



- Board of Directors
Water Planning and Stewardship Committee

7/9/2019 Board Meeting

Revised 8-5

Subject

Authorize payments of up to \$3.43 million for participation in the State Water Contractors for fiscal year 2019/20; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action requests authorization to continue funding and participation in the State Water Contractors (SWC). Participation in this organization allows Metropolitan to advocate for the effective management of the State Water Project (SWP), particularly to operations and activities in the Bay-Delta. The SWC provides a unified voice among the contractors to provide input to the California Department of Water Resources (DWR) on the management of the SWP.

The requested authorization amount is up to \$3.43 million, which is less than the \$4.10 million included in Metropolitan's fiscal year (FY) 2019/20 budget.

Details

State Water Contractors

The SWC is a nonprofit association of 27 public agencies from northern, central, and southern California with contracts to purchase water from the SWP. The SWC's role and activities provide input into DWR's policy decision-making process. The SWC effectively represents the interests of Metropolitan and the other contractors in discussions with DWR and through interactions with other state, federal, and local entities. The SWC's work efforts and associated revenue collections encompass five areas:

1. Basic Dues Fund – Provides funding for SWC activities including general operating expenses and supporting activities such as DWR cost management, ensuring sufficient infrastructure and water supply reliability, and water quality;
2. Energy Fund – Provides funding for SWC staff and consultants working with DWR energy and management staff, at both the strategic and technical levels, to develop and implement energy strategies to achieve cost-effective energy for the SWP;
3. Bay-Delta Fund – Supports SWC participation in Bay-Delta fish monitoring, environmental review processes, facilities planning processes, coordinated activities with the Central Valley Project, protection of existing operations, collecting scientific data, and planning for the future;
4. Delta Conveyance Project Fund – Supports SWC involvement in the Delta Conveyance Project activities; and
5. Municipal Water Quality Investigation (MWQI) Specific Project Committee – Provides SWP contractors with water quality information as it relates to drinking water regulations – through monitoring, studies, analyses, and forecasting. The State Water Project Contractors Authority (SWPCA) previously handled MWQI.

The united voice of the SWC provides value in achieving favorable outcomes. The SWC's influence focuses on restoring water supply benefits currently impaired by Bay-Delta constraints.

Refer to **Attachment 1** for a more detailed report on SWC accomplishments in FY 2018/19 and **Attachment 2** for objectives for FY 2019/20.

State Water Project Contractors Authority

The SWPCA formed in 2003 as a joint powers organization of interested SWP contractors. As of July 18, 2018, MWQI was the only active specific project committee. The Board of Directors placed SWPCA on hiatus due to the lack of activity. Therefore, SWPCA assigned its agreements and functions for the MWQI specific project committee to the SWC, the committee's original location before SWPCA was formed. Annual board meetings occur on the Wednesday before the third Thursday in June of each calendar year. SWPCA has no ongoing activities and no funding is requested for FY 2019/20.

Summary of Payment Distribution

The table below summarizes the current and proposed costs for participation in the SWC:

<u>SWC Payments</u>	FY 2018/19	FY 2019/20
Dues Fund	\$ 1,376,848	\$ 1,209,355
Energy Fund	\$ 252,593	\$ 226,876
Bay-Delta Fund	\$ 1,604,457	\$ 1,154,567
Delta Conveyance Project Fund	\$ 0	\$ 624,419
MWQI	\$ 101,956	\$ 216,600
Total:	\$ 3,335,854	\$ 3,431,817

The FY 2018/19 and 2019/20 payments for the SWC are nearly flat. In total, Metropolitan's payment to SWC for FY 2019/20 is approximately \$671,000 below what was included in Metropolitan's budget. In large part, this is due to anticipated legal costs related to the Delta Conveyance Project that were not incurred during FY 2018/19 and were carried over to FY 2019/20.

MWQI is in the process of finalizing their calendar year 2020 activities and budget. MWQI intends to approve their budget in December 2019. When approved, Metropolitan will pay its share of costs. Staff requests approval to pay up to \$0.22 million for funding MWQI. This amount is consistent with the FY 2019/20 budget.

Staff requests authorization to pay these budgeted items, which will help with continued advocacy for Metropolitan's interests as the largest SWP contractor. In total, these requests are approximately \$671,000 below budget.

Policy

Metropolitan Water District Administrative Code Sections 11102 and 11103: Payment of Dues and Participation in Projects or Programs Serving District Purposes.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Act Section 126: Dissemination of Information (requires a two-thirds vote).

By Minute Item No. 45348, the Board, at its May 13, 2003 meeting, authorized entering into an agreement with the State Water Project Joint Powers Authority.

By Minute Item No. 47735, the Board, at its December 9, 2008 meeting, authorized the General Manager to execute the Delta Habitat Conservation and Conveyance Program Memorandum of Agreement and three related funding and management agreements.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not subject to CEQA because it involves continuing administrative activities, such as general policy and procedure, as well as government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Sections 15378 (b)(2) and 15378(b)(4) of the state CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

By a two-thirds vote, authorize the General Manager to make payment of up to \$3.43 million to the State Water Contractors.

Fiscal Impact: Expenditures for participation in SWC in FY 2019/20 would be up to \$3.43 million. The authorization is approximately \$671,000 less than the FY 2019/20 budget for participation in the SWC.

Business Analysis: Metropolitan would benefit from the SWC representing positions with DWR, legislators, regulatory, and third-party groups that advance its SWP strategic initiatives.

Option #2

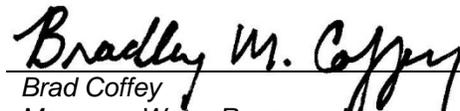
Do not authorize the General Manager to make a payment to the State Water Contractors for FY 2019/20.

Fiscal Impact: Savings up to \$3.43 million

Business Analysis: Metropolitan would be less effective in advancing its SWP strategic initiatives if the membership is not approved. Metropolitan would need to develop alternative means to manage the risk of higher costs or greater operational restrictions on supply deliveries.

Staff Recommendation

Option #1


 Brad Coffey
 Manager, Water Resource Management

6/20/2019
 Date


 Jeffrey Kightlinger
 General Manager

6/25/2019
 Date

Attachment 1 – FY 2018/19 Accomplishments of the State Water Contractors

Attachment 2 – FY 2019/20 Objectives of the State Water Contractors

Ref# wrm12665795

FY 2018/19 Accomplishments of the State Water Contractors

BUSINESS PROCESSES

Budgets - Monitor and promote DWR's development and management of a SWP budget to minimize annual variances and optimize reasonable revenue requirements.

- SWC staff provided standardized reports and summary overviews of DWR's B132-19 draft budget data to the OME Committee, Delta Committee, and Audit-Finance Committee, to assist with the review of the 2020 Statement of Charges.

Financial Projections - Monitor and promote DWR's analysis, development, and management of SWP's cost trends to maximize operational readiness at an optimal cost level ensuring long-term affordability.

- SWC staff continued to develop financial modeling to assist Contractors in decisions regarding participation in programs such as Delta Conveyance, Sites Reservoir, South of Delta Storage, Dry/Average Year Transfer Programs, and Future SWP Energy Costs/Implementation of Renewable Energy.
- SWC staff supported the SWP capital programs by developing materials that assist Contractors in understanding and evaluating financing options and addressing financing policy decisions.
- SWC staff worked with DWR to develop budget and cost reports related to the February 2017 Oroville Spillway Event. Staff continued working with DWR to determine final costs.
- SWC staff worked with a small Contractors' workgroup to develop draft financial management levels of service for the DWR Asset Management Project.

Financial Resources, Revenue Requirements, and Investments - Monitor and assess DWR's State Water Project financial performance with regard to operational goals, budgets, financial targets, and forecasts to maximize use of available revenues and optimize determination of revenue requirement.

- SWC staff provided analysis, isolating the causes of recent unexpected increases in the Contractors' Statement of Charges and provided a summary of increases in the Contractors' Transportation Minimum Charge Component.
- SWC staff provided analysis and overview of the SWP indirect and direct cost allocations, including a review of actual minimum costs from 2007 to 2018, to determine the percentage of indirect costs being allocated to each of the SWP reaches.
- SWC staff worked with the legal team to draft contract language based on the June 2018 Agreement in Principle concerning Objective 1, Water Management Tools.

SWRDS Capital Development and Investment in Capital Infrastructure - Monitor and assess DWR's State Water Project capital infrastructure goals, budgets, financial targets, and forecasts to maximize debt financing and investment ensuring stable and level capital revenue requirements.

- SWC staff provided Contractors and DWR with an example of a long-term financing plan used to disclose forecasted capital costs and corresponding financing options used in financial management policy discussions and budgeting business processes.
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Business Process Control Activities and Environment - Monitor and promote DWR's internal control directives, activities, and environment to minimize financial risk, ensure financial integrity, and maintain reporting reliability.

- SWC staff worked with the Contractors' SWP Reporting Strategy Workgroup to develop business requirements for a reporting dashboard for the SWP.
- SWC staff continued to work with DWR SWPAO to develop a comprehensive list of outstanding critical financial projects, including criteria for prioritizing the list for future development of a financial work plan and balancing of critical personnel resources.
- SWC staff continued to work with DWR's Protest Resolution staff with the goal to provide closure on protest items, which includes either resolution or determining the necessity of filing a claim against DWR.
- SWC staff continued to work with the Contractors' auditors. SWC proposed standardized auditing categories to assist with the Contractors' development of a proposal to DWR addressing the prevention of errors or irregularities, identification of accounting problems, and ensuring that corrective action is taken.

Cash-Flow - Monitor and promote DWR's development and management of a SWP cash-flow statement(s) and business process to ensure short-term and long-term SWP cash availability regardless of project purpose.

- SWC staff continued to review and monitor DWR's quarterly cash-flow reports.

ENERGY OPERATIONS

Strategic SWP Power and Transmission Plan - Participate in and provide policy, strategic, technical, communications, and advocacy support to the DWR Risk Oversight Committee analysis and implementation of the SWC Energy Strategic Plan recommendations.

- SWC staff obtained SWC Board recommendation and DWR concurrence for SWP to participate in the San Luis Transmission Project.
- SWC staff participated in the DWR Risk Oversight Committee and provided SWC principals an opportunity to coordinate with DWR executives on energy matters.
- The SWC Energy Committee provided regular briefings to SWC advocates and members of the legislature on legislative and regulatory matters that impact the SWP.

Near-Term Risk Management - Analyze reports from DWR Power and Risk Office, Operations Control Office, SWP Analysis Office and provide input to align policies and practices with SWC risk tolerance.

- SWC staff obtained Risk Oversight Committee agreement for SWC and DWR to conduct collaborative outreach to educate public and thought leaders about how the SWP supports the State carbon reduction policy.

Greenhouse Gas/Renewables Policies - Advise DWR on greenhouse gas and renewables policies and purchases to incorporate SWC rate concerns.

- SWC staff worked with California Municipal Utilities Association (CMUA) to address issues with legislation that could impact the SWP.
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FERC Relicense Settlement - Advocate solutions related to obtaining new license for the Oroville complex consistent with the Settlement agreement and Habitat Expansion Agreement. Monitor relicensing activities associated with SoCal facilities.

- SWC filed opposition to Butte and Plumas County request that the California Supreme Court overturn a lower court ruling that federal law preempts California Environmental Quality Act in Oroville relicensing.
- SWC staff fulfilled advisory role through participation in the Oroville Relicensing Settlement Agreement Supplemental Benefits Fund and Oroville Recreation Advisory Committee.
- SWC staff monitored relicensing activities associated with SoCal facilities.

Defend SWP Against Energy Liabilities and Claims – Assure proper legal representation for energy matters before FERC, CAISO, and utilities.

- Utilized SWC Member legal counsel with expertise at FERC and outside FERC counsel to maintain SWC presence in targeted proceedings at FERC related to transmission charges.

INFRASTRUCTURE

Oroville Dam Spillway Restoration and Comprehensive Needs Assessment - Track progress, cost, and operations impact related to the restoration of the Oroville Dam spillway following the February 2017 erosion event. In addition, track progress, costs, and follow-up projects/studies related to the new Comprehensive Needs Assessment for the entire Oroville facility.

- SWC Staff and the OME Committee continued to work with DWR in the monitoring of the work associated with the Oroville Dam spillway recovery construction. Staff provided numerous DWR news releases in addition to update presentations at SWC Board meetings and at the OME Committee.
- SWC Staff established a separate discussion forum with DWR and the independent review board to receive quarterly updates on the progress of the \$20M comprehensive needs assessment study for the entire Oroville Dam facility. Three meetings occurred during the fiscal year.
- SWC staff, in conjunction with member agencies, continued to track the status of FEMA reimbursements.

SWP Dam Safety - Track progress, cost, and operations impact for all SWP Dam safety-related activities. Concentrated focus in FY 2018-2019 will be on Sisk Dam Seismic Stability, Perris Dam outlet and emergency release channel, Castaic Dam outlet tower/spillway/abutment, and any new dam safety-related activities in FY 2018-2019.

- SWC staff and the OME Committee elevated the tracking and review of DWR's expansion of their formal Dam Safety program and FERC and Division of Safety of Dams (DSOD) focus/requirements for all SWP dams following the Oroville Dam spillway incident. The inspections of the spillways of the other seven major SWP dams (Castaic, Pyramid, Cedar Springs, Del Valle, Antelope, Frenchman, and Grizzly Valley) lead to immediate minor repair actions in addition to recommendations on follow-up repairs and investigations.
 - SWC staff and the OME Committee continued to work with DWR on their plans and actions related to the Perris Dam outlet tower and Castaic Dam's outlet tower, spillway, and abutment stability remediations.
 - SWC staff continued to engage with the USBR on the Sisk Dam stability remediations and participated in the value engineering study for the 30% design.
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Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention/Reliability – Work with DWR in determining the quantity, rate, and capacity reduction impacts of subsidence in the San Joaquin Valley. Target projects/repairs to assure capacity is restored or preserved to assure long-term operational reliability.

- SWC staff and the OME Committee focused on DWR’s study of Aqueduct subsidence and the actual short-term actions (construction) to help maintain operation in the flow restricted areas of the Aqueduct. SWC staff provided updates to the SWC Board.
 - SWC staff was involved with workshops and discussions with DWR as they elevated the subsidence program and work towards medium- and long-term solutions.
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Edmonston Pump Replacement/Refurbishment - Track performance/efficiency of four new units. Work with DWR in the value engineering process to select action (replacement vs. refurbishment) for aging east wing units.

- SWC staff and the OME Committee continued to work with DWR in the monitoring of the work associated with the Edmonston pumping plant unit refurbishments.
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SWP Asset Management - Work with DWR as they develop/document/implement an asset management system and capital improvement program, including assessing vulnerabilities, the required risk mitigation strategies, and management policy and objectives.

- SWC staff and the OME Committee continued to work with DWR in monitoring the progress of the new Asset Management (AM) program. SWC staff and a subset of member agency reps participated in a “Levels of Service” workshop with DWR and their consultant.
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Hyatt Units 1, 3, and 5: New runners and bearings and TSV Refurbishment - Track progress, cost, and operation impact for the replacement of new runners and bearings for units 1, 3, and 5 to restore reliability and eliminate high down thrust loads.

- SWC staff and the OME Committee continued to work with DWR in monitoring the refurbishments of Hyatt Unit 1 (the first of the three units scheduled for new runners).
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Thermalito Plant Post-Fire Rebuild - Track the progress, cost, and operation impact related to the restoration and modernization of the Thermalito plant.

- SWC staff and the OME Committee continued to work with DWR to monitor the status of the Thermalito Plant post-fire clean-up, recovery, and restoration and receive specific reports on a regular basis.
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Control System Upgrade - Track progress, cost, and schedule on the implementation of phase IV of the control system upgrade, which involves upgrading SWP plants south of the Delta.

- SWC staff and the OME Committee continued to work with DWR to monitor the status of the Control System upgrade by holding special update meetings with the project managers.
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Fire System Modernization – Track the design and implementation of DWR’s new corrective measures and proactive fire systems to increase personnel safety and prevent catastrophic fires in SWP facilities.

- SWC staff and the OME Committee continued to work with DWR to monitor the status of the fire system modernization project which developed after the fire at the Thermalito plant.
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Motor/Generator/Valve Rehabilitation/Refurbishments - Track progress, cost, and schedule and operational impact of motor, generator, and major valve replacements or refurbishments within SWP plants (long-term, routine task).

- SWC staff and the OME Committee continued to work with DWR in the monitoring of the various motor and generator refurbishments throughout the SWP.

SCIENCE

OCAP and Regulatory Compliance - Collaborate with DWR to improve Delta Compliance Committee to facilitate planning and implementation of required habitat and other RPAs under OCAP Biological Opinions.

- SWC and Member Agency staff have been working on a plan for resetting the Delta Compliance Committee (DCC) to meet SWC needs, including working with Hallmark Group regarding their recommendations for how to move the DCC forward.
- SWC staff attended several meetings with DWR staff to discuss costs, cost sharing with the Bureau of Reclamation, and how to reinitiate the DCC.
- SWC staff reengaged the Bay Delta Work Group after a long hiatus.

Collaborative Adaptive Management Team (CAMT) - Participate in Collaborative Adaptive Management Team through membership on CAMT, identification, and formulation of study projects and involvement in work efforts of scoping teams; define and fund key scientific investments in collaboration.

- The SWC General Manager acts as a Public Water Agency representative on the CAMT and has been involved in directing the management of CAMT efforts.
- SWC staff participated in preparatory meetings for CAMT and the Collaborative Science and Adaptive Management Program (CSAMP) Policy Group, and briefed Policy Group members on agendas.

Municipal Water Quality Investigations Team - Participate in Municipal Water Quality Investigations Team meetings and define area of alignment with SWC Science Program objectives; identify potential scientific investments to fund that help achieve SWC Science Program objectives for non-operational stressor reduction while enhancing efforts to provide safe municipal water supply.

- SWC staff executed agreements transferring the Municipal Water Quality Investigation (MWQI) program from SWPCA to the SWC, and for MWQI facilitation and technical support.
- SWC staff coordinated with MWQI on science projects that inform both MWQI and the SWC Science Program.
- SWC staff attended the MWQI annual meeting.

Entrainment Effects - Define and fund key scientific investments in factors that lead to entrainment and entrainment effects that will improve management of ESA fish species; routing probabilities of fish into South Delta and SWP/CVP facilities, fish detection and identification; and non-operational stressor reduction.

- SWC funded a 14-month research project at USGS to analyze acoustic telemetry data on winter-run Chinook salmon and ICF to conduct mandatory fish handling training for a Delta Smelt prescreen loss study.

Non-Operational Stressor Reduction - Identify areas of scientific investigation on non-operational stressors, identify gaps in understanding and define needs for the SWC Science Program, and fund studies to reduce uncertainties related to SWC needs.

- SWC funded a Sea Grant Delta Science Fellow to study how hatcheries and non-native predators interact to affect juvenile salmon behavior and survival, a 16-month research project at UC Davis to study the effects of toxicity in the Sacramento River near Hood, CSU Maritime and SFSU to study phytoplankton enumeration as part of the Operation Baseline studies, and SFSU to conduct zooplankton studies for the Sacramento River Nutrient Change Study.
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Management Tools - Identify and fund development of tools to investigate effects of management actions (such as operations or habitat restoration) on population dynamics (e.g. Winter-Run Life Cycle Model, adaptive management processes).

- SWC funded a 3-year study at UC Davis to sequence the Delta Smelt genome and improve monitoring of population size, Cramer Fish Sciences to conduct multiple studies necessary to develop eDNA as a monitoring tool for Delta Smelt, Phase I of a Delta Smelt structured decision-making effort by Compass (through CAMT), Integral Consulting to conduct a technical review of the NMFS Chinook salmon life cycle model, and Denise Reed to develop a long-term Delta Smelt Science Plan (through CAMT).
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Habitat - Investigate benefits of habitat restoration to fish populations and implement studies on potential habitat restoration projects to support California EcoRestore and other restoration efforts.

- SWC funded a 12-month study at UC Davis and UC Santa Cruz to develop baseline data for fish growth and food production on the Sutter Bypass, a 19-month study at UC Santa Cruz to evaluate life history diversity of spring-run Chinook salmon in Butte Creek, an 18-month research study to monitor coastal tributaries for presence of longfin smelt, and funded a study at USGS to evaluate how physical habitat features influence the distribution of Longfin Smelt and, any effects this may have on interpretations of the long-term monitoring data.
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Outflow - Identify and promote effective monitoring and synthesis of ecosystem responses to outflow.

- SWC funded a 12-month study at ICF analyzing data from the Suisun Marsh Salinity Control Gate Action from the Delta Smelt Resiliency Strategy.
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Science Development - Support and identify collaborative scientific efforts for the protection and management of ESA species and enhancement of ecosystem habitats including supporting scientific studies, attending meetings, conducting workshops, pursuing grant funding opportunities, etc.

- SWC hired a science manager to coordinate science activities for the SWC. With the assistance of Member Agency staff, SWC embarked on developing a structure, practices, and processes for the Science Program.
- SWC assumed responsibility for fourteen SFCWA contracts, including projects that were partially funded by SFCWA and those that the SWC funded.
- SWC staff established a SWC science communications group, and a broader PWA science communications group. SWC staff also established science brown bags on topics of interest for Member Agency staff.
- SWC-funded science was showcased at the 2018 Bay-Delta Science Conference and the 2019 Interagency Ecological Program Annual Workshop.
- SWC funded studies Compass Resource Management to assist with Governance for the Voluntary Agreement and ITN to produce a video segment on SWC-funded science and complexity of Delta issues for the AFS Annual Meeting.

WATER SUPPLY

California WaterFix - Proceed with Implementation Activities including SWRCB Change Petition, support set-up of the Finance and Construction JPAs, and engage on various lawsuits.

- SWC staff worked with DWR, member agencies, and CVP water users to develop water supply and cost allocation methodologies.
 - SWC staff presented updates on the status of California WaterFix, including associated estimated water supplies and costs.
 - SWC and member agencies staff coordinated with DWR on planning a path to move forward with a modified conveyance project consistent with direction from the Governor.
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Water Management Contract Amendment - Coordinate SWP Contractors involvement in Contract Amendment discussions on California WaterFix Cost Allocation and Water Management Activities.

- SWP contractors, with support of SWC staff, completed negotiation sessions with DWR on terms on a Water Management Contract Amendment, to both provide water management tools and allocate costs and benefits of the California Water Fix.
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Coordinated Operations Agreement (COA) - Coordinate with DWR and SWC members in developing information for and participating in discussions of the COA periodic review.

- SWC staff and representatives participated in a series of meetings, both policy and technical, with DWR, the Bureau of Reclamation, and CVP water users to discuss the COA periodic review.
 - SWC staff and representatives worked with DWR to develop technical information and strategy for discussions on the COA periodic review.
 - SWC staff and representatives participated in and concluded negotiations on the 2018 Addendum to the COA.
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Long-Term Operations Reconsultation - Participate in the CVP/SWP Long-term Operations reconsultation process for development of near-term project operations and associated biological opinions.

- SWC staff and representatives participated as Public Water Agency representatives in policy, legal, and technical level meetings with DWR, Reclamation, and the fishery agencies on an accelerated timeline.
 - SWC and member agency staff reviewed and provided input on the Biological Assessment and are engaged in reviewing and providing input on the available sections of the draft Biological Opinions.
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State Water Resources Control Board Activities - Present testimony and participate in hearings on updating the Bay-Delta Water Quality Control Plan and related activities such as San Joaquin River water rights and illegal diversions, and participate in Voluntary Settlement Agreement discussions.

- SWC collaborated with DWR, Reclamation, and other water users to develop a proposed Voluntary Agreement outlining flow and habitat actions for use by the State Water Resource Control Board in the Water Quality Control Plan update.
 - SWC led water user efforts to define the actions and develop a project description for the Voluntary Agreements, including work on the governance workgroup and in the policy workgroup.
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Delta Plan - Coordinate with DSC staff and board to ensure revisions to the Delta Plan are consistent with SWC planning and operations.

- SWC staff and representatives provided comments on the synthesis reports to support the ecosystem amendment process for Chapter 4 of the Delta Plan, which directs agencies to restore aquatic habitat and improve water quality.
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Facilitate Water Transfers - Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers when conditions warrant. Work with DWR to improve flexibility of Table A water transfers.

- SWC staff worked with member agencies and DWR to develop a 2018 dry-year transfer program.
 - SWC staff initiated a 2019 dry year transfer program but it did not move forward due to lack of summer conveyance capacity.
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Upstream Water Supply Augmentation - Work with CVP Contractors and upstream water users to identify water supply operations to address existing and potential regulatory obligations.

- SWC participated in discussions and coordination of a water purchase in the spring of 2019 from the San Joaquin watershed to provide both environmental flows and augment project water supply. The water purchase was not moved forward due to the wet hydrology of 2019.
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OCAP and Regulatory Compliance - Collaborate with DWR to improve Delta Compliance Committee to facilitate planning and implementation of required habitat and other RPAs under OCAP Biological Opinions.

- Under the direction of SWC and member agency staff, the Hallmark Group completed a review of DWR's Delta Compliance Program project management structure. Outcomes of the review are informing a reorganization of the Delta Compliance Program.
 - SWC staff and representatives attended the annual Statement of Charges and budget review meeting with DWR staff to review past, current, and projected costs of all activities related to the OCAP Biological Opinion (BiOp) Reasonable and Prudent Alternative (RPA) actions.
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Water Operations Improvements - Identify and implement Delta and/or upstream operations strategies to minimize reductions to near term exports and increase water supply reliability using existing facilities or with additional features.

- SWC staff and representatives collaborated with DWR, Reclamation, and CVP water users to plan the potential implementation of Old and Middle River flow standard modifications during storm flow conditions under the WIIN Act.
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Water Operations Evaluation - Develop documentation for ongoing Delta water supply operations including water losses from regulatory actions. Develop analysis tool to evaluate water supply and predict water supply allocations during the runoff season.

- SWC staff gave monthly presentations on SWP water operations to SWC member agencies. The presentations included estimates of water losses due to implementation of the OCAP Biological Opinions and estimates of potential water supply with the implementation of the California WaterFix.

- SWC staff tracked and provided updates on SWP San Luis Reservoir operations, including filling, contractor carryover spill, and Article 21 availability. This included coordination with DWR to understand opportunities and constraints and to provide input as appropriate.
- SWC worked with DWR and member agency staff to review the updated SWP Water Supply Guidelines.

Delta Related Litigation - Defend or intervene in litigation to protect SWP water supply. Pursue methods for State Water Resources Control Board to protect stored water through curtailments and participate in litigation and administrative proceedings that could impact stored water. Continue challenging the CEQA and authority of the Delta Stewardship Council to implement certain Delta Plan activities

- SWC continued to monitor and participate in cases related to current and proposed SWP water operations.

Wastewater Discharge and Water Quality Issues - Follow-up on remaining litigation efforts related to Sacramento Regional CSD discharge permits. Participate in development and review of discharge standards for other Delta Watershed dischargers. Participate in processes related to methylmercury regulations.

- SWC staff worked with DWR and other signatories to renew the 2011 agreement to fund operations and maintenance of Stockton Aeration Facility.
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FY 2019/20 Objectives of the State Water Contractors

Objective	Description	Priority
Business Processes		
Budgets	Monitor and promote DWR's development and management of a SWP budget to minimize annual variances and optimize reasonable revenue requirements.	●
Financial Projections	Monitor and promote DWR's analysis, development, and management of SWP's cost trends to maximize operational readiness at an optimal cost level ensuring long-term affordability.	●
Financial Resources, Revenue Requirements, and Investments	Monitor and assess DWR's State Water Project financial performance with regard to operational goals, budgets, financial targets, and forecasts to maximize use of available revenues and optimize determination of revenue requirement.	●
SWRDS Capital Development and Investment in Capital Infrastructure	Monitor and assess DWR's State Water Project capital infrastructure goals, budgets, financial targets, and forecasts to maximize debt financing and investment ensuring stable and level capital revenue requirements.	●
Business Process Control Activities and Environment	Monitor and promote DWR's internal control directives, activities, and environment to minimize financial risk, ensure financial integrity, and maintain reporting reliability.	●
Cash-Flow	Monitor and promote DWR's development and management of a SWP cash-flow statement(s) and business process to ensure short-term and long-term SWP cash availability regardless of project purpose.	○
Energy		
Develop SWC Strategic Plan for Energy Supply and Transmission	Build from energy vision document to identify and implement specific actions to address threats and opportunities to SWP operations and economics under Post-2020 Energy Policy.	●
Near-Term Risk Management	Align SWP renewable procurement, hedging transactions, and transmission management with Objective #1 Strategic Plan.	●
Complete FERC Relicensing for SWP	Advance solutions for new license at Oroville complex consistent with Settlement Agreement. Monitor relicensing activities associated with the So Cal facilities.	●
Infrastructure		
SWP Infrastructure Reliability	Work with DWR as they develop/document/implement an asset management system and capital improvement program including assessing vulnerabilities, the required risk mitigation strategies, and management policy and objectives. Advocate for appropriate priorities and affordability. Provide open and consistent communication on this objective with member agencies and engage SWP policy representatives when needed/requested.	●
SWP Capacity Retention	Work with DWR in determining impacts to both delivery capacity and storage within SWP reservoirs due to such items as subsidence in the San Joaquin Valley, machine outages, regulatory requirements, weeds/debris, and water quality. Advocate for projects, repairs, procedures, and studies to assure that capacity is restored or preserved to assure long-term operational capacity that meets realistic needs under the current demands and export restrictions. Provide open and consistent communication on this objective with member agencies and engage SWP policy representatives when needed/requested.	●
SWP Infrastructure Safety	Work with DWR and member agencies on studies to assess the seismic vulnerability of the SWP and begin planning/preparing for realistic response and recovery. Work with DWR on the newly expanded focus and regulatory requirements on dam safety to assure timely remediation. Provide open and consistent communication on this objective with member agencies and engage SWP policy representatives when needed/requested.	●

FY 2019/20 Objectives of the State Water Contractors

Objective	Description	Priority
SWP Infrastructure Affordability	Work with DWR, member agencies, and SWC staff on the affordability process development as well as the annual B-132 budget development to assure proper alignment with the aforementioned objectives. Track and report changes to established budgets of the Divisions of O&M and Engineering to explain/control expenditure increases that eventually affect the Statement of Charges. Provide open and consistent communication on this objective with member agencies and engage SWP policy representatives when needed/requested.	●
Science		
OCAP and Regulatory Compliance	Collaborate with DWR to improve Delta Compliance Committee to facilitate planning and implementation of required habitat and other non-operational RPAs under OCAP Biological Opinions.	●
Collaborative Adaptive Management Team	Participate in Collaborative Adaptive Management Team (CAMT) through membership on CAMT, identification, and formulation of study projects and involvement in work efforts of scoping teams; define and fund key scientific investments in collaboration.	●
Municipal Water Quality Investigations Team	Participate in Municipal Water Quality Investigations Team meetings and define area of alignment with SWC Science Program objectives; identify potential scientific investments to fund that help achieve SWC Science Program objectives for non-operational stressor reduction while enhancing efforts to provide safe municipal water supply.	●
Entrainment Effects	Define and fund key scientific investments in factors that lead to entrainment and entrainment effects that will improve management of ESA fish species; routing probabilities of fish into South Delta and SWP/CVP facilities, fish detection, and identification; and non-operational stressor reduction.	●
Non-Operational Stressor Reduction	Identify areas of scientific investigation on non-operational stressors, identify gaps in understanding and define needs for the SWC Science Program, and fund studies to reduce uncertainties related to SWC needs.	●
Management Tools	Identify and fund development of tools to investigate effects of management actions (such as operations or habitat restoration) on population dynamics (e.g., Winter-Run Life Cycle Model, adaptive management processes).	●
Habitat	Investigate benefits of habitat restoration to fish populations and implement studies on potential habitat restoration projects to support California EcoRestore and other restoration efforts.	●
Outflow	Identify and promote effective monitoring and synthesis of ecosystem responses to outflow.	●
Science Development	Support and identify collaborative scientific efforts for the protection and management of ESA species and enhancement of ecosystem habitats including supporting scientific studies, attending meetings, conducting workshops, pursuing grant funding opportunities, etc.	●
SWC Management		
Accounting	Oversee all financial and accounting operations. Establish financial policies, procedures, controls, and reporting systems to ensure accuracy and integrity of financial data.	●
Auditing	Coordinate annual audits with external auditors.	●
Budgeting	Develop and manage the annual budget to maintain affordability and ensure SWC is able to respond to organizational threats, as needed.	●
Contract Management	Works with researchers and outside consultants to draft research/consultant agreements that comply with SWC contracting terms and budgeting guidelines. Ensure timely receipt of project deliverables.	●

FY 2019/20 Objectives of the State Water Contractors

Objective	Description	Priority
Human Resources	Ensure policies and procedures are in compliance with existing laws and regulations and maintain all human resources records. Acts as staff Benefit Officer.	●
Information Technology	Ensure the ongoing reliability and security for SWC's IT infrastructure to safeguard data assets.	●
Office Management	Coordinates the business functions of SWC, including office management and Clerk of the Board functions.	●
Treasury	Ensure SWC retains adequate liquidity to meet the needs of its primary business operations and respond to organizational threats, as needed.	●
Water Supply		
California WaterFix	Support JPAs with implementation activities, monitor permitting activities, including SWRCB Change Petition and DSC consistency determination, and engage on various lawsuits.	●
Water Management Contract Amendment	Coordinate SWP Contractors involvement in Contract Amendment discussions on California WaterFix Cost Allocation and Water Management Activities.	●
Long-Term Operations Reconsultation	Participate in the CVP/SWP Long-term Operations reconsultation process for development of near-term project operations and associated biological opinions and CESA permits.	●
State Water Resource Control Board Activities	Present testimony and participate in hearings on updating the Bay-Delta Water Quality Control Plan and related activities, and participate in Voluntary Agreement development and discussions.	●
Delta Plan	Coordinate with DSC staff and Board to ensure revisions to the Delta Plan are consistent with SWC planning and operations.	●
Facilitate Water Transfers	Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers when conditions warrant. Work with DWR to improve flexibility of Table A water transfers.	●
Water Supply and Operations Improvements	Identify and implement Delta and/or upstream operations strategies to minimize reductions to near term exports and increase water supply reliability using existing facilities or with additional features (e.g., winter turbidity management). Identify water supply operations and actions to address existing and potential regulatory obligations (e.g., potential WIIN Act operational actions, upstream water supply augmentation).	●
Water Operations Evaluation	Facilitate discussion and information exchange between SWC members and DWR on current and forecasted SWP water supply operations, included water supply allocations and Oroville and San Luis Reservoir operations. Promote integrated decision making with DWR on issues affecting near-term and long-term SWP water supply operations. Develop documentation for ongoing Delta water supply operations including supply changes from regulatory actions. Develop analysis tool to evaluate SWP water supply and predict water supply allocations during the runoff season.	●
Wastewater Discharge and Water Quality Issues	Participate in development and review of discharge standards for Delta Watershed dischargers. Participate in processes related to methylmercury regulations affecting the SWP.	○
<ul style="list-style-type: none"> ● Priority I (Highest Priority) Objectives ● Priority II (High Priority) Objectives ○ Priority III (Medium Priority) Objectives 		