

INDIAN WELLS VALLEY GROUNDWATER AUTHORITY

Ridgecrest City Hall 100 W California Ave., Ridgecrest, CA 93555 760-499-5002

BOARD OF DIRECTORS SPECIAL MEETING A G E N D A

Thursday, October 29, 2020; 12:00 p.m.

NOTICE: *In accordance with the evolving public health declarations, we are temporarily limiting public attendance to virtual alternatives only. Please see the Public Comment Notice below for detailed instructions on submitting public comment as well as websites for livestream broadcasting. Telephonic participation by the majority of Board Members and staff is expected.*

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact April Keigwin at (760) 384-5511. Requests must be made as early as possible and at least one full business day before the start of the meeting. Documents and material relating to an open session agenda items that are provided to the IWVGA Board of Directors prior to a regular meeting will be available for public inspection and copying at Indian Wells Valley Water District, 500 Ridgecrest Blvd, Ridgecrest, CA 93555, or online at <https://iwvga.org/>.

Statements from the Public

The public will be allowed to address the Board during Public Comments about subjects within the jurisdiction of the IWVGA Board and that are NOT on the agenda. No action may be taken on off-agenda items unless authorized by law. Questions posed to the Board may be answered after the meeting or at future meeting. Dialog or extended discussion between the public and the Board or staff will be limited in accordance with the Brown Act. The Public Comments portion of the meeting shall be limited to three (3) minutes per speaker. Each person is limited to one comment during Public Comments.

1. CALL TO ORDER – 12:00 p.m.

- a. Pledge of Allegiance
- b. Roll Call

2. PUBLIC COMMENTS

This time is reserved for the public to address the Board about matters NOT on the agenda. No action will be taken on non-agenda items unless authorized by law. Comments are limited to three minutes per person.

3. DEFENSE COMMUNITY INFRASTRUCTURE PROGRAM IMPLEMENTATION GUIDELINES LETTER OF SUPPORT

4. BOARD CONSIDERATION AND APPROVAL OF SUBMITTING AN EXPRESSION OF INTEREST FOR THE TABLE A ENTITLEMENT FROM MONTECITO WATER

5. CLOSING COMMENTS

This time is reserved for comments by Board members and/or staff and to identify matters for future Board business

6. CLOSED SESSION

- a. PUBLIC EMPLOYEE APPOINTMENT – (Government Code Section 54957(b)(1))
Title: General Manager
- b. CONFERENCE WITH LEGAL COUNSEL – PUBLICALLY THREATENED LITIGATION (Government Code Section 54956.9(d)(2)(e)(3)) Number of cases: (1) – Board of Directors on the advice of legal counsel is meeting to discuss public statements made by Searles Valley Minerals that it intends to file suit but no complaint has been provided.
- c. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) - Name of case: Mojave Pistachios, LLC, a California limited liability company, et.al. v. Indian Wells Valley Groundwater Authority, a California Joint Powers Authority, et. al.

7. REPORT ON CLOSED SESSION

8. DATE OF NEXT MEETING – November 19, 2020

9. ADJOURN

PUBLIC COMMENT NOTICE

On March 17, 2020, Governor Newsom issued Executive Order N-29-20, relating to the convening of public meetings in light of the COVID-19 pandemic. At this time, the Indian Wells Valley Groundwater Authority is continuing to hold board meetings in order to conduct essential business. However, as suggested by the Center for Disease Control and set forth in the Executive Order, we are temporarily limiting public attendance through the following virtual alternatives:

• **Watch meetings on-line:**

All of our meetings are streamed live at <https://ridgecrest-ca.gov/369/Watch> (4 second streaming delay) or on YouTube at <https://www.youtube.com/cityofridgecrest/live> (22 second streaming delay) and are also available for playback after the meeting.

• **Call in for public comments:**

If you wish to make verbal comment, *please call (760) 499-5010*. This phone line will allow only one caller at a time, so if the line is busy, please continue to dial. We will be allowing a 20-30 second pause between callers to give time for media delays and callers to dial in. Due to media delays, please mute your streaming device while making public comment. If you wish to comment on multiple items, you will need to call in as each item is presented.

*Please Note – This process will be a learning curve for all, *please be patient*.

• **Submit written comments:**

We encourage submittal of written comments supporting, opposing, or otherwise commenting on an agenda item, for distribution to the Board prior to the meeting. Send emails to apriln@iwwvd.com written correspondence may be sent to April Keigwin, Clerk of the Board, 500

W. Ridgecrest Blvd., Ridgecrest, CA 93555. Please specify to which agenda item your comment relates.

- **Large Groups:**

If you are part of a large group that would like to comment on an agenda item, please consider commenting in writing. This will be as impactful to the Board as having a large group in attendance.

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To: IWVGA Board of Directors

From: Michael W. McKinney, Partner – Capitol Core Group

cc: Don Zdeba, General Manager – IWVGA
David Janiec, China Lake Alliance (Chairman, Policy Advisory Committee)
Steve Johnson, Stetson Engineering
Jeff Simonetti, Capitol Core Group

Date: October 15, 2020

Subject: **Defense Communities Infrastructure Program (DCIP)** – Implementation Guidelines
Letter of Support

The following memorandum will provide a status update on the DCIP Implementation Guidelines for the FY 2020 program, the proposed updates to the FY 2021 program, and the rationale behind why we are asking for a letter of support for these revisions

DCIP Background

As we have discussed in past monthly reports from this year, the DCIP is a program in the Department of Defense budget that aims to assist communities in improving infrastructure that supports the mission and communities around US military installations. A total of \$50 million was appropriated by the Congress for DCIP during FY2020. This is the first \$50 million of the total \$100 million Authorized by the Congress for DCIP under the pilot project. It is anticipated that the remaining \$50 million will be Appropriated by the Congress during the FY2021 cycle. The program is in the FY 2020 National Defense Authorization Act, but it must survive the negotiations of the Conference Committee to settle the differences between the House and Senate versions of the bill. Based upon the outcomes of the DCIP pilot project, the Congress will be required to reauthorize DCIP and determine future amounts for appropriation.

Under the current guidelines, the IWVGA imported infrastructure project will be eligible for program funding once the Board has selected a project and completed engineering and permitting. As the project is not “shovel ready” it is not eligible for funding during this currently-appropriated tranche. DOD has interpreted the single-year funding by the Congress to mean that projects must be “shovel ready” and have the ability to be completed within the fiscal year of the funding. As we expected, and previously reported to the Authority, the IWVGA project does not currently meet these criteria. IWVGA cannot seek listing and eligibility of the IWVGA Project under the proposed implementation guidelines until such time as the Authority makes a determination on the final project route and begins engineering and permitting. Once such a determination is made, the IWVGA Project is eligible for application. **However, this program could be a useful one for future potential funding once the project meets the criteria, and as such, we recommend continued support of it.**

Implementation Guidelines and the FY 2020 Awardees

The Office of Economic Adjustment (OEA) published final draft implementation guidelines to the Undersecretary and Secretary of Defense for final approval and publishing in April and were approved on May 8th. The project criteria that were selected skewed differently than many people anticipated because of a change in the OEA’s priority of judging criteria. When the OEA released its criteria for eligible projects, it added a

“military family quality of life” component as a base criterion for award judgment. As such, the list of eligible projects deemed “finalists” skewed heavily towards educational facilities and recreation centers, and left many resiliency infrastructure projects off of the list of finalists. Please see the attached list of finalists for the DCIP program. The resiliency programs that we are referencing are in the Tier 2 “Resiliency” section and were not selected for further consideration.

When the OEA announced the 16 awardees in late September (link to the list is [here](#)), no awarded project had any relation to resiliency or hard infrastructure improvements. As such, many people felt that the “quality of life” guideline made many resiliency projects rank below community centers and education facilities, and that the guidance change deviated from the original intent of the DCIP.

Proposed Changes to the FY 2021 DCIP

In response to the concerns about the change in criteria, Rep. John Garamendi (D-CA and Chairman of the Readiness Subcommittee on House Armed Services) proposed Section 2861 to the House NDAA that specifically addresses two areas of the DCIP:

- 1) Change the priority of the DCIP selection criteria to the following order:
 - a. **First**, projects that will enhance military installation resiliency
 - b. **Second**, projects that will enhance military value at a military installation
 - c. **Third**, projects that will enhance military family quality of life at a military installation
- 2) **Local or State Match** – At the discretion of the Secretary of Defense, the Secretary may consider a local or state match below 30% if the proposed infrastructure is in a rural area and that the “proposed community infrastructure project is advantageous for reasons related to national security.”

We believe that both of these proposed revisions to the DCIP could be beneficial to the IWVGA’s proposed infrastructure project, and as such we are requesting your consideration of a letter of support for these changes. Currently, this language is in the House version of the NDAA but **not** in the Senate version. As such, this section is subject to negotiations during the Conference Committee. While it is highly unlikely that the Conference Committee will convene before the November election, it is possible that it will convene shortly thereafter. As such, we are requesting your consideration of this letter and support now rather than waiting for the November Board meeting.

Next Steps

Should you approve this letter, we will use this during our discussions regarding NDAA priorities to urge both the passage of this section and our proposed amendments in the final version of the NDAA. Should you have any questions concerning this memorandum, please give me a call at 714.299.0053 to discuss.

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BOARD OF DIRECTORS

Mick Gleason, Chair
Scott Hayman, Vice-Chair
Ron Kicinski
John Vallejo
Bob Page
CDR Peter Benson, DoD Liaison
Thomas Bickauskas

Donald Zdeba
General Manager
Phillip Hall
Legal Counsel

October 29, 2020

The Honorable Adam Smith
Chairman
House Committee on Armed Services
2216 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Mac Thornberry
Ranking Member
House Committee on Armed Services
2216 Rayburn House Office Building
Washington, D.C. 20515

The Honorable James Inhofe
Chairman
Senate Committee on Armed Services
205 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Jack Reed
Ranking Member
Senate Committee on Armed Services
228 Russell Senate Office Building
Washington, D.C. 20510

RE: Section 2861, House 6395 as passed by the House of Representatives
Defense Communities Infrastructure Program

Dear Chairman Smith, Chairman Inhofe, Ranking Member Thornberry, Ranking Member Reed

The Indian Wells Valley Groundwater Authority (IWVGA) supports modification to the Defense Communities Infrastructure Program (DCIP) that will assist in achieving resiliency at our Nation's military installations. These modifications appear in Section 2861 of H.R. 6395, as passed by the House of Representatives and we urge their inclusion in the final National Defense Authorization Act for Fiscal Year 2021.

As the civilian groundwater authority serving the area that includes the Naval Air Weapons Station, China Lake in Ridgecrest, California (NAWSCL), we fully understand the importance of achieving water sustainability and resiliency at military installations. We have worked closely over the past few years with NAWSCL to develop water solutions that will positively affect the region. Water scarcity continues to be an increasing factor within our region impacting our residents, those military families living off-installation, and NAWSCL which has deemed water scarcity as an encroachment issue on its mission status.

The DCIP is critical those communities and agencies adjacent to military installations. It enhances the opportunity to create regional solutions through public-public partnerships with the Department of Defense which, in turn, enhance the quality of life for military personnel and assist in achieving sustainability or resilience on the installation. For example, IWVGA has proposed a water interconnection project that would allow for the delivery of imported water supplies to our area and potentially create water storage opportunities. The project would enhance the quality of life for military personnel living off-installation. In addition, the project affords the U.S. Navy the ability transfer and store water on its

own behalf, thus creating the opportunity for resilience rather than just mere sustainability. This project is eligible for DCIP funding in future years based upon its FY2024 construction commencement.

Section 2861 modifies the DCIP Implementation Guidelines to more fully balance the resiliency needs of the installation to the quality of life needs of military personnel. Both are important aspects of any project; however, the amendments allow for consideration of more critical infrastructure projects than the current Implementation Guidelines. Such infrastructure is generally regional, serving both off-installation and on-installation needs, thus meeting the Congressional guidance of the scarcity and security assessments performed by the Department of Defense to determine scarcity, resiliency and encroachment at a particular installation.

Addressing scarcity and encroachment challenges at our military installation is critical to support their mission. The ability of the community surrounding the installation to help address such scarcity and resiliency issues is paramount to success. The DCIP provides one aspect to help these communities and the amendments to program proposed by Section 2861 place an emphasis on those priorities.

We appreciate this opportunity to express our support and, respectfully, urge you to adopt Section 2861 in the final FY2021 NDAA.

Sincerely,

The Hon. Mick Gleason
Chairman,
Indian Wells Valley Groundwater Authority

cc: The Honorable John Garamendi, Chairman Subcommittee on Readiness
The Honorable Kevin McCarthy, House Minority Leader
The Honorable Paul Cook, Member House Armed Services Committee

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Proposer Proposal Title	Project	Installation	State	Total Project Costs	Federal Funding
<i>Note: all projects are sorted alphabetically by installation</i>					
(Tier I) Military Family Quality of Life - Invited Proposals					
Abilene Independent School District	STEM Complex	Dyess Air Force Base	TX: Texas	\$1,925,214	\$962,607
South Dakota Ellsworth Development Authority	Recreation & Wellness Center	Ellsworth Air Force Base	SD: South Dakota	\$12,625,900	\$6,312,950
Jefferson County Industrial Development	Watertown Family YMCA Community	Fort Drum	NY: New York	\$18,100,000	\$9,000,000
City of Sierra Vista	Emergency Medical Services	Fort Huachuca	AZ: Arizona	\$1,438,000	\$1,438,000
Silver Valley Unified School District	Silver Valley USD Sports Complex	Fort Irwin National Training Center	CA: California	\$521,695	\$521,695
Waynesville R-VI School District	Early Childhood Center	Fort Leonard Wood	MO: Missouri	\$1,354,475	\$677,238
Louisiana Department of Economic Development	Campus Connections and Learning Space	Fort Polk	LA: Louisiana	\$7,599,418	\$6,839,476
Lawndale Educational and Regional Network	Learn D.C. Charter School	Joint Base Anacostia-Bolling	DC: District of Columbia	\$2,988,432	\$1,494,216
City of Hampton	Air Power Park Tidal Flooding	Joint Base Langley-Eustis	VA: Virginia	\$1,844,017	\$707,009
Municipality of Chalan Pago-Ordot	Multipurpose Recreation and	Joint Forces on Guam	GU: Guam	\$6,444,852	\$3,506,426
Commonwealth Bureau of Military Affairs	Infrastructure Upgrades	Joint Region Marianas	MP: Northern Mariana Islands	\$335,000	\$335,000
City of Great Falls	Aim High - Big Sky Recreation Center	Malmstrom Air Force Base	MT: Montana	\$20,000,000	\$10,000,000
City of Jacksonville	Reconstruction of the Jack Amyette Recreation Center	Marine Corps Base Camp Lejeune	NC: North Carolina	\$5,000,000	\$1,000,000
County of Prince William	Fitness Challenge Course and	Marine Corps Base Quantico	VA: Virginia	\$500,000	\$250,000
City of Minot	Magic City Discovery Center	Minot Air Force Base	ND: North Dakota	\$11,924,336	\$6,293,820
Mountain Home School District	Facility Upgrades	Mountain Home Air Force Base	ID: Idaho	\$426,500	\$426,500
(Tier I) Military Family Quality of Life - Not Invited Proposals					
Friends of Thunder Bay National Marine Sanctuary	Great Lakes Maritime Waterfront Park	Alpena Combat Readiness Training Center	MI: Michigan	\$1,999,493	\$1,799,550
City of Altus	Housing, Water Line and Sports Park	Altus Air Force Base	OK: Oklahoma	\$12,190,517	\$7,314,311
Aurora Public Schools	Aurora Science and Tech (AST) Middle and High School Facility	Buckley Air Force Base	CO: Colorado	\$5,000,000	\$5,000,000
City of Little Falls	Childcare Facility Partnership	Camp Ripley	MN: Minnesota	\$3,000,000	\$3,000,000
City of Clovis	Wellness and Youth Development Center	Cannon Air Force Base	NM: New Mexico	\$9,871,821	\$8,682,699
Pima County	Bike and Pedestrian Connectivity	Davis Monthan Air Force Base	AZ: Arizona	\$1,860,000	\$930,000
City of Cheyenne Wyoming	The Dutcher Sports Complex Redevelopment	F.E. Warren Air Force Base	WY: Wyoming	\$7,527,519	\$7,527,519
Harnett County Schools	Harnett Elementary School Expansion	Fort Bragg	NC: North Carolina	\$16,570,000	\$16,570,000
Harnett County Schools	Overhills Elementary School Expansion	Fort Bragg	NC: North Carolina	\$6,840,000	\$6,840,000
Montgomery County Government	Multipurpose Event Center	Fort Campbell	TN: Tennessee	\$97,663,370	\$25,000,000
City of Junction City	Safe Access (multiuse path)	Fort Riley	KS: Kansas	\$7,085,216	\$2,564,000
Fairbanks North Star Borough	Chena Lake Recreation Area Revitalization	Fort Wainwright and Eielson Air Force Base	AK: Alaska	\$8,642,235	\$8,642,235
City of San Angelo	Hike and Bike Pathway and Sewer Replacement	Goodfellow Air Force Base	TX: Texas	\$12,689,132	\$6,344,566
Military Installation Development Authority	3-Gate Trail	Hill Air Force Base	UT: Utah	\$8,875,354	\$4,000,000
City of Lakewood	JBLM North Access improvement	Joint Base Lewis-McChord	WA: Washington	\$18,970,000	\$9,485,000
San Felipe Del Rio Consolidated Independent School District	Construct Roberto "Bobby" Barrera Elementary STEM Magnet School	Laughlin Air Force Base	TX: Texas	\$7,763,250	\$7,763,250
County of Beaufort	Laurel Bay Sidewalk and Pathway Improvement	Marine Corps Air Station Beaufort	SC: South Carolina	\$3,600,000	\$3,100,000
County of Onslow	Elementary School	Marine Corps Base Camp Lejeune	NC: North Carolina	\$32,321,825	\$16,160,913
County of Onslow	Community Recreation Center	Marine Corps Base Camp Lejeune	NC: North Carolina	\$6,131,968	\$3,065,984
Town of Surf City	Bicycle and Pedestrian Improvements	Marine Corps Base Camp Lejeune	NC: North Carolina	\$981,351	\$981,351
Prince William County Government	Autonomous Vehicle Transport	Marine Corps Base Quantico	VA: Virginia	\$3,291,729	\$2,451,528
City of Minot	Souris Valley Animal Shelter Renovation and Expansion	Minot Air Force Base	ND: North Dakota	\$3,742,000	\$3,000,000
City of Minot	The YWCA Minot Campus Resource Center	Minot Air Force Base	ND: North Dakota	\$18,000,000	\$18,000,000
Kleberg County	J.K. Northway Exposition Center Renovation and Expansion	Naval Air Station Kingsville	TX: Texas	\$7,000,000	\$3,500,000
City of Imperial Beach	Mixed Use and Commercial Corridor Plan West End Sector	Naval Base Coronado	CA: California	\$7,300,000	\$3,650,000
Port of Everett	Fuel Dock Infrastructure and Revitalization	Naval Station Everett	WA: Washington	\$7,646,000	\$3,823,000
St. Clair County Illinois	Elementary School Access Improvements	Scott Air Force Base	IL: Illinois	\$4,503,871	\$2,084,936
Wayne County Public Schools	Greenwood Middle School Replacement	Seymour Johnson Air Force Base	NC: North Carolina	\$30,400,000	\$15,200,000
City of Fairfield	Autonomous Vehicle Transport	Travis Air Force Base	CA: California	\$8,504,000	\$4,274,000

Proposer Proposal Title	Project	Installation	State	Total Project Costs	Federal Funding
Knob Noster Public Schools	Knob Noster H.S. Innovation Campus & Transitioning Veterans Training Center	Whiteman Air Force Base	MO: Missouri	\$50,000,000	\$25,000,000
(Tier II) Resilience					
City of Alpena	Clear Well Replacement (Water Storage)	Alpena Combat Readiness Training Center	MI: Michigan	\$6,605,000	\$5,284,000
Department of Public Works, Government of Guam	Route 9 Pavement Resurfacing	Anderson Air Force Base	GU: Guam	\$10,117,797	\$10,117,797
County of Yuba	Hammonton-Smartsville and Doolittle Drive Intersection Improvement	Beale Air Force Base	CA: California	\$862,000	\$862,000
Bartholomew County Rural Electric Membership Corporation	Electrical Distribution Reliability Improvement Pilot	Camp Atterbury	IN: Indiana	\$650,000	\$650,000
City of Grayling	Grayling Non-Motorized Path, Trailhead	Camp Grayling	MI: Michigan	\$660,487	\$320,000
City of Oceanside	Oceanside Fire Station #1 replacement	Camp Pendleton	CA: California	\$19,929,879	\$5,229,879
County of Pima	Sewer Improvements	Davis Monthan Air Force Base	AZ: Arizona	\$2,704,774	\$1,081,909
Wyoming Department of Transportation	Gate 2 Intersection Signalization	F.E. Warren Air Force Base	WY: Wyoming	\$773,674	\$773,674
City of Spokane	West Plains Water System Improvement	Fairchild Air Force Base	WA: Washington	\$19,950,000	\$9,975,000
El Paso Water Utilities Public Service Board	Waster Water Reliability and Resilience	Fort Bliss	TX: Texas	\$12,063,000	\$6,030,000
Fayetteville Technical Community College	Fire and Emergency Response Training Center	Fort Bragg	NC: North Carolina	\$30,198,849	\$10,082,959
City of Oak Grove	Construct Fire Station	Fort Campbell	KY: Kentucky	\$3,299,750	\$2,299,750
Clarksville Department of Electricity	Electric Infrastructure Improvements for Military Families	Fort Campbell	TN: Tennessee	\$16,989,000	\$8,494,500
Town of Blackstone	Water System Improvements	Fort Pickett	VA: Virginia	\$7,490,314	\$7,490,314
Louisiana Department of Economic Development	Fort Polk Entrance Road	Fort Polk	LA: Louisiana	\$8,375,500	\$7,537,950
City of Ogden Kansas	Riley Ave Corridor and Multi-use Trail	Fort Riley	KS: Kansas	\$6,097,167	\$5,240,000
City of Lawton	Lawton-Ft. Sill Water Resiliency	Fort Sill	OK: Oklahoma	\$42,175,455	\$21,087,727
City of Alamogordo	Scenic Drive Extension to Mesa Verde Ranch Road	Holloman Air Force Base	NM: New Mexico	\$2,655,556	\$2,655,556
Sandwich Water District for Upper Cape Regional Water Supply	Water Treatment Pilot Test for PFAS removal	Joint Base Cape Cod	MA: Massachusetts	\$3,390,000	\$3,390,000
Lakewood Water District	Scotts Wellfield GAC Treatment Center	Joint Base Lewis-McChord	WA: Washington	\$4,938,000	\$2,469,000
Pemberton Township	Sewer Extension	Joint Base McGuire-Dix-Lakehurst	NJ: New Jersey	\$2,554,880	\$1,788,416
Northern Virginia Regional Commission	Integrating Smart Bases using Connected and Autonomous Vehicles	Joint Base Meyer-Henderson Hall	VA: Virginia	\$2,075,032	\$1,222,214
HCDA Hawaii Proposal	Kalaeola Electrical Improvements	Joint Base Pearl Harbor-Hickam	HI: Hawaii	\$5,975,778	\$5,975,778
Port Authority of Guam	Wharves Service Life Extension- Ground Improvements	Joint Region Marianas	GU: Guam	\$10,797,168	\$5,398,584
Jacksonville Sewer Commission	Wastewater Treatment Plant Repairs and Expansion	Little Rock Air Force Base	AR: Arkansas	\$10,192,000	\$5,192,000
City of Glendale, Arizona	Wastewater Treatment Service to Luke Air Force Base	Luke Air Force Base	AZ: Arizona	\$7,613,310	\$2,500,000
City of Tampa	Affordable Housing Imitative	MacDill Air Force Base	FL: Florida	\$7,653,316	\$3,826,658
Western Municipal Water District	Redundant Water Connection	March Air Reserve Base	CA: California	\$7,026,779	\$2,178,302
City of Twentynine Palms	Wastewater Package Treatment Plant	Marine Corps Air Ground Combat Center	CA: California	\$2,217,668	\$2,217,668
Onslow Water and Sewer Authority	NC Hwy 24 Utility Corridor Improvement - Sewer	Marine Corps Base Camp Lejeune	NC: North Carolina	\$29,800,000	\$14,800,000
Town of North Topsail Beach	Fire Station #2 Reconstruction	Marine Corps Base Camp Lejeune	NC: North Carolina	\$3,392,900	\$1,500,000
Town of Surf City	Drinking Water Treatment Plant Residuals Processing	Marine Corps Base Camp Lejeune	NC: North Carolina	\$3,130,000	\$3,130,000
Town of Surf City	Wastewater Treatment Land Application Addition	Marine Corps Base Camp Lejeune	NC: North Carolina	\$1,870,000	\$1,870,000
Town of Surf City	Advanced Meter Infrastructure Upgrade	Marine Corps Base Camp Lejeune	NC: North Carolina	\$1,761,350	\$1,761,350
Sandwich Water District	Pump Station #5 Water Treatment Utility	Massachusetts National Guard	MA: Massachusetts	\$13,650,000	\$13,650,000
Montgomery County Community Cooperative District	Whitewater Outdoor Recreation Facility	Maxwell Air Force Base	AL: Alabama	\$50,500,000	\$10,000,000
County of Ward	Road improvement	Minot Air Force Base	ND: North Dakota	\$722,106	\$722,106
Churchill County Nevada	Water Redundancy and Expansion	NAS Fallon	NV: Nevada	\$1,303,000	\$1,303,000
City of Milton	North Santa Rosa Regional Water Reclamation Facility	Naval Air Station Whiting Field	FL: Florida	\$31,100,000	\$6,000,000

Proposer Proposal Title	Project	Installation	State	Total Project Costs	Federal Funding
Kitsap County Public Works	Bangor/Keyport Sewer Force Main Replacement	Naval Base Kitsap (NBK) Bangor & NBK Keyport	WA: Washington	\$27,700,000	\$10,000,000
City of Norfolk	Hampton Boulevard Rehabilitation	Naval Base Norfolk	VA: Virginia	\$7,700,000	\$3,850,000
San Diego Association of Governments	32nd Street Mobility Enhancement	Naval Base San Diego	CA: California	\$2,493,890	\$1,246,945
Public Utility District # 1 of Jefferson County	Electrical Resiliency	Naval Magazine Indian Island	WA: Washington	\$2,908,649	\$1,908,649
City of North Chicago	North Chicago Water Treatment Plant Building and Grounds Improvement	Naval Station Great Lakes	IL: Illinois	\$4,180,000	\$4,180,000
Town of Groton	Goss Cove Sewer Pump Station Improvements	Naval Submarine Base New London	CT: Connecticut	\$2,260,000	\$1,500,000
City of Millington	Singleton Avenue Extended Corridor	Naval Support Activity Mid South	TN: Tennessee	\$5,758,500	\$5,758,500
The Solid Waste Disposal Authority of the City of Huntsville	Waste to Energy Facility Upgrade	Redstone Arsenal	AL: Alabama	\$50,313,000	\$7,500,000
Plumas-Sierra Rural Electric Cooperative	Transmission Line Improvement	Sierra Army Depot	CA: California	\$17,750,000	\$8,875,000
City of Enid	Water Pipeline	Vance Air Force Base	OK: Oklahoma	\$315,000,000	\$10,000,000
A&N Electric Cooperative	Electrical Redundancy	Wallops Flight Facility	VA: Virginia	\$17,351,441	\$17,351,441
(Tier III) Military Value					
City of Vicksburg	Mississippi Center For Innovation and Technology Cyber Security Training Center	Engineer Research and Development Center	MS: Mississippi	\$22,700,000	\$2,000,000
City of Fountain Colorado	Single Rail Track Spine	Fort Carson	CO: Colorado	\$12,875,000	\$12,000,000
Massachusetts Development Finance Agency	Devens Fire Station	Fort Devens Reserve Forces Training Area	MA: Massachusetts	\$9,575,714	\$3,500,000
Ogden City Corporation	Airport Infrastructure Improvements	Hill Air Force Base	UT: Utah	\$11,000,000	\$5,000,000
Commonwealth Bureau of Military Affairs	Photovoltaic Carport, Cool Roof and Building Enhancement	Joint Region Marianas	MP: Northern Mariana Islands	\$1,111,631	\$1,111,631
City of Albuquerque Aviation Department	Avian Radar Acquisition	Kirtland Air Force Base	NM: New Mexico	\$2,140,000	\$1,415,000
City of McAlester	Haywood Road Improvement	McAlester Army Ammunition Plant	OK: Oklahoma	\$4,090,012	\$3,050,012
DeSoto County Board of Supervisors	Starlanding Road (segment 2)	Mississippi National Guard	MS: Mississippi	\$11,500,000	\$5,750,000
Tucson Airport Authority	Construct Replacement Hangar; Vehicle Access Improvement	Morris Air National Guard Base	AZ: Arizona	\$12,752,314	\$12,752,314
Alamo Area Council of Governments	County Road 401 Improvement	Naval Air Station Kingsville	TX: Texas	\$11,836,708	\$9,986,708
Township of Middletown	Reconstruction of East Road from NJ Route 36 to Normandy Rd	Naval Weapons Station Earle	NJ: New Jersey	\$2,108,938	\$1,054,469
Millington Airport Authority	Construct Assault Landing Airstrip and Fire Station	Tennessee Air National Guard	TN: Tennessee	\$13,946,500	\$13,946,500
City and County of San Francisco	Northgate Road Widening	Yerba Buena Island (San Francisco Sector)	CA: California	\$5,075,200	\$5,075,200

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IWVGA ADMINISTRATIVE OFFICE

STAFF REPORT

TO: IWVGA Board Members **DATE:** October 29, 2020

FROM: IWVGA Staff

SUBJECT: **Agenda Item No. 4 – Board Consideration and Approval of Submitting an Expression of Interest for the Table A Entitlement from Montecito Water District**

DISCUSSION

Staff received a brochure provided by WestWater Research (in your Board packet) containing information regarding a multi-year transfer opportunity for an entitlement of up to 3,300 acre-feet of State Water Project Table A water. Staff has reviewed the information provided and believes there is potential for this to provide a source to help meet the needs for an imported water supply. The timeline for communicating interest requires an Expression of Interest be submitted to WestWater Research no later than November 6, 2020. Staff has reached out to WestWater Research about the possibility of an extension to that date but has not received a response. Submitting an Expression of Interest is not a binding commitment, but the information provided enables robust follow-up discussions. A formal bidding process among priority buyers is anticipated thereafter in early 2021 unless a standout offer is identified beforehand. Formal negotiations and completion of definitive documents with the selected buyer are then planned for early to mid-2021.

RECOMMENDED BOARD ACTION(S)

Staff recommends Board support further consideration of the up to 3,300 acre-feet of water offered by Montecito Water District and direct staff to submit the necessary Expression of Interest by November 6, 2020.

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[Date]

Mr. Nicholas Turner
General Manager
Montecito Water District
583 San Ysidro Road
Montecito, CA 93108

RE: Expression of Interest in Multi-Year SWP Table A Transfer Opportunity

Dear Mr. Turner:

The purpose of this expression of interest (“XOI”) is to set forth the general terms and conditions for a multi-year transfer (“Transfer”) of State Water Project (“SWP”) Table A water. [Buyer] is interested in entering into more detailed discussions with Montecito Water District (“Montecito”) according to the general terms set forth in this XOI. Neither [Buyer] nor Montecito are bound in any way to proceed with the Transfer of the SWP Table A contemplated herein until final and completed documents are executed by the parties. Any such final and completed documents are subject to approval by Montecito’s Board of Directors.

1. Description. [Buyer] seeks supplemental water to meet near-term and long-term water supply needs. Montecito has a Water Supply Agreement (“WSA”) with the Central Coast Water Authority (“CCWA”) entitling it to 3,300 acre-feet (“AF”) of SWP Table A supplies. Due to an acquisition of desalinated water supplies from the City of Santa Barbara, Montecito’s Table A supplies are anticipated to become increasingly surplus to Montecito’s in-district needs. Montecito desires to facilitate a Transfer of its SWP Table A supplies that are annually surplus to its in-district demands (“Water”) in order to offset the costs of acquiring desalinated water. [Buyer] proposes to purchase this Water. The quantity of Water to be made available for transfer on an annual basis will be at the sole discretion of Montecito.
2. Type of Transfer. This is a Transfer of SWP Table A from CCWA (on behalf of Montecito) to [Buyer]. The Transfer of the Water requires the approval of California Department of Water Resources (“DWR”), Montecito, CCWA, Santa Barbara County Flood Control & Water Conservation District (“SBCFCWCD”), [Buyer], and [any other approvals that may be needed].
3. CEQA Compliance. The transfer of SWP Table A is subject to the California Environmental Quality Act (“CEQA”). It is anticipated that [Buyer] will be the Lead Agency in the CEQA process and that [Buyer] will be responsible for preparing the required documents. The Transfer shall not proceed unless and until the parties negotiate, execute, and deliver mutually acceptable agreements based upon information produced

from the CEQA environmental review process and all governmental or other needed approvals. No party will be pre-committed to any approvals until all environmental work has been completed and all parties have made findings to proceed.

4. Delivery of Water. [Buyer] shall make all necessary arrangements with DWR for the conveyance of the Water to desired point(s) of delivery.
5. Term. The term of the agreement shall be for a period of [#] years ("Term"). It is anticipated that the Term will begin in [Start Year] and end in [Final Year].
6. Quantity. There is no defined quantity of Water during the Term. Depending on water supply conditions, some or all of Montecito's 3,300 AF of SWP Table A may be surplus to in-district needs and made available for transfer. [Buyer] is interested in acquiring all Water made available by Montecito. By May 15 of each year, Montecito shall determine the amount of Water available for transfer ("Quantity"). The annual Quantity to be made available during each year of the Term will be at Montecito's sole discretion. However, [Buyer] shall have a first right after Montecito's existing obligations to any Water Montecito transfers from its service area during the Term.
7. Water Rate. [Buyer] shall pay Montecito the following prices per AF ("Water Rate") based on SWP allocation:
 - a. 0% to 10% - \$[Price 1] per AF;
 - b. 11% to 20% - \$[Price 2] per AF;
 - c. 21% to 30% - \$[Price 3] per AF;
 - d. 31% to 40% - \$[Price 4] per AF;
 - e. 41% to 50% - \$[Price 5] per AF;
 - f. 51% to 60% - \$[Price 6] per AF;
 - g. 61% to 70% - \$[Price 7] per AF;
 - h. 71% to 80% - \$[Price 8] per AF;
 - i. 81% to 90% - \$[Price 9] per AF; and
 - j. 91% to 100% - \$[Price 10] per AF.

The Water Rate does not include a reimbursement by [Buyer] for SWP fixed costs incurred by Montecito as defined by the statement of charges from DWR and assessed to it by CCWA. Montecito's SWP fixed charges shall remain the obligation of Montecito through the Term.

8. Delivery Costs. [Buyer] shall assume all financial obligations for variable delivery costs incurred for the conveyance and delivery of Water.

9. Payment. On an annual basis, [Buyer] shall make a payment to Montecito equal to the Water Rate multiplied by the Quantity (“Payment”) of Water delivered in the given year. The Payment shall be made on [Payment Date] of each year during the Term.

10. Transaction Costs. Each party shall be responsible for its legal, environmental and consulting costs. [Buyer] shall be responsible for preparing initial draft(s) of the definitive agreement(s). In the event that a third-party initiates a claim, [Buyer] shall defend the claim and hold harmless Montecito from any and all costs, fees and judgements resulting from the claim.

11. Contingencies. It is understood that the Transfer is contingent upon the following actions and activities:
 - a. Execution and implementation of amendments to the SWP Contracts providing for multi-year transfers of Table A water supplies;
 - b. Compliance with CEQA;
 - c. Approvals from and agreements with applicable regulating entities, including, but not limited to, DWR, CCWA, and SBCFCWCD;
 - d. Approval by [Buyer] of definitive agreements;
 - e. Approval by Montecito’s Board of Directors of definitive agreements; and
 - f. [Any other contingencies buyer wishes to add]

If the foregoing meets with your approval and you are willing to proceed with more detailed negotiations upon the basis set forth herein, please indicate your acceptance by executing the copy of this XOI that has been enclosed and delivering it to [Buyer], [Buyer Address], Attention: [Buyer Representative Name], [Buyer Representative Title].

[BUYER]

By: _____
 [Buyer Representative Name], [Buyer Representative Title]

ACCEPTED:
 Montecito Water District

By: _____
 Mr. Nicholas Turner, General Manager

Date: _____

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Montecito Water District

SWP Table A Entitlement Multi- Year Transfer Opportunity

Serving our community since 1921



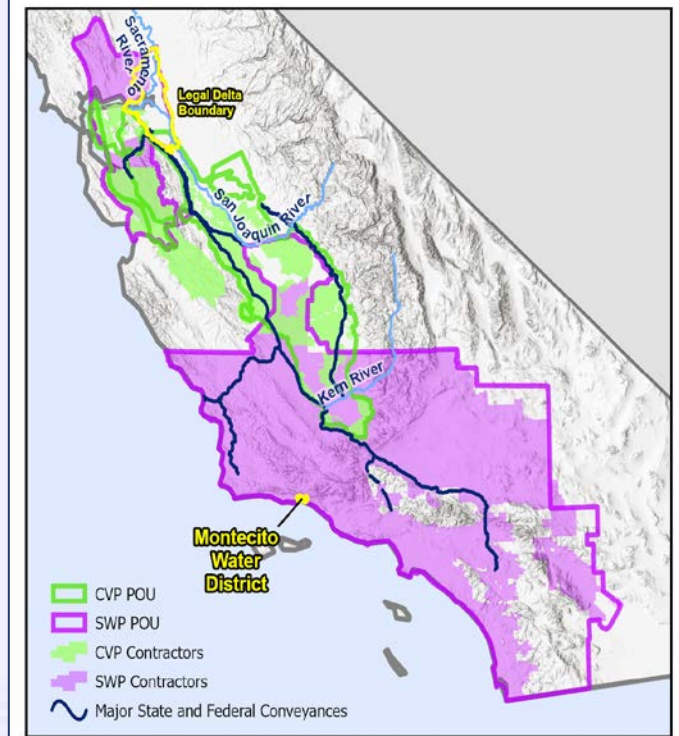
A Flexible and Multi-Year Source of Supply

Montecito Water District is seeking to market SWP Table A water that is surplus to its in-district needs. A multi-year agreement will provide supplies at agreed-upon pricing to the buyer, and revenue to help fund Montecito's local supply reliability projects.

Opportunity Summary

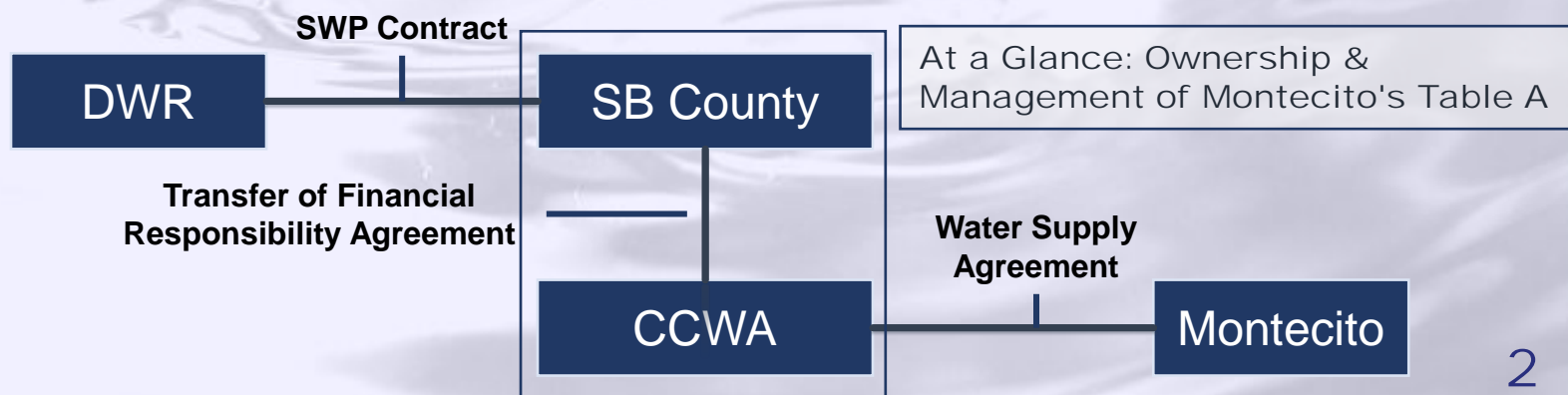
Source	State Water Project – Table A
Supplier	Montecito Water District
SWP Contract Holder	Central Coast Water Authority (via Santa Barbara County)
Uses	Agricultural, Banking, Industrial, Municipal, Other
Volume	Variable (up to 3,300 AF per year)
Dry-Year Reliability	Supported by storage in San Luis Reservoir and Semitropic WSD
Term	3-5 Years, willing to consider longer
Pricing	Tiered Schedule indexed to SWP Allocation
Delivery	Direct or Exchange

Potential Places of Use



Background: Montecito Water District

The District provides retail water supplies to nearly 11,400 customers in Santa Barbara County. Montecito maintains a broad water supply portfolio made up of local, imported, banked, and groundwater supplies. State Water Project (SWP) supplies are imported via the Coastal Branch and provided through a Water Supply Agreement with Central Coast Water Authority (CCWA), which manages the administration of SWP supplies associated with Santa Barbara (SB) County's SWP Contract. Montecito's Table A entitlement is 3,300 AF, including its 300 AF CCWA drought buffer.



Supply Highlights

Why Montecito's SWP Table A Supplies?

- **Highly fungible** water supply transferable throughout the SWP system and beyond
- **Expansive connectivity** to potential South-of-Delta buyers through CVP, SWP, and local conveyance facilities
- **Multi-year term** provides a dedicated supply source and cost certainty
- **Competitive pricing structure** reflective of annual availability and current market prices for water transfers
- **Valuable companion asset** when combined with existing water banking program or conjunctive use program
- **Low risk** relative to other supplies
- **Open process** enabling participation by diverse buyers
- **Wide variety of potential uses**, including municipal, agricultural, and industrial
- **No development needed** for this pre-existing source of supply with conveyance infrastructure



California Aqueduct (Kern County) Source: DWR, 2019



San Luis Reservoir (Merced County) Source: DWR, 2017

New Transfer Opportunities – SWP Water Management Tools Contract Amendment

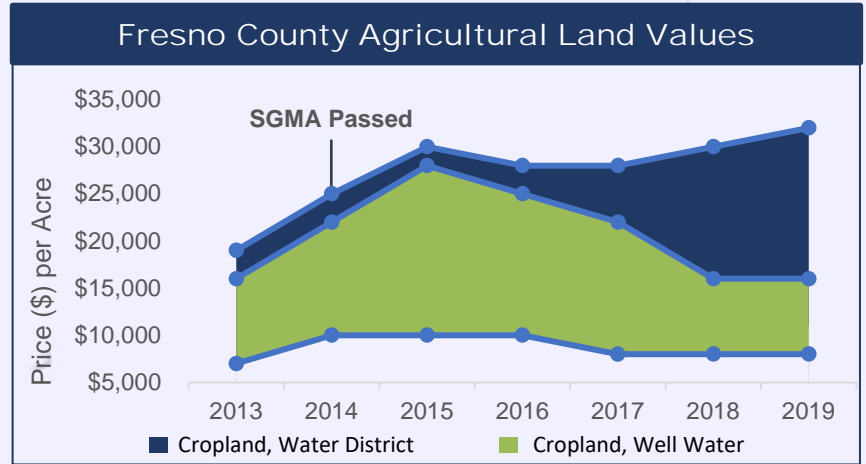
- **Background:** The pending amendment to the SWP Contracts is anticipated to improve the flexibility and transferability of Table A supplies
- **Completion:** Est. late-2020 or early-2021
- **What does this mean for Water Users?**
 - New Transaction Structures – Including single-year, multi-year, & package transfers
 - Flexible Supply Management – Entities can be both buyers and sellers in the same year
 - Reduced Return Water Obligations – More flexible exchange rates and transfer options

Tiered Structure Pricing Example	
SWP Allocation	Unit Price (\$/AF)
76-100%	To be negotiated
56-75%	
31-55%	
16-30%	
0-15%	

Market Opportunities

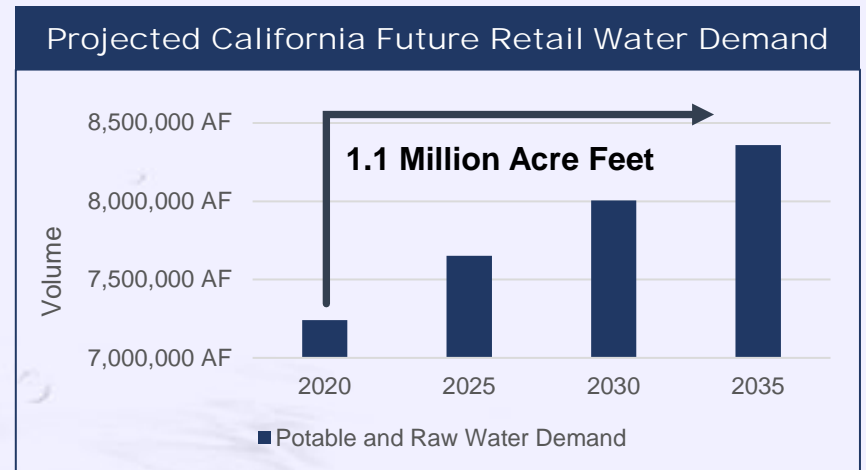
Support agricultural operations and land values.

- Following the passage of the Sustainable Groundwater Management Act (SGMA), groundwater-dependent agricultural lands have seen their value drop precipitously.



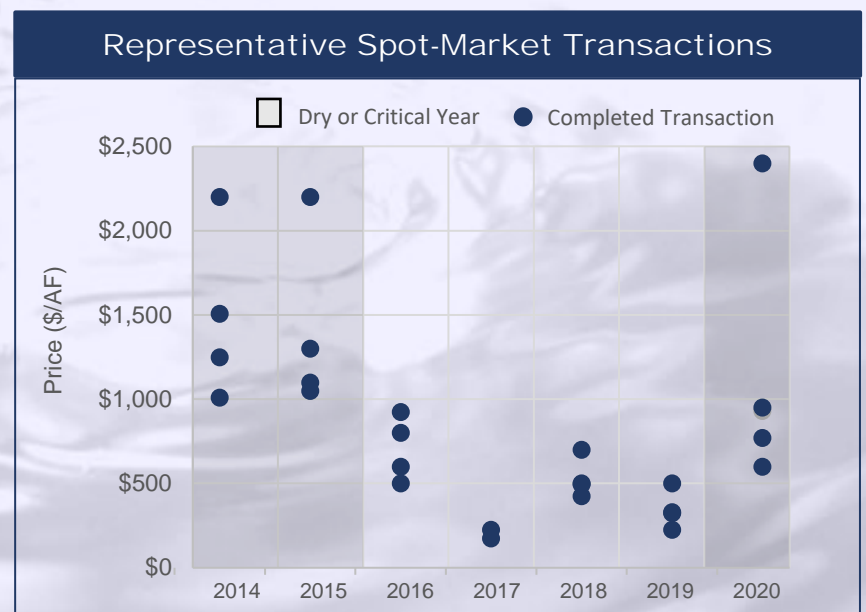
Supply new urban growth.

- Nearly 1.1 million acre-feet of new urban demand is anticipated to come online among California's retail water suppliers in the next 15 years.



California's Water Market

California is home to one of the most active markets in the western United States both in terms of volumes and dollars transacted. Participants are diverse and represent a range of beneficial uses. Between 2010 – 2019, over 10 MAF was transferred across the state. 2019 alone saw \$1.1 billion in water market activity.



Interested in bolstering your supply portfolio?

Transaction Process Timeline		2020					2021					
		8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun
1	Informational Meetings with Interested Entities											
2	Expressions of Interest (XOIs) Due				6							
3	Follow-Up Meetings with High-Interest Entities											
4	Request for Proposal (RFP) Opens					4						
5	RFP Closes						28					
6	Winner(s) Contacted							30				
7	Definitive Agreement Negotiation & Execution											
8	Regulatory Compliance											

For questions regarding this water supply opportunity, please contact:



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