



**CALL OF SPECIAL MEETING  
OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT  
BOARD OF DIRECTORS**

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The undersigned, Jeffrey Cottrell, President of the Beaumont-Cherry Valley Water District, hereby calls a Special Meeting of the Board of Directors to be held Wednesday, July 27<sup>th</sup>, 2016 at 7:00 p.m. at the District's Administrative Offices located at 560 Magnolia Avenue, Beaumont, California 92223.

The agenda for said meeting is attached.

**Dated:** Tuesday, July 19<sup>th</sup>, 2016

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Jeffrey Cottrell, President of the  
Board of Directors of the  
Beaumont-Cherry Valley Water District



**BEAUMONT-CHERRY VALLEY WATER DISTRICT  
560 Magnolia Avenue, Beaumont, CA 92223**

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**Notice and Call of a Special Meeting  
at the  
Beaumont Cherry Valley Water District  
560 Magnolia Avenue, Beaumont, California 92223**

**Wednesday, July 27, 2016 at 7:00 p.m.**

**NOTICE IS HEREBY GIVEN** that a Special Meeting of the Board of Directors of the Beaumont-Cherry Valley Water District will be held on Wednesday, July 27, 2016 at 7:00 p.m., at the Beaumont-Cherry Valley Water District located at the address above.

The following business will be transacted and this document serves as the Agenda for this Special Meeting:

**AGENDA**

1. Call Meeting to Order
2. Welcome and Introductions
3. Public Comment - *At this time, members of the public may provide general comments. To provide comments on specific agenda items, please complete a speaker's request form and submit the completed form to the Board Secretary before that agenda item.*
4. Discussion Regarding Consideration of Participation on the Sites Reservoir Project
5. Topics for Future Meetings
6. Next Meeting Date and Time
7. Adjournment

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Any person with a disability who requires accommodation in order to participate in this meeting may contact the Beaumont-Cherry Valley Water District at (951) 845-9581 at least 48 hours prior to the scheduled meeting.



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
July 27, 2016**

**DATE:** July 26, 2016  
**TO:** Board of Directors  
**FROM:** Eric Fraser, General Manager  
**SUBJECT:** Discussion Regarding Consideration of Participation on the Sites Reservoir Project

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**Recommendation**

Staff recommends that the Board consider adoption of Resolution 2016-06 identifying the District's desire to participate in Phase 1 of the Sites Reservoir Project at an amount equal to 3,000 AF.

Staff also recommends the Board consider authorizing the General Manager to submit a "Letter of Intent" to the San Geronio Pass Water Agency to identifying the District's desired participation level of 3,000 Acre Feet in the Sites Reservoir Phase 1 process.

**Background**

Mr. Jeff Davis of the San Geronio Pass Water Agency (SGPWA) presented information on a possible long-term new source of water supply project known as the Sites Reservoir at the District's July 13, 2016 regular Board Meeting. The SGPWA has solicited retail water agencies in its service area for possible participation in funding the Sites Reservoir Project's Phase 1 funding.

Subsequent to the SGPWA presentation, the Board of Director's expressed an interest in further discussing and possibly pursuing participation in the Sites Reservoir Project. Therefore, this staff report presents information regarding District Staff's understanding of the Sites Reservoir Project as well as Staff's recommendation related to project participation. The included Resolution 2016-06 identifies the Board's commitment to participating in and securing new water supplies for the region and in particular the District's Service Area.

The District's 2015 Master Plan Update and 2013 Urban Water Management Plan Update identify the District's current and future need for increased imported water supply to reliably meet the water supply requirements associated with current demand and planned growth within the District's Service Area. Based up the SGPWA's presentation and further research related to the Sites Reservoir Project, District Staff has identified the proposed Sites Reservoir Project as a possible source of additional water supply and storage. As envisioned, the Sites Reservoir is a new off-stream reservoir to be located 75 miles northwest of Sacramento, in the Antelope Valley of the Coast Range, on rangeland approximately 10 miles west of Maxwell in Colusa County



The Sites Reservoir Project is overseen by the Sites Joint Powers Authority (JPA). The Sites JPA's mission is *"to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta."* The Sites JPA is currently seeking project partners to participate in the first phase of the project.

District Staff understands that the Sites Reservoir Project's features and benefits for the proposed off-stream storage project include the following components:

- 1.3-1.8 million acre-feet of new storage capacity;
- 500 thousand acre-feet (TAF) per year of average water supply;
- Additional source of water, independent of Central Valley Project (CVP) and State Water project (SWP) contracts;
- Proposed integrated operations with CVP and SWP operations to optimize water supply and operational flexibility to the State's system;
- Possible improved south of Delta export reliability (more stored water available when pumping allowed); and
- Public benefit water (i.e., fraction of project potentially funded through Proposition 1) improves the Delta's ecology and helps to address Department of Fish and Wildlife and State Water Resources Control Board flow requirements.

As proposed, the Sites Reservoir would be in a unique position to provide:

- Diversion of surplus flows—water that would otherwise flow into the ocean—for storage and later use for both water supply and ecosystem benefits, and
- Through exchanges, make releases that will enable CVP and SWP reservoirs to maintain higher end-of-year storage levels and cold water pool reserves. Operational studies are continuing to refine the potential benefits of Sites Reservoir.

The current project schedule assumes five phases—from planning through transfer to the ultimate operation authority—with estimated in-service date in ten to twelve years under optimal conditions. Phase 1 is focused on preparing a proposal for funding from Proposition 1 (applying under Chapter 8 as a Water Storage Project with public benefits including improvements to ecosystems and water quality conditions) and a preliminary Environmental Impact Report/Statement.

The Sites JPA is currently seeking State Water Project and Central Valley Project contractors interested in investing in Phase 1 of the project. Of the 500 TAF of water supply, 250 TAF are expected to be reserved for public benefit, 130 TAF have been allocated to Sacramento Valley water agencies, and 120 TAF are being offered to CVP and SWP contractors. The State Water Contractors performed a preliminary analysis of the expected yield from Sites Reservoir; the results are similar to those presented by the Sites JPA and indicate that much of the benefit occurs during dry and critically dry years. The analysis also indicates that the yield from the project would be similar with or without the California WaterFix.

Phase 1 costs are estimated at \$7.2M, with participation costs ranging from \$30-60/AF depending on ultimate partner participation. A full allocation of the 250 TAF available to water agencies would result in the \$30/AF cost estimate. Potential partners such as the SGPWA (a State Water Contractor) are asked to complete a 'Proposal to Participate' form by July 29, 2016.



The form acts as a letter of intent and certifies the water agency's eligibility to participate as well as identifying the agency's desired level of participation in acre-feet, although the actual amount will be determined at a later time when all proposals have been submitted. Submittal of the form does not commit any funds but declares the agency's commitment to use best efforts to enter into an agreement for Phase 1. The actual agreement will be negotiated and executed at a later time (estimated Fall 2016) once the final participation and allocation has been determined. At that time, staff will work with the SGPWA to determine actual participation levels between the District and the SGPWA and bring the item back to the Board to request funding and authorization to proceed.

The project is estimated to cost \$3 to 4.4 Billion to construct; funding from Proposition 1 could potentially cover a significant portion of this cost if the proposal is successful (up to half if 250 TAF is reserved for public benefit), reducing costs to participants. Proposition 1 was passed by California voters in November 2014 and, through a competitive process, makes \$2.7 Billion available in funding for the public benefit portion of qualified water storage projects. Public benefits include ecosystem improvements, water quality improvements, flood control benefits, emergency response, and recreation. As noted above, half of the water supply available from Sites Reservoir is currently planned for public benefits, particularly ecosystem and water quality improvements.

Ultimately, the water supply cost is estimated by Sites JPA at about \$600/AF, assuming a public benefit component. This cost will continue to be refined as the project moves forward. The State Water Contractors estimate a cost of \$1,000-1,300/AF assuming no public benefits and no associated Proposition 1 funding. As the project moves ahead, any investment by the District (above the SGPWA's desired 10,000 acre foot participation level) would be rolled over into the next phase. District Staff understands that early investors would be repaid after construction and start-up as long-term debt financing is secured.

Staff proposes participating in Phase 1 of the Sites Reservoir Project at an amount equal to 3,000 AF. This 3,000 AF would be in addition to the SGPWA's desired participation level of 10,000 AF (13,000 AF total project desired participation by the District and the SGPWA). The District could then re-evaluate its level of participation in association with the SGPWA's participation level as the project moves forward and more operational details are refined.

### **Financial Impact**

Phase 1 participation is estimated not-to-exceed \$180,000 (\$60/AF x 3,000 AF). Staff anticipates bringing this forward at a future meeting with a proposal to fund this project from Facilities Fees collected by the District from Developers for the water supply component related to Water Rights (new water supply acquisition).

## RESOLUTION 2016-06

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT AUTHORIZING THE DISTRICT'S PARTICIPATION IN THE SITES RESERVOIR PROJECT – PHASE 1 PROJECT FUNDING

**WHEREAS**, the Board of Directors of the Beaumont-Cherry Valley Water District continues to proactively seek ways to enhance storage flexibility and improve long-term water supply reliability for the District's Service Area; and

**WHEREAS**, The District's 2015 Master Plan Update and 2013 Urban Water Management Plan Update identify the District's current and future need for increased imported water supply to meet the water supply requirements associated with planned growth within the District's Service Area; and

**WHEREAS**, participation in Phase 1 of the Sites Reservoir Project in conjunction with the San Gorgonio Pass Water Agency would facilitate the Beaumont-Cherry Valley Water District's ability to obtain increased water supply and storage for the District's Service Area; and

**WHEREAS**, The Board of Directors understands that the San Gorgonio Pass Water Agency Board of Directors has authorized their General Manager to submit a 'Proposal to Participate' form at a desired level of participation of 10,000 AF to obtain increased water supply and storage for the Agency's Service Area; and

**WHEREAS**, The Board of Directors understands that the San Gorgonio Pass Water Agency would provide an opportunity for the Beaumont-Cherry Valley Water District to withdraw from the Sites Reservoir Phase I funding obligation in the event the actual level of participation finally secured by the San Gorgonio Pass Water Agency is below that Agency's 10,000 AF desired participation level,

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Beaumont-Cherry Valley Water District declares the following:

1. Hereby authorizes and directs the General Manager to submit a 'Proposal to Participate' form in conjunction with the San Gorgonio Pass Water Agency's for the Sites JPA Reservoir Project at a desired Class 1 level of participation of 3,000 AF at a not to exceed total Phase 1 cost of \$60.00 per acre above the San Gorgonio Pass Water Agency's desired participation level of 10,000 AF.

**ADOPTED**, This 27<sup>th</sup>, \_\_\_\_\_ day of July, 2016

ATTEST:

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Jeffrey Cottrell, President of the  
Board of Directors of the  
Beaumont-Cherry Valley Water District

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Daniel Slawson, Secretary to the  
Board of Directors of the  
Beaumont-Cherry Valley Water District