



## STATE WATER PROJECT CONTRACT EXTENSION PROJECT

**Meeting Summary**

State Water Project Contract Extension Project

June 18, 2014 10:00 AM – 12:00 PM

**Meeting Attendance List**

<p><u>California Department of Water Resources Lead Negotiators</u></p> <ul style="list-style-type: none"> <li>• Steve Cohen, California Department of Water Resources</li> <li>• Rob Cooke, California Department of Water Resources</li> <li>• Perla Netto-Brown, California Department of Water Resources</li> <li>• Vera Sandronsky, California Department of Water Resources</li> <li>• Carl Torgersen, California Department of Water Resources</li> <li>• Ralph Torres, California Department of Water Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Douglas Headrick, San Bernardino Valley Municipal Water District</li> <li>• Jeff Davis, San Geronio Pass Water Agency</li> <li>• Ray Stokes, Santa Barbara County/ Central Coast Water Authority</li> <li>• Dana Jacobson, Santa Clara Valley Water District</li> <li>• David Okita, Solano County Water Agency</li> <li>• Steve Wickstrum (by phone), Ventura County Flood Control District</li> </ul>
<p><u>State Water Project Contractor Lead Negotiators</u></p> <ul style="list-style-type: none"> <li>• Mike Wallace (by phone), Alameda County Flood Control Water Conservation District, Zone 7</li> <li>• Dan Flory, Antelope Valley – East Kern Water Agency</li> <li>• Paul Gosselin, Butte County</li> <li>• Valerie Pryor, Castaic Lake Water Agency</li> <li>• Josh Nelson, Best, Best &amp; Krieger LLP/Crestline-Lake Arrowhead Water Agency</li> <li>• Tom Glover, Dudley Ridge Water District</li> <li>• Curtis Creel, Kern County Water Agency</li> <li>• Steve Arakawa, MWD of Southern California</li> <li>• Kathy Cortner, Mojave Water Agency</li> <li>• Phil Miller, Napa County Flood Control and Water District</li> <li>• Bob Perreault, Plumas County Flood Control &amp; Water Conservation District</li> </ul>	<p><u>California Department of Water Resources Staff</u></p> <ul style="list-style-type: none"> <li>• Cathy Crothers, California Department of Water Resources</li> <li>• Terri Ely, California Department of Water Resources</li> <li>• Scott Jercich, California Department of Water Resources</li> <li>• Spencer Kenner, California Department of Water Resources</li> <li>• Phil LeCocq, California Department of Water Resources</li> <li>• Russell Mills, California Department of Water Resources</li> <li>• Dave Paulson, California Department of Water Resources</li> <li>• Nancy Quan, California Department of Water Resources</li> <li>• David Sandino, California Department of Water Resources</li> <li>• Pedro Villalobos, California Department of Water Resources</li> <li>• Lisa Toms, California Department of Water Resources</li> </ul>

<p><u>State Water Project Contractors, and SWC, Inc.</u></p> <ul style="list-style-type: none"> <li>• Doug Chun (by phone), Alameda County Water District</li> <li>• Milli Chennell, Kern County Water Agency</li> <li>• Jaime Dalida, MWD of Southern California</li> <li>• Kevin Donhoff, MWD of Southern California</li> <li>• David Reukema, MWD of Southern California</li> <li>• Christine Carson, San Gabriel Valley Water District/Littlerock Creek Irrigation District</li> <li>• Len Fleckenstein, Santa Barbara County Water Agency</li> <li>• Chantal Ouellet (by phone), Tulare Lake Basin Water Storage District</li> <li>• Theresa Lightle, State Water Contractors, Inc.</li> <li>• Stefanie Morris, State Water Contractors, Inc.</li> <li>• Stan Powell, State Water Contractors, Inc.</li> <li>• Julie Ramsay, State Water Contractors, Inc.</li> </ul>	<p><u>DWR Consultants for Contract Extension</u></p> <ul style="list-style-type: none"> <li>• Erick Cooke (by phone), Environmental Science Associates</li> <li>• Stan Dirks, Orrick, Herrington &amp; Sutcliffe, LLP Cathy McEfee (by phone), Environmental Science Associates</li> <li>• Doug Montague (by phone) Montague, DeRose and Associates</li> </ul> <p><u>Public</u></p> <ul style="list-style-type: none"> <li>• Dan McDaniel (by phone), Central Delta Water Agency</li> <li>• Debbie Espe, San Diego Water Authority</li> <li>• Thomas Rinn (by phone), Waterworks Consulting</li> <li>• Patricia Schifferle (by phone), Planning and Conservation League</li> </ul> <p><u>Facilitation Team</u></p> <ul style="list-style-type: none"> <li>• Alex Braunstein, Kearns &amp; West</li> <li>• Kelsey Rugani, Kearns &amp; West</li> <li>• Anna West, Kearns &amp; West</li> </ul>
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#### I. Welcome/Introductions

There were roundtable introductions of the negotiation teams and staff attending in person and by phone. Members of the public were given the opportunity to introduce themselves.

#### II. Meeting Overview

Anna West reviewed the agenda and ground rules for public comment.

#### III. Objectives Discussion: Draft Final Contract Extension Offer and Final Draft SWRDS Finance Committee Charter

Steve Cohen, DWR, said that at the last negotiating session on March 6<sup>th</sup>, DWR and the SWP Contractors reached an Agreement in Principle on Contract Extension, with the exception of Objective 4, and on the Draft Final Charter for the SWRDS Finance Committee. He said that as a result of reaching agreement, DWR and SWP Contractors assembled a technical team and AIP review team to review the documents for accuracy and clarity, and to be sure there are no fatal flaws. These teams have familiarity with SWP finances and any potential technical issues with the Agreement in Principle. Steve said that both teams have done their work, and that he was going to be reviewing their proposed edits. Steve reviewed the clarifying edits, including items added and removed in creating an “execution version” of the Agreement in Principle (the track changes documents are also posted in the June 18 meeting folder on the website). He clarified that a number of the edits simply clean up the document, eliminating minor artifacts that remained from previous versions of the AIP.

Steve said that the technical team reviewed the Freeze-GO/Pay-GO billing methodology language in the AIP, and edited the language to reflect that freeze go may be able to be implemented sooner than 18 months. Steve reviewed all proposed edits in the AIP document.

Douglas Headrick asked if in Section X: Simplification of Billing, the implementation year was defined. Ray Stokes replied no, that the Technical Team intentionally kept it somewhat loose at this point. Valerie Pryor agreed, saying that it's hard to know at this point, so the technical team left it undefined. .)

Carl Torgersen said that he's talked with Paul Gosselin and Bob Perreault, and he understands how important Objective 4 is for Butte and Plumas, and their respective boards, to get closure on the full set of objectives. He explained that Ted Alvarez will be managing the process on BDCP financing and good progress has been made on the facilitator and the schedule. Carl said that DWR hopes to initiate the process by the end of the year. He added that the Department is working to expedite the process; however, these types of efforts take time to initiate, and he noted that starting by the end of this year involves less time than the previous internal efforts to prepare for Contract Extension; thus it's fairly efficient.

Bob Perreault said that nothing has changed since their March comments, and Plumas has issued a letter expressing disappointment about the amount of time it is going to take to initiate the process. He reiterated that Plumas would like to have Objective 4 addressed as the first topic when this second negotiation process begins.

Paul Gosselin acknowledged that the proposed edits on Objective 4 in the AIP accurately reflects how this Objective was handled in the course of the Contract Extension process. He explained that it accurately characterizes the process that took place. He noted that Butte doesn't necessarily agree or support this approach; however, it was important to reflect it. He added that he will make additional comments in this meeting once the whole AIP package has been reviewed.

Steve Cohen asked if there were questions on comments on the AIP [there were none].

#### *Draft Final SWRDS Finance Committee Charter*

Steve reviewed edits to the Charter by the AIP Review Team. He said that edits tended to be minor and of a clarifying nature. Steve said that DWR views the Charter as something that gets signed concurrently with the Contract Amendments and once the CEQA process is completed since the Finance Committee is not officially established until after the contract amendments are executed. Steve suggested that, if this approach is acceptable with the Contractors, the Department will accept the changes, and hold this as a Draft Final document.

Carl Torgersen said that DWR and SWP Contractors have discussed an early startup of an informal version of the Finance Committee, and the Department is agreeable to that. He asked who should be the point of contact with the Contractors. David Okita said that it would probably be Terry Erlewine.

Steve Arakawa asked what the timing is on hearing from the Department on the early startup of the informal Finance Committee. Carl responded that it would be as soon as the next couple of weeks.

Steve Cohen asked if the group approved moving to an execution version for the AIP package and accepting the changes in the Draft Final Charter. David Okita said that the Contractors approve the documents. Carl said that DWR approves the documents.

Steve proposed that Anna West and Kearns & West would be the custodian of signed and executed versions of the Agreement in Principle. [Note: This approach was amended after the meeting so that the Department is collecting the signed executed versions of the AIP.]

Ray Stokes said that due to unique and special circumstances in Santa Barbara County they would not be signing at this time; however, this does not necessarily mean that Santa Barbara County won't ultimately sign the contract amendments after the CEQA process is complete.

Paul Gosselin said that Butte County's position has always been that the contract extension must include all four objectives, as part of a complete package. He said that as such, it's not appropriate to bring this package to his Board until Objective 4 is complete.

Steve Cohen asked if there were any other comments [there were none].

#### IV. Next Steps

Steve Cohen explained that the CEQA process will move forward now, and concurrently, the AIP will be put into draft contract language by a joint drafting committee, assuming that the Contractors agree. Steve noted that he and Stephanie Morris will be the DWR and Contractor contacts for the joint drafting committee.

Ray Stokes asked if the Department still assumes that CEQA will be at least a year. Carl Torgersen replied yes, if not longer.

Bob Perreault asked if the composition of the drafting committee will be posted on the website, and/or if the full group will be kept informed with documents posted on the website or by some other means.

Steve Cohen said that the Department and SWP Contractors will keep the full group informed of the composition and progress of the drafting committee and the contract amendment documents. He said that the Department viewed the AIP as a sound document and therefore, the contract language drafting process should be straightforward, although he noted that because of the complexity of the existing contract and the AIP, there will be technical challenges. He affirmed that the drafting group will keep the larger group informed on progress, and associated documents.

#### V. Public Comment

There were no public comments.

VI. Adjourn

The meeting was adjourned.