

April 9, 2019

Ventura County Watershed Protection District Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

Jeff Pratt
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Transportation
David Fleisch, Director

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Michaela Brown, Director

Watershed Protection
Glenn Shephard, Director

Subject: Authorize the Director of Public Works Agency to Sign a Non-Objection Letter Regarding the Environmental Review Process Set Forth in the Draft Agreement in Principle for the State Water Project Water Supply Contract Amendment for Water Management and California WaterFix. All Supervisorial Districts.

Recommendation:

Authorize the Director of Public Works Agency to sign the attached non-objection letter (Exhibit 1) regarding the environmental review process set forth in the Draft Agreement in Principle for the State Water Project Water Supply Contract Amendment for Water Management and California WaterFix.

Fiscal/Mandates Impact:

There is no fiscal impact associated with this item.

Summary:

The Ventura County Watershed Protection District (District) is a State Water Project (SWP) contractor with the Department of Water Resources (DWR). The District has assigned its SWP entitlement to Casitas Municipal Water District (Casitas), which subsequently assigned entitlements to the City of Ventura (City) and United Water Conservation District (United). Those three agencies have requested the District to concur with a statement to express their intent to move forward with the California Environmental Quality Act (CEQA) process for a project, known as the California WaterFix, to modernize and improve the SWP's water delivery system. The statement comes from a non-binding "Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management and California WaterFix" (AIP).

Casitas, the City and United have requested that the District adopt a resolution of concurrence with the CEQA process with DWR as lead agency to develop a proposed project consisting of contractual amendments consistent with the AIP principles that will result in an Environmental Impact Report (EIR) for consideration by DWR and the SWP



contractors. The AIP is non-binding and is still a non-final draft; therefore, a letter of non-objection is recommended.

Discussion:

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 per year (AF/Yr) of State water. The State of California entered into long-term water supply contracts with many water agencies in the 1960s. Under the contract terms, the DWR provides water service to these public agencies, known as State Water Project contractors, from the SWP in exchange for payments to recoup all costs associated with providing this water service over the life of the SWP.

The District remains the contracting agency with the State although the 20,000 AF/Yr was allocated to Casitas by agreement dated June 23, 1970. In turn Casitas allocated 10,000 AF/Yr to the City, and 5,000 AF/Yr to United leaving Casitas with 5000 AF/Yr.

The District as a party in the SWP has a cost allocation of 0.4931%. This is passed on to Casitas, which in turn passes a respective amount to the City and United. The District's budget is not impacted. Contractor costs have been projected from years 2019 through 2080. Actual costs will be dependent on total project costs as well as the financing scenario.

SWP contractors make payments to support the SWP infrastructure and operation and maintenance based on their contract amount regardless of the amount of SWP water received. Additional payments are made by each SWP contractor based on the conveyance costs related to the amount of SWP water delivered to that agency.

The SWP contracts include water management provisions for actions such as the transfer or exchange of SWP water between contractors, as well as financial provisions including the methods used by DWR to recover certain costs associated with the planning, construction, and operation and maintenance of SWP facilities. The contract provisions reflected DWR's expectations at that time (1960s) with respect to future water demand and the planned construction of SWP components.

Current State water contracts expire between years 2035 and 2042. However, DWR and the SWP contractors are currently negotiating details of an extension through year 2085. In February 2018, DWR and the SWP contractors resumed the public process to negotiate amendments. DWR and the SWP contractors participated in 15 negotiating sessions between February and June 2018. These negotiations were to address terms and conditions of water management actions related to water transfers and exchanges, and to develop terms and conditions for allocation of costs of California WaterFix.

California WaterFix is a project to modernize and improve the SWP's water delivery system in the Delta. It includes building three new intakes in the northern Delta along with two main tunnels to carry water to new pumping facilities and the existing aqueduct



system in the southern Delta. California WaterFix is intended to address environmental problems with the existing system and improve both the reliability and quality of exports from the Delta. The final environmental analysis for the California WaterFix project was published at the end of 2016 and certified by DWR in 2017 to confirm the project is consistent with environmental and wildlife protection standards, which allows the project planning to proceed. DWR initiated the CEQA process by releasing a Notice of Preparation (NOP) on July 13, 2018.

Recent actions have created uncertainty in the project. Governor Newsome announced on February 12, 2019 that only one tunnel will be built. Impacts for the design of a single tunnel have not been evaluated. This will create an unanticipated delay in the process.

The negotiations led to the development of a draft non-binding agreement in principle known as the AIP (Exhibit 2). Since the named SWP contract holder is the District, District input is requested.

Casitas, the City and United have adopted resolutions requesting the District to concur with the AIP as per Section III, Paragraph 1 of the AIP: Casitas on September 26, 2018, United on October 10, 2018, and the City on October 29, 2018 (Exhibit 3).

Section III, Paragraph 1 of the AIP reads:

III. ENVIRONMENTAL REVIEW PROCESS

DWR and the PWAs [Public Water Agencies who are the SWP contractors] 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 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.

Through a non-objection letter, the District can express its willingness to allow for the continuation of the CEQA process with DWR as lead agency and the State water contractors as responsible agencies for the WaterFix. DWR initiated the CEQA process by releasing a Notice of Preparation (NOP) on July 13, 2018. 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). Once the EIR is



certified, amended contracts can be drafted and signed.

This item has been reviewed by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

If you have any questions regarding this item, please call Arne Anselm at (805) 654-3942 or me at (805) 654-2040.



Glenn Shephard, P.E.
Director, Watershed Protection District

Attachments:

- Exhibit 1 – Non-Objection Letter
- Exhibit 2 – Draft Agreement in Principle
- Exhibit 3 – Resolutions Directing District to Concur with Agreement in Principle

