

JOINT WORKSHOP

MARCH 30, 2020

Agenda Item 4.2: 2019 Annual Report

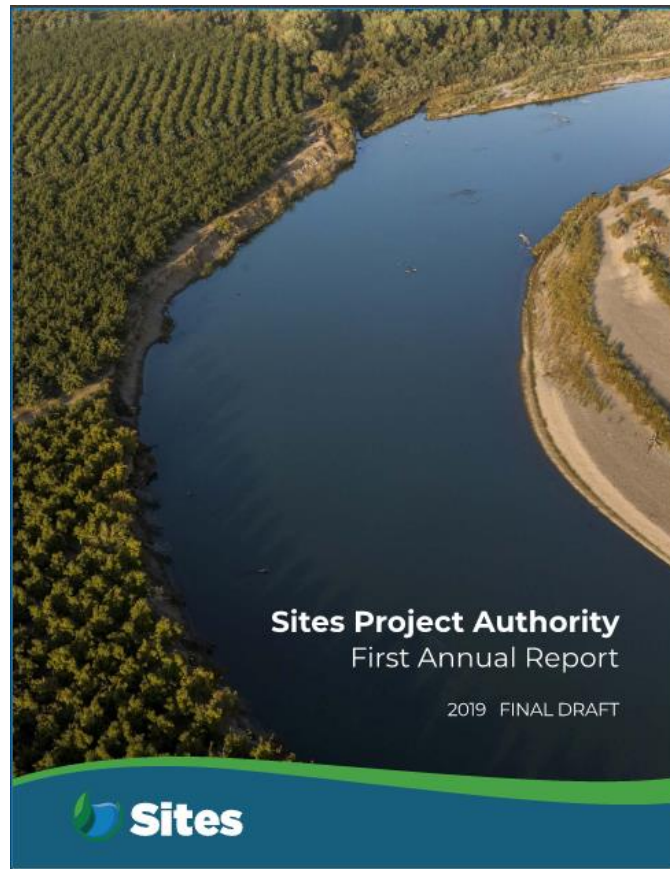


Document Outline

1. Overview
2. Timeline
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6. Costs and Funding

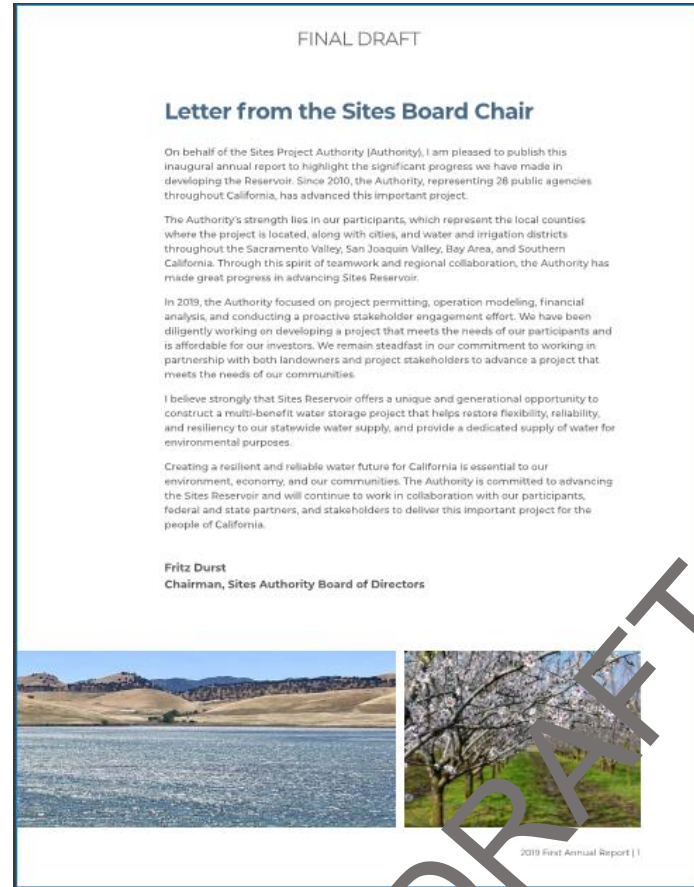
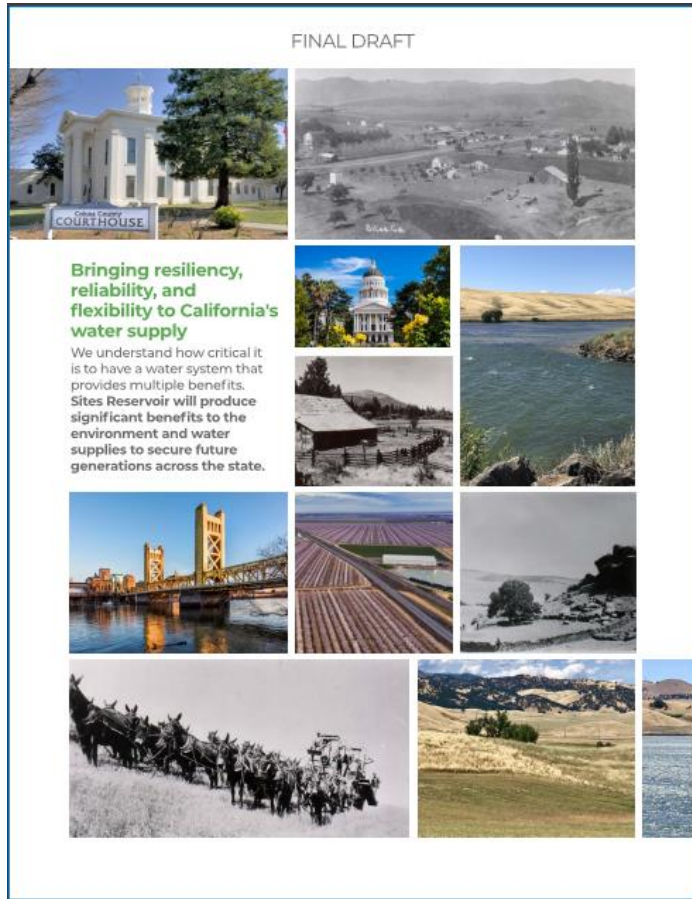
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Inside Cover and Letter



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Timeline

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Gaining Momentum from Planning to Implementation

From humble beginnings as a discussion around water needs first referred to in the California Department of Water Resources' (DWR) Bulletin 3 in 1957 to becoming Sacramento Valley's best option for surface water storage, Sites Reservoir is the culmination of the lengthy journey toward finding a reliable water source for California.

Those initial discussions surrounding the need for additional water storage were prompted by DWR's initial interest in and studies surrounding a north-of-Delta off-stream storage concept that inspired the first official references to Sites Reservoir. Conversations continued about the need for an additional water source, but there was little funding to advance the project. Then in 1991, the Bureau of Reclamation published findings from an independent feasibility study that set the groundwork for Sites Reservoir as a valid solution to water reliability in California. Following the study, support for the project continued through the 1990s, but the key issue remained finding adequate project funding to make Sites Reservoir a reality.

The early 2000s saw focused efforts on research and data gathering to gain funding and to support the importance of Sites Reservoir to the goals of the CALFED Bay-Delta Program (CALFED). These research efforts included reports and additional studies targeting engineering feasibility, alternative analysis, testing, and evaluations of California's water systems, canals, treatment plants, and related facilities. The data from these efforts propelled the project forward, paving the way for the Sites Project Authority to form in 2010.

In November 2014, California voters overwhelmingly approved the passage of Proposition 1 that dedicated \$2.7 billion for water storage projects, dams, and reservoirs throughout the state. After a rigorous evaluation process, the Sites Reservoir Project was awarded \$916 million in state investment to advance the project, the largest award given to any project requesting Proposition 1 support.

Today, the Authority remains committed to Sites Reservoir and is committed to maintaining the trust of the community through transparent and efficient practices, and by honoring the water storage efforts that began more than 60 years ago.

- 1957**
Initial Project Identification
DWR Bulletin 3 first references the project, and the project is included in the 1957 California Water Plan.
- 1997**
CalFed Bay-Delta Authorization
The project is evaluated as part of a comprehensive water management framework for ecosystem restoration.
- 2010**
Joint Powers Authority Formed
The Authority is formed to serve as the lead local agency to advance the project.
- 2014**
Proposition 1 Passed
The proposition dedicated \$2.7 billion for water storage projects, dams, and reservoirs.

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- 2016**
Reservoir Committee Organized
Authorization is provided to spend \$27 million over 3 years.
- Draft Environmental Impact Report/Statement (EIR/EIS) Released**
The documents are developed in partnership with the U.S. Bureau of Reclamation.
- 2018**
\$816 million investment from the State of California
The investment meets Proposition 1 criteria in recognition of its significant benefits to the public, the economy, and the environment.
- \$449 million in federal funding from the U.S. Department of Agriculture**
The project receives construction funding for the Maxwell Intertic Project. (U.S. Secretary of the Interior Ryan Zinke, U.S. Agriculture Secretary Sonny Perdue, and elected officials tour proposed project facilities)
- 2019**
Water Infrastructure Improvements for the WIIN Act Appropriations
Through Authority-led outreach in 2019, the project receives \$6 million, bringing the total in Congressional Appropriations from the Water Infrastructure Improvements for the Nation (WIIN) Act to \$10 million.
- California Water Resilience Draft Portfolio**
Sites Reservoir is specifically named as one of only two priority projects in the Governor's 2019 Water Resilience Draft Portfolio plan to provide reliability and resiliency to state water supplies.

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Accomplishments

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2019 Highlights and Milestones

Throughout 2019, the Authority continued to build on the incredible momentum the project gained over the last few years. The Authority focused on several key milestones that position the Sites Reservoir for success in 2020. In 2019, the Authority:

Engaged Federal and State Officials

Sites Reservoir gained congressional support in 2017 when the Authority submitted the Water Storage Investment Program (WSIP) application with a letter signed by 53 California House Representatives and another signed by U.S. Representative Doris Matsui. To build support throughout 2019 the Authority participated in three legislative events in Washington, D.C., and facilitated a state legislative day with California elected officials.

OUTCOME: With continued outreach and support from elected officials at both the state and federal level, Sites Reservoir continues to receive funding.

Adopted California Environmental Quality Act (CEQA) Guidelines

In March, the Authority adopted CEQA guidelines which identify decision-making and project approval authority and outline CEQA review procedures.

OUTCOME: The guidelines bring the Authority in compliance with State law and identifies an open and transparent process for implementing Sites Reservoir.

Continued Discussions with Landowners and Project Stakeholders

Throughout the project's history through 2019, the Authority dedicated time to discussing project progress with landowners and project stakeholders.

OUTCOME: The Authority provided transparent communication with affected landowners, local government agencies, project stakeholders, and the general public.

Adopted Real Estate Policy

In April, the Authority adopted a real estate policy that described procedures and protocols for acquiring temporary rights of entry in support of 2019 geotechnical field survey activities.

OUTCOME: The team conducted necessary geotechnical investigations efficiently and effectively, helping set the stage for success.

Discussed Permitting with Federal and State Regulatory Agencies

In later spring, the Authority focused on working with federal and state regulatory agencies to discuss the permitting application process.

OUTCOME: The foundation is set to continue the permitting process with the U.S. Fish and Wildlife Service, National Marine Fisheries Service, and California Department of Fish and Wildlife.

Executed WSIP/Proposition 1 Early Funding Agreement

In June, the Authority worked with staff at the California Water Commission to execute the WSIP/Prop 1 Early Funding Agreement.

OUTCOME: The Authority received \$6.1 million in reimbursement of the \$40.8 million early funding agreement with the California Water Commission.

Initiated an Organizational Assessment

A comprehensive organizational assessment directed by the Authority was initiated in August.

OUTCOME: The draft assessment provided findings and recommendations in key project areas, including affordability, communications, and governance.

2019 was focused on permitability and affordability. Each key milestone accomplished throughout 2019 set the stage for success in 2020.

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Conducted an Affordability Analysis

The Authority conducted an Affordability Analysis in the second half of 2019. Information was conveyed in a series of Joint Authority Board and Reservoir Committee workshops; the efforts culminated in the rollout of a Cash Flow Tool for participants.

OUTCOME: Participants are informed about the cost of water in terms of annual repayment and operations costs.

Began Focused Geotechnical Investigations

Beginning in the 4th quarter, the Authority began biological and cultural monitoring for the Bureau of Reclamation's geotechnical investigations. The focused investigations involved coordination with landowners and local agencies, including Colusa County, Maxwell Irrigation District, and Glenn Colusa Irrigation District.

OUTCOME: Getting "ribs in the field" was an enormous breakthrough for the project and is a significant step toward the next phase.

Executed Bureau of Reclamation Cost Share Amendment

In December, the amendment to the Cost Share Memorandum of Understanding between the Bureau of Reclamation and the Authority was executed for continued planning and pre-construction activities. The agreement was initially executed in 2015, and this first amendment extends the term for 5 additional years from the signing date.

OUTCOME: With support from the Bureau of Reclamation, the Sites Reservoir can continue to advance.

Executed Value Planning

The Authority embarked on a value-planning effort that consists of appraisal-level engineering, environmental, permitting, operations, and financial assessments.

OUTCOME: The Authority is identifying the "right-size" project to build under today's conditions through value planning that prioritizes the creation of eligible public benefits (as identified in Proposition 1) and non-public benefits for the agencies that have been funding the studies to date.

Secured WIIN Act Funding

At the close of 2019, President Trump signed a bipartisan spending bill that authorized \$6 million from the federal government and appropriated the authorized WIIN Act funds to the Bureau of Reclamation to advance the Sites Reservoir.

OUTCOME: To date, congress has appropriated roughly \$10 million in WIIN Act funding to the Bureau of Reclamation for Sites Reservoir.

California's Water Resilience Draft Portfolio identified Sites Reservoir as one of only two critical projects.

Executive Order N-10-19 outlines a plan for a water resilience portfolio to provide reliability and resiliency to statewide water supplies. Sites Reservoir was identified as a priority project that supports the goals presented in this document.

Sites Reservoir is recognized as a top priority that will support the water needs of California's communities, economy, and environment through the 21st century.



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Next Steps

1. Coordination Committee Review, Early April
2. Board Approval to Release, April Meetings
3. Release for Inclusion in Home Board Package, May 1