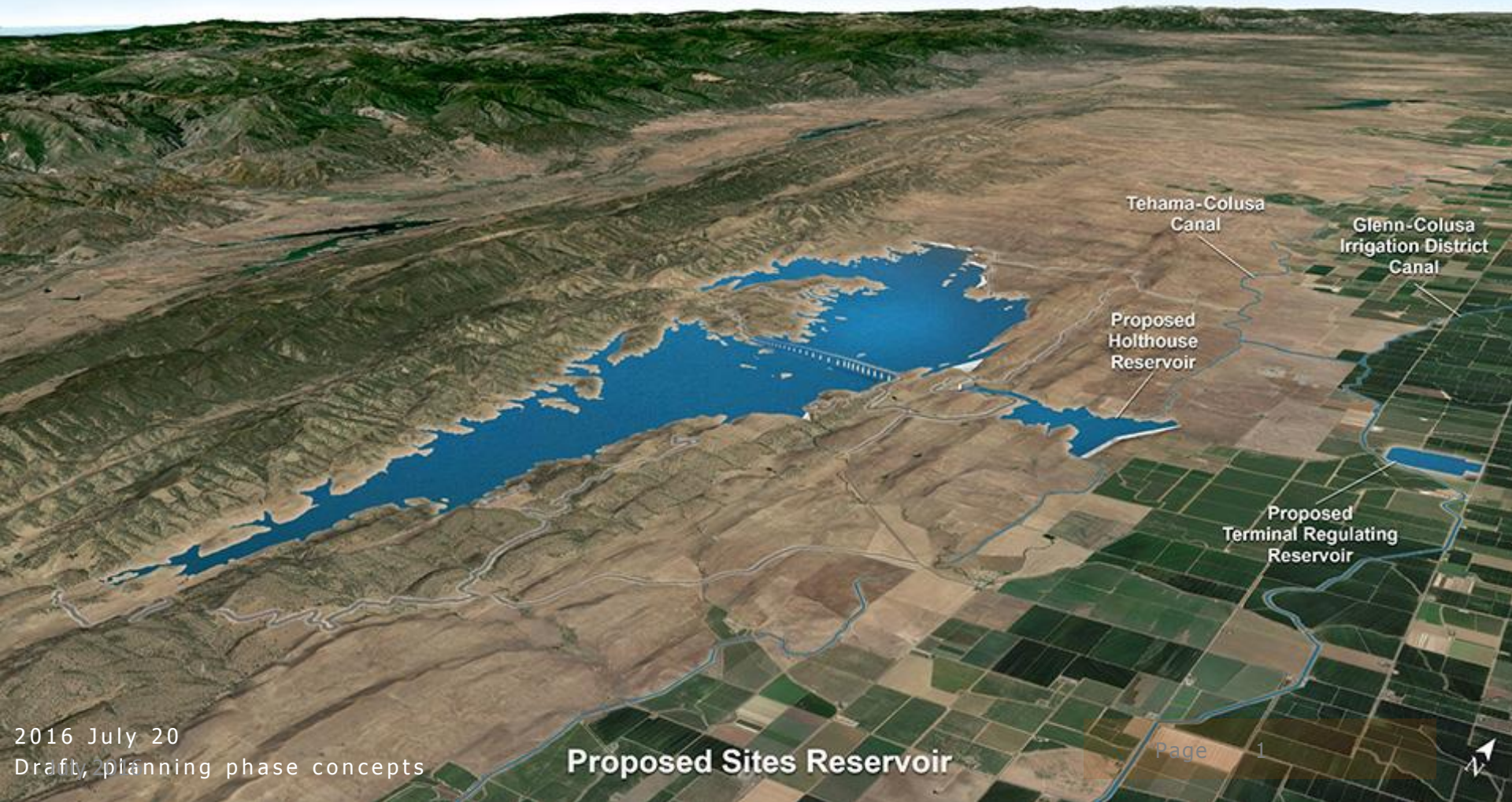


SITES

Project Overview



Why Sites?

If the reservoir operated in 2016:

California **NEEDS**
Sites Reservoir

If constructed, Sites would
already have captured some
1,065,000*
acre-feet of water this year

That's
347billion
gallons of water



© CA Rice Commission

Source: CA Department of Water Resources

*Through May 1

Why SITES is Good for California

1. Restore operational flexibility to State's water system
2. Achieve the co-equal goals (2009 Delta Reform Act)
3. Dedicate water to DFW & SWRCB
4. Contribute flows to meet SWRCB's pending actions
5. Help mitigate for the effects of climate change
6. Contribute to State's renewable energy goals

Benefits of SITES to N. California

1. Job creation

- Construction
- Operations & support recreation

2. Additional water

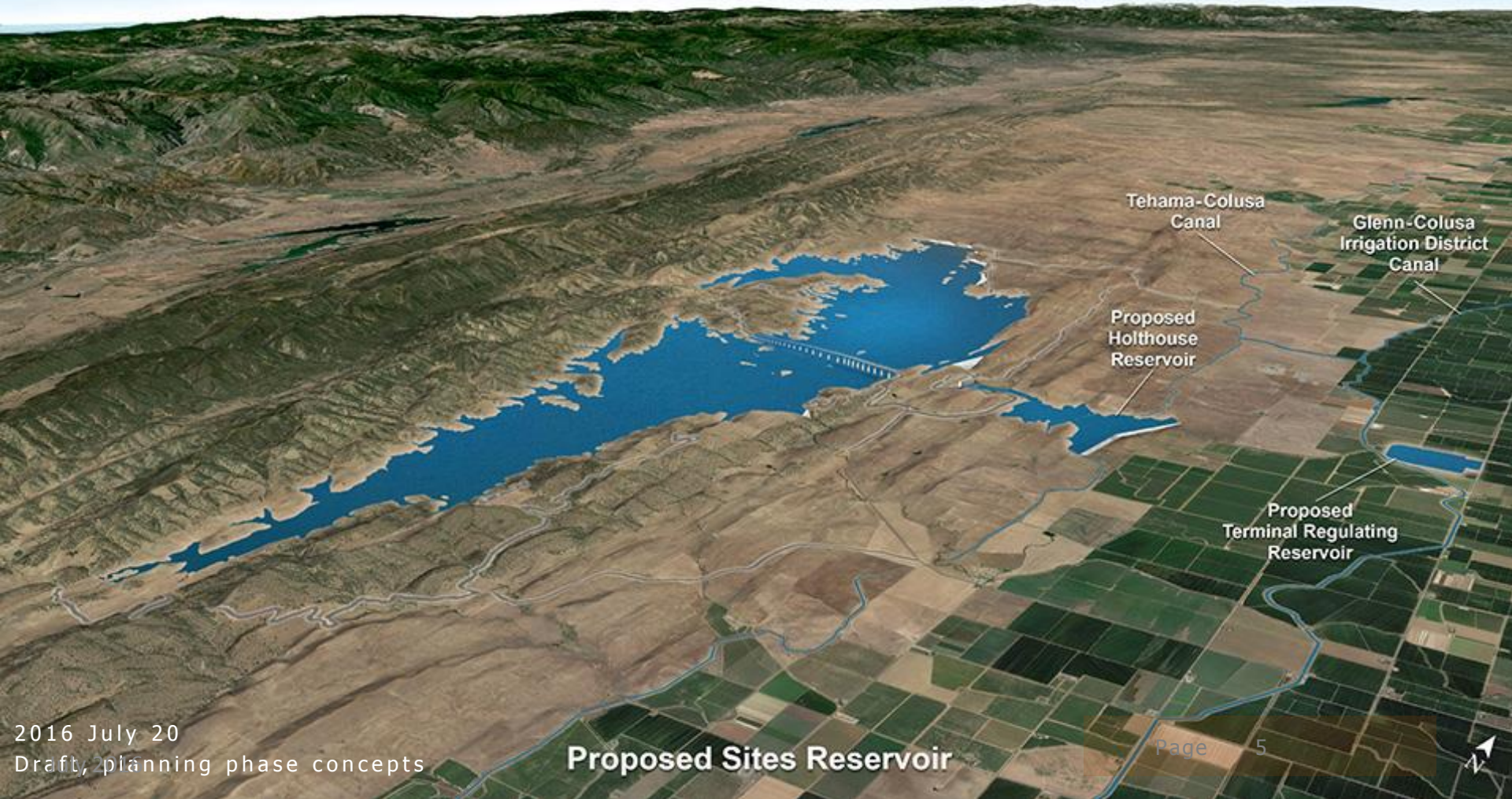
- Beneficial uses such as agriculture
- Environment & ecosystem for fish and birds

3. Local ownership

- More control over how the water is to be used - now and into the future
- More receptive to the needs of the community and landowners

SITES

Proposition 1 (Phase 1)



Proposition 1, Chapter 8:

Eligible Projects

- ☐ **CALFED** & Groundwater Storage
- ☐ Conjunctive Use and Reservoir Reoperation
- ☐ Local and Regional Surface Storage

Eligible Public Benefits

- ☐ Ecosystem Improvement DFW
- ☐ Water Quality Improvement SWRCB
- ☐ Emergency Response DWR
- ☐ Flood Control DWR
- ☐ Recreation DWR

Maximum State Cost-Share for **Funded Public Benefits**



50%

Ecosystem Benefits must be

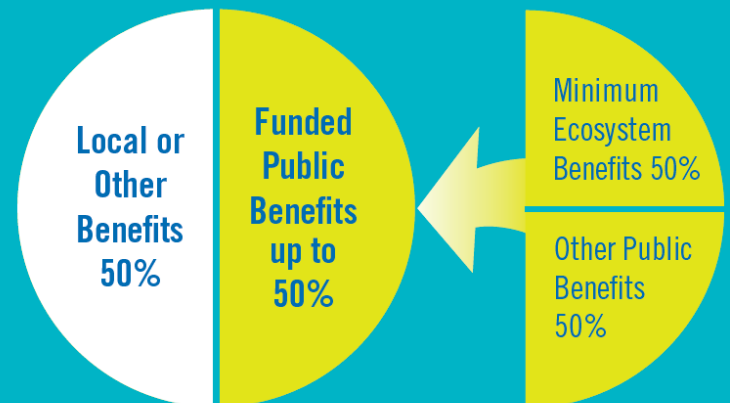
50%

of the funded public benefits

July 2016

**TOTAL
BENEFITS**

**Funded Public
Benefits**

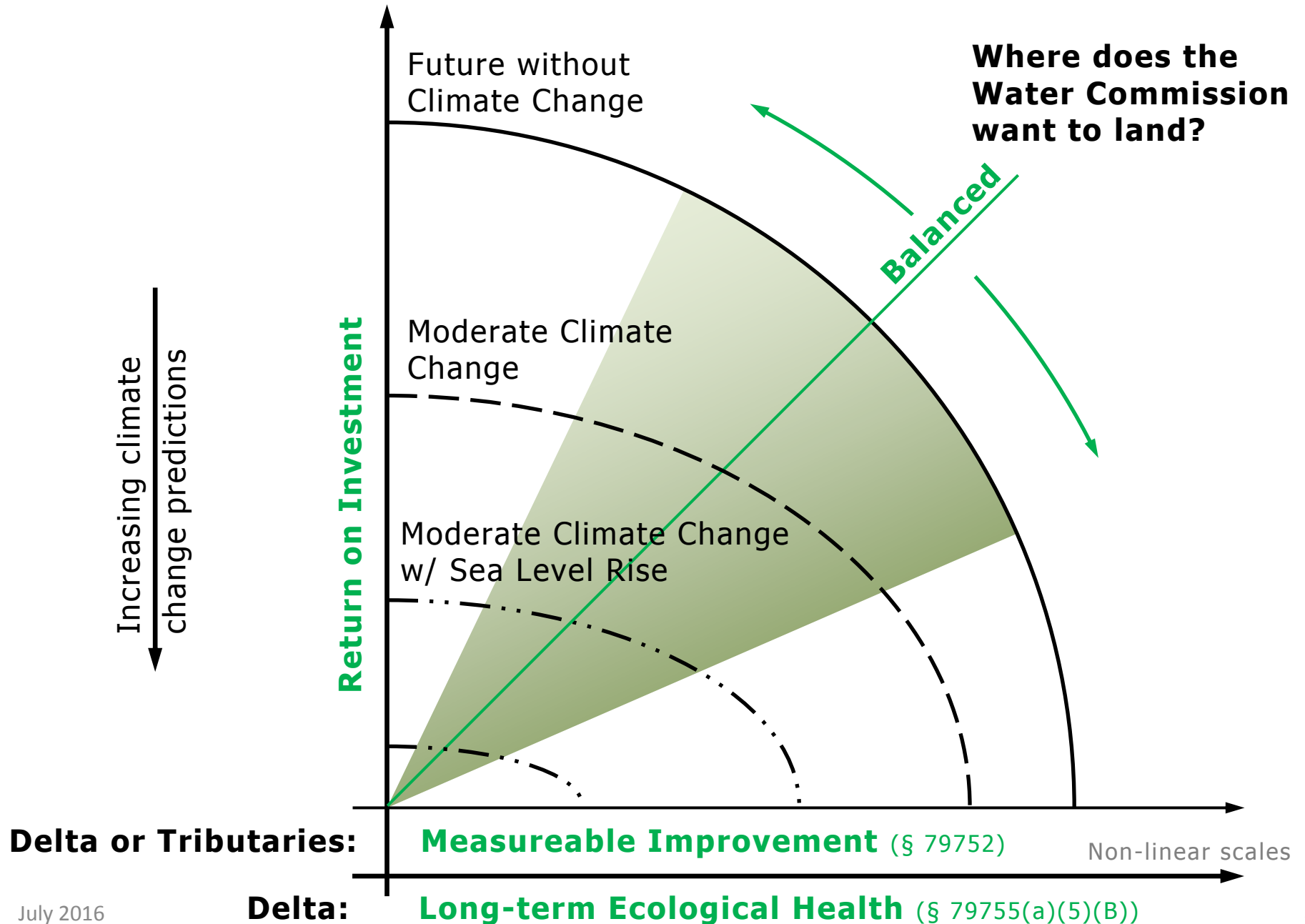


Proposition 1, Chapter 8:

Key Performance Measures:

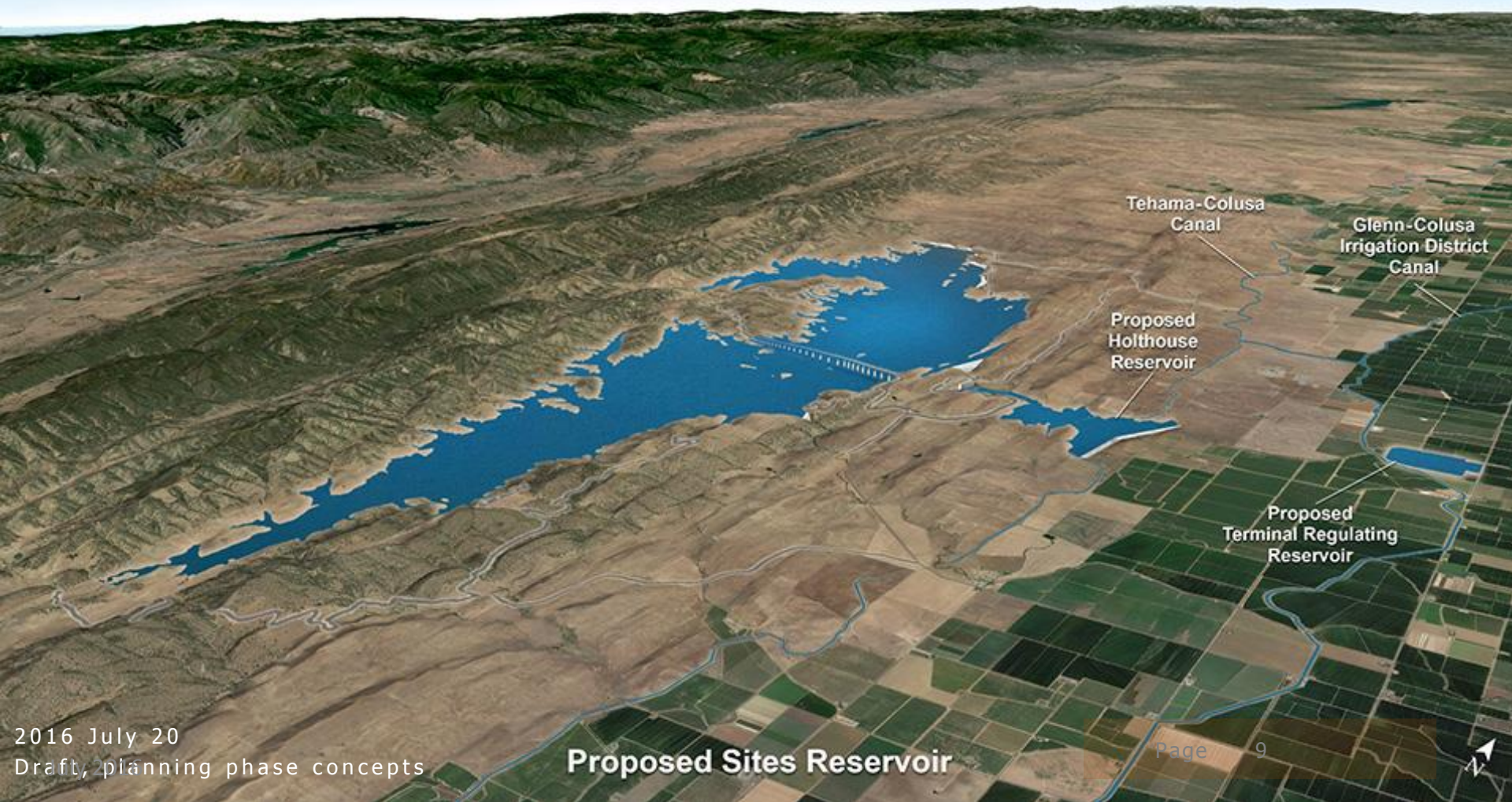
- ❑ “Priority will be given to projects that *leverage* private, federal, or local *funding to produce the greatest public benefit.* § 79707 (chapter 4)
- ❑ Funds provided for “public benefits associated with water storage projects that *improve the operation of the state water system,* are *cost effective,* and provide a *net improvement in ecosystem and water quality conditions.*” § 79750(b)
- ❑ Projects selected “through a competitive public process [ranked by] the [magnitude of the] *expected return for public investment.*” § 79759(c)
- ❑ The project provides “*measureable improvement* to the *Delta ecosystem* *or* to *tributaries* to the Delta” § 79752
- ❑ The project “will advance the long-term objectives of *restoring ecological health and improving water management for beneficial uses of the Delta*” § 79755(a)(5)(B)

Water Commission's Selection Criteria:

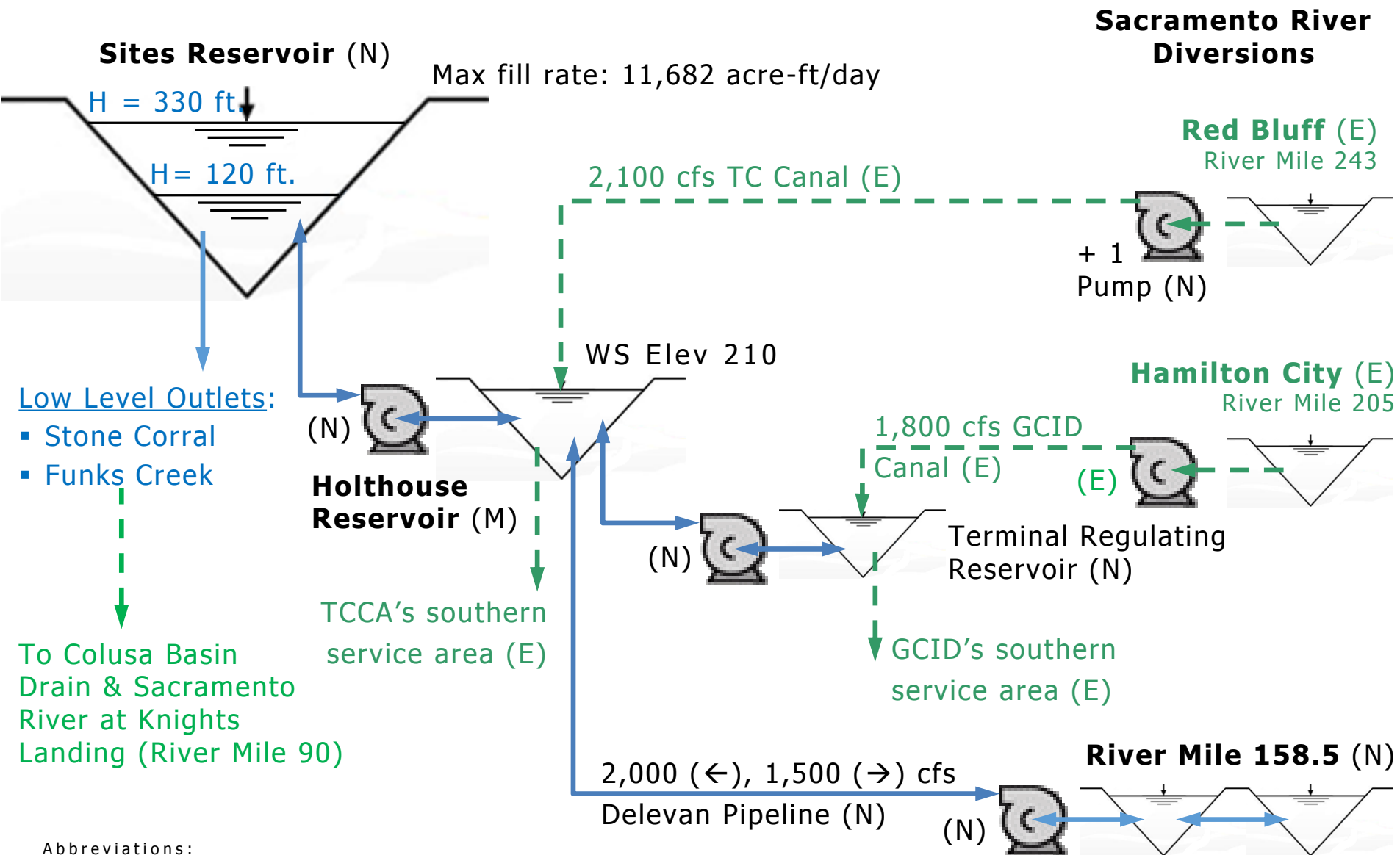


SITES

Proposed Operations



Schematic

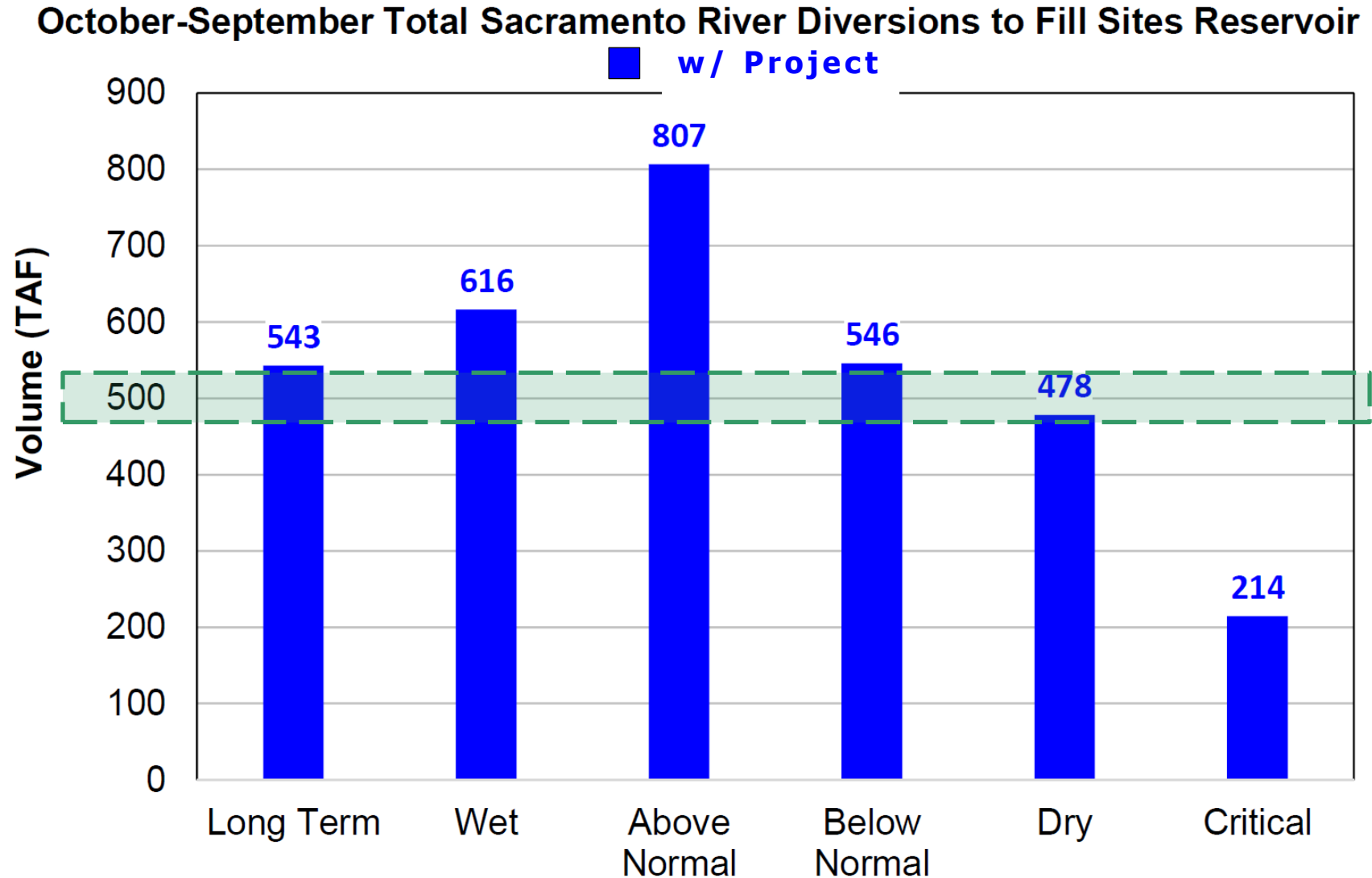


Abbreviations:

(N) New
 (E) Existing
 (M) Modified

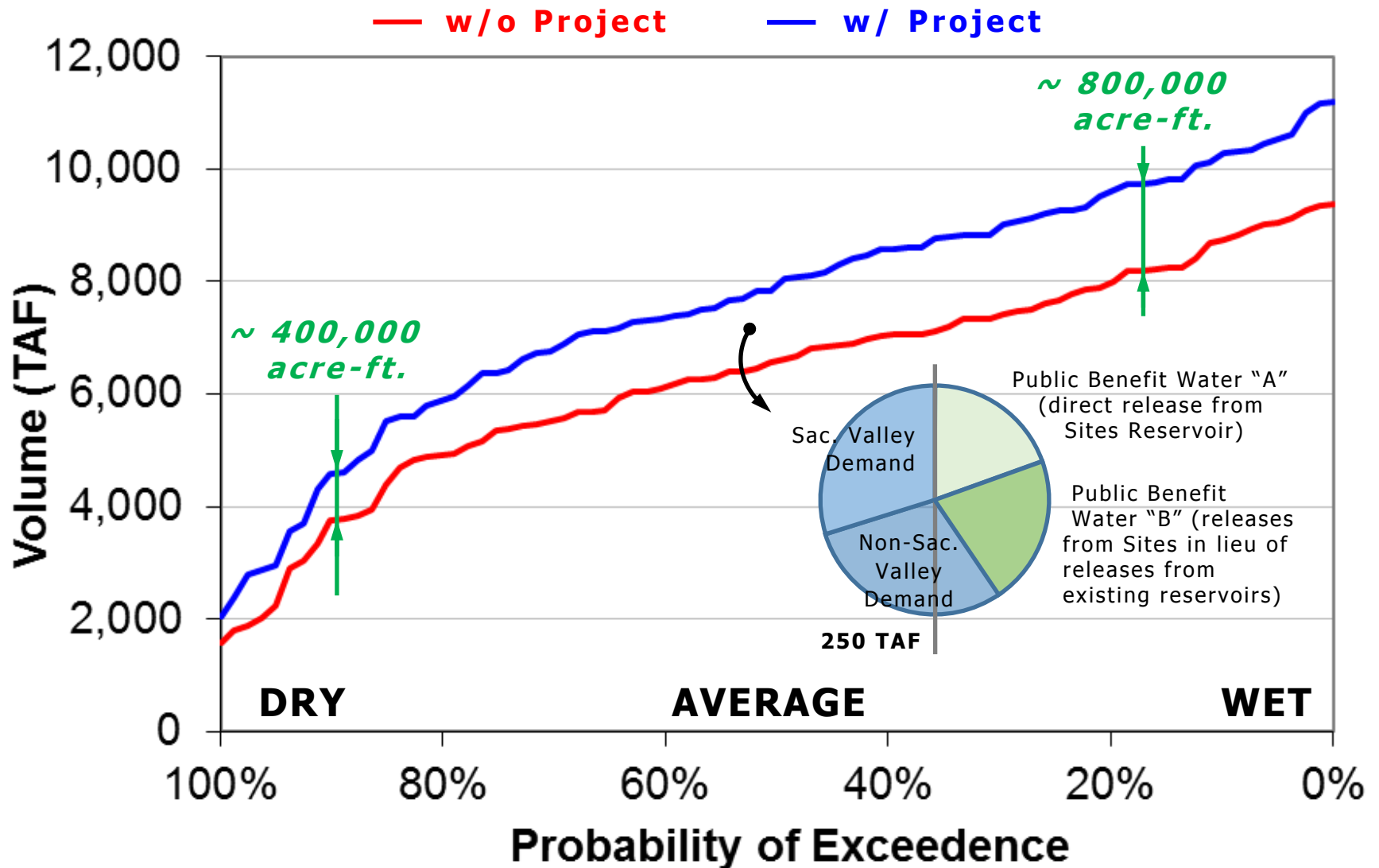
July 2016

Annualized Storage (By Water Year Type)



Water Supply Benefits

September Storage (Shasta, Oroville & Sites)



Dry Year Operations:

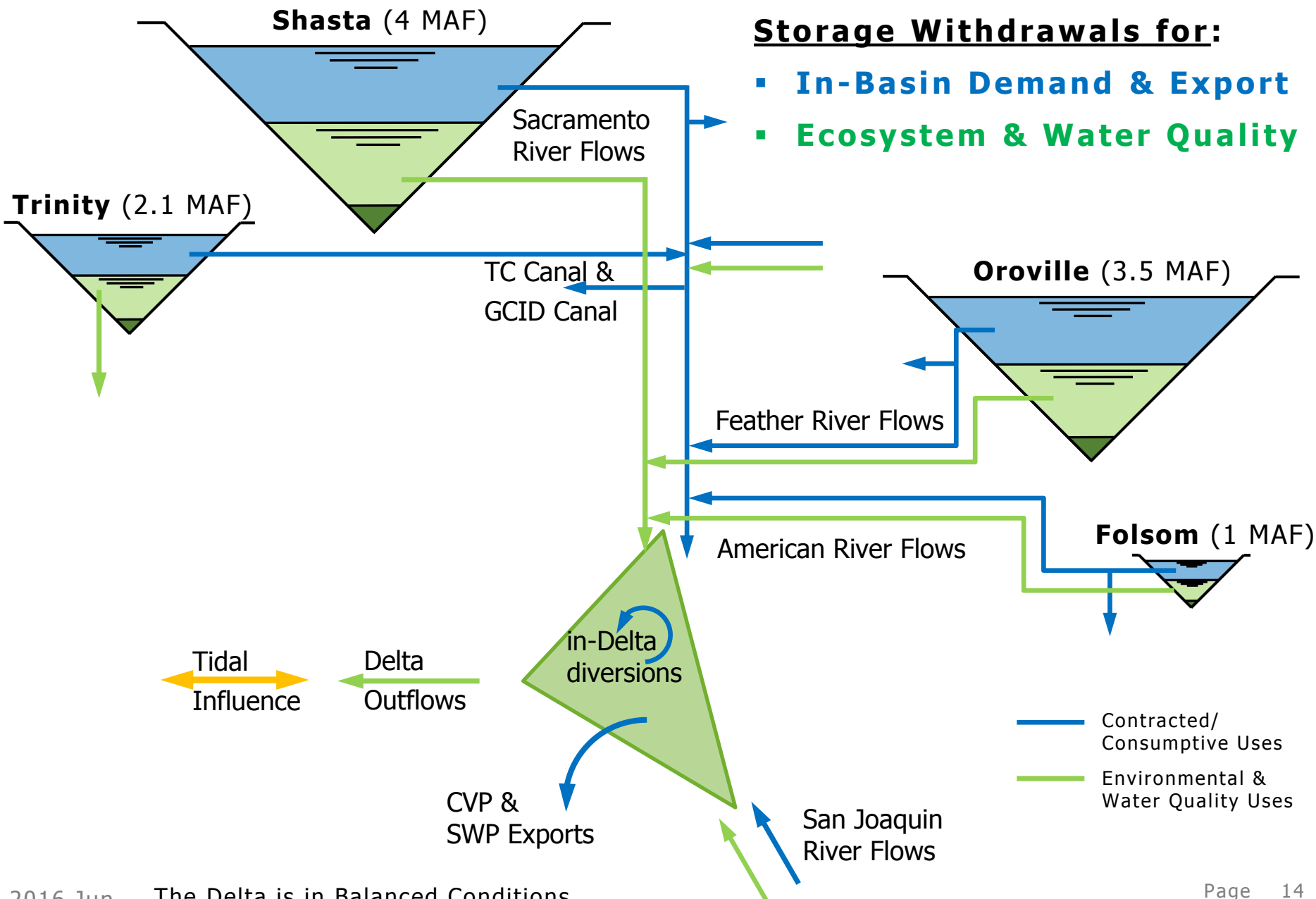
Average using prior drought periods '28-34, '76-77, '87-92):

<u>Reservoir</u>	<u>Storage (acre-ft.)</u>	<u>Percent increase</u>	<u>Ecosystem Benefits</u>
Shasta	240,000	12.1	Prop 1 Eligible <i>(cold-water pool & Delta Water quality)</i>
Oroville	105,000	7.1	
Folsom	37,000	9.6	
Trinity	79,000	8.5	Non-Prop 1 <i>(possible Federal)</i>
<u>Sites</u>	<u>660,000 (*)</u>	<u>23.4</u>	50% Prop 1 <i>(water quality, ecosystem, & emergency response)</i>
Total	1,121,000	23.4	

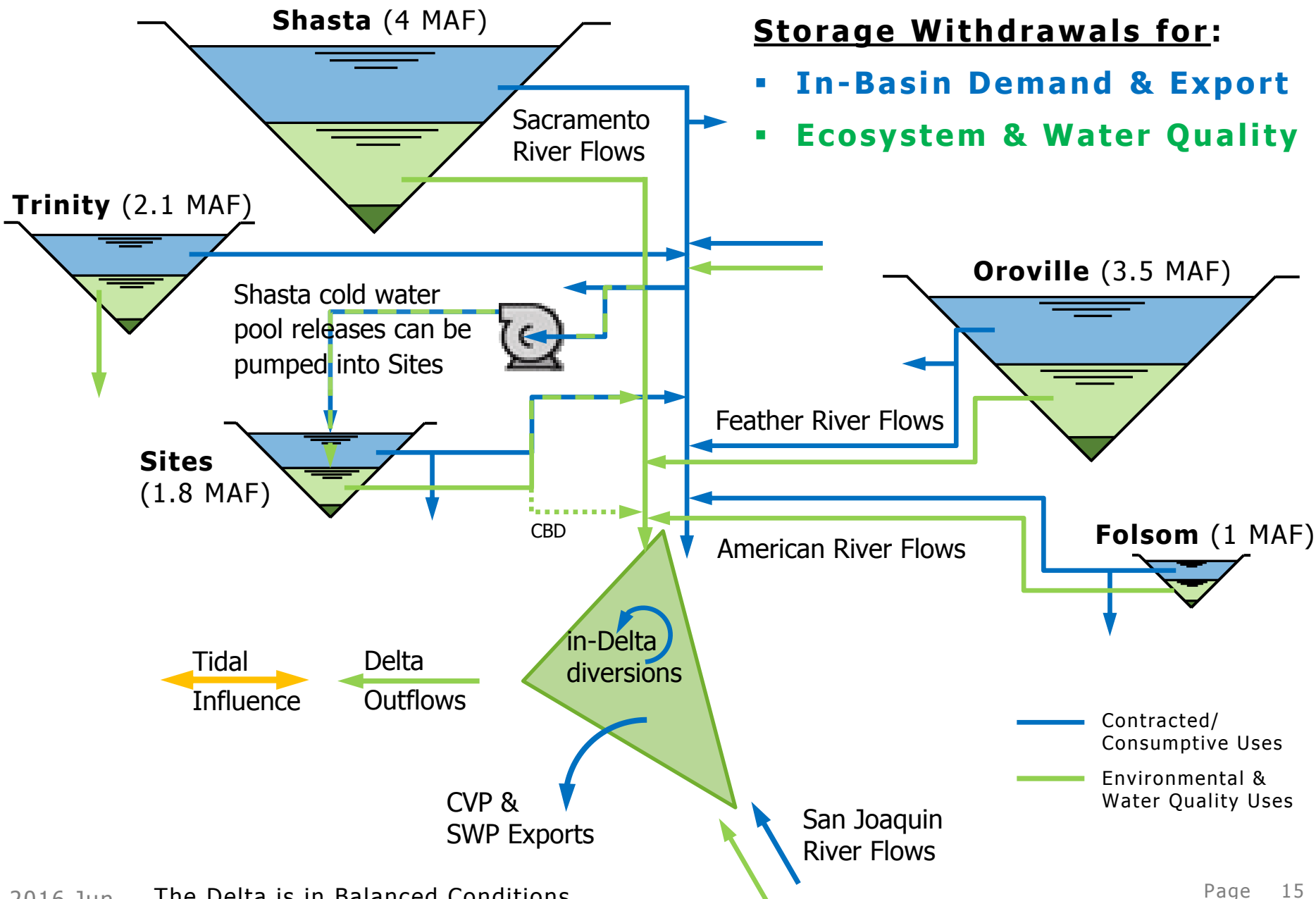
While meeting the existing water quality and flow obligations of the CVP & SWP

() This water is independent of CVP & SWP water contracts*

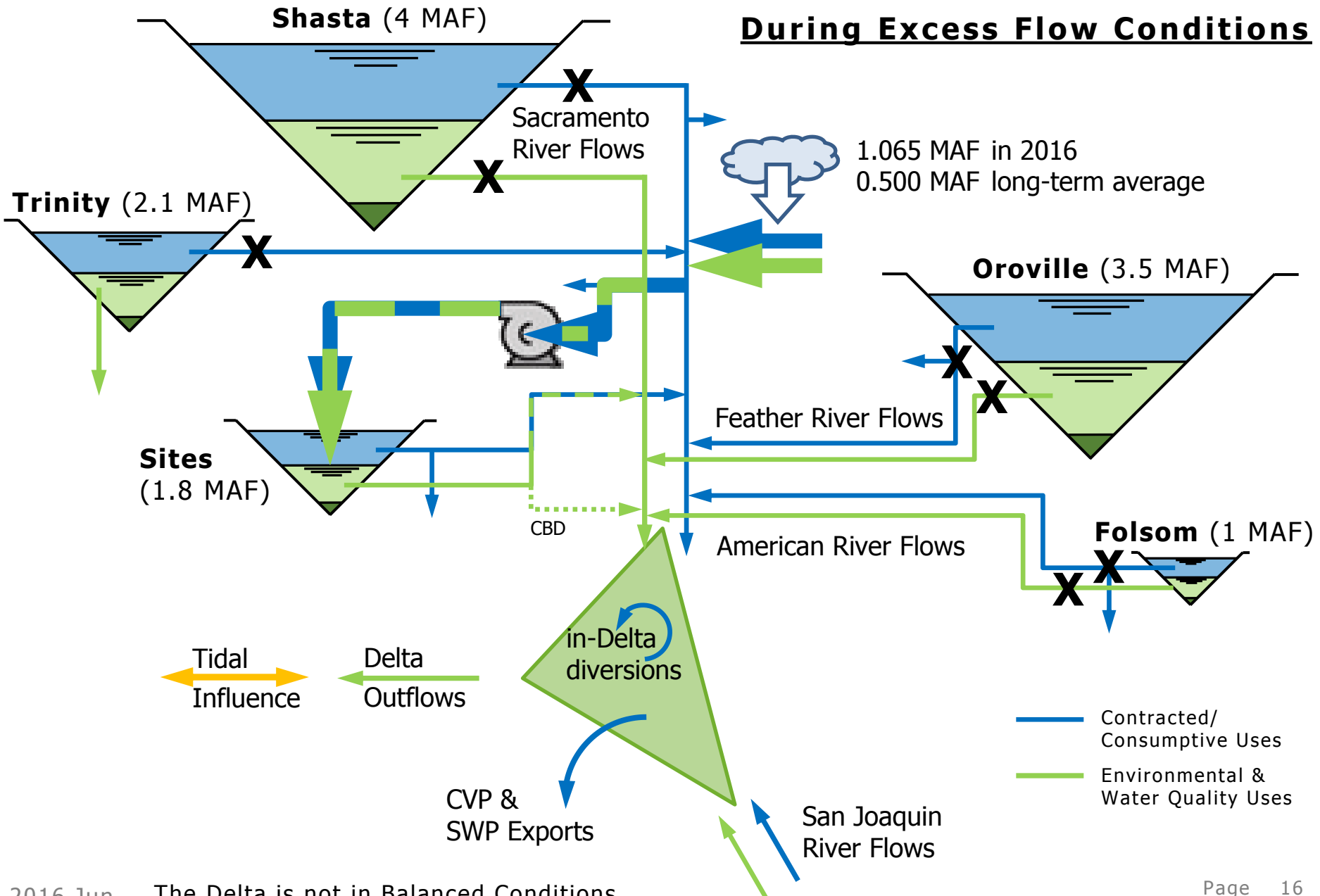
Integrated Operations (Today)



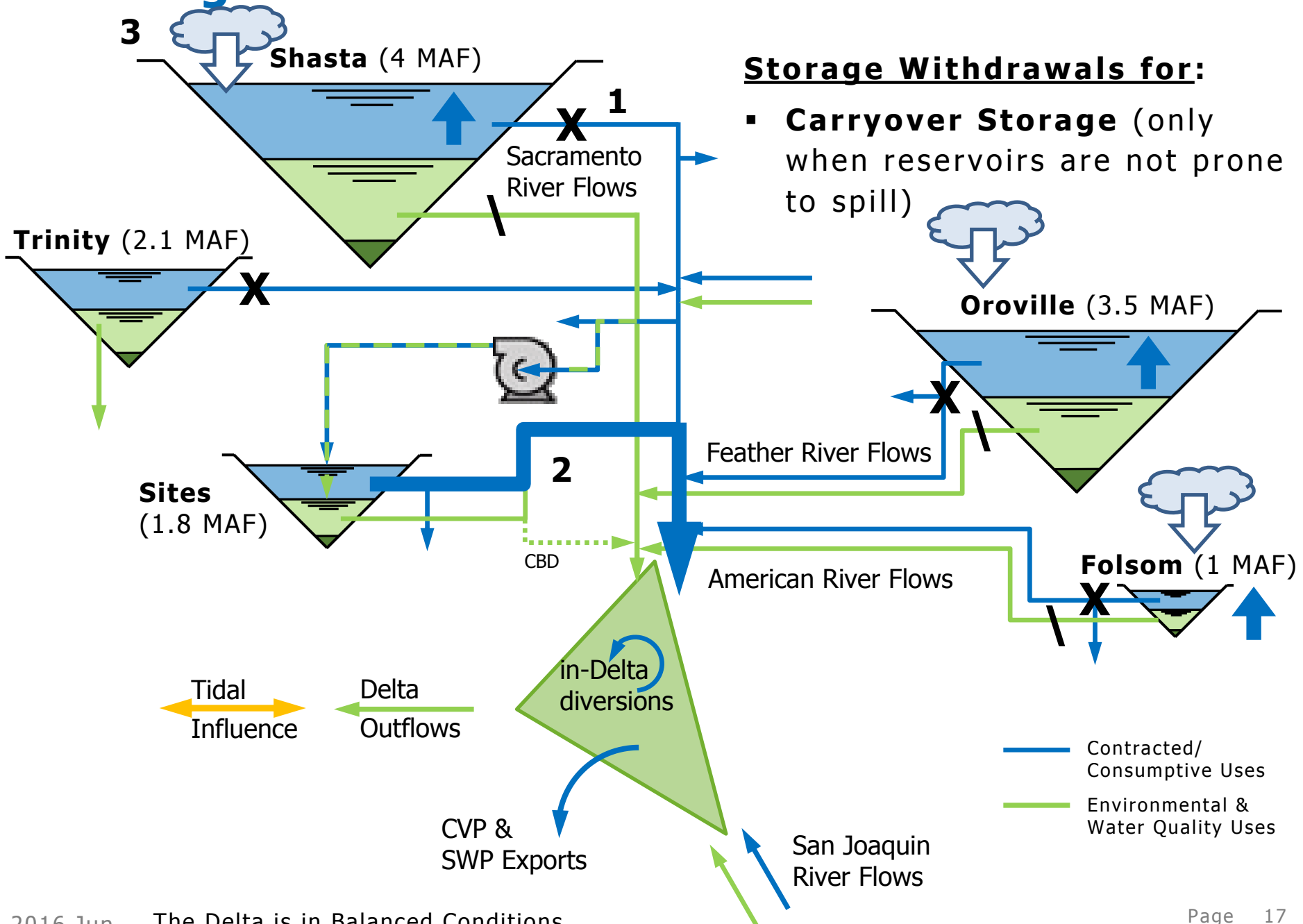
Integrated Operations (Proposed)



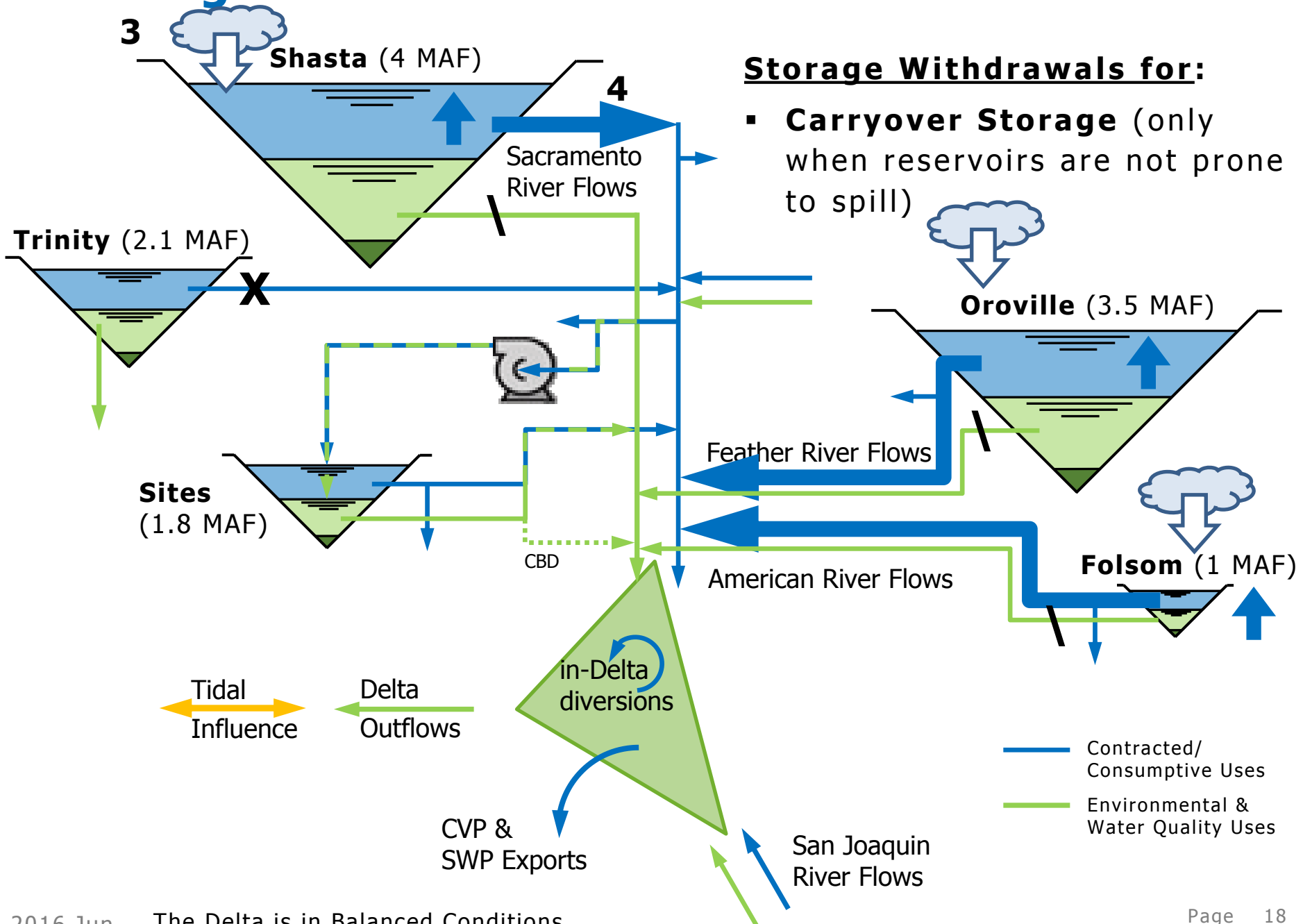
Integrated Operations (filling the reservoir)



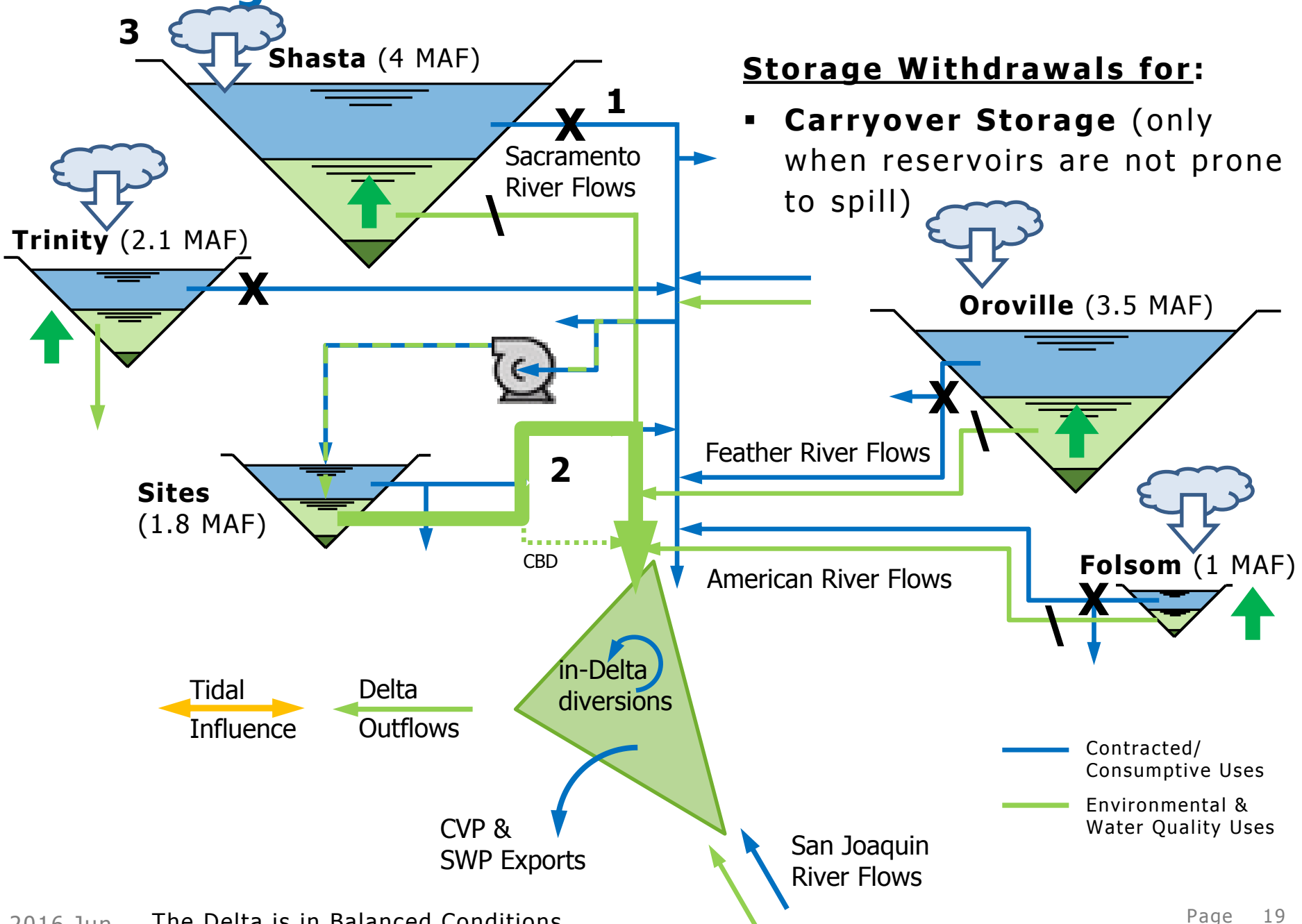
Making Water Available In Other Areas:



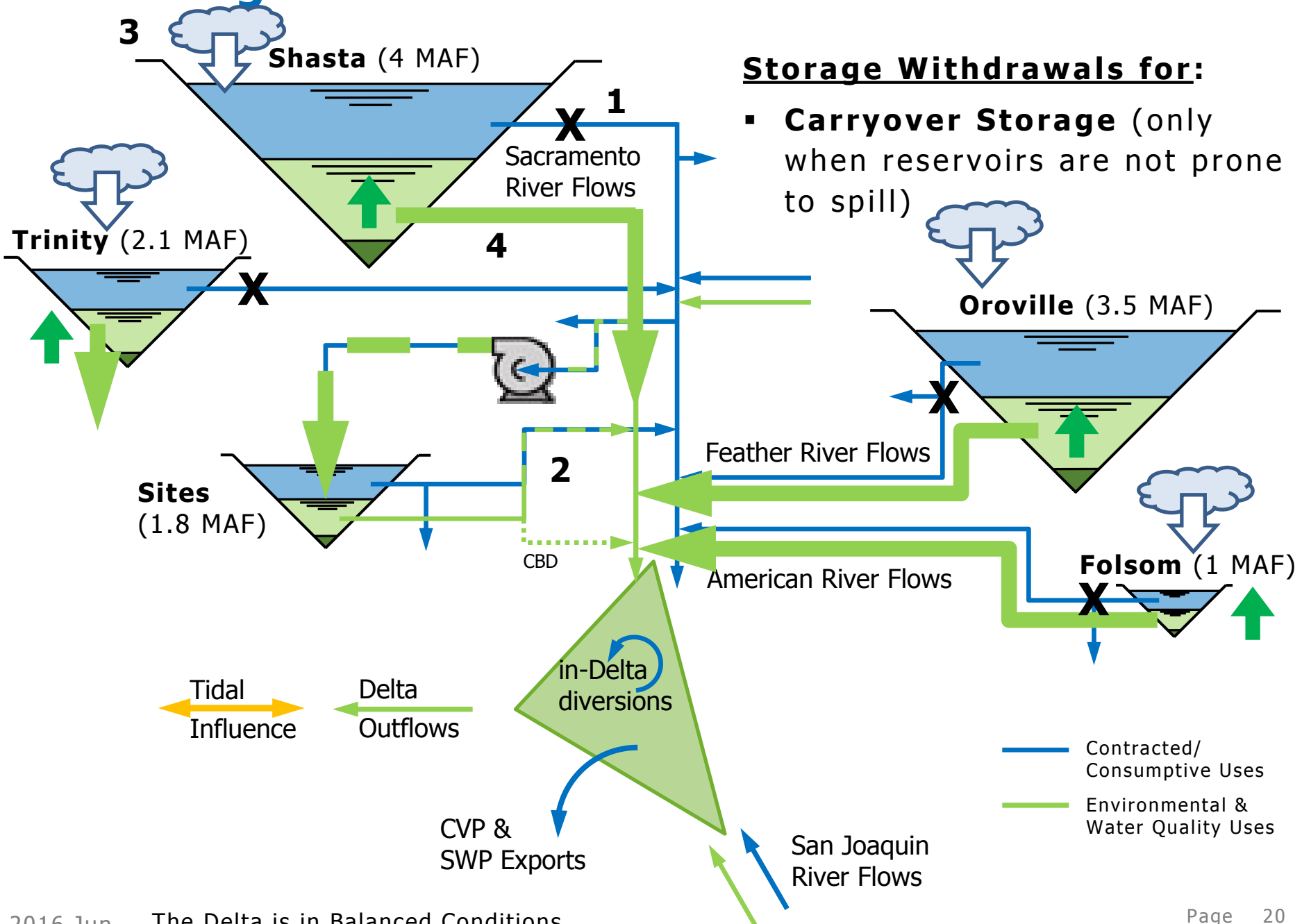
Making Water Available In Other Areas:



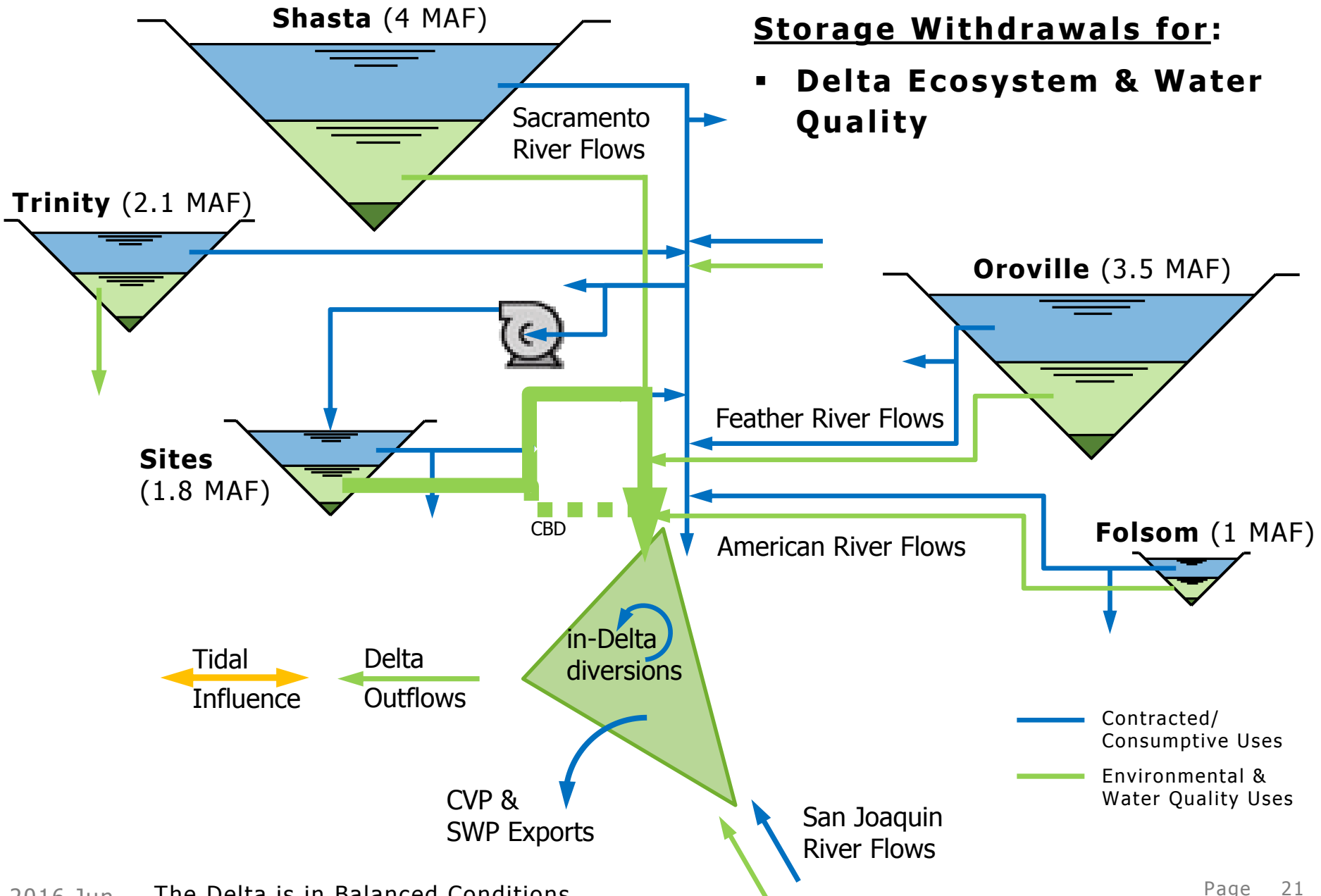
Creating Public Benefits:



Creating Public Benefits:

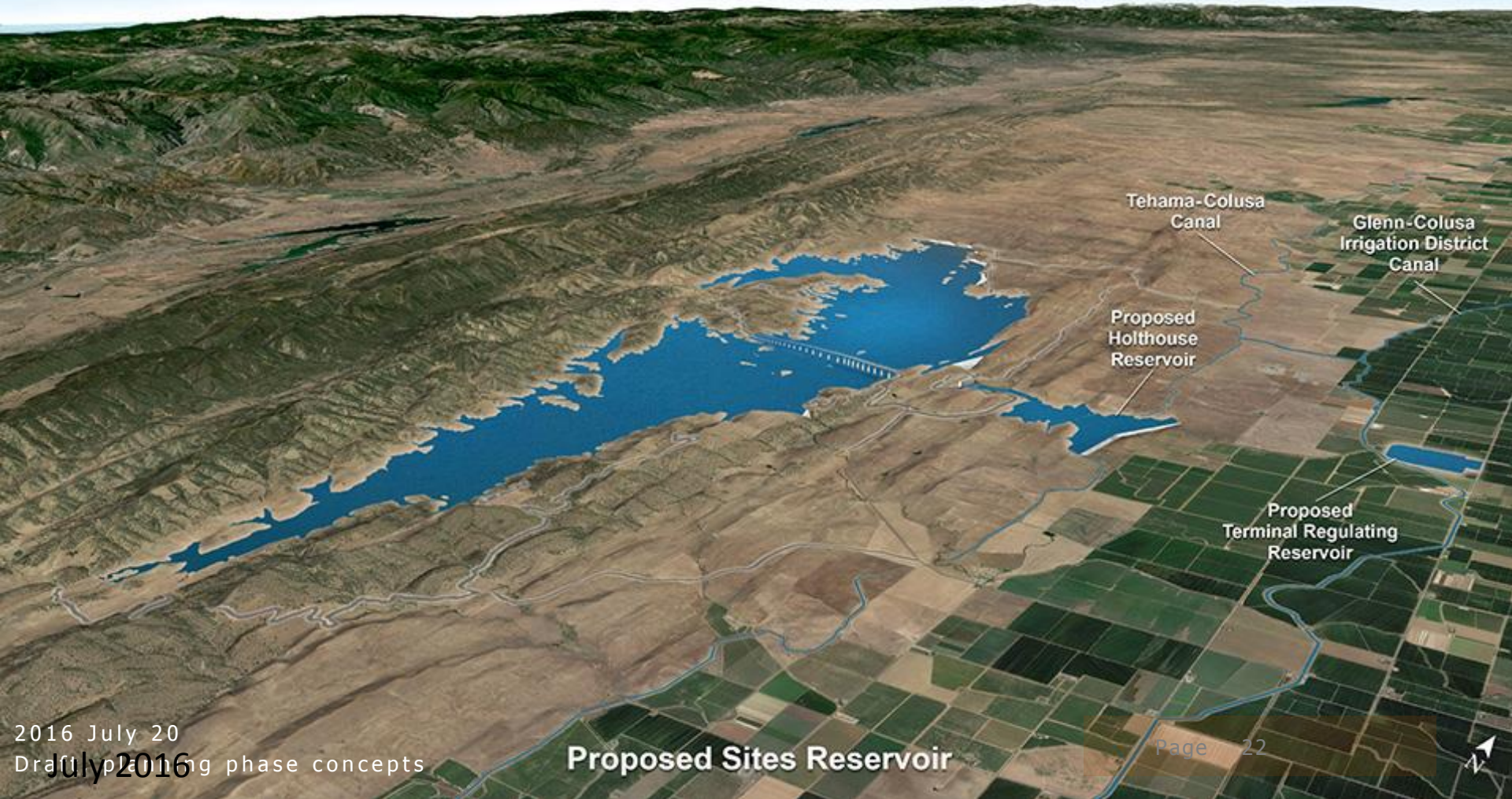


Creating Public Benefits:

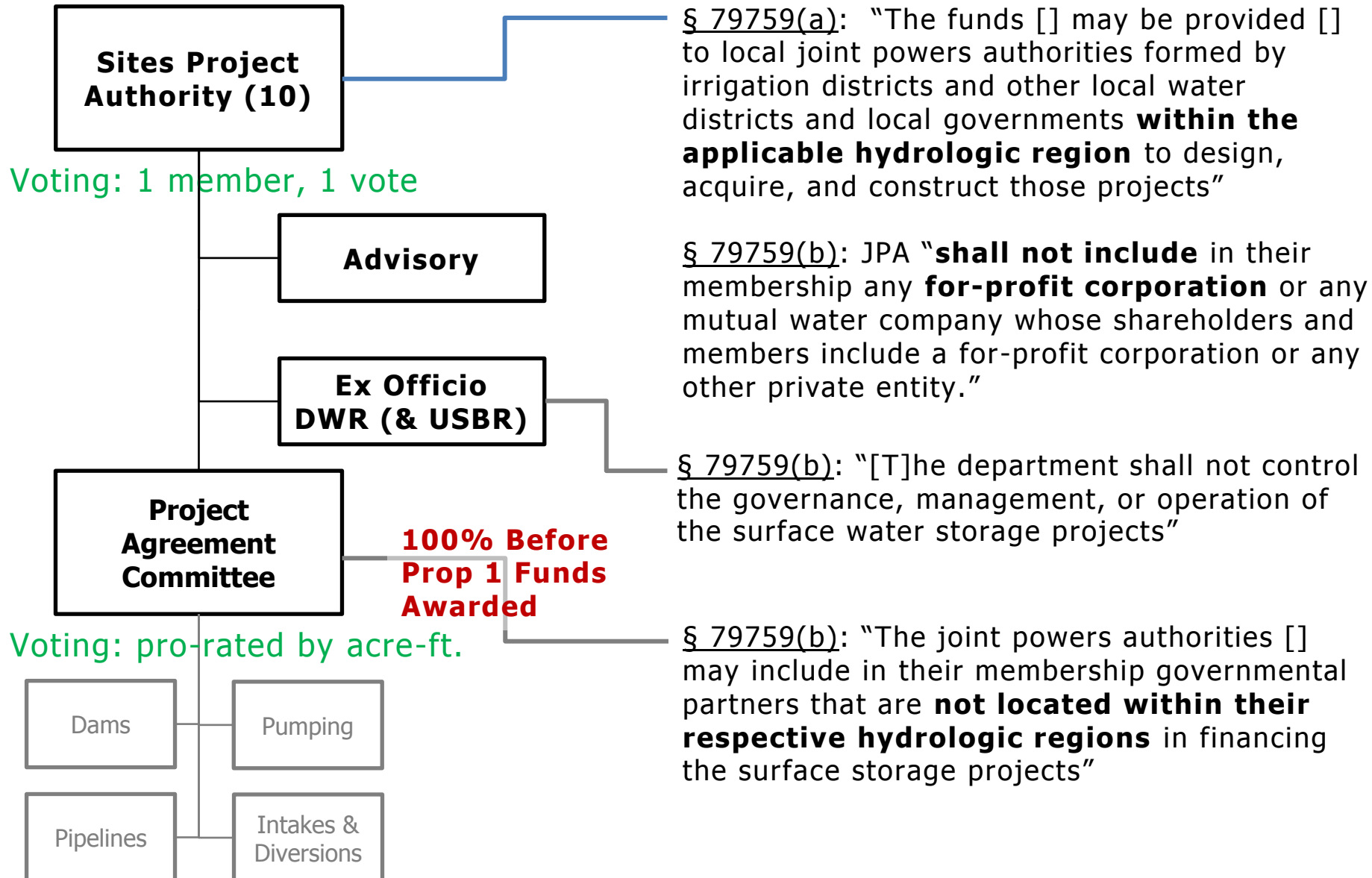


SITES

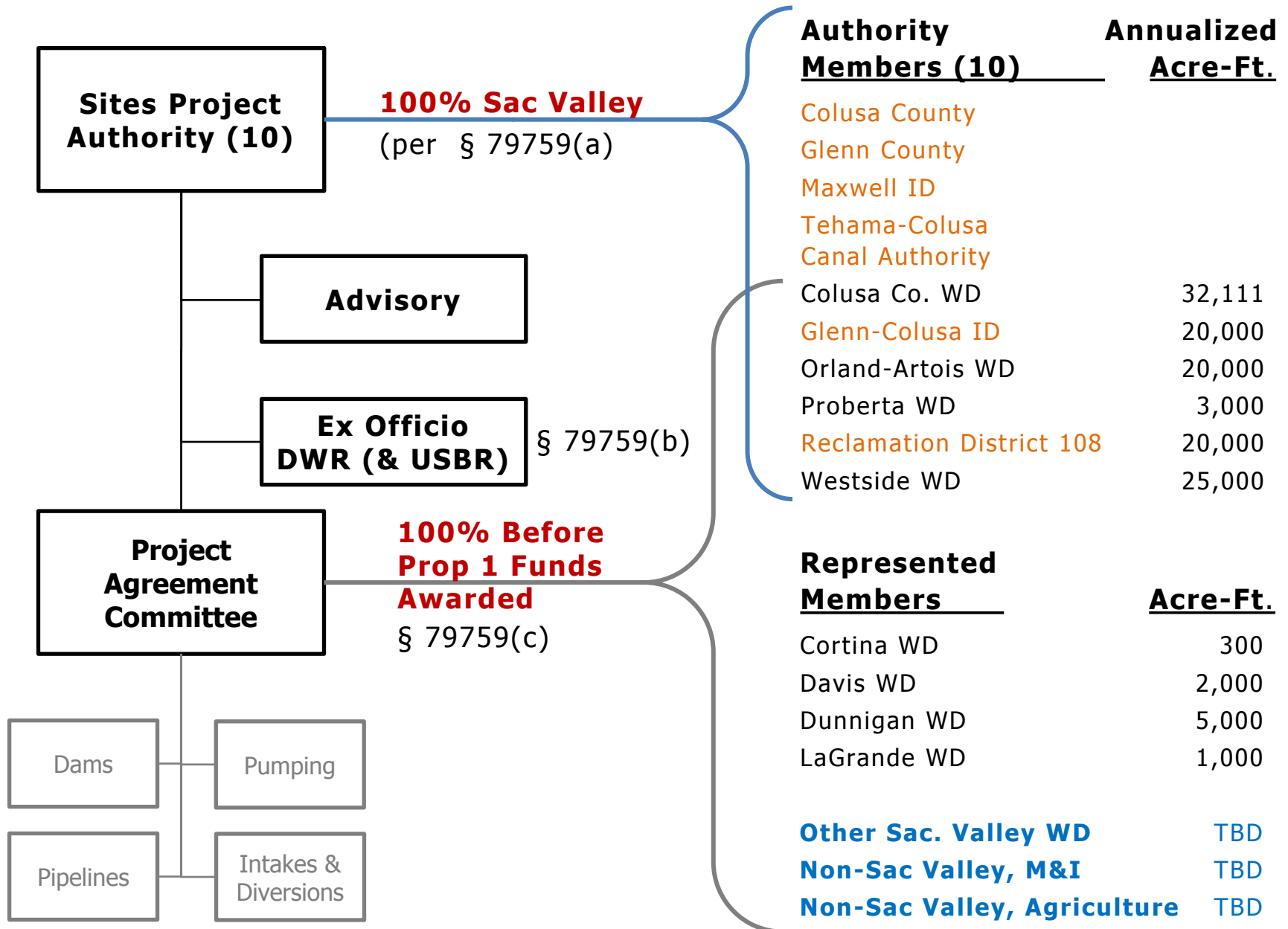
Project Development



Sites Project Authority & Prop 1, Chapter 8



Governance:



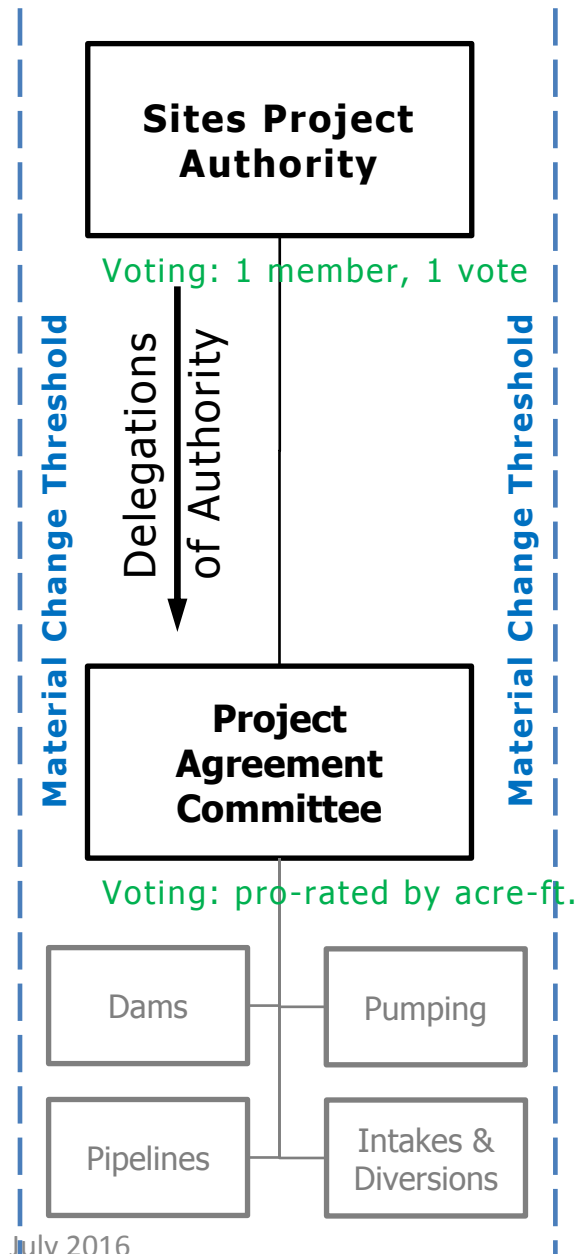
Decision Making:

Approach:

- ❑ Sites Project Authority: Chartering Document and Bylaws
- ❑ Project Agreement Committee: Bylaws and compliance with terms and conditions of the Project Agreement (delegated by the Sites Project Authority).

Material Change Categories:

- Prop 1 eligibility
- Changes in scope, schedule &/or cost
- Changes in facility performance or reliability
- Change in power or generation
- Shifting of significant risk
- Changes to water rights and/or annualized yield
- Compliance with laws & regulations (e.g. dam safety)
- Changes in environmental mitigation or compliance obligations.

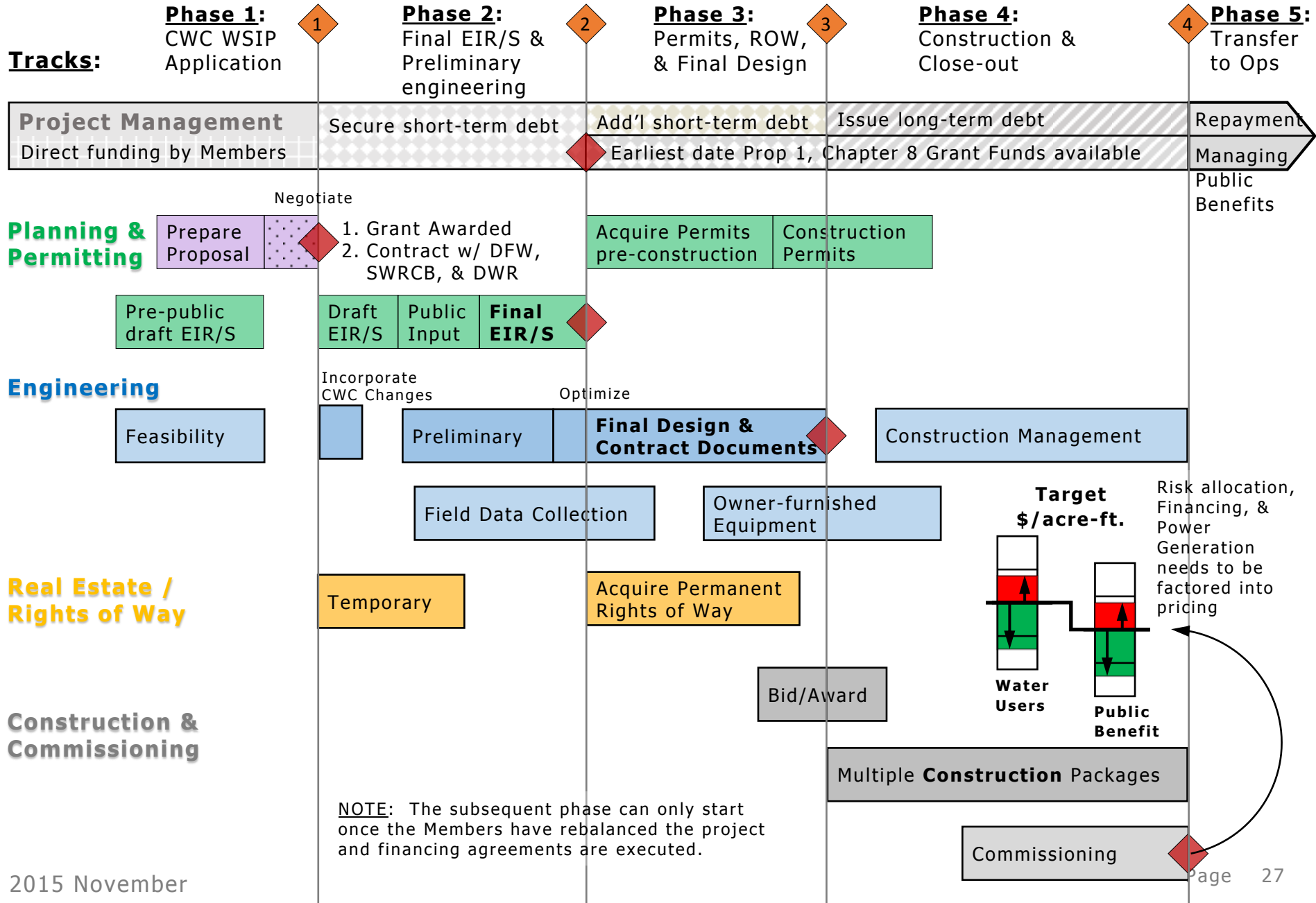


Our Values:

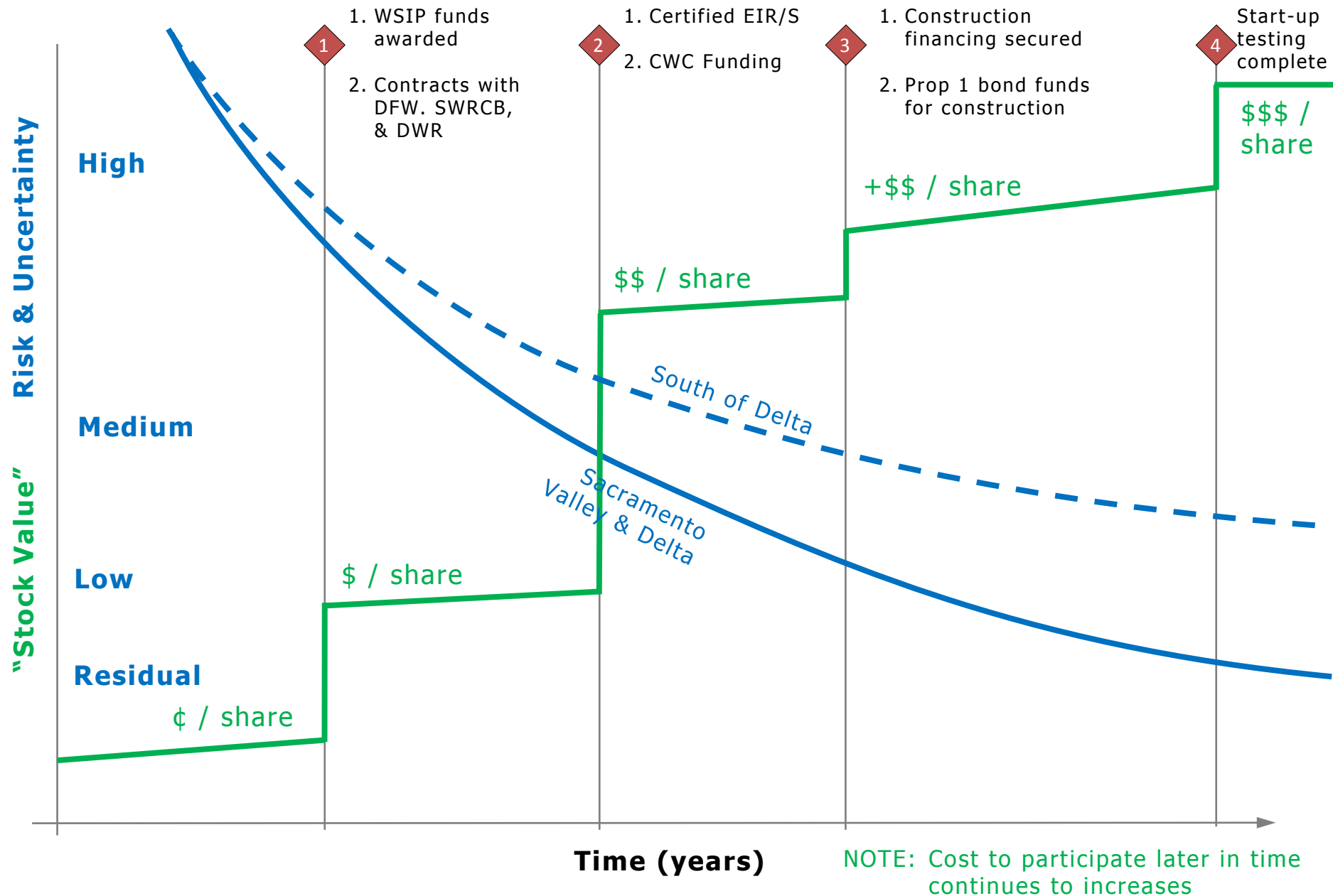
- a. Transact all business in an open and honest manner
- b. Communicate effectively
- c. Build trust and confidence – both internally and externally
- d. Be a respectful community partner
- e. Make decision that are fiscally prudent with a focus on creating value
- f. Utilize best-in-class processes and procedures

Source: Executed Phase 1 Reservoir Project Agreement, page 2

Phase Schedule:



Project's Risk & Uncertainty vs. Value:

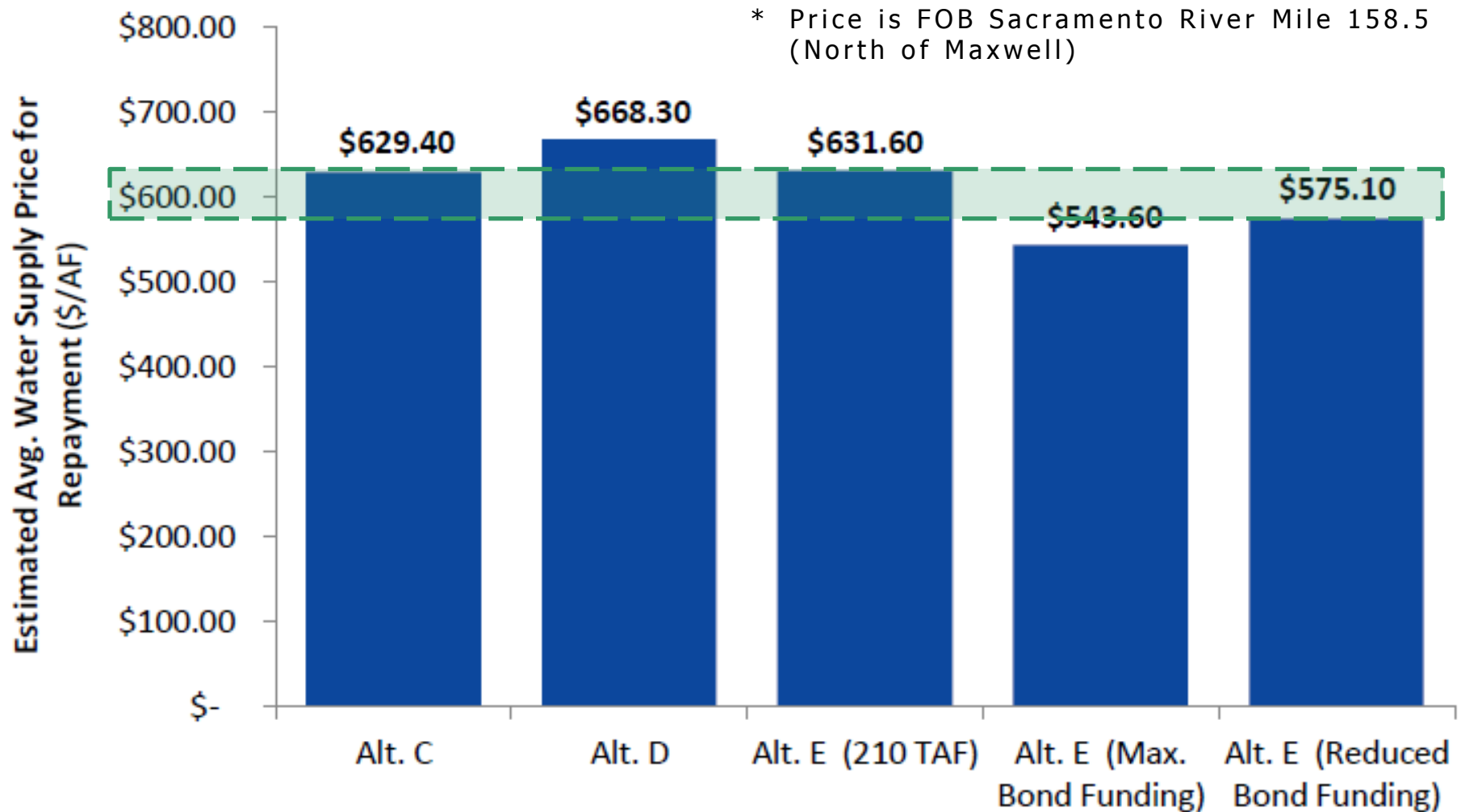


Range of Project Development Costs

Reservoirs and Dams:	\$1. B - \$1.7 B
Pumping and Generating Plants:	\$1. B - \$1.5 B
Pipelines:	\$1. B - \$1.2 B
<hr/>	
Total:	\$3. B - \$4.4 B

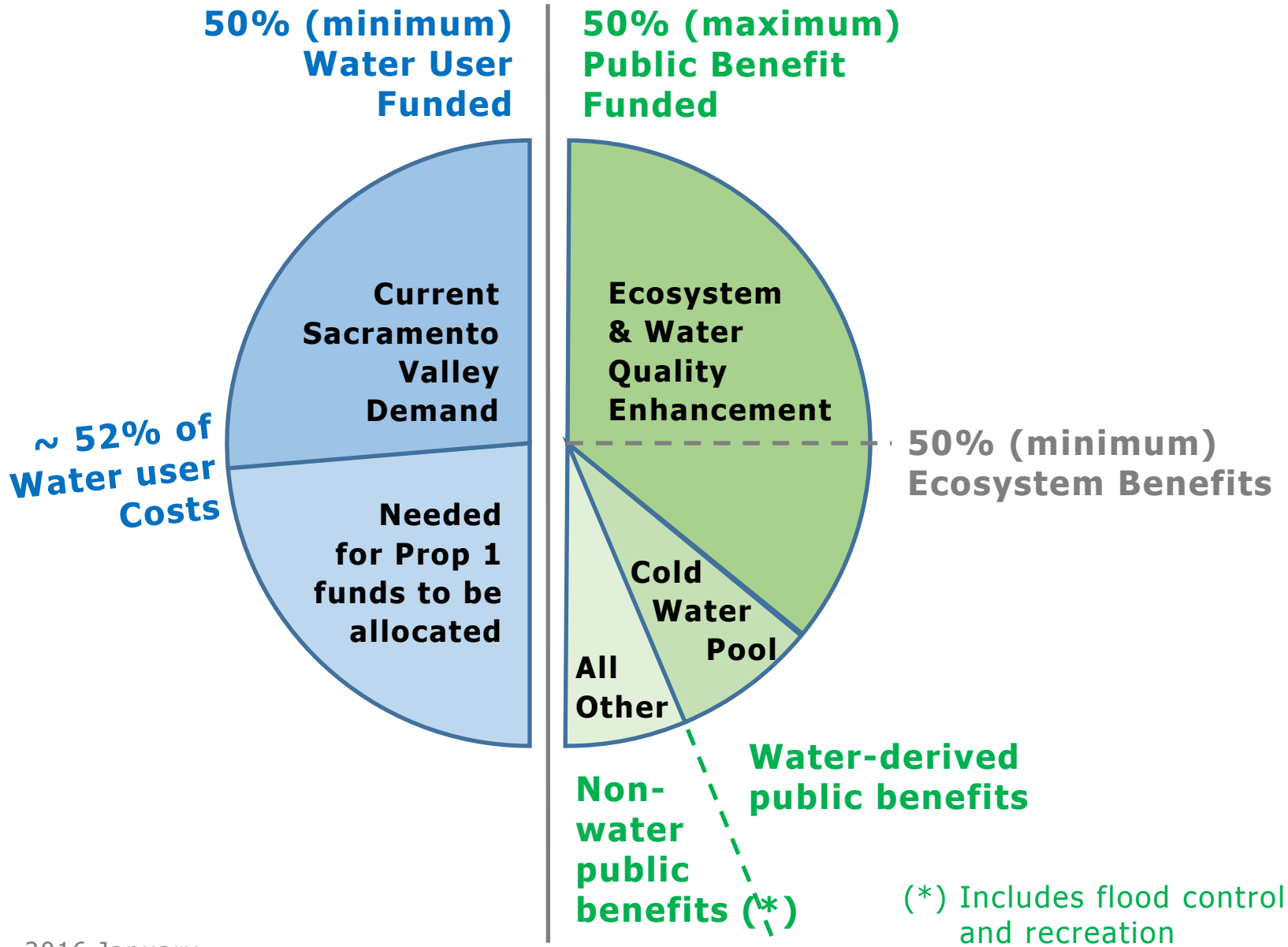
- Escalated to 2015 dollars
- w/o finance cost
- Includes contingency

Costs/acre-ft: (with financing)



NOTE: RIFIA could reduce finance costs over \$100/acre-ft. (requires congressional approval)

Capital Cost Allocation:



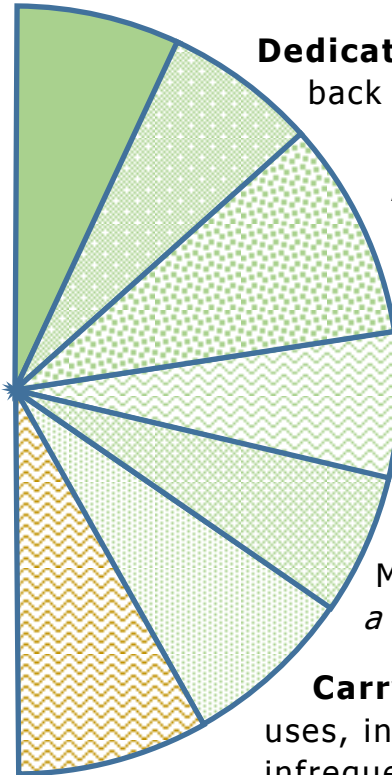
Yield-Based Allocation (Public Benefits)

CONCEPT

WYT	Water Year Type
W	Wet
AN	Above Normal
BN	Below Normal
D	Dry
C	Critical

Base Scenario 1

Dedicated "B": W, AN, & BN WYT



Dedicated "A": all WYT, including back-to-back dry or critical WYT (highest value water)

Annual "A": W, AN, & BN WYT
(based on carryover & hydrology)

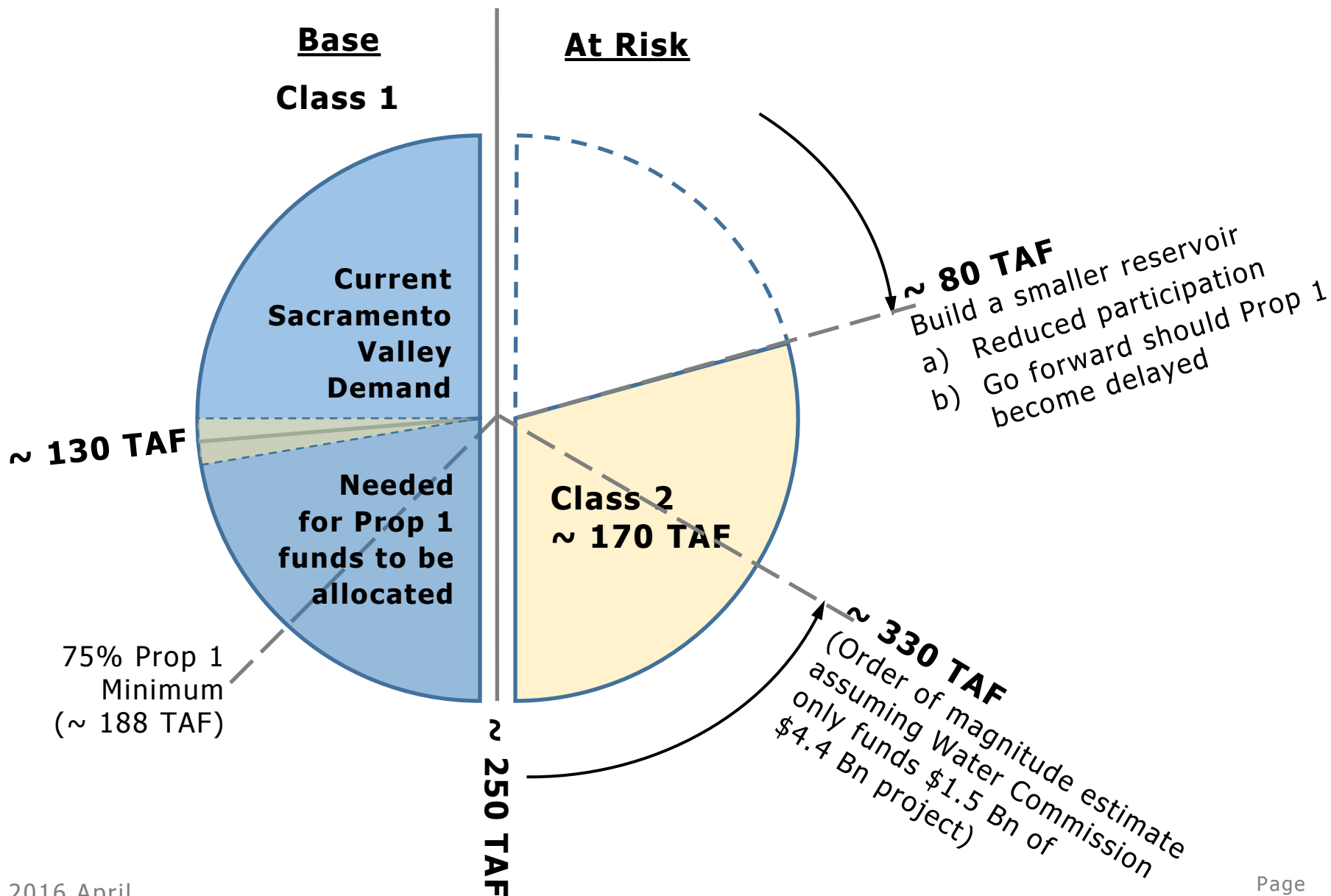
Annual "B": Generate revenue for other ecosystem benefits (e.g. habitat) *after providing a public benefit* (e.g. water quality)

Annual "C": To cover public benefit share of (a) annual O&M (pumping) & (b) Adaptive Management & Monitoring costs *after providing a public benefit* (e.g. cold water pool)

Carryover "A" & "B": Available for multiple uses, including the creation of a 'pool' available for infrequent emergency response events.

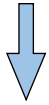
Federal Benefits which are non-Prop 1 eligible (e.g. Trinity river, refuge supplies, additional cold water pool for dry and critical years until Shasta enlargement is completed, refuges)

Yield-Based Allocation: (Water Users)



Financing: (with Federal Participation)

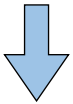
Phase 1 (prepare Prop 1 application): **Member-funded**



Repay sunk costs



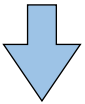
Phase 2 (complete Environmental Review): **Member-funded &/or short-term debt**



Repay sunk costs



Phase 3 (complete final design & pre-construction activities): **Member-funded &/or short-term debt**



Repay sunk costs



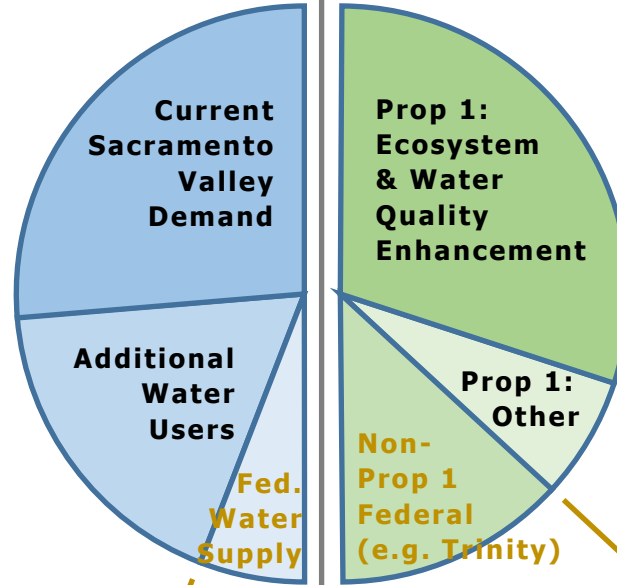
Phase 4: (construction and start-up): **long-term debt finance**



Phase 5 (operations): **Repayment**

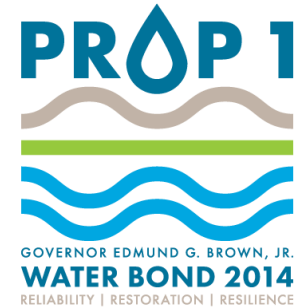
50% (minimum)
Water User
Funded

50% (maximum)
Public Benefit
Funded



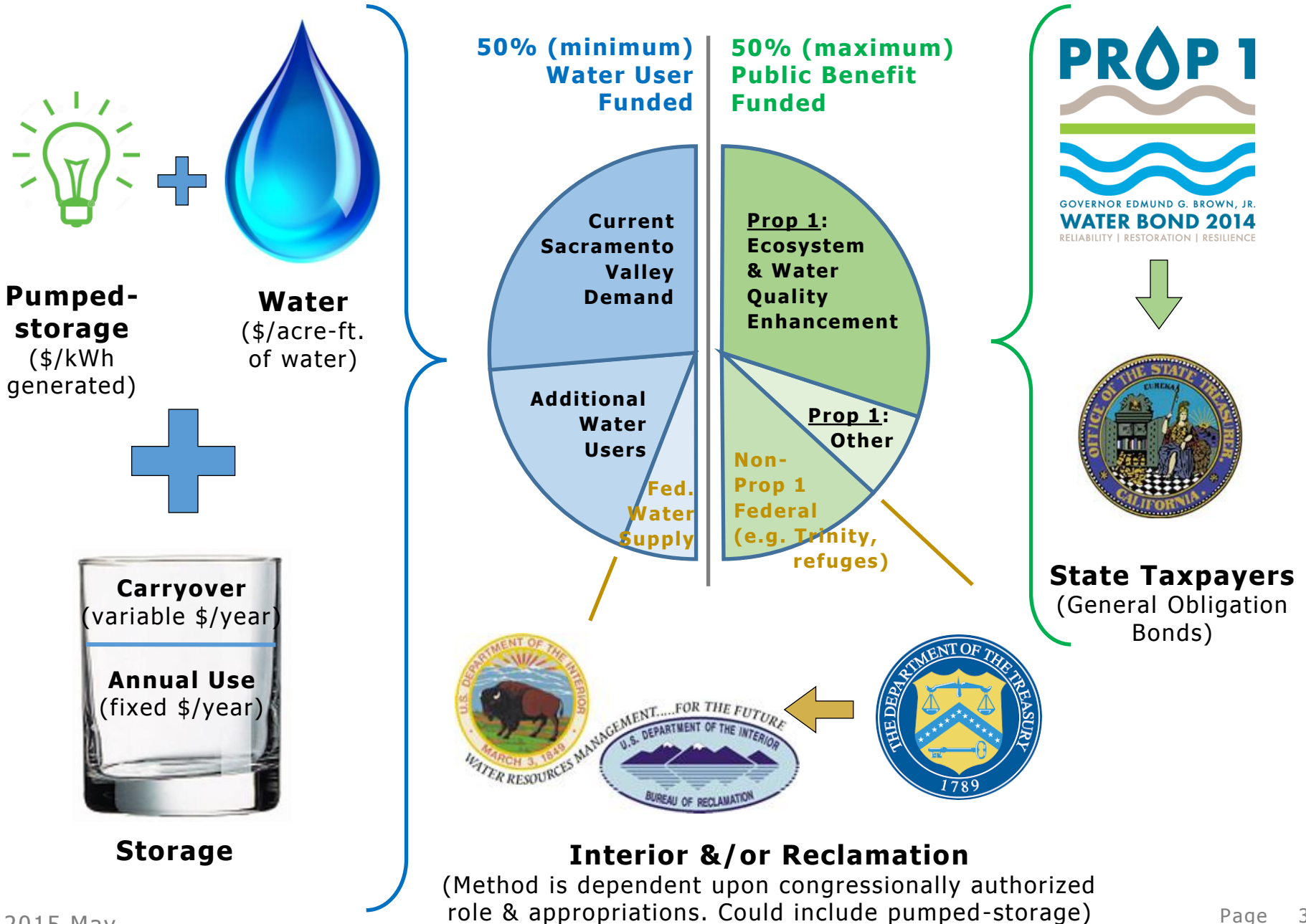
US Dept. of Treasury

(Method is dependent upon congressionally authorized role & appropriations)



State Taxpayers
(General Obligation Bonds)

Repayment: (with Federal Participation)



What Potential New Members Need to Know

1. Membership information is available on: www.SitesJPA.net
2. July 29 is the closing date to become a member for Phase 1
3. Prop 1 limits participation
 - Authority Members are required to be within the Sacramento Valley Hydrologic Region
 - Specific Limitations apply to for-profit corporations
4. Additional questions, please call me: (530) 410-8250