



Topic: **Reservoir Committee Agenda Item 8-1** **2020 February 21**

Subject: **September 1, 2020 through December 2021 Work Plan
(Amendment 2)**

Requested Action:

Discussion and possible direction to staff regarding the development of the work plan for the period of performance starting September 1, 2020 and ending December 31, 2021 in accordance with a proposed Amendment 2 to the current Participation Agreement.

Background:

To continue to advance the Sites Project beyond August 31, 2020, an amended participation agreement (Amendment 2) is needed that includes an additional funding commitment (aka cash call). These funds can then be leveraged using a combination of the Prop 1 (WSIP) early funding, which is capped at \$40.8 million, and a portion of the \$6 million WIIN Act appropriation that occurred in December. Based on estimates of local, state, and federal funding available, a work plan needs to be prepared and be based on the current level of local and state conditional investments and the current level of federal interest. The proposed goals of this work plan are:

- a. To improve certainty related to the reservoir's operations and degree of operational integration with the State Water Project and Central Valley Project to produce benefits for both water supply and reliability purposes and water dedicated to environmental purposes;
- b. To improve certainty related to the project's permitability through more-focused early agencies' consultations to then prepare applications for key federal and state permits and the state's water rights;
- c. To complete the environmental analysis and documentation as required under CEQA and NEPA;
- d. To improve certainty related to the project's affordability by advancing the level of engineering and implementing risk management to improve the accuracy of the cost estimates. In addition, pursue low interest financing and potential grants;
- e. To continue to cultivate and strengthen partnerships with local landowners, communities, and key stakeholders that represent environmental, business, labor, and other interests;
- f. To meet the January 1, 2022 Prop 1 (WSIP) milestone to remain eligible to receive the \$775 million in construction funding;
- g. To identify continued participation Go/No-Go decision points with staggered cash calls; and

h. To develop a successor participation agreement, work plan, and funding or finance plan to advance the Sites Project beyond December 31, 2021.

To support the request for additional funding by the current Reservoir Committee participants, the following documents and schedule are proposed:

Proposed Home Board Package of Documents:

- Amended Phase 2 Participation Agreement with updated Exhibit B (summarized work plan).
- Value Planning Report that summarizes the efforts and proposed changes to “rightsize” the project.
- Draft Storage Policy that summarizes how each participant can utilize their share of the reservoirs' storage.
- A printed Prospectus summarizing key accomplishments; current local, state, and federal participation and funding; executive-level summary of the Value Planning results; updated affordability analysis; status of operations and cooperative operations agreement; status of environmental and permitting activities; and proposed next steps.
- A template PowerPoint that can be modified to meet the individual needs of each home board.
- 2019 Annual Report.
- Other items as requested.

Proposed Schedule:

- January 17: Obtain input to overall goals, priorities, and milestones.
- February 21: Obtain input to *strawman* work plan (task list, initial milestones, and range of proposed cash calls) and proposed information package to be provided to each home board.
- March 19: Obtain input to an initial work plan (revised task list, more-defined CPM schedule, and allocation of costs) and proposed information package.
- April 17: Obtain final input and approval of the work plan to create Exhibit B to the amended participation agreement.

NOTE: Authority Board's consideration to approve is scheduled for April 22.

- May 1: Distribute document package for Home Boards' consideration.
- July 9: Response from Home Board for inclusion into agenda package for July 16 Reservoir Committee meeting to:
 1. Consider approving the participation responses.
 2. Authorize preparation of the first invoice due in 30 days (i.e. September 1, 2020). Plan is to distribute invoices to home boards on or before July 31.
 3. If needed authorize the rebalancing process.

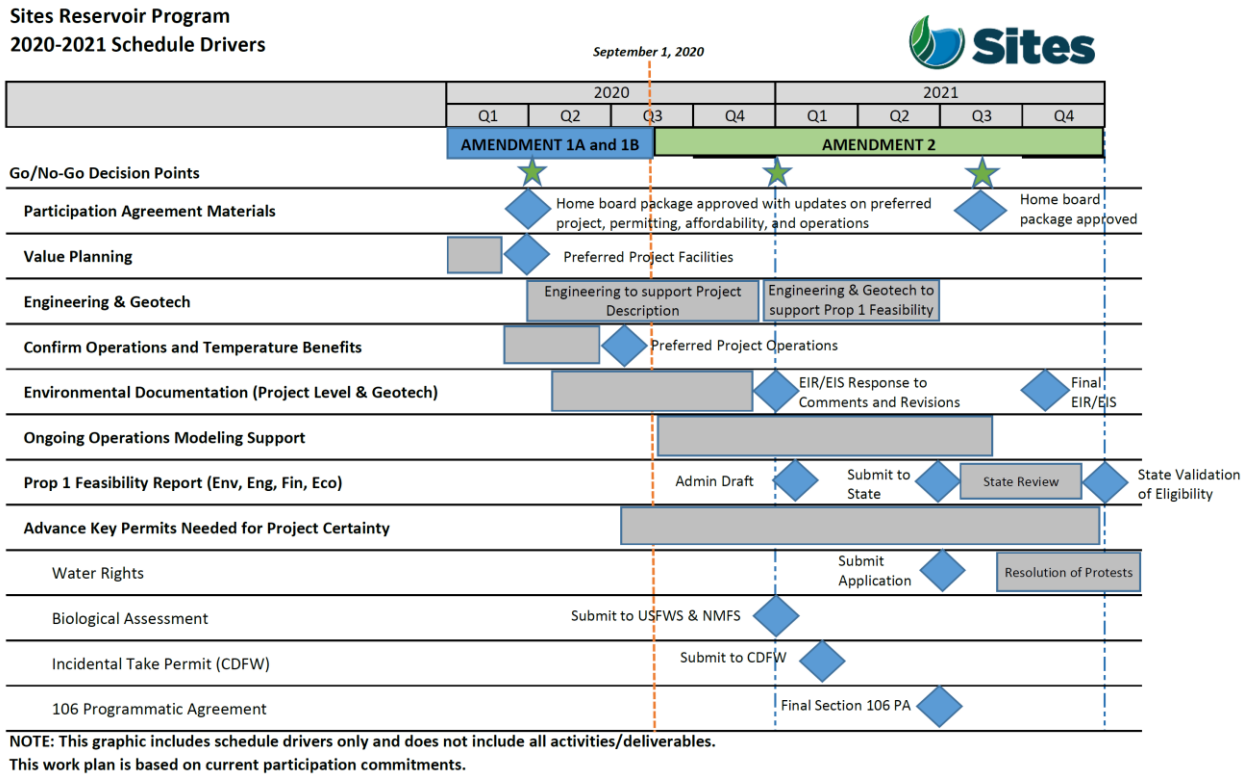
NOTE: Authority Board's consideration to approve is scheduled for July 22.

- August 21: Reservoir Committee approve consultant services contract amendments and initial set of task orders to issue near-term Notices to Proceed on or before September 1.
- September 1: Formal start of amendment 2 to the current participation agreement.

Strawman Work Plan:

Process: Feedback received at the January 17 Reservoir Committee (refer to figure 1), was used by the Environmental, Permitting, Reservoir Operations, Engineering, and Management Teams to separately develop more-detailed task lists (refer to Attachment A) with initial estimates of duration and work flow. These individual plans were then integrated to prepare a strawman CPM schedule and was used as the basis to estimate costs at the Team level to generate three scenarios for the goals summarized above that will be discussed in greater detail at the Reservoir Committee meeting.

Figure 1: Concept-level Priorities and Milestones



The following summarizes the key revenue assumptions that have been used to develop three scenarios:

- a. A combination of cash calls ranging from \$65 to \$100 per acre foot with participation ranging from status quo (i.e. 192.8 TAF/year) to a 10% reduction (172 TAF/year).

- b. The State 's WSIP cost-share from the Early Funding Agreement is assumed to be 30% of total expenses and the total can't exceed the \$40,8 million cap¹.

For the duration of this work plan, there is no further changes in the State's role or increased funding.

- c. The Federal \$6 million WIIN Act appropriations assumes \$4.0 million would be managed by the Sites Project through the execution of a Federal Financial Assistance Agreement and the remainder would be used by Reclamation to fund activities supporting their role in this project; which currently includes being the Lead Agency for NEPA and ESA.

For the duration of this work plan, there is no change in Reclamation's or Interior's role and no additional funding.

- d. All revenue will be assigned to the tasks identified in the work plan as budgets, which will then be allocated to the respective consultant services contract. For each contract, task orders will describe the scope of services and include both an agreed upon not-to-exceed budget and staggered Notices to Proceed (e.g. a task that will not start for 6 months will require a separate Notice to Proceed before that task can start).

NOTE 1: Currently the work plan does not include any budget to be used to further reduce the amount of contributed credit.

NOTE 2: While the work plan does not include a specific line item for contingency, consultant service contracts and task orders will be managed using the same processes as previously used to ensure there is a reserve of unallocated funds to ensure positive cash flow and the ability to assign funds to highest priority activities, which could include an extension of time to the amended participation agreement.

Strawman Scenarios: To facilitate the development of a preferred work plan, staff developed three scenarios with the expectation that feedback at the February 21 Reservoir Committee meeting will "narrow the sideboards" to enable staff to come to the March 19 Reservoir Committee meeting with a revised scenario, work plan, and estimate of cost.

For each of the following scenarios, the tasks listed in Attachment A were adjusted to represent the proposed scope and corresponding budget. Then, each scenario was compared to the proposed goals as summarized above.

| Goal | Description | Scenario A | Scenario B | Scenario C |
|------|---|--|------------------|-----------------------------------|
| a | Reservoir operations modeling | Base scope of work | Same as A | Less than B |
| b | State's ITP (operations & construction) | Applications complete in 2021 | Same as A | Potential ITP only for operations |
| b | Permits: 404, 408, 401 | Applications complete in 2021 (except 408) | Defer ~ 6 months | Defer to 2022 |

¹ NOTE: Based on this cost-share, as the amount of funding provided by the members of the Reservoir Committee is reduced, the funds provided by the State will also be reduced.

| Goal | Description | Scenario A | Scenario B | Scenario C |
|------|--|---------------------------------------|---|--|
| b | Reclamation's Biological Assessment | Complete in 2021 | Complete in 2021 | 2022 or later |
| b | Water Right application | Submit in mid-2022 | Defer ~ 6 months | 2023 or later |
| b | Section 106 | Programmatic Agreement in 2021 | Same as A | Reduced scope |
| c | Draft EIR/EIS | Additional public review in 2021 | Same as A | Same as A |
| c | Final EIR/EIS | Early to mid-2022 | Same as A | Late 2022 |
| d | Geotechnical investigations to support engineering & WSIP-level of technical feasibility studies | Permits acquired & key data collected | No data collected, so no permits needed | No data collected, so no permits needed |
| d | Level of engineering & technical studies | Support cost estimate | Support cost estimate | Support cost estimate |
| d | Risk management plan and updated assessment | Focused risk assessment | Reduced scope | Defer to 2022 |
| d | Construction Cost Estimate | AACE Class 4 | Some facilities at Class 5 | Less than B |
| d | Low interest finance | Submit WIFIA application by July 2021 | Same as A | Defer WIFIA to 2022. USDA loan may be affected |
| f | WSIP-level Feasibility Determination (technical, environmental, economic, & financial) | Submit Report mid- to late 2021 | Same as A | Delayed submission |
| e | Landowner, community, & real estate | Base scope of work | Same as A | Reduced |
| g | Interim Go/No-Go decision points | Included | Same as A | Same as A |
| h | Successor funding plan & agreement (effective Jan 2022) | Included | Same as A | Not included |
| all | Management and business functions | Base scope of work | Less than A | Less than B with staff reductions |
| | Estimated Total Revenue [\$ in millions] | \$ 32 | \$ 24 | \$ 21 |
| | Estimated public water agency level of participation | No reduction | 10% reduction | 10% reduction |

| Goal Description | Scenario A | Scenario B | Scenario C |
|-------------------------------------|------------|------------|------------|
| Estimated Cash Call [\$/acre-ft/yr] | \$ 100. | ~ \$ 75. | ~ \$ 65. |

Prior Action:

January 17, 2020: Staff provided information regarding the proposed process for developing a work plan for the period of performance starting September 1, 2020 and ending December 31, 2021. This work plan will focus on improving certainty related to the operations, permitting, and affordability and meet the January 1, 2022 Prop 1 (WSIP) milestone to remain eligible to receive funding.

Fiscal Impact/Funding Source:

Not yet determined

Staff Contact:

Joe Trapasso

Attachments:

Attachment A: Schedule Task List for Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Schedule Task List

Activity Name

Local Funding

Execute Participation Agreement 1B *(complete prior to Sept 1)*

- Amend Task Orders
- Final Participation Agreement Amendment 1B
- Engineering Task Orders (HC, HR)
- Amendment 1B Exhibit B
- Executed 1B

Execute Participation Agreement 2

- Draft Participation Agreement Amend 2 for Home Board Review
- Home Board Review - Determine Participation Level
- Rebalance Participation
- Final Participation Agreement Amend 2 with Exhibits
- Execute Amendment 2

Execute Successor Participation Agreement 2

- Execute Successor Agreement

Work Plan Amendment 1B *(complete prior to Sept 1)*

- Incorporate Comments from Dec Res Comm Mtg
- Prepare Final Work Plan
- Budget & Finance Work Group Review
- Work Plan 1B Approved

Work Plan Amend 2

- Develop Draft Schedule thru Dec 31, 2021
- Develop Final Schedule through Dec 2021
- Draft Work Plan Scope Document
- Final Work Plan Scope Document
- Budget Scenarios and Assumptions
- Draft Work Plan Budget
- Final Work Plan Budget
- Final Amendment 2 Work Plan
- Develop Task Orders (Sep 2020 to Dec 2021)
- Work Plan 2 Approved
- Start of Amend 2

Value Planning

Value Planning Analysis

- Refine Value Planning Options
- Screen Value Planning Options
- Qualitative Permit Screening
- Qualitative Env Screening
- Qualitative Ops Screening
- Prepare Costs For Value Planning Options

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Activity Name

Affordability Analysis
Screen Alternatives
Recommend Preferred Option

Value Planning Report

Value Planning Draft Report
Preferred Project
Value Planning Final Report
Preferred Project
Approve Preferred Project

Project Description

Determine Needs

Environmental Planning Needs
Permitting Needs
Engineering Needs
Operations Needs
Water Rights Needs (Reg Items/Study)

Components

Identify Alternatives for EIR/EIS
Determine Project Construction Sequencing
Identify Project-Level vs Program Components (Planning)
Identify Project-Level vs Program Components (Permitting)

Develop Project Description

Develop Project Description Construction
Project Description Operations Criteria

Project Description Complete

Project Description

Operations

Value Planning Operations

Value Planning Model
Stony Creek Evaluation
Shasta Exchanges Post-Processing and Draft TM
Value Planning TM/Document
Storage to Release Ratios Table
Reclamation Feasibility Complete (Milestone)

Refine Operational Parameters

Notched Fremont Weir
Model Reclamation with No-Storage
Model Shasta Exchange
Model Sutter Bypass
Model Voluntary Agreement Weir Notching
Model Delta Water Quality
Model Lower River Mortality

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Activity Name

Determine Baseline
Model CVP/SWP Integration
Model Participation Demands Updated
Model Refinements
Finalize Operational Criteria

Full Operations Analysis

CalSim
DSM2-Hydro
USRWQM
SALMOD
IOS
DSM2-Qual
OBAN
Fish Mortality Models
Power
Economics

Coordination

Documentation for EIR/EIS and BA/ITP
Ongoing Support to EPP, Engineering, & Financial
Cumulative and Climate Change
Bridging Simulation
Ops Support for Local Feasibility - Water Commission

EIR/EIS

Work Plan & Outline

Prepare EIR/EIS Work Plan
Prepare Annotated Outline

Draft EIR/EIS

Prepare Revised Draft EIR/S (Construction)
Prepare Revised Draft EIR (Operations)
Prepare Cumulative and Climate Change Sections
Authority/Reclamation/Integration Review of Admin Draft EIR
Revise Draft EIR
Work Group & Legal Review of Revised Draft EIR
Resolve Work Group Comments
Authority Approval of Revised Draft EIR
Submit Revised Draft EIR
Public Review
Public Review Period

Summary Report

Prepare Summary Report
Draft EIR Summary Report Submittal to CWC

Response to Comments

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Activity Name

Approach to Response to Comments
Response to Comments

Permitting

Biological Assessment

Initial Desktop Analysis
Strategize with USFWS and Reclamation on Surveys, Impacts & Mitigation
Mitigation Planning
Adaptive Management Plan
Confirm Federal Scope of Action (ESA)
Permitting Construction Project Description
Permitting Operations Project Description
Prepare Construction Analysis
Prepare Operations Analysis
Finalize Admin Draft BA
Submit Finalize Admin Draft BA
Independent Review Draft BA
Reclamation, Legal, and Work Group Review
Revise Admin Draft BA
Submit Revised Admin Draft BA
Final BOR and Solicitor Office Review
Reclamation Submit BA to USFWS & NMFS

BO Incidental Take Authorization

BO Incidental Take Authorization

ITP- CESA (Sec 2081) Operations

Operations Project Description
Prepare Operations Analysis
Mitigation Planning
Prepare Draft ITP Application
Legal Review of Draft ITP App
Work Group Review of Draft ITP App
Revise Draft ITP Application
Authority Board Approval of ITP App
Submit ITP Application to CDFW

ITP- CESA (Sec 2081) Construction

Initial Desktop Analysis
Prepare Terrestrial Analysis
Mitigation Planning
Prepare Draft ITP Application
Legal Review of Draft ITP App
Work Group Review of Draft ITP App
Revise Draft ITP Application
Authority Board Approval of ITP App
Submit ITP Application to CDFW

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Activity Name

Section 106

Confirmation of Section 106 Federal Lead Agency
Prepare SHPO Initiation Package
Authority/Reclamation/Integration Reviews
Management/Work Group Reviews
Revisions
Reclamation Submits to SHPO
SHPO Review and comments
Prepare Consultation Information Package
Authority/Reclamation/Integration Reviews
Management/Work Group Reviews
Revisions
Reclamation Distributes to SHPO and Invited Consulting Parties
Parties Accept Invitation for Consulting Party Status
Arrange Meeting Logistics and Prepare Materials
Conduct Meetings
Authority/Reclamation/Integration Reviews
Management/Work Group Reviews
Revisions
Circulate Draft PA to SHPO and Consulting Parties
Deadline for Comments on Draft PA
Prepare Draft Final PA
Authority/Reclamation/Integration Reviews
Management/Work Group Reviews
Revisions
Circulate Draft Final PA to SHPO and Consulting Parties
Deadline for Comments on Draft Final PA
Prepare Final PA
Authority/Reclamation/Integration Reviews
Management/Work Group Reviews
Revisions
Consult with SHPO and Consulting Parties on Final PA
Circulate Final PA to SHPO and Consulting Parties for Signatures
Deadline for Signatures on Final PA

Water Rights

Water Availability Analysis & Planning/Coordination with State/Local
Prepare Water Right Application
QA/QC and Legal Review of Draft Water Right Application
Revise Draft Water Rights Application
Work Group Review of Draft Water Right
Resolve Work Group Comments
Authority Approval of Water Right Appl, Submittal to SWRCB
Submit Water Right Application

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Activity Name

- SWRCB Review of Water Right Application
- Receive Protests to Application
- Resolve Protests and Schedule Protest Hearing
- Notice Water Rights Hearing
- Conduct In-House Mock Water Right Hearing
- Conduct Water Right Hearing
- Negotiate Permit Terms
- SWRCB Prepare Draft Permit and CEQA Findings
- SWRCB Issue Water Right Permit
- Water Right Permit

Section 404

- Agreement with Reclamation for LEDPA Analysis
- USACE LEDPA & NEPA , 404/408 and WD Approach
- Desktop Wetland Delineation Analysis (includes Waters of the State)
- Submit Delineation to USACE
- Pre-Application Meeting
- Preliminary Wetland Delineation Acceptance
- Compensatory Mitigation Plan
- Prepare Draft 404 Application
- Authority/Integration/Work Group Review of Draft 404
- Prepare Final 404 Application
- Submit 404 Application

Section 408

- Coordinate with CVFPB and USACE
- Assume Start of 50% Design of 408 Jurisdictional Features
- Prepare Draft Encroachment Permit/408 Request w/Engineering Team
- Authority/Integration/Work Group Review of Draft
- Prepare Encroachment Permit/408 Request
- Submit Encroachment Permit/408 Request

Section 401 Water Quality

- Coordinate with RWQCB and SWRCB
- Prepare Draft 401 Application
- Authority/Integration/Work Group Review of Draft 401
- Prepare Final 401 Application
- Submit 401 Application

Engineering

Feasibility-Level Geotech

- Geotechnical Permitting & Planning
- Continued Geotechnical Support for Reclamation
- Geotechnical Permitting & Planning, Right of Access
- Conduct Geotechnical Field Investigation
- Data Evaluation and Prepare Geotechnical Data Reports

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Activity Name

Data Gap Assessment and Preliminary Planning for Design Level Inv for Preferred Project

Support of Project Description

Engineering Consultants Brought On Board (complete prior to Sept 1)
Coordination of CADD and GIS Standards
Coordination to Identify Alternatives for EIR/EIS & Related Studies
Coordination to Finalize Storage & Conveyance Capacities
Gather Data from Prior Draft EIR/EIS
Prepare Project Base Map
Prepare Basis of Feasibility Design
Conduct Field Reviews (as needed)
Complete Feasibility Level Design
Develop CADD Drawings of Key Features
Provide Information on Key Project Features & Facilities
Convert Drawings to GIS Geodatabase File Format to Support Environmental & Permitting
Support to Environmental and Permitting Team
Engineering Support for Alternative A
Engineering Support for Modified Alternative A

Authority Feasibility Report

Cost Estimate, Feasibility, Constructability

Identify Project Objectives
Feasibility Project Description
Obtain Operations Simulation Results of Preferred Option
Develop Costs Associated with Mitigation Measures
Develop Class 4 Cost Estimate (State's feasibility)
Risk and Uncertainty Assessment
Confirm Project Benefits
Project Benefits Consist with the Ops Plan
Cost Allocation
Technical Feasibility
Obtain the Finding of Env Feasibility with Mitigation
Economic Feasibility
Financial Feasibility
Constructability
Develop DSOD Engagement Plan
Coordinate on a Geotechnical Investigation Plan
Coordinate to Develop Geotechnical Permitting Plan
Develop Program Design/Construction/Permit Implementation Plan
Develop Sites Local Operations Model (LOM)

Feasibility Report

Prepare Draft Feasibility Report
Work Group Review

Work Plan: Sept 1, 2020 through Dec 31, 2021 (Amendment 2)

Activity Name

Prepare Final Feasibility Report
Reservoir Committee and Board Approval

Prop 1

CWC Feasibility Review

CWC Review
CWC Determination
State Determination of Feasibility

Ongoing Management & Business Functions