

Topic: **Sites Reservoir Project**

Subject: **Proposal Attachment 2**

*Approved w/Changes
stake class 4*

2016 May 02

Proposed On-Boarding Process:

Purpose: Use a request for proposals (RFP) process to expand membership in Phase 1 of the Sites Reservoir Project in a manner that is consistent with the current governance documents. Expanded membership is needed to prepare the application for the CA Water Commission’s pending funding decision, which then requires the Authority enter into a funding agreement with the Water Commission and contracts with respective resource agencies for public benefits in exchange for state’s cost-share in the Project.

Expanding membership will occur in parallel tracks:

1. **Local:** Identify additional northern Sacramento Valley entities that, by agreement to become a member, could receive benefits should the Sites Reservoir Project become permitted and operational. These entities can participate in either the Sites Project Authority and/or Reservoir Project Agreement Committee.
2. **Regional and Statewide:** Identify additional entities that, by agreement to become members, could receive benefits should the Sites Reservoir Project become permitted and operational. These entities can only participate in the Reservoir Project Agreement Committee and/or advisory capacities. Since the Project proposes to operate in an integrated manner with both the Central Valley Project and State Water Project, the primary beneficiaries are (1) either those entities that have existing water contracts with either the Bureau of Reclamation &/or Department of Water Resources or (2) are hydraulically connected to the Sacramento River where water released from Sites Reservoir or through exchanges, with the CVP and/or SWP could allow water to become available.

NOTES:

- a. **Cost Allocation:** For Phase 1, the quantity ‘assigned’ to a member for any class of water, is being used solely to apportion the study costs associated with completing the Phase 1 scope of work. These costs are subject to the budgetary approval processes by both the Authority and the Reservoir Project Agreement Committee.
- b. **Outreach:** To communicate the Phase 1 RFP process, the Authority will use best efforts to notify water agencies, the public and other potential entities using existing public communications channels and media.
- c. **Additional Proposals to Participate:** During each subsequent phase of the Project, an equivalent on-boarding process will occur in conjunction with the rebalancing

Status: **Issued for Board’s consideration**

Purpose: **Document process and schedule is based on April 25 Workshop results**

Caveat 1: **Subject to change**

Caveat 2:

Version: **A**

Date: **2016 May 02**

Ref/File #: **12.210-00.12**

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process. This provides an additional opportunity for entities to request membership with the understanding that (1) the Prospectus Model, which uses the time value of money, will be used, in part, to determine the cost to become a member and (2) additional factors such as the current membership combined with the amount of water expected to be produced on a long-term average is needed to create an opportunity for water to become available to potential new members.

- d. Limitation: At this time, participation in non-water benefits, such as hydropower and regional economics, are not being considered as part of this process.

Process Steps:	Target Date (dur)
1. Board's Approval	May 9 ^(B)
a. On-boarding process (this document)	
b. Revised Reservoir Project Agreement (version 1b <i>as draft for inclusion in Proposal to Participate</i>)	
c. Overview document to the Proposal to Participate	
• For participation in Class 1 & 2 water, the Phase 1 not-to-exceed cost/acre-ft.	
• For participation in Class 4 water, the lump-sum cost	
• Cost due upon executing Reservoir Project Agreement (See Step 10). Use assumptions to estimate the sunk cost on a \$/acre-ft. through September.	
d. Proposal to Participate form (includes (1) confirmation of eligibility per Proposition 1, Chapter 8 and (2) proposed membership type)	
e. Phase 1 schedule and work plan (see Step 10)	
f. Finalize representation on the Evaluation Committee	
g. Identify Managers to participate in the on-boarding facilitation process (optional)	
2. Finalize Proposal to Participate (on-boarding package) in accordance with Board's direction	
a. Authority &/or Reservoir Project Agreement to incorporate Board's direction.	
b. Proposal to Participate (with attachments)	
c. Frequently Asked Questions (optional)	
3. Issue RFP	May 20 (no later than date)
a. Post documents on web site	
b. Publish notification (statewide)	
c. Schedule briefings and/or workshops	

Process Steps:	Target Date (dur)
4. On-boarding Facilitation & support	(6 weeks)
<u>Northern Sac Valley</u>	<u>Region & Statewide</u>
<ul style="list-style-type: none"> a. Mail 'round 2' letters b. Develop template letter to include w/ response c. Address private pumper inquiries d. Conduct 1 public workshop 	<ul style="list-style-type: none"> a. Support individual agency's (or JPA's) requests to meet.
5. Proposal Call Date	July 01
Proposals should include:	
<ul style="list-style-type: none"> a. Signed Proposal to Participate form (includes (1) confirmation of eligibility per Proposition 1, Chapter 8 and (2) proposed membership type) b. Proposed exceptions to the Phase 1 Reservoir Project Agreement using redline strikethrough format c. Proposed Schedule: Based on approval of an updated Phase 1 Reservoir Project Agreement (see Step 13), the estimated duration to (1) complete final reviews and execute a final Phase 1 Reservoir Project Agreement and (2) provide initial funding, which is based on the equivalent funding that has been provided by the current members. d. Proposed representation: Name of Director, Alternate, and Manager. e. If applicable, proposed alternatives or concepts such as: <ul style="list-style-type: none"> • Type or membership, • In kind services, • Expertise/resources (internal or external) to be made available to support the project. 	
6. Committee evaluates Proposals (initial screening)	July 11
7. Brief Board & Reservoir Project Agreement Committee	July 11 ^(B)
<ul style="list-style-type: none"> a. Provide direction as required b. Confirm 'to go' schedule. 	

Process Steps:	Target Date (dur)
8. Committee evaluates Proposals (in the following order)	July 18 (or 25)
a. Evaluate northern Sacramento Valley proposals	
b. Evaluate extended Sacramento Valley proposals (e.g. American River, Counties north & east of Glenn & Colusa, North Bay Aqueduct, north Delta)	
c. Evaluate region and statewide proposals. The initial goal is to maximize the amount of participation and to then balance south of Delta participation for at least Class 1 water and ideally Class 2 water.	
d. Update participation percentages & voting for all classes of water. Prepare recommendation to Board.	
9. Managers' input	July 28
a. Resolve action items from Committee review (July 18) &/or Board direction (July 11)	
b. For each prospective member, develop a draft on-boarding plan and assign 1 management point of contact (aka liaison).	
10. Evaluation Committee presents its recommendation to Board	Aug 08 ^(B)
• Revisions to Phase 1 schedule and/or work plan should be defined before starting the next step.	
• Updated cost due upon executing Reservoir Project Agreement. Use proposals plus current actual cost to estimate the sunk cost on a \$/acre-ft. through September.	
11. Liaison provides responses to each applicant regarding their proposal (acceptance, counter-proposal, decline)	
12. Committee (or Liaison) prepares counter-proposal and negotiates with prospective members	
13. Concurrent Approvals	Sep 12 ^(B)
<u>Authority Board</u>	<u>Phase 1 Reservoir Project Agreement Committee</u>
a. Membership	a. Membership
b. Reservoir Project Agreement (version 2)	b. Reservoir Project Agreement (version 2)
14. Finalize on-boarding plan for each prospective member	TBD

Process Steps:

**Target
Date (dur)**

15. Reservoir Project Agreement Committee Election of Officers

TBD

Footnotes:

(B) Date coincides with a regularly scheduled Authority Board meeting date.