



- Board of Directors
Water Planning and Stewardship Committee

7/14/2020 Board Meeting

7-7

Subject

Authorize payments, by a two-thirds vote, of up to \$3.97 million for participation in the State Water Contractors for fiscal year 2020/21; 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 related 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 \$3.97 million, which is less than the \$4.06 million included in Metropolitan's fiscal year (FY) 2020/21 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 and 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. 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 planning activities, such as creating a cost and benefit allocation process, and assisting in the development of permit and environmental documentation.
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 the MWQI Specific Project Committee.

The united voice of the SWC provides value in achieving favorable outcomes. Refer to **Attachment 1** for a more detailed report on SWC accomplishments in FY 2019/20 and **Attachment 2** for objectives for FY 2020/21.

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 Specific Project Committee (Committee) was the only active project committee. The SWPCA board placed SWPCA on hold due to the lack of activity. Therefore, SWPCA assigned its agreements and functions for the Committee back 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 2020/21.

Summary of Payment Distribution

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

<u>SWC Payments</u>	FY 2020/21	FY 2019/20
Dues Fund	\$ 1,455,473	\$ 1,209,355
Energy Fund	\$ 280,646	\$ 226,873
Bay-Delta Fund	\$ 1,118,965	\$ 1,154,567
Delta Conveyance Project Fund	\$ 944,550	\$ 650,000
MWQI	\$ 175,000	\$ 101,956
Total:	\$ 3,974,634	\$ 3,342,751

The cost increase from FY 2019/20 is primarily due to the cost for a consultant to serve as the contractor's environmental co-lead for the Delta Conveyance Environmental Impact Report/Environmental Impact Statement and shifting General Counsel from in-house to an external contract. In total, Metropolitan's payment to SWC for FY 2019/20 is approximately \$86,000 below what was included in Metropolitan's budget.

The MWQI Specific Project Committee is preparing its calendar year 2021 activities and budget, to be approved in December 2020. When approved, Metropolitan will pay its share of costs. Staff requests approval to pay up to \$180,000 for funding the Committee. This amount is consistent with the FY 2020/21 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 defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State of CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

By a two-thirds vote, authorize the General Manager to make payments of up to \$3.97 million to the State Water Contractors for FY 2020/21.

Fiscal Impact: Expenditures for participation in SWC in FY 2020/21 would be up to \$3.97 million. The authorization is approximately \$86,000 less than the FY 2020/21 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

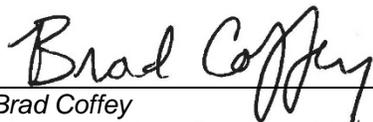
Do not authorize the General Manager to make a payment to the State Water Contractors for FY 2020/21.

Fiscal Impact: Savings up to \$3.97 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

	6/23/2020
Brad Coffey Manager, Water Resource Management	Date

	6/25/2020
Jeffrey Kightlinger General Manager	Date

Attachment 1 – FY 2019/20 Accomplishments of the State Water Contractors

Attachment 2 – FY 2020/21 Objectives of the State Water Contractors

Ref# wrm12674882

FY 2019/20 Accomplishments of the State Water Contractors**WATER SUPPLY****California WaterFix (CWF) - Support Joint Power Authorities (JPA) with implementation activities, monitor permitting activities, including State Water Resources Control Board Change Petition and Delta Stewardship Council (DSC) consistency determination, and engage on various lawsuits.**

- In May 2019, the state withdrew their CWF applications, permits, Environmental Impact Report, and other associated documents, but SWC staff remained supportive of activities associated with a single-tunnel project (Delta Conveyance Facility). SWC staff assisted with the development and operations of the two Delta Conveyance Facility (DCF) JPAs; supported negotiations to develop an Agreement in Principle outlining the allocation of costs and benefits related to construction and operation of a Delta Conveyance Facility; and participated in planning activities associated with California Environmental Quality Act (CEQA) and other environmental permits.

Water Management Contract Amendment - Coordinate State Water Project (SWP) Contractors involvement in Contract Amendment discussions on California WaterFix Cost Allocation and Water Management Activities.

- SWC staff have been working with Department of Water Resources (DWR) to complete CEQA and contract language for the Water Management Tools contract amendment.

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 California Endangered Species Act (CESA) permits.

- SWC and member agency staff engaged in the federal Biological Opinion (BiOp) Reconsultation efforts to support development and implementation of the 2020 BiOps.
- SWC successfully intervened in litigation challenging the 2019 U.S. Fish & Wildlife Service and National Marine Fisheries Service BiOps and have been participating in various hearings to protect SWC interests.
- Until December 2019, SWC and member agency staff worked with DWR and DFW on the development of the CESA Incidental Take Permit (ITP) project description and analysis.
- California Department of Fish and Wildlife (CDFW) issued an ITP on March 31, 2020. SWC filed a lawsuit against DWR and CDFW challenging the ITP in order to protect SWC interests.

State Water Resources 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.

- SWC continued to collaborate with DWR, United States Bureau of Reclamation (USBR), 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 continued to lead 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.

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 project description for the ecosystem amendment for Chapter 4 of the Delta Plan and have continued to work with the DSC to develop an appropriate Reduced Reliance compliance approach.
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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 2020 dry-year transfer program. The final agreements are still under development.
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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 Water Infrastructure Improvements for the Nation Act operational actions, upstream water supply augmentation).

- SWC staff engaged with DWR, USBR, and the fishery agencies to plan and implement a potential modification to the Fall X2 action in 2019, which is not implemented.
 - SWC increased efforts to forecast San Joaquin River operations and hydrology to better inform SWP operations.
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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.

- SWC staff developed and provided monthly presentations on current and projected SWP water operations. The presentations included estimates of water losses due to implementation of the OCAP Biological Opinions and estimates of potential water supply with implementation of a Delta Conveyance Facility.
 - SWC coordinated with member agency staff and DWR to provide a Fall Water Operations Workshop for DWR and member agency staff.
 - SWC developed an operations dashboard report for use by member agencies to review weekly updates on SWP water supply operations.
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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.

- SWC, in coordination with several other water users, agreed to an extension of the agreement to operate Stockton Deepwater Ship Channel Oxygen Aeration Facility. This facility has proven successful in increasing dissolved oxygen levels in the Stockton Deepwater Ship Channel, improving water quality and fisheries conditions, consistent with the Regional Water Quality Control Board Total Daily Maximum Load requirements.

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.

- SWC staff continued to lead discussions within the Operations, Maintenance, and Engineering (OME) Committee and directly with DWR management/executives to emphasize member agencies' interest in the reliability of SWP infrastructure and track the myriad of ongoing projects resulting from condition assessments or forced outages.
- SWC staff tracked and reported on progress of DWR's developing asset management program, condition assessments, and refurbishments schedule of the SWP's units, electrical appurtenant equipment, and communications & control systems.
- SWC staff monitored and distributed information on the SWP's service factors/performance and participated in weekly updates on SWP operations, outages, and incidents that could affect the daily and/or long-term deliveries throughout the year.
- SWC staff provided regular consolidated updates on major issues and projects that pertain to the SWP's continue reliability.

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.

- SWC staff continued to lead discussions and represent the interest of member agencies within the OME Committee and directly with DWR management/executives to emphasize the importance of maintaining the capacity of the SWP.
 - SWC staff performed extensive coordination with DWR and members related to subsidence of the California Aqueduct which is the single largest/most expensive long-term capacity threat to the SWP. SWC staff represented member agencies' interest in DWR's value planning study workshop on the rehabilitation of the damaged check 17 gate structure due to subsidence.
 - SWC tracked short-term capacity issues related to weeds, water quality, incidents/damage to the SWP delivery infrastructure.
 - SWC represented the member agencies in DWR's annual maintenance planning workshop.
 - SWC staff elevated focus and coordination on the specific capacity retention concerns presented by the South Bay Aqueduct Contractors.
 - SWC staff provided regular updates on major issues and projects that pertain to SWP's capacity threats and solutions.
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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.

- SWC staff continued to lead discussions and represent the interest of member agencies within the OME Committee and directly with DWR management/executives to track projects, policies and expenditures related to physical/cyber security of the SWP and infrastructure safety as it relates to the public and DWR employees.
- The SWC expanded the coverage of the OME Committee with the addition of a separate Dam Safety workgroup as a forum with DWR for the SWC and member agencies to obtain more in-depth updates on DWR's expanding dam safety program and specific details on the recently elevated inspections/evaluation, engineering assessments, and modernizations of all SWP dams.
- SWC staff represented the member agencies on important forums such as the Oroville comprehensive needs assessment effort, value engineering studies, and consultant review board meetings with USBR and DWR related to the Sisk Dam seismic remediation modification.
- SWC staff tracked the development/execution of the extensive SWP Fire Modernization/life safety improvement program.
- SWC staff updated members and the Board with bimonthly SWC Board summaries provided on OME Committee activity, detailed Committee meeting notes, and issue specific policy discussions/policy briefing papers as needed.

SWP Infrastructure Affordability - Work with DWR, member agencies, and SWC staff on the affordability process development as well as the annual Bulletin 132 budget development to assure proper alignment with the aforementioned objectives. Track and report changes to established budgets of the Divisions of Operations and Maintenance (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.

- SWC staff continued to lead discussions and represent the interest of member agencies within the OME Committee and directly with DWR management/executives to emphasize the importance of SWP infrastructure affordability. SWC staff performed annual reviews of the budgets and prioritization of all O&M extraordinary and capital SWP-related projects; the bimonthly review/discussion on the individual project charters, which includes cost magnitude and changes, cause and effects of changes in scope/timeline, cost categorization, and Central Valley Project (CVP)-cost sharing where applicable; quarterly reviews of O&M and Engineering Division plan versus actual budget tracking; and review of DWR's budget changes proposals.
- SWC staff engaged with DWR on their affordability workshop and in discussions to address the finance compression issue cause by the lack of a contract extension.
- SWC staff continued to work closely with DWR and SWC member agencies to seek opportunities to obtain funding to help offset/compensate SWP expenses. Examples include the Oroville spillway response/recovery, future subsidence remediation expenses, and Sisk Dam seismic stability.
- SWC staff updated members and the Board with bimonthly SWC Board summaries provided on OME Committee activity, detailed Committee meeting notes, and issue specific policy discussions/policy briefing papers as needed.

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

- SWC staff worked with contractors to develop the concepts for the Process of Affordability (seeking to minimize annual variances) presented to DWR during the July 2019 SWC-DWR Workshop on the SWP Infrastructure and Affordability. Using the Process of Affordability concepts, DWR held the 2020 Financial Management Conference to review the Bulletin 132-20 budget and cost projections for the 2021 Statement of Charges.
- SWC staff and contractors continued to work with a small DWR workgroup to develop requested budget reports, regional cost projections and variance reports.

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 Delta Conveyance participation, Delta Conveyance side-agreements, and the future SWP energy costs, including the implementation of renewable energy.
- SWC staff developed a SWP Carbon Footprint Model to assist contractors in determining the carbon contained in their SWP water supply delivered to their service area.
- SWC staff provided support to contractors in their budget planning processes by calculating estimated charges.

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 requirements.

- SWC staff continued to work with the legal representatives from DWR and Contractors to draft contract language related to Water Management Tools based on the June 2018 Agreement in Principle.
- SWC staff provided support to the legal representatives from DWR and Contractors as they began the process for resolving the Article 13(b) liability issue between DWR and the Contractors.
- SWC staff continued to provide support to the Contractors and the technical workgroups as they developed the concepts and principles for a contract amendment for the Delta Conveyance Facilities.

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

- SWC staff continued to provide materials related to the financing plan required under Article 50(g). SWC staff and contractors continued to work with a small DWR workgroup to develop a SWP 20-year capital expenditure plan based on DWR's Asset Management System, the capital financing plan, financing options, and addressing financing policy decisions such as the 2035 cost compression issue and delays in the Contract Extension Billing Transition Date.
- SWC staff worked with contractors to develop materials on the Role of a Chief Financial Manager to promote discussions between DWR staff and the contractors and to establish an understanding of the contractors' vision, key functions, work plan integration with SWP financial processes, and to start the discussions regarding contractors' critical financial concerns.

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 State Water Project Analysis Office (SWPAO) to implement a comprehensive solution to the Revenue Bond Springing Amendment.
- SWC staff continued to work with DWR SWPAO to complete the Capital Cost Reconciliation Project for the Water System Revenue Bond Surcharge audit finding, including working with contractors to finalize the cost allocation methodology for the East Branch Extension.
- 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 a goal to provide closure on protest items, which includes either resolution or determining the necessity of filing a claim against DWR.
- SWC staff developed a white paper on the outstanding audit findings and the impact to the SWRDS Financial Statements.
- SWC staff continued to work with the Contractors' auditors. SWC has 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

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.

- SWC staff arranged the first meeting of the updated Risk Oversight Committee with two new SWC representatives and a new SWP Deputy Director on April 9, 2020, which resulted in the launch of a joint DWR-SWC collaboration to develop a long-term SWP Energy Roadmap. A sub-group of the Energy Committee was formed to oversee the actual development process.

Near-Term Risk Management - Align SWP renewable procurement, hedging transactions, and transmission management with Objective #1 Strategic Plan.

- SWC staff continued to create agendas and lead discussions within the Energy Committee to track the ever-changing energy regulatory requirements and political initiatives to move the state to a cleaner energy portfolio by either utilizing the SWP or subjecting it to new fees/penalties, requirements/mandates.
- SWC staff and consultants worked directly with DWR in the first value engineering review of the potential San Luis Transmission Project.

Complete FERC Relicensing for SWP - Advance solutions for new license at Oroville complex consistent with Settlement Agreement. Monitor relicensing activities associated with the Southern California facilities.

- SWC staff monitored Southern California facilities relicensing and is beginning discussions on how to support Oroville license issuance.

SCIENCE

Operations Criteria and Plan (OCAP) and Regulatory Compliance - Collaborate with DWR to improve Delta Compliance Committee to facilitate planning and implementation of required habitat and other non-operational Reasonable and Prudent Alternatives (RPA) under OCAP Biological Opinions.

- SWC and Member Agency staff reengaged the Delta Compliance Committee (now known as the Environmental Coordination Committee, or ECC).
- Staff held monthly Bay-Delta Work Group meetings.
- Staff attended meetings with DWR to discuss projects and costs and attended the annual Financial Conference.

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.

- 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.
- Staff attended CAMT and CSAMP Policy Group meetings.
- SWC funded facilitation and science support of CAMT and CSAMP Policy Group meetings and support for a fisheries biologist Phase II of the Delta Smelt SDM study by Compass.

Municipal Water Quality Investigations Team - Participate in Municipal Water Quality Investigations (MWQI) 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 executed agreements transferring the MWQI program from SWPCA to the SWC, and for MWQI facilitation and technical support.
- Staff coordinated with MWQI on science projects and monitoring and oversaw all administrative functions of the consultant contracts.
- 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 Endangered Species Act (ESA) fish species; routing probabilities of fish into South Delta and SWP/CVP facilities, fish detection, and identification; and non-operational stressor reduction.

- Evaluated the manuscripts by RMA, Ecometric, and ICF on factors affecting Delta Smelt entrainment (through CAMT). These studies have resulted in discussions at CAMT about moving away from entrainment as a priority for Delta Smelt studies.
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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 Operation Baseline phytoplankton studies and co-funded spring toxicity testing as a comparison to Fall Outflow monitoring with Metropolitan.
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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 Phase II of the Probabilistic Length at Date analysis, Fremont Weir design studies, Winter-Run Chinook Salmon habitat mapping, publication of the Salmon Entrainment Model (aka Shiny App), Longfin Smelt modeling, and co-funded with Metropolitan the development of the Constituent Tracker to track the Delta turbidity field.
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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 support for habitat permitting for the Biological Opinions and co-funded with Metropolitan a second year of Longfin Smelt coastal tributary monitoring.
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Outflow - Identify and promote effective monitoring and synthesis of ecosystem responses to outflow.

- SWC funded additional tracking and analysis of the Winter-Run Chinook Salmon life cycle model.
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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 hosted the first SWC science symposium on Longfin Smelt science.
- SWC staff discussed funding priorities with Member Agency staff. Identified how science program objectives interface with funding priorities.
- SWC staff developed templates used for contracting. These include templates for proposals, quarterly reports, invoices, and project fact sheets.
- SWC staff held ongoing meetings of SWC science communications group, and a broader Public Water Agencies science communications group. SWC hosted science brown bags on topics of interest for Member Agency staff.
- SWC staff worked with staff from Fiona Hutton & Associates to communicate science funding and findings.
- SWC funded facilitation of environmental permitting, the Longfin Smelt and Delta Outflow Symposiums, an external review for Interagency Ecological Program monitoring, two Sea Grant Delta Science Fellows, and tracking and evaluation of science proposals and the Delta Smelt life cycle model.

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.

- SWC staff maintained internal financial records and provided regular reports to management and the Board of Directors.
- SWC staff prepared draft investment policy to establish guidelines for investment options and monitoring and evaluating investment performance.

Budgeting - Develop and manage the annual budget to maintain affordability and ensure SWC is able to respond to organizational threats, as needed.

- SWC staff worked with the SWC Budget Committee to develop the annual budget.
- SWC staff prepared historical legal expenditure analyses and provided legal cost projections.
- SWC staff provided regular expenditure reports to management and the Board of Directors.
- SWC staff ensured prudent use of the approved budget.

Contract Management - Work 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.

- SWC issued over forty contracts to research institutes, consultants, and other entities.
- SWC was awarded two Proposition 1 agreements: One agreement with the DSC involves work led by Anchor QEA to Evaluate Juvenile Salmonid Behavioral Responses to Hydrodynamic Conditions in the Sacramento-San Joaquin Delta. The second agreement is with the CDFW and involves work being undertaken by ICF, USGS, and UC Berkeley to evaluate the influence of tidal marsh restoration on energy flow and prey availability for native fishes. Both agreements span a three-year period and require SWC to provide quarterly reporting and invoicing to the sponsors (DSC and CDFW).
- SWC executed cost sharing agreements with various SWC member agencies to assist in funding research projects in the Delta.

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.

- SWC staff maintained employee personnel files and managed medical benefits, retirement benefits, and deferred compensation programs.
- SWC staff investigated health retirement investment accounts for the retiree medical reimbursement program.
- SWC staff ensured compliance with applicable federal and California laws.

Information Technology (IT) - Ensure the ongoing reliability and security for SWC's IT infrastructure to safeguard data assets.

- SWC's IT infrastructure was upgraded. A new server was brought online, SWC staff migrated email to a cloud environment, accounting software was updated, new spam filters were installed, cloud back up services were upgraded, two-step authentication for SWC staff was implemented, and printers were reinstalled.
- SWC's IT infrastructure continues to be stable and secure. The daily backups are safely stored in the cloud and are easily accessible if data needs to be restored.

Highest Priority Objectives	●	
High Priority Objectives	◐	
Medium Priority Objectives	○	
Objective	Description	Priority
Business Processes		
Budgets	Monitor and promote the Department of Water Resources' (DWR) development and management of a State Water Project (SWP) budget to minimize annual variances and optimize reasonable revenue requirements. <ul style="list-style-type: none"> • Process of Affordability Project (Budget Years 1-3) 	●
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. <ul style="list-style-type: none"> • Work Plan Scoping Budget/Forecasting Process • Forecasting Operations and Maintenance and Variable Projections • Process of Affordability Project (20 Year Forecast) 	●
Financial Resources, Revenue Requirements, and Investments	Monitor and assess DWR's SWP financial performance regarding operational goals, budgets, financial targets, and forecasts to maximize the use of available revenues and optimize the determination of revenue requirements. <ul style="list-style-type: none"> • Contract Extension Amendment including cost compression • Delta Conveyance Facilities Revenue Stream/Funding (Supplemental & Long-Term) 	●
State Water Resources Development System (SWRDS) Capital Development and Investment in Capital Infrastructure	Monitor and assess DWR's SWP capital infrastructure goals, budgets, financial targets, and forecasts to maximize debt financing and investment, ensuring stable and level capital revenue requirements. <ul style="list-style-type: none"> • Capital Financing/Funding Plan for SWRDS Facilities • Develop SWRDS Reinvestment Account and SWRDS Support Account Review Processes • Delta Conveyance Facilities' Bond Financing Plan 	◐
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. <ul style="list-style-type: none"> • Audit Findings and Audit Matrix Project • Cost-Debt Service Reconciliation Project • Develop processes and reports to transition Divisional Budgets to Statement of Charges estimates 	◐
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		
Review and Finalize State Water Contractors (SWC) Strategic Plan for Energy Supply and Transmission	Identify and implement specific objectives/actions to address threats and opportunities to SWP operations and economics under continuing changes to the California energy landscape and zero-carbon initiative.	●
Near-Term Risk Management	Align SWP renewable procurement, hedging transactions, and transmission management with the push toward carbon-free power (Objective #1 Strategic Plan Review of Challenges and Opportunities).	●
Complete Federal Energy Regulatory Commission Relicensing for SWP	Advance solutions for new license at Oroville complex consistent with Settlement Agreement. Monitor relicensing activities associated with the Southern California facilities.	◐

Infrastructure		
SWP Infrastructure Reliability	Work with DWR in the effort to maintain and improve the reliability of the aging SWP Infrastructure with focus on: <ul style="list-style-type: none"> Continued work on the development/documentation/implementation of an asset management plan and capital improvement program. Maintenance management systems to better assess vulnerabilities, the required risk mitigation strategies, and management policy and objectives. Advocate for appropriate priorities and affordability. 	●
SWP Capacity Retention	Work with DWR in determining impacts and potential remedies to both delivery capacity and storage within SWP reservoirs with focus on: <ul style="list-style-type: none"> Subsidence in the San Joaquin Valley, machine outages, power outages, regulatory requirements, weeds/debris, and water quality. Advocating for projects, repairs, procedures, 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. 	●
SWP Infrastructure Safety	Work with DWR and member agencies on infrastructure safety: <ul style="list-style-type: none"> Seismic vulnerability of the SWP studies and begin planning/preparing for realistic response and recovery. SWP Dam Safety - expanded focus and regulatory requirements on dam safety. Oroville Dam Comprehensive Needs Assessment (CNA) - to assure timely remediation based on the project recommendations from the CNA. Fire modernization project for all SWP plants. 	●
SWP Infrastructure Affordability	Work with DWR, member agencies, and SWC staff on the measures to improve SWP infrastructure affordability with focus on: <ul style="list-style-type: none"> Support business practices efforts for affordability process development as well as the annual Bulletin 132 budget development to assure proper alignment with the aforementioned objectives. Improving illustration of future costs attributed to each infrastructure objective. 	●
Outreach		
SWP Education and Awareness	Demonstrate the benefits and critical value of the SWP to California and inoculate against threats to the SWP.	●
Research Results and Implications	Spur a fact-based dialogue about new and innovative science to protect fish and secure our state's water supply.	●
SWC Position Awareness	Proactively drive SWC messaging to the media, key stakeholders, legislators, and regulatory agencies in order to elevate the organization's position on priority issues.	●
Science		
Endangered Species Act (ESA), California Endangered Species Act, and Water Quality Control Plan Compliance	Collaborate with DWR to improve the Environmental Science Workgroup to facilitate planning and implementation of required habitat, mitigation, and monitoring. <ul style="list-style-type: none"> Work with DWR to continue holding Environmental Coordination Committee (formerly Delta Compliance Committee) meetings at least quarterly. Reengage the Environmental Science Work Group (formerly Bay-Delta Work Group) and hold meetings at least quarterly. 	●

Collaborative Science and Adaptive Management Program	Participate in the Collaborative Science and Adaptive Management Program (CSAMP) through participation in the CSAMP Policy Group meetings and membership on the Collaborative Adaptive Management Team (CAMT); identification and formulation of study projects and involvement in work efforts of scoping teams; define and fund key scientific investments in collaboration with other CAMT participants. <ul style="list-style-type: none"> • Transition facilitation costs to DWR • Contribute funding for CAMT studies 	●
Municipal Water Quality Investigations Team	Participate in Municipal Water Quality Investigations Team meetings and define areas 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.	●
Science Program: 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/Central Valley Project facilities, and fish detection and identification. <ul style="list-style-type: none"> • Invest in salmon entrainment studies, possibly through CAMT 	●
Science Program: Non-Operational Stressor Reduction	Identify areas of scientific investigation on non-operational stressors, identify gaps in understanding and define needs for the SWC, and fund key scientific investments to reduce uncertainties related to SWC needs. <ul style="list-style-type: none"> • Invest in nutrient change studies • Invest in contaminants and toxicity studies 	●
Science Program: Management Tools	Identify and fund the development of tools and models 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). <ul style="list-style-type: none"> • Invest in tracking and review of the Delta Smelt Life Cycle Model • Invest in tracking and review of the Winter-Run Life Cycle Model 	●
Science Program: Habitat and Ecology	Investigate benefits of habitat restoration to fish populations and implement studies on potential habitat restoration projects to support California EcoRestore and other restoration efforts; identify areas of scientific investigation on Delta and watershed ecology, such as physical and biological processes affecting fish communities, and food webs; identify gaps in understanding and define needs for the SWC, and fund key scientific investments to reduce uncertainties related to SWC needs. <ul style="list-style-type: none"> • Directed Action Solicitation for science projects related to effects of habitat restoration 	●
Outflow	Identify and promote effective monitoring and synthesis of ecosystem responses to outflow. <ul style="list-style-type: none"> • Directed Action Solicitation for science projects related to mechanisms underlying outflow augmentation actions 	●
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. <ul style="list-style-type: none"> • Host additional science symposia as a means to promote management relevant science in the Delta 	●
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	Work 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.	●
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		
Delta Conveyance Technical/Policy Support	Provide technical and policy support to develop a cost and benefit allocation process for the Delta Conveyance Facility.	●
Delta Conveyance Permitting	Support development of necessary permits and environmental documentation related to the Delta Conveyance Facility.	●
Water Management Contract Amendment	Coordinate SWP Contractors involvement in Contract Amendment discussions on Water Management Activities.	●
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 Delta Stewardship Committee 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 the 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 storm flow 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, including 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.	●
Lower Yuba River Accord	Participate in discussions on updating and extending the Lower Yuba River Accord Water Purchase Agreement. Provide technical and policy support and guidance.	●
Water Storage Investigation Program	Provide technical and policy input on the development and potential implementation of Water Supply Investigation Program projects that affect or involve SWP water supply operations.	●
SWP Delivery Capability	Support development of member agency Urban Water Management Plans through coordination and interpretation of technical information related to SWP Delivery Capability.	○