Alexander Valley Water District Plan for Service

Consistent with the requirements of Cortese-Knox-Hertzberg Local Government Reorganization Act (Gov. Code § 56000, et seq.; the "LAFCO Act") this section provides a description of the services that the AVWD will provide at its inception. Details are provided for each service proposed including a description of each service proposed and any essential background information, a staffing plan, and expected sources of funding to pay for each service. In addition to funding for each service it is important to note that a primary purpose for the AVWD is to provide a source of funding for expected regional water supply investments associated with sustaining Russian River summer flows that are essential to the local water rights holders and water users.

Overview

The Alexander Valley lies in the heart of Sonoma County's 'wine country' - including about 20% percent of the County's vineyard acreage and 43 wineries. The Russian River runs through the Alexander Valley which also sits on the largest continuous aquifer (consisting of two groundwater basins) in the County. The availability and use of surface water and groundwater underpins the viability of wine production at its current scale and location. At the same time other water users (and beneficial uses) tap the water supply including the cities of Healdsburg and Cloverdale, three local tribes, private and mutual water companies, and homes served by individual domestic wells. State and federal regulating agencies reflect broader concerns for habitat management and protection of threatened or endangered species and water supply regulation. The concerns for recurring drought conditions in the Russian River Watershed, the changes to the historical inter-basin transfer of water from the Eel River through the PG&E Potter Valley Project, and State statutory requirements regarding groundwater management all lead to the conclusion that a higher level of cooperation between water users (public and private), habitat and species conservation organizations, and State and federal regulating agencies is in order. As a part of this effort there is great urgency for the proposed AVWD to conserve and manage water supply during drought and non-drought periods due to the significant reduction, and potential complete loss, of Eel River inter-basin flows to the Russian River watershed through the Pacific Gas & Electric Company's Potter Valley Project (PVP) that PG&E will decommission and remove.

Activation of Power to Provide Services

The purpose of the AVWD is to enable local management of water resources by creating a California Water District with all the powers and duties of such an agency (Wat. Code §§ 34000 to 38501). In pursuit of this purpose, the AVWD will cooperate with landowners and water users and with local, regional, and State agencies toward the conjunctive management of surface water and groundwater resources through data management, optimizing groundwater recharge, conservation, and funding infrastructure consistent with water district powers (Wat. Code §§ 35400-35509), and the goals and requirements of the Sustainable Groundwater Management Act (SGMA) of 2014. (Wat. Code §§ 10720-10738, specifically §§ 10725-10726.9, Groundwater Sustainability Agency powers and authority).

The AVWD will participate in a Groundwater Sustainability Agency (GSA), when and if it is created, in cooperation with other agencies with water management responsibilities within the Alexander Valley and Cloverdale Area subbasins, including the Sonoma County Water Agency, City of Healdsburg, the City of Cloverdale, local tribes and in coordination with other communities and private water users.

Summary of Proposed Services & Functions

The AVWD will provide an essential capacity for securing water supply and developing water resilience for the Alexander Valley. At the present time there is no governmental agency that can represent Alexander Valley water users, establish and operate water conservation and management programs, contribute to financing of essential local and regional water supply improvements (including but not limited to local special parcel taxes, benefit assessments, service charges, and/or regulatory fees), and regulate water use consistent with State and regional and local policy. Four programs (services) are proposed to be established by the AVWD constituting the initial the services it will provide and service as a basis for feasibility analysis and organizational development. The Board of Directors will have discretion over the services delivered and priorities for their implementation.

Proposed Services

- 1. Water Sharing Program. Developed in 2021 and piloted in 2022, the California State Water Resources Control Board successfully implemented a program allowing Russian River water users holding water rights to 'share' water with other users that were subject to Curtailment Orders during the 2022 water year. The program was one of the first of its kind in the country, implementing a system for sharing among water rights holders. The pilot program was authorized by the California state emergency drought regulation and was administered by the State Water Board in 2022, which involved administrative, logistical, and technical support for the program. The program ended when the drought emergency regulation expired. The program anticipated that local water user agencies would pursue options that do not rely on an emergency regulation to expand and locally sustain this program as a permanent tool for managing limited water supply during periods of water shortage. Building on the State Water Board's pilot program and in cooperation with other water user agencies in the Russian River watershed, this program would create and maintain the technical and professional capacities needed to manage the water sharing program in the Alexander Valley and enable future drought response activities as an alternative to curtailments by the State Water Board.
- 2. Participate in New Eel River-Russian River Diversion. PG&E has determined that operation of the Potter Valley Project (PVP) is not financially viable and has initiated the process of surrendering the license and decommissioning the PVP. A regional partnership of the Mendocino County Inland Water and Power Commission (MCIWPC), Sonoma County Water Agency (Sonoma Water), and the Round Valley Indian Tribes (RVIT) announced an August 3, 2023 proposal to create a Regional Entity that has the legal and financial capacity to own, construct and operate a new water diversion facility near PG&E's Cape Horn Dam on the Eel River. Many landowners and water users in Alexander Valley support this proposal, recognize the need to financially support the proposal, and desire to participate in the process. Petitioners desire that AVWD will represent their interests in that effort, potentially becoming a member of the Regional Entity. This is a specific project where a certain portion of the costs may be appropriate for a special assessment if direct special benefit to each assessed parcel can be established.
- 3. <u>Groundwater Investigation and Management</u>. Groundwater is highly interconnected with the Russian River and streams in Alexander Valley, but the actual relationship between groundwater pumping and recharge on streamflow is not well understood. In the near term, studies are needed to address urgent river and fisheries management questions and needs in the Alexander Valley.

Longer term, it is expected that the Alexander Valley, given expected future drought conditions and the potential reduction of a portion of the historical Eel River trans-basin flows through the Potter Valley Project, will be declared by the Department of Water Resources as a 'Medium Priority' basin, thus evoking the need for formation of a Groundwater Sustainability Agency under SGMA. The AVWD would represent Alexander Valley Water users, currently not enfranchised, to participate in a GSA joint powers authority that would include other water using agencies tapping Alexander Valley groundwater, including the Cities of Cloverdale and Healdsburg. Even in the absence of a Medium Priority designation, SGMA encourages groundwater management in all groundwater basins. SGMA provides local agencies that become GSAs with tools and authorities that AVWD could apply to meet SGMA goals.

4. Groundwater Recharge Program. The Dry Creek Rancheria Band of Pomo Indians has obtained grant funding for an on-farm groundwater recharge program on up to 7000 acres of agricultural land within the proposed boundary of AVWD. This program will require an entity to construct and operate new water diversion and conveyance facilities, file water right applications and obtain other regulatory approvals, and monitor and report performance of the program. Participating landowners in the program, who are also petitioners for formation of AVWD, propose that AVWD provide these services on a fee-for-service basis.

General Government & Administrative Functions

In addition to these direct program-oriented services, the AVWD will provide general governmental functions including leadership, program oversight, and ongoing outreach with constituents, organizations, and partner public agencies all through its Board of Directors, Executive Director, core professional staff and consultants. The combined private water users in the Alexander Valley, including agricultural users, private and mutual water companies, commercial and industrial users, and individual residential users that depend on well water, have no official standing or representation regarding local or regional water supply and conservation efforts, or State regulatory procedures. As a service to its Alexander Valley constituents, the AVWD will advocate for local water users and officially participate in multi-agency regional efforts to secure and conserve water supplies. The AVWD will also participate in intergovernmental representation and cooperation and agreements with governmental entities.

A variety of administrative efforts will be involved including the need for insurance, financial management and auditing, legal service, information technology, establishing and furnishing office space, and any acquiring operating equipment may be needed. It is expected that these general governmental functions will be funded by the proposed special tax measure or other funding suitable for such expenditures.

Detailed Service Descriptions

Program 1 – Water Sharing Program

Background

The Western United States has been in a persistent dry period for more than two decades, and this cycle continues to impact water users in numerous ways. The repetition of extreme dry years has resulted in a pronounced reduction of historical precipitation levels in the Upper Russian River Watershed, as well as the nearby Eel River Watershed, which has been supplementing Russian River uses since at least 1908 via the Potter Valley Project ("PVP"). These historical water supply reductions are expected to continue for decades as the region continues to be influenced by climate change and

further exacerbated by the operational changes at the PVP and PG&E's decision to decommission and remove the key components of the PVP, including Scott Dam (Lake Pillsbury) and Van Arsdale dam. With these continued uncertainties to local water supplies in the Russian River Watershed, it is essential for regional water users to secure and conserve the water supply that sustains the regional local economy, agriculture, municipalities, and the environment for future dry years.

The State-Sponsored Water Sharing Program of 2022

Starting in 2020, Russian River users were asked to participate in voluntary efforts to reduce water demands to preserve storage in both Lake Mendocino and Lake Sonoma. Unfortunately, the continued pattern of reduced precipitation proved these efforts insufficient. As a result, Governor Newsom issued a State of Emergency, Drought Proclamation for the Russian River Watershed in 2021, and the State Water Resources Control Board (the "SWRCB") subsequently adopted Emergency Regulations and orders of curtailment for both appropriative and riparian water right holders. These emergency regulations were readopted in 2022.

Due to the impact of curtailments, the SWRCB engaged various stakeholder groups to find a feasible solution to mitigate the impact of the curtailment order. This engagement, involving a multi-month collaboration between the Division of Water Rights staff and municipalities, tribes, agriculture, and independent water system operators, resulted in adoption of the Upper Russian River Voluntary Water Sharing Program (the "Program"). The Program agreement was formally approved by the SWRCB on June 7, 2022 and as an alternative to curtailment actions within the Upper Russian River Watershed under the Emergency Regulation. (See: www.rrfc.net/upper-russian-river-voluntary-water-sharing-program.

The Program provided a mechanism where senior water right holders could voluntarily forbear a portion of their water allocation to benefit the greater community by sharing that forgone water to junior water right holders that would have otherwise been prevented from diverting due to a curtailment order. Through this voluntary process, those users that might have otherwise had no surface water supply were able to avoid the more drastic impacts resulting from a full curtailment due to limited water supplies.

Unfortunately, the 2022 implementation of this Program was limited to a five-week period until an operational variance request by PG&E and the subsequent order by the Federal Energy Regulatory Commission ("FERC") resulted in a reduction in PVP trans-basin transfer from 75 cubic feet per second (cfs) to 5 cfs, leaving no water available to divert in the Russian River. The Program formally terminated upon the expiration of the 2022 emergency regulation. Although the Program only existed for a short period in the summer of 2022, the positive impacts of the Program were significant in the following respects:

- 1) Water was made available to junior water rights holders for four weeks longer than when under curtailment in the summer of 2021, saving crops, supporting the economy, and providing for health and human needs.
- 2) Many senior water right holders were able to satisfy minimum demands, while retaining value in their water infrastructure investments to help meet communal, economic, and health and safety imperatives.
- 3) The Program forced a sophisticated assessment of water supply and demand on the Russian River; the assessment can be used in future water conservation efforts.

- 4) The Program demonstrated the effectiveness of regional public agency and private landowner collaboration for conserving water supply and increasing resilience.
- 5) The Program created a foundation for improving water sharing in future dry conditions, such as those resulting from continued climate change and operational changes to the Potter Valley Project.
- 6) The Program continues to solidify regional understanding of all water resources available for Russian River beneficial uses (e.g., agriculture, municipalities, and environment) and water right types.
- 7) The Program demonstrates that it is possible for government agencies including public decision-making bodies to approve, for example the city councils of Ukiah, Healdsburg, and Cloverdale along with industry and citizenry to adapt, innovate, change behaviors, and invest in our water future in a collaborative manner.

As stakeholders in both the Russian River and Eel River basins continue to grapple with the sustained impacts of reduced water supply on their respective communities, water users and ecosystems, it is important that broad regional input continues so that additional innovative solutions like the Program can be developed. At the present time (summer, 2023) efforts are underway led by the SWRCB to adapt the Program into a permanent regionally governed program.

Service Description

The AVWD will establish and administer an Alexander Valley Water Conservation and Sharing Program that builds upon the 2022 Water Sharing Program originally established under the State Water Board's Drought Emergency Curtailment Regulation and recommendations. Water users in the Alexander Valley have been actively participating in the Water Sharing Pilot Program and cooperating with other water users, agencies, and cities to improve water supply, conservation, and drought resilience. The landowner governed AVWD offers the opportunity to pursue local (Alexander Valley) water supply and conservation measures. The AVWD will participate with other regional water users and agencies toward achieving regional solutions, including transferring, evolving, and sustaining an ongoing Water Sharing Program, based upon the State's Water Sharing Pilot Program. This Water Sharing Program will be the key service provided by the proposed AVWD.

This new program will allow Alexander Valley landowners to reliably manage and ensure the sustainability of their common water supply, the Russian River and its interconnected groundwater, which has become at risk due to frequent droughts and a drastic reduction in the importation of Eel River water to the Russian River from the Potter Valley Project hydropower facilities. The Upper Russian River Water Conservation and Sharing Program will cooperate with the similar program undertaken in the Upper Russian River within Mendocino County. Specifically, the Water Conservation and Sharing Program will include the following services:

- Establish and administer a program for the voluntary sharing of existing water supplies held by senior right holders with junior right holders during times of water shortage in cooperation with Sonoma Water and the SWRCB:
- Provide technical and legal assistance to Russian River water right holders within Alexander Valley to facilitate compliance with SWRCB water rights curtailment orders; and
- Define and administer the Lake Mendocino water right "reservation" of 10,000 acre-feet of stored water for the benefit of water right holders along the Russian River to the Mendocino County border in cooperation with Sonoma Water and the State Water Resources Control Board.

The AVWD, in cooperation with the SWRCB and other regional participants in the pilot Water Sharing Program, will develop a locally administered Program to be operated within the Alexander Valley.

The Water Sharing Program will include the following elements:

- Build upon the successful State Water Sharing Pilot Program. The State Water Board invested
 considerable scientific, technical, and management efforts to develop and operate the Pilot Water
 Sharing Program during 2022. The State Water Board is enthused and supportive of the Pilot
 Program being institutionalized through cooperation among affected local agencies, including the
 proposed AVWD. Key aspects of this effort include:
 - Obtain, update, and manage Pilot Program technical documentation, information, and agreements.
 - Sustain ongoing cooperation with State Water Board and regional partner agencies.
 - Maintain and manage Pilot Program Enrollment Data and Management Procedures.
- 2. Program Design and Start-up. It is recognized that the conversion of the Pilot Program to a broader and sustained effort will involve additional program design and development and a variety of start-up costs including administrative procedures, inter-agency agreements, water rights holder outreach and liaison, linked regulatory procedures, technical analyses of water right demand and water supply data, and funding measures. Major tasks will include:
 - Conduct a hydrological and water right analysis to identify water rights that should participate in the Program.
 - Conduct outreach to water right holders that should participate.
 - Prepare Program charter, bylaws and agreements.
 - Prepare water right applications to State Water Board to authorize the transfer of water among participants.
 - Comply with the California Environmental Quality Act (CEQA) and obtain other required regulatory approvals
- 3. <u>Program Administration</u>. Management data from the State Water Board offer a good estimate of the types and levels of effort involved with Water Sharing Program administration. In addition to ongoing Program development, updating required inter-agency agreements, and establishing technical components (groundwater data, water rights holder research, participant data base, etc.), it will be necessary to expand and maintain participation in the Program. Specific tasks will include:
 - Serve as a clearinghouse for participant water diversion, use and sharing data.
 - Verify participant compliance with Program requirements and water right terms and conditions.
 - Monitor changes in water supply and water demand and notify participants of changed water sharing and diversion opportunities.

Staffing Plan

The Water Sharing Program will be overseen by the Executive Director and the Program Director, both employees of the AVWD. The precise staffing plan will be developed in the anticipated design and start-up phase of the Program. It is expected that there will be a variety of administrative and technical functions that will be fulfilled by staff on the AVWD payroll including the Executive Director and program staff. Required legal advice and agreements, accounting services, and technical services will be provided through consultant contracts fitted to the scale and demands of the Program as it evolves and is implemented and administered over time.

Funding Source(s)

Funding will be required to establish the local Water Sharing Program and to assure its ongoing administration. In addition to any available grant funding from the State, the special tax or assessment funding created at formation will provide funding to establish the Program. After establishment, the Program will rely mainly on user fees from Program participants.

Program 2-- New Eel River-Russian River Diversion Program Background

PG&E has determined that operation of the PVP is not financially viable and has initiated the process of surrendering the license and decommissioning the PVP. A regional partnership of the Mendocino County Inland Water and Power Commission (MCIWPC), Sonoma County Water Agency (Sonoma Water), and the Round Valley Indian Tribes (RVIT) announced a proposal on August 3, 2023 to create a Regional Entity that has the legal and financial capacity to own, construct and operate a new water diversion facility near PG&E's Cape Horn Dam on the Eel River. Many landowners and water users in Alexander Valley support this proposal, recognize the need to financially support the proposal, and desire to participate in the process. Petitioners desire that AVWD will represent their interests in that effort, potentially becoming a member of the Regional Entity.

Service Description

The New Eel River-Russian River Diversion Program will mainly involve engagement with local, regional, and state agency partners. Key elements of the Program will include:

- Evaluate the benefits of participating in the Regional Entity and negotiate amendments to the Regional Entity JPA to participate as a member if warranted.
- Participate in engineering, legal, and financial evaluations for the New Eel-Russian River Diversion Facility.
- Cooperate with the Regional Entity and other organizations to determine which Russian River water
 users are in greatest need for Eel River water supply and to determine the most equitable strategies
 for distributing and funding the new water supply.
- Contract for new water supply from the Regional Entity on behalf of beneficiaries in AVWD.
- Coordinate the purchase and distribution of new water supply for beneficiaries in the Alexander Valley.
- Report diversion and use of new water supply to State Water Board.

Funding Source(s)

Funding sources for involvement in the New Eel River-Russian River Diversion Program will be derived from the proposed special tax and grant funding sources. Longer term capital contributions to the Program for the AVWD's proportional share of costs, likely to be substantial, would be funding by a subsequent bond or assessment measure as initiated by the Board of Directors.

Program 3-- Groundwater Investigation and Management Program

Background

The Alexander Valley is underlain by two relatively large alluvial groundwater basins, one located in the northern portion of the Valley north of the community of Asti and the other larger basin in the

southerly portion of the Valley generally extending to the City of Healdsburg. The shallow groundwater aquifers in these basins are highly interconnected with the Russian River and streams in the Alexander Valley. The Russian River and groundwater are considered a common supply in the valley despite that groundwater and surface water are governed by different water law systems. Groundwater from both shallow and deed aquifers has been tapped for agricultural and municipal purposes for a hundred years or more, establishing water rights for local landowners, cities and residential users over time. The Russian River surface flows have also been tapped, either directly or through 'underflow' of surface water, particularly in the dry summer months, in the adjoining shallow aquifers. Concerns regarding the impacts of periodic drought conditions in the Russian River Watershed and curtailment of trans-basin transfer flows from the Eel River at Potter Valley may lead the Department of Water Resources to consider classifying the Alexander Valley groundwater basins as 'Medium Priority' or 'High Priority,' thus triggering the requirement for the formation of a Groundwater Sustainability Agency pursuant to the Sustainable Groundwater Management Act. At this time there is no local agency representing local landowners to form or participate in a GSA, once it is mandated. The State also offers substantial grant funds to GSAs—funds that are not available to private entities and even other public agencies-regardless of basin prioritization. Applying the goals of SGMA would help mitigate the impacts of potential reductions in trans-basin flows from the Eel River.

Service Description

Groundwater monitoring and studies are required to better understand the actual relationship between streamflow and groundwater pumping and recharge. In the near term, monitoring, studies and other investigations are needed to address urgent river and fisheries management questions and needs in the Alexander Valley. AVWD's professional staff, advisors, and consultants will cooperate with USGS, Sonoma Water, existing Sonoma County GSAs, the State Water Board and other agencies and organizations to utilize and expand existing investigations and to initiate new investigations.

Longer term, once mandated, the affected local agencies involved in water supply or management will form a GSA. In areas with multiple water users, it is typically the case that such an agency would be formed through a joint powers agreement or a joint powers authority. The AVWD will be recognized as an eligible participate in such an agreement or authority, representing otherwise disenfranchised water users. The exact role of the AVWD in serving as part of the agreement or authority will depend on what the parties agree upon; however, the scale of the land represented by the AVWD, its expected functions and capacities, and its organizational mandate all suggest a significant role in leadership, planning, technical services, regulatory compliance, and funding related infrastructure.

Staffing Plan

As directed by its Board of Directors, staff would consider and officially approve formal agreements such as the joint powers agreement or authority. A key function of the AVWD's professional staff, advisors, and consultants will be to respond to the State's 'Medium Priority Basin' declaration and engage with its sister local water supply and management agencies toward forming the GSA. It is expected that a significant portion of the Executive Director's time will be devoted to these GSA formation efforts. The Executive Director will have the support of program-related professional staff on the AVWD's payroll along with legal, financial, and technical consultants contributing to specific programs and projects. Beyond the GSA formation, the terms of the agreement will dictate the role of the AVWD in developing the Groundwater Sustainability Plan and implementing this plan. Given geography, ownership, and water use patterns, it is expected that the AVWD will have a substantial ongoing role in managing the Alexander Valley's groundwater.

Funding Source(s)

A variety of funding sources available to the agencies participating in the GSA can be tapped including water rates (from those agencies retailing water), regulatory fees and service charges, special benefit assessments and bond measures, and grants, including substantial State grant funding directed to GSAs, to fund infrastructure that may be required.

Program 4--Groundwater Recharge Program

Background

The Dry Creek Rancheria Band of Pomo Indians_has received grant funding from various state and federal programs to implement a groundwater recharge program on approximately 7,000 acres of agricultural land in the Alexander Valley within the proposed AVWD boundary. The program involves application of Russian River surface water to vineyards and other undeveloped lands during the winter and spring when winegrapes are dormant and streamflow is meets flow thresholds to recharge groundwater and increase the amount of water in groundwater storage for beneficial uses (e.g., fisheries, irrigation). Surface water will be extracted from existing and new shallow wells along the Russian River and pumped through a conveyance system to participating properties where the diverted water will be applied to land via existing and new impact sprinklers, overhead sprinklers, and other water application facilities. Flow meters, monitoring wells, piezometers, soil probes and other instrumentation will be installed on properties participating in the Program.

Dry Creek Rancheria is a federally-recognized tribal government but it lacks legal standing to undertake various tasks for the program including compliance with CEQA and obtaining a five-year groundwater recharge water right from the State Water Board. The Dry Creek Rancheria intends to transfer ownership and governance of the Program to a new entity after the conceptual framework for the Program is developed. Participating landowners in the program, who are also petitioners for formation of AVWD, propose that AVWD assume ownership and management of the Program.

Service Description

The Program as implemented by the AVWD will obtain new water rights and the construction of water conveyance infrastructure that will allow the participating landowners to extract and use the recharged water on the participating properties during the summer and falls season when landowners' surface water supplies may be limited and curtailed. The Program will increase soil moisture, which will delay the onset of irrigation, and will raise local groundwater elevations, which will benefit river flow, instream habitat and riparian health. Key elements of the Program will include:

- Detailed program design and engineering and cost analysis
- CEQA compliance, water right permitting and other regulatory permitting
- Construction of new water diversion and conveyance facilities and instrumentation
- Monitor and report performance of the program.

Staffing Plan

Engagement in the Groundwater Recharge Program will be overseen by the Executive Director and the Board of Directors. Required legal advice and agreements, accounting services, and technical services will be provided through consultant contracts fitted to the scale and demands of the Program as it evolves and is implemented and administered over time.

Funding Source(s)

The Groundwater Recharge Program will be a fee-for-service program once operational. Initial AVWD permitting and management services will be funded by the Dry Creek Rancheria using existing grant funds. It is anticipated that participating landowners will pay AVWD for infrastructure and services not compensated by grant funds using assessments or bond funding as may be appropriate and approved by the benefitting landowners.

Service Development and Priorities

The four programs and related services described above address current and anticipated needs related to securing water supply and improving resilience in the Alexander Valley. Additionally, they have been detailed for purpose of analysis — estimating costs involved and identifying funding sources as needed to demonstrate feasibility of the proposed AVWD. Given the broad scope of these programs and their relationship to evolving circumstances and the broader efforts of other local and regional agencies they will likely take many years to fully develop. The feasibility analysis for the AVWD will focus on the 'start-up' phases of AVWD operations likely to last five years, including:

Phase 1 -- The interim period before proposed funding sources become available. During this phase, focus will be upon establishing and operating the Board of Directors, setting up basic administrative procedures, developing a staffing plan and engagement with evolving inter-governmental cooperation and formation of both local and regional agreements.

Phase 2 – <u>Commencing Operations</u>. Following the flow of recurring funding source(s), e.g., the special tax revenue), professional staff, technical advisors, and consultants will be retained thus commencing operations involving initial Program assessment, design, and development efforts. As a part of these efforts, funding sources specific to the programs will be identified, evaluated, and implemented as may be necessary and appropriate.

Phase 3 – <u>Program Implementation</u>. As noted above, the scope and scale of the proposed Programs in addition to their linkage to uncertain external conditions (e.g., the evolution of the New Eel River-Russian River Diversion Program) will result in a selection and phasing of program implementation on a priority basis as directed by the Board of Directors as may be influenced by established intergovernmental cooperation and terms of agreements.