

## SITES JOINT POWERS AUTHORITY

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## Board of Directors

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JIM JONES, ORLAND ARTOIS WATER DISTRICT  
JAMIE TRAYNHAM, WESTSIDE WATER DISTRICT  
DAN JONES, TC 5 DISTRICTS

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GLENN-COLUSA IRRIGATION DISTRICT  
344 EAST LAUREL STREET  
WILLOWS, CA 95988

## October 19, 2015 Agenda

Welcome to a meeting of the Sites Joint Powers Authority. If you are scheduled to address the Board, please state your full name for the record. Regularly numbered items may be considered at any time during the meeting. All items are listed in accordance with the Ralph M. Brown Act. We invite all members of the public to attend.

9:00 a.m. CALL TO ORDER

- Pledge of Allegiance.
- Approval of Agenda.
- Approval of the September 21, 2015 Meeting Minutes.
- Period of Public Comment.

1. STAFF REPORTS- **Note: 3 minutes allowed per Staff Report.**

This time is available for any Staff who may wish to update the Directors on projects as they relate to their respective duties/assignments, Committees and or Ad-hoc. **(No action will be taken during Staff Reports)**

2. ADMINISTRATION

- a. Discussion/direction to Clerk regarding 2016 meeting schedule.
- b. Consideration and discussion regarding submission of the First Amendment of the Sites Project Authority Joint Powers Agreement to the State of California, Secretary of State, State Controller's Office, per Government Code Section 6503.5 and authorize the General Manager or Chair to sign. **(Attachment A)**
- c. Consider approving Treasurer's Report. **(Attachment No. 1)**
- d. Consider approving payment of Claims. **(Attachment No. 1)**

3. MEMBER AGENCY PARTICIPATION AND FUNDING COMMITMENTS  
Discuss status and obtain Board input regarding action items that need to be substantially completed for Phase 1 to formally start without causing a further schedule delay associated with executing consultant contracts. **(Attachment No. 2)**
- a. **Sites Project Authority Agreement, Amendment #2:** Need 75% member approval before contracts can be executed with no commitment of cost.
  - b. **Member Agency Specific Election to Participate Form:** Need 100% response with no substantive change in participation to allow Funding Commitment Agreements to be executed.
  - c. **Member Agency Specific Funding Commitment Agreements:** Need 100% response with no substantive change to terms and conditions to allow the Authority to invoice those Member Agencies that have not already paid their pro-rata cost share of the 2015 fiscal year budget.
4. ACCOUNTING
- a. Consider/discuss payment schedule and due dates. (Linkage to Agenda Item 3)
  - b. Provide direction to staff regarding the proposed process to invoice Member Agencies while minimizing delay in receiving payment from each Member Agency for their pro-rata funding commitment.
5. SITES PROJECT AUTHORITY CONTRACTS  
Provide policy direction to staff regarding interim cash flow management requirements to allow previously-approved consultant contract task orders to be executed (assuming greater than 75% approval of Amendment #2 has occurred) prior to having received funds that exceed the committed cost for the consultant's work, whose contracts have 30-day termination provisions.

**10:30 a.m. RECESS**

6. GOVERNANCE
- a. Status report of actions taken to develop draft Bylaws and draft Amendment #3 and Restated Agreement and actions needed to complete this effort.
  - b. Discuss approval sequence. (Linkage to Agenda Items 3 and 4)
  - c. Discuss Draft Amendment #3 and Restated Agreement and provide direction to staff regarding policy-related items. **(Attachment #3)**
  - d. Consider requesting each Member Agency review and approve Amendment #3 and Restated Agreement on the following condition:
    - (1) Authority's Board approval of only the essential Bylaw provisions (e.g. cost management) prior to each Member Agency's board can consider approving Amendment #3 is sufficient (i.e. a complete and approved set of Bylaws is not

required before a Member Agency can approve Amendment #3). An alternative approach is to consider temporarily suspending the 75% Member Agency approval for this specific amendment.

To prevent delay in the execution of Member-specific Funding Commitment Agreements.

- e. Consider/discuss proposed Draft Bylaws and provide direction to staff regarding policy-related items. **(Attachment #4)**
- f. Consider Authority Board approval of Bylaws based on the condition that:
  - (a) Non-essential Bylaw provisions (e.g. Values) do not need to be finalized before the Bylaws can be approved by the Board and
  - (b) Authority's Board approval of essential Bylaw provisions (e.g. cost management that is linked to Funding Commitment Agreements) sufficiently addresses Member Agency concerns for them to execute their respective Funding Commitment Agreement.

To prevent delay in the execution of Member-specific Funding Commitment Agreements.

- 7. BUDGET COMMITTEE REPORT  
Consider release of Draft Fiscal Year 2016 Budget to Member Agency Board's for review, per Sites Joint Powers Agreement Section 4.3. **(Release to be conditioned by incorporating input from Budget Committee)**
- 8. MANAGERS REPORT
  - o Outreach/Engagement

NEXT MEETING: November 16, 2015 at Yolo County Flood Control and Water Conservation District.

## **ADJOURN**

PERIOD OF PUBLIC COMMENT: Any person may speak about any subject of concern, provided it is within the jurisdiction of the Directors and is not already on today's agenda. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes per issue and each individual or group will be limited to no more than 5 minutes each within the 15 minutes allocated per issue. **Note:** *No action shall be taken on comments made under this comment period.*

ADA COMPLIANCE: Upon request, Agendas will be made available in alternative formats to accommodate persons with disabilities. In addition, any person with a disability who requires a modification or accommodation to participate or attend this meeting may request necessary accommodation. Please make your request to the County Board Clerk, specifying your disability, the format in which you would like to receive this Agenda, and any other accommodation required no later than 24 hours prior to the start of the meeting.

All supporting documentation is available for public inspection and review in the Office of the Clerk of the Board located at 547 Market Street, Suite 102, Colusa, CA 95932 during regular business hours 8:30 a.m. to 5:00 p.m., Monday through Friday.



State of California Secretary of State

FILE NO. \_\_\_\_\_

AMENDMENT OF A JOINT POWERS AGREEMENT (Government Code section 6503.5)

Instructions:

- 1. Complete and mail to: Secretary of State, P.O. Box 942870, Sacramento, CA 94277-2870.
2. Include filing fee of \$1.00.
3. Do not include attachments.
4. A copy of the full text of the joint powers agreement and amendments, if any, must be submitted to the State Controller's office.

(Office Use Only)

Date of filing initial notice with the Secretary of State: September 20, 2010

File number of initial notice: 2149

Name of the agency or entity created under the agreement and responsible for the administration of the agreement: Sites Joint Powers Authority

Agency's or Entity's Mailing Address: Sites Project JPA, PO Box 1266, Willows, CA 95988

Title of the agreement: First Amendment To The Sites Project Authority Joint Exercise Of Powers Agreement

Complete one or more boxes below. The agreement has been amended to:

- [ X ] Change the parties to the agreement as follows: Added Colusa County Water District, Westside Water District, Orland-Artois Water District and Proberta Water District as "New Members" to the Agreement.
[ ] Change the name of the administering agency or entity as follows:
[ ] Change the purpose of the agreement or the powers to be exercised as follows:
[ ] Change the short title of the agreement as follows:
[ ] Make other changes to the agreement as follows:

RETURN ACKNOWLEDGMENT TO: (Type or Print)

October 19, 2015 Date

NAME [ Ann Nordyke ]

ADDRESS 547 Market Street, Ste. 102

CITY/STATE/ZIP [ Colusa, CA 95932 ]

Signature

Jim Watson, General Manager Typed Name and Title

# ATTACHMENT No 1

## Site Project Joint Powers Authority Balance Sheet September 30, 2015

### ASSETS

#### Current Assets

|                                      |            |                      |
|--------------------------------------|------------|----------------------|
| Cking Acct - U.S. Bank - Local Funds | 444,194.85 |                      |
| Accts Receivable - Membership Dues   | 0.00       |                      |
|                                      | <hr/>      |                      |
| Total Current Assets                 |            | 444,194.85           |
| Property and Equipment               |            |                      |
|                                      | <hr/>      |                      |
| Total Property and Equipment         |            | 0.00                 |
| Other Assets                         |            |                      |
| Prepaid ACWA - Agency Dues - 2015/16 | 2,183.00   |                      |
|                                      | <hr/>      |                      |
| Total Other Assets                   |            | 2,183.00             |
| Total Assets                         |            | <u>\$ 446,377.85</u> |

### LIABILITIES AND CAPITAL

#### Current Liabilities

|                                |           |           |
|--------------------------------|-----------|-----------|
| Accounts Payable - Local Funds | 40,504.73 |           |
|                                | <hr/>     |           |
| Total Current Liabilities      |           | 40,504.73 |
| Long-Term Liabilities          |           |           |
|                                | <hr/>     |           |
| Total Long-Term Liabilities    |           | 0.00      |
| Total Liabilities              |           | 40,504.73 |

#### Equity

|                                     |            |                      |
|-------------------------------------|------------|----------------------|
| Net Assets                          | 25,463.91  |                      |
| Net Local Income (-) Local Expenses | 380,409.21 |                      |
|                                     | <hr/>      |                      |
| Total Equity - Local Funds          |            | 405,873.12           |
| Total Liabilities & Equity          |            | <u>\$ 446,377.85</u> |

For Management Purposes Only

**Site Project Joint Powers Authority  
Program Income / Expenses  
For the Nine Months Ending September 30, 2015**

|  | Current Month     | % | Year to Date         | % | 2015<br>Sites - JPA<br>Annual<br>Admin<br>Budget | Funds<br>Received<br>to Date<br>31-Aug-15 |
|--|-------------------|---|----------------------|---|--|---|
| <b>Program Income</b>                        |                   |   |                      |   |  |   |
| Excess rollover dollars - 2014               | 0.00              |   | 0.00                 |   | 24,355.67  |   |
| <b>Contribution by Members</b>               |                   |   |                      |   |  |   |
| Colusa County                                | 100,000.00        |   | 100,000.00           |   | 0.00   | 100,000.00                                |
| Colusa County Water District                 | 0.00              |   | 5,000.00             |   | 5,000.00   | 5,000.00                                  |
| Glenn County                                 | 0.00              |   | 5,000.00             |   | 5,000.00   | 5,000.00                                  |
| Glenn Colusa Irrigation District             | 0.00              |   | 100,000.00           |   | 100,000.00                                       | 100,000.00                                |
| Maxwell Irrigation District                  | 0.00              |   | 17,000.00            |   | 17,000.00  | 17,000.00                                 |
| Orland - Arnois Water District               | 0.00              |   | 5,000.00             |   | 5,000.00   | 5,000.00                                  |
| Proberta Water District & Others             | 0.00              |   | 5,000.00             |   | 5,000.00   | 5,000.00                                  |
| Rec District 108                             | 0.00              |   | 250,000.00           |   | 250,000.00                                       | 250,000.00                                |
| Tehama Colusa Canal Authority                | 0.00              |   | 0.00                 |   | 0.00   | 0.00                                      |
| Westside Water District                      | 0.00              |   | 5,000.00             |   | 5,000.00   | 5,000.00                                  |
| Yolo County Flood Control District           | 0.00              |   | 5,000.00             |   | 5,000.00   | 5,000.00                                  |
| <b>Total Local Fund Income</b>               | <b>100,000.00</b> |   | <b>497,000.00</b>    |   | <b>421,355.67</b>                                | <b>497,000.00</b>                         |
| <b>Program Expenses</b>                      |                   |   |                      |   |  |   |
| Accounting                                   | 1,750.50          |   | 10,305.00            |   | 15,000.00  |   |
| Audit Fee                                    | 0.00              |   | 5,900.00             |   | 3,250.00   |   |
| Contract Services - Manager                  | 30,188.00         |   | 33,044.00            |   | 135,000.00                                       |   |
| Legal Fees - Admin                           | 4,268.30          |   | 45,282.00            |   | 50,000.00  |   |
| Legal Fees - Project                         | 0.00              |   | 906.08               |   | 10,000.00  |   |
| General Consulting Fees                      | 2,452.72          |   | 11,012.97            |   | 50,000.00  |   |
| Facilitation / Outreach - Exp                | 0.00              |   | 4,375.00             |   | 65,000.00  |   |
| Travel & Mileage Reimb - Manager             | 1,706.93          |   | 3,505.24             |   | 15,000.00  |   |
| Congtingency Expense Acct                    | 0.00              |   | 0.00                 |   | 74,007.67  |   |
| <b>Total Contract Services Expenses</b>      | <b>40,366.45</b>  |   | <b>114,330.29</b>    |   | <b>417,257.67</b>                                |   |
| <b>Operations Expenses</b>                   |                   |   |                      |   |  |   |
| Dues & Subscriptions                         | 0.00              |   | 400.00               |   | 1,015.00   |   |
| Insurance - Liability, D & O                 | 0.00              |   | 1,637.24             |   | 2,183.00   |   |
| Postage, Mail Service                        | 0.00              |   | 84.98                |   | 150.00   |   |
| Supplies                                     | 138.28            |   | 138.28               |   | 750.00   |   |
| <b>Total Operations Expenses</b>             | <b>138.28</b>     |   | <b>2,260.50</b>      |   | <b>4,098.00</b>                                  |   |
| <b>Net Program Income (-) Admin Expenses</b> | <b>59,495.27</b>  |   | <b>\$ 380,409.21</b> |   | <b>0.00</b>                                      |   |

For Management Purposes Only

**Sites Project Joint Powers Authority  
Aged Payables  
As of Sep 30, 2015**

| <b>Vendor ID</b>     | <b>Vendor</b>             | <b>Conta Telephone Invoice/CM #</b> | <b>0 - 30</b>    | <b>31 - 60</b> | <b>61 - 90</b> | <b>Over 90 days</b> | <b>Amount Due</b> |
|----------------------|---------------------------|-------------------------------------|------------------|----------------|----------------|---------------------|-------------------|
| Bond Tax & Financial | Bond Tax & Financial Serv | 16555                               | 1,750.50         |                |                |                     | 1,750.50          |
| Bond Tax & Financial | Bond Tax & Financial Serv |                                     | 1,750.50         |                |                |                     | 1,750.50          |
| J.C. Watson, Inc     | J.C. Watson, Inc          | SPA-002                             | 32,033.21        |                |                |                     | 32,033.21         |
| J.C. Watson, Inc     | J.C. Watson, Inc          |                                     | 32,033.21        |                |                |                     | 32,033.21         |
| Kenny, John          | Kenny, Snowden & Norine   | 91538                               | 4,268.30         |                |                |                     | 4,268.30          |
| Kenny, John          | Kenny, Snowden & Norine   |                                     | 4,268.30         |                |                |                     | 4,268.30          |
| URS Corporation      | URS Corporation           | 916-679-2C 3763409                  | 2,452.72         |                |                |                     | 2,452.72          |
| URS Corporation      | URS Corporation           |                                     | 2,452.72         |                |                |                     | 2,452.72          |
| <b>Report Total</b>  |                           |                                     | <b>40,504.73</b> |                |                |                     | <b>40,504.73</b>  |



**Sites Project Joint Powers Authority**  
**General Ledger**  
**For the Period From Sep 1, 2015 to Sep 30, 2015**

| Account | Account Description    | Date    | Reference | Jrnl | Trans Description             | Debit Amt  | Credit Amt | Balance    |
|---------|------------------------|---------|-----------|------|-------------------------------|------------|------------|------------|
| 10200   | Cking Acct - U.S. Bank | 9/1/15  |           |      | Beginning Balance             |            |            | 376,780.68 |
| 10200   | Cking Acct - U.S. Bank | 9/21/15 | 1125      | CDJ  | ACWA / Joint Powers Insurance |            | 2,183.00   |            |
| 10200   | Cking Acct - U.S. Bank | 9/21/15 | 1126      | CDJ  | Bond Tax & Financial Services |            | 1,694.25   |            |
| 10200   | Cking Acct - U.S. Bank | 9/21/15 | 1127      | CDJ  | J.C. Watson, Inc              |            | 16,892.31  |            |
| 10200   | Cking Acct - U.S. Bank | 9/21/15 | 1128      | CDJ  | Kenny, Snowden & Norine       |            | 6,719.25   |            |
| 10200   | Cking Acct - U.S. Bank | 9/21/15 | 1129      | CDJ  | Title & Company LLP           |            | 2,000.00   |            |
| 10200   | Cking Acct - U.S. Bank | 9/21/15 | 1130      | CDJ  | URS Corporation               |            | 3,097.02   |            |
| 10200   | Cking Acct - U.S. Bank | 9/22/15 | 09/22/15  | CRJ  | County of Colusa              | 100,000.00 |            |            |
| 10200   | Cking Acct - U.S. Bank | 9/30/15 |           |      | Current Period Chan           | 100,000.00 |            | 67,414.17  |
|         |                        |         |           |      | Ending Balance                |            | 32,585.83  | 444,194.85 |

**WARRANTS DRAWN AGAINST  
SITES PROJECT JOINT POWERS AUTHORITY  
October 19, 2015**

| <b>WARRANT<br/>NUMBER</b> | <b>CHECK<br/>DATE</b> | <b>VENDOR</b>                 | <b>INVOICE DESCRIPTION</b>     | <b>AMOUNT<br/>PAID</b> |
|---------------------------|-----------------------|-------------------------------|--------------------------------|------------------------|
| 1131                      | 10/19/15              | Bond Tax & Financial Services | September 2015 Accounting fees | \$1,750.50             |
| 1132                      | 10/19/15              | J. C. Weston, Inc             | Sept - 2015 Manager Exp        | \$32,033.21            |
| 1133                      | 10/19/15              | John Kenny                    | Attorney Fees - August 2015    | \$4,268.30             |
| 1134                      | 10/19/15              | URS Corporation               | Invoice - 37636409             | \$2,452.72             |
|                           |                       |                               |                                | \$0.00                 |
|                           |                       |                               |                                | \$0.00                 |
|                           |                       |                               |                                | \$0.00                 |
|                           |                       |                               |                                | \$0.00                 |
|                           |                       |                               | <b>TOTAL AMOUNT</b>            | <b>\$40,504.73</b>     |

THE FOREGOING CLAIM, NUMBERED 1131 to 1134, ARE APPLIED TO THE GENERAL FUND OF SITES PROJECT JOINT POWERS AUTHORITY AND ARE WARRANTS AUTHORIZED THERETO.

\_\_\_\_\_  
Glenn-Colusa Irrigation District

\_\_\_\_\_  
Reclamation District No. 108

\_\_\_\_\_  
County of Colusa

\_\_\_\_\_  
Tehama Colusa Canal Authority

\_\_\_\_\_  
County of Glenn

\_\_\_\_\_  
Maxwell Irrigation District

\_\_\_\_\_  
Yolo County Flood Control and Water Conservation Dsistrict

**ATTACHMENT 2**

Date: October 14, 2015

**Sites Project Authority, Action Item Tracking Table: Phase 1 Launch Activities**

| <b>MEMBERS</b>  | <b>2nd Amended &amp; Restated SPA JEP Agreement</b> | <b>Election To Participate</b> | <b>Financial Commitment Agreement</b> | <b>Bylaws</b> | <b>3<sup>rd</sup> Amended and Restated SPA JEP Agreement</b> | <b>COMMENTS</b>   |
|---|---|--------------------------------|---------------------------------------|---------------|--|---|
| <b>Released:</b>  | Sept 10   | Oct 1                          | Oct 1                                 | Pending       | Pending  |   |
| Colusa County Water District                              |   |                                |                                       |               |  |   |
| County of Colusa  | Approved  |                                |                                       |               |  | Signed Amendment #2 has been received.  |
| County of Glenn   |   |                                |                                       |               |  |   |
| Glenn-Colusa Irrigation District                          | Approved  |                                |                                       |               |  | Signed Amendment #2 has been received.  |
| Maxwell Irrigation District                               | Approved  |                                |                                       |               |  | Signed Amendment #2 has been received.  |
| Orland-Artois Water District                              | Not Approved  |                                |                                       |               |  | <b>Per Email dated 10-7-15:</b> "It was decided that we would not sign the 2nd Amended and Restated Agreement, but would instead wait to see what the proposed Third Amended and Restated Agreement says. It is our understanding that, that document will be ready by October 19th and we have our regularly scheduled monthly board meeting on the 20th." |
| Proberta Water District                                   |   |                                |                                       |               |  |   |
| Reclamation District 108                                  | Approved  | Approved                       | Approved                              |               |  | <b>Per Email dated 9-23-15:</b> "RD108 has approved the 2015 Budget and 2016 and 2017 budget estimates. RD108 is committed to our \$1,050,000 estimated budget as is consistent with our share and hereby confirm our interest in 20,000 acre-feet."<br><b>Verbal (10/13):</b> Board approved 2 <sup>nd</sup> amendment.                                    |
| Tehama-Colusa Canal Authority                             | Approved  |                                |                                       |               |  |   |
| Westside Water District                                   | Approved  |                                |                                       |               |  | Signed Amendment #2 has been received.  |
| Yolo County Flood Control And Water Conservation District | Approved  |                                |                                       |               |  | <b>Per Email dated 10-8-15:</b> The YCFWCWD Board voted to approve the 2nd amendment at their meeting last Tuesday night. Tim O'Halloran  |
| <b>Summary:</b>   | <b>60% approved</b>                                 | <b>Responses due 10/15</b>     | <b>Responses due 10/30</b>            |               |  | <b>75% needed for 2<sup>nd</sup> amendment to be approved</b>   |

THIRD AMENDED AND RESTATED  
SITES PROJECT AUTHORITY  
JOINT EXERCISE OF POWERS AGREEMENT

This Joint Powers Agreement (“Agreement”) is made and entered into by and among Colusa County Water District (CCWD), County of Colusa (Colusa County), County of Glenn (Glenn County), Glenn-Colusa Irrigation District (GCID), Maxwell Irrigation District (Maxwell), Orland-Artois Water District (OAWD), Proberta Water District (PWD), Reclamation District 108 (RD 108), Tehama-Colusa Canal Authority (TCCA), Westside Water District (WWD), Yolo County Flood Control and Water Conservation District (YCFWCWD), hereinafter “Authority Members” or “Authority Member Agencies”.

RECITALS

The Authority Members are public entities located and operating in the Sacramento Valley, and are formed and operating under the laws of the State of California;

Congress and the State Legislature have declared that the Sacramento-San Joaquin Delta watershed and California’s water infrastructure are in crisis and they have encouraged regional and local public agencies to form joint powers authorities to improve the operation of the state’s water system;

Sites Reservoir (sometimes referred to as North of Delta Offstream Storage) has been identified by the State of California and the federal government as an important component of integrated water management in the Sacramento Valley that could ~~advance the long-term~~ support the state’s co-equal objectives of policy to improve water management and restoring ecological health for beneficial uses of the Sacramento-San Joaquin Delta and the Sacramento River watershed;

The principal purpose of this Agreement is to establish an independent special agency, known as the Sites Project Authority (“Authority”), that will have as its mission, to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to improve the operation of the state’s water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta;

Each Authority Member is uniquely situated with respect to Sites Reservoir and the related facilities to help design, acquire, construct, manage, govern, and operate the project to provide local, regional, and statewide public benefits and improve the state’s water system;

Certain Authority Members executed the Memorandum of Understanding Between the Department of Water Resources, the United States Bureau of Reclamation, the Western Power Administration, the California Department of Fish and Game, the United States Fish and Wildlife Service, the Glenn-Colusa Irrigation District, the Tehama-Colusa Canal Authority, and Other CalFed Agencies and Local Interests Pursuant to the Directive with Respect to Sites

Reservoir Contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000;

In August 2010, Glenn-Colusa Irrigation District, Reclamation District 108, Tehama-Colusa Canal Authority, Maxwell Irrigation District, County of Glenn, County of Colusa, Yolo County Flood and Water Conservation District entered into an Agreement creating a public entity known as the Authority.

By First Amendment to the Agreement in July 2015, Colusa County Water District, Westside Water District, Orland-Artois Water District and Proberta Water District became signatories to the Agreement and became Authority Members of the Authority.

#### AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Authority Members as follows:

#### I. PURPOSES AND POWERS

1.1 Creation: Pursuant to the Joint Exercise of Powers Act ("Act"), California Government Code Section 6500 et seq., a public entity has been created to be known as the Sites Project Authority ("Authority"), which shall be an agency that is separate from its Authority Members.

1.2 Purpose: The purpose of this Agreement is to establish an independent joint powers authority ("JPA") to exercise powers common to the Authority Members to, among other things, effectively study, promote, develop, design, finance, acquire, construct, manage, and operate Sites Reservoir and related facilities such as recreation and power generation. The purposes of pursuing and developing Sites Reservoir are to: (1) increase surface water storage to enhance water management flexibility in the Sacramento Valley, (2) provide flood control benefits, (3) improve conditions for fish and wildlife in the Sacramento Valley, including anadromous fish in the Sacramento River, and (4) improve the operation of the state's water system to provide improvements in ecosystem and water quality conditions in the Bay-Delta while providing a more reliable water supply for the State of California.

1.3. Powers: The Authority shall have the power to pursue the purposes described above and to perform all acts necessary for the exercise of said powers, including, but not limited to, the ability to:

- 1.3.1. make and enter into contracts necessary for the full exercise of its powers;
- 1.3.2. perform studies, environmental review, engineering and design, and if appropriate, permitting, construction of water storage, and related conjunctive management;

- 1.3.3. contract for the services of engineers, attorneys, scientists, planners, financial consultants, and separate and apart therefrom, to employ such persons as it deems necessary;
- 1.3.4. hold or dispose of any property, including acquisition by eminent domain;
- 1.3.5. apply for, accept, and receive permits, licenses, grants, loans, or other funding from any federal, state or local public agency;
- 1.3.6. issue revenue bonds and other forms of indebtedness to the extent, and on the terms, provided by the Act;
- 1.3.7. incur debts, liabilities, and obligations;
- 1.3.8. adopt bylaws, rules, regulations, and procedures, governing the operation of the Authority.
- 1.3.9. delegate levels of authority to Project Agreement Committees, Consultation Committee, and other advisory groups as the Board deems appropriate and consistent with the requirements specified in the Bylaws.

1.4. Manner of Exercise of Powers: To the extent not specifically provided for in this Agreement or the Act, the Authority shall exercise its powers subject to the restrictions upon the manner of exercising the powers under the laws applicable to Irrigation Districts (California Water Code section 20510 et seq.).

1.5. GCID and TCCA Operations: ~~The Parties~~ Authority Members anticipate that the Sites Reservoir project will be within or adjacent to GCID and/or TCCA districts with at least a portion of the conveyance of water into the reservoir to be accomplished by wheeling water through GCID's Main Canal and/or the Tehama-Colusa Canal. The Authority shall not have the power, except with the express written consent of GCID and/or TCCA, depending on which facilities are at issue, to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of GCID and/or TCCA (and, in the case of TCCA, the water agencies it serves) or the operations of their facilities or any facilities they operate under contract.

1.6. Term: This Agreement shall be effective when signed by all Authority Members and shall continue until terminated in accordance with Section 6.1.

## II. AUTHORITY MEMBERSHIP

2.1. Generally: Authority membership is comprised of the public agencies (as defined in Section 6500 of the Act) that are authorized to be Authority Members and are signatories to this Agreement.

2.2. DWR and Bureau of Reclamation: The Authority may enter into a contract or other arrangement with the California Department of Water Resources ("DWR") and/or the Bureau of Reclamation to carry out the purposes of this Agreement. DWR, upon the approval of the Authority Board, may be a non-voting, ex-officio member of the Authority.

2.3. Addition of Members: Entities authorized by law to participate in a JPA may subsequently become Members of the Authority or a Project Agreement Committee upon an affirmative vote of at least seventy-five percent (75%) of the total number the Boards of the Authority Member Agencies and the new Member's execution of either this Agreement and/or Project Agreement, as it may have been amended, respectively. Additional terms and conditions for new Authority Member's participation in the Authority, if any, shall be set forth in an amendment to this Agreement or in Board-approved Bylaws. Such terms and conditions shall be consistent with this Agreement and any contracts, resolutions, or indentures of the Authority then in effect.

2.4. Membership Types: The Board may approve the creation of different types of membership that may include governmental agencies that meet the CA Water Code 79759 (b) as it may be amended, other public agencies, non-governmental organizations, entities, parties, and/or companies in funding and/or financing of the different elements of the Sites Reservoir Project. The creation of any additional membership types are defined in the Bylaws.

2.5. Consultation Committee: A Consultation Committee will may be formed to provide a forum in which for public agencies and private entities to provide input on matters affecting the Authority. The charter for this committee will be created by the Board. The Consultation Committee will meet on a regular basis to exchange information and provide input concerning upcoming decisions expected to be made by the Authority. Consultation Committee Members will not have a seat on the Board and will not vote on matters before the Authority, but will have an opportunity to inquire about relevant matters, be apprised by the Authority of issues of interest, and make recommendations concerning pending decisions. The purpose of the Consultation Committee is to maximize transparency regarding the decision-making process and facilitate the exchange of information; provide opportunity for comment, input, and recommendations; and ensure meaningful discussions regarding the rationale for decisions and the outcomes that result.

Commented [JCW1]: Moved to Bylaws

### III. GOVERNANCE AND INTERNAL ORGANIZATION

3.1. Board of Directors: The governing body of the Authority shall be a Board of Directors (Board) that will conduct all business on behalf of the Authority consistent with this Agreement and applicable law. The Board will consist of one representative of each Authority Member. To remain in an active status, each Authority Member having representation on the Board shall be in good standing as defined in the Bylaws.

Should an Authority Member elect to withdraw from the Authority, another Member Agency may request, in writing, to fill the vacancy. The request shall include certification of compliance with the membership requirements of the Agreement and the Bylaws and include an intent to

execute a Project Agreement for water supply-related activities. The member requesting to become an Authority Member may represent a group of other members.

Commented [JCW2]: Moved from draft bylaw § 4.2

3.2. Appointment: Each Authority Member Agency shall appoint a Director to the Sites JPA Board. Each Authority Member Agency shall also be entitled to appoint an Alternate Director to the Sites JPA. The role of the Alternate Director shall be to assume the duties of an Authority Member Agency's Director in case of the absence or unavailability of such Director.

Should a Director who is an officer of the Board not be in attendance, the Authority Member Agency's Alternate Director shall not assume the duties of the officer. Should the Chair be absent, the Vice-Chair shall assume the Chair's responsibilities until the Chair is present.

Commented [JCW3]: Moved from draft bylaw § 5.1.2.

Directors and Alternates both serve at the pleasure of the governing body of their respective Authority Member Agency. Authority Member Agencies shall communicate their initial Director and Alternate selections, and any subsequent changes thereto, to the Sites JPA in writing. Each Authority Member Agency is only entitled to have one vote, either by its Director or the Alternate, at a meeting of the Sites JPA Board.

3.3. Meetings: The Board shall hold at least one regular meeting per year, and may hold regular or special meetings at more frequent intervals. All meetings of the Board shall be called, held, noticed, and conducted subject to the provisions of the Ralph M. Brown Act (Government Code section 54950, et seq.).

#### 3.4. Quorum:

3.4.1. Board: A majority of the total number of Directors shall constitute a quorum.

3.4.2. Project Agreement Committee: A majority of the total number of Members plus Non-Member Participating Parties that have executed the Project Agreement shall constitute a quorum.

3.4.3. Consultation Committee and Other Advisory Committees: The Board shall specify the requirements in the chartering document for each standing committee.

3.4.4. Standing Committees: The Board shall specify the requirements in the chartering document for each standing committee.

#### 3.5. Voting:

3.5.1. Routine Matters or Non-Material Change Items Before the Authority: The Board shall take action only upon an affirmative vote of a majority of the total number of Directors, except where a supermajority is required by specific provisions herein. Each Board member shall have one vote.

3.5.2. Material Change Items Before the Authority: Based on the thresholds established in the Bylaws regarding a Material Change, the Board shall take action only upon an affirmative



vote of a at least seventy-five percent (66%) of the total number of Directors. Each Board member shall have one vote.

3.5.3. Routine Matters or Non-Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and documented in the Project Agreement, the delegates representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of a majority of the total number of delegates. Each delegate shall have one vote.

3.5.4. Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and documented in the Project Agreement, and based on the thresholds established in the Bylaws regarding a Material Change, the delegates representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of a at least seventy-five percent (66%) of the total number of delegates. Each delegate shall have one vote.

3.5.5. Other Committees: Unless otherwise authorized by the Board and documented in the Committee's chartering document, each delegate shall have one vote.

3.6. Each Project Agreement will include the establishment of a Project Agreement Committee. The Project Agreement shall state the scope of work (aka project) to be accomplished by the Project Agreement Committee. The Project Agreement may also include delegations of authority necessary to accomplish the scope of work. The Project Agreement may also define thresholds for material change that if exceeded require approval of both the Board and the respective Project Agreement Committee. The Bylaws shall also specify the dispute resolution process that both the Board and Project Agreement Committee agree to pursue.

3.6. Officers:

3.6.1. The Board shall select, from among the Directors, a Chair, who will be the presiding officer for all Board meetings, and a Vice-Chair, who will preside in the absence of the Chair.

3.6.2 The Board shall also select a Treasurer, who shall be the depository and have custody of all money of the Authority and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bonded in accordance with Government Code section 6505.1 and shall pay all demands against the Authority that have been approved by the Board. The Board may combine the positions of Secretary and Treasurer.

3.6.3. The Board shall also select a Secretary, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority, At the discretion of the Board Chair, Vice-Chair and Treasurer, this position can be filled by a non-Board member. Should a non-Board member become the successful candidate, their services will be deemed to be in-kind services with no compensation provided by the Authority.

3.7. General Manager. The Board may appoint a General Manager or assign staff of one or more Authority Members to conduct the business of the Authority in accordance with the

policies of the Board; provided that no Authority Member's staff will be so assigned without the consent of that Authority Member. The General Manager serves at the pleasure of the Board and may be an employee or a contractor of the Authority.

3.8. Liability of Authority, Officers, and Employees: The Directors, officers, and any employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No Director, officer, employee or agent will be responsible for any act or omission by another board member, officer or employee. The Authority shall indemnify and hold harmless the individual board members, officers, employees, and agents of the Authority for any action taken lawfully and in good faith pursuant to this Agreement. Nothing in this section shall be construed to limit the defenses available under the law, to the Authority Members, the Authority, or its Directors, officers, employees or agent.

#### IV. FINANCIAL PROVISIONS

4.1. Fiscal year: The fiscal year shall run concurrent with the calendar year, unless the Directors decide otherwise and shall also apply to any Project Agreements.

4.2. Depository: All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with the funds of any Member or any other person or entity. Regular reports shall be made as directed by the Board, but at least quarterly, to the Board of all receipts and disbursements. The books and records shall be open to inspection by the Board and individual Directors upon reasonable notice.

4.3. Budgets: A draft budget will be prepared for the Member Agencies to review 45 days before the beginning of the Authority's fiscal year. The Board shall approve the budget no later than 15 days before the beginning of the fiscal year. The budget shall include:

4.3.1. General and administrative costs include the general operation and administration of the Authority. These costs do not include any costs incurred by the Authority directly as a result of a specific Project Agreement as described in Article V.

4.3.2. Project specific costs shall be fully described and specified in a Project Agreement. The Board shall ensure that all costs incurred by the Authority directly relating to any specific project will be paid only by the parties to the Project Agreement and will not be paid for by the Authority as general and administrative costs. The Bylaws include additional requirements.

4.4 Initial Contributions: Upon formation of the Authority, each member shall contribute \$5,000 for the initial general and administrative costs and to begin developing and implementing Project Agreements.

4.5. Recovery of General and Administrative Costs:

4.5.1. The Board may assess each Authority Member for the general and administrative costs to operate the Authority. Payments of public funds may be made to defray the costs incurred in carrying out such purposes, and advances of funds may be made for use in doing so, to be repaid as provided in this Agreement. Personnel, equipment or property of one or more of the Authority Members may be used in lieu of other contributions or advances, upon Board approval, and will be treated as a contribution from that Authority Member.

4.5.2. General and administrative costs incurred by the Authority in carrying out its purposes, as described in Section 4.3.1, shall be shared by the Parties as determined by the Board.

4.5.3. The Authority shall periodically, as necessary, issue an invoice to each Member reflecting the expenses attributable to that Member in accordance with this Agreement and/or Project Agreement, respectively. The Authority must receive payment within 30-45 days of the date listed on the invoice. Delinquent sums shall bear interest at twelve percent (12%) per year. The Bylaws include additional requirements.

Commented [JCW4]: Change came from Oct 5 Governance Committee

4.5.4. Upon request of any Member, the Authority shall produce and allow the inspection of all documents relating to the computation of expenses attributable to the Members under this Agreement. If a Member does not agree with the amount listed on the invoice, it must make full payment and provide a cover letter accompanying payment to the Authority specifying the amount in dispute and providing a detailed explanation of the basis for the dispute. The Authority shall advise the disputing Member of the Authority's determination within 30 business days.

4.6. Recovery of Project Agreement Costs: Each Project Agreement shall specify the requirements, which shall be consistent with the requirements of Section 4.5.

4.7. Auditor: An auditor shall be chosen annually by, and serve at the pleasure of, the Board. The auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act, and with each agency that is a Member or an advisory member. Such report shall also be filed with the California Secretary of State or State Controller within twelve months of the end of the fiscal year.

4.8. Bonds: The Board shall, from time to time, designate the officers or other persons who have charge of, handle, or have access to any property of the Authority and shall require such officers or persons to file an official bond, at the Authority's expense, in an amount to be fixed by the Board.

4.9. Authority Members Limited Liability: As provided by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority shall be the debts, liabilities, and obligations of the Authority only, and not of the constituent Authority Members of the Authority.

## V. PROJECT AGREEMENTS

5.1. General: The Authority intends to carry out the purposes of this Agreement through projects that are consistent with the joint exercise of powers described herein. Funding and participation in any project undertaken by the Authority shall be governed by a project Agreement. The Authority may undertake all or any portion of each project on its own or it may enter into agreements with the State of California, the United States, or any other public or private entity.

5.2. Parties to Agreement: Prior to undertaking a project, the Members electing to participate in the project shall enter into a Project Agreement. A project Agreement may involve the Authority or one or more Members. No Member shall be required to be involved in a Project Agreement.

5.3. Project Agreement: ~~Each Project Agreement shall provide the terms and conditions by which the Members will participate in the project. All assets, rights, benefits, and obligations attributable to the project shall be assets, rights, benefits, and obligations of those Members that have entered into the project Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Authority in regard to a particular project shall be the debts, liabilities, obligations, and indebtedness of the Members who have executed the respective Project Agreement and shall not be the debts, liabilities, obligations or indebtedness of the Members that have not executed the Project Agreement, nor of the Authority, in the absence of the Authority's execution of the Project Agreement. If a project is undertaken by less than all the Members, the Members to a Project Agreement shall appoint a representative to a Project Agreement Committee for that project. The Project Agreement may include entities that are not Members to this Agreement and may include advisory members or other public or private entities.~~

## VI. WITHDRAWAL AND TERMINATION

### 6.1. Termination:

6.1.1. Mutual Termination. This Agreement may be terminated by the mutual agreement of at least seventy-five percent (75%) of the total number of the Boards of the Authority Member Agencies in writing.

6.1.2. Termination of a Member by the Authority. This Agreement may be terminated with respect to any Member upon an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of all Authority Members. Prior to any vote to terminate this Agreement with respect to a Member, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The Member subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. If a member is terminated, that Member will be responsible for its share of any costs incurred by the Authority up to the date of termination.

6.2. Member Withdrawal from Authority: Any Member may withdraw from this Agreement by giving at least 30 days written notice of its election to do so, which notice shall be

given to the Authority and each Member to this Agreement; provided that such withdrawal does not in any way impair any contracts or obligations of the Authority then in effect. Prior to withdrawal or as soon as an accounting can be completed, the withdrawing Member shall pay its share of General and Administrative Costs, described in Section 4.5; provided, however, the withdrawing member shall only be liable for expenses incurred through the date of withdrawal. The withdrawing Member shall also be responsible for any claims, demands, damages, or liability arising from this Agreement through the date of withdrawal. With respect to a particular project, and subject to the terms of the applicable Project Agreement, the withdrawing Member shall be responsible for its share of all costs, expenses, advances, contractual obligations, and other obligations, including bonds, notes or other indebtedness issued by the Authority while such withdrawing entity was a party to a project Agreement. The remaining parties to a Project Agreement shall have the option of discontinuing a project and/or acquiring the interests of the withdrawing party. If the remaining Members to a Project Agreement in Article V decide to terminate the Project Agreement, any remaining funds will be allocated pursuant to the terms of the agreement and the costs will be allocated to all parties as described in the Project Agreement, including the withdrawing party.

6.3. Disposition of Assets Upon Termination: Upon termination of this Agreement, any surplus money or assets in the possession of the Authority for use under this Agreement, after payment of liabilities, costs, expenses and charges incurred under this Agreement, shall be returned to the then-existing Members in proportion to the contributions made by each. Unless otherwise agreed, all other property, works, rights and interests of the Authority shall be allocated to the then-existing Members in the same manner upon termination. Notwithstanding the foregoing, at the time of termination of this Agreement, upon a vote of the Board of Directors consisting of no less than a majority of the voting shares of all then existing members of the Board to sell the property, works, rights and interests of the Authority to a public utility, governmental agency, or other entity or entities for good and adequate consideration, the Authority shall have the power to consummate such a sale and the net proceeds from the sale shall be distributed in the same manner as set forth above.

## VII. DEFINITIONS

As used in this Agreement, the meaning of the terms used hereafter shall be as follows:

7.1. Agreement: This Joint Exercise of Powers Agreement as it currently exists or as it may be amended or revised from time to time.

7.2. Authority: The chartering document for the Sites Project Authority as organized by this Agreement.

7.3. Authority Member: The signatories to this Agreement, ~~and any additional Member added pursuant to Section 2.3.~~

7.4. Board of Directors or Board: The governing body of the Authority as established in Article III of this Agreement.

7.5. Bylaws: Additional requirements to those contained in the Agreement related to the implementation of the Sites Reservoir Project; emphasizing delegations of authority, decision-making and dispute resolution; roles and responsibilities for Board and Project Agreement Committee; membership types; and cost management.

7.6. Member: An entity that meets the requirements of California Water Code § 79759 (a) or (b), respectively as defined for each membership type established in the Bylaws. Generally, any Member can either be a signatory to a Project Agreement or participate in an advisory capacity such the Consultation Committee, but only Authority Members have representation on the Board.

7.7 Non-Member Participating Party: An agency, entity or company, that does not meet the JPA membership requirements of California Water Code § 79759 (b) regarding for-profit corporations that includes certain types of mutual water companies, but is deemed eligible by the Authority to participate on certain elements of the Project that will *not* receive public funds per California Water Code Division 26.7 (§ 79700 et seq.) such as, but not limited to, renewable power generation. Any additional requirements will be established in the Bylaws.

#### VIII. MISCELLANEOUS PROVISIONS

8.1. Amendment of Agreement: This Agreement may be amended only by an affirmative vote of at least seventy-five percent (75%) of the Boards of the Authority Member Agencies. The Authority shall provide notice to all Members of amendments to this Agreement, including the effective date of such amendments.

8.2. Amendment of Bylaws: The Bylaws may be amended only by an affirmative vote of at least seventy-five percent (65%) of the Board. The Authority shall provide notice to all Members of amendments to the Bylaws, which includes the effective date of such amendments.

8.3. Assignment: Except as otherwise expressed in this Agreement, the rights and duties of the Members may not be assigned or delegated without the advance written consent of all the other Members, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall injure to the benefit of, and be binding upon, the successors and assigns of the Authority Members. This section does not prohibit a Authority Member from entering into an independent agreement with another agency, person or entity regarding the funding or financing of that Authority Member's contributions to the Authority, or the disposition of the proceeds which that Authority Member receives under this Agreement, so long as the independent agreement does not affect or purport to affect, the rights and duties of the Authority or the Authority Members under this Agreement. Assignment of interests under a Project Agreement shall be governed by that Agreement and consistent with the provisions herein.

8.4. Severability: If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Authority Members that the remainder of the Agreement shall not be affected thereby. Such

clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.

8.5. Execution by Counterparts: This Agreement may be executed in any number of counterparts and upon execution by all Authority Members, each executed counterpart shall have the same force and effect as an original instrument and as if all Authority Members had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but have attached to it one or more signature pages.

8.6. Authority Members to be Served Notice: Any notice authorized to be given pursuant to this Agreement shall be validly given if served in writing either personally, by facsimile, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (i) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt; (ii) by mail shall be conclusively deemed given 48 hours after the deposit thereof if the sender returns the receipt; and (iii) by facsimile, upon receipt by sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety and received at the recipient's facsimile number. All Notices shall be sent to the addressees ~~to~~ listed in Exhibit A to this Agreement:

DRAFT

IN WITNESS WHEREOF, the Authority Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: \_\_\_\_\_, 2015                      COLUSA COUNTY WATER DISTRICT

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015                      COUNTY OF COLUSA

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015                      COUNTY OF GLENN

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015                      GLENN-COLUSA IRRIGATION DISTRICT

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015                      MAXWELL IRRIGATION DISTRICT

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015                      ORLAND-ARTOIS WATER DISTRICT

By: \_\_\_\_\_  
\_\_\_\_\_



Dated: \_\_\_\_\_, 2015

PROBERTA WATER DISTRICT

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015

RECLAMATION DISTRICT 108

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015

TEHAMA-COLUSA CANAL  
AUTHORITY

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015

WESTSIDE WATER DISTRICT

By: \_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, 2015

YOLO COUNTY FLOOD CONTROL  
& WATER CONSERVATION DISTRICT

By: \_\_\_\_\_  
\_\_\_\_\_

Exhibit A to the Sites Project Authority Joint Exercise of Powers Agreement:

Effective Date: \_\_\_\_\_

Colusa County Water District  
General Manager  
P.O. Box 337  
Arbuckle, CA 95912

Proberta Water District  
P.O. Box 134  
Proberta, CA 96078

County of Colusa  
Chair of the Board of Supervisors  
547 Market Street, Suite 108  
Colusa, CA 95932

Reclamation District 108  
General Manager  
P.O. Box 50  
Grimes, CA 95950

County of Glenn  
Chair of the Board of Supervisors  
525 West Sycamore Street  
Willows, CA 95988

Tehama-Colusa Canal Authority  
General Manager  
P.O. Box 1025  
Willows, CA 95988

Glenn-Colusa Irrigation District  
General Manager  
P.O. Box 150  
Willows, CA 95988

Westside Water District  
General Manager  
5005 CA-20  
Williams, CA 95987

Maxwell Irrigation District  
General Manager  
P.O. Box 217  
Maxwell, CA 95955

Yolo County Flood Control and  
Water Conservation District  
General Manager  
34274 State Highway 16  
Woodland, CA 95695

Orland-Artois Water District  
General Manager  
P.O. Box 218  
Orland, CA 95963

## ATTACHMENT No. 4

### Sites Project Authority Bylaws (1<sup>st</sup> board-level review draft)

#### 1. Relationship: Sites Project Authority Agreement and Bylaws

1.1 Agreement: The Sites Project Authority Agreement (Agreement) is the chartering document that defines:

- The Authority's members and general limitations on membership in the Authority;
- The Authority's powers, with additional powers afforded the Authority specifically associated with both the Joint Exercise of Powers Act and laws applicable to Irrigation Districts;
- The mission, which is specific to the Sites Reservoir Project;
- The Board's officers and other key positions;
- Minimum meeting and voting requirements;
- The election of the Authority's members to create bylaws.

It is intended to be a living document that will evolve as the project progresses from the current level of planning (Phase 1) through construction and commissioning.

1.2 Bylaws: (this document). The bylaws (a) define:

- Expands upon the types of entities that can be members and participate at different 'levels'.
- Clarifies Authority's role relative to Project Agreements and Authority's ability to delegate some of its authorities to Project Agreement Committees and it expands upon policies in the Agreement that shall be used for the daily operations and management of the Authority and Project Agreement Committees to complete the Authority's mission.
- Defines the Authority's vision and values to be followed in completing the Authority's mission.
- Expands upon roles and responsibilities of Board officers and Project Agreement Committee lead positions.
- Expands upon the voting requirements for specific types of actions either the Board or a Project Agreement Committee will make.

It is intended to guide the work of the Board and staff of both the Authority and Project Agreement Committees and to serve as a living document, to be revised as the organizational needs evolve. Furthermore, from these bylaws, procedures will be developed for Board approval and then use as an aid to managing the Sites Reservoir Project.

1.3 Conflicts between Agreement and Bylaws: Should one or more provisions of these Bylaws be in conflict with any portion of the Agreement, the Agreement shall take precedence.

1<sup>st</sup> Board-level Review Draft,  
Issued for Comments

Date: 2015 Oct 14  
Page 1 of 28

NOTE: Blue font is used for comments or to request input

## ATTACHMENT No. 4

### Sites Project Authority Bylaws (1<sup>st</sup> board-level review draft)

- 1.4 Severability: If one or more clauses, sentences, paragraphs or provisions of these Bylaws be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Members that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible

#### 2. Sites Project Authority's Mission, Vision & Values

- 2.1. Mission: (Restatement). "[T]o be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to improve the operation of the state's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta."

2.2. Vision:

To be developed

2.3. Values:

To be developed

#### 3. Definitions

- 3.1. Board: The Authority Member's delegate (or their respective alternate if the delegate is not present). The Authority Members are the decision-making body that is the Sites Project Authority.
- 3.2. Material Change: Where the variance between a parameter of the Project Baseline and the forecast exceeds the Board-approved threshold. When a Material Change is forecast, the decision-making requirements for both the Board and Project Agreement Committee are more stringent by requiring both the Board and Project Agreement Committee both agree to take the same action(s) to either change the Project Baseline (or threshold) or to minimize the adverse impact to the Project such that the revised forecast results in a variance that is less than the threshold for Material Change. It allows the Board to delegate authorities to the Project Agreement Committee within reasonable limits to allow both decision-making bodies to advance the Project.
- 3.3. Member is either:
- 3.3.1. A public agency that has either land use authorities or is a water agency that (a) is signatory to the Sites Project Authority Agreement (as amended)

## ATTACHMENT No. 4

### Sites Project Authority Bylaws (1<sup>st</sup> board-level review draft)

and (b) meets the requirements of the California Water Code §79759 (a) and (b), *or*

- 3.3.2. A public agency that (a) is contributing to the financing of the Sites Reservoir Project and (b) meets the requirements of the California Water Code §79759 (b).
- 3.3.3. A public agency whose primary service area or boundaries are located *within* the Sacramento valley as defined in California Water Code §79759 (a) are designated as Type A while Members whose primary service area or boundaries are located *outside* of the Sacramento valley as defined in California Water Code §79759 (a) and meet the requirements of California Water Code §79759 (b) (i.e. not for-profit) are designated as Type B.
- 3.3.4. Integration with the Agreement: The Agreement's definition of an Authority Member is the same definition used as in these Bylaws. Over time, it is anticipated that certain types of non-~~Authority~~~~Founding~~ Members could become Authority Members to the Agreement; at which point the Agreement (and potentially these Bylaws) would to be modified through amendment.
- 3.4. Non-Member: A party or entity that does not meet the requirements of a Member, yet is deemed by the Board able to participate in advancing or supporting at least one element of the Sites Reservoir Project; such as, but not limited to, the development of hydropower – both traditional and/or renewable pumped-storage.
- 3.5. Phase: Implementation of the Project has been divided into at least four (4) phases that coincide with major milestone processes relative to the Project's schedule. For the Authority to accomplish its mission in an efficient and cost-effective manner, the start of a successor phase may overlap with the completion of the predecessor phase. Such overlap shall require Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) approval, since it affects annual operating budgets and the respective Member's funding commitments.
- 3.6. Project Agreement: The requirements of the Agreement, Section V are incorporated into this definition with the further clarifications as follows:
  - 3.6.1. Each Project Agreement is a contract between and among the Authority and some of the Authority's Members and other Member Types including, where deemed appropriate by the Board, non-member participating parties) who collectively will provide for the undertaking and sharing in the costs and benefits of activities authorized by the Authority in connection with the development of either (a) *capital works or facilities that may include the issuance of long-term debt* or (b) *expense* related activities that support the Authority in completing its mission.

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- 3.6.2. The formation, termination, or amendment of a Project Agreement is contingent upon the Authority's approval,
- 3.6.3. Each Project Agreement shall specify the authorities delegated by the Authority to each Project Agreement's Committee, which may also include (1) identification of specific thresholds constituting a material change and/or (2) specific voting thresholds applicable to specific topic areas.
- 3.6.4. Type A Project Agreements are applicable for capital works or facilities
- 3.6.5. Type B Project Agreements are applicable for expense related activities
- 3.7. Project Agreement Committee: The decision-making body responsible for implementing a Project Agreement and compliance with the Project Agreement's terms and conditions.
  - 3.7.1. This decision-making body shall, at a minimum, appoint a Committee Chair, whose responsibilities are similar to those of the Board Chair. Where the estimated scope of work exceeded \$200,000., the Project Agreement Committee shall also appoint a Committee Treasurer whose responsibilities are similar to those of the Board Treasurer.
  - 3.7.2. For Phase 1 and absent an executed Project Agreement, the Project Agreement Committee shall be the Authority.
  - 3.7.3. After Phase 1, Board officers shall not also be Project Agreement Committee leads, unless approved by both decision-making bodies and confirmation that no conflict of interest exists.
  - 3.7.4. The Project Agreement Committee shall administratively report to the General Manager and endeavor to keep the General Manager apprised of progress and early identification of potential issues that could result in a material change.
- 3.8. Project Baseline:
  - 3.8.1. Beyond Phase 1: The scope of work associated with the Authority's proposed Sites Reservoir Project ("Project"), which at the end of Phase 1 will be defined as the Authority's proposed project that will be analyzed in the Environmental Impact Report and Statement (EIR/S) as a joint document is released for public review in accordance with the applicable requirements of CEQA and NEPA and other requirements such as, but not limited to CESA and ESA. The Project Baseline is not the same baseline as used in CEQA and NEPA for the purposes of estimating Project's impacts to the natural and build environments. The Project Baseline, once approved by the Authority, will become the basis for estimating the forecast cost at complete and evaluating the impact of changes to the Project that affect

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key parameters such as expected water and/or power benefits, costs (both up-front and lifecycle), financing, schedule, risks, and quality (i.e. operational performance and reliability).

3.8.2. Phase 1: Until the Authority's proposed project is defined, the Authority will endeavor to estimate a 'mid-point' of the alternatives already developed and analyzed in the pre-administrative draft EIR/S that was prepared by DWR with input from USBR.

3.9. Prospectus Model: A cost management tool that uses (a) key Project parameters such as the estimated cost at completion; estimated water supply benefits in terms of annualized yield; and, if applicable, estimated potential power benefits associated with renewable energy generation and (b) estimates of financing cost, inflation and time value of money to calculate an estimated annualized cost/acre-ft. From these results, the funding commitment required by each Member can be developed. This tool will be used throughout all of the Project's Phases as an aid for Members to determine their level of participation in the financing of the Project. As the Project evolves, (1) this tool will be updated to incorporate the current Project Baseline conditions and assumptions and (2) be used to analyze Material Changes relative to the results calculated for the Project Baseline to estimate the financial impacts (both positive and negative) to the Members.

A similar model may be developed to manage cost allocation for other types of project benefits, such as, but not limited to renewable power generation.

3.10. Re-balancing Process: Occurs during the transition from the current Phase to the successor Phase, where Members and Non-Member Participating Parties may elect to change their respective position in terms of the type of Membership and/or change the unit of measure (e.g. acre-ft.) being used to develop the pro-rata share of Phase-level costs to each participant in either Authority or in each Project Agreement. The successor Phase cannot start until the re-balancing process has been completed to allow all Members and Non-Member Participating Parties to execute both (a) the 'Member Agency's Election to Participate in the Sites Reservoir Project' and (b) their respective 'Financial Commitment Agreement' with the Authority for the successor Phase.

#### 4. Authority's Board officers & Project Agreement Committee Leaders

4.1. The following requirements pertain to the decision-making bodies related to either the Authority or Project Agreement Committees. The requirements (a) applicable to the Board expand upon the requirements established in the Agreement, which takes precedence should a conflict exist and (b) applicable to each Project Agreement Committee's leaders

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#### 4.2. Board Composition:

4.2.1. Authority's Board: Refer to Agreement. ~~The Board shall be comprised of no more than eleven (11) public agencies recognized by the State of California. These agencies shall have their primary service area or boundaries be within the Sacramento Valley and either have land use authorities or be a duly recognized water agency. In addition, to remain in an active status, each Member having representation on the Board shall be in good standing.~~

Commented [JCW1]: Moved to Agreement 3.1, then modified.

4.2.2. Project Agreement Committee Leaders: At least two eligible Authority Members are required to execute the Project Agreement and provide a representative to serve on each Project Agreement Committee along with the General Manager. In preparing each Project Agreement, the decision-making structure will be defined by the Authority; taking into account factors such as, but not limited to, the project's complexity, risk, cost, and entities requesting to become signatory to each Project Agreement.

#### 4.3. Filling a Vacancy from Within:

Policy Question: Should the number of Board seats be a fixed number? Agreement is based on the number of signatories to the Agreement, which today is 11, but allows the Board to expand or contract at will. It does not bring up the concept of having a vacancy.

4.3.1. Authority Board: Refer to Agreement. ~~Should a Member elect to withdraw from the Authority, another Member agency may request, in writing, to fill the vacancy. The request shall include certification of compliance with the membership requirements of the Agreement and these Bylaws and include an intent to execute a Project Agreement for water supply related.~~

Commented [JCW2]: Moved to Agreement 3.1

4.3.2. Project Agreement Committee Leaders: In preparing each Project Agreement, the process to fill vacancies from within the existing membership will be defined by the Authority; taking into account factors such as, but not limited to, compliance with California Water Code § 79759.

#### 4.4. Filling a Vacancy from Outside:

4.4.1. Authority Board: A non-Authority Member may also request to fill a vacancy. The request shall include certification of compliance with the membership requirements of the Agreement and these Bylaws and include an intent to commit to also execute a Project Agreement for annualized water supply benefits to be produced by the Project. However, the Authority shall first vote on whether or not to allow the requesting entity to become a Member before voting on their request to fill a vacancy on the Board. If the non-Authority Member is proposing to represent other entities, the Authority shall first vote on whether or not to allow each of agencies to become a Represented Member before then voting on the requesting agency's request



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to fill a vacancy on the Board and/or to also represent new members or participating parties.

- 4.4.2. Project Agreement Committee Leaders: In preparing each Project Agreement, the ability and process to fill vacancies with entities who are not active Members will be defined by the Authority; taking into account factors such as, but not limited to, compliance with California Water Code § 79759.
- 4.5. Member's Election to withdraw
- 4.5.1. Authority's Board: Should an Authority Member elect to withdraw their participation, the Authority Member shall submit their written intent and explanation for their decision to the Secretary. The notification shall also identify an effective date that does not precede the date received by the Secretary.
- 4.5.2. Project Agreement Committee Leaders: Should a Member elect to withdraw their participation in any executed Project Agreement, the Member shall submit their written intent and explanation for their decision to the Project Agreement Committee Leader and Board Secretary. The notification shall also identify an effective date that does not precede the latest date received by either the Project Agreement Committee Leader or the Board Secretary.
- 4.6. Nomination & Appointment:
- 4.6.1. Board of Directors: Authority Members shall provide their delegate and/or alternates who are either active members of the Authority Member's board of directors or are a duly appointed senior-level staff have been delegated the authority to make decisions on the Authority Member Agency's behalf. Should an Authority Member want to appoint a non-board member or non-senior-level staff, an authorized representative from the Authority Member shall provide a written explanation to the Board Secretary describing the qualifications and certifying the proposed representative has been delegated authority to make decision on the Authority Member Agency's behalf. The Board, at its discretion may reject Authority Member Agency's non-board or non-senior staff, but must provide an explanation for the rejection.
- 4.6.2. Project Agreement Committee Leaders: Authority Members shall provide their respective representative who is either an active member of the Member's board of directors or is a duly appointed senior-level staff have been delegated the authority from the Member to make decisions on the Member Agency's behalf. Should a Member want to appoint a non-board member or non-senior-level staff, an authorized representative from the Member Agency shall provide a written explanation to both the Project Agreement Committee Chair and the Board Secretary describing the qualifications and certifying the proposed representative has been delegated the authority to make decision on the Member Agency's behalf. The Project

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Agreement Committee Leaders, at their discretion may reject Member Agency's non-board or non-senior staff but must provide an explanation for the rejection.

#### 4.7. Code of Conduct and Ethics:

- 4.7.1. Authority Board: Each Board of Director and their delegated alternate shall annually sign a Code of Conduct and Ethics statement and transmit it to the Board Secretary.
- 4.7.2. Project Agreement Committee Leaders: Each Member's representative serving on at least one Project Agreement Committee shall sign a Code of Conduct and Ethics statement and transmit it to the Board Secretary.

**NOTE:** A Code of Conduct and Ethics template will be developed based, in part, on the Authority's values.

#### 4.8. Compensation

- 4.8.1. Authority Member Directors or Board Officers: For Phase 1, no representative on (or designated alternate to) the Authority's Board shall receive compensation for their services from the Authority. This also applies to officer positions. If the Board has requested and pre-approved a representative travel to conduct business of the Authority, the representative is eligible to recover reasonable travel and related expenses.
- 4.8.2. Project Agreement Committee Members: For Phase 1, no representative on a Project Agreement Committee shall receive compensation for their services from the Authority. This also applies to leadership positions. If the Project Agreement Committee Leaders have requested and pre-approved a representative travel to conduct business of the Project Agreement Committee, the representative is eligible to recover reasonable travel and related expenses.

#### 4.9. Role of Authority Board (and Project Agreement Committee Leaders), General:

The roles are similar for each of the decision-making bodies. Where differences occur, the primary role for the Board is shown in underlined font and the role for the Project Agreement Committee Leaders is shown (in the brackets).

- Provide timely policy direction on matters related to implementation of the Sites Reservoir Project.
- Be the advocate for the implementation of the Sites Reservoir Project.
- Annually review and evaluate Member's and staff's compliance with the Agreement and these Bylaws (Project Agreement).

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- Annually review, evaluate, and approve an annual operating budget that includes the Authority's cost plus the roll-up of budget requests from each executed Project Agreement (Project Agreement's annual operating budget).
  - Annually review, evaluate, and approve the Authority's (Project Agreement's) organizational structure and assess the organizational effectiveness.
  - Annually review, evaluate, and approve the Authority's insurance requirements, and financing plan &/or strategy (not applicable).
  - Establish and manage levels of management authority/delegations of Authority for compliance with the Agreement, these Bylaws (and Project Agreement) and decision-making effectiveness.
  - Annually review, evaluate and approve the Authority's policies and practices related to (a) risk assessment and risk management and (b) quality assurance and quality control (with timely and accurate input from each Project Agreement Committee)
  - Review Board and Committee performance (not applicable)
  - Annually evaluate the effectiveness of policies and/or standards
  - Annually, review, evaluate and approve the performance of the General Manager, Accountant, Chief Legal Counsel, and other key staff positions (not applicable).
  - Periodically review the status of compliance with significant regulatory requirements, governance matters, and litigation (not applicable).
- 4.10. Role of Board, Sites Reservoir Project: To provide the overall policy direction and consider approval of the following matters:
- For the Proposition 1, Chapter 8 grant, be the applicant and manage compliance with the terms and conditions of its award.
  - Be the CEQA lead agency & work with USBR as the NEPA lead agency to effectively manage the environmental review process.
  - Hold title to the water rights issued by SWRCB
  - Be the owner of record as it related to dam safety requirements and regulatory obligations.
  - Be the applicant for all applicable permits and manage compliance with the respective terms and conditions.
  - Review decisions at Project Agreement level to ensure they are in the best interest of the Sites Reservoir Project.
  - Acquire property, easements and rights-of-way.

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#### 5. Board Officers

##### 5.1. Additional requirements relative to the Agreement:

5.1.1. Minimum Qualifications: Candidates shall be a designated representatives from their respective Member who is in good standing. A Member's designated alternate is not eligible to be candidate for an Officer position. Additional requirements are provided under each position's roles and responsibilities.

5.1.2. Assignment of Responsibilities: ~~Should a Member's designated representative who is an Officer of the Authority not be in attendance, the same Member's designated alternate is precluded from assuming the duties of the Officer. Should the Chair be absent, the Vice Chair shall assume the Chair's responsibilities until the Chair is present.~~

Commented [JCW3]: Moved into Agreement 3.2

5.1.3. Officer Term Limits: Board officers shall serve a term that does not exceed one year in duration. A Board officer is not precluded from holding consecutive terms.

5.1.4. Election of Officers: Elections shall occur annually between the first quarter of fiscal year and no later than the mid-point of the fiscal year in which the term for the position expires. The election shall occur at a regularly scheduled Board meeting and requires a quorum plus one of the Authority Members. Absentee votes shall not be considered. For each position, the candidate receiving the majority vote from the Authority Members present shall be the successful candidate.

5.1.5. Officer Vacancy: Should an Officer position become vacant, the other Board Officers can appoint a qualified candidate to work on an interim basis for the remaining duration of the vacated position's term.

##### 5.2. Additional Chairman's Roles and Responsibilities:

- Reviewer input welcomed

##### 5.3. Additional Vice Chairman Roles and Responsibilities:

- Reviewer input welcomed

##### 5.4. Additional Treasurer's Roles and Responsibilities:

- Shall meet or exceed the requirements of Government Code Section 6505.5 to allow the Authority to secure a bond for the position.
- Have a background in accounting, budgeting, or finance, or can include auditing.

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- Reviewer input welcomed

#### Additional Roles and Responsibilities:

- Oversee selection of auditor and the preparation of an annual audit
- Ensure auditor's reports are filed:
  - (a) "as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act"
  - (b) with each agency that is a Member or an advisory member
  - (c) with the California Secretary of State or State Controller within twelve months of the end of the fiscal year
- Oversight of the annual budget preparation and Board's approval
- Reviewer input welcomed

#### 5.5. Additional Secretary's Roles and Responsibilities:

- Oversight of board agendas, minutes, and board meeting's protocol.
- Oversee Member (and their representatives) compliance with requirements of the Agreement and Bylaws
- Reviewer input welcomed

### 6. **Project Agreement Committee Positions:**

- 6.1.1. Minimum Qualifications: Candidates shall be a designated representatives from their respective Member who is in good standing
- 6.1.2. Leaders Term Limits: Project Agreement Committee leaders shall serve a term that does not exceed one year in duration. They are not precluded from holding consecutive terms.
- 6.1.3. Election of Leaders: Elections shall occur annually between the first quarter of fiscal year and no later than the mid-point of the fiscal year in which the term for the position expires. The election shall occur at a regularly scheduled Project Agreement Committee meeting and requires a quorum plus one of the Members. Absentee votes shall not be considered. For each position, the candidate receiving the majority vote from the Members present shall be the successful candidate.

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- 6.1.4. Leader Vacancy: Should a Leader position become vacant, the other Leaders can appoint a qualified candidate to work on an interim basis for the remaining duration of the vacated position's term.

## 7. Membership Types

### 7.1. General:

- 7.1.1. The Authority retains its sole discretion to (a) offer membership to an agency, entity, party, or company ("requestor") who requests to participate in the Project and (b) to determine what if any membership type is applicable for the requestor. Should the Authority elect to offer a membership type, the requestor shall then be required to (1) execute both an election to participate form and applicable agreements and (2) comply with the Agreement, Bylaws, and applicable Project Agreements. The Authority reserves the right to not offer membership.
- 7.1.2. All Member's funding commitments must be based on the results of the Prospectus Model at the time the analysis is performed. The methodology used to create the Prospectus Model utilizes the time value of early financial contribution to the Authority. This model will be used as the basis for estimating the cost for (a) new members or (b) during the Re-balancing Process for all members, including those electing to change their level of participation.
- 7.1.3. A Member's participation cannot be assigned to a non-member without written pre-approval by the Authority.

- 7.2. Authority Member: A public agency that is signatory to the Agreement. They are required to be located within Sacramento Valley that has either (1) land use authority or (2) is a duly recognized water agency, and complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) & (b). Agencies that elected to participate and provide financial support to the Sites Project Authority prior to 2015 October 30 may also be referred to as founding members.

Eligibility to join the Board may, at the Authority's sole discretion, be extended to a non-profit mutual water company that (1) complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) as it relates to being located within the Sacramento Valley and California Water Code §79759 (b) as it relates to being a non-profit company and (2) be willing to execute a Project Agreement related to water supply.

Financial Contribution: Pro-rata cost share of either the Authority's cost and/or the pro-rata share of cost for each executed Project Agreement.

### Benefits:

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- Eligible to be a member on the Board.
- Eligible to also be a member on either a Project Agreement Committee. Can be an officer on a Project Agreement Committee.
- Those Authority Members having land use authorities that have contributed (1) their reputation/good will, which cannot be monetized, and (2) the initial funding prior to and including Phase 1 work, can, pending Board approval, receive a fixed amount (or x% of total) water supply with the condition that they also contribute to funding the pro-rata share of cost to the Project Agreements that will produce a water Supply.
- Eligible to provide in-kind (&/or other) services if pre-approved by the Board.

- 7.3. **Standing Member:** Either (1) a public agency that has as its sole or a principal power the supplying of water (and/or power) to other entities or to retail water (and/or power) users that comply with the JPA membership requirements of California Water Code § 79759 (a), which is a Type A Member or (b), which is a Type B Member, or (2) a non-profit mutual water company that complies with the non-profit JPA membership requirements of California Water Code § 79759 (b). Both (1) and (2) must be willing to execute at least one Project Agreement.

**Financial Contribution:** For each Project Agreement executed, the pro-rata share of costs.

**Benefits:**

- Eligible to be a member on either a Project Agreement Committee. Can be an officer on a committee.
- Receive benefits based on time the agency joined. Should be required to either pay an 'annexation' fee to offset the prior investment made by predecessor members. Or, have a reduced participation relative to prior members.
- Eligible to provide in-kind (&/or other) services if pre-approved by the Board.

- 7.4. **Affiliate Member:** Either a public agency or non-profit mutual water company that has as its sole or a principal power the supplying of water (and/or power) to other entities or to retail water (and/or power) users that is a member of another JPA (or equivalent group or collective), whereby the JPA (or equivalent group or collective) is either an Authority or Standing Member in good standing. An Affiliate Member shall also meet the non-profit JPA requirements of California Water Code § 79759 (b).

**Financial Contribution:** The Authority or Standing Member JPA (or equivalent group or collective) directly provides the pro-rata cost share to the Authority,

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such that *no funds are directly provided by the Affiliate Member to the Authority.*

Benefits:

- Can elect to request membership status to then receive the right in time as the Authority or Standing Member who originally represented them.
- Can elect to participate on an advisory committee to the Sites Project Authority
- Can participate on a Project Agreement Committee, including being an officer of a Committee.
- Eligible to provide in-kind (&/or other) services if pre-approved by the Board.

- 7.5. Represented Member: A public agency or non-profit mutual water company that has as its sole or a principal power the supplying of water (and/or power) to other entities or to retail water (and/or power) users that have, via an independent contract, agreed to allow another agency, who is either an Authority or Standing Member in good standing, to represent their interests on either the Authority's Board and/or a Project Agreement Committee, respectively. A Represented Member shall also meet the non-profit JPA requirements of California Water Code §79759 (b).

Financial Contribution: The Authority or Standing Member does not directly provide funds to the Authority. *The Represented Member directly pays the Authority, their pro-rata cost share for their participation on each Project Agreement they have executed.*

Benefits:

- Can elect to participate on an advisory committee to the Sites Project Authority
- Can participate on a Project Agreement Committee, including being an Officer of a Committee.
- Eligible to provide in-kind (&/or other) services if pre-approved by the Board.

- 7.6. Associate Member: Either (1) a public agency that has as its sole or a principal power the supplying of water (and/or power) to other entities or to retail water (and/or power) users that also meets the joint powers authority membership requirements of California Water Code § 79759 (a) & (b), but elects to accept an *advisory role* from the Authority or (2) a non-profit mutual water company that complies with the non-profit JPA membership requirements of California Water Code § 79759 (b), but elects to accept an *advisory role* from the Authority.



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Financial Contribution: An annual contribution that is established by the Authority.

Benefits:

- Eligible to become a member of the Consultation (advisory) Committee.
- Eligible to provide in-kind (&/or other) services if pre-approved by the Board.

- 7.7. Supporting Member: Either (1) a non-water and a non-power public agency that has elected to accept an *advisory role* from the Authority, (2) a non-profit governmental organization (NGO) that also meets the JPA membership requirements of California Water Code § 79759 (b) that has elected to accept an *advisory role* from the Authority, or (3) a not for-profit company that complies with the non-profit JPA membership requirements of California Water Code § 79759 (b), but elects to accept an *advisory role* from the Authority.

Financial Contribution: An annual contribution that is established by the Authority.

Benefits:

- Eligible to participate on an advisory committee to the Sites Project Authority's Board.
- For the Reservoir cost center, may receive indirect benefits of project.

- 7.8. Non-Member, Participating Party: "An agency, entity or company, that does not meet the JPA membership requirements of California Water Code § 79759 (b) regarding for-profit corporations that includes certain types of mutual water companies, but is deemed eligible by the Authority to participate on certain elements of the Project that will not receive public funds per California Water Code Division 26.7 (§ 79700 et seq.) such as, but not limited to, renewable power generation. Any additional requirements will be established in the Bylaws." (Restatement from Agreement section 7.7).

Financial Contribution: For each Project Agreement executed, the pro-rata share of costs.

Benefits: Conditioned upon meeting certain eligibility requirements.

- An agency or company may be eligible to participate on a Project Agreement.
- A Mutual Water Company or private company may be eligible to participate on a Project Agreement.
- Allows a qualified energy developer to participate on a Project Agreement specifically executed to provide hydroelectric power including traditional and pumped-storage.

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- 7.9. Ex Officio: A non-voting member of the Authority and/or Project Agreement Committee.
- 7.9.1. Ex Officio Type A: A federal or state agency as required by law to be a member of a joint powers authority for the purposes of California Water Code § 79759 (b) such as, but not limited to the California Department of Water Resources.
- 7.9.2. Ex Officio Type B: A federal or state agency that elect to participate in the Sites Reservoir Project for the public benefits associated with California Water Code Division 26.7 (§ 79700 et seq.) and entering into contracts with the Sites Project Authority such as, but not limited to California Department of Fish and Wildlife and State Water Resources Control Board.
- 7.9.3. Ex Officio Type C: A federal, state, or local agency that elects to participate in the Sites Reservoir Project for purposes other than both the water supply benefit and public benefits associated with California Water Code Division 26.7 (§ 79700 et seq.)

### 8. Members & Non-Member Participating Parties - Common Requirements

- 8.1. Active Status: To actively participate in the respective decision-making authorities, each Member and Non-Member Participating Party is required to remain in good standing, which includes:
- 8.1.1. Compliance with the terms of the Agreement and these Bylaws;
  - 8.1.2. Compliance with any Project Agreements they have executed;
  - 8.1.3. Providing timely payment of the Member's pro-rata share of costs;
  - 8.1.4. Providing timely and accurate disclosure of potential conflicts of interest by either the Member and/or any of their assigned representatives and/or
  - 8.1.5. Not pursuing legal action against the Authority.
- Failure to remain in good standing may subject the member to disciplinary action that, at the discretion of the board and/or applicable Project Agreement Committee, may include removal from either the Authority and/or Project Agreement(s), respectively.
- 8.2. Change in Representation: Should a Member elect to name a different person to represent them either on the Board and/or on any Project Agreement Committee, the change shall be provided in writing to the Secretary. The written notification shall also include an effective date.
- 8.3. Non-Authority Member's Election to withdraw their Membership Status: Should a Non-Authority Member elect to withdraw their participation in either a Project Agreement and/or Advisory capacity, the Member shall submit their written intent and explanation for their decision to the Secretary. The notification

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shall also identify an effective date that does not precede the date received by the Secretary. The Member electing to withdraw is still obligated for their share of the costs incurred through the date written notice is received by the authority's Secretary plus 15 days.

- 8.4. Nomination & Appointment to a Project Agreement Committee: For each executed Project Agreement, each applicable Member shall provide representatives and/or alternates who are either active members of the Member's board of directors or are or a duly appointed senior-level staff. They shall have been delegated the authority from the Member to make decisions on the Member's behalf. Should a Member want to appoint a non-board member or non-senior-level staff, an authorized representative from the Member shall provide a written explanation to the Secretary describing the qualifications and certifying the proposed representative has been delegated the authority to make decisions on the Member's behalf.
- 8.5. Conflict of Interest: The Political Reform Act of 1974, California Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation set forth in Title 2, California Code of Regulations, Section 18730, which contains the terms of a standard conflict of interest code. The terms can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments to the Political Reform Act.
- Adoption: The provisions of Title 2, California Code of Regulations, Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are incorporated by reference, and, constitute the conflict of interest code of the Sites Project Authority.
- The Sites Project Authority Board shall, by resolution, establish those officials, officers, employees, and consultants that will be "designated officers" for the purpose of filing the required statement of economic interest and definition of specific investments, business positions, interests in real property, and sources of income which shall be reportable by "designated positions."
- Should a Member have a potential conflict of interest, the Member's Board Chair or President shall sign an equivalent conflict of interest statement.
- 8.6. Code of Conduct and Ethics: Personnel assigned to work on the Project in executive, management, or supervisory functions shall annually sign a Code of Conduct and Ethics statement and transmit it to the Secretary. Failure to comply with the requirements can result in removal from the Project.
- NOTE: A Code of Conduct and Ethics template needs to be developed based, in part, on the Authority's values.
- 8.7. Compensation of Project Agreement Committee Members: For Phase 1, no representative on a Project Agreement Committee or Committee shall receive

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compensation for their services. This also applies to Committee's officer positions.

#### 9. Committees

9.1. Common: Each committee shall have a chartering document approved by Board & at least annually evaluated by the Board.

#### 9.2. Board Committees:

9.2.1. Each committee shall be comprised of at least three (3) and no more than five (5) Authority Members.

9.2.2. Standing Board Committees: For at least phase 1 of the Sites Reservoir Project, the following standing committees shall be created. However, the Chair may elect to create additional standing committees as necessary to ensure successful completion of the Authority's mission.

9.2.3. Ad-Hoc Board Committees: The Chair can call for creation of an Ad-Hoc committee to address specific issue or area of concern to the Board

9.3. Consultation Committee: The purpose of the Consultation Committee is to maximize transparency regarding the decision-making process and facilitate the exchange of information; provide opportunity for comment, input, and recommendations; and ensure meaningful discussions regarding the rationale for decisions and the outcomes that result.

9.3.1. The Consultation Committee will meet on a regular basis to exchange information and provide input concerning upcoming decisions expected to be made by the Authority. Consultation Committee Members will not have a seat on the Board and will not vote on matters before the Authority, but will have an opportunity to inquire about relevant matters, be apprised by the Authority of issues of interest, and make recommendations concerning pending decisions.

9.3.2. The General Manager shall participate in an ex office capacity and to provide the Consultation Committee with access to information relevant to the committee's agenda items.

9.3.3. The Consultation Committee shall provide reports to the Board on at least a quarterly basis.

Need to establish membership requirements such as what industry sectors should be represented and limit the number of participants within each industry sector. (e.g. 3 business, 3 environmental, etc.)

Commented [JCW4]: Moved from Agreement, § 2.5

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- 9.4. Project Agreement Committees: Purpose to manage each Project Agreement as provided for in the Sites Project Authority Agreement's Section V. The Project Agreement shall be the chartering document the Project Agreement Committee shall use to perform the work consistent with the requirements of the Agreement and Bylaws.

#### 10. The Authority's Powers and/or Authorities

- 10.1. Non-Delegated Authorities: While (a) the Agreement, Section V includes the intent to use Project Agreements to accomplish the Authority's mission and (b) each Project Agreement shall specify the authority delegated from the Authority, for Phase 1, the following authorities shall remain with the Sites Project Authority unless these bylaws are amended:
- 10.1.1. The Sites Project Authority will be the Applicant for the Proposition 1, Chapter 8 grant funds.
  - 10.1.2. The Sites Project Authority will be the lead agency with the SWRCB for the water rights application provided that DWR assigns this responsibility to the Sites Project Authority. Furthermore, the Sites Project Authority will hold title to the water rights granted by the SWRCB.
  - 10.1.3. The Sites Project Authority CEQA Lead Agency status provided that DWR assigns this responsibility to the Sites Project Authority.
  - 10.1.4. Acceptance of any permit conditions, specifically those associated with NEPA/CEQA compliance to achieve less than significant classification, ESA/CESA compliance, Section 10 of the Rivers and Harbors Act, NHPA § 106/SHPO and compliance with the Clean Water Act.
  - 10.1.5. Responsibility for compliance with applicable dam safety requirements such as CA Division of Safety of Dams and Federal Energy Regulatory Commission.
  - 10.1.6. Engagement and outreach with tribal representatives, elected officials, the general public, advocacy organizations (e.g. NGOs).
  - 10.1.7. The Sites Project Authority will lead any efforts to (a) acquire land and rights-of-way and (b) obtain additional financial contributors.
  - 10.1.8. Material Changes affecting the annualized water supply expected from development of the Sites Reservoir Project.
  - 10.1.9. Material Changes to the facilities associated with the reservoir that could result in either an increased schedule greater than one year and/or increase construction costs greater than 10%.

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- 10.1.10. Development of renewable power or pumped-storage beyond the pre-feasibility-level planned.
- 10.1.11. Oversight of consultant contracts.
- 10.1.12. Overall cost management to ensure obligations or commitments remain within (a) each annually approved operating budget and (b) the phase 1 cost target.
- 10.1.13. The ability to establish voting thresholds for specific topic areas likely to be addressed by the Project Agreement's Committee.

### 11. Delegations of Authority

#### 11.1. To A Project Agreement Committee:

- 11.1.1. Consolidate requirements of Agreement, Section V in this Section with additional clarifications.
- 11.1.2. Limited Liability: Each Project Agreement shall include the requirements of Agreement Sections 4.8 and 5.3.

#### 11.2. To the General Manager:

##### 11.2.1. Outreach & Engagement:

- a. Serve as the primary advocate and voice of the Sites Project Authority in all activities related to advancing storage in the Sacramento Valley, and primarily Sites Reservoir.
- b. Advocate with local, state, and federal agencies as well as the regulatory and environmental sectors.
- c. Represent the Sites Project Authority to enhance the organization's profile as a leader in the storage debate.
- d. Conduct official correspondence on behalf of, and jointly with, the Board when appropriate.

##### 11.2.2. Cost Management:

- a. Manage the Board-approved annual operating budget to ensure positive cash flow and track variances against both the phase-level budget target and total project cost, which includes an estimate of the finance cost.
- b. Obtain additional funding partners and investors in the Sites Reservoir Project.

- 11.2.3. Execute professional services contracts in accordance with the following:

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- a. Board approved Master Services Agreements (MSAs) where the commercial terms but no scope or cost have been assigned.
  - b. Task Orders for MSAs where the scope of work and cost has a value that does not exceed the line-item amount in the approved operating budget and is less than \$500,000.
  - c. Other professional services agreements (i.e. commercial terms plus scopes of work and not-to-exceed cost) having a value that does not exceed the line-item amount in the approved operating budget and is less than \$100,000.
- 11.2.4. For expenditures that are not specific line items in the Board-approved annual operating budget, the General Manager is authorized to spend up to \$5,000. so long as a positive cost variance to the Board-approved annual operating budget is forecast.
- 11.2.5. Administration: Annually, review and evaluate the performance of, key staff positions
- a. Annually, review and evaluate the performance of consultant contracts and their key personnel.
  - b. Chair the Manager's Team (or Committee)

### 12. Material Change - Applicable for Phase 1

- 12.1. These provisions shall apply to both decisions by the Authority and Project Agreement Committee(s).
- 12.2. As the Sites Reservoir Project progresses through each of the planned project phases, what constitutes a Material Change along with the associated thresholds for Material Change will require amendment to these Bylaws.
- 12.3. Decisions affecting the following topic areas constitute a Material Change applicable for phase 1 as measured either qualitatively or quantitatively as a change from the Project Baseline:
- 12.3.1. An increase in the projected Phase 1 budget target greater than 105% of the approved Phase 1 budget target.
  - 12.3.2. Any projected overrun to the approved total annual operating budget. Additionally, transferring funds between line-items in the approved operating budget that is greater than \$50,000 shall be deemed a Material Change.
  - 12.3.3. The eligibility of the Authority to receive grant funding from Proposition 1, chapter 8.

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- 12.3.4. Water rights and/or annualized yield of the Sites Reservoir Project by more than 5% of the total annualized yield or changes the proposed split between water supply benefits and Proposition 1 defined public benefits by more than 5% from the baseline.
- 12.3.5. An individual Member's election to reduce their commitment to either (a) fund the Authority and/or (b) for the Reservoir cost center, reduce their water commitment as measured in acre-ft. by more than 25% that does not occur during the re-balancing process. Should such a change occur outside of the re-balancing process, the Board may elect to use the Dispute Resolution Process to resolve concerns or potential injury caused by such a change in participation.
  - 12.3.5.1. During the re-balancing process, a Member's decision to change their position does not constitute a Material Change and the Dispute Resolution Process shall not apply.
- 12.3.6. Changes to the Project's scope that significantly changes the amount of power needed to operate and/or the amount of pumped-storage capability relative to the proposed alternatives being evaluated in the EIR/S.
- 12.3.7. Causing the direct construction cost to increase or decrease more than 10% excluding inflation and escalation in material costs
- 12.3.8. Causing the construction schedule to increase more than 6 months or require construction means and methods that may not comply or require extreme measures to comply with OSHA requirements.
- 12.3.9. Has the potential to shift significant risk from either (a) a Project Agreement to the Authority (and vice versa), (2) from one Project Agreement to another, and/or (3) from one Member to another.  
Need to develop a threshold or who has the authority to make this determination.
- 12.3.10. Causing the mitigation for construction and/or operations that changes the baseline estimated cost by more than 10%.
- 12.3.11. Affecting the acquisition cost or schedule of land, easements, or rights-of-way by more than 10% from the baseline estimate cost and/or increases the line-item schedule duration by more than 6 months.
- 12.3.12. Affecting the powers of either the Authority, a Member, the State of California, the Federal Government, or a federally recognized Tribal organization.



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#### 13. Integration of Decisions - Authority Board & Project Agreement Committees

- 13.1. **Material Change:** Each Project Agreement will identify topic areas that constitute a Material Change and associated thresholds that are consistent with the Agreement and Bylaws and incorporate the Board's delegation of authorities, if any, to the Project Agreement Committee. Approval of actions to respond to a Material Change requires the approval of both the Authority and the Project Agreement Committee before the action can be implemented. If either decision-making entity does not approve the change, then the dispute resolution process will be invoked.
- 13.2. **Non-Material Changes:** Approval of actions that are deemed by Project Agreement Committee and the General Manager to not result in a Material Change do not require the approval of the Authority before the action can be implemented.
- 13.3. **Dispute Resolution Process:** Early identification of items that may potentially result in a Material Change is essential. It is the responsibility of any project team's managers and members' representatives, regardless of membership type, to elevate a concern that they believe could result in a Material Change – either in the short-term (e.g. affecting an approved operating budget or schedule) or longer-term (e.g. affecting the current phase-level budget target or successor phase-level budget target or schedule). Concerns shall be brought directly to the General Manager's attention.
  - 13.3.1. The party that has identified a potential Material Change shall, in a timely manner, provide the General Manager with the basis for their concern along with their qualitative estimate of the severity (i.e. impact to the project) and consequence (i.e. probability of occurrence). The General Manager shall further investigate the merits of the concern and should the General Manager deem the item is likely result in a Material Change, to, at a minimum, notify the Project Agreement Committee and Authority with the assessment results and identify potential remedies. Should the party that has identified a potential Material Change disagree with the General Manager's assessment they should bring the matter up to either the Authority or the applicable Project Agreement Committee(s).
  - 13.3.2. Should the Authority or applicable Project Agreement Committee(s) agree that a Material Change is likely, a recommended strategy and course of action needed to minimize the risk shall be developed. Should the Authority's Board officers and Project Agreement Committee(s) officers not reach agreement on a preferred strategy and course of action, which could include a temporary suspension of some or all work until more information is known to reach agreement, each decision-making body can elect to take action via a vote of the eligible Members.

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- 13.3.3. Within 15 calendar days of either the Authority's or each of the applicable Project Agreement Committee's having made their respective decision, should the respective decisions result in different solutions, the Board and Project Agreement Committee Leads shall formally meet to resolve the differences.
- 13.3.4. Should the parties involved in taking action per section 14.3.3 fail to reach agreement, the disagreeing parties will submit the dispute to mediation. If the disputing parties cannot mutually agree upon a mediator, each will submit the names of two mediators and the mediator will be determined by lot. The disputing parties will share equally the cost of the mediator and will bear their own costs of mediation.
- 13.3.5. Should mediation not result in a successful conclusion, the Project Agreement shall be terminated and the Authority's Board shall call a meeting to determine if the Agreement should similarly be terminated, amended, or if a new Project Agreement should be executed.

#### **14. Cost Management:**

##### **14.1. General:**

- 14.1.1. Cost management, which includes both revenue and expenses, the Authority will utilize best management practices that facilitate accountability, transparency, and demonstrating the value being created.
- 14.1.2. During the initial two phases of the Sites Reservoir Project, the Project's scope of work, estimated costs, and benefits in terms of water supply and/or renewable power will evolve based on decisions by the Board and by factors outside the Board's control (e.g. Proposition 1, financial market conditions, prices for key components). These changes will affect both the cost and expected benefits. As it relates to the benefits, the amount of storage vs. annualized yield will evolve. Allocation of costs to fund Phase 1 work is based on the assumption that a Member electing to participate in Project Agreement(s) that may provide water supply benefits are receiving a commensurate, but as yet unquantified, amount of reservoir storage. For Phase 1, the acre-ft. of water that Members are using as the basis for allocating costs are based on a pro forma that will change as the studies needed to better define the operations are advanced.
- 14.1.3. For the Authority to complete its mission, the Project will establish cost-centers that focus on Member values, potential for multiple sources of revenue to come into the Authority, and the different types of work and activities needed to complete the mission. The structure needs to be (a) flexible to expand as the Project moves from planning through construction,

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(b) have the ability to adapt to changes that are outside the Authority's control, and (c) align with Project Agreements.

14.1.4. Member's contributions need to accommodate direct funding, use of in-kind services, and the value of reputation/good will; noting that some of these contributions cannot be monetized.

**14.2. Foundational Principles:**

14.2.1. Each cost center (aka Project Agreement) shall maintain, at all times, a positive cash flow. Unless amended by a majority of member agencies providing financial contributions to a cost center, the positive cash flow will be established based on when approval to commit costs to a specific set of tasks or activities has occurred and not when costs are incurred (i.e. when a consultant task order is approved and not when invoices for the work are received).

14.2.2. The Authority shall ensure that each cost center maintains a positive cash flow and there is an appropriate level of reserves for the Project's phase and commensurate with the level of risk and uncertainty. However, the Authority shall endeavor to establish the timing that payments are due from Members in a manner that minimizes the amount of funds in the Authority's account relative to the total incurred cost to date plus projected cost for the next three (3) months.

14.2.3. As agencies are invited to become Members and elect to participate in exchange for providing financial contributions and/or the financing of applicable cost centers in exchange for the potential benefits, the Authority shall endeavor to re-adjust the funding commitments agreed to by the other Members for both the current annual operating budget as well as subsequent years' budget targets and the phase-level budget target. However, the Authority retains the discretion to determine how much of the new revenue should be used to timely fund work versus reduce the funding commitment of the existing Members.

Should either a Non-Member, Participating Party or an Ex Officio Member elect to financially participate by providing funds other than from California Water Code Division 26.7 with funds being provide exclusively from Chapter 8 (Statewide Water System Operational Improvement and Drought Preparedness), the same processes used to manage costs shall be used.

14.2.4. The commitment to fund the day-to-day management and administration of the Sites Project Authority takes precedence over any of the subordinate cost centers. Failure to fully fund the expense cost center used to fund the Sites Project Authority can result in work stoppages at the subordinate cost center (aka Project Agreement).

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- 14.2.5. Members need to clearly communicate, up-front at the start of each Phase of work, their level of participation in the Project and provide their pro-rata share of costs in a timely manner; recognizing that such changes, especially reductions in participation, will likely shift the cost burden to other Members, which therefore needs to be minimized.
- 14.2.6. Outside of the Re-balancing Process, a Member and/or a Non-Member, Participating Party cannot assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-ft., Mw-Hrs) they expect to receive through their participation in the Authority or through a Project Agreement to anyone who is not already a Member, unless approved in writing by both the Board and Project Agreement Committee Leaders. The Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) shall only consider those transactions that do not shift a cost-burden or reduced benefits to another Member and/or Non-Member Participating Party. Transactions that shift costs or reduce benefits to other members who are not willing to accept this change can utilize the dispute resolution process to resolve the matter.
- 14.2.7. Post-construction and commissioning, a Member electing to assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-ft., Mw-Hrs) may do so providing any associated repayment obligation is not affected and the Board has approved such transaction, which shall be based on a priority system that Members or Non-Member Participating Parties have first right to acquire the water before Member can transfer the benefit and repayment obligation to a third party, who was not involved in the development of the Project.

Should the Board determine that potential hydroelectric power benefits - both traditional and/or pumped storage - result in a similar situation where there are multiple Members or Non-Member Participating Parties interested in acquiring benefits, the Board shall create an equivalent process whereby Members or Non-Member Participating Parties would have a first right before the benefit could be made available to a third party who has not been involved in the development of the Project.

- 14.2.8. To create an incentive for public water agencies to directly participate in the funding and eventual financing of the Sites Reservoir Project, during Phase 1, the amount of water a Member requests for use in determining their pro-rata share of costs, shall be based on the Member's assessment of the future demands within their future service area and taking into account external factors such as the State Groundwater Management Act (SGMA) to minimize the amount of potential water the Member plans to transfer or exchange with other public water agencies or entities in dry or critical water year types. For subsequent Phases, this limitation shall not apply.

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#### **14.3. Phase-level Cost Management:**

- 14.3.1. Prior to the start of each Phase, Members will be asked to define the level of participation and associated pro-rata share of the costs at the cost-center level (i.e. Agreement or each Project Agreement). The start of each subsequent phase shall not occur until the Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) has approved that (a) there is sufficient level of participation and (b) sufficient commitment of funds (i.e. revenue).
- 14.3.2. For each phase, a work plan will be developed that identifies expected annual funding requirements for each fiscal year. As the Project's schedule changes, the work plan and estimated annual funding requirement will be updated for Board's (or applicable Project Agreement Committee's) approval. Both the Phase-level and annual funding requirements shall be developed to the level of detail to allow each Member and/or to understand their estimated pro-rata share of costs.
- 14.3.3. During each phase of work, the total Project's cost for the Reservoir (Forecast to Complete); which includes contingencies, escalation, and finance costs; shall be managed and tracked relative to the current Board-approved baseline cost target. A Material Change shall require an update to the Forecast to Complete. These results shall also be reported on a cost/acre-ft. basis using the Prospectus Model and both values shall be provided in a timely manner to the Board and applicable Project Agreement Committee for their respective action and direction to Staff.
- 14.3.4. The Board (or applicable Project Agreement Committee's if this authority has been delegated by the Board to the Project Agreement Committee), may decide that other Project benefits, such as renewable power generation, should be managed and tracked using a similar process as defined under Section 15.3.3.

#### **14.4. Budget Management within each Phase:**

- 14.4.1. The phase-level work plan and resulting budget target shall be subdivided into annual budget targets that coincide with the Authority's fiscal year, such that the sum of the annual budget targets equals the Phase-level budget target. Both the annual budget target and phase-level budget target shall be provided to each Member on a periodic basis as well as should a Material Change occur to warrant an updated projection.
- 14.4.2. Each annual budget target, once approved by the Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) shall become the operating budget for the current fiscal year.

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14.4.3. Based on the approved operating budget, invoices requesting payment will be submitted to each Member. The requirements shall be documented in an Agreement of Financial Commitment that is executed between the Authority (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) and each Member. It shall itemize the funding requirements to each cost center and identify the date when such payments are due to the Authority.

#### 14.5. In-Kind Services:

14.5.1. Phase 1: The California Water Commission has discretion to allow certain costs incurred by an applicant since passage of Proposition 1 in November 2014 through submittal of the application to be counted towards the total project cost that when combined with the projected public benefits will determine the amount of grant funds that can be awarded within the limitations of California Water Code § 26.7 et seq. The Authority will track in-kind services for inclusion into the formula to be used to calculate the total amount of grant funds the Authority is eligible to receive.

For work performed prior to Dec 31, 2015, the Authority will work with each Authority Member to document the eligible types of work along with the associated hours and eligible cost. The cumulative Member's input will be included into the Authority's proposal to the California Water Commission.

For work performed effective January 1, 2016, discrete in-kind work activities shall be pre-approved by the Board with the Authority Member being responsibility to track the effort and to provide the Authority with an estimate of the eligible hours and eligible costs. On a semi-annual basis, each Member will provide documentation to the Authority for inclusion into the Authority's proposal to the California Water Commission.

14.5.2. Future Phases: Pending Board approval, certain work activities can be counted as part of the Member's financial contribution towards meeting their funding commitments.

14.6. Impact of Late Payment: Should a Member's delayed payment cause the Authority (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) to have to deviate from their approved work plan, which results in increased cost, the Member causing the delay may, pending Board approval, required the Member to pay the additional amount incurred due to their action to not pay within the agreed upon time frame. Should multiple Members be deemed responsible by the Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) and should Board approval to require recovery of the additional incurred cost, then the additional cost to be assessed to each Member shall be apportion based on the duration of the delayed payment weighted by these Member's relative pro-rata cost share. A Member who is assessed such an additional cost may appeal using the dispute resolution process.