



MEMORANDUM

TO: SLDMWA Board of Directors, Alternates

FROM: Frances Mizuno, Assistant Executive Director

DATE: January 10, 2019

RE: Resolutions Authorizing Execution of the (1) Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning and (2) Los Vaqueros Reservoir Expansion Activity Agreement

BACKGROUND

The Water Authority on December 12, 2011 entered into a Memorandum of Understanding (MOU) regarding CalFed Bay-Delta Program Studies on the expansion of Los Vaqueros Reservoir (LVE) with Contra Costa Water District (CCWD) and other water agencies. The participation in the MOU required a payment of \$100,000, which was included in FY 17 Leg Ops 1 budget and paid in October 31, 2016. This cost was included in Leg Ops 1 budget as the Water Authority's participation was to explore potential SOD CVO-wide benefits from the project. Since the Water Authority's participation in the MOU, individual member agencies (Byron-Bethany Irrigation District, Del Puerto Water District, Grassland Water District, San Luis Water District, Santa Clara Valley Water District, and Westlands Water District) also entered into the MOU to seek potential storage/conveyance benefits directly for their respective districts. With the exception of Grassland WD, each participant also paid \$100,000 each for their participation.

The LVE Project includes expansion of the Los Vaqueros Reservoir from its current capacity of 160 TAF to 275 TAF, construction of a pipeline between CCWD's Transfer Pump Station and the State Water Project's California Aqueduct at Bethany Reservoir (the "Transfer-Bethany Pipeline"), upgrades to the existing Transfer Pump Station Facilities, and construction of the Neroly High Lift Station.

The potential benefits to Water Authority members from the LVE Project include the operational flexibility to Reclamation to move CVP water south of Delta, conveyance and storage of water purchased through water transfers, and storage of rescheduled water for CVP contractors and Level IV Refuge Water for Grasslands Water District.

The MOU participants have drafted a proposed CCWD Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning. This agreement is for the purpose of providing for cost-sharing to (1) complete the Final Supplement to the 2010 Final EIS/EIR, (2) release the Final

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Feasibility Report in partnership with Reclamation, (3) complete financial evaluation of the Project for the Local Agency Partners (LAP), (4) develop a long-term governance structure for a likely new Joint Powers Authority (JPA), and (5) complete conceptual and preliminary design. The total cost under this draft Cost Share Agreement is \$2,833,036. The proposal is to share the cost equally amongst all the LAPs. There are a total of 14 MOU participants that are potential LAPs. The cost for each LAP will depend on the total number of participants.

ISSUE FOR DECISION

Whether the Water Authority should establish a Los Vaqueros Reservoir Expansion Activity Agreement and enter into the Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning.

RECOMMENDATION

Staff recommends the Board approve the resolutions to establish the Los Vaqueros Reservoir Expansion Activity Agreement and execute the Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning.

ANALYSIS / IMPLICATIONS

Water Authority Member Agencies, including Westlands Water District, Del Puerto Water District, and Byron Bethany Irrigation District have expressed desire to participate in the Cost Share Agreement through participation in a Water Authority Activity Agreement. Potential other Members including San Luis, Panoche, and Pacheco Water Districts may also decide to participate through the Water Authority.

The Water Authority has traditionally established Activity Agreements for activities where more than one but not all members participate in such activity. Examples of existing Activity Agreements are: Long-Term Water Transfer Program, Grasslands Bypass Project, and Sustainable Groundwater Management Act Services. Participation in this next phase for completion of the planning process will allow the Authority/ Participating Members to continue to engage in and have a voice in the outcome of the project.

Water Authority participation in the Activity Agreement will require staff time to manage the project and coordinate with the Activity Agreement participating members. Activity Agreement participating members would be responsible for all financial (including Water Authority staff time) obligations and liabilities associated with the Water Authority's execution of the Cost Share Agreement.

With the Water Authority participating as the LAP, there likely will a total of 10 LAPs executing the Cost Share Agreement. The cost for participation for each LAP assuming a total of 10 LAP is \$283,304 per LAP. Fifty percent of the cost will be paid immediately upon execution of the Cost

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Share Agreement and the remaining 50% is due on July 1, 2019. The Cost Share Agreement allows for LAPs to withdraw with a 30-day notice.

BUDGET

No direct budget impact, due to the proposed structure of the Activity Agreement, whereby the cost for the Water Authority's participation in the Cost Share Agreement, and any additional financial obligations and liabilities associated with execution of the Cost Share Agreement, will be divided equally among and paid for by the Activity Agreement participating members.

EXHIBITS

1. San Luis & Delta-Mendota Water Authority Resolution No. 2019-XX Authorizing Execution of the Los Vaqueros Reservoir Expansion Project Activity Agreement
2. San Luis & Delta-Mendota Water Authority Resolution No. 2019-XX Authorizing Execution of the Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning
3. Draft Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning including Summary of Draft Budget by Task and Cost Share Calculation
4. Draft Los Vaqueros Reservoir Expansion Project Activity Agreement

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2019-

**RESOLUTION AUTHORIZING EXECUTION OF THE LOS VAQUEROS RESERVOIR
EXPANSION PROJECT ACTIVITY AGREEMENT**

WHEREAS, on December 12, 2011, the San Luis & Delta-Mendota Water Authority (“Water Authority”) entered into a Memorandum of Understanding regarding CalFed Bay-Delta Program Studies on the expansion of Los Vaqueros Reservoir (“LVE MOU”) with Contra Costa Water District (“CCWD”) and other water agencies.

WHEREAS, subsequently, individual Water Authority member agencies Byron-Bethany Irrigation District, Del Puerto Water District, Grassland Water District, San Luis Water District, Santa Clara Valley Water District, and Westlands Water District also entered into the LVE MOU to seek potential storage and/or conveyance benefits directly for their respective districts.

WHEREAS, the Authority and certain individual Water Authority member agencies, together with Reclamation and other public agencies have considered the feasibility of a Phase 2 Los Vaqueros Reservoir Expansion Project (“LVE Project” or “Project”) to, among other things, develop regional water supplies for environmental water management, to improve regional water supply reliability, and to improve regional water quality, while maintaining benefits from the existing Los Vaqueros Reservoir.

WHEREAS, the planning to date for the Project includes, but is not limited to, planning for the construction of an expanded reservoir with a capacity of 275,000 acre-feet, construction of a pipeline between CCWD’s Transfer Pump Station and the California Department of Water Resources’ California Aqueduct at Bethany Reservoir (the “Transfer-Bethany Pipeline”), upgrades to the existing Transfer Pump Station facilities, and construction of the Neroly High Lift Pump Station.

WHEREAS, the LVE MOU participants have drafted a proposed CCWD Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning (“LVE Cost Share Agreement”). The LVE Cost Share Agreement is for the purpose of providing cost-sharing to complete planning and preconstruction activities related to the LVE Project.

WHEREAS, some or all of the individual Water Authority member agencies that previously entered into the LVE MOU desire to provide cost-sharing through the Water Authority’s execution of the LVE Cost Share Agreement as a “Local Agency Partner” on their behalf.

WHEREAS, the Board has considered that certain form of the LVE Cost Share Agreement, a copy of which has been presented to the Board and is on file with the Secretary hereof.

WHEREAS, the Board has further considered that certain form of Los Vaqueros Reservoir Expansion Project Activity Agreement setting forth the terms by which the certain Members of the Water Authority are willing to participate in the benefits and are willing to incur the obligations of the LVE Cost Share Agreement, through the joint exercise of the powers common to each of the parties, a copy of which has also been presented to the Board and is on file with the Secretary hereof.

WHEREAS, authorizing execution of the Los Vaqueros Reservoir Expansion Project Activity Agreement does not constitute a project under the California Environmental Quality Act because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the CEQA guidelines) and also represents administrative activities of the Water Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); further, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA guidelines).

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. The Board hereby authorizes the Executive Director to execute the Los Vaqueros Reservoir Expansion Project Activity Agreement in substantially the form presented to the Board, subject to such additions, deletions, and other revisions as the said Executive Director shall approve prior to execution and further subject to the contingencies described in Section 3 of this Resolution.

Section 3. This authorization conferred by this Resolution, and the documents executed in reliance upon it, shall be contingent upon the occurrence of the following action: at least two Members of the Water Authority executing the Activity Agreement.

Section 4. In the event the contingency described in Section 3 fails to occur, the authorization conferred by this Resolution for which the contingency is not satisfied is revoked *ab initio* as to the document not achieving the signatures as required by said Section 3, and any documents executed by the Water Authority in reliance upon it shall have no binding force or effect.

Section 5. The Executive Director, Assistant Executive Director, or such Water Authority employee or consultant as either of such officers may designate, is further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary to the completion of the activities authorized by this Resolution, subject to the budgets and approvals as set forth in the respective documents.

PASSED AND ADOPTED this 10th day of January, 2019.

Cannon Michael, Chairman

Attest:

Federico Barajas, Secretary

I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at a regular meeting thereof held on the 10th day of January, 2019.

Federico Barajas, Secretary

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2019-

RESOLUTION AUTHORIZING EXECUTION OF THE CONTRA COSTA WATER DISTRICT COST SHARE AGREEMENT FOR LOS VAQUEROS RESERVOIR EXPANSION PROJECT PLANNING

WHEREAS, on December 12, 2011, the San Luis & Delta-Mendota Water Authority (“Water Authority”) entered into a Memorandum of Understanding regarding CalFed Bay-Delta Program Studies on the expansion of Los Vaqueros Reservoir (“LVE MOU”) with Contra Costa Water District (“CCWD”) and other water agencies.

WHEREAS, subsequently, individual Water Authority member agencies Byron-Bethany Irrigation District, Del Puerto Water District, Grassland Water District, San Luis Water District, Santa Clara Valley Water District, and Westlands Water District also entered into the LVE MOU to seek potential storage and/or conveyance benefits directly for their respective districts.

WHEREAS, the Authority and certain individual Water Authority member agencies, together with Reclamation and other public agencies have considered the feasibility of a Phase 2 Los Vaqueros Reservoir Expansion Project (“LVE Project” or “Project”) to, among other things, develop regional water supplies for environmental water management, to improve regional water supply reliability, and to improve regional water quality, while maintaining benefits from the existing Los Vaqueros Reservoir.

WHEREAS, the planning to date for the Project includes, but is not limited to, planning for the construction of an expanded reservoir with a capacity of 275,000 acre-feet, construction of a pipeline between CCWD’s Transfer Pump Station and the California Department of Water Resources’ California Aqueduct at Bethany Reservoir (the “Transfer-Bethany Pipeline”), upgrades to the existing Transfer Pump Station facilities, and construction of the Neroly High Lift Pump Station.

WHEREAS, the LVE MOU participants have drafted a CCWD Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning (“LVE Cost Share Agreement”). The LVE Cost Share Agreement is for the purpose of providing cost-sharing to complete planning and preconstruction activities related to the LVE Project.

WHEREAS, some or all of the individual Water Authority member agencies that previously entered into the LVE MOU desire to provide cost-sharing through the Water Authority’s execution of the LVE Cost Share Agreement as a “Local Agency Partner” on their behalf.

WHEREAS, the Board has considered that certain form of the LVE Cost Share Agreement, a copy of which has been presented to the Board and is on file with the Secretary hereof.

WHEREAS, the Water Authority's execution of the LVE Cost Share Agreement will be contingent upon the Water Authority and at least two individual member agencies first executing that certain form of the Los Vaqueros Reservoir Expansion Project Activity Agreement, a copy of which has also been presented to the Board and is on file with the Secretary hereof.

WHEREAS, authorizing execution of the LVE Cost Share Agreement does not constitute a project under the California Environmental Quality Act because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the CEQA guidelines) and also represents administrative activities of the Water Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); further, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA guidelines).

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. The Board hereby authorizes the Executive Director to execute the Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning in substantially the form presented to the Board, subject to such additions, deletions, and other revisions as the said Executive Director shall approve prior to execution and further subject to the contingencies described in Section 3 of this Resolution.

Section 3. This authorization conferred by this Resolution, and the documents executed in reliance upon it, shall be contingent upon the occurrence of the following action: at least two Members of the Water Authority executing the Los Vaqueros Reservoir Expansion Project Activity Agreement.

Section 4. In the event the contingency described in Section 3 fails to occur, the authorization conferred by this Resolution for which the contingency is not satisfied is revoked *ab initio* as to the document not achieving the signatures as required by said Section 3, and any documents executed by the Water Authority in reliance upon it shall have no binding force or effect.

Section 5. The Executive Director, Assistant Executive Director, or such Water Authority employee or consultant as either of such officers may designate, is further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary to the completion of the activities authorized by this Resolution and implementation of Water Authority responsibilities under the LVE Cost Share Agreement.

PASSED AND ADOPTED this 10th day of January, 2019.

Cannon Michael, Chairman

Attest:

Federico Barajas, Secretary

I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at a regular meeting thereof held on the 10th day of January, 2019.

Federico Barajas, Secretary

CONTRA COSTA WATER DISTRICT
Cost Share Agreement for
Los Vaqueros Reservoir Expansion Project Planning

THIS AGREEMENT is made as of September____, 2018 between Contra Costa Water District hereinafter referred to as “CCWD,” a County Water District organized and existing under Division 12 of the California Water Code; and

Alameda County Flood Control and Water Conservation District, Zone 7 hereinafter referred to as “Zone 7 Water Agency”, a special district organized and existing under Act 20, Section 36 of the Water Code – Uncodified Acts; and

Alameda County Water District hereinafter referred to as “ACWD”, a County Water District organized and existing under Division 12 of the California Water Code; and

Bay Area and Water Supply & Conservation Agency hereinafter referred to as “BAWSCA”, a public agency organized and existing under Division 31 of the California Water Code; and

The City of Brentwood hereinafter referred to as “Brentwood”; and

Byron Bethany Irrigation District hereinafter referred to as “BBID”, a Multicounty Special District organized and existing under Division 11 of the California Water Code; and

East Bay Municipal Utility District hereinafter referred to as “EBMUD”, a Municipal Utility District organized and existing under Division 6 of the California Public Utilities Code; and

East Contra Costa Irrigation District hereinafter referred to as “ECCID”, an irrigation district organized and existing under Division 11 of the California Water Code; and

Del Puerto Water District hereinafter referred to as “DPWD”, a water district organized and existing under Division 13 of the California Water Code; and

Grassland Water District hereinafter referred to as “GWD”, a water district organized and existing under Division 13 of the California Water Code; and

San Francisco Public Utilities Commission hereinafter referred to as “SFPUC”, a department of the City and County of San Francisco; and

San Luis Water District hereinafter referred to as “SLWD”, a water district organized and existing under Division 11 of the California Water Code; and

San Luis & Delta-Mendota Water Authority hereinafter referred to as “SLDMWA”, a California joint powers authority operating under and by virtue of Section 6500, et seq., of the California Government Code; and

Santa Clara Valley Water District hereinafter referred to as “SCVWD”, an independent special district created by an act of the Legislature of the State of California and Water Code Appendix, Chapter 60; and

Westlands Water District hereinafter referred to as “WWD”, a California water district organized and existing under Division 13 of the California Water Code.

Throughout this Agreement, (1) ACWD, BAWSCA, BBID, Brentwood, DPWD, ECCID, EBMUD, GWD, SFPUC, SLDMWA, SLWD, SCVWD, WWD, and Zone 7 Water Agency may be referred to together as Local Agency Partners, and (2) CCWD and the Local Agency Partners may be referred to together as the “Agencies” or “Parties”, or individually as a “Party”.

RECITALS

WHEREAS, the Local Agency Partners share an interest in providing a reliable, high quality water supply at a reasonable cost while preserving or enhancing the environment; and

WHEREAS, the Local Agency Partners each have different concerns regarding their water supplies, reliability, and water quality for their individual agencies; and

WHEREAS, the original 100,000-acre-foot Los Vaqueros Reservoir was constructed in 1998 to provide drinking water quality improvements and emergency supplies for CCWD’s customers; and

WHEREAS, the Phase 1 Los Vaqueros Reservoir Expansion was constructed in 2012 and expanded the capacity of the reservoir to 160,000 acre-feet with the purpose of providing drinking water quality improvements, emergency supplies, and additional water supply reliability benefits for CCWD’s customers; and

WHEREAS, in February of 2013, EBMUD approved Principles of Agreement with CCWD for water supply reliability partnership; and

WHEREAS, in February of 2016, EBMUD and CCWD approved Principles of Agreement concerning, among other things, CCWD’s potential future use of the Freeport Regional Water Project and EBMUD’s potential future use of Los Vaqueros Reservoir; and

WHEREAS, the Local Agency Partners are considering the Phase 2 Los Vaqueros Reservoir Expansion Project (Project) to develop regional water supplies for environmental water management, to improve regional water supply reliability, and to improve regional water quality, while maintaining the existing benefits for CCWD’s customers; and

WHEREAS, the Local Agency Partners recognize that the Project may be mutually beneficial for all Parties and may address, in full or in part, each Party’s individual concerns regarding water supply, reliability, and water quality; and

WHEREAS, the planning to date for the Project includes, but is not limited to, planning for the construction of an expanded reservoir with a capacity of 275,000 acre-feet, construction of a pipeline between CCWD's Transfer Pump Station and the California Department of Water Resources' California Aqueduct at Bethany Reservoir (the "Transfer-Bethany Pipeline"), upgrades to the existing Transfer Pump Station facilities, and construction of the Neroly High Lift Pump Station; and

WHEREAS, the Local Agency Partners, the California Department of Water Resources, and other federal, state, and local agencies executed a Memorandum of Understanding regarding the CALFED Bay-Delta Program Studies on the Expansion of Los Vaqueros Reservoir in 2001 ("2001 LV MOU"), as amended and extended through December 31, 2018; and

WHEREAS, the United States Department of the Interior, Bureau of Reclamation ("Reclamation") is authorized to complete a Federal Feasibility Report for the Los Vaqueros Reservoir Expansion by the CALFED Bay-Delta Authorization Act (Public Law 108-361) and has received federal appropriations in support of this work in excess of \$18 million since 2001; and

WHEREAS, CCWD and Reclamation jointly prepared a Final Environmental Impact Statement/Environmental Impact Report on March 12, 2010 ("Final EIS/EIR") that evaluated the expansion of Los Vaqueros Reservoir in two phases: an initial phase of expansion from 100,000 acre-feet to 160,000 acre-feet and a future phase of expansion from 160,000 acre-feet to 275,000 acre-feet; and

WHEREAS, the 2016 Water Infrastructure Improvements for the Nation ("WIIN") Act authorizes Federal financial participation in State-led surface storage projects such as the Los Vaqueros Reservoir Expansion Project; and

WHEREAS, Reclamation and CCWD executed a Memorandum of Understanding for Completion of Phase 2 of the Los Vaqueros Reservoir Expansion Investigation and Sharing of Costs on December 16, 2015 ("Reclamation-CCWD Cost Share MOU") that allows for in-kind services by Local Agency Partners to be eligible for tracking and reporting as non-federal expenditures that will help Reclamation secure additional federal funds for planning of the Project; and

WHEREAS, all of the Local Agency Partners executed individual cost sharing agreements with CCWD ("Individual Cost Sharing Agreements") to prepare a Draft Federal Feasibility Report in partnership with Reclamation, a Draft Supplement to the Final Environmental Impact Statement/Environmental Impact Report ("Draft Supplement to the Final EIS/EIR"), and a funding application to the California Water Commission for implementation funding under its Water Storage Investment Program ("WSIP"); and

WHEREAS, CCWD and certain Local Partners have provided in-kind services and financial support for Project planning efforts to date; and

WHEREAS, through a competitive process CCWD previously selected the Consultant Team to develop the Draft Supplement to the Final EIS/EIR and the Federal Feasibility Report;

and

WHEREAS, on June 30, 2017, CCWD and Reclamation released the Draft Supplement to the 2010 Final EIS/EIR that evaluated the environmental effects of changes in the Project, changes in circumstances, and new information since certification of the Final EIS/EIR; and

WHEREAS, on August 11, 2017, CCWD submitted a funding application for the Project and on July 24, 2018 the California Water Commission determined that the Project was eligible for up to \$459 million of funding from the WSIP, including \$13.65 million of early funding; and

WHEREAS, the work funded through the Individual Cost Sharing Agreements is nearly complete; and

WHEREAS, on February 2, 2018, Reclamation released the public Draft Federal Feasibility Report; and

WHEREAS, the Local Agency Partners recognize that additional planning activities are required to advance the Project consistent with the requirements of the Water Storage Investment Program (California Water Code §79700-79798); and

WHEREAS, the Local Agency Partners agree that planning of the Project shall be conducted in a manner consistent with the “beneficiaries pay” principle such that future costs will be allocated equitably in accordance with the benefits received if the Project or any part thereof proceeds, and that no Party will be obligated to fund the benefits from the Project or any part thereof provided to other entities.

NOW, THEREFORE, the Parties agree that the above recitals are hereby incorporated into and made a part of this Agreement, and further agree as follows:

1. Purpose. The primary purposes of this Agreement are to provide for cost-sharing of the funding requirements for:
 - a) the completion of the Final Supplement to the 2010 Final EIS/EIR (“Final Supplement to the Final EIS/EIR”);
 - b) the release of the Final Federal Feasibility Report in partnership with Reclamation;
 - c) a financial evaluation of the Project for the purpose of the Local Agency Partners’ making upcoming decisions regarding their financial commitment to project implementation.
 - d) the development of a long-term governance structure (currently envisioned as a Joint Powers Authority);
 - e) initiation of consultations with federal, state, and local entities for Project permits, approvals, certifications, and agreements;
 - f) conceptual and preliminary design advancement of Project facilities; and
 - g) any other activities mutually agreed to by the Parties pursuant to and consistent with this Agreement.

This Agreement designates roles and responsibilities as related to the receipt of WSIP early funding.

All work needed for Purposes a, 3b, and c will be completed during the term of this Agreement.

Work to meet Purposes d, e, and f will commence during the term of this Agreement and will continue after the term of this Agreement, provided that new agreements are reached by CCWD and some or all of the Local Agency Partners which contain provisions to continue Work related to Purposes d, e, and f. Consultant Team work and CCWD staff work for these purposes will be partially funded by this Agreement.

A detailed scope of work and budget for activities funded by this Agreement are included in Exhibit A and Exhibit B, respectively, which are attached hereto and incorporated herein as if fully set forth in this Agreement.

2. Obligations and Responsibilities.

2.1 CCWD Responsibilities

- a) CCWD will be responsible for planning a Project that is consistent with the principles for participation in the expansion of Los Vaqueros Reservoir and each and every determination and commitment adopted in 2003 by CCWD's Board of Directors in Resolution No. 03-24 and supported in the 2004 advisory vote in favor of expansion by voters within CCWD ("CCWD Board Principles"). Resolution 03-24 and Resolution 03-25 authorizing the advisory vote are shown in Exhibit C and Exhibit D, respectively, which are attached hereto and incorporated herein as if fully set forth.
- b) CCWD will work with Reclamation to jointly prepare a Federal Feasibility Report and a Final Supplement to the Final EIS/EIR for the Project, both of which will include an evaluation of Project operations that have been designed to provide benefits to the State and to each of the Local Agency Partners.
- c) CCWD will contract with and manage the environmental, legal, permitting, water rights, engineering, operations and financial modeling consultants providing support to the Project ("Consultant Team") for purposes a, b, and c and any other purposes that the Local Agency Partners determine would be beneficial and CCWD is agreeable to perform. CCWD will have authority on consultant procurement including sole source authorization decisions as appropriate for services related to facilities owned and operated by CCWD.
- d) CCWD will prepare operations models of the Project. CCWD will share modeling results with the Local Agency Partners. CCWD will update the operations modeling as needed. Updates to operations modeling may

include but are not limited to changes requested by Local Agency Partners, changes in regulations, and changes to the make-up of the Local Agency Partners pursuant to Section 6 or 12 of this Agreement.

- e) CCWD will provide relevant excerpts and/or chapters to the Local Agency Partners to facilitate their review of and input on the Final Federal Feasibility Report and the Final Supplement to the Final EIS/EIR per Section 2.4(b) of this Agreement, as those documents are developed, and shall work cooperatively with the Local Agency Partners to incorporate their comments on the Final Federal Feasibility Report and the Final Supplement to the Final EIS/EIR, subject to Section 8 of this Agreement. The full documents are available to review upon the request of any Party.
- f) CCWD will maintain the website for the project and will post all relevant public documents on the site.
- g) CCWD will provide input and facilitate discussions with the Local Agency Partners regarding the potential future governance structure of the Project.
- h) CCWD will initiate discussion and seek to reach agreement on the terms of a Memorandum of Understanding (“MOU”) with the Department of Water Resources (“DWR”) to develop a series of agreements including but not limited to temporary and long-term easements, conveyance through the State owned facilities, coordinated operations, and potential changes in water rights held by DWR for the State Water Project; and CCWD will execute such MOU if CCWD is able to reach agreement with DWR.
- i) CCWD will negotiate the terms of an Early Funding Agreement with the California Water Commission consistent with Section 10 of this Agreement; and CCWD will execute such Early Funding Agreement if CCWD is able to reach agreement with the California Water Commission. CCWD will be responsible for meeting the commitments of the Early Funding Agreement, with the participation and support of the Local Agency Partners as defined in this Agreement.
- j) CCWD will initiate discussions with the California Water Commission, California Department of Fish and Wildlife and the California Department of Water Resources to develop long term agreements as required by the WSIP regulations.

2.2 East Bay Municipal Utility District Responsibilities

- a) EBMUD will provide input as required for any updated analyses for the Final Supplement to the Final EIS/EIR regarding potential changes in

operations along the Mokelumne River and at the Freeport Intake Facility. EBMUD will evaluate changes in benefits and impacts along the Mokelumne River.

- b) EBMUD will provide input for the hydraulic assessment of the existing and proposed future CCWD-EBMUD interties.
- c) EBMUD will provide information regarding the schedule, cost, engineering, and design of new or upgraded facilities that are proposed such as the relining of the EBMUD Mokelumne Aqueduct No. 2 and the installation of variable frequency drives at the EBMUD Walnut Creek pumping plant.
- d) EBMUD will provide input as required for any updated evaluation the feasibility and cost of diverting water at the Freeport Intake for the benefit of the Project.
- e) EBMUD will evaluate the feasibility and cost of conveying and treating water from the LVE Project through the EBMUD treatment and distribution system and delivered to other Local Agency Partners as a backup or emergency alternative to normal deliveries.
- f) EBMUD will contribute to the development of the financial evaluation of the Project by providing costs estimates for EBMUD's assets contributed to the Project. EBMUD's contributed assets may include but are not limited to: use of Freeport Intake Facility, conveyance through EBMUD's distribution system, treatment of water distributed to other Local Agency Partners through the EBMUD system, water transfers and exchanges with other Local Agency Partners.
- g) EBMUD will work with CCWD and other Local Agency Partners to analyze benefits to the Project from using higher quality source water from the Mokelumne River or the Freeport Intake Facility.
- h) EBMUD will evaluate and initiate any changes to their water rights, water supply contracts, and any other agreements and permits that may be necessary to participate in the Project and coordinate this effort with other ongoing water rights evaluations led by CCWD as needed for the Project.

2.3 Grassland Water District Responsibilities

- a) GWD will continue to provide support for communications with non-governmental organizations, as well as local, state, and federal agencies, legislators, and other stakeholders.
- b) GWD will participate in the development of agreements and permits that pertain to providing wildlife refuge benefits.

- c) GWD will provide timely input on the operations, needs, and constraints of the wildlife refuges served by GWD.
- d) GWD will support the development of funding sources for near-term and long-term refuge water supply benefits.
- e) GWD will support the development of wheeling and conveyance agreements as required to deliver water to wildlife refuges.
- f) GWD will provide input on the Federal Feasibility Report and the Final Supplement to the Final EIS/EIR to ensure that the description of benefits to wildlife refuges are accurate and consistent with other existing agreements and obligations.

2.4 Responsibilities of the Other Local Agency Partners

- a) Local Agency Partners will provide timely input on operations, needs, and constraints for their agencies and on project alternatives in development to CCWD as needed for project planning.
- b) Local Agency Partners will review and provide timely feedback on the administrative draft of the Federal Feasibility Report and the Final Supplement to the Final EIS/EIR prior to the public release of these documents to ensure that discussion of Local Agency Partners and project benefits is accurate and appropriate.
- c) Local Agency Partners will provide support in communications with non-governmental organizations as well as local, state, and federal agencies.
- d) Local Agency Partners will provide financial support as described in Exhibit A and in-kind services to assist in the preparation and review of the Final Supplement to the Final EIS/EIR.

2.5 Joint Responsibilities

- a) CCWD and Local Agency Partners will work together to achieve the purposes described in Section 1 of this Agreement, including, subject to Section 9 of this Agreement, jointly defending the Final Supplement to the Final EIS/EIR in the event of litigation.

3. Cost & Payment.

- a) Total costs to complete the activities are identified in Exhibit B and the Local Agency Partner's total share of the cost shall not exceed \$3,167,786 unless the Parties agree to amend the budget consistent with Section 17 of this Agreement, in order to comply with requirements for an Early Funding Agreement as provided for in Section 10 of this Agreement, or for any other activities agreed

upon among the Parties to this Agreement. The Local Agency Partners' cost share total described herein is exclusive of any joint defense or litigation cost share amounts pursuant to Section 9 of this Agreement.

- b) Funds remaining on account from previous Individual Cost Sharing Agreements, if any, will be applied to the total cost of activities shown in Exhibit B.
- c) The Parties shall each be invoiced by CCWD for their share of the budgeted costs detailed in Exhibit B.
 - i. Fifty percent (50%) of each of the Local Agency Partners' cost share, as shown in Exhibit B, shall be remitted to CCWD as payment within sixty (60) days of execution of this Agreement by each of the Local Agency Partner. An invoice for the remaining fifty percent (50%) of each of the Local Agency Partners' cost share, shall be submitted by CCWD to each of the Local Agency Partners on July 1, 2019 and payment shall be remitted to CCWD within sixty (60) days.
 - ii. Funds contributed by the Local Agency Partners shall only be committed by CCWD and expended for all work required to further the purposes set forth in Section 1 of this Agreement, with each Local Agency Partners' share of the expenditures proportional to its share of the total Local Agency Partner funding.
 - iii. If funds remain after work under this Agreement is completed, each Local Agency Partner can determine a pro-rata return of its contributed funds or a pro-rata distribution of its contributed funds towards future work consistent with Section 7 of this Agreement.
- d) In-kind services may include labor costs and overhead costs for staff who are providing in-kind services for Project activities under this Agreement, including but not limited to data collection, document review, communications, stakeholder outreach, and attending Project meetings. In-kind services will contribute toward the funding match required by the Early Funding Agreement between CCWD and the California Water Commission.

4. Reporting

- a) CCWD will act as the fiscal agent and receive funds from the Local Agency Partners, maintain accounting records of expenditures, and prepare quarterly summaries of expenditures and in-kind services from all Parties. CCWD will provide the summaries to the Parties and Reclamation to document local cost share.
- b) Each Local Agency Partner will maintain an accounting of the value of its in-kind services including labor hours and overhead costs reported by all staff members participating in the Project and provide that accounting to CCWD

within sixty (60) days following the completion of each quarter. The accounting will include sufficient detail for CCWD to provide this information to Reclamation and the California Water Commission, together with CCWD staff costs and Consultant Team costs as compiled by CCWD to document local cost share.

- c) If CCWD executes an Early Funding Agreement with the California Water Commission as described in Section 10 of this Agreement, the value of the in-kind services may be used as the non-State funding match, or may be eligible for reimbursement from the California Water Commission.

5. Term. This Agreement is effective as of the date first written above and shall terminate on the earlier of the completion of the work contemplated herein or December 31, 2019, unless the term is modified consistent with Section 17 of this Agreement.

6. Withdrawal. Any Party may withdraw from this Agreement upon thirty (30) days written notice to the other Parties. In the event a Party chooses to withdraw prior to the completion of work or prior to the termination of this Agreement, the Party will forego the funds contributed, and the value of in-kind services provided, and shall not be reimbursed in any manner. Failure or refusal by any Party to enter into a joint defense and litigation cost-sharing agreement pursuant to Section 9 of this Agreement shall be considered to be a voluntary withdrawal pursuant to this Section 6. If a Party withdraws, the Project benefits assigned to the withdrawn Party may be re-distributed among the remaining Local Agency Partners. If additional capacity remains, CCWD and the Local Agency Partners will determine whether or not an additional Local Agency Partner is added as described in Section 12 of this Agreement.

7. Return of Contribution. Pursuant to Section 3 of this Agreement, contributed funds remaining upon termination pursuant to Section 5 of this Agreement, each Party shall request either a return of funds or allocate funds towards future work on the Project on a pro rata basis proportional to each Party's total contribution. No contributed funds, or value of in-kind services, shall be returned to any Party or Parties who withdraw from this Agreement pursuant to Section 6 of this Agreement, nor shall contributed funds or value for in-kind services be returned to any Party or Parties who cease participation in the Project due to their failure or refusal to enter into a joint defense and cost-sharing agreement pursuant to Section 9 of this Agreement.

8. California Environmental Quality Act/National Environmental Policy Act. CCWD and Reclamation will complete the Final Supplement to the Final EIS/EIR for the Project, and then CCWD will provide the Final Supplement to the Final EIS/EIR to the Local Agency Partners.

The Parties recognize that CCWD has not decided whether or on what conditions to approve the Project, and the Parties intend that this Agreement in no way affects the independent judgment to be exercised and findings required to be made by CCWD under CEQA or Reclamation under NEPA in the event the Project is approved and implemented. CCWD and Reclamation retain full authority to make the final determination of what is to be included in such documents.

Each Local Partner Agency, according to its own judgment, may take any additional actions pursuant to federal or state resource protection laws that it determines are required for its continued participation in the Project.

9. Joint Defense. Notwithstanding anything in this Agreement to the contrary, each of the Local Agency Partners expressly agrees and acknowledges that as a condition of continued participation in the Project, it will share CCWD's cost of the defense of the Final Supplement to the Final EIS/EIR and Project from any claim or litigation filed in any court of law pursuant to the California Environmental Quality Act, the National Environmental Policy Act, and any other applicable federal or state law ("CEQA/NEPA Litigation"). Each of the Local Agency Partners agrees and acknowledges that to continue their participation in the Project after any CEQA/NEPA Litigation has been filed in any court, they will enter into a separate joint defense and litigation cost sharing agreement within thirty (30) days of receiving any claim or legal challenge which shall account for the necessary scope of work and anticipated budget pertaining to any such defense and specify the respective responsibilities of the Parties to such agreement, including cost-sharing. Nothing in this Agreement requires any of the Local Agency Partners to enter such a joint defense and litigation cost sharing agreement. If a Local Agency Partner decides not to enter into such an agreement, that Agency shall be withdrawn from this Agreement pursuant to Section 6 of this Agreement.

10. California Water Commission Early Funding Agreement. Early funding, equal to fifty percent of the estimated total planning and permitting costs, was requested from the California Water Commission, and was approved on July 24, 2018 in an amount of \$13.65 million. The Early Funding Agreement may require a funding match from non-State entities. At a reasonable time prior to CCWD executing an Early Funding Agreement with the California Water Commission, the Parties will meet to discuss the terms and obligations of the proposed early funding.

11. Federal Funding. The 2019 federal Omnibus Appropriations bill is expected to allocate additional funding to Reclamation for Reclamation or State-led water storage projects, as authorized in Section 4007 of the 2016 WIIN Act. The Parties are seeking \$10,000,000 in new WIIN Act funding for design and pre-construction activities and initial demonstration of wildlife refuge benefits. If federal funding for the Project is appropriated by Congress, Reclamation would receive the requested funding and the funds would support Reclamation's consultant team and the federal permitting process. Some portion of the federal funds may be directly applied to the scope of work contained in Exhibit A. The federal funds could be credited towards any non-state cost share that may be required in the Early Funding Agreement as described in Section 10 of this Agreement.

12. Adding New Partners. Prior to the Parties' consideration of the addition of a new Local Agency Partner, the identity of the potential new Local Agency Partner and a description of the benefits that the potential new Local Agency Partner seeks to obtain must be presented to the CCWD Board of Directors for the Board of Directors' determination whether the addition of the potential new Local Agency Partner would be consistent with the CCWD Board Principles described in Section 2.1(a) of this Agreement, above. If the CCWD Board of Directors determines that the addition of the potential new Local Agency Partner is consistent with the CCWD Board Principles described in Section 2.1(a) of this Agreement, the potential new Local Agency Partner will be presented to all signatory Parties to this Agreement for their approval. The unanimous

written agreement of all signatory Parties to this Agreement is required to add a new Local Agency Partner.

13. Indemnity. In performance of this Agreement, each Party and its agents, employees, and contractors shall act in an independent capacity and not as officers, employees, or agents of any other Party. Except as otherwise declared herein, no Party assumes any liability for the activities of any other Party in performance of this Agreement. Each Party is responsible in proportion to its fault for liability, including but not limited to personal injury or property damage that may arise out of this Agreement, except to the extent such injury, damage, or loss was caused by the negligence or willful misconduct of any other Party, or its Directors, officers, agents, or employees. Each Party expressly agrees to defend, indemnify, and hold harmless any other Party and its Directors, officers, agents and employees from and against any and all loss, liability, expense, claims, suits, and damages, including attorneys' fees, arising out of or resulting from the first Party's, its Directors', officers', agents', and employees' negligent acts, errors or omissions, or willful misconduct, in its performance under this Agreement.

Each Party shall be responsible for any adverse impacts to its own customers that may result from the operation or performance of this Agreement, except as arising out of or resulting from the negligent acts, errors or omissions, or willful misconduct of any other Party, its Directors', officers, agents, and employees.

Each Party shall exercise reasonable care in the performance of its obligations and rights under this Agreement to ensure that each Party's facilities and operations, including water rights, entitlements, and contracts are not impaired or damaged.

14. Dispute Resolution. Should any dispute arise concerning any provisions of this Agreement or breach thereof, or the Parties' rights and obligations thereunder, the disputing Parties shall meet and confer in an attempt to resolve the dispute. Prior to commencing legal action, the Party or Parties asserting a breach or dispute shall provide to the other Party or Parties thirty (30) days written notice of the intent to take such action and the basis of the dispute or alleged breach. Within fifteen (15) days of delivery of the notice, the Parties shall meet and confer in an attempt to resolve the contested issues. Each Party will designate a member of that Party's executive management to conduct the negotiation in good faith.

The Parties shall make good faith efforts to resolve all disputes related to this Agreement at the lowest possible cost, subject to the approval of the Parties' respective governing bodies. Each Party shall bear its own attorneys' fees and costs in all aspects of dispute resolution. Unless the Parties agree upon an alternative forum of dispute resolution, any litigation concerning claims and disputes related to this Agreement shall be filed in and timely prosecuted to conclusion in the Superior Court in and for Contra Costa County, and each Party hereby waives its right to move to change venue.

15. Governing Law. This Agreement, its construction, and all work performed under it shall be governed by the laws of the State of California, without giving effect to conflict of law provisions. Venue shall be in the Contra Costa County Superior Court, unless otherwise agreed to by the Parties to the dispute or pursuant to California Code of Civil Procedure section 394.

16. Severability. If any provision of this Agreement, or the application thereof, is held invalid or unenforceable by a court of competent jurisdiction, all other provisions of this Agreement, and application thereof, shall remain valid and enforceable and will be construed in such a manner so as to affect the original intent of the Parties to the maximum extent possible.

17. Amendment. No amendment of this Agreement shall be valid unless made in writing and signed by the Parties.

18. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

19. Entire Agreement. This Agreement, together with the attachments hereto, constitutes the complete agreement between the Parties and supersedes any prior written or oral communications between the Parties.

20. Successors and Assigns. This Agreement and all of its provisions shall apply to and bind the successors and assigns of each and every Party to this Agreement.

21. Counterpart Signatures. This Agreement may be executed in counterparts each of which shall be deemed to be an original but all of which taken together shall constitute one and the same Agreement.

22. Notices. Any notice under this Agreement may be sent by electronic mail, USPS mail, or overnight mail to the designated persons identified below.

23. Waiver. No waiver of any kind pursuant to this Agreement will constitute a continuing waiver unless so stated in a writing signed by the waiving Party.

24. Confidentiality.

a) In connection with CCWD's preparation of the Final Supplement to the Final EIS/EIR, the Parties may share confidential and or privileged information that may be properly withheld from disclosure pursuant to the California Evidence Code and/or the California Public Records Act, including shared data, opinions, legal opinions, preliminary drafts, notes, interagency or intra-agency communications, attorney work products, documents or correspondence subject to attorney-client privilege, and documents or correspondence subject to the deliberative process privilege or the official information privilege.

i) The Parties shall clearly designate confidential documents and information as "confidential".

ii) A Party's disclosure of confidential information to another Party or Parties shall not constitute a waiver of an applicable privilege or CPRA exemption.

- iii) The Parties agree to promptly notify the other Parties of any California Public Records Act request, demand by subpoena, discovery request, or any other formal or informal request for disclosure of any confidential information provided by any Party to this Agreement.
- iv) A disclosing Party shall be provided sufficient notice in order that it may consider and take any actions, including seeking a protective order, to prevent the disclosure of its confidential information disclosed pursuant to this Agreement. So long as sufficient notice is provided, the Party or Parties receiving a California Public Records Act request, demand by subpoena, discovery request, or any other formal or informal request for disclosure of any confidential information provided by any Party to this Agreement shall have no liability to a disclosing Party relative to any lawful disclosure of confidential information disclosed pursuant to this Agreement.
- v) Nothing in this Section 24 shall prevent a Party from disclosing its own confidential information or from disclosing information that is otherwise available in the public domain.
- vi) If a Party withdraws from this Agreement, the withdrawing Party shall be obligated to continue to protect the confidentiality of all confidential information disclosed pursuant to this Agreement as though such Party continued to be a party to this Agreement. Notwithstanding the foregoing, a withdrawn Party shall be entitled to use factual, legal and analytical information contained in any confidential information for its own purposes, provided that in so doing it does not disclose the confidential information to any non-Party to this Agreement without the prior written consent of the disclosing Party or Parties that hold any rights, or privileges with respect to the confidential information.

Robert Shaver, General Manager
Alameda County Water District

Nicole Sandkulla, CEO / General Manager
Bay Area Water Supply and Conservation Agency

Rick Gilmore, General Manager
Byron Bethany Irrigation District

Gustavo “Gus” Vina, City Manager
City of Brentwood

Jerry Brown, General Manager
Contra Costa Water District

Anthea G. Hansen, General Manager
Del Puerto Water District

Alexander R. Coate, General Manager
East Bay Municipal Utility District

Patricia A. Corey, General Manager
East Contra Costa Irrigation District

Ric Ortega, General Manager
Grassland Water District

Michael Carlin, Deputy General Manager
San Francisco Public Utilities Commission

Frances Mizuno, Interim General Manager
San Luis & Delta-Mendota Water Authority

Lon Martin, General Manager
San Luis Water District

Norma J. Camacho, Chief Executive Officer
Santa Clara Valley Water District

Thomas W. Birmingham, General Manager
Westlands Water District

Valerie Pryor, General Manager
Zone 7 Water Agency

Summary of Draft Budget by Task

19-Oct-18

	Consultant & Legal Services	CCWD Staff In-kind Services	LAP Staff In-kind Services	Reclamation	Total Cost
Task 1 Project Management					<u>\$1,090,600</u>
Task 1.1 CWC Early Funding Grant Agreement Administration		\$34,000	\$2,400		\$36,400
Task 1.2 Project Management Activities	\$115,000	\$106,000	\$7,500		\$228,500
Task 1.3 Joint Powers Authority Formation	\$300,000	\$281,000	\$19,700		\$600,700
(1.3.1) Special Counsel	\$150,000	\$0	\$0		\$150,000
(1.3.2) Bond Counsel	\$75,000	\$0	\$0		\$75,000
Task 2 Environmental Planning					<u>\$3,777,400</u>
Task 2.1 Modeling	\$250,000	\$185,000	\$13,000		\$448,000
Task 2.2 Public Outreach	\$90,000	\$106,000	\$7,500		\$203,500
Task 2.3 Environmental Document and Technical Studies		\$0	\$0		\$0
(2.3.1) Post-Draft Supplement Technical Studies and Surveys	\$47,000	\$43,000	\$3,100		\$93,100
(2.3.2) Transfer-Bethany Pipeline Alignment Evaluation	\$50,000	\$43,000	\$3,100		\$96,100
(2.3.3) Final Supplement to the Final EIS/EIR	\$111,000	\$87,000	\$6,100		\$204,100
(2.3.4) CEQA Findings and Mitigation Monitoring and Reporting Plan	\$35,000	\$110,000	\$7,700		\$152,700
Task 2.4 Regulatory Permitting	\$162,000	\$904,000	\$63,300	\$30,000	\$1,159,300
Task 2.5 Water Rights Permitting	\$400,000	\$784,000	\$54,900	\$30,000	\$1,268,900
Task 2.6 Land Transactions	\$80,000	\$67,000	\$4,700		\$151,700
Task 3 Engineering Feasibility					<u>\$6,755,400</u>
Task 3.1 Financial Evaluation	\$500,000	\$196,000	\$13,800		\$709,800
Task 3.2 Federal Feasibility Study and Conveyance Facility Preliminary Design	\$100,000	\$71,000	\$5,000	\$850,000	\$1,026,000
Task 3.3 Preliminary Design		\$0	\$0		\$0
(3.3.1) Pumping Plant No. 1		\$214,000	\$15,000		\$229,000
(3.3.2) Los Vaqueros Dam + Transfer Bethany Pipeline	\$3,820,000	\$214,000	\$15,000		\$4,049,000
(3.3.3) Recreation Facilities	\$185,000	\$43,000	\$3,100		\$231,100
Technical Review Board (review of dam and some conveyance facilities)	\$30,000				\$30,000
DSOD Application Fee (20% progress payment)	\$280,500				\$280,500
Services Contingency	\$200,000				\$200,000
Total Cost	\$6,980,500	\$3,488,000	\$244,900	\$910,000	\$11,623,400

Summary of Draft Cost Share Calculation

19-Oct-18

Actual Costs to Date (August 15, 2017 - September 30, 2018)¹

	Expended	CWC Reimbursement of Expenditures (50%)
Consultant/Legal Cost	\$497,663	
Reclamation Cost (labor and services) ²	\$1,051,100	
CCWD in-kind services (labor)	\$942,525	
LAP in-kind services (labor)	\$176,241	
Total	\$2,667,529	\$1,333,764

Projected Total Costs for term covered by Multi-party Agreement (October 1, 2018 - December 30, 2019)

	Total Projected Cost	CWC Reimbursement of Projected Costs (50%)
Consultant/Legal Cost	\$6,980,500	
Reclamation Cost (labor and services)	\$910,000	
CCWD in-kind services (labor)	\$3,488,000	
LAP in-kind services (labor) ^{3,4}	\$244,900	
Total	\$11,623,400	\$5,811,700

Projected Total Costs for Multi-party Agreement (October 1, 2018 - December 30, 2019)

	Amount
Total Projected Costs	\$11,623,400
less Reclamation Cost	-\$910,000
less CCWD in-kind services (portion) ⁵	-\$490,000
less LAP in-kind services	-\$244,900
less CWC Invoice #1 payment	-\$1,333,764
less projected CWC Invoice payments	-\$5,811,700
Total	\$2,833,036

Projected Individual Agency Costs for Multi-party Agreement (varied by total number of agencies assumed to be participating)

	Total for Each LAP ⁶	50% Invoice #1 (ASAP after execution)	50% Invoice #2 (July 1, 2019)
Equal Share Per Agency (14 Agencies)⁷	202,360	\$101,180	\$101,180
Equal Share Per Agency (13 Agencies)⁸	217,926	\$108,963	\$108,963
Equal Share per Agency (12 Agencies)	236,086	\$118,043	\$118,043
Equal Share per Agency (11 Agencies)	257,549	\$128,774	\$128,774
Equal Share per Agency (10 Agencies)	283,304	\$141,652	\$141,652

Notes:

1 - August 15, 2017 is earliest possible date for reimbursement by CWC under Early Funding Agreement between CCWD and CWC as specified in CWC WSIP Regulations.

2 - Actual Reclamation costs are shown through June 30, 2018. Actual costs from July 1 - September 30, 2018 are not yet available and estimated in projected costs through December 31, 2019.

3 - Assumes Projected LAP staff cost is equal to 7% of CCWD staff costs

4 - GWD assumed to provide in-kind services only. Remainder of the development costs associated with refuge benefit provided by CWC early funding agreement and Reclamation through the 2015 Cost share MOU between Reclamation and CCWD

5 - Assumes a portion of CCWD in-kind services (labor) for project development that is not reimbursed by CWC Early Funding Agreement is funded by CCWD.

6 - Amount of financial contribution for each agency are assumed to be equal shares and are dependent on the total number of agencies participating in the Multi-party Agreement. Financial contributions provide contributions towards consultant and legal costs.

7 - A maximum of 14 agencies are assumed to be participating in the Multi-party Agreement (includes CCWD and a total of 13 Local Agency Partners)

8 - For planning purposes the Multi-party Agreement currently assumes a total of 13 agencies are providing financial contributions in the Multi-party agreement.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
LOS VAQUEROS RESERVOIR EXPANSION PROJECT ACTIVITY AGREEMENT

This **LOS VAQUEROS RESERVOIR EXPANSION PROJECT ACTIVITY AGREEMENT** (“**Activity Agreement**”) is made effective as of the date it is executed by and among the San Luis & Delta-Mendota Water Authority, a joint powers agency of the State of California (“**Authority**”), and at least two of its members (“**Members**”). Capitalized terms used in this Activity Agreement shall have the meanings set forth in Section 2 below.

1. RECITALS

A. The Members, together with certain other local agencies, have entered into an amended and restated Joint Exercise of Powers Agreement-San Luis & Delta-Mendota Water Authority dated as of January 1, 1992 (the “**JPA**” or “**JPA Agreement**”), by and among the parties indicated therein, establishing the Authority for the purpose of exercising the common powers of the Members, including those powers described in this Activity Agreement.

B. The Members are each empowered, among other powers, to provide water service to lands within their boundaries; to operate and maintain works and facilities for the development, distribution and use of water for irrigation and for any drainage or reclamation works connected therewith or incidental thereto and/or to operate and maintain works and facilities for the development, distribution and use of water for municipal and industrial use; to contract with the United States, the State and other public agencies and, effective January 1, 1995, with mutual water companies, for such purposes; to control the quality of water accepted into their respective systems; to exercise powers related to the construction, operation, or maintenance of water storage and delivery facilities; and to adopt rules and regulations necessary to the exercise of such powers.

C. The members of the Authority all have entered into contracts with the United States for water from the Central Valley Project (“**CVP**”) for irrigation and/or M&I purposes within their respective jurisdictional areas and receive water conveyed through the Delta-Mendota Canal, the San Luis Canal, and/or the Pacheco Pumping Plant and Tunnel.

D. For several years to come, because of hydrologic conditions and/or regulatory constraints, the operation of the CVP by the United States Bureau of Reclamation (“**Reclamation**”) will likely result in a shortage of storage opportunities south of the Sacramento-San Joaquin Delta

(“**Delta**”), which may result in less water being made available to the members of the Authority than required to meet the demands of their customers.

E. On December 12, 2011, the Authority entered into a Memorandum of Understanding regarding CalFed Bay-Delta Program Studies on the expansion of Los Vaqueros Reservoir (“**LVE MOU**”) with Contra Costa Water District (“**CCWD**”) and other water agencies.

F. Subsequently, individual Water Authority member agencies Byron-Bethany Irrigation District, Del Puerto Water District, Grassland Water District, San Luis Water District, Santa Clara Valley Water District, and Westlands Water District also entered into the MOU to seek potential storage and/or conveyance benefits directly for their respective districts.

G. The Authority and certain individual Water Authority member agencies, together with Reclamation and other public agencies have considered the feasibility of a Phase 2 Los Vaqueros Reservoir Expansion Project (“**LVE Project**” or “**Project**”) to, among other things, develop regional water supplies for environmental water management, to improve regional water supply reliability, and to improve regional water quality, while maintaining benefits from the existing Los Vaqueros Reservoir.

H. The planning to date for the Project includes, but is not limited to, planning for the construction of an expanded reservoir with a capacity of 275,000 acre-feet, construction of a pipeline between Contra Costa Water District’s (“**CCWD**”) Transfer Pump Station and the California Department of Water Resources’ California Aqueduct at Bethany Reservoir (the “**Transfer-Bethany Pipeline**”), upgrades to the existing Transfer Pump Station facilities, and construction of the Neroly High Lift Pump Station.

I. The LVE MOU participants have drafted a proposed CCWD Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning (“**LVE Cost Share Agreement**”). The LVE Cost Share Agreement is for the purpose of providing cost-sharing to complete planning and preconstruction activities related to the LVE Project.

J. Some or all of the individual Water Authority member agencies that previously entered into the LVE MOU desire to provide cost-sharing through the Water Authority’s execution of the LVE Cost Share Agreement as a “Local Agency Partner” on their behalf.

K. Each of the parties to this Activity Agreement desires to participate in the benefits and is willing to incur the obligations of the LVE Cost Share Agreement, through the joint exercise of the powers common to each of the parties.

AGREEMENT

NOW, THEREFORE, in consideration of the true and correct facts recited above, and of the covenants, terms, and conditions set forth herein, the Activity Agreement Members and the Authority agree as follows:

2. DEFINITIONS

2.1. “**Activity Agreement**” or “**Agreement**” shall mean this Los Vaqueros Reservoir Expansion Project Activity Agreement.

2.2. “**Activity Agreement Expenses**” shall mean all expenses directly incurred by the Authority pursuant to this Activity Agreement, together with a share of Authority Operating Costs allocable to Members of this Activity Agreement.

2.3. “**Activity Agreement Member**” shall mean a member of the Authority who is signatory to this Activity Agreement. The Activity Agreement Members are listed on Exhibit “A” attached hereto.

2.4. “**Administration Agreement(s)**” shall mean those certain agreements between the Authority and Activity Agreement Members for the undertaking of activities and sharing of costs and benefits pursuant to Sections 22 and 23 of the JPA.

2.5. “**Authority**” shall mean the San Luis & Delta-Mendota Water Authority.

2.6. “**Authority Operating Costs**” shall mean the Authority’s rent and other occupancy charges, acquisition costs of office furniture and equipment, including telephone, telecopy, photocopy, cost of cars and other vehicles, insurance premiums, salaries and wages of employees including payments in connection with retirement programs and other benefit programs, fees of creditors, lawyers, engineers and other consultants, travel, telephone, telecopy, and photocopy expenses, and any other general administrative expenses.

2.7. “**Board of Directors**” shall mean the Board of Directors of the San Luis & Delta-Mendota Water Authority.

2.8. “**Fiscal Year**” shall mean the Authority’s March 1 – February 28/29 fiscal year.

2.9. “**JPA**” or “**JPA Agreement**” shall mean that certain Amended and Restated Joint Exercise of Powers Agreement effective January 1, 1992, establishing the Authority, as it may be amended or restated over time.

2.10. **“Management Committee”** shall mean the steering committee established in Section 5 of this Activity Agreement to direct the activities under this Agreement and the LVE Cost Share Agreement.

2.11. **“Management Committee Member”** shall mean the duly appointed representative of an Activity Agreement Member to be counted towards a quorum and having the right to vote on behalf of such Activity Agreement Member at a meeting of the Management Committee.

2.12. **“Participation Percentage”** shall mean each Activity Agreement Member’s allocated share of Activity Agreement Expenses determined as described in Section 7 of this Agreement and set forth on Exhibit “B” as updated from time to time.

2.13. **“LVE Cost Share Agreement”** shall mean the Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning that is anticipated to be entered into by the Authority on behalf of the Activity Agreement Members.

2.14. **“LVE Project”** or **“Project”** shall mean the proposed project pertaining to the feasibility studies, design, permitting, and other preconstruction activities associated with a Phase 2 Los Vaqueros Reservoir Expansion Project.

2.15. **“Voting Alternate”** shall mean the duly appointed alternate of the Management Committee Member, such alternate being present at a meeting during the absence or disqualification due to conflict of interest of the Management Committee Member for whom the alternate has been appointed; said alternate being counted towards a quorum and having the right under those circumstances to cast the vote otherwise accorded to the Management Committee Member.

2.16. All other capitalized terms used herein shall have the meanings ascribed to them in the LVE Cost Share Agreement.

3. PURPOSE OF AGREEMENT

The purpose of this Activity Agreement is to allow, through the joint exercise of some or all of the common powers of the Activity Agreement Members described in the Recitals above, as appropriate, the Activity Agreement Members to participate through the Authority in the benefits and to share the obligations of cooperatively funding and managing preconstruction activities in furtherance of the LVE Project in order to, among other things, assist the Activity Agreement Members through the Management Committee in making an informed determination with respect to the extent to which they may participate as long-term investors in the Project.

4. ROLE OF AUTHORITY; LIMITS THEREON

4.1. Role of the Authority. The role of the Authority under this Activity Agreement will be to provide, through Authority staff or contracts with consultants, and as directed by the Management Committee, services to assist the Activity Agreement Members in conducting the activities contemplated by this Agreement. The Authority will provide only those services directed by the Management Committee and supported with funding from the Activity Agreement Members in accordance with budgets recommended by the Management Committee and approved by the Board of Directors and the Activity Agreement Members, as more specifically provided under the terms of this Agreement.

4.2. Authorized Activities of the Authority under the Activity Agreement. The types of activities authorized to carry out the purposes of this Activity Agreement shall specifically include, but shall not be limited to, the following:

a) To provide the umbrella joint powers agreement pursuant to which the parties may exercise their common powers and to provide services at the expense of the Activity Agreement Members.

b) To negotiate, implement, and administer the LVE Cost Share Agreement for and on behalf of the Activity Agreement Members, including, but not limited to, managing the preparation of additional analyses and studies regarding the potential benefits and feasibility of the LVE Project.

c) Through budgets approved by the Management Committee, the Board of Directors, and the Activity Agreement Members, to provide funding mechanisms to obtain services necessary for the preparation of analyses and studies regarding the potential benefits and feasibility of the Project, as well as other preconstruction activities.

d) To provide billing and accounting services to collect from the Activity Agreement Members and pay for the costs of services incurred under the Activity Agreement and LVE Cost Share Agreement pursuant to the terms of this Activity Agreement during the term hereof.

e) To undertake such additional activities and responsibilities as may be requested and funded by the Activity Agreement Members acting through the Management Committee.

4.3. Powers Reserved to Board of Directors and Limitations Thereon

a) The Board of Directors shall have ultimate approval authority over all Activity Agreement annual budgets based upon the recommendation of the Management Committee and approval of the Activity Agreement Members; provided, the Board of Directors may not alter the Activity Agreement annual budgets without the Management Committee's review and recommendation or Activity Agreement Member approval of such alteration.

b) The Board of Directors shall have the right, upon recommendation of or in consultation with the Management Committee, to approval all amendments to this Activity Agreement, including any amendment terminating the Activity Agreement; provided, that no amendment of this Activity Agreement shall be required to add new Activity Agreement Members prior to February 28, 2019.

c) The Board of Directors shall have the right, upon recommendation of or in consultation with the Management Committee, to act on any claims and to make decisions concerning the prosecution of, defense of, or other participation in actions or proceedings at law brought against the Authority arising from this Activity Agreement.

d) The Board of Directors delegates to this Management Committee the authority to conduct the activities described in this Activity Agreement pursuant to the terms of this Activity Agreement and the LVE Cost Share Agreement, without the required approval of the Board of Directors except as specifically provided in Sections 4.3(a-c). Also except as set forth in Sections 4.3(a-c) and 7.3, this delegation shall specifically include, but not be limited to, the authority to enter into contracts within approved Activity Agreement budgets.

5. ORGANIZATION

5.1. The business of this Activity Agreement shall be conducted by a Management Committee established and under the procedures set out in this Section 5.

5.2. Governing Body. The business of the Activity Agreement shall be conducted by a Management Committee consisting of one (1) Management Committee Member and one (1) alternate Management Committee Member appointed by each Activity Agreement Member.

a) Management Committee Members and alternates shall be appointed by action of the governing body of the represented Activity Agreement Member and such appointments shall be effective upon the appointment date as communicated in writing to the Authority. Each appointee shall serve on the Management Committee from the date of appointment

by the governing body of the Activity Participant he/she represents at the pleasure of such governing body.

b) Vacancies in the position of a Management Committee Member or alternate shall be filled by the represented Activity Agreement Member in the same manner as provided for the appointment of the initial Management Committee Member or alternate.

c) The Executive Director of the Authority, its Assistant Executive Director, and Authority employees or appointees designated by the Executive Director may participate as staff members and attend all Management Committee meetings, but shall have no vote.

5.3. Powers and Limitations Thereon. The Management Committee shall undertake all actions necessary for carrying out the Activity Agreement, including but not limited to setting policy with respect to the activities under the Activity Agreement; developing and approving budgets with respect to activities under this Activity Agreement; determining to issue Authority Bonds in accordance with the JPA Agreement and the Joint Exercise of Powers Act (Gov. Code, § 6500 *et seq.*); and such other actions as shall be reasonably necessary or convenient to carry out the purposes of this Activity Agreement. Except where the consent or approval of the Activity Agreement Members is expressly required by this Activity Agreement, Management Committee Members are deemed to have authority to act for their respective entity or entities' governing bodies. The Authority Board of Directors shall have final review and approval authority for all actions taken under the umbrella of the Authority, including the issuance of Authority Bonds as provided for in Section 6(d), 6(j), 6(k), and 24 of the JPA Agreement.

5.4. Meetings. The Executive Director of the Authority, the Assistant Executive Director of the Authority acting on the Executive Director's behalf, or the Chairman of the Management Committee is authorized to call meetings of the Management Committee as necessary and appropriate to conduct the business under the Activity Agreement. In addition to such authority to call meetings, the Management Committee may, but is not required to, set a date for regular meetings of the Management Committee. All such meetings shall be conducted in accordance with the requirements of the Ralph M. Brown Act (Gov. Code, § 54950 *et seq.*).

5.5. Quorum and Voting.

a) Quorum. A majority of the then-appointed Management Committee Members plus any Voting Alternates shall constitute a quorum of the Management Committee.

b) Voting Power. Each appointed Management Committee Member or Voting Alternate shall have one (1) vote. In the absence of a Member or in the event a Member is disqualified due to conflict of interest, the absent or disqualified Member's alternate, if present, shall be counted toward establishing a quorum and has the right to vote in place of the absent or disqualified Member. The Executive Director, Assistant Executive Director, and other employees of the Authority shall not be designated as members of the Management Committee and shall not be entitled to vote, nor shall they be counted towards a quorum.

c) Required Vote. Except as otherwise provided by law or as otherwise expressly provided in this Activity Agreement, all actions of the Management Committee must be taken by majority vote of the quorum present at such Management Committee meeting.

5.6. Vote or Consent of Activity Agreement Members. The vote, consent, or approval of the Activity Agreement Members in any matter requiring such vote, consent, or approval hereunder shall be evidenced either by a certified copy of the resolution of the governing boards of such Activity Agreement Members, or, if the action is taken by motion, then by a certified copy of its minutes.

5.7. Officers. The Management Committee shall select from its members a Chair, who shall act as presiding officer, and a Vice Chair, to serve in the absence of the Chair. All officers remain in office at the pleasure of a majority vote of the Management Committee, except as follows: each officer is entitled to resign such office, by tendering a written resignation to the Authority; and no Chair or Vice Chair may continue to serve as such officer if no longer acting as a member of the Management Committee.

5.8. Executive Director. The Executive Director of the Authority is authorized, consistent with the direction of the Management Committee, to employ attorneys, engineers, and other consultants, and otherwise authorize expenditure of Activity Agreement funds within the parameters of the budget developed by the Management Committee and approved by the Authority.

6. APPROVAL BY AN ACTIVITY AGREEMENT MEMBER OR ACTIVITY AGREEMENT MEMBERS

6.1. When the terms of this Agreement or applicable law require the approval of an Activity Agreement Member, written documentation of such approval, whether by Resolution, motion, or other form of authorization, must be provided to the Authority and to each of the other Activity Agreement Members.

a) For actions requiring the approval of only the particular Activity Agreement Member, such as appointing a representative to the Management Committee, approval only by such Activity Agreement Member is required.

b) When approval of the Activity Agreement Members is required for a particular action, the approval of a majority of the Activity Agreement Members will constitute approval of the action.

6.2. Approval by the Activity Agreement Member or the Activity Agreement Members, as appropriate, shall be required for:

- a) Approval of a Management Committee-recommended budget;
- b) Establishing or modifying the Participation Percentage applicable to the Activity Agreement Member; and
- c) Amendment of this Agreement, including but not limited to, for purposes of adding a new Member or the replacement of this Agreement with an alternative form of agreement.

7. BUDGETARY RESPONSIBILITIES OF ACTIVITY AGREEMENT MEMBERS

Subject to Section 7.3 below, the Activity Agreement Members, acting through their respective appointed Management Committee Members, are hereby authorized by the public agency appointing such Management Committee Members to cooperate with the Executive Director and/or the Assistant Executive Director of the Authority to provide and recommend approval of a budget for the activities authorized by this Activity Agreement, annually or more frequently as needed, for presentation to the Board of Directors of the Authority in accordance with Section 22 of the JPA and Section 4.4(a) of this Activity Agreement. All budgets and amendments thereof which result in a budget increase shall be subject to the approval of the Board of Directors.

7.1. Initial Budget. To initially fund the budget for this Activity Agreement, the Activity Agreement Members agree to contribute a total of \$XXX.00 in equal shares for Activity Expenses incurred prior to DATE.

7.2. Budget to Actual Adjustments. The Authority shall true up budgeted amounts collected from the Activity Agreement Members to actual expenditures annually following the end of each fiscal year. Any over-payments between budgeted and actual expenditures, taking into account any year-end carryover reserve established by the Management Committee, shall be credited or refunded to each Activity Agreement Member in equal shares for the period through February 28, 2019, and for each year thereafter, based upon its Participation Percentage. Each

Activity Agreement Member shall be billed for any under-payment following the true-up, with payment due thirty (30) days after the invoice is received.

7.3. Budget Authority of Management Committee Members. The Management Committee Members are authorized to recommend budgets for approval by the Activity Agreement Members, which approval shall be contingent upon the Activity Agreement Member meeting statutory or constitutional requirements applicable to the that Activity Agreement Member; such approved budgets shall be submitted to the Board of Directors consistent with Section 4.4(a) of this Agreement.

8. ACCOUNTABILITY, REPORTS, AND AUDITS

8.1. Full books and accounts for this Activity Agreement shall be maintained in by the Authority in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for public entities. The books and records shall be open to inspection by the Activity Agreement Members at all reasonable times, and by bondholders and lenders as and to the extent provided by resolution or indenture.

8.2. There shall be strict accountability of all funds deposited on behalf of the Activity Agreement with the Authority. The Treasurer of the Authority, directly or acting through its Accounting Department, shall provide regular reports of Activity Agreement accounts. Funds of the Activity Agreement shall be subject to audit by the official auditor of the Authority. An Activity Agreement Member may request an independent audit of the Activity Agreement funds; such audit shall be conducted at the expense of the requesting Activity Agreement Member.

9. ACTIVITY AGREEMENT EXPENSES AND ALLOCATION OF OPERATING COSTS

9.1. Each member of the Authority has entered into an Administration Agreement which authorizes an agreement by and among the Authority and any of its members or other entities to provide for undertaking and sharing costs and benefits of any authorized activity of the Authority. The Authority and the Activity Agreement Members agree that all Activity Agreement Expenses incurred by the Authority under this Activity Agreement are the costs of the Activity Agreement Members, and not of the Authority, and shall be paid by the Activity Agreement Members.

9.2. The Activity Agreement Members further agree that the Board of Directors is authorized to allocate a share of Authority Operating Costs as part of the Activity Agreement Expenses to cover the cost to the Authority of administering this Activity Agreement.

10. PARTICIPATION PERCENTAGES

10.1. Initial Participation Percentages. Beginning with costs incurred by the Authority on or after the Effective Date, each Activity Agreement Member agrees to reimburse the Authority for an equal share of the actual costs of financing and managing the preparation of additional analyses and studies regarding the potential benefits and feasibility of the Project, as well as other preconstruction activities, pursuant to the LVE Cost Sharing Agreement. For example, if there are five (5) Activity Agreement Members, each Activity Agreement Member would agree to reimburse the Authority one-fifth (1/5th) of actual costs.

10.2. Changing Participation Percentages. The Participation Percentages may be evaluated by the Management Committee from time to time, in order to consider new information concerning the relative contribution or responsibility of each Activity Agreement Member, with a vote to recommend revisions as provided in Section 5.5.(c). Any such Management Committee-recommended revisions shall be presented to the Activity Agreement Members for approval as provided in Section 5.5.(c).

10.3. Ongoing Documentation of Participation Percentages. The Participation Percentages of each Activity Agreement Member shall be dated and attached as Exhibit "B" to this Agreement, effective upon the date approved by all Parties, without any further amendment of this Agreement being required. Any further amendments to Exhibit "B" may be made using the procedure included in this Section 10 without any further separate amendment of this Agreement being required.

10.4. Invoicing and Payment. The Authority shall bill the Activity Agreement Members (1) in February 2019 for their respective share of \$XXX.00, and (2) for all other Activity Agreement Expenses in their respective Participation Percentages on the same schedule as it utilizes for collecting membership dues to implement the Authority budget for each March 1 through February 28/29 fiscal year, generally twice yearly in mid-March and August of such year. Payments are due thirty (30) days following the receipt of the Authority's invoice.

11. SOURCE OF PAYMENTS

Each Activity Agreement Member agrees that it will timely take actions necessary to provide sufficient money to meet its obligations hereunder. Each Activity Agreement Member hereby confirms that the Authority and other Activity Agreement Members are third party beneficiaries of such Activity Agreement Member's obligations under this Agreement and may take

such actions in law or in equity as may be desirable to enforce payments hereunder. The Management Committee may also seek funding from other alternative sources, including but not limited to state and federal grants or loans, and unless specifically allocated by the unanimous vote of the Management Committee, for example, to fund a project within the boundaries of a particular Member, all funding contributions obtained from alternative sources shall be allocated to each Activity Agreement Member according to its Participation Percentages.

12. INDEMNIFICATION OF AUTHORITY MEMBERS WHO DO NOT PARTICIPATE IN THIS ACTIVITY AGREEMENT

The Activity Agreement Members shall hold the Authority and each of its members who are not Activity Agreement Members, free and harmless from and indemnify each of them against any and all costs, losses, damages, claims, and liabilities arising from this Activity Agreement. This indemnification obligation includes the obligation of the Activity Agreement Members to defend the Authority, and all members of the Authority that are not participants in this Activity Agreement, at the sole expense of the Activity Agreement Members, in any action or proceeding brought against the Authority or any of its members not participating in this Activity Agreement to recover any such costs, losses, damages, claims, or liabilities arising from this Activity Agreement.

13. TERM

This Activity Agreement shall take effect on the date it is executed by the Authority and at least two Members and shall remain in full force and effect until: (1) this Activity Agreement is amended, rescinded, or terminated by the Authority and the Activity Agreement Members, (2) the LVE Cost Share Agreement is rescinded or terminated, or (3) the Authority withdraws from or is no longer a party to the LVE Cost Share Agreement.

14. WITHDRAWAL FROM FURTHER PARTICIPATION

14.1. Activity Agreement Members may voluntarily withdraw from this Activity Agreement as provided in this Section 14. To withdraw, an Activity Agreement Member shall give the Authority and all other Activity Agreement Members written notice of such withdrawal not less than thirty (30) days prior to the withdrawal date.

14.2. Payment of Obligations. Withdrawal is conditioned upon the withdrawing Activity Agreement Member's payment or agreement to pay its share of all debts, liabilities, obligations, and indebtedness of the Authority pursuant to this Activity Agreement and incurred prior to the effective date of such withdrawal, including authority Debt Service and any debts, liabilities, and

indebtedness obligations incurred under this Activity Agreement. A withdrawing party shall, within thirty (30) days of the withdrawal date, pay all such Activity Agreement Member's financial obligations incurred prior to such withdrawal date pursuant to the terms of this Activity Agreement or enter into an agreement acceptable to the Authority providing for continuing payment of such obligations until fully paid.

14.3. Rights Following Withdrawal. As of the withdrawal date, all rights of participation in this Activity Agreement shall cease for the withdrawing Activity Agreement Member.

14.4. Obligations Following Withdrawal. Withdrawal shall not excuse the withdrawing Activity Agreement Member's performance of obligations imposed upon that party by any judgment which has been entered by a court competent jurisdiction or regulation to which the Authority or the Activity Agreement Members are subject and that arise from or are related to activities of the Activity Agreement conducted during the period when the withdrawing Activity Agreement Member participated in this Activity Agreement. Furthermore, the indemnification obligations set forth in Section 12 shall survive a party's withdrawal from this Activity Agreement for activities under this Activity Agreement conducted during the period when the withdrawing Activity Agreement Member participated in the Activity Agreement.

15. INITIAL MEMBERSHIP/ADMISSION OF NEW MEMBERS

Members of the Authority may become Members of this Activity Agreement through February 28, 2019. After February 28, 2019, admission of new Members shall require the consent of all of the other Activity Agreement Members and of the Authority.

16. MISCELLANEOUS

16.1. Amendments. This Agreement may be amended in writing by the parties hereto.

16.2. Assignment; Binding on Successors. Except as otherwise provided in this Activity Agreement, the rights and duties of the Activity Agreement Members may not be assigned or delegated without the written consent of the Authority. Any attempt to assign or delegate such rights or duties in contravention of this Activity Agreement shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities, and other obligations of the Authority then in effect. This Activity Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Activity Agreement Members.

16.3. Counterparts. This Activity Agreement may be executed by the Authority and the Activity Agreement Members in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

16.4. Choice of Law. This Activity Agreement shall be governed by the laws of the State of California.

16.5. Severability. If one or more clauses, sentences, paragraphs or provisions of this Activity Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Activity Agreement Members and the Authority that the remainder of the Activity Agreement shall not be affected thereby.

16.6. Headings. The titles of sections of this Activity Agreement are for convenience only and no presumption or implication of the intent of the parties as to the construction of this Activity Agreement shall be drawn therefrom.

16.7. Reasonable Cooperation. Activity Agreement Members will reasonably cooperate with each other and the Authority to perform the obligations under this Activity Agreement, assist the Authority when necessary in carrying out its obligations under the LVE Cost Share Agreement, and to carry out the purpose and intent of this Activity Agreement.

IN WITNESS WHEREOF, the Members and the Authority have executed this Activity Agreement as of the date appearing next to their respective signature lines:

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

By: _____
Name: _____
Title: _____
Date: _____

ACTIVITY AGREEMENT MEMBERS

Agency Name: _____ Agency Name: _____
By: _____ By: _____

Name: _____
Title: _____
Date: _____

Name: _____
Title: _____
Date: _____

Agency Name: _____

Agency Name: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
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Title: _____
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Name: _____
Title: _____
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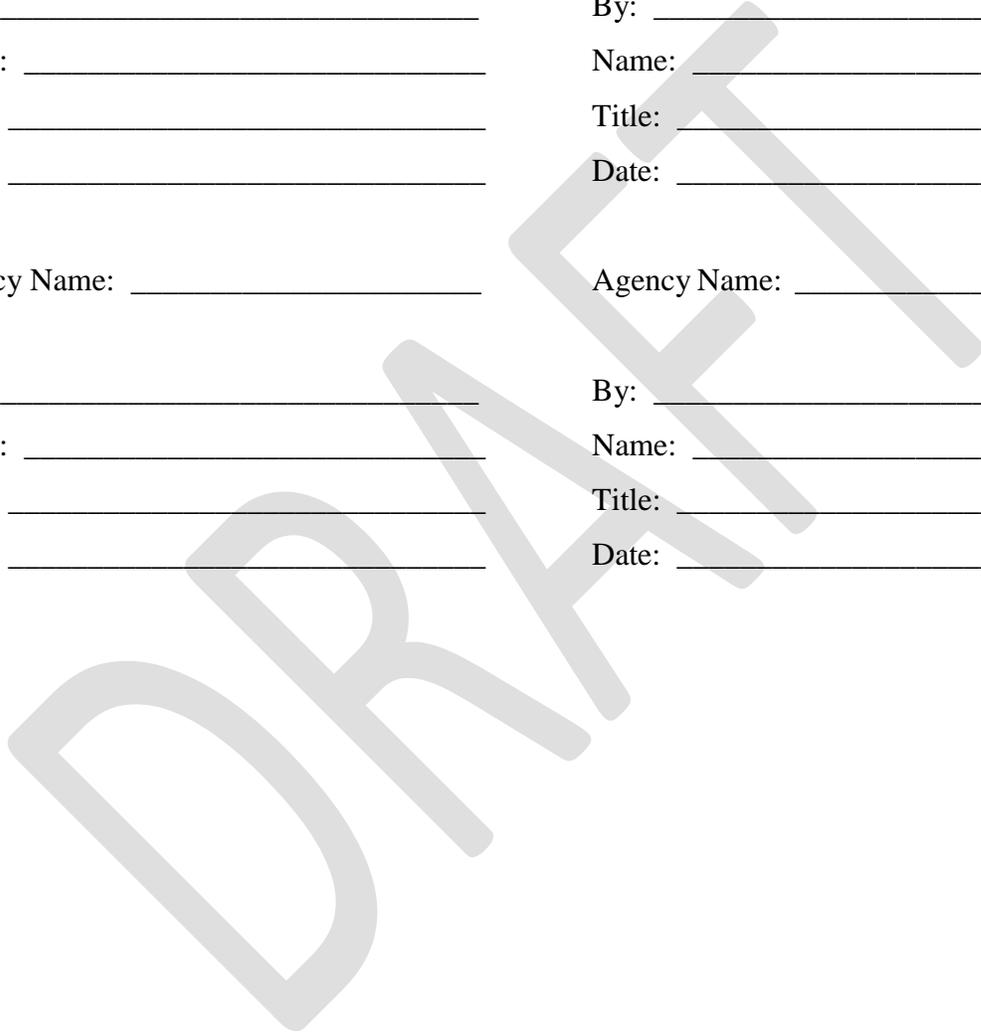


EXHIBIT A
LVE PROJECT ACTIVITY AGREEMENT PARTICIPANTS

[POTENTIAL LIST]

Byron-Bethany Irrigation District

Del Puerto Water District

Pacheco Water District

Panoche Water District

San Luis Water District

Westlands Water District

DRAFT

EXHIBIT B
ALLOCATION OF EXPENSES AMONG ACTIVITY AGREEMENT MEMBERS

Activity Agreement Members	Allocation (%)
Byron-Bethany Irrigation District	Equal Share (1/6th or 16.67%)
Del Puerto Water District	Equal Share (1/6th or 16.67%)
Pacheco Water District	Equal Share (1/6th or 16.67%)
Panoche Water District	Equal Share (1/6th or 16.67%)
San Luis Water District	Equal Share (1/6th or 16.67%)
Westlands Water District	Equal Share (1/6th or 16.67%)