



# AGENDA

## Water Commission

**Suzanne McCombs, Commission Chair**  
**Gerhardt Hubner, Commission Vice Chair**  
**Don Mills, Commission Member**  
**Scott McCarty, Commission Member**

**Robert McCord, Commission Member**  
**Martin Feeney, Commission Member**  
**Grant Burton, Commission Member**  
**Donald Jensen, Alternate Commission Member**

**REGULAR MEETING**  
**TUESDAY, OCTOBER 2, 2018, 5:30PM (NEW TIME)**  
**COMMUNITY MEETING ROOM, 501 POLI STREET, VENTURA**

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](http://www.venturawater.net). Evidence must be submitted for agenda items provided they are compliant with the following specifications:

	Written Rebuttal Submissions	Written Day of Meeting Submissions	PowerPoint Presentations
Submittal Date & Time	October 1, 2018 by noon	October 2, 2018	October 2, 2018 by noon
Page Limitation (single side equivalent)	10 pages maximum, including exhibits	2 page maximum, including exhibits	none
Number of copies to be submitted	20 copies	20 copies	10 copies

Pursuant to the Rules of Procedures, the Commission has adopted a 3 (three) minute speaking time per agenda item with a cumulative total of five (5) minutes for all agenda items. The Commission may adjust the time limit if deemed appropriate.

### ROLL CALL

### PLEDGE OF ALLEGIANCE

### WATER COMMISSION ITEMS

#### 1. MINUTES

##### RECOMMENDATION

Approve the minutes of the August 28, 2018 regular session.

##### SPEAKER

Staff: Kevin Brown, General Manager

## **2. MINUTES**

### **RECOMMENDATION**

Approve the minutes of the September 18, 2018 Special Meeting.

### **SPEAKER**

Staff: Kevin Brown, General Manager

## **3. UPDATE ON THE PROPOSED STATE WATER INTERCONNECTION PROJECT**

### **RECOMMENDATION**

Staff recommends the Water Commission receive this written report and an oral presentation that provides an update on the proposed State Water Interconnection Project and other projects that are currently being designed to improve the reliability of the water distribution system.

### **SPEAKER**

Staff: Betsy Cooper, Water Resource Manager

## **4. AGREEMENT IN PRINCIPLE FOR THE STATE WATER PROJECT WATER SUPPLY CONTRACT AMENDMENT FOR WATER MANGEMENT AND CALIFORNIA WATERFIX**

### **RECOMMENDATION**

Staff recommends the Water Commission recommend that City Council adopt a resolution directing the Ventura County Watershed Protection District to concur with the Agreement in Principle (AIP) for the State Water Project Water Supply Contract Amendment for Water Management and California WaterFix as per Section III, Paragraph 1 of the AIP.

### **SPEAKER**

Staff: Jennifer Tribo, Management Analyst II

## **5. WATER LOSS AUDITS**

### **RECOMMENDATION**

Staff recommends the Water Commission receive this written report and a presentation on the State required Water Loss Audits.

## SPEAKER

Staff: Joe Marcinko, Water Utility Manager

## **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**

Administrative Reports relating to this agenda are available in the Ventura Water Office, 336 Sanjon Road, Ventura, during normal business hours as well as on the City's Web Site – [www.venturawater.net](http://www.venturawater.net). Materials related to an agenda item submitted to the Ventura Water Department after distribution of the agenda packet are available for public review at the Ventura Water Office.

This agenda was posted on 9/28/18 at 5:00 p.m. in the Ventura Water Office, City Clerk's Office, on the City Hall Public Notices Board, and on the Internet.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Ventura Water Office at (805) 652-4587 or the California Relay Service at (866) 735-2929. Notification by 10/1/18 at 5:00 p.m. will enable the City to make reasonable arrangements for accessibility to this meeting.



# DRAFT MINUTES

## Water Commission

Gerhardt Hubner, Commission Chair  
Grant Burton, Commission Vice Chair  
Don Mills, Commission Member  
Scott McCarty, Commission Member

Robert McCord, Commission Member  
Martin Feeney, Commission Member  
Suzanne McCombs, Commission Member  
Donald Jensen, Alternate Commission Member

### REGULAR MEETING

**TUESDAY, AUGUST 28, 2018, 5:30PM (NEW TIME)**

The Ventura Water Commission met in regular session at the Community Meeting Room, 501 Poli Street, Ventura, at 5:30 p.m.

#### ROLL CALL

Present: Commissioners Burton, Feeney, McCarty, McCord, Mills, Hubner, McCombs, and Alternate Commissioner Jensen.

Absent: None.

#### WATER COMMISSION ITEMS

##### 1. ELECT COMMISSION CHAIR AND VICE CHAIR

###### RECOMMENDATION

Commissioner McCombs moved to elect Commissioner Hubner as Commission Chair. Commissioner Feeney seconded the motion. The vote was as follows:

AYES: Commissioners Mills, McCarty, Feeney, Burton, McCord, and McCombs.

NOES: None.

ABSTAIN: Commissioner Hubner.

Commission Chair McCombs declared the motion carried.

###### RECOMMENDATION

Commissioner Hubner moved to elect Commissioner Burton as Commission Vice Chair. Commissioner McCarty seconded the motion. The vote was as follows:

AYES: Commissioners Mills, McCarty, Feeney, Burton, McCord, Hubner, and McCombs.

NOES: None.

Commission Chair McCombs declared the motion carried.

## **2. MINUTES**

### **RECOMMENDATION**

Approve the minutes of the May 22, 2018 regular session.

Commissioner McCord moved to approve the recommendation with the correction of the date to read April 24, 2018. Commissioner Feeney seconded. The vote was as follows:

AYES: Commissioners Mills, McCarty, Feeney, McCord, McCombs, Burton and Hubner.

NOES: None.

Commission Chair Hubner declared the motion carried.

## **3. RESOLUTION UPDATING RULES OF PROCEDURE WITH NEW REGULAR MEETING START TIME**

### **RECOMMENDATION**

Staff recommends the Water Commission consider and approve a resolution of the Water Commission of the City of San Buenaventura, California, updating the Water Commission Rules of Procedure with the new regular meeting start time of 5:30 P.M. and correcting minor, clerical errors, with the following additional changes to the Rules of Procedure:

- Add "6.3 Conflicts of Interest" to the Contents.
- In "6.3 Conflicts of Interest," modify the second word to read "Commissioners" instead of "Commissions."

Commissioner Burton moved to approve the modified recommendation. Commissioner McCarty seconded. The vote was as follows:

AYES: Commissioners Mills, McCarty, Feeney, McCord, McCombs, Burton and Hubner.

NOES: None.

Commission Chair Hubner declared the motion carried.

**4. RESOLUTION MODIFYING UPCOMING REGULAR MEETING SCHEDULE**

**RECOMMENDATION**

Staff recommends the Water Commission consider and approve a resolution of the Water Commission of the City of San Buenaventura, California, modifying the Water Commission Regular Meeting dates for the next five meetings to the following dates, with one meeting location change:

- Tuesday, October 2, 2018
- Tuesday, October 30, 2018
- Tuesday, November 13, 2018 with modified location:  
Administrative Building  
City of Ventura Maintenance Yard  
336 Sanjon Road  
Ventura, CA. 93001
- Tuesday, December 4, 2018
- Tuesday, December 18, 2018

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

AYES: Commissioners Mills, McCarty, Feeney, McCord, McCombs, Burton and Hubner.

NOES: None.

Commission Chair Hubner declared the motion carried.

**5. STATE WATER CONTRACT AND CALIFORNIA WATERFIX**

**RECOMMENDATION**

Staff recommends the Water Commission receive this written report and an oral presentation on the State Water Contract Extension and Amendments for Water Management and California WaterFix.

**Informational Only – No Vote**

Members of the public: Duane Georgeson

**6. GROUNDWATER SUSTAINABILITY AGENCIES AND SANTA PAULA BASIN TECHNICAL ADVISORY COMMITTEE UPDATE**

## RECOMMENDATION

Staff recommends that the Water Commission review and receive this written report and receive an oral update on the status of local Groundwater Sustainability Agencies (GSAs).

**Informational Only – No Vote**

## **7. AVAILABLE FUNDING OPTIONS**

### RECOMMENDATION

Staff recommends that the Water Commission receive this written report and an oral report regarding available funding opportunities Ventura Water may pursue to help offset the cost of Capital Improvement Projects.

**Informational Only – No Vote**

## **PUBLIC COMMENT SPEAKER**

Daniel Cormode

## **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**

- Water sent notifications to a small area of the City where the water exceeded the Maximum Contaminate Level (MCL) allowable Total Trihalomethanes
- Water staff is working with SCE on possible Grid Shut Downs in high wind red flag conditions
- Steve Wickstrum, General Manager of Casitas Municipal Water District retiring after 34 years. His last day is 08/31/18.
- City Council approved a new Interim City Manager, Don Penman

## **ADJOURNMENT**

The meeting was adjourned at 7:20 p.m.

Minutes relating to the agenda are available in the Ventura Water Office, 336 Sanjon Road, Ventura, during normal business hours as well as on the City's Web Site – [www.venturawater.net](http://www.venturawater.net). Materials related to an agenda item submitted to the Ventura Water Department after distribution of the agenda packet are available for public review at the Ventura Water Office.



# DRAFT MINUTES

## Water Commission

Gerhardt Hubner, Commission Chair  
Grant Burton, Commission Vice Chair  
Don Mills, Commission Member  
Scott McCarty, Commission Member

Robert McCord, Commission Member  
Martin Feeney, Commission Member  
Suzanne McCombs, Commission Member  
Donald Jensen, Alternate Commission Member

### SPECIAL MEETING

**THURSDAY, SEPTEMBER 18, 2018, 4:00PM**

The Ventura Water Commission met in special meeting at the Ventura Water Reclamation Facility, 1400 Spinnaker Dr., Ventura, at 4:00 p.m.

#### ROLL CALL

Present: Commissioners Feeney, McCombs, McCord and Mills.

Absent: Commissioners McCarty, Burton, Hubner and Alternate Commissioner Jensen.

#### WATER COMMISSION ITEMS

1. **VENTURA WATER RECLAMATION FACILITY TOUR AND CAPITAL IMPROVEMENT PLAN DISCUSSION**

Ventura Water staff will give a tour of the wastewater treatment facility. The tour will begin promptly at 4:00 p.m. The gates to the facility will be open for entry at 3:30 p.m. and will close promptly at 4:00 p.m. No entry will be allowed after 4:00. The tour will last approximately 3 hours and will include discussions of the Capital Improvement Plan.

Staff: Gina Dorrington, Wastewater Utility Manager

**Information only – no vote**

**Members of the Public in attendance:** Morgan Vahradian, Marlyn Vahradian, Mike Ellis, Duane Georgeson, Robert Keen, Shaina Bhojwani, Burt Handy, Scott Meckstroth, Bob Alviani, Tom Lloyd and Robert Schaefer.

#### ADJOURNMENT

The meeting was adjourned at 5:39 p.m.

Minutes relating to the agenda are available in the Ventura Water Office, 336 Sanjon Road, Ventura, during normal business hours as well as on the City's Web Site – [www.venturawater.net](http://www.venturawater.net). Materials related to an agenda item submitted to the Ventura Water Department after distribution of the agenda packet are available for public review at the Ventura Water Office.





# ADMINISTRATIVE REPORT

Date: September 25, 2018

Agenda Item No: 3

Meeting Date: October 2, 2018

**To: Ventura Water Commission**  
**From: Kevin Brown, Ventura Water General Manager**  
**Subject: Update on the Proposed State Water Interconnection Project**

## **RECOMMENDATIONS**

Staff recommends the Water Commission receive this written report and an oral presentation that provides an update on the proposed State Water Interconnection Project and other projects that are currently being designed to improve the reliability of the water distribution system.

## **PREVIOUS ACTIONS**

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 State Water.

January 23, 2017 – City Council approved a State Water Project Interconnection Alignment Study and Professional Services Agreement with Kennedy Jenks Consultants.

**CIP Reference:** Program No. 97949 – State Water Project Interconnection, 2018-2024 CIP, Adopted March 26, 2018, page 9-13

## **SUMMARY**

The City of San Buenaventura (City) currently holds an entitlement of 10,000 acre-feet per year from the State Water Project (SWP) but cannot currently take direct delivery due to a lack of infrastructure to deliver that water. The City, in partnership with Casitas Municipal Water District (Casitas), United Water Conservation District (United), and Calleguas Municipal Water District (Calleguas), entered into an agreement with Kennedy Jenks Consultants to prepare a State Water Interconnection Alignment Study. The Alignment Study has been completed and an Environmental Impact Report of the preferred alignment is currently being prepared. The City is concurrently working on the design of other capital improvement projects that will help transport water from the eastside of the City to the westside of the City.

## **DISCUSSION**

In 1971, the City, United, and Casitas (also referred to as the Joint Agencies) established rights to imported water from the SWP but cannot currently take direct delivery due to a lack of infrastructure to deliver that water. The City has an entitlement of 10,000 acre-feet per year (AFY), Casitas has an entitlement of 5,000 AFY, and United has an entitlement of 5,000 AFY of which 1,850 AFY is leased to Port Hueneme Water Agency. The nearest entity with a connection to SWP water is Calleguas. The Joint Agencies are working with Calleguas to develop an interconnection which would allow for direct delivery of SWP water to the City and United and indirect (or in-lieu) deliveries to Casitas. The interconnection would also allow the City to provide water to Calleguas during an imported water supply outage. These deliveries would be made under wheeling agreements with Metropolitan Water District of Southern California (MWD) and Calleguas.

In January 2017, the City, in partnership with Casitas, United, and Calleguas, entered into an agreement with Kennedy Jenks Consultants to prepare a State Water Interconnection Alignment Study. The Alignment Study has been completed and a preferred pipeline alignment was selected. The interconnection project consists of a connection to the Calleguas system, a pipeline of approximately 7 miles in length, flow and pressure control and metering stations at United turnout(s) for water delivery, a connection to the City's water distribution system, and a blending/monitoring/metering station within the City's system.

An Environment Impact Report (EIR) of the preferred project is currently being prepared. The draft EIR is anticipated to be circulated for public review in November/December of 2018.

The City is also working on the design of improvements to improve the flow of water from the east side of the city to the west side. These improvements will increase system redundancy and reliability by allowing eastside supply sources to serve the west side in times when flows from west side supply sources (Lake Casitas and Ventura River) are reduced.

Prepared by Betsy Cooper, Water Resource Planning Manager, for:



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Kevin Brown

Ventura Water General Manager



# ADMINISTRATIVE REPORT

Date: September 26, 2018

Agenda Item No: 4

Meeting Date: October 2, 2018

**To: Ventura Water Commission**

**From: Kevin Brown, Ventura Water General Manager**

**Subject: Agreement in Principle for the State Water Project Water Supply Contract Amendment for Water Management and California WaterFix**

## **RECOMMENDATIONS**

Staff recommends the Water Commission recommend that City Council adopt a resolution directing the Ventura County Watershed Protection District to concur with the Agreement in Principle (AIP) for the State Water Project Water Supply Contract Amendment for Water Management and California WaterFix as per Section III, Paragraph 1 of the AIP.

## **PREVIOUS ACTIONS**

August 28, 2018 – Water Commission received an update on the State Water Contract Extension and Amendments for Water Management and California WaterFix

## **SUMMARY**

The Agreement in Principle (AIP) for the State Water Project (SWP) Water Supply Contract Amendment for Water Management and California WaterFix is the result of negotiations between the State Water Contractors and the California Department of Water Resources (DWR) aimed at providing a contractual means for cost sharing for California WaterFix.

California WaterFix is a project to modernize and improve the SWP's water delivery system in the Delta by building three new intakes in the northern Delta along with two main 40 foot diameter tunnels to carry water to new pumping facilities and the existing aqueduct system in the southern Delta. California WaterFix is intended to address environmental issues with the existing system and improve both the reliability and quality of exports from the Delta. Total capital costs for WaterFix are estimated to be \$16.7 billion in 2017 dollars.

## **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 contractor 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.

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.

## **DISCUSSION**

The AIP was negotiated between the State Water Contractors and DWR earlier this year. Negotiations occurred in an open public forum. In addition to cost sharing elements, additional water management tools were added that would enhance each participating Contractor's ability to manage water supplies in relation to their existing contract with the DWR.

The cost allocation to the Ventura County Watershed Protection District is 0.4931%. Contractor costs have been projected from 2019 through 2080. The City's share is estimated to start at \$150,000 per year in 2019, but will rise over time as construction is completed. City costs are estimated to be approximately an additional \$2,000,000 per year from 2030 through 2065. Actual costs will be dependent on total project costs as well as the financing scenario.

Additional provisions of the AIP include:


- Elimination of the Article 56 Turnback Pool.
- Ability for a State Water Contractor to both store and transfer water in the same year.
- Ability for a State Water Contractor to transfer and exchange water that is in storage in the State Water Project system (known as 'carryover water').
- Defined water exchange ratios.

- A number of limiting factors on exchanges and transfers in order to prevent harm to another public water agency.

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 concur with the AIP as per Section III, Paragraph 1 of the AIP on behalf of the City.

By concurring with the AIP, a State Water Contractor expresses its intent to move forward with the California Environmental Quality Act (CEQA) process with DWR as lead agency and the State Water Contractors as responsible agencies. Ultimately, the DWR would develop a proposed project consisting of contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the State Water Contractors (known in the AIP as Public Water Agencies or PWAs).

Prepared by Jennifer Tribo, Management Analyst II, for:



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Kevin Brown  
Ventura Water General Manager

Attachment:

- A. Draft Resolution Directing the Ventura County Watershed Protection District to concur with the Agreement in Principle (AIP) for the SWP Water Supply Contract Amendment for Water Management and California WaterFix as per Section III, paragraph 1 of the AIP

**ATTACHMENT A**

**DRAFT RESOLUTION DIRECTING  
THE VENTURA COUNTY  
WATERSHED PROTECTION  
DISTRICT TO CONCUR WITH THE  
AGREEMENT IN PRINCIPLE (AIP)  
FOR THE SWP WATER SUPPLY  
CONTRACT AMENDMENT FOR  
WATER MANAGEMENT AND  
CALIFORNIA WATERFIX AS PER  
SECTION III, PARAGRAPH 1 OF  
THE AIP**

**RESOLUTION NO. 2018- \_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN BUENAVENTURA, CALIFORNIA, ADOPTING DIRECTION TO THE VENTURA COUNTY WATERSHED PROTECTION DISTRICT TO CONCUR WITH THE AGREEMENT IN PRINCIPLE FOR THE STATE WATER PROJECT WATER SUPPLY CONTRACT AMENDMENT FOR WATER MANAGEMENT AND CALIFORNIA WATERFIX AS PER SECTION III, PARAGRAPH 1 OF THE AGREEMENT IN PRINCIPAL ON BEHALF OF THE CITY OF SAN BUENAVENTURA**

**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 the California Department of Water Resources; and

**WHEREAS**, the City Council has received information in regard to the tenets and details of the Agreement in Principle (AIP) for the SWP Water Supply Contract Amendment for Water Management and California WaterFix, attached to this Resolution as Attachment 1; 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.

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

**SECTION 1:** The City of San Buenaventura directs the Ventura County Watershed Protection District to concur with the Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management and California WaterFix on behalf of the City of San Buenaventura as per Section III, Paragraph 1 of that document, attached to this Resolution as Attachment 1.

**SECTION 2:** This Resolution will take effect immediately upon adoption.

PASSED AND ADOPTED this \_\_\_\_ day of October, 2018.

\_\_\_\_\_  
Neal Andrews, Mayor

ATTEST:

\_\_\_\_\_  
Antoinette M. Mann, MMC, CRM  
City Clerk

APPROVED AS TO FORM  
GREGORY G. DIAZ, City Attorney

By: \_\_\_\_\_  
Miles Hogan Date  
Assistant City Attorney II



**DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION**

Draft 3 – June 27, 2018

Doc # 00115

**Draft Agreement in Principle for the SWP Water Supply Contract Amendment  
for  
Water Management and California WaterFix**

This straw proposal for a draft Agreement in Principle (AIP) is from the Consolidated Talking Points as of May 30, 2018 from the contract amendment negotiations. Many provisions are under discussion and the workgroup will update the Draft AIP after future public negotiations. [Format used in this document is preliminary and is subject to revision.]

**DRAFT Proposed Project Objectives**

The California Department of Water Resources and the PWAs have agreed to the following proposed project objectives for amending the SWP water supply contract:

- 1) Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area;
- 2) Provide a fair and equitable approach for cost allocation of California WaterFix facilities to maintain the SWP financial integrity.

**I. PRINCIPLES TO ACHIEVE DRAFT PROPOSED OBJECTIVE FOR WATER MANAGEMENT TOOLS AND ACTIONS**

**1. Water Transfers.**

- 1.1. **Terms of a Transfer Agreement:** The PWAs shall determine duration and compensation for all transfers; this includes allowing single, Transfer Packages and multi-year transfers to be as long as the remainder of the term of the contract.
- 1.2. **Transfer Package Definition:** A Transfer Package is comprised of two or more transfer agreements between the same PWAs. If a transfer package is presented to DWR for approval, DWR shall consider each proposed transfer within the package at the same time and shall apply the transfer criteria listed below in the review of each transfer. DWR shall not reclassify a Transfer Package or Transfer as an exchange.

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

Draft 3 – June 27, 2018

Doc # 00115

- 1.3. All contract language in Article 56(d) and language related to the Turnback Pool shall be removed.

### 2. Water Exchanges.

- 2.1 Article 56(f) will be revised to include language permitting consideration of hydrology under a bona fide exchange and will include the following criteria for return ratios:

For SWP allocations  $\geq 50\%$ , return ratio is up to 2: 1

For SWP allocations  $> 25$  and  $< 50\%$ , return ratio is up to 3: 1

For SWP allocations  $>15\%$  and  $\leq 25\%$ , return ratio is up to 4: 1

For SWP allocations  $\leq 15\%$ , return ratio is up to 5:1

- 2.2. The PWAs shall use the applicable return ratio using the SWP allocation at the time the exchange transaction is executed between the PWAs.
- 2.3. Notice to Contractors 17-11 Attachment A, Section A, Bona Fide Exchanges, Item 4 Cost compensation reads as follows: Maximum cost compensation for a bona fide exchange may not exceed the exchanging PWAs combined conservation facilities, transportation facilities, and CWF facilities' fixed charges (capital and minimum charges including capital surcharges). The allocation percentage in the denominator of the compensation calculation will be set by the SWP allocation which has incorporated the May 1 monthly Bulletin 120 runoff forecasts. If exchanges are requested prior to the allocation identified above, DWR will provide timely approval with the obligation of the PWAs to meet the requirement of the maximum compensation – if the compensation exceeds the maximum, the PWAs will re-visit the agreement and adjust the compensation. If a cost adjustment is made, the PWA must notify DWR.

### 3. Transfers and Exchanges, including Transfers and Exchanges using Carryover Water in San Luis Reservoir (SLR).

- 3.1. **Buyers and Sellers in Same Year.** PWAs may be both buyers and sellers in the same year and enter into multiple transfers and/or exchanges in the same year.
- 3.2. Basic Criteria Required for Proposed Transfers and Exchanges.
  - 3.2.1 Transfers and exchanges must be transparent.
  - 3.2.2 Transfers and exchanges must not harm non-participating PWAs.

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

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- 3.2.3 Transfers and exchanges must not create significant adverse impacts in a PWA service area.
- 3.2.4 Transfers and exchanges shall comply with all applicable laws and regulations.
- 3.2.5 Transfers and exchanges shall be scheduled only if they do not impact normal SWP operations.
- 3.2.6 Transfers and exchanges shall not impact the financial integrity of the SWP.
- 3.2.7 A PWA may petition the Director for an exception in the following cases. In each case, the PWA must provide explanatory information to the Director.
- A transfer or exchange does not meet the basic criteria, but the PWA feels that there is compelling need to proceed with the transfer or exchange.
  - A PWA that has received water in a transfer or exchange cannot deliver all of the water from the transaction in the same calendar year, and wishes to carry over the water in its name.

The Director shall have discretion to approve exceptions.

3.3. **Dispute Resolution Process, Prior to Executing an Agreement.** PWAs and DWR shall comply with the following process to resolve disputes if a PWA that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- 3.3.1 Any claim to a significant adverse impact may only be made after the submittal of a term sheet to DWR and before DWR approves a transfer/exchange agreement.
- 3.3.2 In the event that any dispute can't be resolved among the PWAs, DWR will convene a group including DWR (the Chiefs of SWPAO, Legal, and Operations or their designees) and the PWA parties involved (PWA representatives to be chosen by each PWA party). Any PWA claiming an adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

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advance of a meeting of the group that includes SWPAO, Legal, Operations and the involved PWA representatives.

- 3.3.3 If this group can't resolve the dispute, the issue will be taken to the Director of DWR.
- 3.3.4 The Director's decision will be the final.
- 3.4. **Water Delivery Priorities:** Exchange and transfer water shall be scheduled in accordance with Article 12 (f) priorities retaining the associated priority level. The transfer water will not have the protection of Article 14(b) and the delivery cannot impact any other PWAs.
- 3.5 Although DWR will not be a party to any transfer or exchange agreement between the PWA's, DWR and the PWAs shall enter into an agreement to address DWR's role in effectuating the transfer or exchange. Such agreement shall include certain standardized provisions designed to protect SWP operations, finances and liability, along with other provisions tailored to the particular transaction or as otherwise agreed among DWR and the PWAs.
- 3.6 **Timely Processing.** DWR will timely process requests to be incorporated into the schedule to deliver water that given year.
- 3.7 **Shortages:** In regards to shortages, DWR retains authority as set forth in Article 18(a).
- 3.8 **Article 21.**
  - 3.8.1 Tulare Lake Basin Water Storage District, Empire Westside Irrigation District, Oak Flat Water District, and Kings County may transfer a portion of their Article 21 water to another PWA.
  - 3.8.2 The Director, in his or her discretion, may approve the transfer of a portion of other PWA's allocation of Article 21 water to another PWA where there is a special need for the transfer. The Department will prepare criteria to be applied for the review of a PWA request to transfer Article 21 water. This will not impact the Department's process for allocating Article 21 water.
- 4. **PWA Due Diligence.**
  - 4.1 Each PWA participating in an exchange or transfer shall confirm the following in a resolution or other appropriate document approving the transfer or

**DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION**

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exchange, including the use of stored water/carryover water, if applicable, provided to DWR as follows:

- 4.1.1 That the PWA has complied with all applicable laws for this transfer/exchange and shall specify the notices that were provided to the public agencies and the public regarding the proposed transfer or exchange.
  - 4.1.2. That the relevant terms of the transfer/exchange have been provided to all State Water Project PWAs and the SWC Water Transfer Committee;
  - 4.1.3. That the PWA is informed and believes that this transfer/exchange will not harm other SWP PWAs, or impact SWP operations.
  - 4.1.4. That the PWA is informed and believes that the transfer/exchange will not affect its ability to make all payments, including payments for its share of the financing costs of DWR's Central Valley Project Revenue Bonds, when due, under its water supply contract.
  - 4.1.5. That the PWA has considered the potential impacts of the transfer/exchange within the PWA's service area.
- 4.2. Add language to the contract that requires PWAs parties to an exchange or transfer to publicly post and provide information to non-party PWAs. The PWAs and DWR agree that DWR will send a Notice to Contractors to outline the following process related to transparency for transfers and exchanges:
- At the time the PWA parties submit the Contract Information Form to DWR, they will provide the Contract Information Form to the non-party PWAs. During the time period beginning with the PWA parties submitting the Contract Information Form to DWR and the time before there is a final agreement with DWR for storage or conveyance, the PWA parties will publicly post information regarding the transfer or exchange. If applicable, the PWA parties will request the State Water Contractor Board to support the water transfer. If the State Water Contractor board votes to support the transfer or exchange, the General Manager will send a letter of support to DWR and to the non-party PWAs. Once a storage or conveyance agreement is completed it will be provided to the non-party PWAs.
- 4.3. If requested by the DWR Director with respect to any confirmation of Basic Criteria for Transfers, Exchanges and Carryover Water, the PWA shall

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cooperate with DWR in providing DWR with information supporting the basis for the confirmation or basic criteria.

**5. Stored Water/Carryover Water.**

5.1. **Store and Transfer SWP Water in the Same Year.** Modify Article 56(c)(4) and any other applicable sections to allow PWAs to store and transfer Table A water in the same year and modify Article 56(c) and any other applicable sections to allow a PWA to transfer Table A water to another PWA's service area. DWR will continue to coordinate through the PWAs under the existing SWP contracts.

5.2 **Carryover Water Program:** Carryover Water Program shall require transfers and/or exchanges of carryover water in years of need, as confirmed by the receiving PWA, to meet the following criteria:

5.2.1 Carryover water available for transfer or exchange in this amendment is defined only as stored water described in Article 56(c)(1) and 56(c)(2) and not 12(e).

5.2.2 Carryover water may only be exchanged or used in single-year transfers.

5.2.3 The PWA purchasing the carryover water must take delivery, in its service areas, unless an exemption is granted under 5.2.8.

5.2.4 A PWA may transfer or exchange up to 50% of its carryover water.

5.2.5 A PWA may transfer/exchange greater than 50% of its carryover water, if the PWA demonstrate that the transfer or exchange of carryover water will not prevent it from meeting critical water needs in the current year or the following year and obtain approval by DWR Director.

5.2.6 All transfer and exchange of carryover water are subject to section 4.2.

5.2.7 The PWA receiving the water must confirm that the PWA has a need for that water for use within its service area during the current year unless an exception is granted under 5.2.8.

5.2.8 A PWA may request an exception for the following, but not limited to, from the DWR Director:

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- 5.2.8.1 For any exceptions to the criteria listed above;
- 5.2.8.2 Requests for the transfer and exchange of stored (or carryover) water prior to this water being displaced; and
- 5.2.8.3 Using San Luis Reservoir as the transfer/exchange point.

## **II. PRINCIPLES TO ACHIEVE OBJECTIVE FOR CWF COST ALLOCATION**

1. These costs would be billed to and collected from SWP PWAs participating in the SWP portion of CWF (Participating PWAs), except those SWP PWAs situated north of the Delta (Non-Participating PWAs), through their annual Statement of Charges (SOC).
2. **CWF Facilities Definition:** CWF Facilities shall mean those facilities that are constructed to convey water from the north Delta to the south Delta through facilities as described in the California Water Fix Final EIR/EIS SCH #2008032062. In general, CWF Facilities will divert water from the Sacramento River through three intakes on the east bank of the Sacramento River, through pipelines and tunnels to the south Delta, to new forebay located northwest of the existing Clifton Court Forebay, and finally to connections with the California Aqueduct north of the Jones and Banks pumping plants.
3. **CWF Facilities Charge Components:** The purpose of the CWF Facilities is water conservation and/or transportation. Accordingly, all capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the CWF Facilities are 100% reimbursable and shall be recovered by the DWR from Participating PWAs through their annual SOCs. These costs shall be allocated to and billed under two new charges as follows:
  - (1) CWF Facilities Capital Charge Component
  - (2) CWF Facilities Minimum OMP&R Component
4. **CWF Facilities Capital Charge Component Method of Computation**
  - 4.1 This computation will recover actual annual debt service created by financing activities (Financing Method) for CWF Facilities.
  - 4.2 Each Financing Method shall provide an annual repayment schedule, which includes all Financing Costs.
  - 4.3 Financing Costs shall mean the following:
    - 4.3.1 Principal of and interest on Revenue Bonds,

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- 4.3.2 Debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest,
- 4.3.3 Deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and
- 4.3.4 Premiums for insurance or other security obtained in relation to such Revenue Bonds.
- 4.4 Financing Method shall be divided into four categories:
  - 4.4.1 CWF Facilities Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,
  - 4.4.2 CWF Facilities Capital Costs paid with amounts in the State Water Resources Development System Reinvestment Account,
  - 4.4.3 CWF Facilities Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and
  - 4.4.4 CWF Facilities Capital Costs prepaid by the Participating PWAs.
- 4.5 CWF Facilities Capital Charge Component should be allocated to the Participating PWAs in proportion to the CWF Facilities Allocation Factors for each calendar year.
- 5. CWF Facilities Minimum OMP&R Charge Component Method of Computation**
  - 5.1 Recovery will be estimated and/or actual annual OMP&R costs determined for the CWF Facilities each year.
  - 5.2 CWF Facilities Minimum OMP&R Charge Component shall be allocated to the Participating PWAs in proportion to the CWF Facilities Allocation Factors for each calendar year.
- 6. CWF Facilities Energy Charges** – The CWF energy costs are 100% reimbursable by the PWAs and the methodology will be determined by the interim SWRDS Finance Committee.
- 7. CWF Facilities Allocation Factors** – The following table is a preliminary allocation of CWF Facilities participation percentages for the Non-Participating



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PWAs and the Participating PWAs. Only Participating PWAs would be billed for CWF Facilities Charge Components through their annual SOC, using the CWF Facility Allocation Factors described in the table. Non-Participating PWAs would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with CWF, except to the extent there is a permanent transfer of Table A from a Participating PWA to a Non-Participating PWA as set forth in principle 11.

<b>Non-Participating PWA</b>	<b>CWF Facilities Allocation Factors</b>
City of Yuba City	exempt
County of Butte	exempt
Plumas County FC&WCD	exempt
Napa County FC&WCD	exempt
Solano County Water Agency	exempt
<b>Participating PWA</b>	<b>CWF Facilities Allocation Factors</b>
Alameda County FC&WCD, Zone 7	1.9875%
Alameda County Water District	1.0355%
Santa Clara Valley Water District	2.4654%
Dudley Ridge Water District	1.0194%
Empire-West Side Irrigation District	0.0740%
Kern County Water Agency-Total	24.2278%
County of Kings	0.2294%
Oak Flat Water District	0.1405%
Tulare Lake Basin Water Storage District	2.1565%
San Luis Obispo County FC&WCD	0.6163%
Santa Barbara County FC&WCD	1.1214%
Antelope Valley-East Kern Water Agency	3.5709%
Santa Clarita Valley Water Agency	2.3470%
Coachella Valley Water District	3.4108%
Crestline-Lake Arrowhead Water Agency	0.1430%
Desert Water Agency	1.3744%
Littlerock Creek Irrigation District	0.0567%
Mojave Water Agency	2.2139%
Palmdale Water District	0.5251%
San Bernardino Valley Municipal Water District	2.5295%
San Gabriel Valley Municipal Water District	0.7100%
San Geronio Pass Water Agency	0.4265%
The Metropolitan Water District of Southern California	47.1253%
Ventura County Watershed Protection District	0.4931%
<b>Total</b>	<b>100.000%</b>

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8. **Repayment Schedule Table** – The amount to be paid by the Participating PWAs for each year under the CWF Facilities Capital and Minimum OMP&R charge Components shall be set forth in a Repayment Schedule Table.
9. **Charge Redetermination** – The CWF Facilities Capital and Minimum OMP&R Charge Components shall be subject to Charge Redetermination.
10. **Annual Statement of Charges** – The CWF Facilities Capital and Minimum OMP&R Charge Components shall be included in a separate invoice that is included in the annual SOC and shall be subject to the time and method of payment for Capital and Minimum OMP&R Components.
11. **Permanent Transfer of Contract Rights** – Any permanent transfer of Table A contract rights of a Participating PWA shall be accompanied by a pro-rata transfer of that PWAs rights and responsibilities with respect to CWF.
12. **CWF Facilities Use Of Facilities Charge** – If a Non-Participating PWA transfers allocated Table A to a Participating PWA, then no fee will be charged to the PWAs involved in the transaction. Other transactions may result in a fee sufficient to cover all (1) capital, (2) minimum operations, maintenance, power and replacement (OMP&R) costs, and (3) variable OMP&R costs, associated with this usage.
13. **Water Delivery Principles** – Participating PWAs moving water in excess of their CWF Facilities Allocation Factor shall schedule deliveries in a manner that does not harm other participating PWAs and shall be subject to the delivery priorities set forth in Article 12(f) of the Contract.
14. **Power Cost Incurred During Construction:** Per the DWR capitalization policy, any power costs (for example, power supply, grid connections, transmission) incurred to construct the CWF facilities shall be capitalized during Construction Work in Progress, as used in DWR's financial statements, and costs are 100% reimbursable recovered through the CWF Facilities Capital Charge Component.

### III. ENVIRONMENTAL REVIEW PROCESS

1. DWR and the PWAs agree that this AIP is intended to be used during the environmental review process for the California Environmental Quality Act (CEQA), to define the proposed project description for the purposes of CEQA, and to permit the next steps of the SWP water supply contract amendment process, including scoping and the preparation of the EIR. The AIP principles are not final contract language and do not represent a contractual commitment by either DWR or the PWAs to approve any proposed project or to sign contract

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amendments. By concurring with the AIP, DWR and the PWAs express their intent to move forward with the CEQA process with DWR as lead agency and the PWAs as responsible agencies, and ultimately develop a proposed project consisting of contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the PWAs.

2. At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and contract amendments, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendments or to approve an alternative project. Consequently, even though DWR and the PWAs have agreed to the AIP for the purposes described in the preceding paragraphs, DWR and each PWA retain their full discretion under CEQA to consider and adopt mitigation measures and alternatives, including the alternative of not going forward with the proposed project.



# ADMINISTRATIVE REPORT

Date: September 25, 2018

Agenda Item No: 5

Meeting Date: October 2, 2018

**To: Ventura Water Commission**  
**From: Kevin Brown, Ventura Water General Manager**  
**Subject: Water Loss Audits**

## **RECOMMENDATIONS**

Staff recommends the Water Commission receive this written report and a presentation on the State required Water Loss Audits.

## **DISCUSSION**

Prompted by the lack of available water, (due to climate change and population growth), California has committed to strengthening water conservation and increasing efficiency. The Governor's Water Action Plan (WAP) commits Californians to making conservation a "Way of Life." The WAP is important in increasing water reliability and sustainability. The WAP is a roadmap for the state's journey toward sustainable water management.

The Legislature has also created several laws that support the WAP, force water agencies to evaluate their entire water system, and then quantify exactly how much water they are measuring, producing, using and losing. These various laws are unfunded mandates that force water agencies to perform complex water system assessments to meet regulations.

The first water loss law came from Senate Bill (SB) 1420 and was signed in September 2014. SB1420 requires water agencies to conduct water loss audits and include that information in their 5- year Urban Water Management Plans (UWMP's).

In 2015, SB 555 required water agencies to conduct and submit validated water loss audits to the Department of Water Resources (DWR) annually, beginning October 1, 2017.

SB555 was created because the Legislature believed that the state's water agencies could improve water supplies by performing detailed water loss audits on their water systems. SB555 added Section 10608.34 to the California Water Code, required the Department of Water Resources (DWR) to establish regulations for conducting and validating water loss audits, technical qualifications for persons performing water loss audit validation, and reporting requirements for submitting validated water loss audits to DWR.

Water loss audits evaluate real water losses (leaks) and apparent water losses (data errors, water theft, water that is unaccounted for, etc.) occurring in a potable water system. To

complete the water loss audit, water agencies must conduct a very comprehensive analyses of their water systems including production, usage data and meter accuracy. These water loss audits use the system data from the previous calendar year (CY).

Water loss audits contain a financial component to them, estimate the scale and cost of the losses, allow utilities to identify opportunities for saving water and recover revenue. SB555 requires DWR to develop standards, provide guidance, and manage the technical assistance program (TAP) to enhance water conservation and drought resiliency.

The City has complied with the regulations by completing and filing the following water audits:

- The CY 2015 water loss audit was submitted to DWR as part of the 2015 UWMP in June 2016. The CY 2015 water loss audit was not required to be validated.
- The CY 2016 water loss audit was submitted to DWR on September 28, 2017. This year's audit was the first audit that required Level 1 validation.
- The CY 2017 water loss audit was submitted to DWR on September 27, 2018. This audit received a Level 1 validation.

In 2017, the CY 2016 water loss audit submission was reviewed and validated at no cost and funded by TAP. In 2018, the CY 2017 water loss audit submission was reviewed and validated by Water Systems Optimization (WSO) for a fee of \$2,500.

The review from the validators followed the methodology contained in Water Research Foundation Project 4639: Level 1 Water Audit Validation.

The water loss audit validation aims to:

1. Identify/ correct inaccuracies in water audit data and application of methodology.
2. Evaluate and communicate the uncertainties that are inherent in water audit data.
3. Provide an objective and standardized evaluation of the water systems water losses.

Senate Bill 555 also requires the State Water Board to develop water loss performance standards for water agencies between January 2019 and July 2020. Beginning in 2017, the State Water Board is analyzing data collected from water agencies through the annual water loss audit submissions and evaluating the life-cycle cost of achieving these new standards. These new State Water Board standards will incorporate local and operational conditions to determine the economically achievable water loss reduction for each separate water agency.

Prepared by Joe Marcinko, Water Utility Manager for:



Kevin Brown

Ventura Water General Manager