

CALIFORNIA WATER COMMISSION

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Armando Quintero
Chair

July 27, 2018

Carol Baker
Vice-Chair

Marguerite Patil, Special Assistant to the General Manager
Los Vaqueros Reservoir Expansion Project

Andrew Ball
Member

mpatil@ccwater.caom

Joseph Byrne
Member

Re: Water Storage Investment Program Maximum Conditional Eligibility
Determination – Los Vaqueros Reservoir Expansion

Daniel Curtin
Member

Dear Ms. Patil:

Joe Del Bosque
Member

Maria Herrera
Member

As you know, the California Water Commission (Commission) has formally signaled its intent to invest up to \$459,000,000 in Proposition 1 Water Storage Investment Program (WSIP) funds in Contra Costa Water District's Los Vaqueros Reservoir Expansion Project, which includes an Early Funding award of \$13,650,309. The Commission voted on July 24, 2018, to conditionally commit the funding subject to completion of all remaining requirements outlined in regulations sections 6013(c) and 6013(f). Several of those requirements must be completed by January 1, 2022. Variances to the January 1, 2022 date are allowable under Water Code section 79757(b).

Catherine Keig
Member

Quarterly status reports will be used to keep the Commission informed on your project's progress toward the final award hearing and subsequent funding agreement. Staff will regularly update the Commission on the progress of all projects within the program, and applicants may be invited periodically to provide updates to Commission. Enclosure 1 at the end of this letter specifies the reporting due dates and guidance on report contents.

In addition to meeting the requirements outlined in the above-referenced enclosure, since your agency was authorized Completion of Environmental Documentation and Permitting funding (regulations section 6013(e), i.e. "Early Funding"), the following items must also be provided to the Commission:

- A revised project scope of work, budget, and schedule that will be incorporated into the funding agreement. The scope of work should be consistent with the Commission July 24, 2018, decision regarding Early Funding for this project. The scope of work, budget, and schedule must be consistent and at a level of detail that clearly conveys the major work tasks and sub-tasks. Staff will work with you to detail the format, level of detail, and timing for submittal of these items.
- Audited financial statements for the two most recent fiscal years.

These items should be submitted as soon as possible to ensure the timely execution of an Early Funding agreement.

Commission staff look forward to our meeting which is currently scheduled for

August 2, 2018, at 1:00 p.m. At that meeting, we will discuss your project's status and schedule for completing the materials and the next steps in the WSIP process. We will also discuss any questions or concerns that you may have on the needed scope of work and Early Funding agreement template which can be found at the following link: <https://cwc.ca.gov/Documents/2017/WSIP/EarlyFundingTemplate.pdf>.

If you have any questions or concerns regarding this matter, please contact Amy Young, who will be your point of contact for this project, at (916) 651-9256 or amy.young@water.ca.gov.

Sincerely,



Joseph Yun, Executive Officer
California Water Commission

Enclosure

Cc: Karla Nemeth, Director, Department of Water Resources

Eileen Sobeck, Executive Director, State Water Resources Control Board

Chuck Bonham, Director, California Department of Fish and Wildlife

Chad Dibble, Deputy Director, Ecosystem and Conservation Division,
California Department of Fish and Wildlife

Enclosure 1: Reporting Requirements

This enclosure establishes a quarterly reporting schedule for submittal of Progress Reports that are to be submitted to the Commission from now until execution of a WSIP funding agreement, pursuant to regulations section 6013(d). The Quarterly Progress Reports document the progress the applicant is making toward complying with the items contained in regulations section 6013, including any changes in the magnitude of public benefits that could affect costs allocations.

Progress Reporting Schedule for Regulations Section 6013(c) Items

Reports shall be submitted on a quarterly basis. The reports will be due 30 days after the end of a quarter for the prior quarter, as follows:

- The Initial Report shall be due no later than October 30, 2018. This report shall provide an update on the project status since submittal of the application in August 2017 through September 30, 2018
- Quarterly Reports after the Initial Report will be submitted as follows:
 - October 1 through December 31 – Due on January 30
 - January 1 through March 31 – Due on April 30
 - April 1 through June 30 – Due on July 30
 - July 1 through September 30 – Due on October 30

Submit a PDF version of each Quarterly Report to the Commission at CWC@water.ca.gov. Please note, the Commission will post these reports within one week of receipt, consistent with regulations section 6013(d).

Initial Report

Provide a project schedule that outlines the estimated completion dates for the milestones as listed in Table 1.

Provide a summary level update of the project status for the requirements and milestones as explained in Table 2. Note any milestones or accomplishments that occurred since submittal of the application.

Submit a completed Financial Management Systems Questionnaire. As discussed below in Table 2, regulations section 6013(a) requires applicants to provide audited financial statements prior to execution of a funding agreement. As a precursor to that future submittal, submit a completed Financial Management Systems Questionnaire. An electronic version of the questionnaire is posted on the Commission website on the [program summary page](#). Because of the nature of the information contained in this questionnaire, the Commission will not post this document on its website. Therefore, please submit the questionnaire as a separate PDF file; not contained within the Initial Report.

Quarterly Reports

Provide a summary level update of the project status for the requirements and milestones as explained in Table 2. Table 2 can be used as the format for the Quarterly Report. A fillable form will be issued for applicant use. This format may be modified as necessary to effectively communicate information. If minimal activities occurred during a reporting period, the report format can be condensed. The Quarterly Report must note any issues or concerns that have, will, or could affect milestones or requirements. Identify key issues including legal issues such as lawsuits or injunctions related to the project that need to be resolved. Discuss how the actual schedule is progressing in comparison to the schedule provided in the Initial Report or the last reported schedule. Update the project schedule as needed. Note any milestones or accomplishments that occurred since submittal of the prior Quarterly Report.

Table 1. Project Schedule

Funding Agreement Milestone	Start Date	Finish Date	% Complete
Non-Public Benefit Cost Share Contracts <ul style="list-style-type: none"> List the estimated date for submittal of all executed non-public benefit cost share contracts (regulations section 6013(c)(1)) If your project will not complete 100% of the contracts for non-public benefit cost share prior to January 1, 2022, also list estimated date for submittal of funding commitments from not less than 75 percent of the non-WSIP cost share for the project 			
Contracts for Administration of Public Benefit <ul style="list-style-type: none"> List the estimated date(s) for submittal of executed contracts for administration of public benefit with each relevant state agency: <ul style="list-style-type: none"> Department of Fish and Wildlife State Water Board Department of Water Resources 			
Completed Feasibility Study <ul style="list-style-type: none"> List the estimated date for submittal of the Draft Final Completed Feasibility Study List the estimated date for submittal of the Final Completed Feasibility Study 			
Environmental Documentation <ul style="list-style-type: none"> List the estimated date for submittal of the Public Review Draft CEQA document. List the estimated date for submittal of the Final CEQA document List the estimated date(s) for any National Environmental Policy Act (NEPA) documents 			
Federal, State, Local Approvals <ul style="list-style-type: none"> List the estimated date for issuance of all necessary approvals 			
Funding Agreement Components <ul style="list-style-type: none"> List the estimated date for submittal of a draft workplan, schedule, and budget that will be used by the Commission to develop the WSIP funding agreement 			
Project Planning (Design)			
Construction			
Begin Operation			

Table 2: Quarterly Reporting Items

The following information is needed to execute a funding agreement with the Commission. We recommend that applicants submit documents to the Commission as they are completed. Items have been grouped according to their applicability to the final hearing or funding agreement. The instructions column includes requested timing of document delivery or specific due dates as applicable. Additional text sections may be added as needed.

The following items are needed to schedule a Commission Hearing for Final Awards (regulations section 6013(c))			
Description	Instructions	Estimated Completion Date	Percent Complete %
Contracts for non-public cost share	<ul style="list-style-type: none"> Executed contracts that demonstrate that 100 percent of the non-public benefit cost share to construct the project will be paid. If executed contracts for 100% of the non-public benefit cost share cannot be submitted before January 1, 2022, the applicant, according to Regulations section 6013(f)(2), must submit commitments of at least 75% of the non-public benefit cost share. CWC staff will work with applicants to coordinate delivery to the Department of Water Resources Director per the regulations. 		
Contracts for administration of public benefits	<ul style="list-style-type: none"> Agencies administering public benefits include California Fish and Wildlife, State Water Board, and Department of Water Resources 		

The following items are needed to schedule a Commission Hearing for Final Awards (regulations section 6013(c))			
Description	Instructions	Estimated Completion Date	Percent Complete %
Completed feasibility studies	<ul style="list-style-type: none"> Staff strongly encourages all applicants to submit the draft final version of the completed feasibility study for Commission staff review to ensure that any WSIP-related technical or eligibility concerns are addressed in the final version of the feasibility studies. A completed feasibility study is required by January 1, 2022 (Water Code section 79757 and regulations section 6013(f)). It is strongly encouraged that the completed feasibility study be submitted prior to that deadline, to accommodate scheduling the necessary Commission meeting regarding a feasibility determination prior to January 1, 2022. Section 3.5 of the Technical Reference can be used as guidance for developing the completed feasibility study. The completed feasibility study must thoroughly evaluate the projects feasibility, including, but not limited to, cost effectiveness and technical feasibility. 		
Final environmental documentation	<ul style="list-style-type: none"> Under California Environmental Quality Act (CEQA), the Commission is a Responsible Agency for this project. The Commission will engage with the applicant during the CEQA environmental review process to address issues and concerns regarding potential project impacts and the effects of required mitigation on public benefits. Therefore, in addition the required submittal of the final environmental documentation, staff strongly encourages all applicants to coordinate with the Commission by submitting draft CEQA documents. Submit all NEPA documents 		
All required federal, state, and local approvals, certifications, and agreements	Quarterly Reports should contain specific permit status.		
Funding Agreement			
The following documents are needed to execute a funding agreement for the project (regulations section 6013(a)(1)(G))			
Applicant's audited financial statements	Submit audited financial statements for the two most recent fiscal years to the Commission no earlier than six months prior to the estimated Commission hearing date, regulations section 6013(a).		
Final project costs, schedule, and scope of work	<p>The final project costs, schedule, and scope of work will be incorporated into the WSIP funding agreement. Staff will work with you to detail the format, level of detail, and timing for submittal of these items.</p> <ul style="list-style-type: none"> The final project costs will be used, in part, to develop the funding agreement budget which in turn governs aspects of cost reimbursement. The schedule should cover the period from the estimated time that the applicant is ready to enter into an agreement with the Commission through completion of all actions that will be included in the WSIP funding agreement (i.e., Project Construction and, if relevant, Project Start Up). The Scope of Work should be consistent with the final project costs and schedule and at a level of detail that clear conveys the major work tasks and sub-tasks. 		
Evidence of bilateral communications	Please provide documentation or a narrative description of efforts taken by the applicant to ensure bilateral communication with any owners and operators of potentially impacted facilities regarding the potential impacts of the proposed project to their facilities.		
Limited waiver of sovereign immunity (see regulations section 6013(f)(8))	<p>Provide documentation or a narrative description of whether the project will or will not be situated on tribal lands and the basis for such conclusions. The applicant may provide a map(s) that detail the following information:</p> <ul style="list-style-type: none"> The project area (i.e. the lands that will be used for construction and operation of the proposed project) The current landownership categorized as follows: <ul style="list-style-type: none"> Private Public Tribal 		

The following items are needed to schedule a Commission Hearing for Final Awards (regulations section 6013(c))			
Description	Instructions	Estimated Completion Date	Percent Complete %
Status Update			
The status of the following items is needed to execute a funding agreement (regulations section 6013(a)(1)(C))			
Labor Compliance	Funding Recipients are bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement by WSIP to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: https://www.dir.ca.gov/lcp.asp . For more information, please refer to DIR's <i>Public Works Manual</i> at: https://www.dir.ca.gov/dlse/PWManualCombined.pdf .		
Urban Water Management Plans	<ul style="list-style-type: none"> Compliance with the 2015 Urban Water Management Plan (UWMP) obligations was evaluated through the WSIP application process. On-going compliance, include meeting any 2020 UWMP update requirements, will be a continuing eligibility obligation. Timely submittal, and DWR review and acceptance, of your 2020 UWMP. If the WSIP funding agreement is anticipated to be executed before the 2020 UWMP, this will become a continuing eligibility obligation. If the WSIP funding agreement is executed after that due date, then this will be an execution requirement. 		
Agricultural Water Management Plans	Compliance with the 2015 Agricultural Water Management Plan (AWMP) obligations was evaluated through the WSIP application process. Your agency currently does not meet the definition of an Agricultural Water Supplier that would be required to submit an AWMP (Water Code sections 10800 <i>et seq.</i> and 10608). However, if your agency subsequently meets that definition, then meeting the AWMP obligations will become an execution requirement and continuing eligibility obligation.		
Groundwater Management or Groundwater Sustainability Plans	Use the required Initial Quarterly Report to bring the Commission up to date on the status of efforts to meet the relevant Groundwater Management or Groundwater Sustainability Plan requirements. Use subsequent Quarterly Reports to provide the on-going status of these efforts.		
Potential effect of other conditionally eligible projects on the applicant's public benefits	For each of the other projects that received an MCED by the Commission, describe the potential effects that each project may have on your agency's project or explain how there will not be any potential effects.		