; and CUL-11 would require work to cease within 100 feet of discovery and ensure human remains would be handled appropriately.

**GEOLOGY, SOILS and SEISMICITY IMPACTS (DEIR Section 3.6)**

**The proposed projects could result in a significant impact if they would result in substantial soil erosion or the loss of topsoil.**

Construction of the Phase 2 would require minor grading and drilling, which could result in loss of topsoil.

**Mitigation Measures:**
See GEO-1 through GEO-3 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from soil erosion identified in the EIR. GEO-1 would ensure that a soils report and a geotechnical investigation report would be prepared for the Phase 2 facilities, GEO-2 would ensure that erosion would be minimized during groundwater well construction and GEO-3 would require that a stockpile management BMP be implemented during the reconfiguration of the wildlife/treatment ponds and construction of the treatment wetlands to prevent erosion from occurring by wind or storm events.

The proposed projects could result in a significant impact if they would be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property.

The portions of the project components would be constructed on moderate to highly expansive soils, specifically in the southern portion of the city along the Santa Clara River.

Mitigation Measure:

See GEO-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from expansive soils identified in the EIR. GEO-1 would ensure that a soils report and a geotechnical investigation report would be prepared for all facilities at risk from expansive soils.

HAZARDS and HAZARDOUS MATERIALS IMPACTS (DEIR Section 3.8)

The proposed projects could result in a significant impact if they would impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.

The construction of the projects would require temporary lane closures and the increase in large trucks delivering equipment and construction materials to the sites.

Mitigation Measure:

See TRAF-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to water quality identified in the EIR. TRAF-1 would require the City to prepare a traffic control plan.

LAND USE IMPACTS (DEIR Section 3.8)

The proposed projects could result in a significant impact if they would conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project.
(including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect.

As part of the ocean desalination facility, a proposed ocean intake would be constructed within the ocean to convey ocean water to the new desalination facility. While the exact location is undetermined, construction of the proposed ocean intake system would be located subsurface and entirely underground. The construction of the intake would require excavation and has the potential to affect archeological resources.

See CUL-6 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects to water quality identified in the EIR. CUL-6 would ensure that un-surveyed portions of the project facilities are subject to cultural resources surveys.

MARINE BIOLOGY (DEIR Section 3.11)

The projects could cause direct disturbance, removal, filling, hydrological interruption, or discharge, on any species, natural community, or habitat, including candidate, sensitive, or special-status species identified in local or regional plans, policies, regulations or conservation plans or as identified by the CDFW, USFWS, or NMFS.

The increased presence of construction activities and vessels adjacent and within subtidal construction sites along the Ventura County coast can be expected to pose risk to marine mammals from unplanned accidental releases or spills of fuel or oil, surface and underwater noise, potential for collisions with marine mammals or sea turtles and the preclusion of commercial fishing activities. This loss of marine habitat, effecting marine biota, including special-status marine species, could occur due to ocean discharge.

See HAZ-1 MARINE 1 through Marine 3 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of marine biology conflicts identified in the EIR. HAZ-1 and MARINE-1 require the preparation and implementation of a Marine Safety Plan and a Marine Oil Spill Response Plan. MARINE-2 would require the City to prepare a Construction Plan that outlines the details of the piling installation approach. MARINE-3 would require the City to replace the habitat value for the losses associated with discharge entrainment.

The proposed projects could introduce or spread an invasive non-native species.

Construction barges and utility vessels could spread invasive non-native marine species through ballast water and biofouling, posing a risk to marine habitats and marine biota, including special-status species.

Mitigation Measure:

See MARINE-4 above.
Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of marine biology identified in the EIR. MARINE-4 would require construction barges clean underwater surfaces before entering ocean waters and ballast waters be managed according to applicable regulations.

The proposed projects could expose persons to or generate excessive groundborne vibration or groundborne noise levels.

Construction along Bristol Road, Johnson Drive, Ralston Street, and Victoria Avenue would expose nearby residences to vibration velocities that exceed the threshold for human annoyance.

Mitigation Measure:

See NOISE-5 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of groundborne vibrations to nearby residences identified in the EIR. NOISE-5 requires that large construction vehicles be prohibited within 45 feet of the existing residential structures.

TRAFFIC AND TRANSPORTATION (DEIR Section 3.17)

The proposed projects could conflict with an applicable plan, ordinances or policy establishing measures of effectiveness for the performance of the circulation system.

The construction of the projects would generate additional truck and vehicle trips within Ventura, resulting in an increase in traffic volume that has potential for impacts in the performance of the surrounding circulation systems.

Mitigation Measure:

See TRAF-1 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from increased traffic volumes during construction identified in the EIR. TRAF-1 would require the City to prepare a Traffic Control Plan.

The proposed projects could result in inadequate emergency access.

Construction of the conveyance facilities, including the product water conveyance system, the concentrate discharge options (new outfall or discharge pipeline to the Calleguas SMP), and all other conveyance pipelines associated with the AWPF, groundwater ASR wells, and freshwater treatment wetlands, would require partial lane closures, which could result in inadequate emergency access in the vicinity of the roadway closures.

Mitigation Measure:

See TRAF-1 above.
Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects from inadequate emergency access during construction identified in the EIR. TRAF-1 would require the City to prepare a Traffic Control Plan

**Significant and Unavoidable Impacts**

**NOISE IMPACTS (DEIR Section 3.13)**

*The proposed projects could expose persons to or generate noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies.*

Noise from the construction of the ocean intake could impact sensitive receptors.

**Mitigation Measures:**

See NOISE-1 through NOISE-4 above.

Finding: Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of sensitive receptors identified in the EIR. NOISE-1 through NOISE-4 requires construction equipment be properly operating with state-required noise attenuation devices; that the City provide a qualified Noise Disturbance Coordinator to respond to local complaints; offers noise mitigation measures to nearby residences; and noise attenuation housings for generators during drilling operations. Even with the implementation of NOISE-1 through NOISE-4 the temporary construction noise associated with the concentrate discharge facility would result in a significant unavoidable noise impact.

No feasible mitigation measures are available to avoid the noise impacts of 24-hour drilling for the desalination intake, because 24-hour drilling may be needed to complete the drilling safely. Once pipe pullback begins, the drilling operation must be continuous until it is complete in order to avoid a potential collapse in the previously bored hole. Construction of the ocean intake would therefore exceed City nighttime noise standards of 45 dBA and cannot feasibly be mitigated to below a level of significance.

The ocean desalination facility would only be constructed if regulatory approvals do not allow for expansion of the AWPF. If the AWPF cannot be expanded, ocean desalination is the only feasible alternative to provide a reliable water supply for the needs of planned growth. Additional CEQA review would be required before the approval or construction of a desalination facility.

The benefits of the projects outweigh the significant impact, as set forth in the Statement of Overriding Considerations

*The proposed projects could result in a significant impact if they would create a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the projects.*
The ocean intake construction may require 24-hour activity for several weeks and would exceed the nighttime ambient noise threshold.

**Mitigation Measures:**

See NOISE-1 through NOISE-4 above.

**Finding:** Pursuant to State CEQA Guidelines Section 15091 (a)(1), changes or alterations have been required or incorporated in the projects which will avoid or substantially lessen the significant environmental effects of sensitive receptors identified in the EIR. NOISE-1 through NOISE-4 requires construction equipment be properly operating with state-required noise attenuation devices; that the City provide a qualified Noise Disturbance Coordinator to respond to local complaints; offers noise mitigation measures to nearby residences; and noise attenuation housings for generators during drilling operations. Even with the implementation of NOISE-1 through NOISE-4 the temporary construction noise associated with the concentrate discharge facility would result in a significant unavoidable noise impact. No feasible mitigation measure or feasible alternative would avoid this impact or mitigate it to below the level of significance. The benefits of the projects outweigh the significant impact, as set forth in the Statement of Overriding Considerations.

**Findings Regarding Cumulative Impacts**

Cumulative impacts on Aesthetics, Air Quality, Biological Resources, Cultural Resources, Geology, Soils and Mineral Resources, Greenhouse Gas Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Noise and Vibration, Transportation and Traffic, and Tribal Cultural Resources were found to be Less Than Significant or Less Than Significant with Mitigation.

**Aesthetics:** The projects would not contribute considerably to aesthetic impacts, including the quality of scenic vistas or scenic resources within designated state scenic highways, impact to visual character of the area, or create new sources of substantial light and glare adversely affecting day or nighttime views. With the implementation of mitigation measures, the projects will not result in in a cumulatively considerable contribution to impacts on visual character or quality of the project area. Therefore, cumulative aesthetic impacts would not be cumulatively considerable (less than significant).

**Agricultural Resources:** With implementation of mitigation measures, the projects, in combination with related projects would not contribute considerably to agricultural impacts. Therefore, cumulative impacts to agricultural resources would not be cumulatively considerable (less than significant).

**Air Quality:** With implementation of mitigation measures, the projects, in combination with related projects would not contribute considerably to air quality impacts. Therefore, cumulative impacts to air quality would not be cumulatively considerable (less than significant).
**Biological Resources:** With implementation of mitigation measures, the projects would not contribute considerably to biological resources. Therefore, cumulative impacts to biological resources would not be cumulatively considerable (less than significant).

**Cultural Resources:** With implementation of mitigation measures, the projects would not result in a cumulatively considerable contribution to cultural resources. Therefore, the cumulative impacts to cultural resources would not be cumulatively considerable (less than significant).

**Geology, Soils and Mineral Resources:** The projects, in combination with other projects in the area, would not cause a significant cumulative impact related to geology, soils and mineral resources. Therefore, cumulative impacts to geology, soils and minerals would not be cumulatively considerable (less than significant).

**Greenhouse Gas Emissions:** The projects will not result in significant impacts related to the contribution of greenhouse gas emissions to the global environment. Therefore, cumulative impacts to GHG emissions and global climate change would not be cumulatively considerable (less than significant).

**Hazards and Hazardous Materials:** With implementation of mitigation measures, the projects would not result in a cumulatively considerable contribution relating to the use of hazards and hazardous materials. Therefore, cumulative impacts related to hazards and hazardous materials would not be cumulatively considerable (less than significant).

**Hydrology and Water Quality:** With implementation of mitigation measures, the projects would not result in a cumulatively considerable contribution to hydrology and water quality. Therefore, cumulative impacts to hydrology and water quality would not be cumulatively considerable (less than significant).

**Land Use and Population and Housing:** With implementation of mitigation measures, the projects would not result in a cumulatively considerable contribution to land use and population and housing. Therefore, cumulative impacts to land use and population and housing would not be cumulatively considerable (less than significant).

**Marine Biology:** With implementation of mitigation measures, the projects would not result in a cumulatively considerable contribution to marine biology. Therefore, cumulative impacts to marine biology would not be cumulatively considerable (less than significant).

**Noise and Vibration:** The projects will not contribute to cumulative impacts related to noise and vibration. Therefore, cumulative impacts to noise and vibration would not be cumulatively considerable (less than significant).

**Transportation and Traffic:** With implementation of mitigation measures, the projects would not result in a cumulatively considerable contribution to transportation and traffic. Therefore, the projects, in combination with related projects, would not be cumulatively considerable (less than significant).
**Tribal Cultural Resources:** With implementation of mitigation measures, the projects would not make cumulatively considerable contribution regarding tribal cultural resources. Therefore, cumulative impacts to tribal cultural resources would not be cumulatively considerable (less than significant).

**Utilities:** The projects would not make cumulatively considerable contribution to utilities. Therefore, cumulative impacts to utilities would not be cumulatively considerable (less than significant).

**Findings Regarding Alternatives to the Projects**

The evaluation of environmental impacts in the DEIR concluded that the projects would not result in temporary or permanent significant and unavoidable effects for any of the environmental issue areas identified in Appendix G of the State CEQA Guidelines. However, a range of feasible alternatives to the projects was developed to provide additional information and flexibility to the decision-makers when considering the projects.

Where significant impacts are identified, section 15126.6 of the State CEQA Guidelines requires EIRs to consider and discuss alternatives to the proposed actions. Subsection (a) states:

(a) An EIR shall describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives. An EIR need not consider every conceivable alternative to a project. Rather it must consider a reasonable range of potentially feasible alternatives that will foster informed decision-making and public participation. An EIR is not required to consider alternatives which are infeasible. The lead agency is responsible for selecting a range of project alternatives for examination and must publicly disclose its reasoning for selecting those alternatives. There is no ironclad rule governing the nature or scope of the alternatives to be discussed other than the rule of reason.

Subsection 15126.6(b) states the purpose of the alternatives analysis:

(b) Because an EIR must identify ways to mitigate or avoid the significant effects that a project may have on the environment (Public Resources Code Section 21002.1), the discussion of alternatives shall focus on alternatives to the project or its location which are capable of avoiding or substantially lessening any significant effects of the project, even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly.

In subsection 15126.6(c), the State CEQA Guidelines describe the selection process for a range of reasonable alternatives:

(c) The range of potential alternatives to the proposed project shall include those that could feasibly accomplish most of the basic objectives of the Project and could avoid or substantially lessen one or more of the significant effects. The EIR should briefly describe the rationale for selecting the alternatives to be discussed. The EIR should also identify any alternatives that were considered by
the lead agency but were rejected as infeasible during the scoping process and briefly explain the reasons underlying the lead agency’s determination. Additional information explaining the choice of alternatives may be included in the administrative record. Among the factors that may be used to eliminate alternatives from detailed consideration in an EIR are: (i) failure to meet most of the basic project objectives, (ii) infeasibility, or (iii) inability to avoid significant environmental impacts.

The range of alternatives required is governed by a “rule of reason” that requires the EIR to set forth only those alternatives necessary to permit a reasoned choice. The EIR shall include sufficient information about each alternative to allow meaningful evaluation, analysis, and comparison with the projects. Alternatives are limited to ones that would avoid or substantially lessen any of the significant effects of the projects. Of those alternatives, the EIR need examine in detail only the ones that the lead agency determines could feasibly attain most of the basic objectives of the projects.

Alternative 1: No Project Alternative

The No Project Alternative represents a “no build” scenario, in which none of the components of the project would be constructed or operated. Under this alternative, treated wastewater from the VWRF would not be diverted for potable reuse and would continue to flow into the existing ponds prior to discharge to the SCRE. The existing ponds would not be reconfigured, no new treatment wetlands would be developed, and there would be no new water conveyance system, concentrate discharge facility, groundwater wells, or VWRF treatment upgrade. Under the No Project Alternative, the foreseeable future would include water rationing during drought conditions, as outlined in the CWRR. Up to 50 percent demand reduction would be mandatory if no other water supplies are provided. Either a new permit for discharge to the estuary would be negotiated, or the City would be in violation of the NPDES permit and Consent Decree. Continued discharge would not protect the ecology of the SCRE.

The No Project Alternative would not meet any of the project objectives. This alternative would not augment local water supplies or provide for a drought and disaster resilient water supply. There would not be a new diversion project or maintenance or improvement of ecological resources, and the City would be in violation of the Consent Decree. In addition, no new infrastructure would be constructed to help with the improvement of the groundwater quality within the service area or maintenance of the VWRF NPDES permit.

The benefits of the projects, including the diversion of treated water from the SCRE to enhance water quality and habitat, the groundwater quality improvements, and the development of new local water supplies would not be achieved. The City would be required to negotiate a new NPDES permit and revise the Consent Decree.

Alternative 2: Zero Diversion

This Zero Diversion Alternative addresses the actions that would be taken to address water needs to meet planned growth under the relevant General Plans governing Ventura Water’s service area. Under this alternative, the elements of the projects that propose diversion of treated wastewater from the VWRF for potable use would not be implemented, including the construction of the
AWPF, construction of the groundwater wells, the concentrate discharge system, and related components of the water conveyance system. Discharge of treated wastewater from the VWRF would continue to flow into the existing wildlife/treatment ponds prior to discharge to the SCRE. The existing wildlife/treatment ponds would not be reconfigured, and no new treatment wetlands would be developed. The VWRF treatment upgrades would not be implemented. Either a new permit for discharge to the estuary would be negotiated, or the City would be in violation of the NPDES permit and Consent Decree.

To meet the foreseeable water demands during drought years, the City would develop an ocean desalination project to produce 4.8 MGD (5,400 AFY) and 1.8 MGD (2,000 AFY) of groundwater desalting. This alternative would include a water conveyance pipeline from the ocean intake to the desalination facility, a new ocean water intake system, a concentrate pipeline to a new ocean outfall, and a product pipeline to either the Bailey WCF and/or the Saticoy WCF.

Since the Calleguas SMP does not accept ocean water desalination brine, a new outfall would be required. The new outfall and discharge would need to be compliant with the new Ocean Plan Amendment standards for ocean water desalination discharges, resulting in considerable permitting delay potential. Because this water supply solution likely would not be constructed before 2035, when the UWMP found that significant water shortages would occur, this alternative would require the interim implementation of water rationing similar to that described in the No Project Alternative.

The Zero Diversion Alternative would fully meet only one of the project objectives (to provide a drought-and disaster-resistant water supply). However, it is likely that the length of time required to implement desalination could prevent the water supply benefits from being available in 2025 when needed. It would not meet any of the project objectives.

The Zero Diversion Alternative would not meet project objectives to protect the ecology of the SCRE, and would not meet water supply objectives until after deficits have occurred. It would not avoid any significant impacts of the projects, but would result in similar construction impacts with greater energy demands. The City would be required to negotiate a new NPDES permit and revise the Consent Decree.

**Alternative 3: 60 Percent Diversion, with Ocean Desalination in Phase 1**

Alternative 3 would divert 60 percent of the current flow of VWRF effluent during dry-weather, closed-berm conditions (currently an average monthly flow of 2.8 MGD). This alternative would implement only the first stage of Phase 1 of the projects, and would not implement the 90–100 percent diversion recommended by the SRP. To meet the water supply needs of planned future growth as set forth in the UWMP, this alternative would require construction of the ocean desalination component in Phase 1 to supplement the reduced diversion of effluent from 90–100 percent to 60 percent to the AWPF. A smaller AWPF facility than the proposed projects would share a site with a new desalination facility.
Alternative 3 would require fewer groundwater wells, since the AWPF would produce a lower volume of treated water requiring groundwater retention as compared to the proposed projects. All other components would be similar to the projects. This alternative would require an ocean intake for the desalination facility. Since the Calleguas SMP does not accept ocean water desalination brine, a new outfall would be required, with construction impacts the same as for the projects. The new outfall and discharge would need to be compliant with the new Ocean Plan Amendment standards for ocean water desalination discharges, resulting in considerable permitting delay potential. Because the desalination water supply solution likely would not be constructed before 2035, when the UWMP found that significant water shortages would occur, this alternative would require the interim implementation of water rationing similar to that described in the No Project Alternative.

Alternative 3 would not meet the project objectives. It would not implement the conclusions in the SRP report and the TRT analysis, which found that 90–100 percent diversion is required in order to protect, maintain, and improve SCRE ecological resources. This alternative would require more energy to operate a larger desalination facility and would require construction of an ocean intake facility. In addition, due to the lengthy timeline for planning and permitting delays an ocean water desalination discharge facility in California, if ocean desalination is pursued under this Alternative, the Alternative would be less cost efficient and likely would not augment local water supply before water deficiencies are experienced.

This alternative would not implement the conclusions in the SRP report and the TRT analysis, which found that 90–100 percent diversion is required in order to protect, maintain, and improve SCRE ecological resources. The alternative would require construction of an AWPF, and or construction of an ocean desalination facility, as well as the construction of a concentrate discharge outfall. Therefore, it would not reduce or eliminate the temporary construction noise impacts of the projects. The larger desalination facility would require more energy than the potential Phase 2 facility. The increased energy usage would also increase the GHG emissions.

**Alternative 4: 100 Percent Diversion in Phase 1**

Alternative 4 would divert 100 percent of the VWRF effluent during dry-weather, closed-berm conditions (currently an average monthly flow of 4.7 MGD) to the new AWPF for potable reuse in Phase 1. The AWPF would be a larger facility than the proposed project during Phase 1. Because this alternative would produce enough water to meet the needs of planned future growth, the Phase 2 components (AWPF expansion or ocean desalination) would not be needed. This alternative would not require the construction of Treatment Wetlands or the reconfiguration of the existing wildlife/treatment ponds, since 100 percent of the tertiary-treated effluent would be diverted for beneficial reuse and would not need to meet the 4 mg/L of nitrate water quality requirement of discharged water to the estuary. 100 percent diversion may result in drying up the existing wildlife ponds. This would eliminate the open water and wetland habitat values provided by the existing ponds. However, the existing ponds do not support sensitive species, and open water habitat exists in the SCRE. The elimination of the open water would reduce foraging and loafing habitat for migratory fowl. Other open water habitats exist in the region that would continue to support migratory birds including the SCRE. In addition, the VWRF Treatment
Upgrades would not be required. The alternative would not address the CDFW recommendation to start discharge diversion at 60 percent.

This alternative would meet project objectives. Alternative 4 would implement the conclusions in the SRP report and the TRT analysis, which found that 90–100 percent diversion is required in order to protect, maintain, and improve SCRE ecological resources. The 90 percent diversion in the projects, however, would provide continued flows to the VWRF. The projects meet the SRP recommendation while also providing the maintenance of minimal flows, as recommended by the Phase 3 Study.

Alternative 4 would result in similar construction impacts as the projects. It would require the construction of an AWPF facility larger than that proposed in Phase 1 of the proposed projects, and a concentrate discharge outfall with the same impacts. As noted above, the alternative would implement the conclusions in the SRP report and the TRT analysis, which recommended 90–100 percent diversion of tertiary-treated discharges. Consequently, the impact on the ecology of the SCRE would be positive compared to existing conditions.

Alternative 4 is not considered to be environmentally superior to the proposed projects because Alternative 4 does not include project design features incorporated into the proposed projects as “measures of safety,” including the phasing of discharge reduction and the post-Phase 1a discharge reduction monitoring and implementation of adaptive management measures to confirm and assure that anticipated benefits to the SCRE do, in fact, result from discharge reductions.

**Alternative 5: Conveyance of Tertiary Effluent to Oxnard Wastewater Treatment Plant and Construction of Ocean Desalination Facility**

Under Alternative 5, tertiary-treated water from the VWRF in the amount of the approved MEPDV would be conveyed by pipeline approximately 10 miles to the Oxnard Wastewater Treatment Plant. The treated water would be available to the City of Oxnard to reuse for non-local supply offset or to supplement the City of Oxnard’s supply.

Alternative 5 would avoid construction of the AWPF, groundwater wells, and AWPF Expansion Project. This alternative would not require the construction of treatment wetlands or the VWRF treatment upgrades since 100 percent of the tertiary-treated effluent would be diverted. The Alternative would not augment water supplies for the City. As a result, the City would construct an ocean desalination facility to produce 4.8 MGD (5,400 AFY) and 1.8 MGD (2,000 AFY) of groundwater desalting to eliminate 2035 water supply deficits and meet secondary water quality standards for potable supplies. This alternative would require construction of the Ocean Desalination component in Phase 1 with the same locations described for the Phase 1 AWPF to meet water supply demands.

Alternative 5 would only meet two of the five projects’ objectives. None of the discharge would be diverted for future water supply within the City, rather all of the discharge from the VWRF would be transferred to the City of Oxnard. Without construction of the AWPF and with no water
being utilized within the City of Ventura, water supplies would not be augmented through potable reuse and municipal supply groundwater quality would not be improved within the service area by use of local recycled water supplies. Desalination would be required to supplement the future water supply.

Construction impacts of a desalination facility within the same proposed sites would be similar to the impacts associated with construction of the AWPF. The desalination facility would require a new ocean outfall and intake system in Phase 1 and would require more energy to treat the water. Because the Calleguas SMP does not accept desalination brine, a new concentrate discharge outfall would have to be constructed, with impacts equivalent to those of the projects. It would be expected that impacts to air quality, marine resources, and energy usage would be greater than the projects due to the larger energy demands required for the desalination facility and offshore ocean intake and outfall.

**Alternative 6: Rehabilitation of Existing Fairgrounds Outfall**

Under Alternative 6, all of the components of the projects would remain the same, except for the Concentrate Discharge Facility component. There are two potential existing outfalls that are no longer in operation in the proximity of the AWPF sites that may be re-purposed for the concentrate discharge. These outfalls served the former Seaside Sewage Treatment Plant, which was owned by the City of Ventura. Both pipelines emanate from a single point on the fairgrounds property.

The older of the two submerged pipelines is 20 inches in diameter and extends approximately 2,700 feet. Site observations made at low tide show that this pipeline is very corroded and would not be suitable for re-purposing as a brine line (Fugro 2018).

The second outfall, constructed sometime prior to 1965, is a 30-inch-diameter steel pipeline that extends for approximately 2,821 feet southward from the coast. This pipeline reaches a submerged depth of about 36 feet below sea level and was abandoned in the early 1970s. The condition of the outfall was assessed in 1993, and it was found to be in moderate to poor condition (Oceaneering Technologies 1993). The pipeline is currently exposed across the nearshore zone during low tide, and as a result may be susceptible to damage by large waves over the long term. Oceaneering (1993) noted that the pipeline was mostly full of sediment at the seaward end of the diffuser, and that the length of the diffuser section was 33 to 52 feet. Seven diffusers extending an unknown height above the seafloor were observed during a dive inspection of the pipeline (Oceaneering Technologies 1993).

Because this pipeline is currently exposed during low tide, rehabilitation would require constructing a trench on the beach. The pipe would need to be rehabilitated and repaired as necessary, and placed into the trench, to avoid damage by large waves. Rehabilitating the interior and exterior of the 54-year-old pipe on the ocean floor would likely involve routing out all sediment, inspection to determine exterior and interior condition, realignment of joints that have separated, resealing joints, slip lining with another smaller-diameter pipe, and scraping off all barnacles and other attachments for coating the outside of the existing pipe.
The reuse of either potential outfall would require construction of a pipeline and pump station connecting the rehabilitated outfall to the existing AWPF. In addition, because these existing outfalls do not extend far enough out into the ocean to meet dilution requirements, extension of the outfalls along the sea floor would be required. Connection of a new outfall diffuser section to an existing pipe with questionable condition may also provide challenges and lead to additional repairs required over the life of the outfall.

Alternative 6 would meet all of the projects’ objectives. To the extent that Alternative 6 involves the construction and operation of the same facilities as the projects, its impacts would be the same. The rehabilitation outfall would require more impacts along the roadways and potentially road closure to connect the conveyance pipeline. Impacts relating to the rehabilitation of the concentrate discharge facility would be different and likely more significant than constructing a new outfall. Rehabilitation of the fairgrounds outfall would require major construction activities at Surfer’s Point Beach, lowering the pipeline into a new trench that would limit beach access for several months. The construction activities on the beach and limiting access to the shoreline and accessing the submerged pipe would require barges in the surf zone eliminating the surfing opportunities for months. Construction would result in a significant impact to recreation in the area and would not avoid or lessen the significant construction noise impact identified for the proposed projects. In addition, accessing the existing outfall and removing sediment would require invasive construction methods that would result in temporary turbulence and impacts to wildlife attached to the existing outfall and marine species in the area. Once constructed, the operation of the facility would impact ocean water quality and marine biology similar to the projects.

Findings Regarding Growth-Inducing Impacts

Implementation of the projects would not directly induce growth by developing housing or providing substantial permanent employment. Construction activities would create some short-term construction employment opportunities over 15 years from 2020 to 2035; each component would require approximately 10 to 20 construction workers, depending on the facility. Construction workers would be drawn from the local and regional work force. The City’s existing housing stock would be sufficient to house temporary construction workers, if needed, in addition to local hotel establishments. On a long-term basis, approximately 27 new employees would be required to operate the AWPF and conduct routine maintenance on the remaining facilities. The operation of the projects would be accommodated by the existing work force within the city and surrounding unincorporated areas of the county.

The City’s adopted General Plan guides the type, location, and level of land use and development planned for the city. The projects would accommodate the growth provided for by the City’s General Plan, which was the basis of the 2015 UWMP. Because the projects will not promote growth beyond the growth permitted by the General Plan and evaluated by the General Plan Final EIR, they are not growth-inducing.
ATTACHMENT B
Statement of Overriding Considerations

Introduction

When a proposed project results in significant, unavoidable adverse impacts, the California Environmental Quality Act (CEQA) requires the decision-making body of the Lead Agency to weigh the benefit of the proposed project against such environmental impacts in determining whether or not to approve the proposed project (State CEQA Guidelines Section 15043). In making this determination the Lead Agency is guided by State CEQA Guidelines Section 15093, which states:

- CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered “acceptable.”

- When the Lead Agency approves a project that will result in the occurrence of significant effects, which are identified in the Final EIR but are not avoided or substantially lessened, the agency shall state in writing the specific reasons to support its action based on the Final EIR and/or other information in the record. The Statement of Overriding Considerations shall be supported by substantial evidence in the record.

- If an agency makes a Statement of Overriding Considerations, the statement should be included in the record of the project approval and should be mentioned in the notice of determination. This statement does not substitute for, and shall be in addition to, findings required pursuant to Section 15091.

In addition, Public Resources Code Section 21081(b) requires that when a public agency finds that economic, legal, social, technological, or other reasons make infeasible the mitigation measures or alternatives identified in the Environmental Impact Report (EIR) and the project thereby continues to have significant unavoidable adverse impacts, the public agency must also find that specific overriding economic, legal, social, technological, or other benefits of the project outweigh those significant unavoidable impacts of the projects.

The EIR prepared by the City of San Buenaventura (Ventura, or City) for the Ventura Water Supply Projects (projects) analyzes the potential environmental effects associated with reducing tertiary-treated wastewater discharges to the Santa Clara River Estuary (SCRE) and diverting flow to purification facilities for augmentation of local water supply. The projects would be implemented in two phases; the first phase would treat water for potable reuse through
implementation of the VenturaWaterPure Project, and the second phase would address the region’s future water needs.

**Significant and Unavoidable Impacts of the Proposed Projects**

As explained and supported by substantial evidence set forth in the Final EIR, the studies and other documents referenced therein, and the Findings and Facts in Support of Findings (Findings of Fact Regarding the Final Environmental Impact Report for the Ventura Water Supply Projects), temporary noise generation during construction of the Ocean Outfall Concentrate Discharge Facility during Phase 1, and of the ocean intake for a desalination facility, if constructed in Phase 2 (following additional CEQA review), are the only unavoidable or potentially unavoidable significant environmental effects of the projects.

**Temporary Construction Noise Impacts**

The EIR concludes that the closest sensitive receptors to the ocean outfall construction would be approximately 25 feet away at single-family residences along Greenock Lane. The average temporary construction-period (i.e., various construction stages) noise level would range from 85 to 90 dBA $L_{eq}$ at 25 feet, and from 72 to 73 dBA $L_{eq}$ at 200 feet from construction activities. Drilling operations needed to install the ocean outfall may require 24-hour construction for several weeks, with noise levels up to 85 dBA at 25 feet. This temporary period of round-the-clock drilling may be necessary because, once the pipe pullback begins, the operation must be continuous until it is complete in order to avoid a potential collapse in the previously bored hole. The possibility of uninterrupted drilling is unavoidable because of this construction requirement. Construction of the new outfall pipelines would therefore exceed City nighttime noise standards of 45 dBA. If a desalination facility is required for Phase 2, construction of the HDD for the intake similarly may require 24-hour construction for up to a several weeks and would exceed City nighttime noise standards of 45 dBA.

Changes or alterations have been required in the project which mitigate this impact to the greatest extent feasible, as described in Noise Impact section of the Findings, incorporated herein by reference. Implementation of Mitigation Measures NOISE-1, NOISE-2, NOISE-3, and NOISE-4 would lessen the noise impacts of construction. Effective noise barriers, generator housings, and mufflers could reduce noise levels by up to a combined 16 dBA and reduce outfall construction noise levels to 69 dBA. However, since noise levels may exceed 45 dBA during nighttime hours and relocation of affected residents is voluntary, the impact would be considered significant and unavoidable under the following significance thresholds and criteria, set forth on Draft EIR (DEIR) page 3.13-12:

- Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies.
- Substantial temporary increase in ambient noise levels in the project vicinity above levels existing without the project (Impact NOISE 3.13-3).
- Cumulative impacts on noise for the closest receptors.
Objectives of the Proposed Projects

The objectives of the projects are:

- Augment local water supply in an environmentally responsible and cost-efficient manner.
- Provide a drought- and disaster-resilient water supply.
- Protect, maintain, and improve ecological resources and related beneficial uses of the SCRE and its watershed.
- Improve municipal supply groundwater quality within the service area.
- Maintain compliance with the City of Ventura’s VWRF National Pollutant Discharge Elimination System (NPDES) permit.

Benefits of the Proposed Projects

The EIR evaluated a reasonable range of potentially feasible alternatives that would meet some or most of the objectives of the projects. As set forth in the Findings (Findings of Fact Regarding the Final Environmental Impact Report for the Ventura Water Supply Projects), none of these alternatives would meet project objectives with reduced environmental impacts. Alternative 1 (No Project Alternative) is the only alternative that would avoid the significant temporary construction noise impact identified in the DEIR. Alternative 1 does not meet any project objectives, as discussed Section 9.3 of Chapter 9 of the DEIR, and could result in significant legal exposure if the City fails to comply with NPDES permit requirements or the Consent Decree.

Water Supply Benefits

The projects would provide a reliable, drought-resistant water source. The EIR analysis demonstrates that the projects would augment the City's water supply at the lowest fiscal and environmental cost, compared to a reasonable range of potentially feasible alternatives. It would also improve water quality within the City's water supply system.

The City’s 2015 Urban Water Management Plan (UWMP), which identifies water supplies needed to meet existing and future water demands in normal and dry years, concludes that the City’s existing water supplies may be insufficient to meet future dry year demands. The UWMP concluded that a total of 5,398 acre-feet per year (AFY) of additional supplies (potable reuse and desalination) are needed between 2030 and 2035 to meet projected dry-year demands. If the projects are not approved, the foreseeable future would include water rationing during drought conditions. Up to 50 percent demand reduction would be mandatory if no other water supplies are provided.

Desalination is the only other new water supply that could augment the City's water supply enough to meet future needs. To meet foreseeable water demands during drought years, the City would need to develop an ocean desalination project to produce 4.8 MGD (5,400 AFY) and 1.8 MGD (2,000 AFY) of groundwater desalting. The new outfall and discharge would need to be compliant with the new Ocean Plan Amendment standards for ocean water desalination discharges, resulting in considerable permitting delay potential. Because this water
supply solution likely would not be constructed before 2035, when the UWMP found that significant water shortages would occur, this alternative would require the interim implementation of water rationing. Water rationing would impose substantial social and economic costs on the City and its residents.

The projects would also produce treated water to blend with current groundwater supplies, in order to improve drinking water quality. Water from groundwater wells contain higher levels of dissolved solids and minerals than surface waters, such as Lake Casitas or the Ventura River. While the City’s treated groundwater meets all health requirements, its mineralized content results in deposits on plumbing fixtures and less aesthetically pleasing water quality (Ventura Water 2017).

To explain the groundwater quality issue in more technical terms, the City’s potable water supply that originates from its groundwater wells does not currently meet secondary maximum contaminant limits (MCLs) for total dissolved solids (TDS) and sulfate concentrations. The California Division of Drinking Water has required the City to improve mineral water quality in the groundwater supply. The AWPF would be designed to include additional treatment capacity to desalt and treat an additional 1.2 MGD (1,400 AFY) of groundwater from the Oxnard Plain Basin during Phase 1. The City has calculated that the addition of this purified groundwater would provide sufficient blending with existing groundwater supplies to improve the potable water supply, with the objective of meeting the secondary MCLs.

If the projects are not improved, no existing high-quality potable water supply would be available to improve the water quality of groundwater supplies. Another option would be to build a desalination plant, but construction would require a lengthy permit process and likely would not be completed for several decades. The projects provide a more immediate solution to the mineralized content of groundwater supplies.

Discharge Diversion Benefits

The best available science, comprising more than 17 years of data collection, study and analysis, concludes that reduced discharge to the SCRE would benefit listed species, including southern California steelhead, California tidewater goby, western snowy Plover, and California least tern. The point of the projects is to implement the Enhancement Discharge Level in order to achieve the Maximum Ecologically Protective Diversion Volume. The projects thus are habitat enhancement projects that were developed to maximize environmental benefits.

First, the reduction in discharge from the VWRF would reduce unseasonal berm breaches and create conditions more similar to natural conditions. This provides numerous benefits to native and listed aquatic species, including:

- Increasing the length of time that juvenile steelhead can rear within the estuary, with less risk of being swept to sea at a small size. The opportunity to increase in size before ocean entry would make them more likely to survive in the ocean.
• Increasing nesting habitat and reducing stranding of nests for the least tern and snowy plover. Open beach habitat area is likely to increase, and lower water levels and the reduction in unseasonal breaches would reduce the potential for nests to be washed away.

• Creating less hospitable conditions for invasive species. Discharge of freshwater from the VWRF dampens the natural variations in salinity that normally prevents exotic invasive species (such as carp and arundo) from outcompeting and displacing native tidewater goby and steelhead.

Second, the reduction in discharge would improve water quality. Current VWRF discharges include dissolved nutrients. The DEIR concludes that reduction of nutrient loads to the SCRE would benefit all life stages of the goby, steelhead migration, and steelhead juveniles and rearing. Current discharge from the VWRF also promotes excessive algal growth, leading to lower dissolved oxygen concentrations and an unacceptable risk of catastrophic hypoxic events to aquatic organisms in the SCRE when the berm is closed.

Denying the projects would have the negative impact of maintaining the status quo, an undesirable condition. If all tertiary-treated wastewater from the VWRF continues to discharge to the SCRE, native sensitive species would continue to struggle against unseasonal breaches, unnatural salinity levels that favor invasive species, and higher nutrient levels that result in algal growth and lower dissolved oxygen.

Denying the projects would also create a risk that the City would be in violation of legal obligations. The City is required to implement the proposed discharge reductions to enhance aquatic habitat types to comply with the State Water Resources Control Board’s Water Quality Control Policy for the Enclosed Bays and Estuaries of California (Enclosed Bays and Estuaries Policy). The purpose of the Enclosed Bays and Estuaries Policy is “to provide water quality principles and guidelines to prevent water quality degradation and to protect the beneficial uses of waters of enclosed bays and estuaries.” It provides that the discharge of municipal wastewaters to enclosed estuaries, such as SCRE, shall be phased out at the earliest practicable date, unless the discharge enhances the quality of receiving waters. The City also could be in violation of its obligations under the Tertiary Treated Flows Consent Decree and Stipulated Dismissal with the Wishtoyo Foundation Ventura Coastkeeper, Heal the Bay, filed with the U.S. Central California District Court February 3, 2012, executed among the City, the Wishtoyo Foundation/Ventura Coastkeeper, and Heal the Bay.

Statement of Overriding Considerations

The City Council finds that the environmental, economic, legal, social, technological, and other benefits of the projects override the significant and unavoidable adverse noise impact (including cumulatively considerable temporary noise impacts) associated with the construction of concentrate discharge facility, resulting in a temporary increase in noise that will exceed the City’s Municipal Code for nighttime noise. Noise impacts will be temporary and will be minimized to the greatest extent feasible by Mitigation Measures NOISE-1, NOISE-2, NOISE-3, and NOISE-4, and no potentially feasible alternative is available that would meet project objectives and eliminate the temporary noise impact. The City Council finds that the benefits of
the recommended project outweigh this temporary increase in noise and the exceedances of City’s nighttime noise standards.

The City Council adopts this Statement of Overriding Considerations and finds that:

(1) Mitigation measures set forth in the Final EIR have eliminated or substantially lessened all significant effects on the environment to the greatest extent feasible, as set forth in greater detail in the Findings (Findings of Fact Regarding the Final Environmental Impact Report for the Ventura Water Supply Projects).

(2) The remaining unavoidable impacts of the Ventura Water Supply Projects are acceptable in light of environmental, economic, legal, social, technological, and other considerations, because the benefits of the projects as described in this Statement of Overriding Considerations outweigh the significant and adverse temporary noise impact. Substantial evidence in the record, including the Final EIR and the studies and documents referenced therein, support this finding.
ATTACHMENT C
Mitigation Monitoring and Reporting Program

In accordance with Section 15091(d) and Section 15097 of the California Environmental Quality Act (CEQA) Guidelines, which require a public agency to adopt a program for reporting on or monitoring required changes or conditions of approval to substantially lessen significant environmental effects, the Mitigation Monitoring and Reporting Program (MMRP) is hereby adopted for this project.

This MMRP summarizes the mitigation commitments identified in the Ventura Water Supply Projects Final Environmental Impact Report (EIR) (State Clearinghouse No. 2017111004). Mitigation measures are presented in the same order as they occur in the Final EIR. The columns in the MMRP table provide the following information:

- **Mitigation Measure(s):** The action(s) that will be taken to reduce the impact to a less-than-significant level.
- **Project Components:** The project component requiring the mitigation measure to reduce potentially significant impacts.
- **Monitoring Schedule (Timing):** The general schedule for conducting each monitoring task, either prior to construction, during construction, and/or during operation.
- **Implementing Party:** The agency or private entity responsible for ensuring implementation of the mitigation measure. However, until the mitigation measures are completed, the City of Ventura, as the CEQA Lead Agency, remains responsible for ensuring implementation of the mitigation measures occurs in accordance with the program (CEQA Guidelines, Section 15097(a)).
- **Verification of Compliance:** The signature of the implementing party that must verify that the mitigation measure has been implemented as required and the date it was implemented and completed.
# MITIGATION MONITORING AND REPORTING PROGRAM SUMMARY FOR THE VENTURA WATER SUPPLY PROJECTS

<table>
<thead>
<tr>
<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Verification of Compliance</th>
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</table>
| Aesthetics           | AES-1              | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | Prior to Construction | – Include Mitigation Measure AES-1 in the Construction Contract Specifications.  
– City shall approve plan.  
– Construction Contractor shall implement plan  
– City shall monitor compliance with plan during construction | |
|                      | AES-2              | • Advanced Water Purification Facility  
• Groundwater Wells | Developed Prior to Construction, Implemented During Construction | – Include Mitigation Measure AES-2 in the Construction Contract Specifications.  
– City shall review final designs  
– Construction Contractor –shall implement design  
– City shall inspect designs to ensure compliance | |
|                      | AES-3              | • Advanced Water Purification Facility  
• Groundwater Wells  
• Conveyance Pipeline | Plans Confirmed Prior to Construction, Implemented During Construction and Operation | – Include Mitigation Measure AES-3 in the Construction Contract Specifications  
– City shall inspect designs to ensure compliance | |

**AES 3.1-3:** The proposed projects could result in a significant impact if they would substantially degrade the existing visual character or quality of the sites and their surroundings.

**AES-1:** Prior to the start of construction, the city of Ventura shall prepare a Construction Management Plan. The Construction Management Plan shall, at a minimum, indicate the equipment and vehicle staging areas, areas for stockpiling of materials, temporary opaque fencing material, and haul route(s). Staging areas shall be sited and/or screened to minimize public views to the maximum extent practicable.

**AES-2:** Aboveground buildings/structures shall be designed to have color palettes and vegetation screening as necessary to blend with the surrounding character of the site and to minimize contrasting features in the visual landscape.

**AES 3.1-4:** The proposed projects could result in a significant impact if they would create a new source of substantial light or glare which would adversely affect daytime or nighttime views in the area.

**AES-3:** Lighting used during temporary nighttime construction or for permanent security purposes shall be shielded and directed downward or pointed away from surrounding light-sensitive land uses.
**Verification of Compliance**

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<th>Timing</th>
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<th>Date</th>
<th>Signature Name Title</th>
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<tr>
<td><strong>Agricultural Resources</strong></td>
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<tr>
<td>AG 3.2-1: The proposed projects could result in a significant impact if they would convert Prime Farmland, Unique Farmland of Statewide Importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use.</td>
<td>AG-1: Mitigation shall be provided for the loss of state-designated Prime Farmland or Farmland of Local Importance and/or open space in existence at the time property in the project area containing such state-designated farmland or open space is developed. Prior to developing such state-designated farmland, agricultural lands of equivalent acreage (a 1:1 ratio), and with soil and farming conditions equivalent or superior to the state-designated farmland that would be converted, shall be set aside in perpetuity. One or more permanent, irreversible agricultural easements may be purchased for the benefit of the City or other qualifying entity acceptable to the City, or funds may be provided to a local, regional, or statewide organization or agency whose purpose includes the acquisition and stewardship of agricultural easements, to be earmarked for the purchase of permanent, irreversible agricultural easements. The protected acreage shall be set aside prior to the commencement of any development activity.</td>
<td>Advanced Water Purification Facility, Water Conveyance System, Groundwater Wells</td>
<td>Prior to Construction on any state-designated Prime Farmland, Farmland of Local Importance, and/or open space</td>
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<td>AG 3.2-2: The proposed projects could have a significant impact if they would conflict with existing zoning for agricultural use, or a Williamson Act contract.</td>
<td>Implement Mitigation Measure AG-1.</td>
<td>Advanced Water Purification Facility, Water Conveyance System</td>
<td>Prior to Construction</td>
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<td>AG 3.2-5: The proposed projects could result in a significant impact if they would involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-</td>
<td>Implement Mitigation Measure AG-1.</td>
<td>Advanced Water Purification Facility</td>
<td>Prior to Construction</td>
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</table>
### Environmental Impact

<table>
<thead>
<tr>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
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</thead>
<tbody>
<tr>
<td>agricultural use or conversion of forest land to non-forest use.</td>
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</table>

### Air Quality

#### AQ 3.3-2: The proposed projects could have a significant impact if they would violate any air quality standard or contribute substantially to an existing or projected air quality violation.

- AQ-1: The following control measures provided in the VCAPCD Ventura County Air Quality Assessment Guidelines to minimize the generation of fugitive dust (PM10 and PM2.5), ROC, and NOX during construction activities shall be implemented during construction:
  - The area disturbed by clearing, grading, earth moving, or excavation operations shall be minimized to prevent excessive amounts of dust.
  - Pre-grading/excavation activities shall include watering the areas to be graded or excavated before grading or excavation operations commences. Application of water (preferably reclaimed, if available) should penetrate sufficiently to minimize fugitive dust during grading activities.
  - Fugitive dust produced during grading, excavation and construction activities shall be controlled by the following activities:
    - All trucks shall be required to cover their loads as required by California Vehicles Code Section 23114.
    - All graded and excavated material, exposed soil areas, and active portions of the construction site, including unpaved on-site roadways, shall be treated to prevent fugitive dust. Treatment shall include, but not necessarily be limited to, periodic watering, application of environmentally safe soil stabilization material, and/or roll-compaction as appropriate. Watering shall be done as often as necessary and reclaimed.

During Construction

- Include Mitigation Measure AQ-1 in the Construction Contract Specifications
- Construction Contractor shall implement measures
- City shall inspect to ensure compliance
<table>
<thead>
<tr>
<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Date</th>
<th>Signature Name</th>
<th>Title</th>
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<tbody>
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<td><strong>water shall be used whenever possible.</strong></td>
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<td>• Graded and/or excavated inactive areas of the construction site shall be monitored</td>
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<td>at least weekly for dust stabilization. Soil stabilization methods, such as water</td>
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<td>and roll compaction, and environmentally safe dust control materials, shall be</td>
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<td>periodically applied to portions of the construction site that are inactive for</td>
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<td>over four days. If no further grading or excavation operations are planned for the</td>
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<td>area, the area should be seeded and watered until grass growth is evident, or</td>
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<td>periodically treated with environmentally safe dust suppressants to prevent</td>
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<td>excessive fugitive dust.</td>
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<td>• Signs limiting traffic to 15 miles per hour or less shall be posted on-site.</td>
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<td>• During periods of winds 25 miles per hour or greater (i.e., wind speed sufficient</td>
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<td>to cause fugitive dust to impact adjacent properties) or at the direction of the</td>
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<td></td>
<td>City, all clearing, grading, earth moving, and excavation operations shall be</td>
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<td>curtailed to the degree necessary to prevent fugitive dust created by on-site</td>
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<td>activities and operations from being a nuisance or hazard, either off site or</td>
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<td>onsite. The site superintendent/ supervisor shall use discretion in conjunction with</td>
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<td>the VCAPCD in determining when winds are excessive.</td>
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<td>• Adjacent streets and roads shall be swept at least once per day, preferably at</td>
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<td>the end of the day if visible soil material is carried over to adjacent streets and</td>
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<td></td>
<td>• Personnel involved in grading operations, including contractors and</td>
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<td>subcontractors, should be advised to wear respiratory protection in accordance with</td>
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<td>California Division of Occupational Safety and Health regulations.</td>
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<td>Environmental Impact</td>
<td>Mitigation Measure</td>
<td>Project Components</td>
<td>Timing</td>
<td>Implementing Party Responsibilities</td>
<td>Date</td>
<td>Signature Name Title</td>
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</table>
| AQ-2: During construction contractors shall comply with the following measures, as feasible, to reduce NOX and ROC from heavy equipment as recommended by the VCAPCD in its Ventura County Air Quality Assessment Guidelines: | • All construction equipment shall meet or exceed Environmental Protection Agency Tier 3 certification requirements. The contractor shall be required to document the use of Tier 3 equipment or better.  
• HDD drilling motors will comply with Tier 3 standards or greater and have particulate filters installed or the contractor shall provide justification to the City that the equipment is not available.  
• The City shall establish a barrier around the HDD drilling site to minimize site lines, air emissions, and noise from the drilling activities.  
• For pipeline installation work within 300 feet of sensitive receptors such as schools and health care facilities, the City shall coordinate with the school or health care facility to schedule construction activities during periods that minimize disruption to receptors when feasible.  
• Minimize equipment idling time.  
• Maintain equipment engines in good condition and in proper tune as per manufacturer’s specifications.  
• Lengthen the construction period during smog season (May through October) to minimize the number of vehicles and equipment operating at the same time. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | During Construction | – Include Mitigation Measure AQ-2 in the Construction Contract Specifications  
– Construction Contractor shall implement measures  
– City shall inspect to ensure compliance |
### Biological Resources

**BIO 3.4-1:** The projects could have a significant impact if they would have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or USFWS.

#### BIO-1: Prior to the start of construction in areas that could encounter sensitive species, a qualified biologist shall provide Worker Environmental Awareness Program (WEAP) training to all construction workers onsite. The training shall include materials to aid workers in identifying sensitive habitats, plants, and wildlife that should be avoided; applicable laws and regulations protecting such resources; and proper avoidance and communication procedures to protect sensitive biological resources, as well as common wildlife whenever possible.

- Water Conveyance System
- Groundwater Wells
- Wildlife/Treatment Wetlands
- VWRF Treatment Upgrades
- Concentrate Discharge Facility
- Ocean Desalination Facility

Prior to Construction

- Include Mitigation Measure BIO-1 in the Construction Contract Specifications
- Construction Contractor shall implement measure
- City shall inspect to ensure compliance

#### BIO-2: Prior to construction activities within 50 feet of sensitive habitat, a qualified biologist shall survey a 500-foot radius for the presence of sensitive species that could be affected by construction noise and disruption. If construction activities could generate noise in excess of 65 dBA for prolonged periods (averaged over an 8-hour day) in areas where the ambient noise level is less than 65 dBA and sensitive species are present, the construction contractor shall install noise barriers between the construction activity and the sensitive resource to reduce noise impacts on biological resources.

- Water Conveyance System
- Groundwater Wells
- Wildlife/Treatment Wetlands
- VWRF Treatment Upgrades
- Concentrate Discharge Facility
- Ocean Desalination Facility

Prior to Construction During Construction

- Include Mitigation Measure BIO-2 in the Construction Contract Specifications
- Construction Contractor shall implement measure
- City shall inspect to ensure compliance

#### BIO-3: If nighttime construction is required, lighting shall be kept to the minimum necessary to safely conduct the work. All lighting shall be focused on the construction area and avoid spilling onto habitat areas.

- Water Conveyance System
- Groundwater Wells
- Wildlife/Treatment Wetlands
- VWRF Treatment Upgrades
- Concentrate Discharge

During Construction

- Include Mitigation Measure BIO-3 in the Construction Contract Specifications
- Construction Contractor shall implement measure
<table>
<thead>
<tr>
<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Date</th>
<th>Signature Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>BIO-4: If the nesting season cannot be avoided and construction or vegetation removal occurs between March 1 to September 15 (January 1 to July 31 for raptors), the project shall do the following to avoid and minimize impacts to nesting birds and raptors:</td>
<td>- Ocean Desalination Facility</td>
<td>Facility</td>
<td>Prior to Construction During Construction</td>
<td>- City shall inspect to ensure compliance</td>
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</tbody>
</table>
| - During the avian breeding season, a qualified biologist shall conduct a preconstruction avian nesting survey no more than 7 days prior to vegetation disturbance or site clearing. If construction begins in the non-breeding season and proceeds continuously into the breeding season, no surveys are required. However, if there is a break of 7 days or more in cleanup activities during the breeding season, a new nesting bird survey shall be conducted before construction begins again. | - Water Conveyance System  
- Groundwater Wells  
- Wildlife/Treatment Wetlands  
- VWRF Treatment Upgrades  
- Concentrate Discharge Facility  
- Ocean Desalination Facility | | | | | | |
<p>| - The preconstruction survey shall cover all reasonably potential nesting locations on and within 300 feet of the proposed removal areas, and areas that would be occupied by ground-nesting species such as killdeer. A 500-foot radius shall be surveyed in areas containing suitable habitat for nesting raptors, such as trees, utility poles, rock crevices, and cliffs. | | | | | | | |
| - If an active nest is found during the preconstruction avian nesting survey, a qualified biologist shall implement a 300-foot minimum avoidance buffer for all passerine birds and 500-foot minimum avoidance buffer for all raptor species. The nest site area shall not be disturbed until the nest becomes inactive, the young have fledged, the young are no longer being fed by the parents, the young have left the area, and the young will no longer be | | | | | | | |</p>
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<tr>
<th>Environmental Impact</th>
<th>Mitigation Measure</th>
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<td>impacted by the project. Buffer areas may be increased if any endangered,</td>
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<td>threatened, CDFW fully protected, or CDFW species of special concern are</td>
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<td>identified during protocol or preconstruction surveys, based on consultation with</td>
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<td>USFWS or CDFW.</td>
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<td>• If a nest is found in an area where ground disturbance is scheduled to occur, the</td>
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<td>project operator shall avoid the area either by delaying ground disturbance in the</td>
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<td>area until a qualified biologist has determined that the birds have fledged and are</td>
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<td>no longer reliant upon the nest or parental care for survival, or by relocating</td>
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<td>the project component(s) to avoid the area.</td>
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<td>BIO-5:</td>
<td>The City shall prepare and implement a Pre-Construction Santa Clara River Estuary</td>
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<td>(SCRE) Monitoring Program that will confirm and update the existing baseline</td>
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<td>hydrological, chemical and biological conditions of the SCRE for a period of 3</td>
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<td>years. The City shall coordinate preparation of the monitoring program with the</td>
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<td>RWQCB, USFWS, NMFS, and CDFW. The purpose of the program shall be to collect</td>
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<td>specific ecological monitoring data. This data will be used to inform the</td>
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<td>development of the Post-Construction Monitoring, Assessment, and Adaptive</td>
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<td>Management Plan, which shall identify action criteria and management measures that</td>
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<td>will guide and confirm that the implementation of Phase 1b reductions in</td>
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<td>discharges (to an average annual of 0 to 0.5 MGD in closed-berm conditions) avoids</td>
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<td>and minimizes significant adverse environmental impacts.</td>
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<td>BIO-6:</td>
<td>The City shall prepare and implement a Post Construction Santa Clara River Estuary</td>
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<td>(SCRE) Monitoring, Assessment, and Adaptive Management Program (MAAMP) that will</td>
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<td>continue data collection in the SCRE and will evaluate and confirm post-discharge</td>
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<tr>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Date</th>
<th>Signature Name</th>
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<tbody>
<tr>
<td>Phase 1a Components</td>
<td>Prior to Construction of Phase 1a;</td>
<td>– City shall prepare and implement BIO-5</td>
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<td>Phase 1b Components</td>
<td>Following construction of Phase 1a and Prior to Construction of Phase 1b</td>
<td>– City shall prepare and implement BIO-6</td>
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Attachment C. Mitigation Monitoring and Reporting Program

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<tr>
<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Date</th>
<th>Verification of Compliance</th>
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</table>
| diversion SCRE habitat values and conditions for SCRE listed species. The SCRE MAAMP will consist of the following core elements at a minimum:  
- Water depth measurements;  
- Aquatic species surveys within the SCRE to document occurrence and abundance of tidewater goby and juvenile steelhead;  
- Bird and nesting surveys to document the occurrence and abundance of snowy plover and California least tern using or occupying, or foraging of nesting within the SCRE and its vicinity;  
- Acreage and qualitative evaluation of vegetation associations (habitat types) within the SCRE and its vicinity;  
- SCRE receiving water quality monitoring including regular measurements for temperature, salinity, dissolved oxygen, and nutrients collected vertically and horizontally to inform stratification and spatial patterns understanding;  
- Documentation of eutrophication episodes within the SCRE;  
- SCRE berm condition monitoring including berm heights and breaching events; and  
- Continuous VWRF discharge flow data, and instantaneous VWRF discharge water quality data. | | | | | | |
| The monitoring effort will be initiated following implementation of Phase 1a when discharges have been reduced to a CDL of 1.9 MGD. The City shall submit annual monitoring reports to the CDFW, USFWS, and NMFS that compile the data collected for a period of 5 years. | | | | | | |
| The City shall consult with CDFW, USFWS, and NMFS to evaluate the data and trends shown in the monitoring data. In the event | | | | | | |
**Environmental Impact** | **Mitigation Measure** | **Project Components** | **Timing** | **Implementing Party Responsibilities** | **Verification of Compliance**
---|---|---|---|---|---
that based on the information and analysis provided by the MAAMP, NMFS, USFWS, and or CDFW notifies the RWQCB and the City in writing that reducing the average annual discharge flows below 1.9 MGD in closed- berm conditions would result in an unauthorized “take” (as defined in the state or federal Endangered Species Act, as applicable) of one or more listed species contrary to the permits or authorizations those agencies have issued, then the actions specified in the MAAMP shall be implemented to further avoid and minimize adverse impacts to, and take of listed species within the SCRE resulting from Phase 1b reductions, until and unless and until the Regional Board and the wildlife agency with jurisdiction authorize lower discharge.

**BIO-7:** Prior to initiating any directional drilling activities, the City shall prepare a Drilling Fluid Mitigation and Response Plan that identifies measures to reduce risks to water quality from accidental release of drilling fluids into surface water. Measures include best practices to employ to minimize the risk of releases. The plan will identify spill containment equipment, monitoring and reporting roles and responsibilities, and implementation procedures sufficient to contain any release of drilling fluids.

- Water Conveyance System
- Concentrate Discharge Facility
- Ocean Desalination Facility

Plan: Prior to Construction Implementation: During Construction

- Include Mitigation Measure BIO-7 in the Construction Contract Specifications
- City shall approve plan
- Construction Contractor shall implement plan
- City shall inspect to ensure compliance

**BIO-8:** Prior to constructing treatment wetlands as a part of Phase 1b, the City shall survey the site for the presence of sensitive habitats or sensitive species. If sensitive habitats are identified that would be affected by the construction of the new treatment wetlands, the City shall compensate for such impacts by establishing riparian habitat − site through development of riparian habitat within the new treatment wetlands design, or offsite.

- Wildlife/Treatment Wetlands (Phase 1b)

Prior to construction of Phase 1b

- City shall conduct surveys in areas affected by designs
- City shall coordinate with regulatory agencies as needed to and comply with necessary permits
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<th>Environmental Impact</th>
<th>Mitigation Measure</th>
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<td>in the SCRE at a minimum ratio of 1:1. In addition, the City shall consult with USFWS and CDFW to ensure that appropriate mitigation and/or compensation is established to replace lost habitat value. The consultation shall satisfy federal and state Endangered Species Act consultation requirements, and shall implement the proposed mitigation ratio of at least 1:1, or such higher ratio as may be required by USFWS and CDFW. Onsite mitigation within the treatment wetlands would be accomplished by establishment of riparian habitat at the edges of the treatment cells or within designed islands. If additional riparian acreage is required beyond that which can be incorporated into the treatment wetlands design, then riparian habitat may be established offsite within the SCRE, since the modeling of discharge reductions predicts a substantial increase in riparian habitat within the SCRE as a result of hydrological changes associated with discharge reductions proposed for Phase 1a and Phase 1b. To achieve mitigation credit for new riparian habitat established pursuant to BIO-8, whether onsite or offsite, the City shall document the increase in riparian habitat at the mitigation site(s) as compared to existing conditions over a period of five years. The City would establish that the new riparian habitat is suitable for least Bell’s vireo occupation based on standard metrics regarding the acreage of canopy cover, complexity of sub-canopy vegetation structure, and opportunity for new vegetation recruitment. The City may document the new riparian habitat acreage and ecological values created by mitigation performed within the Natural Treatment Wetlands pursuant to a 5-year Habitat Management and Monitoring Plan, and may document new riparian habitat acreage and ecological values created within</td>
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<td>Environmental Impact</td>
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<td>the SCRE as part of the Monitoring, Assessment, and Adaptive Management Plan (MAAMP) to be implemented as Mitigation Measure BIO-6. In the event that sufficient riparian habitat to mitigate for all losses is not created onsite and/or within the SCRE, the City shall provide additional mitigation necessary to attain the ratio of at least 1:1 through the purchase of mitigation bank credits and/or the creation of additional riparian habitat, as determined through consultation with USFWS and CDFW.</td>
<td>• Advance Water Purification Facility</td>
<td>Prior to Construction</td>
<td>– City shall comply with permit requirements</td>
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<td>BIO-9: If the Harbor Site is selected as the location for the AWPF, the City shall comply with all requirements of the California Coastal Act, including compensation for any environmentally sensitive habitat area (ESHA) that has been documented on the Harbor Boulevard site since the enactment of the Coastal Act (1977). Compensation shall include replacement of ESHA at a minimum ratio of 1:1 locally within the coastal zone, or as required by the CCC. The replacement site may be the City-owned property to the south of the Harbor Site or another nearby site.</td>
<td>• Concentrate Discharge Facility</td>
<td>Plan: Prior to Construction Implementation: During Construction</td>
<td>– City shall implement measures</td>
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<tr>
<td>BIO 3.4-2: The proposed projects could have a significant impact if they would have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or USFWS.</td>
<td>Implement BIO-7</td>
<td>• Concentrate Discharge Facility</td>
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<td>BIO 3.4-3: The proposed projects could have a significant impact if they would have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or USFWS.</td>
<td>Implement BIO-5, BIO-6 and BIO-7</td>
<td>• AWPF</td>
<td>Plan: Prior to Construction</td>
<td>– City shall implement measures</td>
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<td>Environmental Impact</td>
<td>Mitigation Measure</td>
<td>Project Components</td>
<td>Timing</td>
<td>Implementing Party Responsibilities</td>
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<td>adverse effect on federally protected wetlands as defined by Section 404 of the</td>
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<td>Implementation: During Construction</td>
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<td>the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal,</td>
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<td>etc.) through direct removal, filling, hydrological interruption, or other means.</td>
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<td>Cultural Resources</td>
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<td>CUL 3.5-1: The proposed projects could result in a significant adverse change in</td>
<td>CUL-1: Prior to the start of any ground disturbing activity, a Qualified Archaeologist,</td>
<td>• Advanced Water Purification Facility</td>
<td>Prior to Construction</td>
<td>Include Mitigation Measure CUL-1 in</td>
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<td>the significance of a historical resource as defined in Section 15064.5.</td>
<td>defined as an archaeologist meeting the Secretary of the Interior’s Standards for</td>
<td>• Water Conveyance System</td>
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<td>the Construction Contract Specifications</td>
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<td></td>
<td>professional archaeology (U.S. Department of the Interior 2008) shall be retained</td>
<td>• Groundwater Wells</td>
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<td>− Construction Contractor shall</td>
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<td></td>
<td>by the City to carry out all mitigation measures related to archaeological resources.</td>
<td>• Wildlife/Treatment Wetlands</td>
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<td>implement measure</td>
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<td>• VWRF Treatment Upgrades</td>
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<td>CUL-2: Cultural resources survey shall be conducted prior to any ground disturbing</td>
<td>• Advanced Water Purification Facility</td>
<td>Prior to Construction</td>
<td>Include Mitigation Measure CUL-2 in</td>
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<td>activities associated with unsurveyed portions of the project area. The portions of</td>
<td>• Water Conveyance System</td>
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<td>the Construction Contract Specifications</td>
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<td>the area of the proposed projects not surveyed include the Harbor Boulevard,</td>
<td>• Groundwater Wells</td>
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<td>− Construction Contractor shall</td>
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<td>Transport Street and Portola Road AWPF sites, the parcels within which groundwater</td>
<td>• Wildlife/Treatment Wetlands</td>
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<td>implement measure</td>
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<td>Well Sites 2 and 3 would be located, and the portions of the proposed water</td>
<td>• VWRF Treatment Upgrades</td>
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<td>− City shall inspect to ensure</td>
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<td>conveyance pipeline located on private lands. Any resources identified during the</td>
<td>• Concentrate Discharge Facility</td>
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<td>compliance</td>
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<td>survey that would be impacted as a result of the proposed projects should be</td>
<td>• Ocean Desalination Facility</td>
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<td>evaluated for listing in the NRHP and CRHR. Avoidance and preservation in place</td>
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<td>shall be the preferred manner of mitigating impacts to historical resources under</td>
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<td>Environmental Impact</td>
<td>Mitigation Measure</td>
<td>Project Components</td>
<td>Timing</td>
<td>Implementing Party Responsibilities</td>
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| **CUL-3:** Prior to any ground disturbing activities associated with the project, the Qualified Archaeologist should conduct cultural resources sensitivity training for all construction personnel. Construction personnel should be informed of the types of archaeological resources that may be encountered, and of the proper procedures to be enacted in the event of an inadvertent discovery of archaeological resources or human remains. The City should ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | Prior to Construction | – Include Mitigation Measure CUL-3 in the Construction Contract Specifications  
– Construction Contractor shall implement measure  
– City shall inspect to ensure compliance | | |
| **CUL-4:** Prior to the start of ground-disturbing activities associated with the proposed projects, including development, preparation and implementation of project related geophysical surveys and other offshore data collection and construction activities, an archaeological monitor working under the supervision of the Qualified Archaeologist and a Native American monitor associated with the Barbareño/Ventureño Band of Mission Indians, or other locally affiliated tribe, shall monitor all project-related ground-disturbing activities within previously undeveloped project parcels, offshore areas, all jack-and-bore receiving pits, and all post-holing activities within existing road rights-of-way. Previously undeveloped parcels requiring monitoring include the Harbor Boulevard, Transport Street, offshore areas, and Portola Road AWPF sites, as well as the new treatment wetlands parcel, and groundwater Well Sites 1, 2, and 3. For the pipeline alignments to be installed within existing road rights-of-way, a monitoring plan shall be prepared by the Qualified Archaeologist outlining the locations and timing of monitoring based on level of disturbance identified during pot-hole monitoring, as well as any geotechnical report to be prepared as part of project. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | During Construction | – Include Mitigation Measure CUL-4 in the Construction Contract Specifications  
– Construction Contractor shall implement measure  
– City shall inspect to ensure compliance | | |
<table>
<thead>
<tr>
<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Verifying Party (Name)</th>
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<td>Implementation. Prior to implementing offshore geophysical surveys, the City shall provide the survey methods and plans to the Barbareño/Ventureño Band of Mission Indians for their information as part of the consultation. Based on observations of subsurface soil stratigraphy or other factors during initial ground-disturbing activities across the project area, and in consultation with the City and Native American monitor, the Qualified Archaeologist may reduce or discontinue monitoring as warranted if the Qualified Archaeologist determines that the possibility of encountering archaeological deposits is low in a given area or during a given activity. Archaeological monitors shall maintain daily logs documenting their observations. Monitoring activities shall be documented in a Monitoring Report to be prepared by the Qualified Archaeologist at the completion of construction and shall be provided to the City and filed with the SCCIC within 6 months of construction completion.</td>
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| CUL-5: In the event of the unanticipated discovery of archaeological materials during implementation activities associated with the proposed projects, including offshore data collection and construction activities, all work shall immediately cease in the area (within approximately 100 feet) of the discovery until it can be evaluated by a qualified archaeologist. In the event that cultural resources are discovered on state lands, including discoveries made during any offshore activities, the California State Lands Commission shall also be notified. Construction shall not resume until the qualified archaeologist and, for offshore activities, the California State Lands Commission, has conferred with the City on the significance of the resource. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | Prior to Construction; During Construction | – Include Mitigation Measure CUL-5 in the Construction Contract Specifications  
– Construction Contractor shall implement measure  
– City shall inspect to ensure compliance |
<table>
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<tr>
<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
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<td>If it is determined that the discovered archaeological or cultural resource constitutes a significant resource, avoidance and preservation in place is the preferred manner of mitigation. Preservation in place may be accomplished by, but is not limited to, avoidance, incorporating the resource into open space, capping, or deeding the site into a permanent conservation easement. In the event that preservation in place is demonstrated to be infeasible and data recovery through excavation is the only feasible mitigation available, a Cultural Resources Treatment Plan shall be prepared and implemented by the qualified archaeologist in consultation with City and Barbareño/Ventureño Band of Mission Indians, or other locally affiliated tribe, that provides for the adequate recovery of the scientifically consequential information contained in the archaeological resource.</td>
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<td>Include Mitigation Measure CUL-6 in the Construction Contract Specifications</td>
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<td>CUL-6: Prior to development of the new outfall and the Phase 2 Ocean Desalination ocean intake system, the City should retain a qualified archaeologist, defined as meeting the Secretary of the Interior's Professional Qualification Standards for archaeology (U.S. Department of the Interior 2008), to conduct a cultural resources assessment of the ocean intake system that includes: a records search at the South Central Coastal Information Center; a Sacred Lands File search at the California Native American Heritage Commission; a desktop geoarchaeological review of onshore and offshore components; a shipwrecks database review for offshore components; a paleontological resources records check conducted by the Los Angeles County Natural History Museum, a pedestrian field survey for onshore components; recordation of all identified archaeological resources on California Department of Parks and Recreation 523 forms; and preparation of</td>
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<td>Construction Contractor shall implement measure</td>
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<td></td>
<td>• Concentrate Discharge Facility</td>
<td>Prior to Construction</td>
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<td>City shall inspect to ensure compliance</td>
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<td>Environmental Impact</td>
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| a technical report documenting the methods and results of the study. All identified cultural resources should be assessed for the ocean intake system's potential to result in direct and/or indirect effects to those resources. Cultural resources that will be directly and/or indirectly affected and cannot be avoided should be evaluated for their potential significance prior to the City’s approval of the ocean intake system plans and publication of subsequent CEQA documents. The qualified archaeologist should provide recommendations regarding archaeological and Native American monitoring, protection of avoided resources, and/or recommendations for additional work or treatment of significant resources (i.e., resources that qualify as historical resources or unique archaeological resources under CEQA or resources that qualify as historic properties pursuant to Section 106 of the NHPA) that will be affected by construction of the ocean intake system. | Implement Mitigations Measure CUL-1 through CUL-6. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | Prior to Construction; During Construction | – | – | – |

CUL 3.5-2: The proposed projects could result in a significant impact if they would cause a substantial adverse change in the significance of a unique archaeological resource pursuant to Section 15064.5. | Implement Mitigations Measure CUL-1 through CUL-6. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | Prior to Construction; During Construction | – | – | – |

CUL 3.5-3: The proposed project could result in a significant impact if they would directly or indirectly destroy a unique paleontological resource or site or unique geologic feature. | CUL-7: Prior to the start of project-related ground-disturbing activities, the City shall retain a qualified paleontologist meeting the Society for Vertebrate Paleontology’s professional standards (2010) to carry out all mitigation measures related to paleontological resources. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility | Prior to Construction | – | Include Mitigation Measure CUL-7 in the Construction Contract Specifications  
– Construction Contractor shall implement measure  
– City shall inspect to ensure compliance | – | – | – |
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<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Date</th>
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<th>Title</th>
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|                      | CUL-8: Prior to the start of project-related ground-disturbing activities, the qualified paleontologist shall conduct a paleontological resources sensitivity training for all construction personnel working on the project. This may be conducted in conjunction with the archaeological resources training required by Mitigation Measure CUL-2. The training shall include an overview of potential paleontological resources that could be encountered during ground-disturbing activities to facilitate worker recognition, avoidance, and subsequent immediate notification to the qualified paleontologist for further evaluation and action, as appropriate; and penalties for unauthorized artifact collecting or intentional disturbance of paleontological resources. The City shall ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance. | • Ocean Desalination Facility | Prior to Construction, During Construction | - Include Mitigation Measure CUL-8 in the Construction Contract Specifications  
- Construction Contractor shall implement measure  
- City shall inspect to ensure compliance | | | |
|                      | **Implement Mitigation Measure CUL-6.**  
**CUL-9:** The qualified paleontologist, or a paleontological monitor working under the direct supervision of the qualified professional paleontologist, shall spot check open and visible excavations and/or spoil piles originating from construction activities exceeding depths of 20 feet. The qualified paleontologist shall review engineering plans to determine where ground disturbing activities will exceed 20 feet deep, and will coordinate with construction staff to determine the scheduling of spot checks. In the event that sensitive Quaternary older alluvial deposits are observed during spot check monitoring, the qualified paleontologist may make recommendations to modify the spot check protocols. Likewise, if monitoring observations suggest no potential for | | | | | | |
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<th>Project Components</th>
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<th>Implementing Party Responsibilities</th>
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<td>paleontological materials, the paleontologist may recommend to reduce or to discontinue the spot checks. The paleontological monitor shall prepare daily logs. After construction has been completed, a report that details the results of the spot check monitoring will be prepared and submitted to the City.</td>
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| **CUL-10:** In the event of the unanticipated discovery of paleontological resources during project implementation, all work shall immediately cease in the area (within approximately 100 feet) of the discovery until it can be evaluated by a qualified paleontologist. The qualified paleontologist shall evaluate the significance of the resources and recommend appropriate treatment measures. At each fossil locality, field data forms shall be used to record pertinent geologic data, stratigraphic sections shall be measured, and appropriate sediment samples shall be collected and submitted for analysis. Any fossils encountered and recovered shall be catalogued and donated to a public, non-profit institution with a research interest in the materials, such as the Natural History Museum of Los Angeles County. Accompanying notes, maps, and photographs shall also be filed at the repository. Construction shall not resume until the qualified paleontologist has conferred with the City on the significance of the resource. | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | During Construction | – Include Mitigation Measure CUL-10 in the Construction Contract Specifications  
– Construction Contractor shall implement measure  
– City shall inspect to ensure compliance | | | |
| **CUL 3.5-4:** The proposed projects could result in a significant impact if they would disturb any human remains, including those interred outside of formal cemeteries. | Implement Mitigation Measures CUL-6 through CUL-10  
**CUL-11:** If human skeletal remains are uncovered during project construction, all work within 100 feet of the find shall be immediately halted, and the Ventura County coroner shall be contacted to evaluate the remains, and follow the procedures and protocols set forth in Section 15064.5 (e)(1) of the CEQA Guidelines. If the County Coroner determines that the remains are Native | • Advanced Water Purification Facility  
• Water Conveyance System  
• Groundwater Wells  
• Wildlife/Treatment Wetlands  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | During Construction | – Include Mitigation Measure CUL-11 in the Construction Contract Specifications  
– Construction Contractor shall implement measure  
– City shall inspect to ensure compliance | | | |
## GEO 3.6-3: The proposed projects could result in a significant impact if they would expose people or structures to the risk of loss, injury, or death involving seismic-related ground failure, including liquefaction.

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<th>Environmental Impact</th>
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<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Date</th>
<th>Signature Name</th>
<th>Title</th>
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| American, the City shall contact the NAHC, in accordance with Health and Safety Code Section 7050.5, subdivision (c), and PRC 5097.98 (as amended by AB 2641). The NAHC shall then identify a Most Likely Descendant (MLD) of the deceased Native American, who shall then help determine what course of action should be taken in the disposition of the remains. Per PRC 5097.98, the landowner shall ensure that the immediate vicinity, according to generally accepted cultural or archaeological standards or practices, where the Native American human remains are located, is not damaged or disturbed by further development activity until the landowner has discussed and conferred, as prescribed in this section (PRC 5097.98), with the MLD regarding their recommendations, if applicable, taking into account the possibility of multiple human remains. | All Components | Prior to Construction | – City shall contract with a qualified geotechnical engineer to prepare report  
– City shall approve the report  
– City shall include recommendations of report into project designs  
– City shall review designs to ensure compliance | |

## GEO 3.6-5: The proposed projects could result in a significant impact if they would result in substantial soil erosion or the loss of topsoil.

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<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
<th>Date</th>
<th>Signature Name</th>
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| GEO-2: For construction sites less than 1 acre, the following types of BMPs shall be implemented during construction: (1) preservation of existing vegetation to the maximum extent practicable, (2) implementation of erosion control and | • Groundwater Wells  
• VWRF Treatment Upgrades  
• Concentrate Discharge Facility  
• Ocean Desalination Facility | During Construction | – Include Mitigation Measure GEO-2 in the Construction Contract Specifications  
– Construction Contractor shall implement measure | | | |
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<th>Environmental Impact</th>
<th>Mitigation Measure</th>
<th>Project Components</th>
<th>Timing</th>
<th>Implementing Party Responsibilities</th>
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<th>Signature Name Title</th>
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<td>GEO-3: During operation, all inactive (unmoved for 14 days) stockpiles shall be covered and contained within temporary perimeter sediment barriers, such as berms, dikes, fiber rolls, or sandbag barriers.</td>
<td>Implement Mitigation Measure GEO-1.</td>
<td>• Wildlife/Treatment Wetlands</td>
<td>Operations</td>
<td>City shall inspect to ensure compliance</td>
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<td>GEO 3.6-7: The proposed projects could result in a significant impact if they would be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property.</td>
<td>Implement Mitigation Measure GEO-1.</td>
<td>• All Components</td>
<td>Prior to Operation; During Operation</td>
<td>City shall implement measure</td>
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<td>HAZ 3.8-2: The proposed projects could result in a significant impact if they would create a significant hazard to the public or the environment through reasonably foreseeable upset or accident conditions involving the release of hazardous materials into the environment.</td>
<td>HAZ-1: The City of Ventura shall prepare an Anchoring Plan that applies to all ships, barges, and other ocean-going vessels and describes procedures for deploying, using, and recovering anchorages. The City shall submit this plan to the California Coastal Commission Executive Director for review and approval prior to initiation of offshore activities. The Anchoring Plan shall include, but not be limited to, the following elements: • Training for the project manager for marine activities, vessel operators, field supervisors, and environmental monitors</td>
<td>• Concentrate Discharge Facility</td>
<td>Prior to Construction</td>
<td>Include Mitigation Measure HAZ-1 in the Construction Contract Specifications</td>
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<td>City shall approve the plan</td>
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<td>Construction Contractor shall implement measure</td>
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<td>City shall inspect to ensure compliance</td>
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</table>
to ensure familiarity with the Anchoring Plan.

• A brief overview of the project objectives.
• Description of anchor set and anchor leg (wires, winches, and other support equipment).
• Description of vessels to be anchored and support tugs to be used.
• Description and delineation of safety zone and anchor zone, including identification and mapping all areas of kelp, seagrasses, and hard substrate found within the work area.
• Identification of Contractor Vessels and Buoys, including daylight and nighttime marking schemes.
• Anchoring procedures in compliance with Coast Guard Navigation Standards Manual.
• Local notice to U.S. Coast Guard and mariners.

All elements of the Anchoring Plan shall be in compliance with U.S. Coast Guard regulations.

HAZ-2: Prior to any offshore construction, the contractor shall prepare a Marine Safety Plan. The Marine Safety Plan would apply to all marine construction activities that would take place for the construction of the concentrate discharge pipes. The purpose would be to provide a precise set of procedures and protocols that shall be used by the marine contractors during the marine portions of the construction work, with a focus on personal, environmental, and vessel safety. The Marine Safety Plan shall include, but not be limited to, the following elements:

• A brief overview of the project objectives.
• Concentrate Discharge Facility

Prior to Construction

- Include Mitigation Measure HAZ-2 in the Construction Contract Specifications
- City shall approve the plan
- Construction Contractor shall implement measure
- City shall inspect to ensure compliance
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<th>Environmental Impact</th>
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<th>Project Components</th>
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<td>• Distribution of Marine Safety Plan, which shall include the U.S. Coast Guard, each vessel involved in the marine activities, all environmental monitors, and all support radio operators.</td>
<td>Implement Mitigation Measure TRAF-1.</td>
<td>• All Components</td>
<td>Prior to Construction</td>
<td>– City shall implement the measure</td>
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<td>• Training for the project manager for marine activities, vessel operators, field supervisors, and environmental monitors to ensure familiarity with the Marine Safety Plan.</td>
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<td>• Description and maps depicting the marine project location.</td>
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<td>• Description of marine operations protocols.</td>
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<td>• Description of critical operations and curtailment plan, including offshore fueling procedures and storm procedures.</td>
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<td>• Marine communications plan.</td>
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<td>• Marine transportation plan for barges, tugboats, crew boats, and other vessels.</td>
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<td>• Navigational marking and lighting plan.</td>
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**HAZ 3.8-6:** The proposed projects could result in a significant impact if they would impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.

**HYDRO 3.9-1:** The proposed projects could have a significant impact if they would violate water quality standards or waste discharge requirements or

**HYDRO-1:** Prior to construction of the proposed projects, the City shall conduct groundwater modeling within the potentially affected portions of the Oxnard Plain Basin to estimate the radius of influence for injected water within the minimum retention time required to comply with Title 22. The City shall

• Groundwater Wells

Prior to Construction

– City shall contract with professional engineer to conduct groundwater modeling

– City shall approve the groundwater modeling report
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<tr>
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</table>
| otherwise substantially degrade water quality.                                     | conduct a well survey within the radius of influence indicated by the results of the groundwater modeling to identify nearby active water supply wells that could be affected by the proposed ASR wells. Based on the groundwater modeling or tracer test results, in compliance with Title 22, the City shall demonstrate that no existing drinking water well or agricultural well would be adversely affected by injection and extraction of highly treated water. The City shall notify all well owners that could be affected by the operation of the ASR program as determined by the groundwater modeling. As required by Title 22, the City shall conduct groundwater monitoring to ensure injected water remains underground for a minimum of 2 months before being extracted. If existing potable wells are found to be potentially adversely affected by the ASR operations through a reduction in water quality or through impeding access to groundwater, the City shall conduct one, or a combination, of the following actions:  
  - Coordinate with the well owner to arrange for an interim or long term replacement water supply.  
  - Repair or deepen the existing adversely affected well.  
  - Improve well efficiency of existing extraction wells.  
  - Construct a new well. |                                                                                   |                  |                | City shall include the recommendations of the report into the design of the project               |                                                                                           |
<p>| HYDRO 3.9-2: The proposed projects could have a significant impact if they would substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a | Implement Mitigation Measure HYDRO-1.                                                                                       | Groundwater Wells | Prior to Construction |                                                                                                   |                                                                                           |
|                                                                                                                                                                                                 |                          |                                                                                   |                | City shall implement the measure                                                                 |                                                                                           |</p>
<table>
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<td>net deficit in aquifer volume or a lowering of the local groundwater table level.</td>
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### Land Use Planning

**LU 3.10-1:** The proposed projects could result in a significant impact if they would physically divide an established community.

**LU-1:** Prior to grading the new treatment wetlands property, the City shall coordinate with Turning Point Foundation to identify an appropriate area for the relocation or reconfiguration of the RiverHaven community. The new area shall provide enough area to accommodate a maximum of 25 individuals accommodated with temporary campground, bathrooms, showers, laundry facilities and a community building which can accommodate recreational vehicles and tents. The new area shall also be in a location where it would be feasible to obtain any necessary permits and entitlements.

- Treatment Wetland
- Prior to Construction
- City shall determine if final designs affect Riverhaven community
- City shall implement the measure if necessary

**LU 3.10-2:** The proposed projects could result in a significant impact if they would conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect.

**Implement Mitigation Measures AES-1 through AES-3, AG-1, CUL-1 through CUL-6, and LU-1.**

- Advanced Water Purification Facility
- Water Conveyance System
- Groundwater Wells
- Wildlife/Treatment Wetlands
- Concentrate Discharge Facility
- Ocean Desalination Facility
- Prior to Construction
- City shall implement the measures
<table>
<thead>
<tr>
<th>Environmental Impact</th>
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</table>
| **Marine Biology**   | **MARINE 3.11-1:** The projects could have a significant impact, either directly or through habitat modifications, if they would cause direct disturbance, removal, filling, hydrological interruption, or discharge, on any species, natural community, or habitat, including candidate, sensitive, or special-status species identified in local or regional plans, policies, regulations or conservation plans (including protected wetlands or waters, critical habitat, EFH) or as identified by the CDFW, USFWS, or NMFS. | Implement Mitigation Measure HAZ-1. **MARINE-1:** The City of Ventura shall prepare a Marine Oil Spill Response Plan that would apply to all powered vessels used in support of the concentrate discharge construction activities. The purpose would be to provide a precise set of procedures and protocols that would be utilized in the event of an offshore fuel, oil, or hazardous materials spill resulting from construction activities (e.g., marine fuel and oil). The Marine Oil Spill Response Plan shall include but not be limited to the following elements:  
- A brief overview of the project objectives.  
- Definition of major and minor spills.  
- Description of spill sources.  
- Description of spill response team and equipment.  
- Agreements with Spill Response Organizations.  
- Notification requirements, including names and phone numbers of agencies to be notified, along with an information checklist of the incident.  
- Description of marine spill scenarios and response procedures.  
All elements of the Oil Spill Response Plan shall be in compliance with U.S. Coast Guard regulations, and the City shall implement the Oil Spill Response Plan through the required NPDES General Permit for Vessel Incidental Discharges discussed in Section 3.9.2. | | Prior to Construction | – Include Mitigation Measure MARINE-1 in the Construction Contract Specifications  
– City shall approve the plan  
– Construction Contractor shall implement measure  
– City shall inspect to ensure compliance |
### MARINE-2: Prior to the initiation of any offshore pile driving activities for the project, the City of Ventura shall prepare a Construction Plan that outlines the details of the piling installation approach. The information provided in this plan shall include, but not be limited to:

- The type of piling and piling size to be used.
- The method of pile installation to be used.
- Noise levels for the type of piling to be used and the method of pile driving (vibratory or impact).
- Calculation of potential underwater noise levels that could be generated during pile driving using methodologies outlined in Caltrans 2015 and NOAA 2016b.
- A schedule of when pile-driving would occur.

If calculated noise levels are > 183 dB at ≤ 10 meters or >120 dB at a distance of ≤ 500 meters, the City of Ventura shall develop a NMFS-approved sound attenuation reduction and monitoring plan. This plan shall detail the sound attenuation system, detail methods used to monitor and verify sound levels during pile-placement activities, and describe all BMPs undertaken to reduce impact hammer pile-driving sound in the marine environment to an intensity level of less than 183 and 120 dB at distances of 10 meters and less, and 500 meters and less, respectively. These performance standards assure compliance with NMFS cumulative SEL and peak SPL acoustic metrics. The sound-monitoring results shall be made available to NMFS. The Construction Plan shall be presented to the NMFS Environmental Review Officer prior to commencement of construction for review and approval.

The plan shall incorporate, but not be limited to the following BMPs, which have been shown to reduce underwater noise levels and possible impacts to fish and marine mammals:

- Concentrate Discharge Facility
- Ocean Desalination Facility

Prior to Construction

- Include Mitigation Measure MARINE-2 in the Construction Contract Specifications
- City shall approve the plan
- Construction Contractor shall implement measure
- City shall inspect to ensure compliance
• Pile-driving shall be conducted only between June and November to avoid gray whale migration, unless NMFS in their Section 7 consultation with the USACE determines that the potential effect to marine mammals is less than significant.

• At least 1,600-foot (500-meter) safety zone (or as otherwise required by NMFS) shall be established and visually monitoring around the sound source for the protection of marine mammals and sea turtles in the event that construction sound levels are predicted to be harmful to marine mammals:
  - A NMFS-approved biological monitor will conduct daily surveys before and during impact hammer pile driving to inspect the work zone and adjacent waters for marine mammals. The monitor will be present as specified by NMFS Fisheries during the pile-driving phases of construction.
  - Work activities shall be halted when the biological monitor observes that a marine mammal or sea turtle enters the established safety zone and shall cease until the mammal has been gone from the area for a minimum of 15 minutes.
  - A “soft start” technique shall be used in all impact hammer sourced pile driving, giving marine mammals an opportunity to vacate the area.

Other BMPs will be implemented if the biological monitor determines they are necessary, such as bubble curtains or an air barrier, to reduce underwater noise levels to the performance standards applicable pursuant to Table 311-5A, or at those more...
stringent thresholds established by NMFS for acute and chronic levels 10 meters and 500 meters, or such other more stringent distances as may be established by NMFS.

Alternatively, to meet these noise criteria, the City of Ventura may consult with NMFS directly and submit evidence to the satisfaction of the Environmental Review Officer. In such case, City of Ventura shall comply with NMFS recommendations and/or requirements to meet the noise criteria. The BMPs listed above provide examples of measures that are normally used to reduce noise impacts to below the noise criteria.
<table>
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<tr>
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<tr>
<td>MARINE-3: Entrainment of fish and invertebrate larvae resulting from outfall discharge turbulence, regardless of magnitude, will result in some loss of marine ecosystem productivity, species diversity, and trophic level energy transfer. As part of, and in support of, the Water Code Section 13142.5(b) determination process with the RWQCB, the City will work with the RWQCB to calculate APF estimates for the Phase 2 project discharge if it includes ocean desalination. This loss will be compensated for by either direct or indirect habitat restoration consistent with California Ocean Plan Chapter III.M.2.e.(3) or by providing monetary payments to an appropriate State-approved fee-based mitigation program consistent with California Ocean Plan Chapter III.M.2.e.(4), or a combination of the two. If elected by the project, habitat restoration will occur at a location of sufficient marine acreage or alternative coastal lagoon/estuary acreage, and in a manner acceptable to the RWQCB as part of the Project’s permitting process. Final determination of the appropriate mitigation shall be determined by the RWQCB with consideration for: (1) existing level of wetland function at the site prior to mitigation; (2) resulting level of wetland function expected at the mitigation site after the project is fully successful; (3) length of time before the mitigation is expected to be fully successful; (4) risk that the mitigation project may not succeed; and (5) differences in the location of the lost wetland and the mitigation wetland that affect the services and values they have the capacity and opportunity to generate, consistent with the OPA. If the RWQCB determines that an appropriate fee-based...</td>
<td>Concentrate Discharge Facility • Ocean Desalination Facility</td>
<td>Prior to Construction</td>
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<td>City of Ventura</td>
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<tr>
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<td>mitigation program has been established by a public agency, however, and if that payment of a fee to the mitigation program will result in the creation and ongoing implementation of a mitigation project that meets the requirements of California Ocean Plan Chapter III.M.2.e.(3), the City shall pay a fee to the mitigation program in lieu of completing a mitigation project as an alternative.</td>
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<td>MARINE 3.11-4: The projects could have a significant impact if they would introduce or spread an invasive non-native species.</td>
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<td>MARINE-4: All project barges shall have underwater surfaces cleaned before entering Southern California waters and immediately prior to transiting to the project offshore construction area. Additionally, and regardless of vessel size, ballast water for all project vessels must be managed consistent with California State Lands Commission (CSLC) ballast management regulations, and Biofouling Removal and Hull Husbandry Reporting Forms shall be submitted to CSLC staff.</td>
<td>• Concentrate Discharge Facility</td>
<td>During Construction</td>
<td>– Include Mitigation Measure MARINE-4 in the Construction Contract Specifications</td>
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<td>• Ocean Desalination Facility</td>
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<td>– Construction Contractor shall implement measure</td>
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<td>– City shall inspect to ensure compliance</td>
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<tr>
<td>Noise</td>
<td>NOISE 3.13-1: The proposed projects could result in a significant impact if they would expose persons to or generate noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies.</td>
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<td>NOISE-1: Prior to construction, the City of Ventura shall ensure that the contractor specifications stipulate that:  • All construction equipment, fixed or mobile, is equipped with properly operating and maintained mufflers and other state-required noise attenuation devices.  • When feasible, construction haul routes shall avoid noise-sensitive uses (e.g., residences, convalescent homes).  • During construction, stationary construction equipment shall be placed such that emitted noise is directed away from the nearest noise-sensitive receptors.</td>
<td>• Advanced Water Purification Facility</td>
<td>Prior to Construction</td>
<td>– Include Mitigation Measure NOISE-1 in the Construction Contract Specifications</td>
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<td>• Conveyance Pipeline</td>
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<td>– Construction Contractor shall implement measure</td>
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<td>• Concentrate Discharge Facility</td>
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<td>• Ocean Desalination Facility</td>
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Final Environmental Impact Report
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<td>• The project shall provide noise blanket/temporary noise barriers between the active areas and residential buildings</td>
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<td>NOISE-2: Throughout project construction and operation, the City of Ventura shall document, investigate, evaluate, and attempt to resolve all project-related noise complaints as soon as possible.</td>
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<td>• The City shall establish and disseminate a 24/7 hotline telephone number for use by the public to report any undesirable project noise conditions. If the telephone number is not staffed 24 hours per day, the City shall include an automatic answering feature with date and time stamp recording to answer calls when the phone is unattended.</td>
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<td>• The City shall designate a Noise Disturbance Coordinator during construction and permanently once the facility is operational. The Noise Disturbance Coordinator shall assist in resolving noise complaints to minimize impacts while maintaining the objectives of the construction and operation of the facility. The Noise Disturbance Coordinator shall report all noise complaints to the City program manager.</td>
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<td>• For construction noise complaints received outside of the construction hours and days allowed (Monday through Friday, between the hours of 7:00 a.m. and 8:00 p.m.), the Noise Disturbance Coordinator shall take immediate steps to determine whether project construction is causing the noise and, if so, to reduce the noise level of that activity or take other appropriate action to remedy the complaint as quickly as possible.</td>
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<td>• For construction activities near local residences, the Noise Disturbance Coordinator shall have the authority to</td>
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<td></td>
<td>• Advanced Water Purification Facility</td>
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Verification of Compliance

− Include Mitigation Measure NOISE-2 in the Construction Contract Specifications
− Construction Contractor shall implement measure
− City shall inspect to ensure compliance
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<td>require the installation of a temporary noise barrier to reduce noise impacts to the closest sensitive receptors. The noise barriers shall be tall enough to effectively block sight-lines of the construction to the closest residences. The contractor shall install noise barriers as directed by the Noise Disturbance Coordinator to minimize construction noise and resolve noise complaints. Deliveries to the site normally shall not occur before 7:00 a.m. or after 10:00 p.m. on weekdays or between 9:00 a.m. and 6:00 p.m. on Saturdays, and are not allowed on Sundays. Oversized loads and other heavy-duty vehicles would primarily get to and from the site using main traffic conduits. If for reasons of critical operational needs these hours must be violated, the City shall notify adjacent residences of the unusual circumstance at least 2 days in advance.</td>
<td>Concentrate Discharge Facility</td>
<td>Prior to and during Construction</td>
<td>Include Mitigation Measure NOISE-3 in the Construction Contract Specifications</td>
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<td>Ocean Desalination Facility</td>
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<td>Construction Contractor shall implement measure</td>
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## Environmental Impact Mitigation Measures

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<tr>
<td>NOISE-4: The project shall provide noise attenuation housings rated for up to a 10 dBA reduction for generator sets operating near sensitive receptors during new outfall HDD drilling operations.</td>
<td>NOISE-4:</td>
<td>Concentrate Discharge Facility, Ocean Desalination Facility</td>
<td>Prior to and During Construction</td>
<td>Implement Mitigation Measure NOISE-4 in the Construction Contract Specifications</td>
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<tr>
<td>NOISE 3.13-2: The proposed projects could result in a significant impact if they would expose persons to or generate excessive groundborne vibration or groundborne noise levels.</td>
<td>NOISE-5: The operation of construction equipment that generates high levels of vibration, such as large bulldozers and loaded trucks, shall be prohibited within 45 feet of existing residential structures. Instead, small construction equipment such as small rubber-tired bulldozers, small rubber-tired excavator, etc., not exceeding 150 horsepower shall be used within this area during demolition, grading, and excavation operations.</td>
<td>All Components</td>
<td>During Construction</td>
<td>Include Mitigation Measure NOISE-5 in the Construction Contract Specifications</td>
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<tr>
<td>POP 3.14-2: The proposed projects could result in a significant impact if they would displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere.</td>
<td>Implement Mitigation Measure LU-1.</td>
<td>Treatment Wetland</td>
<td>Prior to Construction</td>
<td>City shall implement measure</td>
<td></td>
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<tr>
<td>TRAF 3.17-1: The proposed projects could result in a significant impact if they would conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account</td>
<td>TRAF-1: Prior to the start of construction facilities that would occur within a roadway right-of-way, the City of Ventura shall require the construction contractor to prepare a Traffic Control Plan. The Traffic Control Plan will show all signage, striping, delineated detours, flagging operations, and any other devices that will be used during construction to guide motorists, bicyclists, and pedestrians safely through the construction area and allow safe passage.</td>
<td>Advanced Water Purification Facility, Water Conveyance System, Groundwater Wells, Wildlife/Treatment Wetlands, Concentrate Discharge Facility, Ocean Desalination Facility</td>
<td>Prior to Construction; During Construction</td>
<td>Include Mitigation Measure TRAF-1 in the Construction Contract Specifications</td>
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**Verification of Compliance**

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<th>Implementation Date</th>
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### Environmental Impact Mitigation Measure

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<td>into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit.</td>
<td>for adequate access and circulation to the satisfaction of the City’s Public Works Director and Fire and Police Chiefs. The Traffic Control Plan shall be provided to the County Transportation Department for review prior to commencement of construction. When construction activities disrupt travel on major collectors or arterials, electronic signs shall be used to provide the public, on all transportation modes, with current construction information and the availability of alternate travel routes. The Traffic Control Plan shall be prepared in accordance with the City of Ventura’s traffic control guidelines and will be prepared to ensure that access will be maintained to individual properties and that emergency access will not be restricted. Additionally, the Traffic Control Plan shall also include a scheduling plan showing the hours of operation to minimize congestion during the peak hours and special events. Haul routes will be identified based on County-approved truck routes. The scheduling plan will ensure that congestion and traffic delay are not substantially increased as a result of the construction activities. Further, the Traffic Control Plan will include detours or alternative routes for bicyclists using on-street bicycle lanes as well as for pedestrians using adjacent sidewalks. In addition, the City shall provide written notice at least 2 weeks prior to the start of construction to owners/occupants along streets to be affected during construction. During construction, the City will maintain continuous vehicular and pedestrian access to any affected residential driveways from the public street to the private property line, except where necessary construction precludes such continuous access for reasonable periods of time. Access will be reestablished at the end of the workday. If a...</td>
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<td>Environmental Impact</td>
<td>Mitigation Measure</td>
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</tr>
<tr>
<td>Driveway needs to be closed or interfered with as described above, the City shall notify the owner or occupant of the closure of the driveway at least 5 working days prior to the closure. The Traffic Control Plan shall include provisions to ensure that the construction of the proposed projects do not interfere unnecessarily with the work of other agencies such as mail delivery, school buses, and municipal waste services. The Traffic Control Plan shall identify that damage to the condition of the roadways due to the use of construction related vehicles including soil haul trucks be repaired pursuant to County Transportation Department standards. The City shall also notify local emergency responders of any planned partial or full lane closures or blocked access to roadways or driveways required for construction of the proposed project facilities. Emergency responders include fire departments, police departments, and ambulances that have jurisdiction within the proposed project area. Written notification and disclosure of lane closure location must be provided at least 30 days prior to the planned closure to allow for emergency response providers adequate time to prepare for lane closures.</td>
<td>Implement Mitigation Measure TRAF-1.</td>
</tr>
<tr>
<td>TRAF 3.17-5: The proposed projects could have a significant impact if they would result in inadequate emergency access.</td>
<td>Implement Mitigation Measure TRAF-1.</td>
</tr>
<tr>
<td>TRAF 3.17-6: The proposed projects could result in a significant impact if they would conflict with adopted policies, plans, or programs regarding public</td>
<td>Implement Mitigation Measure TRAF-1</td>
</tr>
<tr>
<td>Environmental Impact</td>
<td>Mitigation Measure</td>
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<td>transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities.</td>
<td></td>
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<tr>
<td>Tribal Cultural Resources</td>
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<tr>
<td>CUL 3.18-1: The proposed projects could result in a significant impact if they would cause a substantial adverse change in the significance of a tribal cultural resource, defined in Section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:</td>
<td>Implement Mitigation Measures CUL 4 and CUL-5</td>
</tr>
<tr>
<td>a) Listed or eligible for listing in the CRHR, or in a local register of historical resources as defined in Section 5020.1(k), or</td>
<td>Implement Mitigation Measure CUL 6</td>
</tr>
<tr>
<td>b) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Section 5024.1,</td>
<td></td>
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<tr>
<td>Environmental Impact</td>
<td>Mitigation Measure</td>
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<tr>
<td>the lead agency shall consider the significance of the resource to a California Native American tribe.</td>
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</tbody>
</table>
To: Ventura Water Commission
From: Susan Rungren, Ventura Water General Manager
Subject: Amendment No. 14 (Contract Extension Amendment) to the Water Supply Contract between the State of California Department of Water Resources and the Ventura County Watershed Protection District

RECOMMENDATIONS
Staff recommends the Water Commission recommend that City Council adopt a resolution directing the Ventura County Watershed Protection District to approve a Resolution Authorizing Amendment No. 14 (Contract Extension Amendment) to the Water Supply Contract between the State of California Department of Water Resources and the Ventura County Watershed Protection District.

PREVIOUS ACTIONS

SUMMARY
In 1963, the Ventura County Flood Control District (VCFCD) (now Ventura County Watershed Protection District) entered into an agreement with the State to purchase entitlement to 20,000 acre-feet of State Water. In June 1970, the VCFCD assigned its entitlement to Casitas Municipal Water District (Casitas). In 1971, the City of San Buenaventura (City) executed an agreement with Casitas and the Department of Water Resources (DWR) to allocate 10,000 acre-feet per year of State Water entitlement to the City. The City’s annual payment ranges from $1.2 million to $1.8 million.

The current contract expires in 2038, and the State Water Project (SWP) repayment period runs through 2035. Because costs are amortized through 2035 and because capital improvement project bonds are not issued beyond 2035, the compressed financing period results in higher than normal annual costs. For this reason, the 29 SWP Contractors (Contractors) and DWR entered into negotiations to extend the term of the Water Supply Project Contracts. As a result of these negotiations, the Contractors and DWR have negotiated the Agreement in Principle (AIP) to extend the contract for 50 years to December 31, 2085 and to provide certain financial management enhancements. With the AIP as a foundation, DWR performed environmental review to
comply with the California Environmental Quality Act (CEQA), and negotiated final contract language. The substantive provisions for the State Water Project Contract Extension Amendment (Amendment) (Attachment B) were finalized in February 2018 and presented to the Legislature at two informational sessions in July and September 2018. DWR approved the amendment on December 11, 2018. Fourteen of the twenty-nine State Water Project Contractors have executed contract extension amendments.

Since the named SWP contract holder is the Ventura County Watershed Protection District, the City of Ventura needs to direct the County Board of Supervisors to authorize the contract extension amendment to the Water Supply Contract on behalf of the City. Casitas Municipal Water District and United Water Conservation District plan to take action regarding the contract extension in October. The current consolidated contract for Ventura County Watershed Protection District can be found here: https://water.ca.gov/Programs/State-Water-Project/Management/SWP-Water-Contractors.

At the August 27 Water Commission Meeting, Commissioner McCord stated that he had substantial comments and questions regarding the Contract Extension and requested that action be deferred to the September meeting. Staff is currently working to answer Commissioner McCord’s questions (Attachment C) and will present additional information at the meeting.

BACKGROUND

The State of California entered into long-term water supply contracts with water agencies in the 1960s. Under the contract terms, the Department of Water Resources (DWR) provides water service to these public agencies, known as State Water Project Contractors, from the State Water Project (SWP) in exchange for payments that will recoup all costs associated with providing this water service over the life of the SWP. SWP Contractors must make payments regardless of the amount of SWP water actually received. Additional payments are made by each SWP contactor based on the amount of SWP water delivered to their agency. The State Water Contracts require payments to DWR in return for participation in the SWP storage and conveyance system. All SWP Contractors must make payments according to their respective Table A contract amounts and for the portion of the SWP conveyance system needed to deliver their contracted water.

DISCUSSION

The proposed Amendment extends the contract for 50 years to December 31, 2085 and provides certain financial management enhancements. The key financial management enhancements are a revised billing methodology to remedy the compressed financing period issue, establishment of a State Water Resources Development System (SWRDS) Finance Committee to provide a forum to discuss financial policy, and a creation of a
new reserve and funding structure to deal with financial emergencies and specific reporting requirements.

**Revised Billing Methodology**
Under the current contract, certain costs are amortized through the project repayment period (currently 2035). The Amendment provides for a revised billing methodology known as “Freeze-Go.” Under this methodology, costs incurred before the “Freeze-Go” date will continue to be collected under the current methodology, and costs incurred after that date will be recovered on a current basis (pay-as-you-go). The Amendment also expands the facilities authorized for bond financing, limits supplemental billing and defines costs for the enhancement of fish and wildlife or the development of public recreation as non-reimbursable costs (i.e., not to be included in Contractor bills for water and power).

**SWRDS Finance Committee**
The Amendment includes establishing a SWRDS Finance Committee to provide a forum for Contractors and DWR to discuss high-level financial policy issues. The Committee will be comprised of five representatives from the Contractors and five from DWR. The Committee will make formal recommendations to the DWR Director. The Committee will meet at least two times per year. The Committee Charter provides for DWR to hire a SWRDS Chief Financial Manager to serve as a single point of authority over all SWRDS financial matters. Related to these efforts, the amendment also defines principles and guidelines for SWRDS financial reporting.

**Funding Structure**
Extending the contract and changing the billing methodology will change the current flow of funds. The Amendment provides a new funding and reporting structure to address this situation. In general, the General Operating Reserve Account is increased from $22.7 million to $150 million to deal with financial emergencies, a SWRDS Reinvestment Account is created to reinvest revenues in SWP facilities to generate a return on investment, and a SWRDS Support Account is created to provide funding for non-reimbursable expenditures. DWR will prepare regular reports on the status of these funds, and through the DWR Director, will share the reports with the SWRDS Finance Committee.

**California Environmental Quality Act (CEQA)**
The proposed Amendment is entirely financial in nature. It will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. DWR, acting as Lead Agency, prepared and circulated a Draft Environmental Impact Report (EIR) for the proposed Amendment in August 2016. On November 13, 2018, DWR certified the Final EIR for the Amendment. The Final EIR did not identify any significant impacts associated with the Amendment’s approval and implementation. Accordingly, CEQA did not require DWR to adopt Findings of Fact, Statement of Overriding Consideration, or Mitigation Monitoring and Reporting Program. The Final EIR can be found on the official DWR website at:
https://water.ca.gov/Programs/State-Water-Project/Management/Water-Supply-Contract-Extension. Before approving the proposed Amendment, Ventura County Watershed Protection District, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the certified Final EIR.

Prepared by Jennifer Tribo, Management Analyst II, for:

[Signature]

Susan Rungren
Ventura Water General Manager

Attachment:

A. Draft Resolution Directing the Ventura County Watershed Protection District to approve a Resolution Authorizing Amendment No. 14 (Contract Extension Amendment) to the Water Supply Contract between the State of California Department of Water Resources and the Ventura County Watershed Protection District.

B. Execution Version of Amendment 14 State Water Project Extension

C. Questions concerning State Water Supply Contract Amendment No. 14 dated September 16, 2019 by Commissioner McCord
ATTACHMENT A

DRAFT RESOLUTION DIRECTING
THE VENTURA COUNTY
WATERSHED PROTECTION
DISTRICT TO APPROVE A
RESOLUTION AUTHORIZING
AMENDMENT NO. 14 (CONTRACT
EXTENSION AMENDMENT) TO
THE WATER SUPPLY CONTRACT
BETWEEN THE STATE OF
CALIFORNIA DEPARTMENT OF
WATER RESOURCES AND THE
VENTURA COUNTY WATERSHED
PROTECTION DISTRICT.
RESOLUTION NO. 2019-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN BUENAVENTURA, CALIFORNIA, DIRECTING THE VENTURA COUNTY WATERSHED PROTECTION DISTRICT TO APPROVE AMENDMENT NO. 14 (CONTRACT EXTENSION AMENDMENT) TO THE WATER SUPPLY CONTRACT BETWEEN THE VENTURA COUNTY WATERSHED PROTECTION DISTRICT AND THE DEPARTMENT OF WATER RESOURCES ON BEHALF OF THE CITY OF SAN BUENAVENTURA

WHEREAS, the parties to the State Water Project Supply Contracts (Contracts), California Department of Water Resources (“DWR”) and the individual State Water Contractors, entered into public negotiations to extend the Contracts’ terms, and the negotiations resulted in the Agreement in Principle Concerning Extension of the State Water Project Supply Contracts (AIP); and,

WHEREAS, the Water Supply Contract Extension Project (Extension) is proposed by the DWR to extend the terms and modify certain financial provisions of the Contracts; and,

WHEREAS, DWR is the lead agency for the Extension pursuant to CEQA (Pub. Res. Code §§ 21000, et seq.) and the State CEQA Guidelines (14 CCR §§ 15000, et seq.). As the lead agency, DWR is responsible for assuring that an adequate analysis of the Extension’s environmental impacts - if any - is conducted; and,

WHEREAS, on September 12, 2014, DWR issued a Notice of Preparation stating that it would be preparing an Environmental Impact Report (EIR) to study the Extension’s potential impacts - if any - to the environment; and,

WHEREAS, in August 2016, DWR issued and publicly circulated for review a Draft Environmental Impact Report (DEIR) for the Extension. The DEIR included a copy of the AIP as Exhibit B and studied the environmental impacts of the AIP; and,
WHEREAS, DWR prepared a Final Environmental Impact Report for the Extension, which included the DEIR, appendices, comments on the DEIR, responses to comments on the DEIR, and revisions to the DEIR (collectively, FEIR), and on November 13, 2018, DWR certified the FEIR; and,

WHEREAS, the FEIR concluded that the Extension would not cause any potentially significant effects to the environment; and,

WHEREAS, the Ventura County Watershed Protection District is the currently named contract holder for the State Water Contract with the California Department of Water Resources; and,

WHEREAS, the City of San Buenaventura holds by contract with Casitas 10,000 acre-feet of the State Water Project entitlement; and,

WHEREAS, the City of San Buenaventura, Casitas Municipal Water District, and United Water Conservation District share the water entitlement and related costs connected to the State Water Project (SWP) contract with DWR; and,

WHEREAS, DWR proposes to extend the term of and make certain financial reporting and other financial changes to the Contracts by approving the Extension, the potential environmental effects of which were studied in the FEIR; and,

WHEREAS, DWR approved the Extension on December 11, 2018; and,

WHEREAS, the City Council has received information in regard to the tenets and details of the SWP Water Supply Contract Extension Amendment (Amendment No. 14), attached to this Resolution as Attachment 1.

///

///

///
NOW, THEREFORE, the City Council of the City of San Buenaventura does hereby resolve, find, determine and order as follows:

Section 1: The FEIR for the Water Supply Extension Project certified by DWR on November 13, 2018 adequately analyzes the potential environmental effects of the SWP Water Supply Contract Extension Amendment (Amendment No. 14), in accordance with CEQA Guidelines Sections 15050 and 15096.

Section 2: The City of San Buenaventura directs the Ventura County Watershed Protection District to review and consider the FEIR pursuant to State CEQA Guidelines section 15096 in its limited role as a responsible agency under CEQA.

Section 3: The City of San Buenaventura directs the Ventura County Watershed Protection District to approve the SWP Water Supply Contract Extension Amendment (Amendment No. 14) with DWR, which is incorporated herein and attached hereto as Attachment 1.

Section 4: The City Manager is authorized to execute any documents necessary on behalf of the City of San Buenaventura to affect the extension of the SWP Agreement as reflected in Amendment No. 14 to the SWP Water Supply Contract between the Ventura County Watershed Protection District and DWR for the benefit of the City of San Buenaventura.

Section 5: This Resolution will take effect immediately upon adoption.
PASSED AND ADOPTED this ___ day of September, 2019.

__________________________  
Matt LaVere, Mayor

ATTEST:

__________________________  
Antoinette M. Mann, MMC, CRM  
City Clerk

APPROVED AS TO FORM  
GREGORY G. DIAZ, City Attorney

BY: ____________________________  
Miles P. Hogan                        Date  
Assistant City Attorney II
ATTACHMENT B

EXECUTION VERSION OF
AMENDMENT 14 STATE WATER
PROJECT EXTENSION
STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

____________________

AMENDMENT NO. 14 (THE CONTRACT EXTENSION AMENDMENT)
TO WATER SUPPLY CONTRACT BETWEEN THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES AND VENTURA COUNTY WATERSHED
PROTECTION DISTRICT FOR CONTINUED SERVICE AND THE TERMS AND
CONDITIONS THEREOF

THIS AMENDMENT to the Water Supply Contract is made this _______ day
of ____________________, 201_, pursuant to the provisions of the California Water
Resources Development Bond Act, the Central Valley Project Act, and other applicable
laws of the State of California, between the State of California, acting by and through its
Department of Water Resources, herein referred to as the “State,” and Ventura County
Watershed Protection District, herein referred to as the “Agency.”
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RECITALS

A. The State and the Agency entered into and subsequently amended a water supply contract (the “contract”), dated December 02, 1963, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and

B. Article 2 of the contract provides that the contract shall remain in effect for the longest of the following: (1) the project repayment period, which, as defined in the contract, is to end on December 31, 2035; (2) 75 years from the original date of the contract; and (3) the period ending with the latest maturity date of any bond issue used to finance the construction costs of project facilities; and

C. The longest of the above referenced periods in Article 2 would have ended in this contract on December 02, 2038; and

D. Article 4 of the contract provides that the Agency, by written notice to the State at least six (6) months prior to the expiration of the term of the contract (as specified in Article 2), may elect to receive continued service under the contract under certain conditions specified therein and under other terms and conditions that are reasonable and mutually agreed upon by the State and the Agency; and

E. The State, the Agency and representatives of certain other State Water Project Contractors have negotiated and executed a document (Execution Version dated June 18, 2014), the subject of which is “Agreement in Principle Concerning Extension of the State Water Project Water Supply Contracts” (the “Agreement in Principle”); and

F. The Agreement in Principle describes the terms and conditions of the continued service upon which the State and the Agency mutually proposed to develop contractual amendments consistent with the Agreement In Principle; and

G. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “Amendment for Continued Service and the Terms and Conditions Thereof”; and
H. The State and the Agency desire to implement continued service under the contract under the terms and conditions of this Amendment for Continued Service and the Terms and Conditions Thereof to the water supply contract; and

I. The Agency’s execution of this Amendment for Continued Service and the Terms and Conditions Thereof is the equivalent of the Agency’s election under Article 4 to receive continued service under the contract under the conditions provided in Article 4, and the mutually agreed terms and conditions herein are the other reasonable and equitable terms and conditions of continued service referred to in Article 4.
NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the Agency’s water supply contract with the State:

AMENDED CONTRACT TEXT

I. ARTICLES 1, 2, 22 THROUGH 29, 50 AND 51 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

1. DEFINITIONS.

When used in this contract, the following terms shall have the meanings hereinafter set forth:

(a) “Additional Project Conservation Facilities” shall mean the following facilities and programs, which will serve the purpose of preventing any reduction in the Minimum Project Yield as hereinafter defined:

1. Those Project Facilities specified in Section 12938 of the Water Code;

2. Those facilities and programs described in (A), (B), (C), (D), and (E) below which, in the State’s determination, are engineeringly feasible and capable of producing Project Water which is economically competitive with alternative new water supply sources, provided that in the State’s determination, the construction and operation of such facilities and programs will not interfere with the requested deliveries of Annual Table A Amount to any Contractor other than the sponsoring Contractor, and will not result in any greater annual charges to any Contractor other than the sponsoring Contractor than would have occurred with the construction at the same time of alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct.

The following facilities and programs shall hereinafter be referred to as “Local Projects”:

(A) On-stream and off-stream surface storage reservoirs not provided for in Section 12938 of the Water Code, that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(B) Groundwater storage facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;
(C) Waste water reclamation facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(D) Water and facilities for delivering water purchased by the State for the System for a period of time agreed to by the sponsoring Contractor; provided that the economic test specified herein shall be applied to the cost of these facilities together with the cost of the purchased water; and

(E) Future water conservation programs and facilities that will reduce demands by the sponsoring Contractor for Project Water from the System for a period of time agreed to by the sponsoring Contractor and will thereby have the effect of increasing Project Water available in the Delta for distribution.

(3) Whether a Local Project described in (2) above shall be considered economically competitive shall be determined by the State by comparing, in an engineering and economic analysis, such Local Project with alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct. The analysis for such alternative new water supply sources shall use the average cost per acre-foot of yield in the latest studies made for such sources by the State and shall compare those facilities with the proposed Local Project using commonly accepted engineering economics. In the case of a Local Project to be funded in part by the State as part of the System and in part from other sources, the economic analysis specified herein shall be applied only to the portion to be funded by the State as part of the System.

(4) The Local Projects in (2) above shall not be constructed or implemented unless or until:

(A) The sponsoring Contractor signs a written agreement with the State which:

(i) Contains the sponsoring Contractor's approval of such facility or program;

(ii) Specifies the yield and the period of time during which the water from the Local Project shall constitute Project Water; and

(iii) Specifies the disposition of such Local Project or of the yield from such Local Project upon the expiration of such period of time.
(B) All Contractors within whose boundaries any portion of such Local Project is located, and who are not sponsoring Contractors for such Local Project give their written approval of such Local Project.

(5) “Sponsoring Contractor” as used in this Article 1(a) shall mean the Contractor or Contractors who either will receive the yield from facilities described in 2(A), (B), (C), or (D) above, or agree to reduce demands for Project Water from the System pursuant to 2(E) above.

(6) In the event of a shortage in water supply within the meaning of Article 18(a), the determination of whether to count, in whole or in part, the yield from facilities described in 2(A), (B), (C), or (D) above, or the reduced demand from future conservation programs described in 2(E) above in the allocation of deficiencies among Contractors will be based on a project-by-project evaluation taking into consideration such factors as any limitation on the use of the water from such facilities and whether the sponsoring Contractor has access to Project Water from the Delta as an alternate to such facilities.

(b) “Agricultural Use” shall mean any use of water primarily in the production of plant crops or livestock for market, including any use incidental thereto for domestic or stock-watering purposes.

(c) “Annual Table A Amount” shall mean the amount of Project Water set forth in Table A of this Contract that the State, pursuant to the obligations of this contract and applicable law, makes available for delivery to the Agency at the delivery structures provided for the Agency. The term Annual Table A Amount shall not be interpreted to mean that in each year the State will be able to make that quantity of Project Water available to the Agency. The Annual Table A Amounts and the terms of this contract reflect an expectation that under certain conditions only a lesser amount, allocated in accordance with this contract, may be made available to the Agency. This recognition that full Annual Table A Amounts will not be deliverable under all conditions does not change the obligations of the State under this contract, including but not limited to, the obligations to make all reasonable efforts to complete the Project Facilities, to perfect and protect water rights, and to allocate among Contractors the supply available in any year, as set forth in Articles 6(b), 6(c), 16(b) and 18, in the manner and subject to the terms and conditions of those articles and this contract. Where the term “annual entitlement” appears elsewhere in this contract, it shall mean “Annual Table A Amount.” The State agrees that in future amendments to this and other Contractor’s contracts, in lieu of the term “annual entitlement,” the term “Annual Table A
Amount” will be used and will have the same meaning as “annual entitlement” wherever that term is used.

(d) “Area of Origin Statutes” shall mean Sections 10505 and 11460 through 11463 of the Water Code as now existing or hereafter amended.

(e) “Article 51(e) Amounts” shall mean the annual amounts determined pursuant to Article 51(e)(1).

(f) “Billing Transition Date” shall mean January 1 of the first calendar year starting at least six (6) months after the Contract Extension Amendment Effective Date.

(g) “Burns-Porter Bond Act” shall mean the California Water Resources Development Bond Act, comprising Chapter 8, commencing at Section 12930, of Part 6 of Division 6 of the Water Code, as enacted in Chapter 1762 of the Statutes of 1959.

(h) “Capital Costs” shall mean all costs Incurred subsequent to authorization of a facility for construction by the Legislature or by administrative action pursuant to Section 11290 of the Water Code and to the Burns-Porter Bond Act, including those so Incurred prior to the beginning of the Project Repayment Period as herein defined and any accrued unpaid interest charges thereon at the rates specified herein, which are properly chargeable to the construction of and the furnishing of equipment for the facilities of the System, including the costs of surveys, engineering studies, exploratory work, designs, preparation of construction plans and specifications, acquisition of lands, easements and rights-of-way, and relocation work, all as shown upon the official records of the Department of Water Resources.

(i) “Carry-over Table A Water” shall mean water from a Contractor’s Annual Table A Amount for a respective year, which is made available for delivery by the State in the next year pursuant to Article 12(e).

(j) “Central Valley Project Act” shall mean the Central Valley Act comprising Part 3, commencing at Section 11100, of Division 6 of the Water Code.

(k) “Contract Extension Amendment” shall mean the substantially similar amendments to the Contractors’ Water Supply Contracts that include, among other things, an extension of the term of the contract to December 31, 2085.

(l) “Contract Extension Amendment Effective Date” shall mean the date on which the Contract Extension Amendment becomes effective with regard to this contract. The State shall provide a written notice to the Agency specifying the Contract Extension Amendment Effective Date once the applicable conditions set out in the Contract Extension Amendment have been met.

(m) “Contractor” shall mean any entity that has executed, or is an assignee of, a contract of the type published in Department of Water Resources Bulletin No. 141,
dated November 1965, with the State for a dependable supply of water made available by the System, except such water as is made available by the facilities specified in Section 12934(d)(6) of the Water Code, as such contracts have been amended from time to time.

(n) “Delta” shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the Water Code on the date of approval of the Burns-Porter Bond Act by the voters of the State of California.

(o) “East Branch Aqueduct” shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Perris, Riverside County.

(p) “Economic Useful Life” shall mean the period during which the State expects to derive economic benefit from using an asset, as determined by the State.

(q) “Financial Information System” shall mean the system of record designated by the State as the authoritative source for the recording of all financial data values relating to the System.

(r) “Financing Costs” shall mean the following:

(1) principal of and interest on Revenue Bonds,

(2) debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest,

(3) deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and

(4) premiums for insurance or other security obtained in relation to such Revenue Bonds.

(s) “Incurred” shall mean the following with respect to the timing of a cost:

(1) Capital Costs and operation, maintenance, and power costs allocated irrespective of the amount of Project Water delivered to the Contractors are “Incurred” when the expenditure for the good, service or other consideration is recorded in the State’s financial information system, regardless of the date the good, service or other consideration is provided; and

(2) operation, maintenance, and power costs allocated in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors are “Incurred” when the good, service or other consideration is provided, regardless of when the expenditure for the good, service or other
consideration is recorded in the financial information system.

(t) “Initial Project Conservation Facilities” shall mean the following Project Facilities specified in Section 12934(d) of the Water Code:

(1) All those facilities specified in subparagraph (1) thereof.

(2) Those facilities specified in subparagraph (3) thereof to the extent that they serve the purposes of water conservation in the Delta, water supply in the Delta, and transfer of water across the Delta.

(3) A reservoir near Los Banos in Merced County as specified in subparagraph (2) thereof.

(4) The reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to a reservoir near Los Banos in Merced County, to the extent required for water conservation through conveyance of water diverted from the Delta to offstream storage in such reservoir as determined by the State.

(5) Those facilities specified in subparagraph (5) thereof which are incidental to the facilities included under (1), (2), (3), and (4) above.

(6) Those facilities specified in subparagraph (7) thereof which are necessary and appurtenant to the facilities included under (1), (2), (3), (4), and (5) above.

(u) “Interruptible Water” shall mean Project Water available as determined by the State that is not needed for fulfilling Contractors’ Annual Table A Amount deliveries as set forth in their water delivery schedules furnished pursuant to Article 12 or for meeting project operational requirements, including storage goals for the current or following years.

(v) “Manufacturing Use” shall mean any use of water primarily in the production of finished goods for market.

(w) “Maximum Annual Table A Amount” shall mean the maximum annual amount set forth in Table A of this contract, and where the term “maximum annual entitlement” appears elsewhere in this contract it shall mean “Maximum Annual Table A Amount.”

(x) “Minimum Project Yield” shall mean the dependable annual supply of project water to be made available assuming completion of the initial project conservation facilities and additional project conservation facilities. The project’s capability of providing the Minimum Project Yield shall be determined by the State on the basis of coordinated operations studies of initial project conservation facilities and additional project conservation facilities, which studies shall be based upon factors
including but not limited to:

(1) the estimated relative proportion of deliveries for agricultural use to deliveries for municipal use assuming Maximum Annual Table A Amounts for all Contractors and the characteristic distributions of demands for these two uses throughout the year; and

(2) agreements now in effect or as hereafter amended or supplemented between the State and the United States and others regarding the division of utilization of waters of the Delta or streams tributary thereto.

(y) “Monterey Amendment” shall mean the substantially similar amendments to Contractors’ Water Supply Contracts that included, among other provisions, the addition of Articles 51 through 56.

(z) “Municipal Use” shall mean all those uses of water common to the municipal water supply of a city, town, or other similar population group, including uses for domestic purposes, uses for the purposes of commerce, trade or industry, and any other use incidental thereto for any beneficial purpose.

(aa) “Nonproject Water” shall mean water made available for delivery to Contractors that is not Project Water as defined in Article 1(ah).

(ab) “Project Facilities” shall mean those facilities of the System which will, in whole or in part, serve the purposes of this contract by conserving water and making it available for use in and above the Delta and for export from the Delta and from such additional facilities as are defined in Article 1(a)(2), and by conveying water to the Agency. Such Project Facilities shall consist specifically of “Project Conservation Facilities” and “Project Transportation Facilities”, as hereinafter defined.

(ac) “Project Conservation Facilities” shall mean such Project Facilities as are presently included, or as may be added in the future, under 1(a) and 1(t).

(ad) “Project Interest Rate” shall mean the following:

(1) Prior to the Billing Transition Date, the weighted average interest rate on bonds, advances, or loans listed in this section to the extent the proceeds of any such bonds, advances, or loans are for construction of the State Water Facilities defined in Section 12934(d) of the Water Code, the additional project conservation facilities, and the supplemental conservation facilities (except off-aqueduct power facilities; water system facilities; advances for delivery structures, measuring devices and excess capacity; and East Branch Enlargement Facilities). The Project Interest Rate shall be calculated as a decimal fraction to five places by dividing (i) the total interest cost required to be paid or credited by the State during the life of the indebtedness or advance by (ii) the total
of the products of the various principal amounts and the respective terms in years of all such amounts. The bonds, advances, or loans used in calculating the project interest rate shall be:

(A) General obligation bonds issued by the State under the Bond Act, except that any premium received on the sale of these bonds shall not be included in the calculation of the project interest rate,

(B) Revenue Bonds issued after May 1, 1969,

(C) Bonds issued by the State under any other authority granted by the Legislature or the voters,

(D) Bonds issued by any agency, district, political subdivision, public corporation, or nonprofit corporation of this State,

(E) Funds advanced by any Contractor without the actual incurring of bonded debt therefore, for which the net interest cost and terms shall be those which would have resulted if the Contractor had sold bonds for the purpose of funding the advance, as determined by the State,

(F) Funds borrowed from the General Fund or other funds in the Treasury of the State of California, for which the total interest cost shall be computed at the interest rate earned over the period of such borrowing by moneys in the Surplus Money Investment Fund of such Treasury invested in securities, and

(G) Any other financing capability available in the Treasury of the State of California at whatever interest rate and other financing costs are provided in the law authorizing such borrowing. However, the use of other financing from the State Treasury is intended to involve only short term borrowing at interest rates and other financing costs no greater than those charged to other State agencies during the same period until such time as the Department can sell bonds and reimburse the source of the short term borrowing from the proceeds of the bond sale.

(2) On and after the Billing Transition Date, the Project Interest Rate shall be four and six hundred and ten thousandths percent (4.610%) per annum.

(ae) “Project Repayment Period” shall mean that period of years commencing on January 1, 1961, and extending until December 31, 2035.

(AF) “Project Revenues” shall mean revenues derived from the service of Project Water to Contractors and others, and from the sale or other disposal of electrical energy generated in connection with operation of Project Facilities.
“(ag) “Project Transportation Facilities” shall mean the following Project Facilities:

(1) All those facilities specified in subparagraph (2) of Section 12934(d) of the Water Code except: The reservoir near Los Banos in Merced County; the reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to the reservoir near Los Banos in Merced County, to the extent required for water conservation as determined by the State; the North Bay Aqueduct extending to a terminal reservoir in Marin County; the South Bay Aqueduct extending to terminal reservoirs in the Counties of Alameda and Santa Clara; the Pacheco Pass Tunnel Aqueduct extending from a reservoir near Los Banos in Merced County to a terminus in Pacheco Creek in Santa Clara County; and the Coastal Aqueduct beginning on the San Joaquin Valley-Southern California Aqueduct in the vicinity of Avenal, Kings County, and extending to a terminus at the Santa Maria River.

(2) Facilities for the generation and transmission of electrical energy of the following types:

(A) Hydroelectric generating and transmission facilities, whose operation is dependent on the transportation of Project Water, or on releases to channels downstream of Project Facilities defined under (1) above. Such facilities shall be called “project aqueduct power recovery plants”, and

(B) All other generating and associated transmission facilities, except those dependent on water from Project Conservation Facilities, for the generation of power. These facilities shall be called “off-aqueduct power facilities” and shall consist of the State’s interest in the Reid-Gardner and any other generating and associated transmission facilities, constructed or financed in whole or in part by the State, which are economically competitive with alternative power supply sources as determined by the State.

(3) Those facilities specified in subparagraph (7) of Section 12934(d) of the Water Code which are necessary and appurtenant to the facilities included under (1) and (2) above.

(ah) “Project Water” shall mean water made available for delivery to the Contractors by the Project Conservation Facilities and the Project Transportation Facilities included in the System.

(ai) “Revenue Bonds” shall mean the following types of instruments payable from the sources provided in the Central Valley Project Act: revenue bonds, notes, refunding bonds, refunding notes, bond anticipation notes, certificates of indebtedness,
and other evidences of indebtedness.

(aj) **“Subject to Approval by the State”** shall mean subject to the determination and judgment of the State as to acceptability.

(ak) **“Supplemental Conservation Facilities”** shall mean those facilities provided for in Section 12938 of the Water Code which will serve the purpose of supplying water in addition to the Minimum Project Yield and for meeting local needs.

(al) **“Supplemental Water”** shall mean water made available by Supplemental Conservation Facilities, in excess of the Minimum Project Yield.

(am) **“System”** shall mean the State Water Resources Development System as defined in Section 12931 of the Water Code.

(an) **“System Revenue Account”** shall mean the special account created pursuant to Water Code Section 12937(b) into which are deposited all revenues derived from the sale, delivery or use of water or power and all other income or revenue, derived by the State, from the System, with the exception of revenue attributable to facilities financed with revenue bonds issued pursuant to the Central Valley Project Act (Water Code Section 11100 et seq.).

(ao) **“Water Supply Contract”** shall mean one of the contracts described in the definition of Contractor in Article 1(m).

(ap) **“Water System Facilities”** shall mean the following facilities to the extent that they are financed with Revenue Bonds or to the extent that other financing of such facilities is reimbursed with proceeds from Water System Facility Revenue Bonds:

(1) The North Bay Aqueduct,

(2) The Coastal Branch Aqueduct,

(3) Delta Facilities, including Suisun Marsh facilities, to serve the purposes of water conservation in the Delta, water supply in the Delta, transfer of water across the Delta, and mitigation of the environmental effects of Project Facilities, and to the extent presently authorized as project purposes, recreation and fish and wildlife enhancement,

(4) Local projects as defined in Article 1(a)(2) designed to develop no more than 25,000 acre-feet of project yield from each project,

(5) Land acquisition prior to December 31, 1995, for the Kern Fan Element of the Kern Water Bank,
(6) Additional pumps at the Banks Delta Pumping Plant,

(7) The transmission line from Midway to Wheeler Ridge Pumping Plant,

(8) Repairs, additions, and betterments to Project Facilities,

(9) A Project Facilities corporation yard,

(10) A Project Facilities operation center, and

(11) Capital projects which are approved in writing by the State and eighty (80) percent of the affected Contractors as "Water System Facilities", provided that the approving Contractors' Table A amounts exceed eighty (80) percent of the Table A amounts representing all affected Contractors and provided further that "affected Contractors" for purposes of this subdivision (11) shall mean those Contractors which would be obligated to pay a share of the debt service on Revenue Bonds issued to finance such project.

(aq) "Water System Facility Revenue Bonds" shall mean Revenue Bonds issued after January 1, 1987 for Water System Facilities identified in Article 1(ap).

(ar) "West Branch Aqueduct" shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Newhall, Los Angeles County.

(as) "Year" shall mean the 12-month period from January 1 through December 31, both dates inclusive.

(at) "Year of Initial Water Delivery" shall mean the year when Project Water will first be available for delivery to a Contractor pursuant to its contract with the State.
2. **TERM OF CONTRACT.**

   This contract shall become effective on the date first above written and shall remain in effect for the longer of the following:

   1. December 31, 2085, or

   2. The period ending with the latest maturity date of any bond issue used to finance the construction costs of Project Facilities.
22. DELTA WATER CHARGE

The payments to be made by each Contractor shall include an annual charge designated as the Delta Water Charge, which shall be separately calculated and stated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) Delta Water Charge for Costs Incurred Prior to the Billing Transition Date. The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) Recovery of Costs of Project Conservation Facilities. The Delta Water Charge for costs Incurred prior to the Billing Transition Date, together with the total revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities, shall return to the State during the Project Repayment Period all costs of the Project Conservation Facilities Incurred prior to the Billing Transition Date, including capital, operation, maintenance, power, and replacement costs, which are allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article.

(2) Components of Charge. For each Contractor receiving Project Water in any year through December 31, 1969, the Delta Water Charge shall be the product of $3.50 and the Contractor’s Annual Table A Amount for the respective year. For each Contractor receiving Project Water in the year 1970, the Delta Water Charge shall be the product of $6.65 and the Contractor’s Annual Table A Amount for that year. The $6.65 rate for the year 1970 shall consist of a capital component of $5.04 and a minimum operation, maintenance, power and replacement component of $1.61. For each Contractor receiving Project Water in the year 1971, the Delta Water Charge shall be the product of $7.24 and the Contractor’s Annual Table A Amount for that year. The $7.24 rate for the year 1971 shall consist of a capital component of $5.44 and a minimum operation, maintenance, power and replacement component of $1.80.

After December 31, 1971, the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall consist and be the sum of the following components as these are computed in accordance with subdivisions (a)(3) and (a)(4) of this article: a capital component; a minimum operation, maintenance, power and replacement component; and a variable operation, maintenance, power and replacement component.

(3) Charge Components Expressed as Rates. The Capital Cost, the minimum operation, maintenance, power, and replacement, and the variable operation, maintenance, power, and replacement components of the Delta Water
Charge for costs Incurred prior to the Billing Transition Date, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during the Project Repayment Period, respectively, the following categories of the costs allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article:

(A) Capital Costs;

(B) operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractors; and

(C) operation, maintenance, power, and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities. Each component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be computed on the basis of a rate which, when charged during the Project Repayment Period for each acre-foot of the sum of the yearly totals of Annual Table A Amounts of all Contractors, will be sufficient, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, to return to the State during the Project Repayment Period all costs included in the respective category of costs covered by that component. Each such rate shall be computed in accordance with the following formula:

\[
\frac{(c_1 - r_1)(1 + i)^{-1} + (c_2 - r_2)(1 + i)^{-2} + \cdots + (c_n - r_n)(1 + i)^{-n}}{e_1(1 + i)^{-1} + e_2(1 + i)^{-2} + \cdots + e_n(1 + i)^{-n}}
\]

Where:

\[
i = \text{The Project Interest Rate.}\]
\[ c = \text{The total costs included in the respective category of costs and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).} \]

\[ r = \text{That portion of the revenues derived from the sale or other disposal of electrical energy allocated by the State to repayment of the costs included in the respective category and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).} \]

1, 2, and \( n \) appearing below \( c \) and \( r \) = The respective year of the Project Repayment Period during which the costs included in the respective category are Incurred, \( n \) being the last year of the Project Repayment Period.

\[ e = \text{With respect to the Capital Cost and minimum operation, maintenance, power, and replacement components, the total of Annual Table A Amounts of all Contractors for the respective year of the Project Repayment Period.} \]

\[ e = \text{With respect to the variable operation, maintenance, power, and replacement component, the total of the amounts of Project Water delivered to all Contractors for the respective year of the expired portion of the Project Repayment Period, together with the total of Annual Table A Amounts of all Contractors for the respective year of the unexpired portion of the Project Repayment Period.} \]

1, 2, and \( n \) appearing below \( e \) = The respective year of the Project Repayment Period in which the Annual Table A Amounts or Project Water deliveries occur, \( n \) being the last year of the Project Repayment Period.

\( n \) used as an exponent = The number of years in the Project Repayment Period.

(4) Determination of Charge Components. The Capital Cost and minimum operation, maintenance, power, and replacement components of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be the product of the appropriate rate computed under subdivision (a)(3) of this article and the Contractor’s Annual Table A Amount for the respective year. The
variable operation, maintenance, and power component of the charge shall be the product of the appropriate rate computed under subdivision (a)(3) of this article and the number of acre-feet of Project Water delivered to the Contractor during the respective year; provided, that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be the product of such rate per acre-foot and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(5) Redetermination of Rates. The rates to be used in determining the components of the Delta Water Charge pursuant to subdivision (a)(4) of this article and to become effective on January 1, 1970, shall be computed by the State in accordance with subdivision (a)(3) of this article prior to that date. Such computation shall include an adjustment which shall account for the difference, if any, between revenues received by the State under the Delta Water Charge prior to January 1, 1970, and revenues which would have been received under the charge prior to that date had it been computed and charged in accordance with subdivisions (a)(3) and (4) of this article. Upon such computation, a document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article. The State shall recompute such rates each year thereafter, and each such recomputation shall take account of and reflect increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct the Project Conservation Facilities described in subdivisions (c)(1) through (c)(3) of this article, Annual Table A Amounts, deliveries of Project Water, Project Interest Rate, revenues from the sale or other disposal of electrical energy, and all other factors which are determinative of such rates. In addition, each such recomputation shall include an adjustment of the rates for succeeding years which shall account for the differences, if any, between projections of costs used by the State in determining such rates for all preceding years, and actual costs Incurred by the State during such years. Upon each such recomputation, an appropriately revised copy of the document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article.

(6) Water System Facility Revenue Bond Charges. Notwithstanding provisions of Article 22(a)(1) through (5), the capital and the minimum operation, maintenance, power and replacement component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency’s share of the portion of the Water System Facility Revenue Bond Financing Costs allocable to Project Conservation Facilities for Capital Costs Incurred prior to the Billing Transition Date. Charges to the Agency for these costs shall be calculated in accordance with Article 50(a).
(b) Delta Water Charge for Costs Incurred On or After the Billing Transition Date. The provisions of this subdivision (b) of this article shall apply only to costs Incurred on or after the Billing Transition Date.

(1) Components of the Delta Water Charge for Costs Incurred On or After the Billing Transition Date. The Delta Water Charge for costs Incurred on or after the Billing Transition Date shall consist of the following components as these are computed in accordance with subdivisions (b)(2) through (b)(4) of this article:

(A) Capital component,

(B) Minimum operation, maintenance, power, and replacement component, and

(C) Variable operation, maintenance, and power component.

(2) Determination of Charge Components. These three components of the Delta Water Charge for each calendar year, together with that portion of the revenues derived during such calendar year from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during such calendar year the following categories, respectively, of the costs allocated pursuant to subdivisions (c)(1) through (c)(3) of this article to the purpose of water conservation in, above, and below the Delta.

(A) the capital component consisting of Capital Costs of Project Conservation Facilities to be recovered during such calendar year as and to the extent provided in subdivision (b)(3) of this article,

(B) the minimum operation, maintenance, power, and replacement component consisting of operation, maintenance, power, replacement costs of Project Conservation Facilities Incurred during such calendar year irrespective of the amount of Project Water delivered to the Contractors, and

(C) the variable operation, maintenance, and power component consisting of operation, maintenance, and power costs of Project Conservation Facilities Incurred during such calendar year in an amount
which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities; and provided further that revenues generated in connection with the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities shall not reduce or be credited against charges pursuant to subdivision (b)(3)(D)(i) of this article (charges for Water System Facility Revenue Bond Financing Costs).

(3) Categories of Capital Costs.

(A) The amount of the capital component of the Delta Water Charge shall be determined in three steps as follows:

(i) first, an allocation to the Agency of Capital Costs of Project Conservation Facilities as provided in subdivisions (c)(1) through (c)(3) of this article,

(ii) second, a determination of the type and source of payment of each Capital Cost in accordance with subdivision (b)(3)(B) of this article, and

(iii) third, a computation of the annual payment to be made by the Agency as provided in subdivision (b)(3)(C) and (b)(3)(D) of this article.

(B) Annual Capital Costs of Project Conservation Facilities shall be divided into five categories of type and source of payment:

(i) Project Conservation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(ii) Project Conservation Facility Capital Costs to be paid with the proceeds of Bonds issued under the Burns-Porter Bond Act,

(iii) Project Conservation Facility Capital Costs to be paid with amounts in the SWRDS Reinvestment Account,

(iv) Project Conservation Facility Capital Costs to be paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and
(v) Project Conservation Facility Capital Costs prepaid by the Agency.

(C) The projected amounts of Project Conservation Facility Capital Costs in each such category to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (c)(1) through (c)(3) and (b)(6) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency; provided that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table B by the State.

**TABLE B**
**PROJECTED ALLOCATIONS TO VENTURA COUNTY WATERSHED PROTECTION DISTRICT OF PROJECT CONSERVATION FACILITY CAPITAL COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Allocations in Thousands of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Costs to be Paid with Proceeds of Water System Facility Revenue Bonds</td>
</tr>
<tr>
<td>1*</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

* Year commencing with the Billing Transition Date.
(D) The annual amount to be paid by the Agency under the capital component of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall consist of the following categories:

(i) Water System Facility Revenue Bonds: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Project Conservation Facilities,

(ii) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Conservation Facility Capital Costs,

(iii) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Conservation Facility Capital Costs Incurred during prior calendar years (but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account, and

(iv) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Conservation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years.

(E) The projected amounts of each category of charges to be paid annually by the Agency under this capital component shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (b), which principles and procedures shall be controlling as to allocations of types of capital component charges to the Agency; provided that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table C by the State.
TABLE C
PROJECTED CHARGES TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT
UNDER THE CAPITAL COMPONENT OF THE DELTA WATER CHARGE FOR
COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Charges in Thousands of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Costs to be Paid with Proceeds of Water System Facility Revenue Bonds</td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

* Year commencing with the Billing Transition Date.

(4) *Minimum Operation, Maintenance, Power and Replacement Charge – Determination; Repayment Table.*

The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(A) of this article; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table D by the State.
TABLE D
DELTA WATER CHARGE -- ESTIMATED MINIMUM OPERATION, MAINTENANCE, POWER AND REPLACEMENT COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Annual Payment by Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
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<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

* Year commencing with the Billing Transition Date.

(5) **Variable Operation, Maintenance and Power Charge—Determination; Repayment Table.**

The amount to be paid each year by the Agency under the variable operation, maintenance and power component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(B) of this article; provided that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table E by the State.
TABLE E
DELTA WATER CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE
AND POWER COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING
TRANSITION DATE
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Annual Payment by Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td></td>
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<td>2</td>
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<td>3</td>
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<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

* Year commencing with the Billing Transition Date.

(6) Allocation of Charges to the Agency.

(A) The capital and minimum operation, maintenance, and power components of the Delta Water Charge for each calendar year for costs incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the Agency’s Annual Table A Amount for such calendar year to the total of the Annual Table A Amounts for all Contractors for such calendar year.

(B) The variable operation, maintenance, and power component of the Delta Water Charge for each calendar year for costs incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the number of acre-feet of Project Water delivered to the Agency during such calendar year to the number of acre-feet of Project Water delivered to all Contractors during such calendar year; provided that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be calculated as if the number of acre-feet wasted had been delivered.

(7) Delta Water Charge -- Repayment Schedule.

The amounts to be paid by the Agency for each year on or after the Billing Transition Date under the Capital Cost component, minimum operation, maintenance, power and replacement component and the variable operation, maintenance, and power component of the Delta Water Charge shall be set forth by the State in Table F, which Table F shall constitute a summation of Tables C, D, and E; provided that each of the amounts set forth in Table F shall be subject to redetermination by the State in accordance with Article 28; provided further
that the principles and procedures set forth in this Article 22 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

### TABLE F
**REPAYMENT SCHEDULE -- DELTA WATER CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE**
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Cost Component</th>
<th>Minimum Component</th>
<th>Variable Component</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td></td>
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<tr>
<td>4</td>
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</tbody>
</table>

* Year commencing with the Billing Transition Date.

(c) **Provisions Applicable to the Delta Water Charge for Costs Incurred Both Before and On or After the Billing Transition Date.** The provisions of this subdivision (c) shall be applicable to costs Incurred both prior to and on or after the Billing Transition Date.

1. **Allocation of Costs to Project Purposes.**

   (A) Prior to the time that Additional Project Conservation Facilities or Supplemental Conservation Facilities are constructed, the Delta Water Charge shall be determined on the basis of an allocation to project purposes, by the separable cost-remaining benefits method, of all actual and projected costs of all those Initial Project Conservation Facilities located in and above the Delta, and upon an allocation to the purposes of water conservation and water transportation, by the proportionate use of facilities method, of all actual and projected costs of the following Project Facilities located below the Delta: The aqueduct intake facilities at the Delta, Pumping Plant I (Harvey O. Banks Delta Pumping Plant), the aqueduct from the Delta to San Luis Forebay (O’Neill Forebay), San Luis Forebay (O’Neill Forebay), and San Luis Reservoir: **provided**, that all of the actual and projected costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities shall be allocated to the purpose of water conservation in, above, and below the Delta; **provided further**, that allocations to purposes the cost of which are to be paid by the United States shall be as determined by the United States.
(B) Wherever reference is made, in connection with the computation, determination, or payment of the Delta Water Charge, to the costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities that are reimbursable by the Contractors as determined by the State.

(C) The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract “development of public recreation” shall include recreation capital and operation and maintenance.

(2) Additional Conservation Facilities. Commencing in the year in which the State first awards a major construction contract for construction of a major feature of Additional Project Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Additional Project Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the foregoing allocations and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to the foregoing provisos, of all projected costs of such feature of the Additional Project Conservation Facilities; provided, that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State; provided, further, that all costs of Additional Project Conservation Facilities Incurred prior to the award of a major construction contract, shall be included in the Delta Water Charge computations in the year in which they are Incurred.

(3) Supplemental Conservation Facilities. Upon the construction of the Supplemental Conservation Facilities, the Delta Water Charge shall be paid by
all Contractors for Supplemental Water, as well as by Contractors for Project Water, and, together with revenues derived from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities and Supplemental Conservation Facilities, shall return to the State, in addition to those costs of the Project Conservation Facilities allocated to the purpose of water conservation, in, above, and below the Delta pursuant to subdivision (c)(1) of this article, all costs of such Supplemental Conservation Facilities, including capital, operation, maintenance, power, and replacement costs which are allocated to the purpose of water conservation, in, above, and below the Delta pursuant hereto. Commencing in the year in which the State first awards a major construction contract for construction of a major feature of any Supplemental Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Supplemental Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the allocations made pursuant to subdivision (c)(1) of this article, and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to provisos corresponding to those contained in such subdivision (c)(1), of all projected costs of such feature of the Supplemental Conservation Facilities. Commencing in the same year, the computation of the rates to be used in determining the components of the Delta Water Charge shall include the Annual Table A Amounts under all contracts for Supplemental Water. If the repayment period of any bonds sold to construct Supplemental Conservation Facilities or the repayment period under any agreement with a federal agency for repayment of the costs of Supplemental Conservation Facilities constructed by such federal agency extends beyond the repayment period of the contract, the Delta Water Charge shall be determined and redetermined on the basis of such extended repayment period as the State determines to be appropriate; provided, that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State.

(4) **Local Projects.** The determination of the Delta Water Charge shall be made by including the appropriate costs and quantities of water, calculated in accordance with subdivisions (a) and (b) above, for all Additional Project Conservation Facilities as defined in Article 1(a). In the event a Local Project as defined in Article 1(a)(2) will, pursuant to written agreement between the State and the sponsoring Contractor, be considered and treated as an Additional Project Conservation Facility for less than the estimated life of the facility, the Delta Water Charge will be determined on the basis of that portion of the appropriate cost and water supply associated with such facility as the period of time during which such facility shall be considered as an Additional Project Conservation Facility bears to the estimated life of such facility. No costs for the construction or implementation of any Local Project are to be included in the
Delta Water Charge unless and until the written agreement required by Article 1(a) has been entered into.

(5) **Water Purchased By the State.** In calculating the Delta Water Charge under subdivisions (a) and (b) of this article, the component for operation, maintenance, power and replacement costs shall include, but not be limited to, all costs to the State Incurred in purchasing water, which is competitive with alternative sources as determined by the State, for delivery as Project Water.

(6) **Replacement Cost Treatment.** Replacement costs of Project Conservation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power, and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.
23. TRANSPORTATION CHARGE.

The payments to be made by each Contractor shall include an annual charge designated as the Transportation Charge, which shall be separately stated and calculated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) Transportation Charge for Costs Incurred Prior to the Billing Transition Date. The provisions of this subdivision (a) and Articles 24(a) and (c), 25 and 26 shall apply to costs Incurred prior to the Billing Transition Date.

   (1) Recovery of Costs of Project Transportation Facilities. The Transportation Charge for costs Incurred prior to the Billing Transition Date shall return to the State during the Project Repayment Period such costs of all Project Transportation Facilities necessary to deliver Project Water to the Contractor and which are allocated to the Contractor in accordance with the cost allocation principles and procedures hereinafter set forth.

   (2) Components of Transportation Charge for Costs Incurred Prior to the Billing Transition Date. The Transportation Charge for costs Incurred Prior to the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, power, and replacement component; and a variable operation, maintenance and power component, as these components are defined in and determined under Articles 24(a) and (c), 25, and 26, respectively.

(b) Transportation Charge for Costs Incurred On or After the Billing Transition Date. The provisions of this subdivision (b) and Articles 24(b) and (c), 25 and 26 shall apply to costs Incurred on or after the Billing Transition Date.

   (1) Recovery of Costs of Project Transportation Facilities. The Transportation Charge for costs Incurred on or after the Billing Transition Date shall return to the State during each such calendar year all costs which are Incurred on or after the Billing Transition Date of all Project Transportation Facilities necessary to deliver Project Water to the Agency and which are allocated to the Agency in accordance with the cost allocation principles and procedures hereinafter set forth.

   (2) Components of Transportation Charge. The Transportation Charge for costs Incurred on or after the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, and power component; and a variable operation, maintenance, and power component, as these components are defined in and determined under Articles 24(b) and (c), 25, and 26, respectively.

(c) Segregation of Aqueduct Reaches for All Transportation Charge Purposes. For the purpose of allocations of costs among Contractors pursuant to
subdivisions (a) and (b) of this article, and Articles 24, 25 and 26, the Project Transportation Facilities shall be segregated into such aqueduct reaches as are determined by the State to be necessary for such allocations of costs. Subject to such modifications as are determined by the State to be required by reason of any request furnished by the Agency to the State pursuant to Article 17(a) of this contract, or by reason of contracts entered into by the State with other Contractors, the aqueduct reaches of the Project Transportation Facilities, a portion of the costs of which may be allocated to the Agency, are established as provided in Table G; *provided* that those costs of the aqueduct reaches from the Delta through the outlet of San Luis Reservoir which are allocated to the purpose of water conservation in, above, and below the Delta for the purpose of determining the Delta Water Charge, as hereinbefore set forth, shall not be included in the Transportation Charge.
<table>
<thead>
<tr>
<th>Aqueduct Reach</th>
<th>Major Features of Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CALIFORNIA AQUEDUCT</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Delta to Discharge Delta Pumping Plant: | Intake Canal  
Fish Protective Facilities  
Delta Pumping Plant  
(Pumping Plant I) |
| Discharge Delta Pumping Plant to San Luis Forebay: | Aqueduct |
| San Luis Forebay: | San Luis Forebay and Forebay Dam |
| San Luis Forebay to Kettleman City: | Aqueduct  
Mile 18 Pumping Plant |
| Kettleman City to Avenal Gap: | Aqueduct |
| Avenal Gap to Buena Vista Pumping Plant: | Aqueduct |
| Buena Vista Pumping Plant Wheeler Ridge Pumping Plants I and II: | Buena Vista Pumping Plant  
Aqueduct |
| Wheeler Ridge Pumping Plants I and II to Tehachapi Pumping Plant: | Wheeler Ridge Pumping Plant I  
Wheeler Ridge Pumping Plant II  
Aqueduct |
| Tehachapi Pumping Plant to South Portal Tehachapi Tunnels: | Tehachapi Pumping Plant  
(Pumping Plant VI)  
Tehachapi Tunnels |
| South Portal Tehachapi Tunnels to Junction, East and West Branches: | Cottonwood Power Plant  
Aqueduct |
| **WEST BRANCH** | |
| Junction, East and West Branches to West Branch Terminal Reservoir | Aqueduct  
West Branch Pumping Plant  
Power Development Plants |
| West Branch Terminal Reservoir | Castaic Reservoir and Dam, Outlet Facilities |

(This table was labeled Table I in original contract provisions)
(d) **Provisions Applicable to the Transportation Charge for Costs Incurred Both Before and On or After the Billing Transition Date.**

1. Wherever reference is made, in connection with the computation, determination, or payment of the Transportation Charge, to the allocation or payment of costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities which are reimbursable by the Contractors as determined by the State.

2. The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract “development of public recreation” shall include recreation capital and operation and maintenance.
24. TRANSPORTATION CHARGE -- CAPITAL COMPONENTS.

(a) Transportation Charge Capital Component for Costs Incurred Prior to the Billing Transition Date. The provisions of this subdivision (a) shall apply only to Capital Costs Incurred prior to the Billing Transition Date.

(1) Recovery of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date. The amount of the capital component of the Transportation Charge for Capital Costs Incurred prior to the Billing Transition Date shall be determined in two steps as follows:

(A) first, an allocation of such costs to the Contractor in accordance with subdivision (a)(2) of this article, and

(B) second, a computation of annual payments to be made by the Contractor of such allocated costs and interest thereon, computed at the Project Interest Rate in accordance with subdivision (a)(3) of this article.

(2) Allocation of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date. The total amount of Capital Costs Incurred prior to the Billing Transition Date of each aqueduct reach to be returned to the State shall be allocated among all Contractors entitled to delivery of Project Water from or through such reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

The projected amounts of Capital Costs to be allocated annually to the Agency under the capital component of the Transportation Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (a) and subdivision (c)(1) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency. Such amounts will be set forth in Table H by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), provided that these amounts shall be subject to redetermination by the State in accordance with Article 28.
TABLE H
PROJECTED ALLOCATIONS OF CAPITAL COSTS INCURRED PRIOR TO THE BILLING TRANSITION DATE OF PROJECT TRANSPORTATION FACILITIES TO VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Allocation in Thousands of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td></td>
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<td>2</td>
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<td>3</td>
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</tr>
</tbody>
</table>

* Year in which State commences construction of Project Transportation Facilities.

(This table was labeled Table C in original contract provisions)

(3) *Determination of Capital Component of Transportation Charge for Costs Incurred Prior to the Billing Transition Date.* The Agency’s annual payment of its allocated Capital Costs Incurred prior to the Billing Transition Date and interest thereon, computed at the Project Interest Rate and compounded annually, shall be determined in accordance with a repayment schedule established by the State and determined in accordance with the principles set forth in (A), (B), and (C) below, which principles shall be controlling as to the Agency’s payment of its allocated Capital Costs. The Agency’s repayment schedule will be set forth in Table I by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table I shall be subject to redetermination by the State, pursuant to Article 28.

(A) The Agency’s annual payment shall be the sum of the amounts due from the Agency on the Agency’s allocated Capital Costs for the then current year and for each previous year where each such amount will pay, in not more than fifty (50) equal annual installments of principal and interest, the Agency’s allocated Capital Costs for the respective year and interest thereon, computed at the Project Interest Rate and compounded annually.

(B) The Agency may make payments at a more rapid rate if approved by the State.
(C) Such annual Transportation Charge payments shall cease when all allocated Capital Costs and interest thereon, computed at the Project Interest Rate and compounded annually, are repaid.

**TABLE I**
TRANSPORTATION CHARGE FOR COSTS INCURRED PRIOR TO THE BILLING TRANSITION DATE -- CAPITAL COST COMPONENT
VENTURA COUNTY WATERSHED PROTECTION DISTRICT
(In Thousands of Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Payment of Principal</th>
<th>Annual Interest Payment</th>
<th>Total Annual Payment by Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2**</td>
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<td>4</td>
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</tbody>
</table>

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.

(This table was labeled Table D in original contract provisions)

(4) Notwithstanding provisions of subdivisions 24(a)(1) through (a)(3) of this article, the capital component of the Transportation Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency’s share of the portion of Water System Facility Revenue Bond Financing Costs allocable to Project Transportation Facilities. Charges to the Agency for these costs shall be calculated in accordance with Article 50(a).

(5) Costs Incurred Prior to Date of Contract. The Agency’s allocated capital costs for the year preceding the year of initial payment of the capital component of the Transportation Charge, pursuant to subdivision 24(a)(3) of this article, shall consist of the sum of the Agency’s allocated capital costs for each year through such year preceding the year of initial payment, and interest thereon, computed at the project interest rate and compounded annually.

(b) Transportation Charge Capital Component for Costs Incurred On or After the Billing Transition Date. The provisions of this subdivision (b) shall apply only to Capital Costs Incurred on or after the Billing Transition Date.

(1) The amount of the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined in three steps as follows:
(A) first, an allocation of Capital Costs to the Contractor as provided in subdivision (b)(2) of this article,

(B) second, a determination of the type and source of payment of each Capital Cost as provided in subdivision (b)(3) of this article, and

(C) third, a computation of the annual payment to be made by the Contractor as provided in subdivision (b)(4) and (b)(5) of this article.

(2) The total amount of Capital Costs of each aqueduct reach to be returned to the State under the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

(3) Annual Capital Costs of Project Transportation Facilities shall be divided into five categories of type and source of payment:

(A) Project Transportation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(B) Project Transportation Facility Capital Costs paid with the proceeds of bonds issued under the Burns-Porter Bond Act,

(C) Project Transportation Facility Capital Costs paid with amounts in the SWRDS Reinvestment Account,

(D) Project Transportation Facility Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and

(E) Project Transportation Facility Capital Costs prepaid by the Agency.

The projected amounts of Project Transportation Facility Capital Costs of each type to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in Article 23(c)(1) through (c)(3) and this subdivision (b)(3), which principles and procedures shall be controlling as to allocations of each type of Capital Costs to the Agency; provided that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table J by the State.
### TABLE J
PROJECTED ALLOCATIONS TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT
OF PROJECT TRANSPORTATION FACILITY CAPITAL COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE

<table>
<thead>
<tr>
<th>Year</th>
<th>Costs to be Paid with Proceeds of Water System Facility Revenue Bonds</th>
<th>Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act</th>
<th>Costs to be Paid with Amounts in the SWRDS Reinvestment Account</th>
<th>Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial</th>
<th>Costs Prepaid by the Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
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<td></td>
<td></td>
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<tr>
<td>2</td>
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<td>3</td>
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</tbody>
</table>

* Year commencing with the Billing Transition Date

(4) The capital component of the Transportation Charge for a calendar year for costs incurred on or after the Billing Transition Date shall consist of the following to the extent the related Capital Costs are allocated to the Agency:

(A) Water System Facility Revenue Bond: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Water System Facilities that are Project Transportation Facilities,

(B) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Transportation Facility Capital Costs,

(C) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Transportation Facility Capital Costs Incurred during prior calendar years
(but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account, and

(D) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Transportation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years,

(5) Projected Charges. The projected amounts of the charges to be allocated annually to the Agency under the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this Article, which principles and procedures shall be controlling as to allocations of capital component charges to the Agency; provided that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table K by the State.

### TABLE K
PROJECTED CHARGES UNDER THE CAPITAL COMPONENT OF THE TRANSPORTATION CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE TO VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Charges in Thousands of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Costs to be Paid with Proceeds of Water System Facility Revenue Bonds</td>
</tr>
<tr>
<td>1*</td>
<td></td>
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<tr>
<td>2</td>
<td></td>
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<tr>
<td>3</td>
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</tbody>
</table>

* Year commencing with the Billing Transition Date.
(c) **Provisions Applicable to the Transportation Charge For Costs Incurred Both Prior To and On or After the Billing Transition Date.** The provisions of this subdivision (c) shall be applicable to Capital Costs Incurred both prior to and on or after the Billing Transition Date.

(1) *Proportionate Use Factors.* The measure of the proportionate use by each Contractor of each reach shall be the average of the following two ratios:

(A) the ratio of the Contractor’s Maximum Annual Table A Amount to be delivered from or through the reach to the total of the Maximum Annual Table A Amounts of all Contractors to be delivered from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period, and

(B) the ratio of the capacity provided in the reach for the transport and delivery of Project Water to the Contractor to the total capacity provided in the reach for the transport and delivery of Project Water to all Contractors served from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period.

Allocations of Capital Costs to the Agency pursuant hereto shall be on the basis of relevant values which will be set forth in Table L by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach of the Project Transportation Facilities for the transport and delivery of Project Water to the Agency, pursuant to Article 17(a); provided that these values shall be subject to redetermination by the State in accordance with Article 28; provided further that the principles and procedures set forth in this subdivision shall be controlling as to allocations of Capital Costs to the Agency. Proportionate use of facilities factors for prior years shall not be adjusted by the State in response to changes or transfers of Table A Amounts among Contractors unless otherwise agreed by the State and the parties to the transfer and unless there is no impact on past charges or credits of other Contractors.
TABLE L

(TABLE L shall set forth the relevant values that shall serve as the basis for allocation of all Transportation Charge Costs)

(This table was labeled Table B in original contract provisions)

(2) **Determinations Using Proportionate Use Factors.** The total amount in each category of Capital Costs allocated to a Contractor shall be the sum of the products obtained when there is multiplied, for each aqueduct reach necessary to deliver water to the Contractor, the total amount of the Capital Costs of the reach in that category to be returned to the State under the Transportation Charge by the average of the two foregoing ratios for such reach as such average is set forth in the appropriate table included in its contract.

(3) **Excess Capacity.** In the event that excess capacity is provided in any aqueduct reach for the purpose of making Project Water available in the future to an agency or agencies with which the State has not executed contracts at the time of any allocation of costs pursuant to this subdivision, the prospective Maximum Annual Table A Amount or Amounts to be supplied by such excess capacity, as determined by the State, shall be deemed to be contracted for by such agency or agencies for the purpose of such allocation of costs, to the end that the Capital Costs of providing such excess capacity are not charged to any Contractor entitled by virtue of an executed contract to the delivery of Project Water from or through that aqueduct reach at the time of such allocation. Where additional capacity is provided in any aqueduct reach to compensate for loss of water due to evaporation, leakage, seepage, or other causes, or to compensate for scheduled outages for purposes of necessary investigation, inspection, maintenance, repair or replacement of the facilities of the Project Facilities, then, for the purpose of any allocation of costs pursuant to this subdivision:

(A) the Maximum Annual Table A Amount to be delivered from or through the reach of each Contractor entitled to delivery of Project Water from or through the reach shall be increased by an amount which bears the same proportion to the maximum annual delivery capability provided by such additional capacity that the Contractor’s Maximum Annual Table A Amount to be delivered from or through the reach bears to the total of the Maximum Annual Table A Amounts to be delivered from or through the reach under all contracts; and

(B) the capacity provided in the reach for each Contractor entitled to delivery of Project Water from or through the reach shall be increased in the same proportion that the Contractor’s Maximum Annual Table A Amount to be delivered from or through the reach is increased pursuant to (A) above.
(4) **Power Facilities.** The Capital Costs of project aqueduct power recovery plants shall be charged and allocated in accordance with this Article 24. The Capital Costs of off-aqueduct power facilities shall be charged and allocated in accordance with Article 25(d).

(5) **Capital Costs of Excess Capacity.** In the event that any Contractor, pursuant to Article 12(b), requests delivery capacity in any aqueduct reach which will permit maximum monthly deliveries to such Contractor in excess of the percentage amounts specified in such Article 12(b) for the uses designated therein, such Contractor shall furnish to the State, in advance of the construction of such aqueduct reach, funds sufficient to cover the costs of providing such excess capacity, which funds shall be in an amount which bears the same proportion to the total Capital Costs of such reach, including the costs of providing such excess capacity, as such excess capacity bears to the total capacity of such reach, including such excess capacity. For the purpose of any allocation of costs pursuant to subdivision (c)(1) of this article, the total Capital Costs of such aqueduct reach shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach in the following manner:

(A) The costs which would have been Incurred for such reach had no such excess capacity been provided shall be estimated by the State and allocated among all such Contractors in the manner provided in such subdivision (c)(1); and

(B) the amount of the difference between such estimated costs and the projected actual costs of such reach shall be allocated to the Contractor or Contractors for which such excess capacity is provided.

Where such excess capacity is provided for more than one Contractor, the costs allocated to them under (B) above shall be further allocated between or among them in amounts which bear the same proportion to the total of such allocated costs as the amount of such excess capacity provided for the respective Contractor bears to the total of such excess capacity provided in such reach. In the event that the funds advanced by a Contractor pursuant to this subdivision are more or less than the costs so allocated to such Contractor under (B) above, the account of such Contractor shall be credited or debited accordingly.

(6) **Replacement Cost Treatment.** Replacement costs of Project Transportation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.
25. TRANSPORTATION CHARGE -- MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT.

The provisions of this article shall apply to costs incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose.** The minimum operation, maintenance, power, and replacement component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to subdivision (b) of this article; provided that to the extent permitted by law, the State may establish reserve funds to meet anticipated minimum replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the minimum replacement costs for the year in which such deposits are made.

(b) **Allocation.** The total projected minimum operation, maintenance, power, and replacement costs of each aqueduct reach of the Project Transportation Facilities for the respective year shall be allocated among all Contractors entitled to delivery of Project Water from such facilities by the proportionate use of facilities method of cost allocation, in the same manner and upon the same bases as are set forth for the allocation of Capital Costs in subdivisions (c)(1) through (c)(3) of Article 24; provided that such minimum operation, maintenance, power, and replacement costs as are Incurred generally for the Project Transportation Facilities first shall be allocated to each aqueduct reach in an amount which bears the same proportion to the total amount of such general costs that the amount of the costs Incurred directly for the reach bears to the total of all direct costs for all aqueduct reaches.

(c) **Determination; Repayment Table.** The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall be determined in accordance with subdivision (b) of this article on the basis of the relevant values to be set forth for the respective aqueduct reaches in Table L, included in Article 24; provided that these values shall be subject to redetermination by the State in accordance with Article 28. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table M as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); provided that the amounts set forth in Table M shall be subject to redetermination by the State in accordance with Article 28.
TABLE M
TRANSPORTATION CHARGE -- MINIMUM OPERATION MAINTENANCE, POWER,
AND REPLACEMENT COMPONENT
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Annual Payment by Agency*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1**</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

* Payment shall start with respect to each aqueduct reach in the year following the year in which the State completes construction of the respective reach.

** Year in which the State commences construction of Project Transportation Facilities.
(This table was labeled Table E in original contract provisions)

(d) Off-Aqueduct Power Facilities. Notwithstanding the provisions of subdivisions (a) through (c) of this Article or of Article 1(h), the costs of off-aqueduct power facilities shall be determined and allocated as follows:

(1) The off-aqueduct power costs shall include all annual costs the State incurs for any off-aqueduct power facility, which shall include, but not be limited to, power purchases, annual Financing Costs, and associated operation and maintenance costs of such facility, less any credits, interest earnings, or other monies received by the State in connection with such facility or Revenue Bonds issued to finance the Capital Costs of such facility. In the event the State finances all or any part of an off-aqueduct power facility directly from funds other than bonds or borrowed funds, in lieu of such annual principal and interest payments, the repayment of Capital Costs as to that part financed by such other funds shall be determined on the basis of the schedule that would have been required under Article 24.

(2) The annual costs of off-aqueduct power facilities as computed in (1) above shall initially be allocated among Contractors in amounts which bear the same proportions to the total amount of such power costs that the total estimated electrical energy (kilowatt hours) required to pump through Project Transportation Facilities the desired delivery of Annual Table A Amounts for that year, as submitted pursuant to Article 12(a)(1) and as may be modified by the State pursuant to Article 12(a)(2), bears to the total estimated electrical energy
(kilowatt hours) required to pump all such amounts for all Contractors through Project Transportation Facilities for that year, all as determined by the State.

(3) An interim adjustment in the allocation of the power costs calculated in accordance with (2) above, may be made in May of each year based on April revisions in approved schedules of deliveries of project and nonproject water for Contractors for such year. A further adjustment shall be made in the following year based on actual deliveries of project and nonproject water for Contractors; provided, however, that in the event no deliveries are made through a pumping plant, the adjustments shall not be made for that year at that plant.

(4) To the extent the monies received or to be received by the State from all Contractors for off-aqueduct power costs in any year are determined by the State to be less than the amount required to pay the off-aqueduct power costs in such year, the State may allocate and charge that amount of off-aqueduct power costs to the Agency and other Contractors in the same manner as costs under the capital component of the Transportation Charge are allocated and charged. After that amount has been so allocated, charged and collected, the State shall provide a reallocation of the amounts allocated pursuant to this paragraph (4), such reallocation to be based on the allocations made pursuant to (2) and (3) above for that year, or in the event no such allocation was made for that year, on the last previous allocation made pursuant to (2) and (3) above. Any such reallocation of costs incurred prior to the Billing Transition Date shall include appropriate interest thereon at the Project Interest Rate.

(e) The total minimum operation, maintenance, power and replacement component due that year from each Contractor shall be the sum of the allocations made under the proportionate use of facilities method provided in subdivision (b) of this article and the allocations made pursuant to subdivision (d) of this article for each Contractor.
26. TRANSPORTATION CHARGE -- VARIABLE OPERATION, MAINTENANCE AND POWER COMPONENT.

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose.** The variable operation, maintenance, and power component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to (1) and (2) below; provided that to the extent permitted by law, the State may establish reserve funds to meet anticipated variable replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the variable replacement costs for the year in which such deposits are made.

(b) **Determination.** The amount of this variable operation, maintenance, and power component shall be determined as follows:

(1) **Determination of Charge Per Acre-Foot.** There shall be computed for each calendar year for each aqueduct reach of the Project Transportation Facilities a charge per acre-foot of water which will return to the State the total projected variable operation, maintenance and power costs of the reach for such calendar year. This computation shall be made by dividing such total by the number of acre-feet of Project Water estimated to be delivered from or through the reach to all Contractors during the year.

(2) **Determination of Charge Per Reach to the Contractor.** The amount of the variable component shall be the product of the sum of the charges per acre-foot of water, determined under (1) above, for each aqueduct reach necessary to deliver water to the Contractor, and the number of acre-feet of Project Water delivered to the Contractor during the year through such reach; provided that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, the amount of such variable component to be paid by such Contractor during such period shall be the product of the above sum and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(c) **Credit Relating to Project Aqueduct Power Recovery Plants.** There shall be credited against the amount of the variable operation, maintenance, and power component to be paid by each Contractor, as determined pursuant to subdivision (a) of this article, a portion of the projected net value of any power recovered during the
respective year at project aqueduct power recovery plants located upstream on the particular aqueduct reach from the delivery structures for delivery of Project Water to the Contractor. Such portion shall be in an amount which bears the same proportion to such projected net value that the number of acre-feet of Project Water delivered to the Contractor through such plants during the year bears to the number of acre-feet of Project Water delivered to all Contractors through such plants during the year.

(d) **Determination of Total Variable Component Charge.** The amount to be paid each year by the Agency under the variable operation, maintenance, and power component of the Transportation Charge shall be determined in accordance with subdivision (a) of this article for the respective aqueduct reaches in Table L included in Article 24. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table N as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table N shall be subject to redetermination by the State in accordance with Article 28.

**TABLE N**

TRANSPORTATION CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE, AND POWER COMPONENT
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Annual Payment by Agency*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1**</td>
<td></td>
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<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

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* Payments start with year of initial water delivery.

** Year in which the State commences construction of the Project Conservation Facilities.

(This table was labeled Table F in original contract provisions)

27. **TRANSPORTATION CHARGE -- REPAYMENT SCHEDULE.**

The amounts to be paid by the Agency for each year under the Capital Cost and minimum operation, maintenance, power, and replacement components of the Transportation Charge, and under the variable operation, maintenance, and power component of such charge on the basis of then estimated deliveries, shall be set forth by the State in Table O as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), which Table O shall constitute a summation of Tables I, K, M, and N; *provided* that each of the amounts set forth in Table O shall be subject to redetermination by the State in accordance with Article 28;
provided further that the principles and procedures set forth in Articles 24, 25, and 26 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

TABLE O
REPAYMENT SCHEDULE--TRANSPORTATION CHARGE
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Cost Component</th>
<th>Minimum Component</th>
<th>Variable Component</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2**</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td></td>
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<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.
(This table was labeled Table G in original contract provisions)
28. DELTA WATER CHARGE AND TRANSPORTATION CHARGE -- REDETERMINATION.

(a) Redetermination of Transportation Charges for Costs Incurred Prior to the Billing Transition Date. The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) Determinative Factors Subject to Retroactive Change. The State shall redetermine the values and amounts set forth in Tables H through O (referred to in the original contract provisions as Tables B through G) of this contract in the year following the year in which the State commences construction of the Project Transportation Facilities and each year thereafter during the Project Repayment Period in order that the Transportation Charge to the Agency and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred prior to the Billing Transition Date to construct the Project Transportation Facilities described in Table G of this contract, Annual Table A Amounts, estimated deliveries, Project Interest Rate, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency’s account in the manner described in (b) and (c) below.

(2) Adjustment: Transportation Charge -- Capital Component For Costs Incurred Prior to the Billing Transition Date. Adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency for costs Incurred prior to the Billing Transition Date, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination, shall be paid in the year following the redetermination; provided that the Agency may elect to exercise the option whereby when the redetermined Transportation Charge for the following year, with adjustments, including adjustments of the operation, maintenance, power, and replacement components provided for in subdivision (a)(3) of this article, is more or less than the last estimate of the charge provided pursuant to Article 27 for the corresponding year, without adjustments, an amount equal to the total of such difference shall be deducted
from or added to the adjusted capital component for that year and paid or credited in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Percent that Transportation Charge for costs Incurred prior to the Billing Transition Date differs from last estimate (+ or -)</th>
<th>Period, in years, for amortizing the difference in indicated charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>for 10% or less</td>
<td>no amortization</td>
</tr>
<tr>
<td>more than 10%, but not more than 20%</td>
<td>2</td>
</tr>
<tr>
<td>more than 20%, but not more than 30%</td>
<td>3</td>
</tr>
<tr>
<td>more than 30%, but not more than 40%</td>
<td>4</td>
</tr>
<tr>
<td>more than 40%</td>
<td>5</td>
</tr>
</tbody>
</table>

Such payments or credits shall be equal semi-annual amounts of principal and interest on or before the 1st day of January and the 1st day of July, with interest computed at the Project Interest Rate and compounded annually, during varying amortization periods as set forth in the preceding schedule; provided that for the purpose of determining the above differences in the Transportation Charge for costs Incurred prior to the Billing Transition Date, the variable operation, maintenance, and power component shall be computed on the basis of the same estimated Project Water deliveries as was assumed in computing pursuant to Article 26(c).

(3) Adjustment: Transportation Charge -- Minimum and Variable Components for costs Incurred prior to the Billing Transition Date. One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum and variable operation, power, and replacement components for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination.

(4) Exercise of Option. The option provided for in subdivision (a)(2) of this article shall be exercised in writing on or before the January 1 due date of the first payment of the capital component of the Transportation Charge for the year in which the option is to become effective. Such option, once having been exercised, shall be applicable for all of the remaining years of the Project Repayment Period.

(5) Project Interest Rate Adjustments. Notwithstanding the provisions of subdivision (a)(2) of this article, adjustments for prior overpayments and underpayments shall be repaid beginning in the year following the redetermination by application of a unit rate per acre-foot which, when paid for
the projected portion of the Agency’s Annual Table A Amount will return to the State, during the Project Repayment Period, together with interest thereon computed at the Project Interest Rate and compounded annually, the full amount of the adjustments resulting from financing after January 1, 1987, from all bonds, advances, or loans listed in Article 1(ad) except for Article 1(ad)(3) and except for bonds issued by the State under the Central Valley Project Act after January 1, 1987 for facilities not listed among the Water System Facilities in Article 1(ap). Notwithstanding the immediately preceding exception, such amortization shall also apply to any adjustments in this component charge resulting from a change in the Project Interest Rate due to any refunding after January 1, 1986 on bonds issued under the Central Valley Project Act. However, amortization of adjustments resulting from items listed in subdivisions (1)(ad)(4) through (7) of Article 1 shall be limited to a period which would allow the Department to repay the debt service on a current basis until such time as bonds are issued to reimburse the source of such funding. In no event shall this amortization period be greater than the Project Repayment Period.

6 No Adjustment of Water System Facility Revenue Bond Financing Costs. The use of Water System Facility Revenue Bonds for financing facilities listed in Article 1(ap) shall not result in adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency under the provisions of this article. In place of making such adjustments, charges to the Agency for Water System Facility Revenue Bond Financing Costs will be governed by Article 50(a).

(b) Redetermination of Delta Water Charges and Transportation Charges for Costs Incurred On or After the Billing Transition Date. The provisions of this subdivision (b) shall apply only to costs Incurred on or after the Billing Transition Date.

1 Determinative Factors Subject to Retroactive Change. The State shall redetermine the values and amounts set forth in Tables B through F and Tables J through O of this contract each calendar year commencing on or after the Billing Transition Date in order that the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct Project Conservation Facilities and Project Transportation Facilities, Annual Table A Amounts, estimated deliveries, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Delta Water Charge and Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State, as applicable. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency’s account in the manner described in
subdivisions (b)(2) and (b)(3) of this article.

(2) **Adjustment: Delta Water Charge and Transportation Charge -- Capital Components for Costs Incurred On or After the Billing Transition Date.** Adjustments for prior underpayments or overpayments of the capital component of the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date shall be paid in the year following the redetermination.

(3) **Adjustment: Delta Water Charge and Transportation Charge -- Minimum and Variable Components for Costs Incurred On or After the Billing Transition Date** One-twelfth of the adjustments for prior underpayments or overpayments of the Agency’s minimum operation, maintenance, power, and replacement component and variable operation, maintenance and power component of the Delta Water Charge and Transportation Charge for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination.
29. **TIME AND METHOD OF PAYMENT OF DELTA WATER CHARGE AND TRANSPORTATION CHARGE.**

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date. References to the Delta Water Charge shall include the Delta Water Charge for costs Incurred prior to the Billing Transition Date and the Delta Water Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable, and references to the Transportation Charge shall include the Transportation Charge for costs Incurred prior to the Billing Transition Date and the Transportation Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable.

(a) **Initial Payments.**

(1) *Delta Water Charge.* Payments by the Agency under the Delta Water Charge shall commence in the Year of Initial Water Delivery to the Agency.

(2) *Capital Component of the Transportation Charge.* Payments by the Agency under the capital component of the Transportation Charge shall commence in the year following the year in which the State commences construction of the Project Transportation Facilities.

(3) *Minimum Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall commence for each aqueduct reach in the year following the year in which construction of that reach is completed.

(4) *Variable Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the variable operation, maintenance, power and replacement component of the Transportation Charge shall commence in the Year of Initial Water Delivery to the Agency.

(b) **Annual Statement of Charges.** The State shall, on or before July 1 of each year, commencing with the year preceding the year in which payment of the respective charge is to commence pursuant to this article, furnish the Agency with a written statement of the following items:

(1) the charges to the Agency for the next succeeding year under the capital components and minimum operation, maintenance, power, and replacement components of the Delta Water Charges and Transportation Charges; *provided* that charges for Financing Costs shall be stated as separate items in the Statement of Charges;
(2) the unit charges to the Agency for the next succeeding year under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge; and

(3) the total charges to the Agency for the preceding year under the variable operation, maintenance, power and replacement components of such Delta Water Charge and Transportation Charge; provided that through December 31, 1969, the Delta Water Charge shall be based upon a unit rate of $3.50 per acre-foot and shall be paid by the Contractors on the basis of their respective Annual Table A Amounts, as provided in Article 22(b).

All such statements shall be accompanied by the latest revised copies of the documents amendatory to Article 22 and of the tables included in Articles 24 through 27, together with such other data and computations used by the State in determining the amounts of the above charges as the State deems appropriate.

(c) Monthly Statements. The State shall, on or before the fifteenth day of each month of each year, commencing with the Year of Initial Water Delivery to the Agency, furnish the Agency with a statement of the charges to the Agency for the preceding month under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge. Such charges shall be determined by the State in accordance with the relevant provisions of Articles 22 and 26 of this contract, upon the basis of metered deliveries of Project Water to the Agency, except as otherwise provided in those articles.

(d) Semiannual Payments of Capital Components. The Agency shall pay to the State, on or before January 1 of each year, one-half (1/2) of the charge to the Agency for the year under the capital component of the Delta Water Charge and one-half (1/2) of the charge to the Agency for the year under the capital component of the Transportation Charge, as such charges are stated pursuant to subdivision (b) of this article; and shall pay the remaining one-half (1/2) of each of such charges on or before July 1 of that year.

(e) Monthly Payments of Minimum Operation, Maintenance, Power, and Replacement Component. The Agency shall pay to the State, on or before the first day of each month of each year, one-twelfth (1/12) of the sum of the charges to the Agency for the year under the minimum operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, as such charges are stated pursuant to subdivision (b) of this article.

(f) Monthly Payments of Variable Operation, Maintenance, Power, and Replacement Component. The Agency shall pay to the State on or before the fifteenth day of each month of each year, the charges to the Agency under the variable operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, for which a statement was received by the Agency during the preceding month pursuant to subdivision (c) of this article, as
such charges are stated in such statement.

(g) **Contest of Charges.** In the event that the Agency in good faith contests the accuracy of any statement submitted to it pursuant to subdivision (b) or (c) of this article, it shall give the State notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that the State finds the Agency’s contentions regarding the statement to be correct, it shall revise the statement accordingly, and the Agency shall make payment of the revised amounts on or before the due date. To the extent that the State does not find the Agency’s contentions to be correct, or where time is not available for a review of such contentions prior to the due date, the Agency shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from the State.
50. WATER SYSTEM FACILITY REVENUE BOND FINANCING COSTS.

(a) Water System Facility Revenue Bonds to Finance Capital Costs Incurred Prior to the Billing Transition Date. The provisions of this subdivision (a) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred prior to the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds.

(1) Elements of Charge. Annual charges to recover such Water System Facility Revenue Bond Financing Costs shall consist of two elements.

(A) The first element shall be an annual charge to the Agency for repayment of Capital Costs of Water System Facilities as determined under Articles 22(a) and 24(a) of this contract with interest at the Project Interest Rate. For conservation facilities, the charge shall be a part of the capital component of the Delta Water Charge in accordance with the provisions of Article 22(a) applicable to Capital Costs Incurred prior to the Billing Transition Date. For transportation facilities, the charge shall be a part of the capital component of the Transportation Charge in accordance with the provisions of Article 24(a) applicable to Capital Costs Incurred prior to the Billing Transition Date.

(B) The second element shall be the Agency's share of a Water System Facility Revenue Bond Surcharge to be paid in lieu of a Project Interest Rate adjustment. The total annual amount to be paid by all Contractors under this element shall be the difference between the total annual charges under the first element and the annual Financing Costs of the related Water System Facility Revenue Bonds. The amount to be paid by each Contractor shall be calculated annually as if the Project Interest Rate were increased to the extent necessary to produce revenues from all Contractors sufficient to pay such difference for that year. In making that calculation, adjustments in the Agency's transportation capital component charges for prior overpayments and underpayments shall be determined as if amortized over the remaining years of the Project Repayment Period.

(2) Identification of Surcharge on Invoices. The Water System Facility Revenue Bond Surcharge will be identified in the Agency's invoice.

(3) Timing of Surcharge Payments. Surcharge payments shall be made in accordance with Article 29(f) of this contract.

(4) Termination of Surcharge. The Water System Facility Revenue Bond Surcharge under Article 50(a)(1)(B) shall cease for each series of Water System Facility Revenue Bonds when that series is fully repaid. However, the
annual charge determined pursuant to Article 50(a)(1)(A) shall continue to be collected for the time periods otherwise required under Articles 22 and 24.

(5) Reduction of Charges. After the Department has repaid the California Water Fund in full and after each series of Water System Facility Revenue Bonds is repaid, the Department will reduce the charges to all Contractors in an equitable manner in a total amount that equals the amount of the charges under Article 50(a)(1)(A) that the Department determines is not needed for future financing of facilities of the System which, in whole or in part, will serve the purposes of the water supply contract with the Agency.

(b) Water System Facility Revenue Bonds to Finance Capital Costs Incurred On or After the Billing Transition Date. The provisions of this subdivision (b) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred on or after the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds. The amount of this charge shall be calculated in two steps as follows:

(1) Allocation of Water System Facility Capital Costs. Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are conservation facilities shall be allocated among all Contractors in proportion to each Contractor’s Maximum Annual Table A Amount. Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are transportation facilities shall be allocated among all Contractors in accordance with Article 24(c).

(2) Determination of Annual Financing Cost Amounts. The State shall determine and charge the Agency each year the amount of the Financing Costs the State incurs in that year for the Water System Facility Revenue Bonds issued to finance such Water System Facility Capital Costs allocated to the Agency.

(c) Provisions Applicable to All Water System Facility Revenue Bonds. The provisions of this article shall apply to all Water System Facility Revenue Bonds.

(1) Credits for Excess Amounts. The State shall provide credits to the Contractors for excess reserve funds, excess debt service coverage, interest, and other earnings of the State in connection with payment of the Financing Costs of such Water System Facility Revenue Bonds, when and as permitted by the applicable bond resolution or indenture. When such credits are determined by the State to be available, such credits shall be promptly provided to the Contractors and shall be in proportion to the payments of Water System Facility Revenue Bond Financing Costs from each Contractor. Reserves, bond debt service coverage, interest, and other earnings may be used to retire bonds.
(2) **Allocation of Maturities Permitted.** When calculating charges for Water System Facility Revenue Bond Financing Costs, the State may allocate portions of particular maturities of Water System Facility Revenue Bonds and the Financing Costs associated with such maturities to particular Water System Facilities, in order to establish a reasonable relationship between the Economic Useful Life of such facilities and the term of bonds issued to finance such facilities, and may determine the Financing Costs allocated to the Agency on the basis of such maturity allocation.

(3) **Supplemental Bills for Unanticipated Financing Costs.** The State may submit a supplemental bill to the Agency for the year if necessary to meet unanticipated costs for Water System Facility Revenue Bond Financing Costs for which the State can issue a statement of charges under this article and any other article of this contract providing for payments that are pledged to the payment of Revenue Bonds issued to finance Project Facility Capital Costs allocated to the Agency. The relative amounts of any supplemental billing made to the Agency and to other Contractors for Revenue Bond purposes shall be governed by the otherwise applicable article. Payment of any supplemental billing shall be due thirty days after the date of the invoice.

(4) **Insurance on Contractor Obligations.** To the extent economically feasible and justifiable, as determined by the State after consultation with Contractors, the State shall maintain insurance or other forms of security protecting bondholders and non-defaulting Contractors against costs resulting from the failure of any Contractor to make the payments required by this article.

(5) **Consultation on Financing Plan.** Before issuing each series of Water System Facility Revenue Bonds, the State shall consult with the Contractors, prepare a plan for the State’s future financing of Water System Facilities, and give the Agency an opportunity to comment on the plan. The plan shall include but not be limited to the size of any Water System Facility Revenue Bond issuances and the form of any necessary resolutions, indentures or supplements.

(6) **Defaults.**

(A) If a Contractor defaults partially or entirely on its payment obligations with respect to Water System Facility Revenue Bond Financing Costs and sufficient insurance or other security protecting the non-defaulting Contractors is not provided under subdivision (c)(4) of this article, the State shall allocate a portion of the default to each non-defaulting Contractor. The Agency’s share of the default shall be equal to an amount determined by multiplying the total default amount to be charged to all non-defaulting Contractors by the ratio that the Agency’s Maximum Annual Table A Amount bears to the total of the Maximum Annual Table A Amounts of all non-defaulting Contractors. However, such amount shall not exceed in any year 25 percent of the Water System
Facility Revenue Bond Financing Costs that are otherwise payable by the Agency in that year. The amount of default to be charged to non-defaulting Contractors shall be reduced by any receipts from insurance protecting non-defaulting Contractors and bond debt service coverage from a prior year and available for such purpose.

(B) If a Contractor defaults partially or entirely on its payment obligations under this article, the State shall also pursuant to Article 20, upon six months’ notice to the defaulting Contractor, suspend water deliveries under Article 20 to the defaulting Contractor so long as the default continues. The suspension of water deliveries shall be proportional to the ratio of the default to the total Water System Facility Revenue Bond Financing Cost payments due from the defaulting Contractor. However, the State may reduce, eliminate, or not commence suspension of deliveries pursuant to this subparagraph if it determines suspension in the amounts otherwise required is likely to impair the defaulting Contractor’s ability to avoid further defaults or that there would be insufficient water for human consumption, sanitation, and fire protection. The State may distribute the suspended water to the non-defaulting Contractors on terms it determines to be equitable.

(C) During the period of default, credits otherwise due the defaulting Contractor shall be applied to payments due from the defaulting Contractor.

(D) Except as otherwise provided in subparagraph (c) of this article, the defaulting Contractor shall repay the entire amount of the default to the State with interest compounded annually at the Surplus Money Investment Fund rate before water deliveries that had been suspended shall be fully resumed to that Contractor. If the defaulting Contractor makes a partial repayment of its default, the Department may provide a proportional restoration of suspended deliveries. The amount of the default to be repaid shall include any amounts previously received by the State from insurance proceeds, bond debt service coverage, or other reserves, and payments from other Contractors pursuant to this subparagraph (c)(6). The defaulting Contractor shall not be entitled to any
make-up water deliveries as compensation for any water deliveries suspended during the period when the Contractor was in default.

(E) At such time as the default amount is repaid by the defaulting Contractor, the non-defaulting Contractors shall receive credits in proportion to their contributions towards the amount of the default with interest collected by the State on the defaulted amount.

(F) In the event there is an increase in the amount a non-defaulting Contractor contributes to reserves and/or bond debt service coverage, such increase shall be handled in the same manner as provided in subparagraph (a) of this article.

(G) Action taken pursuant to this subdivision shall not deprive the State of or limit any remedy provided by this contract or by law for the recovery of money due or which may become due under this contract.

(7) *No Article 51 Reduction.* Amounts of Water System Facility Revenue Bond Financing Costs payable under this contract shall not be affected by any reductions in payments pursuant to Article 51.

(8) *Contract Extension.* In the event the Contract Extension Amendment takes effect, but not all Contractors sign the amendment, the following shall apply: If and to the extent that the charges under Article 50(b)(1) and 50(b)(2) of the water supply contracts of Contractors that have not executed the Contract Extension Amendment (“non-signing Contractors”) are not sufficient to recover the annual Financing Costs that relate to Revenue Bonds issued to finance capital costs that are Incurred after the Billing Transition Date and are allocable to such non-signing Contractors, the amount of the shortfall shall be determined. Such shortfall shall be charged to the Contractors that have executed the Contract Extension Amendment (“signing Contractors”) in proportion to each such signing Contactor’s total Water System Facility Revenue Bond Financing Cost charges under Article 50(b) of this contract.
51. **FINANCIAL ADJUSTMENTS.**

(a) **Article Expiration.**

This Article 51 shall be effective through December 31, 2035 and shall be of no further effect on and after January 1, 2036; provided, however, that the provisions of this Article 51 may, to the extent applicable, continue to be used and applied on and after January 1, 2036 for the purpose of truing up amounts owed by the Agency to the State or by the State to the Agency for the calendar years up to and ending with calendar year 2035.

(b) **State Water Facilities Capital Account.**

(1) The State shall establish a State Water Facilities Capital Account to be funded from revenues available under Water Code section 12937(b)(4). Through procedures described in this article and as limited by this article, the State may consider as a revenue need under subdivision (c)(2)(v) of this article and may deposit in the State Water Facilities Capital Account the amounts necessary to pay capital costs of the State Water Facilities for which neither general obligation bond nor revenue bond proceeds are available, including but not limited to planning, reconnaissance and feasibility studies, the San Joaquin Valley Drainage Program and, through the year 2000, the CALFED Bay-Delta Program.

(2) The Director of the Department of Water Resources shall fully consult with the Contractors and consider any advice given prior to depositing funds into this account for any purposes. Deposits into this account shall not exceed the amounts specified in subdivision (c)(2)(v) of this article.

(3) The State shall use revenue bonds or other sources of moneys rather than this account to finance the costs of construction of any major capital projects.

(4) Five years following the Contract Extension Amendment Effective Date, the SWRDS Finance Committee shall review the State Water Facilities Capital Account to determine whether to recommend to the Director that this account be closed. If the Director determines to close the account, the State shall transfer any balance in the account to the SWRDS Support Account.

(5) Unless closed sooner, the State Water Facilities Capital Account shall terminate on December 31, 2035 and the State shall transfer any balance in such account to the SWRDS Support Account.
(c) **Calculation of Financial Needs.**

(1) Each year the State shall calculate in accordance with the timing provisions of Articles 29 and 31 the amounts that would have been charged (but for this article) to each Contractor as provided in other provisions of this contract.

(2) Each year the State shall also establish its revenue needs for the following year for the following purposes, subject to the following limitations:

(i) The amount required to be collected under the provisions of this contract, other than this article, with respect to all revenue bonds issued by the State for Project Facilities.

(ii) The amount required for payment of the reasonable costs of the annual maintenance and operation of the State Water Resources Development System and the replacement of any parts thereof as described in Water Code section 12937(b)(1). These costs shall not include operation and maintenance costs of any Federal Central Valley Project facilities constructed by the United States and acquired by the State of California after 1994, other than the State's share of the joint use facilities which include San Luis Reservoir, the San Luis Canal and related facilities.

(iii) The amount required for payment of the principal of and interest on the bonds issued pursuant to the Burns-Porter Act as described in Water Code section 12937(b)(2).

(iv) Any amount required for transfer to the California Water Fund in reimbursement as described in Water Code section 12937(b)(3) for funds utilized from said fund for construction of the State Water Resources Development System.

(v) For the years 1998 and thereafter, the amount needed for deposits into the State Water Facilities Capital Account as provided in subdivision (b) of this article, but (A) not more than $6 million per year for the years 1998, 1999 and 2000, and (B) not more than $4.5 million per year for the years 2001 and thereafter.

(3) The State shall reduce the annual charges in the aggregate for all Contractors by the amounts by which the hypothetical charges calculated pursuant to subdivision (c)(1) above exceed the revenue needs determined pursuant to subdivision (c)(2) above; provided that the reduction in annual charges in the aggregate for all Contractors shall not exceed $48 million in any year beginning with the first calendar year following the Contract Extension Amendment Effective Date. The provisions regarding the reduction in annual charges that were in effect prior to the Contract Extension Amendment Effective Date shall continue to apply to the entire calendar year in which the Contract Extension Amendment Effective Date
occurs. The reductions under this article shall be apportioned among the Contractors as provided in subdivisions (d), (e), (f) and (g) of this article. Reductions to Contractors shall be used to reduce the payments due from the Contractors on each January 1 and July 1; provided, however, that to the extent required pursuant to subdivision (h) of this article, each Agricultural Contractor shall pay to the Agricultural Rate Management Trust Fund an amount equal to the reduction allocated to such Agricultural Contractor. Any default in payment to the trust fund shall be subject to the same remedies as any default in payment to the State under this contract. To determine whether the reduction in annual charges in the aggregate for all Contractors equals the $48 million limit specified in this subdivision (c)(3), it shall be assumed that all Contractors have executed the Contract Extension Amendment and will share in the available rate reductions consistent with the proportions as provided in this contract, regardless of whether one or more Contractors do not receive a reduction under their respective Water Supply Contracts.

(4) The supplemental billing provisions authorized under this Article 51(c)(4) shall remain in effect through December 31, 2035, unless the Director determines in his or her discretion to eliminate the use of supplemental billing prior to that date or the Director in his or her discretion accepts a recommendation from the SWRDS Finance Committee to eliminate the use of supplemental billing prior to that date.

(i) The State shall inform the SWRDS Finance Committee if the available System cash balances are projected by the State to fall during the succeeding one hundred twenty (120) days to an amount below an amount equal to ninety (90) days operating expenditures. The SWRDS Finance Committee shall make a recommendation in light of such circumstances to the Director.

(ii) The State may submit a supplemental billing to the Agency for the year in an amount not to exceed the amount of the prior reductions for such year under this Article if necessary to meet unanticipated costs for purposes identified in Water Code Section 12937(b)(1) and (2) for which the State can issue billings under other provisions of this contract, subject to the following procedures and limitations:

(a) The State may only issue supplemental bills pursuant to the provisions of this Article 51(c)(4) when available System cash
balances are projected to be less than the amount equal to 90 days operating expenditures.

(b) The term “available System cash balances,” for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean available amounts in the following California Water Resources Development Bond Fund accounts: System Revenue Account (to the extent the funds in the System Revenue Account are not projected to be needed for payment of Burns-Porter General Obligation Bond debt service within the next two years), General Operating Account, SWRDS Reinvestment Account, and SWRDS Support Account (to the extent the funds in the SWRDS Support Account are not projected to be needed for non-reimbursable expenditures within the next two years).

(c) The term “operating expenditures” for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean the costs described in California Water Code Section 12937(b) chargeable to the State Water Project as water supply.

(d) Any supplemental billing made to the Agency for these purposes shall be in the same proportion to the total supplemental billings to all Contractors for these purposes as the prior reduction in charges to the Agency in that year bears to the total reduction in charges to all Contractors in that year and shall be treated as reducing the amount of the reduction made available for that year to the Contractor by the amount of the supplemental bill to the Contractor.

(5) The State may also submit a supplemental billing to the Agency for the year if necessary to meet unanticipated costs for revenue bond debt service and coverage for which the State can issue a statement of charges under provisions of this contract other than this article. The relative amounts of any supplemental billing made to the Agency and to other Contractors for revenue bond purposes shall be governed by such other applicable provisions of this contract.

(6) Payment of any supplemental billing shall be due thirty days after the date of the invoice. Delinquency and interest on delinquent amounts due shall be governed by Article 32.
(d) **Apportionment of Reductions between Agricultural and Urban Contractors.**

1. Commencing with the first calendar year following the Contract Extension Amendment Effective Date, the State shall apportion available reductions for each year in accordance with this Article.

2. Annual reductions in the aggregate amount of $48 million are projected to be available in the first calendar year following the Contract Extension Amendment Effective Date and each succeeding year through calendar year 2035 and shall be applied as follows:

   i. If reductions are available in an aggregate amount that equals $48 million, $11,856,000 of reductions shall be apportioned among the Agricultural Contractors, and $36,144,000 of reductions shall be apportioned among the Urban Contractors.

   ii. If reductions are available in an aggregate amount less than $48 million in any of these years, the reductions shall be divided on a 24.7%-75.3% basis between the Agricultural Contractors and the Urban Contractors respectively.

3. No Contractor shall be entitled to receive in any year any additional reductions, including any additional reductions to make up for deficiencies in past projected reductions and any additional reductions above an aggregate annual amount of $48 million.

4. Reductions in annual charges to a Contractor pursuant to this Article 51 (d) shall only be made prospectively beginning with the later of the first calendar year following the Contract Extension Amendment Effective Date or the first calendar year following the date the Contractor executes the Contract Extension Amendment. Apportionments of reductions shall be calculated on the assumption that all Contractors have executed such amendment.

(e) **Revenues and Reports.**

1. Each year, beginning with the first calendar year commencing after the Contract Extension Amendment Effective Date, the Director shall determine the amount of available Article 51(e) Amounts. The Director shall determine the aggregate amount that would have been charged to all Contractors in any year but for this Article 51 and from that amount shall deduct the sum of

   i. the amount of revenues needed for the purposes specified in subdivisions (c)(2)(i), (ii), (iii), (iv) and (v) plus

   ii. $48 million.
The remaining amount, if any, shall be referred to herein as "Article 51(e) Amounts".

(2) The State shall allocate available Article 51(e) Amounts as follows: The Director in his or her discretion shall allocate and transfer or deposit up to 80% of available Article 51(e) Amounts, as determined on a projected basis, and up to 100% of available Article 51(e) Amounts, as determined on an actual basis, into the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account. Any Article 51(e) Amounts determined on an actual basis to be remaining in the Systems Revenue Account after the Director allocates and transfers such amounts to the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account shall remain in the Systems Revenue Account and shall be tracked separately in the State’s Financial Information System. The Director shall have full discretion regarding the use of the amounts remaining in the Systems Revenue Account.

(3) The State shall prepare and distribute an Annual Rate Reduction Determination Report setting out the factors used to determine reductions in rates pursuant to Article 51(c). The report shall include a display of the distribution of gross annual revenues before, among other items, recreation and fish and wildlife expenditures, contributions to the State Water Facilities Capital Account and reduction in rates pursuant to Article 51(c). The report shall also include a display of the distribution and/or allocation of net annual revenues after reduction in rates pursuant to Article 51(c), to the General Operating Account, SWRDS Support Account, SWRDS Reinvestment Account, 51(e) Sub-Account of the Systems Revenue Account, Davis-Dolwig Fund, State Water Facilities Capital Account, and Suspended Costs, as applicable.

(4) The System Financial Activity Report, which is required to be prepared quarterly pursuant to Article 61(d), shall include annual and accumulated Article 51(e) Amounts and expenditure activity, including the beginning balance, the annual activity and the ending balance for the year for each fund or account into which Article 51(e) Amounts have been transferred or deposited. The System Financial Activity Report should also have sufficient detail to provide comprehensive accounting of annual Article 51(e) Amounts and the uses of the annual Article 51(e) Amounts to enable the SWRDS Finance Committee to assess the use of these amounts.
(f) **Apportionment of Reductions Among Urban Contractors.**

Reductions in annual charges apportioned to Urban Contractors under subdivision (d) of this article shall be further allocated among Urban Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Urban Contractor shall be based on each Urban Contractor's proportionate share of total allocated capital costs as calculated below, for both project conservation and project transportation facilities, repaid by all Urban Contractors over the project repayment period.

1. The conservation capital cost component of the reduction allocation shall be apportioned on the basis of maximum annual Table A amount. Each Urban Contractor's proportionate share shall be the same as the percentage of that Contractor's maximum annual Table A amount to the total of all Urban Contractors' maximum annual Table A.

2. The transportation capital cost component of the reduction allocation shall be apportioned on the basis of transportation capital cost component repayment obligations, including interest over the project repayment period. Each Urban Contractor's proportionate share shall be the same as the percentage that the Contractor's total transportation capital cost component repayment obligation is of the total of all Urban Contractors' transportation capital cost component repayment obligations.

   (i) Recalculations shall be made annually through the year 1999. Beginning in the year 2000 recalculations shall be made every five years unless an Urban Contractor requests a recalculation for an interim year and does so by a request in writing delivered to the Department by January 1 of the year in which the recalculation is to take place.

   (ii) The transportation capital cost component repayment obligations, for purposes of this Article 51(f), shall be based in the year of recalculation on the then most recent Department of Water Resources Bulletin 132, Table B-15, "Capital Cost Component of Transportation Charge for Each Contractor," or its equivalent, excluding any costs or Table A amount associated with transfers of Table A amounts from Agricultural Contractors pursuant to Article 53.

3. To reflect the relative proportion of the conservation capital cost component and the transportation capital cost component to the total of all capital cost repayment obligations, the two cost components shall be weighted as follows:

   (i) The conservation capital cost component shall be weighted with a thirty percent (30%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of maximum annual Table A Amounts as calculated in subdivision (f)(1) of this article by thirty percent (30%).

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(ii) The transportation capital cost component shall be weighted with a seventy percent (70%) factor. The weighting shall be accomplished by multiplying each Urban Contractor’s percentage of transportation capital cost component repayment obligations as calculated in subdivision (f)(2) of this article by seventy percent (70%).

(iii) A total, weighted capital cost percentage shall be calculated for each Urban Contractor by adding the weighted conservation capital cost component percentage to their weighted transportation capital cost component percentage.

(4) The total amount of the annual charges to be reduced to Urban Contractors in each year shall be allocated among them by multiplying the total amount of annual charges to be reduced to the Urban Contractors by the total, weighted capital cost percentages for each such Contractor. If the amount of the reduction to an Urban Contractor is in excess of that Contractor's payment obligation to the Department for that year, such excess shall be reallocated among the other Urban Contractors.

(5) In the case of a permanent transfer of urban Table A amounts, the proportionate share of annual charge reductions associated with that Table A amount shall be transferred with the Table A amount to the buying Contractor. In the case of an Table A amount transfer by either Santa Barbara County Flood Control and Water Conservation District or San Luis Obispo County Flood Control and Water Conservation District, the reductions in annual charges to that agency shall be allocated (a) on the basis of that Table A amount being retained by that agency which bears Coastal Branch Phase II transportation costs, (b) on the basis of that Table A amount being retained by that agency which does not bear Coastal Branch Phase II transportation costs, and (c) on the basis of the balance of that agency’s Table A amount which also does not bear Coastal Branch Phase II transportation costs.

(g) **Apportionment of Reductions Among Agricultural Contractors.**

(1) Reductions in annual charges apportioned to Agricultural Contractors under subdivision (d) of this article shall be allocated among the Agricultural Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Agricultural Contractor for the years 1997 through 2001 shall be based on each Agricultural Contractor's estimated proportionate share of the total project costs, excluding the variable operation, maintenance, power and replacement components of the Delta Water Charge and the Transportation Charge and also excluding off-aqueduct power charges, to be paid by all Agricultural Contractors for the years 1997 through 2035, calculated without taking into account this article. For purposes of these calculations, Kern County Water Agency's and Dudley Ridge Water District's estimated project costs shall not
include any costs associated with the 45,000 acre-feet of Annual Table A Amounts being permanently relinquished by those Contractors pursuant to subdivision (j) of Article 53. Also, for purposes of these calculations, an Agricultural Contractor's estimated project costs shall not be reduced by the transfer of any of the 130,000 acre-feet of Annual Table A Amounts provided for in subdivisions (a) through (i) of Article 53. The proportionate shares for 1997 through 2001 shall be calculated as follows:

(i) Each Agricultural Contractor's statement of charges received on July 1, 1994, shall be the initial basis for calculating the proportionate shares for the five years 1997 through 2001.

(ii) Each Agricultural Contractor's estimated capital and minimum components of the Delta Water Charge and the Transportation Charge (excluding off-aqueduct power charges) and Water Revenue Bond Surcharge shall be totaled for the years 1997 through 2035.

(iii) Kern County Water Agency and Dudley Ridge Water District totaled costs shall be reduced for the 45,000 acre-feet of annual Table A amount being permanently relinquished by them.

(iv) Any reductions in an Agricultural Contractor's totaled costs resulting from the transfer of any of the 130,000 acre-feet of annual Table A amount shall be re-added to that Contractor's costs.

(v) Each Agricultural Contractor's proportionate share shall be computed by dividing that Contractor's total costs by the total costs for all Agricultural Contractors determined pursuant to subparagraphs (ii), (iii) and (iv) above.

(2) The reductions in annual charges, for 1997 through 2001, shall be calculated using the method described in subdivision (g)(1) of this article.

(3) The allocation shall be recalculated using the same method described in subdivision (g)(1) of this article every five years beginning in 2002, if any Agricultural Contractor requests such a recalculation. Any recalculation shall be based on project cost data beginning with the year that the recalculation is to become effective through 2035.
(h) **Agricultural Rate Management Trust Fund.**

(1) Establishment. Through a trust agreement executed contemporaneously with this amendment, the State and the Agricultural Contractors that sign the Monterey Amendments shall establish the Agricultural Rate Management Trust Fund with a mutually agreed independent trustee.

(2) Separate Accounts. The trustee shall maintain within the trust fund a separate account for each Agricultural Contractor that signs the trust agreement to hold deposits made pursuant to this article.

(3) Deposits. Each Agricultural Contractor that signs the trust agreement shall deposit into such Contractor's account within the trust fund, at the same time as payments would otherwise be required by this contract to be made to the State, an amount equal to the amount by which such Contractor's charges under this contract have been reduced by reason of this article, until the balance in such Contractor's account within the trust fund is the same percentage of $150,000,000 as such Contractor's percentage share of reductions made available to all Agricultural Contractors as specified in subdivision (g) of this article. In 2002 and every fifth year thereafter, the Agricultural Contractors will review the maximum accumulation in the trust fund (the "Cap") and determine whether the cap should be adjusted. However, the Cap shall not be reduced below an aggregate of $150,000,000 for all Agricultural Contractor accounts.

(4) Trust Fund Disbursements.

   (i) In any year in which the State's allocation of water to an Agricultural Contractor by April 15th of that year is less than one-hundred percent (100%) of the Contractor's requested annual Table A amount for that year, the trustee shall, to the extent there are funds in that Contractor's account, distribute to the State from such account for the benefit of that Contractor an amount equal to the percentage of the total of that Contractor's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum operation, maintenance, power and replacement components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of that Contractor's annual Table A amount for that year that was not allocated to it by the State by April 15th of that year.

   (ii) In addition to the provisions of subdivision (h)(4)(i) of this article, if on April 15 of any year any of the irrigable land within the Tulare Lake Basin Water Storage District (Tulare) is flooded, and Tulare in writing requests the trustee to do so, the trustee shall, to the extent there are funds in Tulare's account, distribute to the State from such account for the benefit
of Tulare an amount equal to the percentage of the total of Tulare's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of the irrigable land within Tulare that is flooded on April 15.

(iii) Each Agricultural Contractor shall remain obligated to make payments to the State as required by other articles in this contract. Any amount to be disbursed pursuant to subdivisions (h)(4)(i) and (h)(4)(ii) shall be paid by the trustee to the State on July 1 of the year involved and shall be credited by the State toward any amounts owed by such respective Agricultural Contractor to the State as of that date. However, an Agricultural Contractor may direct the trustee to make the disbursement to that Agricultural Contractor which shall in turn make the payment to the State as required by other provisions of this contract. If the amount to be disbursed exceeds the amount owed to the State by such Contractor as of July 1, the excess shall be disbursed by the Trustee to the State at the time of and in payment of future obligations owed to the State by such Contractor. Alternatively, upon the request of such Contractor, all or part of the excess shall be paid by the trustee to that Contractor in reimbursement of prior payments by the Contractor to the State for that year.

(5) Payment of Supplemental Bills. In any year in which a supplemental bill has been submitted to an Agricultural Contractor pursuant to subdivision (c)(4) of this article, such supplemental bill shall be treated as reducing by an equal amount the obligation of such Contractor for that year to make payments into the Agricultural Rate Management Trust Fund. To the extent that such Contractor has already made payments to the trust fund in an amount in excess of such Contractor's reduced trust fund payment obligation, such Contractor may request the trustee to use the excess from the trust fund to pay the supplemental bill.

(6) Discharge of Payment Obligation. Each payment to the State by the trust fund shall discharge and satisfy the Agricultural Contractor's obligation to pay the amount of such payment to the State. No reimbursement of the trust fund by the Agricultural Contractor for such payments shall be required. However, each Agricultural Contractor shall continue to make deposits to the trust fund matching the amount of each year's reductions as provided in subdivision (d) of this article so long as the amount in that Contractor's account is less than its share of the Cap.

(7) Distribution of Funds in Excess of the Cap. Whenever accumulated funds (including interest) in an Agricultural Contractor's account in the trust fund exceed that Contractor's share of the Cap, or the estimated remaining payments the Contractor is required to make to the State prior to the end of the project
repayment period, that Contractor may direct the trustee to pay such excess to the Contractor.

(8) Termination of Trust Fund. At the end of the project repayment period, the Agricultural Rate Management Trust Fund shall be terminated and any balances remaining in the accounts for each of the Agricultural Contractors shall be disbursed to the respective Agricultural Contractors.

(i) Definitions. For the purposes of this article, the following definitions will apply:

(1) "Agricultural Contractor" shall mean the following agencies as they now exist or in any reorganized form:

(i) County of Kings,

(ii) Dudley Ridge Water District,

(iii) Empire West Side Irrigation District,

(iv) Kern County Water Agency for 848,130 acre-feet of its Table A amount,

(v) Oak Flat Water District,

(vi) Tulare Lake Basin Water Storage District.

(2) "Urban Contractor" shall mean every other agency having a long term water supply contract with the State as they exist as of the date of this amendment or in any reorganized form as well as Kern County Water Agency for 134,600 acre-feet of its Table A amount.

(j) Except as provided in subdivisions (c)(4) and (c)(5), this article shall not be interpreted to result in any greater State authority to charge the Contractors than exists under provisions of this contract other than this article.
II. ARTICLE 61 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

61. FINANCIAL ACCOUNTS AND ACTIVITIES

(a) General Operating Account

(1) The State shall maintain a General Operating Account to provide the moneys needed for the following purposes:

   (i) To pay or provide for the payment of System costs which are reimbursable by one or more Contractors under their respective Water Supply Contracts in the event System revenues available for such payment are insufficient for such purpose; or

   (ii) To pay or provide for the payment of System costs for any System purpose in the event of a System emergency as defined in Article 61(a)(1)(iii).

   (iii) A System Emergency, as used in this Article 61(a)(1)(ii) shall mean an immediate, urgent, critical, unexpected, or impending situation that, in the judgment of the Director may cause or pose a risk of causing injury, loss of life, damage to the property, impairment of the financial condition, and/or interference with the normal activities of the System which requires immediate attention and remedial action.

(2) The maximum amount in the General Operating Account shall be set, adjusted and funded as follows:

   (i) Upon the Contract Extension Amendment Effective Date, the maximum amount shall be $150 million.

   (ii) On or before the first September 1 occurring five (5) years after the Contract Extension Amendment Effective Date and every five (5) years thereafter, the State shall present a business case analysis of the maximum amount reasonably necessary or appropriate to be maintained in the General Operating Account, including an evaluation of the maximum amount and its relationship to the business risks associated with the System cash flow, to the SWRDS Finance Committee for recommendation to the Director regarding a General Operating Account maximum amount
adjustment, provided that the maximum amount shall not be less than $150 million.

(iii) To fund the General Operating Account to its maximum amount, the Director may, in his or her discretion, transfer to the General Operating Account (1) amounts determined to be available pursuant to Article 51(e); (2) earnings from the investment of amounts in the General Operating Account; (3) amounts in the SWRDS Reinvestment Account; and (4) amounts in the SWRDS Support Account.

(iv) If the Director determines to decrease the maximum amount pursuant to Article 61(a)(2)(ii), or the maximum amount is otherwise exceeded, the excess amount in the General Operating Account shall be transferred to the SWRDS Reinvestment Account.

(v) The State shall replenish the amounts used from the General Operating Account (1) through charges to the Contractors to the extent the Contractors are obligated to reimburse the State for the costs paid with such amounts and (2) from the SWRDS Support Account or other available revenues (including the sources described in subparagraph (iii) of this Article 61(a)(2)) for costs not reimbursable by the Contractors under their respective Water Supply Contracts.

(vi) General Operating Account investment earnings shall be used to fund the General Operating Account to its maximum amount or, in the Director’s discretion, transferred to the SWRDS Support Account and/or the SWRDS Reinvestment Account.

(3) The State shall prepare monthly reports on the balance in and use of the General Operating Account for the Director, and shall provide those reports to the SWRDS Finance Committee. The SWRDS Finance Committee may periodically review reporting frequency and make recommendations to the Director regarding reporting frequency.

(b) **SWRDS Reinvestment Account**

(1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Reinvestment Account to provide a continuing source of investment revenue to provide amounts to be transferred to or deposited in the General Operating Account, the SWRDS Reinvestment Account, and the SWRDS Support Account.

(2) To fund the SWRDS Reinvestment Account, the Director may, in his or her discretion, transfer to the SWRDS Reinvestment Account (i) amounts determined to be available pursuant to Article 51(e), (ii) earnings from the investment of amounts in the SWRDS Reinvestment Account, (iii) payments by
the Contractors for capital costs funded from the SWRDS Reinvestment Account, (iv) amounts from the SWRDS Support Account, and (v) amounts from the General Operating Account.

(3) Amounts in the SWRDS Reinvestment Account may be used and/or invested as follows:

(i) To pay capital costs of Project Facilities to the extent those costs are reimbursable by one or more Contractors under their respective Water Supply Contracts. Such capital costs shall be reimbursed to the State in accordance with item 5 of this subparagraph (b) below.

(ii) To pay capital costs of Project Facilities pending reimbursement of the State with the proceeds of revenue bonds issued by the State; and

(iii) To make temporary investments in accordance with the statutory limitations on such investments.

(4) The State shall prepare regular reports on the SWRDS Reinvestment Account for the Director and shall provide those reports to the SWRDS Finance Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Reinvestment Account.

(5) Amortization of Costs Financed with Amounts in the SWRDS Reinvestment Account. Charges to amortize Project Facility Capital Costs paid with amounts from the SWRDS Reinvestment Account shall return to the State, in equal annual amounts over an amortization period determined by the State, the amount of each such cost together with an interest charge on the unamortized balance thereof.

(i) The length of such amortization periods may be from ten (10) to fifty (50) years, provided that if the capital asset has an Economic Useful Life of less than ten (10) years, the amortization period may be a comparable period of less than ten (10) years.
(ii) The interest charge shall be at a rate equal to the market interest rate at the time the cost is Incurred on municipal Revenue Bonds with the following characteristics:

   (a) the same rating as the rating on Revenue Bonds issued by the State to finance Project Facilities, and

   (b) the same term as the length of the amortization period, all as determined by the State.

(iii) For the purposes of this subdivision (b)(5), the State may aggregate the Capital Costs of each Project Facility Incurred during each calendar year and determine a composite interest rate and a composite amortization period applicable to the amortization of such costs.

(iv) The amortization charges relating to the costs Incurred during each calendar year shall commence the calendar year starting one year after the end of the calendar year in which such costs were Incurred, and the amount to be amortized shall include capitalized interest for the period from the date or dates the costs are Incurred to the date of commencement of amortization.

(c) **SWRDS Support Account**

   (1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Support Account to provide a source of funds to pay System costs that are not chargeable to the Contractors under their respective Water Supply Contracts and for the payment of which there are no other monies available.

   (2) To fund the SWRDS Support Account, the Director may, in his or her discretion, transfer to the SWRDS Support Account (i) amounts determined to be available pursuant to Article 51(e); (ii) amounts in the SWRDS Reinvestment Account, (iii) investment earnings in the General Operating Account; (iv) earnings from the investment of amounts in the SWRDS Support Account; and (v) other available revenues. The State shall not charge the Agency to replenish the SWRDS Support Account for costs not otherwise chargeable to the Agency under this contract.

   (3) If the State is reimbursed or other amounts are appropriated and received for a cost paid from the SWRDS Support Account, the State shall deposit the amount reimbursed or received in the SWRDS Support Account.

   (4) The State shall prepare regular reports on the SWRDS Support Account for the Director and shall provide those reports to the SWRDS Finance
Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Support Account.

(d) System Financial Activity Report and Reporting Principles

(1) The State shall prepare and distribute quarterly a System Financial Activity Report that contains the following information:

   (i) By fund or account, the activity in the following funds and accounts: the General Operating Account, the SWRDS Support Account, the SWRDS Reinvestment Account, the 51(e) Sub-Account of the Systems Revenue Account, the Davis-Dolwig Fund, and the State Water Facilities Capital Account, and the activity with respect to suspended costs.

   (ii) The data in the System Financial Activity Report shall be auditable, which includes an audit trail from the costing ledger (currently the Utility Cost Accounting Billing System, as of the Contract Extension Amendment Effective Date) to the general ledger (currently SAP, as of the Contract Extension Amendment Effective Date) or the Bulletin 132 estimates to the System Financial Activity Report.

(2) Appendix B, entitled System Reporting Principles, contains principles and guidelines which shall be followed, to the extent applicable, in the preparation of System financial reports and financial management reports.

(e) State Water Resources Development System Finance Committee

(1) The State shall establish a joint State and Contractors finance committee, which shall be referred to as the State Water Resources Development System Finance Committee or SWRDS Finance Committee. The membership of the SWRDS Finance Committee shall include both representatives from the State and the Contractors.

(2) The primary purpose of the SWRDS Finance Committee shall be to make recommendations to the Director concerning the financial policies of the System. The State and the Contractors shall describe the scope of the SWRDS Finance Committee in a charter mutually agreeable to the State and the Contractors.

(f) Cost Recovery

In general, the State should seek reimbursement for all System costs from the appropriate customers and users of System facilities. With respect to those System costs that are reimbursable by the Contractors, the State should allocate
financial responsibility for such costs in a manner that is both lawful and equitable, and which endeavors to recover such costs from the appropriate Contractors. If the State proposes to not charge any Contractor the full amount that the State is entitled to charge the Contractor under the contract, the State shall present a written proposal to the SWRDS Finance Committee for purposes of developing a recommendation to the Director regarding the proposal. The State shall submit such proposal in writing to the SWRDS Finance Committee 90 days in advance of the Director issuing any decision and within such 90 day period the SWRDS Finance Committee shall provide the Director with a recommendation regarding such proposal. Such proposals shall comply with the structure set out in the SWRDS Finance Committee charter referenced in Article 61(e)(2).
NEW CONTRACT APPENDIX

III. APPENDIX B IS ADDED TO THE CONTRACT AS A NEW APPENDIX AND SHALL READ AS FOLLOWS:

APPENDIX B

SYSTEM REPORTING PRINCIPLES

A. During the term of the water supply contracts, it is likely that financial reports and financial management reports will change in scope, nature, and frequency. Regardless of the exact reports used, such reports shall follow the below principles and guidelines to the extent applicable.

1. Principle 1: Financial reporting will be generated from the general ledger or data warehouse of the financial information system (system of record), such as SAP. The financial system of record is the authoritative source for financial reporting data values in a system. To ensure data integrity, there must be one, and only one, system of record for financial reporting values.

2. Principle 2: Financial reporting is not limited to annual financial statements but will be developed for regular reporting periods.

3. Principle 3: Financial management reporting generated from other financial systems, such as Utility Cost Accounting Billing System (UCABS), will identify and analyze significant variances from prior years or budgets.

4. Principle 4: Financial reporting and financial management reporting will identify unusual items and exceptions, and these items will be documented, reviewed, and resolved by management.

5. Principle 5: DWR will use standardized System-wide business rules and utilize a centralized financial system, such as SAP, UCABS, or other system, to provide controls/validations to ensure data integrity and reliable reporting.

6. Principle 6: DWR will use standardized data integrity rules in the development and publication of reports, including but not limited to the following:

   (1) Data integrity refers to the accuracy and consistency of data stored in a database, data warehouse, data mart or other construct.

   (2) Data integrity processes verify that data has remained unaltered in transit from creation to reception or remains unaltered in transit from one system to the next. Data used outside of the Enterprise Resource Planning (ERP) systems to meet the reporting needs of Program will undergo any number of operations in support of decision-making, such as capture, storage,
retrieval, update and transfer. It is important to have confidence that during these operations, the data will be kept free from corruption, modification and remain unaltered.

(3) Data with “integrity” has a complete or whole structure. Data values are standardized according to a data model and/or data type. All characteristics of the data must be correct – including business rules, relations, dates, definitions and lineage – for data to be complete.

(4) Data integrity is imposed within an ERP database when it is created and is authenticated through the ongoing use of error checking and validation routines.

(5) Data integrity state or condition is to be measured by the validity and reliability of the data values.

(6) Data integrity service and security maintains information exactly as it was input, and is auditable to affirm its reliability.

The SWRDS Finance Committee is charged with providing financial policy recommendations to the Director, and the Director has final discretion on whether or not to accept the recommendations. While the SWRDS Finance Committee is not charged with reviewing the content of financial reports, timely and accurate financial reporting and financial management reporting provides technical committees access to useful information that can be used to formulate proposals on financial policy matters that may be brought to the SWRDS Finance Committee.
IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

1. EFFECTIVE DATE OF CONTRACT EXTENSION AMENDMENT.

   (a) The Contract Extension Amendment shall take provisional effect ("provisional effective date pursuant to subparagraph (a)") on the last day of the calendar month in which both of the following occur: (i) the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet, have executed (or committed in a form satisfactory to the State to execute) the Contract Extension Amendment and (ii) no legal action addressing the validity or enforceability of the Contract Extension Amendment or any aspect thereof has been filed within sixty days of such execution or, if filed, a final judgment of a court of competent jurisdiction has been entered sustaining or validating the Contract Extension Amendments. Subject to subparagraph (b), the provisional effective date pursuant to paragraph (a) shall be the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

   (b) If any part of the Contract Extension Amendment of any Contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Contract Extension Amendments of all Contractors shall be of no force and effect except as provided in subparagraph (c).

   (c) The unenforceability and lack of effectiveness of all Contractors’ Contract Extension Amendments as provided for in subparagraph (b) may be avoided only if the part of the Contract Extension Amendment determined to be invalid or unenforceable is explicitly waived in writing by the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet, in which case the Contract Extension Amendment shall take provisional effect ("provisional effective date pursuant to subparagraph (c)") on the last day of the calendar month in which the requisite waivers are received, but only as to those Contractors submitting such a waiver in writing, subject to subparagraph (e). The provisional effective date pursuant subparagraph (c) shall become the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

   (d) If any Contractor has not executed a Contract Extension Amendment or has not submitted a waiver pursuant to subparagraph (c), whichever is applicable, within sixty (60) days of the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the amendment shall not take effect as to such Contractor, unless the Contractor and the State, in its discretion, thereafter execute such Contractor’s contract extension amendment or the Contractor thereafter submits, and the State in its discretion accepts,
the waiver, whichever applies, in which case the Contract Extension Amendment Effective Date for purposes of that Contractor’s contract and any associated terms shall be as agreed upon by the State and Contractor.

(e) (1) If at the end of the applicable 60-day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have executed the amendment (or committed to execute the amendment in a form satisfactory to the State) or submitted a waiver pursuant to subparagraph (c), as applicable, the provisional effective date pursuant subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, shall become the Contract Extension Amendment Effective Date.

(2) If at the end of the applicable 60 day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have not executed (or committed to execute) the amendment or submitted a waiver pursuant to subparagraph (c), as applicable, then the State, after consultation with the Contractors that have executed (or committed to execute) the amendment or submitted a waiver, as applicable, shall within 30 days following such 60 day period determine in its discretion whether to make the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the Contract Extension Amendment Effective Date. The State shall promptly notify all Contractors of the State’s determination. If the State determines, pursuant to this subparagraph 1(e)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to this subparagraph 1(e)(2).

(f) (1) During the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, the State and a minimum of 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet which have executed (or committed to execute) the Contract Extension Amendment may agree in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered (including to waive the “no force and effect” provision in subsection (b)) and instead allow the Contract Extension Amendment to take effect as to such Contractors, subject to such conditions, if any, agreed upon, by the State and such contractors. In such case, the State shall promptly notify all Contractors of the effective date of the Contract Extension Amendment.

(2) If, during the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, less than 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have agreed in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered as provided in subsection (1)(f)(1) above, then a Contractor which has so agreed in writing may request the State to consider allowing the contract extension amendment to take effect with the agreement of less than 24 Contractors. Upon
receiving such a request, the State, after consultation with the Contractors that have agreed in writing to waive any limitation as provided in subsection (1)(f)(1) above, may determine in its discretion whether to allow the Contract Extension Amendment to take effect with less than 24 Contractors agreeing in writing to waive the limitation. The State shall promptly notify all Contractors if the State's determines to allow the Contract Extension Amendment to take effect, and include in such notice the effective date of the Contract Extension Amendment and any conditions that would apply. If the State determines, pursuant to this subparagraph 1(f)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to subparagraph 1(f)(1).

2. POST BILLING TRANSITION DATE ESTIMATES.

If the State determines it to be necessary, the State may rely on estimates and later true-up for billing and reporting purposes in the initial years after the Billing Transition Date.

3. WAIVER AND RELEASE.

Subject to the Contract Extension Amendment taking effect, the Agency does hereby forever waive, release and discharge the State, and its current and former officers, agents and employees, from any and all past and present protests, claims, damages, actions and causes of action of every kind and description, now existing or hereafter arising, known or unknown, that were or could be or could have been asserted relating to the State's adjustment made prior to the execution date of this Contract Extension Amendment in connection with the proportional responsibility, for System facilities south of and including the Dos Amigos Pumping Plant, between (i) water supply and (ii) recreation and fish and wildlife enhancement.

4. OTHER CONTRACT PROVISIONS.

Except as amended by this amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

5. COUNTERPART.

This Contract Extension Amendment may be signed in counterpart.
IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.
ATTACHMENT C

QUESTIONS CONCERNING
STATE WATER SUPPLY
CONTRACT AMENDMENT NO. 14
DATED SEPTEMBER 16, 2019 BY
COMMISSIONER MCCORD
TO:                SUSAN RUNGREN, VENTURA WATER GENERAL MANAGER  
                                     VENTURA WATER COMMISSION

FROM:           R. MCCORD

SUBJECT:      QUESTIONS CONCERNING STATE WATER SUPPLY CONTRACT,  
                        AMENDMENT NO. 14

On August 27, 2019, the Commission was asked to recommend approval of the State  
Water Contract Extension Amendment No. 14 (hereafter CEA14). Approval was postponed to  
the September meeting.

In anticipation of a full discussion of the merits of CEA14 the following questions are  
presented:

1. **Position of Casitas and United:**

   Haves the Boards of these agencies approved CEA14?

   If not, when is it expected that they will consider and act on this proposal?

2. **Time constraints:**

   Are there any time lines or requirements requiring approval and/or disapproval of CEA14  
now or within the next 4 to 6 months?

   Observation: This proposal has been pending for many years. An agreement in principle  
was executed and circulated on June 18, 2014. Parties to that AIP are unknown.

3. **The Draft Resolution proposed by staff:**

   Staff recommends approval of CEA14 as written and proposed to the Commission.  
CEA14 consists of 87 pages which in turn incorporate, modify and delete portions of the  
original water contract, and the 13 subsequent amendments. CEA14, in the Administrative  
provisions, states that a “consolidated contract” is to be prepared once the State receives  
approval from the various water agencies, or approval in some form that is acceptable to the  
State.
Given the complexity of this contract, with considerable deletions, changes and additions would it not be prudent and advisable to recommend adoption of CEA14 in principle, and not approve it as presented until the consolidated contract is presented?

4. **Effective date of CEA14:**

   Has a “provisional effective date” been established yet as provided CEA14 at pages 84 to 85?

   If that date for the commencement of this contract has been established is the City bound by the terms of CEA 14 regardless of whether any action is taken to approve or reject the proposed amendment?

   Comment: the administrative provisions, beginning at page 84, provide that CEA14 shall take provisional effect on the last day of the calendar month in which if 15 or more water contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 AF have executed, or committed to execute CEA14, and no legal action addressing the validity or enforcement has been filed within 60 days of the effective date.

5. **Advantage or Disadvantage to the City of Ventura:**

   If CEA14 is approved how is this amendment to the immediate advantage to the citizens of Ventura?

   If approved what are the costs that can be expected associated with the amendment?

   Conversely, if not approved what are the disadvantages, if any, to the citizens of Ventura? And, will Ventura still enjoy the benefits of and right to the allocation of 10,000 AF under the provisions of the original contract as amended through the 13th amendment?

6. **Financial Commitments of CEA14:**

   This amendment provides that a SWRDS Finance Committee is to be established, with a SWRDS Financial Manager hired to manage all financial matters, and that General Operating Reserve Account is to be increased from $22.7 million to $150. Where does that money come from?

   If to be paid by the water contractors much will Ventura’s have to pay to fund this account?

7. **SWRDS support account**

   CEA14 establishes a SWARDS Support account to fund non-reimbursable expenses, such as fish, wildlife and recreation programs. How will that account be funded and will Ventura have any obligation to contribute to that account?
located near Los Banos, "between water (i) supply and (ii) recreation and fish wildlife enhancement.

Has the City paid any expenses, or are any expenses due to be paid, for the construction of any fish and wildlife enhancement projects?
from the State Water Resources Development System without priority for number, amount, date of bonds, of sale, of execution, or of delivery pursuant to this chapter. Notwithstanding the pledge of revenues herein contained, the State of California shall remain liable for the payment of the principal of and interest upon all of the bonds authorized and issued under this chapter.

(Added by Stats. 1959, Ch. 1762.)

12938. All proceeds from the sale of the bonds herein authorized shall be deposited in the fund as provided in Section 16757 of the Government Code and shall be available for the purpose provided in Section 12935, but, except only as to accrued interest and any premiums received on any sale, or sales, of the bonds, shall not be available for transfer to the General Fund. All moneys deposited in the fund are hereby appropriated to the department for expenditure and allocation by the department without regard to fiscal years for the State Water Facilities as herein defined and, to the extent provided in this Section, 12938, for additions to the State Water Resources Development System. Of the total amount of the bonds authorized herein, one hundred thirty million dollars ($130,000,000) and no more shall be available exclusively for the provision of water development facilities for local areas as set forth in subdivision (d)(6) of Section 12934. Any money in the California Water Fund, and any surplus revenue as described in Section 12937(b)(4), available for expenditure for the State Water Resources Development System shall be used for the construction of the State Water Facilities in lieu of the proceeds of bonds authorized by this chapter. The use of the proceeds of bonds for such construction shall be decreased by an amount equal to that thereafter expended from the California Water Fund for the construction of State Water Facilities. To that extent that money is expended from the California Water Fund for construction of the State Water Facilities, proceeds from the sale of bonds authorized pursuant to this act in an equal amount, is appropriated and shall be expended for the construction of such additional facilities of the State Water Resources Development System as the department shall determine to be necessary and desirable to meet local needs, including, but not restricted to, flood control, and to augment the supplies of water in the Sacramento-San Joaquin Delta from multiple purpose dams, reservoirs, aqueducts and appurtenant works in the watersheds of the Sacramento, Eel, Trinity, Mad, Van Duven and Klamath Rivers for use in the State Water Resources Development System, and the department is authorized to construct any and all facilities for which funds are appropriated to it for expenditure pursuant to this chapter. Such additional facilities for local needs shall include those necessary to conserve or develop water which is tributary to the stream upon which any of the facilities of the State Water Resources Development System are constructed and it shall be the duty of the department to diligently plan such full development and submit plans and reports thereon to the Legislature. All moneys in the California Water Fund and all accuvals thereto are hereby appropriated to the department for expenditure and allocation by the department without regard to fiscal years for the State Water Resources Development System as defined in Section 12931 except that in any fiscal year the Legislature may appropriate for any lawful purpose any money in the California Water Fund which is unexpended at the beginning of that fiscal year and any money accruing to that fund during the fiscal year.

(Added by Stats. 1959, Ch. 1762.)

12938.1. The provisions of Article 2 (commencing with Section 13320) of Chapter 3, Part 3, Division 3, Title 2 of the Government Code are applicable to the department with respect to expenditures of money pursuant to this chapter.

(Added by Stats. 1961, Ch. 1955.)

12938.2. The Department of Finance shall identify in the annual Governor's Budget the proposed revenues and expenditures for the four purposes identified in subdivision (b) of Section 12937. The data shall be organized on a fiscal year basis and shall include (1) an estimate of total revenues for the four purposes by revenue source, and (2) a detailed statement of expenditures for the past, current, and future fiscal years.

(Added by Stats. 1983, Ch. 323, Sec. 93.9. Effective July 1, 1983.)

12938.3. Notwithstanding any other provision of this bond act, or of the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), if the Treasurer sells bonds pursuant to this bond act that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

(Added by renumbering Section 129382 (as added by Stats. 1991, Ch. 652, Sec. 29) by Stats. 2015, Ch. 303, Sec. 554. (AB 731) Effective January 1, 2016.)
To:        Ventura Water Commission

From:      Susan Rungren, Ventura Water General Manager

Subject:   Recommendation for Utilization of the City’s State Water Allocation for 2019

RECOMMENDATIONS

Staff requests that the Water Commission make a recommendation to City Council regarding the Interim Utilization of the City’s State Water Allocation for 2019.

PREVIOUS MEETINGS


February 27, 2018 – Water Commission recommended that City Council pursue a one year exchange of the City’s State Water entitlement with San Gorgonio Pass Water Agency.

January 26, 2019 - Water Commission expanded the scope of the Ad Hoc Committee for California WaterFix to include discussions of Ventura County’s State Water Project allocation.

February 26, 2019 – Water Commission recommended that City Council pursue a one year exchange of the City’s State Water entitlement with San Gorgonio Pass Water Agency.

June 25, 2019 – Water Commission recommended that City Council pursue a one year exchange of 1,350 AF of the City’s State Water entitlement with San Gorgonio Pass Water Agency and directed staff to pursue additional options to monetize or store the remainder of the City’s 2019 allocation.

SUMMARY

At its June 25, 2019 meeting, the Water Commission recommended that City Council pursue a one year exchange of 1,350 AF of the City’s State Water entitlement with San Gorgonio Pass Water Agency (SGPWA) and directed staff to pursue additional options to monetize or store the remainder of the City’s 2019 allocation. On July 22, 2019, City Council authorized a one year exchange with SGPWA and directed staff to pursue additional options to monetize or store the remainder of the City’s 2019 allocation. An
exchange agreement between Casitas, SGPWA, and the City has been executed and is awaiting DWR final approval. Staff has been exploring additional options to beneficially utilize or monetize the City’s remaining 2019 State Water Project allocation of 6,150 AF. United Water Conservation District recently submitted a term sheet for the acquisition of a portion of the City’s remaining 2019 allocation. Metropolitan Water District of Southern California (MWD) has indicated an interest in storing any of the City’s unused 2019 allocation at an exchange rate of 3:2. The City can also carryover any remaining allocation into 2020 via Article 56 in the State Water contract (storage in San Luis).

BACKGROUND
In 1963, the Ventura County Flood Control District (VCFCD) (now Ventura County Watershed Protection District) entered into an agreement with the State to purchase entitlement to 20,000 acre-feet (AF) of State Water. In June 1970, the VCFCD assigned its entitlement to Casitas Municipal Water District (Casitas). In 1971, the City of San Buenaventura (City) executed an agreement with Casitas and DWR to allocate 10,000 acre-feet per year of State Water entitlement to the City. In the contract with Casitas, the City retains full authority and responsibility for determining the point and method of delivery of the allocation. Casitas assumed responsibility for 5,000 acre-feet and United Water Conservation District (United) assumed responsibility for the remaining 5,000 acre-feet. The City cannot currently take direct delivery due to the lack of infrastructure necessary to deliver the water.

Ventura Water is working with Calleguas Municipal Water District, as well as Casitas and United, on the State Water Interconnection Project which would allow for direct delivery of State Water to the City. As part of this project, wheeling agreements with Calleguas and Metropolitan Water District (MWD) would be required for the conveyance of State Water through these agencies water systems, for eventual delivery to the City’s system.

On March 5, 2018, City Council (upon the recommendation of the Water Commission) authorized the City Manager to execute the required documents for an Agreement of a one year exchange between the City and SGPWA for the City’s 2018 State Water Project Allocation, consistent with the Water Commission’s recommendation. Ventura Water staff obtained non-objection agreements from Casitas and the Ventura County Watershed Protection District and DWR approved the exchange on June 14, 2018. SGPWA remitted a check for $1.49 Million on July 30, 2018.

OPTIONS
The following are the options that Staff has identified to beneficially utilize or monetize the City’s remaining 2019 State Water Project allocation of 6,150 AF:

1. United Water Conservation District (United) Transfer
   a. Transfer 4,625 AF from the City to United
   b. United will pay the City $247,310
2. Store Water with MWD
   a. Store 1,525–6,150 AF with MWD in 2019
b. MWD will return 1,017-4,100 AF to the City in a later year (subject to reductions due to spilling)

3. Carryover 2019 Allocation with DWR
   a. Store 1,525–6,150 AF in San Luis reservoir
   b. City can have carryover water delivered in a later year minus any losses due to spilling of San Luis reservoir.

The above options are not mutually exclusive. Some of these options were identified very recently, and Staff will provide additional information and preference, if any, at the meeting.

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[Signature]
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