



Topic: **Reservoir Committee Agenda Item 2-2**

2020 April 17

Subject: **Messaging and Informational Materials**

Requested Action:

Approve the Sites Project message platform which has been incorporated into informational materials describing the results of the value planning effort and the proposed work plan and will be used for communicating the Project to all audiences.

Detailed Description/Background:

Staff has been working with the Authority Ad Hoc Legislative and Outreach Committee and several members of the Reservoir Committee to develop an updated message platform and informational materials that highlight the new rightsized Sites Reservoir project.

The updated Sites message platform was used to create informational materials that will be used by our Communications and Government Affairs teams to roll-out the rebranded Sites Reservoir project and serve as the foundation of future communications materials for the broader public. These materials can also be used by our participants and their Boards for outreach to their stakeholders and customers.

Staff recommends approval of the message platform because it is the building block of all project related communication going forward. The informational materials are provided to allow the Committee to see how Staff intends to integrate the platform into all of the materials produced. The materials cover all of the messages in the platform and allow for customizing to fit the needs of the individual agencies. Participating members can work with Staff to receive the materials desired.

The initial materials include:

- **Sites Message Platform** - This document identifies the key high-level messages for the project and would be the basis for all documents going forward.
- **2019 Annual Report** – This is the “inaugural” annual report for the Sites Project Authority. It provides an overview of the project, its history, 2019 key accomplishments, and next steps.
- **Executive Prospectus** – General project overview brochure that highlights the rightsized Sites Reservoir project.
- **PowerPoint presentation** – Updated presentation that “tells the story” about what the project does and highlights the outcomes of the “rightsizing” effort. The presentation is based on the updated message platform and provides an overview of the project, project operations, accomplishments and next steps.

Status: Final
Purpose: Staff Report
Caveat: Informational
Notes:

Preparer: Boling
QA/QC: Brown
Authority Agent: Spesert

Phase: 2 Version: A
Date: 2020 April 17
Ref/File #:
Page: 1 of 2

Staff has also developed a roll-out plan for late April 2020 that would run through May 2020 that will include briefings for elected officials, landowner coordination activities, stakeholder outreach, general public outreach and media (both print and social). The roll-out also takes into consideration the limitations and unknown duration of the current shelter in place orders.

Fiscal Impact/Funding Source:

None.

Staff Contact:

Joe Trapasso

Attachments:

Attachment A: Sites Message Platform

Attachment B: 2019 Annual Report

Attachment C: Executive Prospectus

Attachment D: PowerPoint Presentation

SITES RESERVOIR MESSAGE PLATFORM
APRIL 2020
DRAFT

KEY MESSAGE 1 SITES RESERVOIR IS A 21ST CENTURY MULTI-BENEFIT SOLUTION TO CALIFORNIA’S WATER RELIABILITY CHALLENGES

- The Sites Project Authority is **working in collaboration** with a **broad coalition** of project participants and stakeholders - **throughout California** – to address our **statewide water supply challenges and create a resilient water future**.
- Sites Reservoir is a generational opportunity to construct a multi-benefit water storage project that helps **restore flexibility, reliability, and resiliency** to our **statewide** water supply.
- No other storage project currently under consideration in California can **positively influence the operational efficiencies of our existing statewide water system** like Sites Reservoir.
- Sites is **not a “traditional” reservoir project**. It is an **off-stream facility** that **does not dam a major river system** and would **not block fish migration or spawning**.
- Sites **captures and stores stormwater flows** from the **Sacramento River**—after all other water rights and regulatory requirements are met—**for release in dry and critical years** for **environmental use** and for California **communities, farms, and businesses** when it is so desperately **needed**.
- Sites is designed to be **adaptable to a changing climate**. As snowpack declines due to **climate change** and more of our water comes in the form of **atmospheric rivers** – Sites Reservoir will become **even more vital to the future resiliency of our statewide water supply**.
- Sites will be cooperatively managed in conjunction with both the State Water Project and Central Valley Project and **will greatly increase the flexibility, reliability and resiliency of statewide water supplies in drier years for environmental, agricultural, and urban uses**.

KEY MESSAGE 2 OUR STRENGTH IS IN OUR DIVERSE STATEWIDE PARTICIPATION

- The agencies participating in Sites Reservoir are diverse, representing **major urban centers** and **rural agricultural regions** across California.
- **Broad statewide representation** including the **local counties** where the project is located, along with **cities**, and **water and irrigation districts** throughout the **Sacramento Valley, San Joaquin Valley, Bay Area, and Southern California**.

- Working in **close collaboration** with **California Department of Water Resources** and **Bureau of Reclamation** to add **operational flexibility** to the **State Water Project** and **Central Valley Project**.
- **Spirit of teamwork and regional collaboration** to advance a practical solution for our statewide water management challenges.

KEY MESSAGE 3 SITES RESERVOIR IS A “RIGHT SIZED” PROJECT THAT WILL MEET OUR WATER SUPPLY NEEDS FOR TODAY AND IN THE FUTURE

- The Sites Project Authority conducted a **rigorous Value Planning effort** to review the project’s proposed operations and facilities **to develop a project that is “right sized” for our investors and participants while still providing water supply reliability and enhancing the environment.**
- Rightsizing the reservoir was **responsive to input** from **state and federal agencies, NGOs, elected officials, landowners and local communities.** The feedback we received through a robust outreach effort was critical to developing a reservoir that is the right size for both people and the environment.
- The rightsizing has **resulted** in a project that has **a smaller footprint** and **operated in a different manner** than originally designed – due to these changes the Authority will **recirculate its Draft EIR/EIS** – and work with **landowners, tribes, stakeholders, NGOs, and local communities** to develop a **collaborative environmental review process.**
- **It is essential that we build a project now that makes sense for all our participants** – local, state, and federal. This means **rightsizing and optimizing the project for current conditions,** while **maintaining flexibility** to expand and adapt the project to address future conditions.

KEY MESSAGE 4 SITES RESERVOIR PROVIDES ENVIRONMENTAL, WATER SUPPLY, FLOOD PROTECTION AND RECREATION BENEFITS FOR THE STATE OF CALIFORNIA FOR GENERATIONS TO COME

- A significant portion of the **Sites Reservoir Project’s annual water supplies will be dedicated to environment uses** to help improve conditions for **Delta smelt**; help **preserve cold-water pools in Shasta Lake** later into the summer months **to support salmon development, spawning, and rearing**; and **improve Pacific Flyway habitat** for migratory birds and other native species.
- **Water dedicated for the environment** provided by Sites Reservoir will be **managed by state resources agency managers** who will decide how, and when, this water would be used - creating a **water asset** for the state that **does not currently exist.**

- Sites Reservoir will provide **significant regional flood protection benefits** for the Sacramento Valley by **storing flood flows** that would normally impact the communities of **Maxwell** and **Williams** - protecting homes, business and farms.
- Sites Reservoir will benefit the **local and regional economy** by **creating hundreds of construction-related jobs** during each year of the construction period, and **long-term jobs related to operations and recreation**.
- Sites Reservoir will provide **additional recreational opportunities** and **contribute to the overall economy** of the **Sacramento Valley**.

KEY MESSAGE 5 WE ARE ON-TRACK TO DELIVER THIS VITAL PROJECT FOR THE PEOPLE OF CALIFORNIA

- Sites Reservoir is **one of only two statewide projects specifically named as a priority project in Governor Newsom's Water Resilience Portfolio**.
- Sites **participants** have **invested over \$27 million** to advance the project over the last 3 years.
- Sites Reservoir was **awarded \$816 million** in state investment under **Proposition 1** to advance the project, the **largest award given to any project requesting funding**.
- Sites Reservoir has received **significant Federal investment** - including over **\$10 million in Water Infrastructure Improvements for the Nation (WIIN) Act** funding and a **\$449 million loan** from the **US Department of Agriculture's Rural Development** program.
- The Authority is working to **further refine the reservoir's operations and integration with the State Water Project and Central Valley Project** and **improve certainty** related to the project's **permittability** and prepare applications for key **federal and state permits** and the **state's water rights**.
- The Authority will continue to **strengthen partnerships** with **local landowners, communities, and key stakeholders** that represent **environmental, business, labor, and other interests** and continue to **pursue funding** to move the project forward through the **planning and feasibility stage** and into **implementation** beginning in **2022**.

####

Sites Project Authority Annual Report

2019 DRAFT FINAL



Bringing resiliency, reliability, and flexibility to California's water supply

We understand how critical it is to have a water system that provides multiple benefits. **Sites Reservoir will produce significant benefits to the environment and secure water supply resiliency across the state for future generations.**



Letter from the Sites Board Chair

On behalf of the Sites Project Authority (Authority), I am pleased to publish this inaugural annual report to highlight the significant progress we have made in developing Sites Reservoir. Since 2010, the Authority, representing 28 public agencies throughout California, has advanced this important project.

The Authority's strength lies in our participants, which represent the local counties where the project is located, along with cities, and water and irrigation districts throughout the Sacramento Valley, San Joaquin Valley, Bay Area, and Southern California. Through this spirit of teamwork and regional collaboration, the Authority has made great progress in advancing Sites Reservoir.

In 2019, the Authority focused on project permitting, operation modeling, financial analysis, and conducting a proactive stakeholder engagement effort. We have been diligently working on developing a project that meets the needs of our participants and is affordable for our investors. We remain steadfast in our commitment to working in partnership with both landowners and project stakeholders to advance a project that meets the needs of our communities and the environment.

I believe strongly that Sites Reservoir offers a unique and generational opportunity to construct a multi-benefit water storage project that helps restore flexibility, reliability, and resiliency to our statewide water supply, and provide a dedicated supply of water for environmental purposes.

Creating a resilient and reliable water future for California is essential to our environment, economy, and our communities. The Authority is committed to advancing Sites Reservoir and will continue to work in collaboration with our participants, federal and state partners, and stakeholders to deliver this important project for the people of California.

Fritz Durst



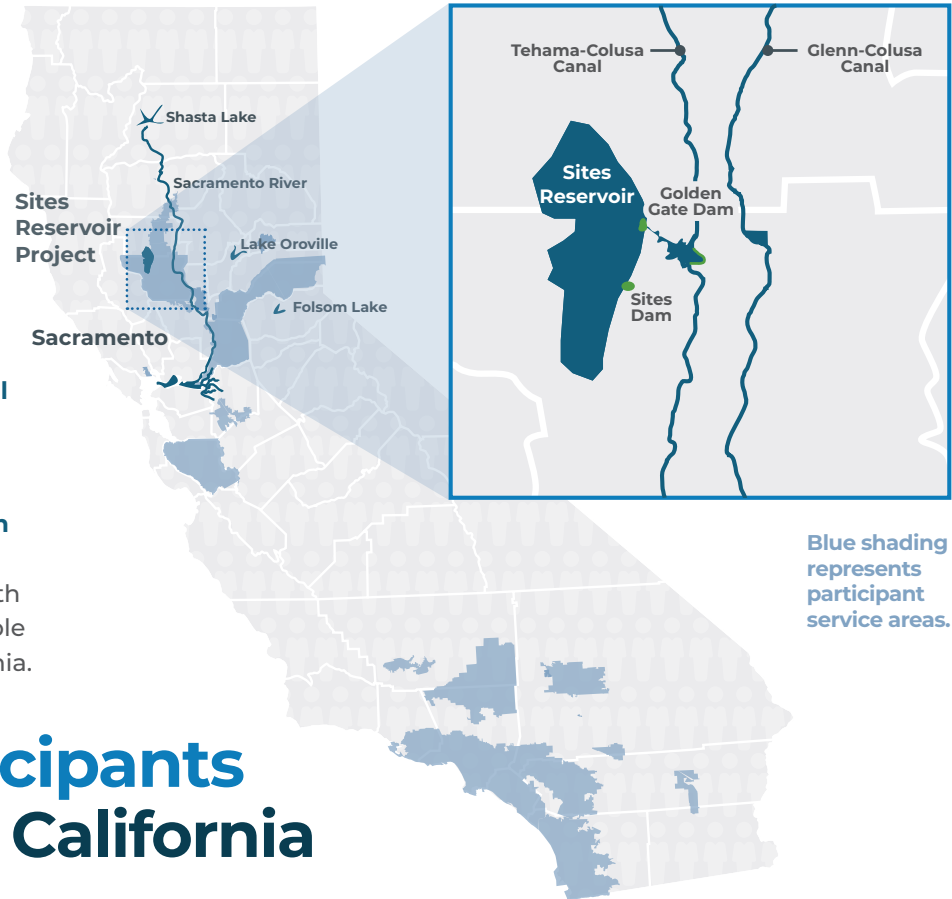
Chairman, Sites Project Authority Board of Directors



Sites Reservoir has **Dedicated Participants** Across California

Now more than ever, California needs to address its statewide water management challenges by implementing innovative solutions that address our need for a sustainable and affordable water supply. **Managing California's water resources remains one of the greatest challenges that will continue to face California policy makers well into the future.**

Our participants provide water for more than half the population of California. Each participant is working together as partners with a unified goal of creating a reliable water supply solution for California.

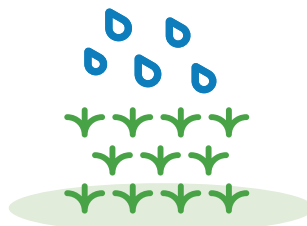


28 participants span California

Our participants serve:



Cities/Neighborhoods



Farmland/Irrigation



State/Environment

equating to **24+ million people** and
over **500,000 acres of farmland**

Sites Reservoir Overview: Focusing on Resiliency

California's current water problem

California's water infrastructure is stressed beyond its capabilities. Our demands for water to serve our communities, fuel our economy, and preserve our environment have increased far beyond what the system was designed to reliably and sustainably support. Changing weather conditions only exacerbate an already unsustainable reality.

As we experienced in the 2012-2016 drought, the current water management system is not able to manage future conditions without severe consequences to our communities, families, farms, businesses, and the environment. Reliable dry year water supply is critical to creating a resilient future for California. Sites Reservoir is a vital part of the solution to improving dry year water supply for generations to come.

How Sites Reservoir will provide a solution

Sites Reservoir will significantly improve the state's water management system in drier periods and restore much-needed flexibility and reliability that has been lost in the system. Located 10 miles west of the town of Maxwell in rural Glenn and Colusa counties, Sites Reservoir is an off-stream storage facility that captures and stores stormwater flows from the Sacramento River for release in dry and critical years.

When operating, Sites Reservoir will become a new drought management tool providing significantly more water during drier periods. **Sites Reservoir will be one of the state's largest reservoirs, and will add flexibility to California's water infrastructure by providing up to 1.5 million acre-feet of water storage capacity.**

When operated in conjunction with other Northern California reservoirs, such as Shasta, Oroville, and Folsom that function as the backbone to both the Central Valley Project and the State Water Project, Sites Reservoir will greatly increase the flexibility, reliability and resiliency of statewide water supplies in drier years for environmental, agricultural, and urban uses.

A portion of Site Reservoir's annual water supplies will be provided for environmental flows to help improve conditions for Delta smelt; help preserve the cold-water pools in Shasta Lake later into the summer months to support salmon development, spawning, and rearing; and improve Pacific Flyway habitat for migratory birds and other native species.

Sites Reservoir will benefit the local and regional economy by creating hundreds of construction-related jobs during each year of the construction period, and long-term jobs related to operations and recreation.

Simply put, Sites Reservoir can significantly improve the state's existing water management system in drier years and restore the much-needed flexibility that has been lost. The time is right to build on our momentum and growing support to ensure Sites Reservoir gets across the finish line before the next drought.

Sites Reservoir Fast Facts



Adds significant annual water storage capacity to California's water system **for use in drier periods**



Provides the state of California with up to **1.5 million acre-feet of water storage capacity**



Creates **reliable supplies** for environmental, agricultural, and municipal uses



Provides crucial water for **homes and businesses**



Supported by **28 participating agencies** representing communities across California

Gaining Momentum from planning through 2019

The beginning of more successes in the years to come

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.

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 1981, 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 \$816 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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2020

And beyond

Additional milestones in the years to come will make this project a reality.

2019

Water Infrastructure Improvements under 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 project in the Governor's 2019 Water Resilience Draft Portfolio—a plan to provide reliability and resiliency to statewide water supplies.

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 a construction loan for the Maxwell Water Intertie Project. (U.S. Secretary of the Interior Ryan Zinke, U.S. Secretary of Agriculture Sonny Perdue, and elected officials tour proposed project facilities)

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 Bureau of Reclamation.

The Resiliency, Reliability, and Flexibility of Sites Reservoir

Sites Reservoir will capture and store stormwater flows from the Sacramento River—after all other water rights and regulatory requirements are met—for release in dry and critical years for environmental use and for California communities, farms, and businesses when it is so desperately needed.

Rain and snowmelt from mountains feed into our rivers and lakes, providing us with water. A small portion of this water will be stored in Sites Reservoir and released in drier water years to provide water for our crops, support wildlife habitat and at-risk species, and provide water for our communities when it is needed most.



Water from Sites Reservoir **directly benefits:**

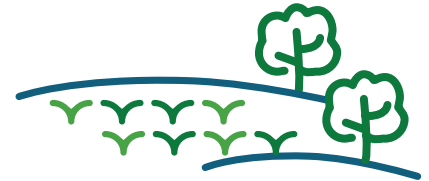
Environment



Communities



Agriculture



Families



California's Water Challenges are multi-layered, but so are the benefits of Sites Reservoir



Floods put many Californian's at risk.

Floods jeopardize our safety and they destroy homes, agricultural land, local businesses, and the environment.

After a severe flood event many homeowners, farmers, and business owners never fully recover. Recently, Sacramento Valley communities have seen local economies suffer overwhelming impacts of flooding. Sites Reservoir will improve local flood control in the Sacramento Valley to help prevent post-flood devastation.



Droughts are a destructive reality in California.

In harsh drought conditions, the life cycle and habitat of many species are at risk, including the thousands of eggs and newly spawned salmon that rely on the Sacramento River to survive. Orchards and other agricultural crops are particularly vulnerable to drought due to limited groundwater stores. Our businesses and communities are also affected, as droughts bring severe economic and employment impacts. Sites Reservoir will provide water during drought and significantly increase the state's storage.

The good news is, significant benefits can be possible if Sites Reservoir becomes a reality, including:



Off-stream Storage

Does not create a barrier to native fish migration



Federal and State Agencies Manage Environmental Water

Adaptable to current and future conditions and priorities



Local Leadership and Cooperation

Aligns with Sacramento Valley's values and fosters regional and statewide collaboration



Recreational Opportunities

Provides northern Sacramento Valley with additional opportunities for recreation



Cooperative Operation

Increases effectiveness and efficiency of existing water storage infrastructure



Adaptable to Climate Change

Improves water system reliability and performance as climate changes



Dry Year Water Supply

Reliable dry year water supply for California communities, farms and businesses



Environmental Support

Provides environmental water in drier periods for native fish, and habitat for native species and birds

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 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 continue building 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 the Authority has dedicated time to discussing project progress with landowners and project stakeholders. 2019 was no exception, as the Authority continued to proactively engage landowners.

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

Discussed Permitting with Federal and State Regulatory Agencies

Throughout 2019, 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.

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.

Executed WSIP/Proposition 1 Early Funding Agreement

In June, the Authority worked with staff at the California Water Commission to execute the WSIP/ Proposition 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

An Authority-directed comprehensive organizational assessment began 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 sets the stage for success in 2020.



Conducted an Affordability Analysis

The Authority conducted an Affordability Analysis in the second half of 2019. Information was conveyed in a series of joint Reservoir Committee and Authority Board 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 "rigs 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 water supply benefits for the public water 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.



Looking Ahead

Planning for 2020 and Beyond

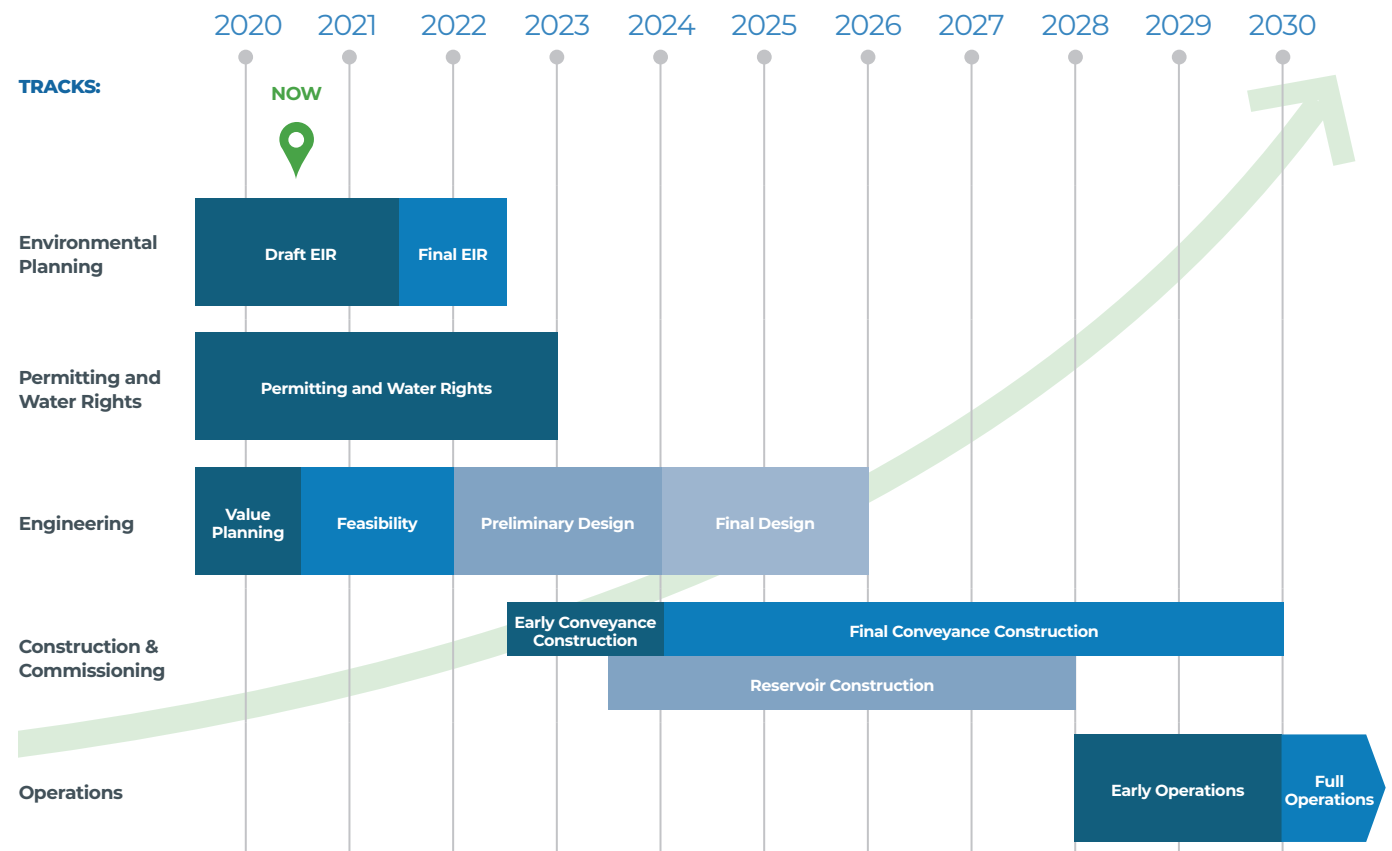
The Authority will build on the significant achievements of 2019 to advance Sites Reservoir toward operations in 2030.

Efforts will remain focused on project affordability and permitability. Value-planning efforts to right-size project facilities and operations will continue in early 2020, and produce the details needed to complete environmental documentation and advance key project permits.

Near-term goals are to:

- Define the reservoir's operations and integration with the State Water Project and Central Valley Project
- Continue to improve certainty related to the project's permitability, and prepare applications for key federal and state permits and a state water right permit
- Continue to improve project affordability by advancing engineering and cost estimates
- Secure additional low-interest financing and other grants
- Cultivate and strengthen partnerships with local landowners, communities, and key stakeholders that represent environmental, business, labor, and other interests
- Continue local, state, and federal funding to move the project forward through the planning and feasibility stage and into implementation beginning in 2022

Sites Reservoir Project Schedule



What our elected officials are saying about Sites Reservoir

From humble beginnings in 1957, Sites Reservoir is swiftly becoming reality as it moves from planning to execution.

“Sites Reservoir is best positioned to help increase our water supply, improve flood protection, improve water quality, and enhance water resources for the foreseeable future.”

—Senator Jim Nielsen

“Sites Reservoir offers a remarkable opportunity to reoperate California’s longest and largest river, the Sacramento, to provide multiple benefits for fish, farms, and cities in an innovative manner.”

—Senator Dianne Feinstein

“Sites is a critical component of what we need to do to prepare for the next drought... it would be a huge addition to our water storage capacity in California.”

—Assemblyman James Gallagher

“Building Sites Reservoir would bring California closer to achieving a drought-resilient water system... Sites will benefit farmers, our communities, and the environment.”

—U.S. Representative John Garamendi

“Sites is the best opportunity we have to increase water storage in California. Dry years or wet—for habitat, farms and Northern California communities—this project brings water security and benefits. I’ll keep fighting to get this project built.”

—Congressman Doug LaMalfa

SOURCES:

Feinstein: sitesproject.org/wp-content/uploads/2018/03/Sites_Support_Letters_Website_2.23.18.pdf

Gallagher: sacramentovalley.org/sites-reservoir/

Garamendi: www.dailydemocrat.com/2020/01/08/sites-reservoir-proposal-receives-6m-in-federal-funds/

LaMalfa: www.dailydemocrat.com/2020/01/08/sites-reservoir-proposal-receives-6m-in-federal-funds/

Nielson: nielsen.cssrc.us/content/senator-nielson-pushes-construction-sites-reservoir

Costs and Funding

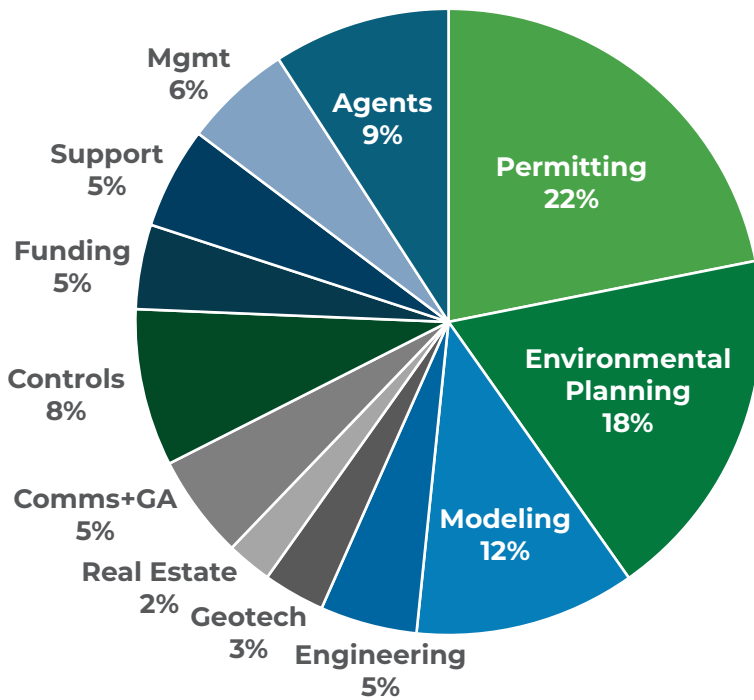
The Authority leveraged local funds in 2019 to improve certainty on project affordability and permitability.

In 2019 the Authority focused resources on improving certainty related to the project's permitability and affordability. The project went through a re-balancing in early 2019 as the project transitioned from phase 1 to phase 2. As participants changed their investment, the Authority re-prioritized funds through the approval of a new phase 2 work plan and schedule. A change in participation also triggered the implementation of the Authority's credit reimbursement policy. The Authority focused on leveraging local investments by executing an early funding agreement with the state using Proposition 1 funding, totaling a third of the project's revenue in 2019. Coordination with

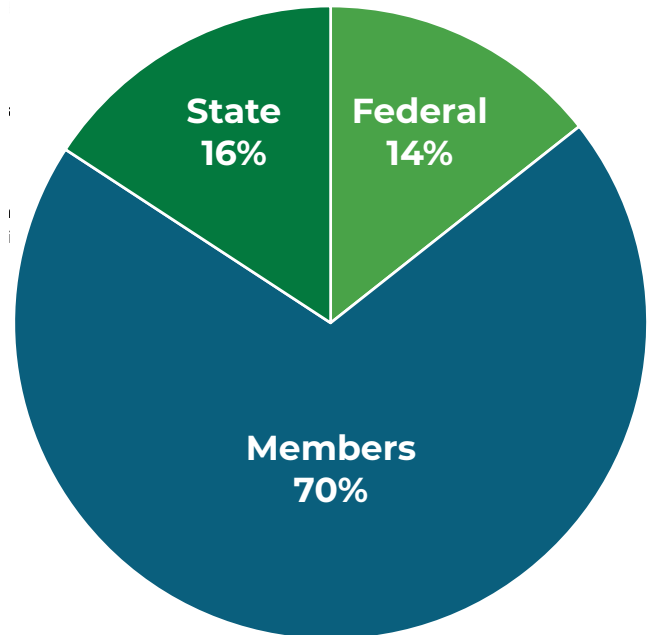
the Bureau of Reclamation also paved the way for a financial assistance agreement to be executed in 2020 to provide federal funds to the Authority and further leverage local investment.

Early in 2019 a management and technical team was assembled to deliver on the Authority's mission. In addition to bolstering critical environmental, permitting, operations, and engineering teams, the team added real estate, outreach, geotech, and project management resources. The team will provide the technical and business infrastructure needed to grow in a way that is efficient, transparent, and responsible.

2019 Costs by Task



**Cost Share (Actuals)
2015 through December 31, 2019**



Authority 2019 Profit and Loss Report***Income**

Membership Admin/Authority	\$505,000
Membership Water	\$11,458,034
Proposition 1 Funding	\$6,123,082
Total Income	\$18,086,116

Expense

Financial Fees and Subscriptions	\$38,846
Office Expenses	\$12,991
Credit Reimbursement (Phase 1)	\$6,503,713
Total Professional Fees	\$10,820,725
Website, Data, Computer Support	\$10,911
Total Expense	\$17,387,187
Net Ordinary Income	\$698,929
Interest	\$121,536
Net Income	\$820,465

*rounded to the nearest dollar

\$27 million

invested by Sites Reservoir participants through 2019.

Sites Reservoir participants are committed to seeing this project constructed.

The Authority has undergone an independent audit each year since 2016.

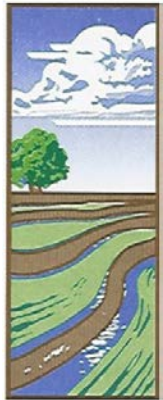
Each audit has confirmed that the Authority has maintained outstanding business practices resulting in efficient and transparent operations.

“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2018, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.”

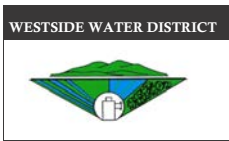
—Sites Project Authority Annual Financial Report with Independent Auditor's Report Theron, December 31, 2018

Auditor/Report Preparer: *Fechter & Company*
 Certified Public Accountants
 Sacramento, California, June 28, 2019

Diverse Statewide Support for Sites Reservoir



RECLAMATION
DISTRICT
108



Carter Mutual Water Company | Colusa County Water District

Cortina Water District | Davis Water District | LaGrande Water District

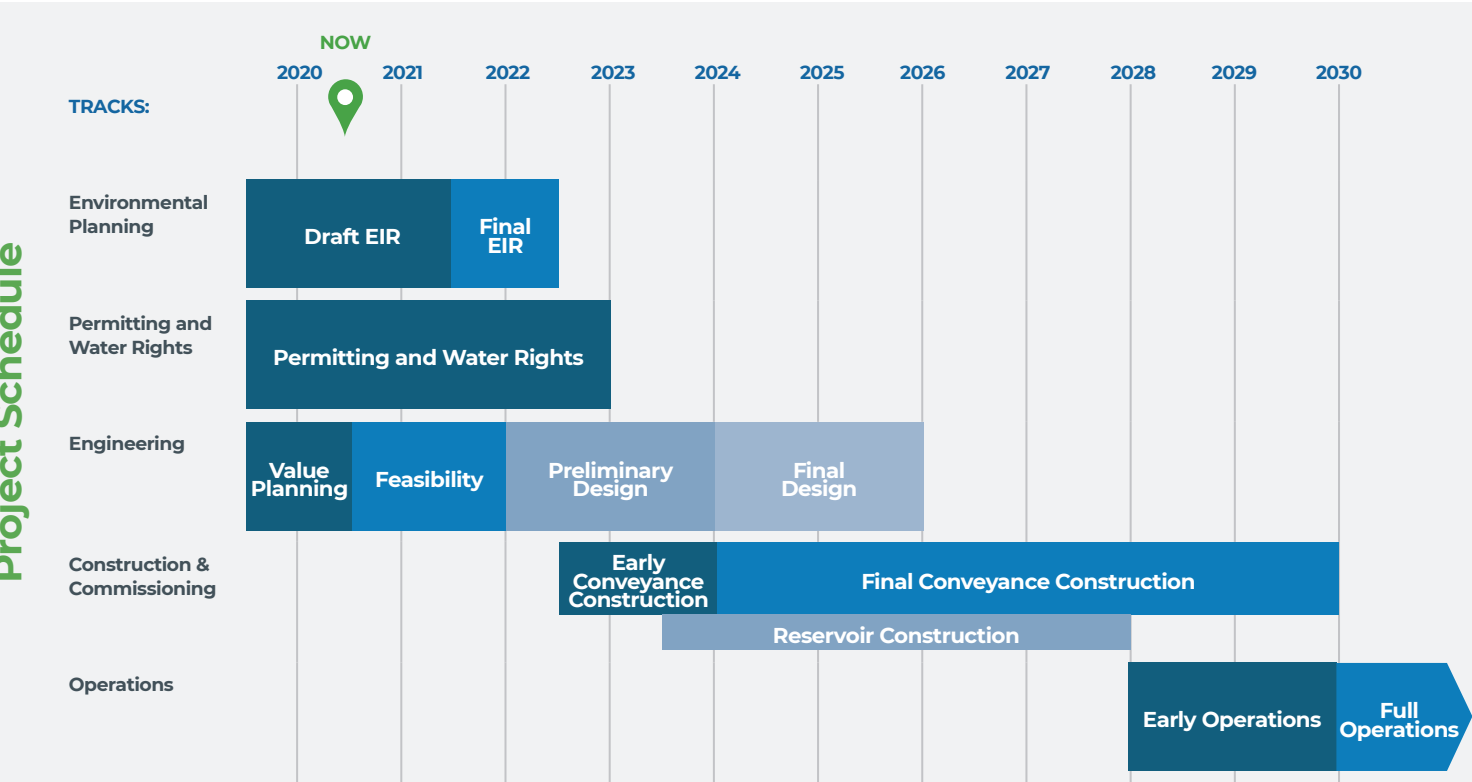
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2019 Annual Report

Affordability Overview

ANNUAL REPAYMENT COSTS PER ACRE FOOT OF RELEASE	
Reservoir Size (MAF)	1.5
Project Cost (2019\$, billions)	\$2.4 - \$2.7
Contingency Cost (2019\$, billions)	\$0.6
Total Project Cost (2019\$, billions)	\$3.0 - \$3.3
Annualized AF/year release (AF/year)	~240
Range of Annual Costs During Repayment Without WIFIA Loans (2020\$, \$/AF)	\$650 - \$710
Range of Annual Costs During Repayment With WIFIA Loans (2020\$, \$/AF)	\$600 - \$660

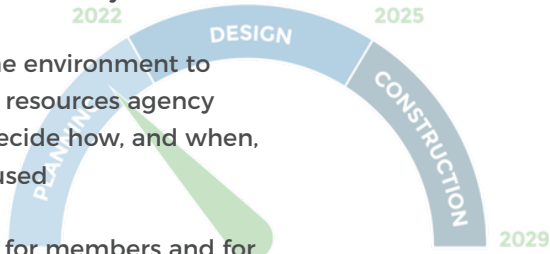


Next Steps to 2021

Improves the state’s water management system in drier periods, restores much-needed flexibility and reliability

Dedicates water to the environment to be managed by state resources agency managers who will decide how, and when, this water would be used

Creates a water asset for members and for the state that does not currently exist



Looking Ahead

Our participants are what makes Sites Reservoir such a unique and promising storage project. We have accomplished a great deal in recent years and are moving into a critical time as we transition to this next phase. As we move forward, we will continue to **strengthen partnerships** with **local landowners, communities, and key stakeholders** that represent **environmental, business, labor, and other interests** and continue to **pursue funding** to move the project forward through the **planning and feasibility stage** and into **implementation** beginning in **2022**.



EXECUTIVE PROSPECTUS
A 21st Century Solution

Sites Reservoir is generational opportunity to construct a multi-benefit water storage project that helps **restore flexibility, reliability, and resiliency** to our statewide water supply. Simply put, no other storage project currently under consideration in California can **positively influence the operational efficiencies of our existing statewide water**.

Perhaps what makes Sites Reservoir so unique is that it is **not** a “traditional” reservoir project. It is an **off-stream facility** that **does not dam a major river system** and would **not block fish migration or spawning**. Rather, Sites Reservoir offers a significant water storage opportunity that benefits both people and the environment.

Sites Reservoir **captures and stores stormwater flows** from the **Sacramento River**—after all other water rights and regulatory requirements are met—for **release in dry and critical years for environmental use** and for California **communities, farms, and businesses** when it is so desperately **needed**. Sites Reservoir is designed to be **adaptable to a changing climate**. As snowpack declines due to **climate change** and more of our water comes in the form of **atmospheric rivers** – Sites Reservoir will become **even more vital to the future resiliency of our statewide water supply**.

Our Strength
is in Broad
Participation

28 participants span California

Our participants serve:



Cities/
Neighborhoods



Farmland/
Irrigation



State/
Environment

equating to **24+ million people** and
over **500,000 acres of farmland**

MEMBER	RESERVOIR
Public Water Agencies	
North of Delta	52,142 AF
South of Delta	140,750 AF
Subtotal Public Water Agencies	192,892 AF
State of CA (WSIP)	~40,000 AF
Total Requirement	~230,000 AF

Delivering Success: Key Accomplishments



Named in the Governor's Water Resiliency Plan as one of two critical projects



Reduced the construction cost by over \$2B through the value planning process



Leveraged your investment dollars against other federal and state dollars. For every dollar you invested we stretched it into \$1.50



Collaborated with State and Federal permitting agencies to define criteria for project permitability

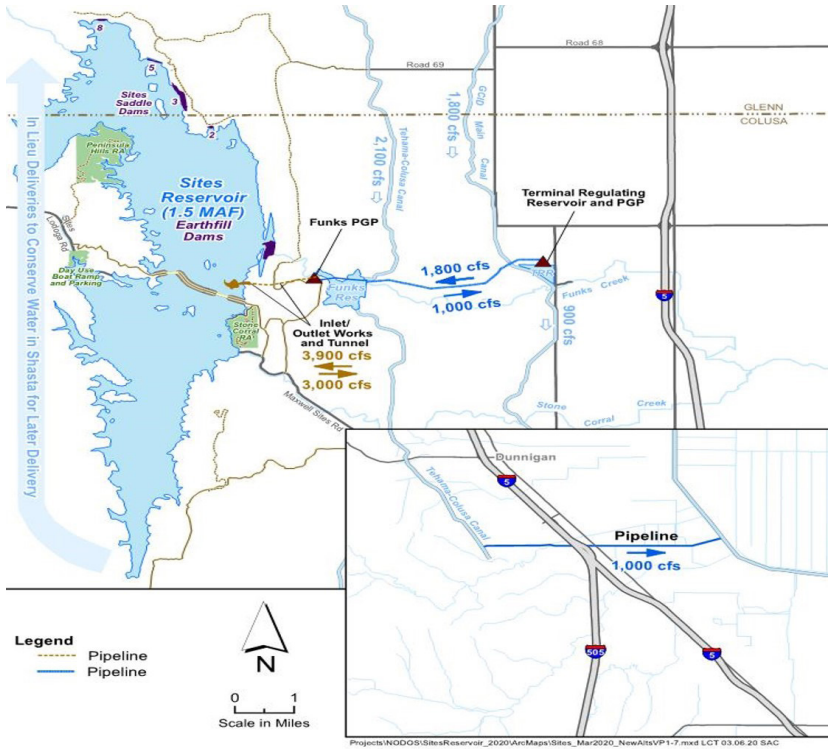
Value Planning

The Sites Project Authority conducted a rigorous value planning effort to review the project's proposed operations and facilities to develop a project that is **"right-sized"** for our investors and participants while still providing water supply reliability and enhancing the environment.

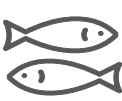
This right-sized reservoir is:

- Responding to extensive member-agency, community, NGO and regulatory input
- Resulting in a smaller footprint
- Optimizing operations for climate conditions


It is essential that we build a project now that makes sense for all our participants – local, state, and federal. This means rightsizing and optimizing the project for current conditions, while maintaining flexibility to expand and adapt the project to address future conditions.




Benefits




Off-stream Storage
Does not create a barrier to native fish migration




Cooperative Operation
Increases effectiveness and efficiency of existing water storage infrastructure




Recreational Opportunities
Provides northern Sacramento Valley with additional opportunities for recreation




Federal and State Agencies Manage Environmental Water
Adaptable to current and future conditions and priorities




Adaptable to Climate Change
Contributes to system reliability and performance with climate change



Environmental Support
Provides environmental water in drier periods for native fish, and habitat for native species and birds



Local Leadership and Cooperation
Aligns with Sacramento Valley's values and fosters regional and statewide collaboration



Dry Year Water Supply
Reliable dry year water supply for California communities, farms and businesses

Environmental Planning & Permitting

- Over 60 meetings to date
- Focused on:
 - » Criteria for diverting water from Sacramento River into Sites Reservoir
 - » Methods of analysis for ESA permits
- Discussions continue with CDFW, NMFS and USFWS
- Initial analysis shows annual deliveries of 200,000 – 250,000 acre-ft on average
- Range may be refined as discussions continue and permits finalized

Operations

Reservoir operations being refined and integrated with the State Water Project and Central Valley Project to improve certainty related to the project's permissibility

YEAR TYPE	1,000 CFS RELEASE CAPACITY (TAF/YEAR)
Wet	90 - 120
Above Normal	260 - 290
Below Normal	245 - 275
Dry	355 - 385
Critically Dry	210 - 240
Long Term Average	~240

Sites Reservoir:

Improves the state's water management system in drier periods, restores much-needed flexibility and reliability

Dedicates water to the environment to be managed by state resources agency managers who will decide how, and when, this water would be used

Creates a water asset for members and for the state that does not currently exist

Sites Reservoir



21st Century Solution to California's Water Reliability Challenges

Sites Reservoir is a generational opportunity to construct a multi-benefit water storage project that helps **restore flexibility, reliability, and resiliency** to our statewide water supply



21st Century Solution to California's Water Reliability Challenges

Sites Reservoir is a new perspective for water storage

Captures and stores stormwater flows from the Sacramento River—after all other water rights and regulatory requirements are met—for release in dry and critical years

Sites is not a “traditional” reservoir project. It is an off-stream facility that does not dam a major river system and would not block fish migration or spawning.

Sites Reservoir is one of only two statewide projects specifically named as a priority project in Governor Newsom's Water Resilience Portfolio.



Water from Sites **directly** benefits:



Our Strength is in Our Broad Statewide Participation

Participants are diverse, representing major urban centers and rural agricultural regions across California

The Sites Project Authority is **working in collaboration** with a **broad coalition** of project participants **throughout California** to address our **statewide water supply challenges** and create a **resilient water future**

Working in **close collaboration** with **California Department of Water Resources** and **Bureau of Reclamation** to add **operational flexibility** to the **State Water Project** and **Central Valley Project**

Spirit of teamwork and regional collaboration to advance a practical solution for our statewide water management challenges

Our participants serve:



Cities/Neighborhoods



Farmland/Irrigation



State/Environment

equating to **24+ million people** and
over **500,000 acres of farmland**

Our Strength is in Our Broad Statewide Participation

Diverse statewide representation of public agencies advancing Sites Reservoir



Participants include
**counties, cities, water
and irrigations districts**

Urban and Rural

Sacramento Valley

San Joaquin Valley

Bay Area

Southern California

Our Strength is in Our Broad Statewide Participation

Sacramento Valley

Carter Mutual Water Company
City of American Canyon
Colusa County
Colusa County Water Agency
Cortina Water District
Davis Water District
Dunnigan Water District
Glenn County
Glenn-Colusa Irrigation District
LaGrande Water District
Placer County Water Agency
Reclamation District 108
City of Roseville
Sacramento County Water Agency
City of Sacramento
Tehama-Colusa Canal Authority
Westside Water District
Western Canal Water District

Bay Area

Santa Clara Valley Water District
Zone 7 Water Agency

San Joaquin Valley

Wheeler Ridge-Maricopa Water Storage
District

Southern California

Antelope Valley - East Kern Water Agency
Coachella Valley Water District
Desert Water Agency
Metropolitan Water District
San Bernardino Valley Municipal Water District
San Geronio Pass Water Agency
Santa Clarita Valley Water Agency



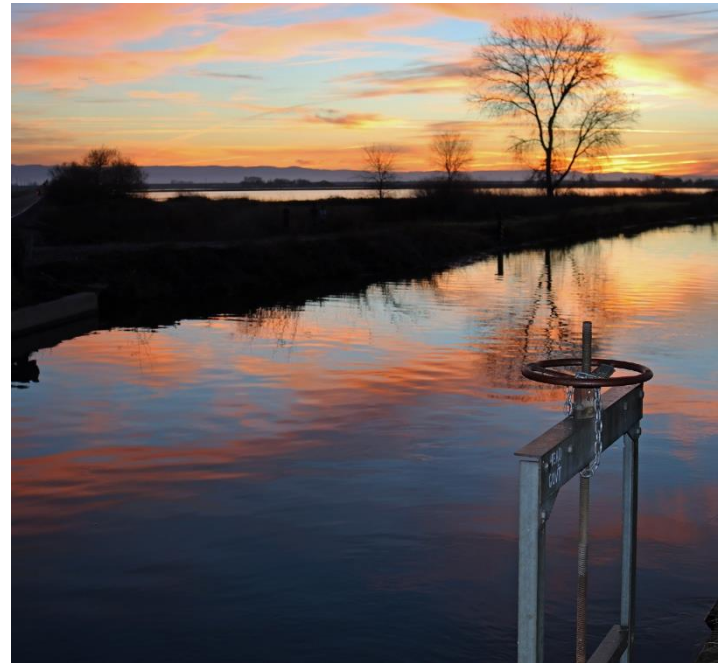
21st Century Solution to California's Water Reliability Challenges

Sites Reservoir would be a vital component of California's integrated statewide water infrastructure

Sites Reservoir will significantly improve the state's water management system in drier periods and **restore much-needed flexibility and reliability** that has been lost in the statewide system

Will add flexibility to California's existing water infrastructure by providing up to 1.5 million acre-feet of additional storage capacity

Sites will be cooperatively managed in conjunction with both the State Water Project and Central Valley Project and **will greatly increase the flexibility, reliability and resiliency of statewide water supplies in drier years for environmental, agricultural, and urban uses**



21st Century Solution to California's Water Reliability Challenges

Sites Reservoir is designed to be adaptable to a changing climate

As **snowpack declines** due to climate change and more of our **water comes in the form of atmospheric rivers** – Sites Reservoir will **become even more vital** to the future resiliency of our statewide water supply

Sites Reservoir captures and stores this water **for release in dry and critical years** adding **resiliency** to future California water supplies

Sites **operates even better** under the most challenging climate change scenarios



Rightsized to Meet Our Current and Future Water Supply Needs

Sites Reservoir has been designed and optimized to meet our water supply needs for today and in the future

The Sites Project Authority conducted a **rigorous Value Planning effort** to review the project's proposed operations and facilities to **develop a project that is “right sized” for our investors and participants** while still providing water supply reliability and enhancing the environment

Rightsizing the reservoir was **responsive to input from state and federal agencies, NGOs, elected officials, landowners and local communities**

The **feedback we received** through a robust outreach effort was **critical** to developing a reservoir that is the **right size for both people and the environment**

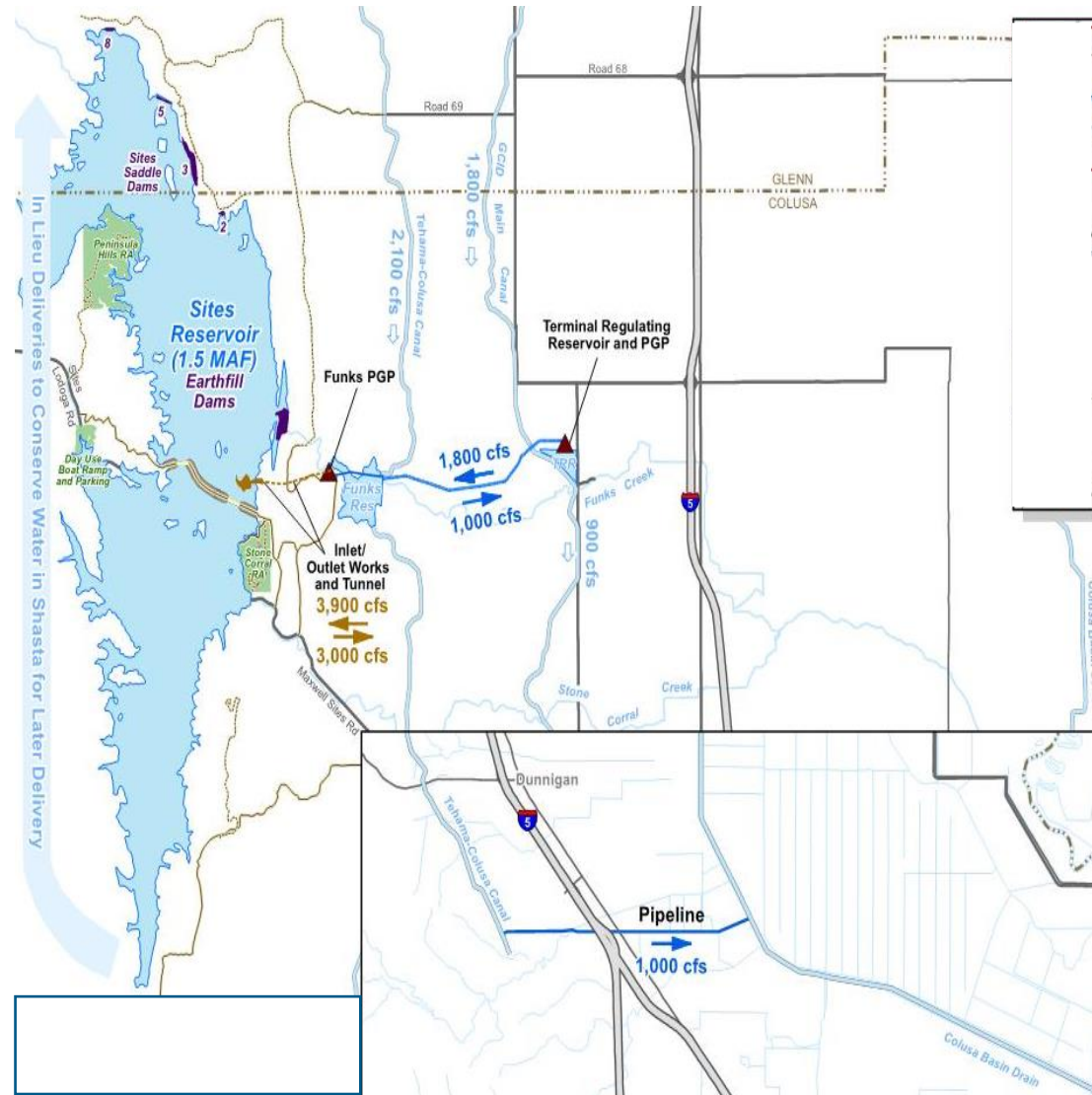


Rightsized to Meet Our Current and Future Water Supply Needs

1.5 million acre-feet

Utilizes the existing **Glenn-Colusa Irrigation District** and **Tehama-Colusa Canal Authority** canals to convey water to Sites Reservoir from the Sacramento River

Delivers water back to the Sacramento River through the **Tehama-Colusa Canal** and through the **Colusa Basin Drain** for participant deliveries and for the environment



Rightsized to Meet Our Current and Future Water Supply Needs

Member	Reservoir Participation(AFY)
Public Water Agencies	
North of Delta	52,142
South of Delta	140,750
Subtotal Public Water Agencies	192,892
State of CA	~ 40,000
Total Requirement	~230,000

Participant Demand

Participant water subscriptions allocated in the **current participation agreement**

Allocation of State of California water subscription is based on the **Proposition 1 water investment**

- Water for Delta Smelt
- Water for Refuges

Release Capacity from Sites

The “rightsized” project can deliver water to meet the demands of our participants and California’s investment of water for the environment

Long term average ~240,000 ac-ft/year

Year Type	1,000 cfs Release Capacity (TAF/year) to the Colusa Basin Drain
Wet	90 - 120
Above Normal	260 - 290
Below Normal	245 - 275
Dry	355 - 385
Critically Dry	210 - 240



Rightsized to Meet Our Current and Future Water Supply Needs

The Value Planning process has **resulted** in a project that has a **smaller footprint** and **operated in a different manner** than originally designed

Due to these changes the Authority will **revise and recirculate its Draft EIR/EIS**

Work with **landowners, tribes, stakeholders, NGOs, and local communities** to develop a **collaborative environmental review process**

It is essential that we **build a project now that makes sense for all our participants** – local, state, and federal



Rightsized to Meet Our Current and Future Water Supply Needs

Reservoir Size (MAF)	1.5
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Range of Annual Costs During Repayment Without WIFIA Loans (2020\$, \$/AF)	\$650 - \$710
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The rightsized project is **roughly \$2 Billion less** than the 2017 preferred alternative

Cost savings primarily from the **removal of the Delevan Diversion** facility on the Sacramento River and the **Delevan Pipeline**

Lowered the Annual Cost during repayment (\$ A/F)

Significant savings to participants with finance through a **WIFIA** government backed loan

Provides Statewide Benefits for Generations to Come

Sites Reservoir provides many multi-layered benefits



Off-stream Storage

Does not create a barrier to native fish migration



Cooperative Operation

Increases effectiveness and efficiency of existing water storage infrastructure



Recreational Opportunities

Provides northern Sacramento Valley with additional opportunities for recreation



Federal and State Agencies Manage Environmental Water

Adaptable to current and future conditions and priorities



Adaptable to Climate Change

Contributes to system reliability and performance with climate change



Environmental Support

Provides environmental water in drier periods for native fish, and habitat for native species and birds



Local Leadership and Cooperation

Aligns with Sacramento Valley's values and fosters regional and statewide collaboration



Dry Year Water Supply

Reliable dry year water supply for California communities, farms and businesses

Provides Statewide Benefits for Generations to Come

Sites Reservoir provides water dedicated to environmental use

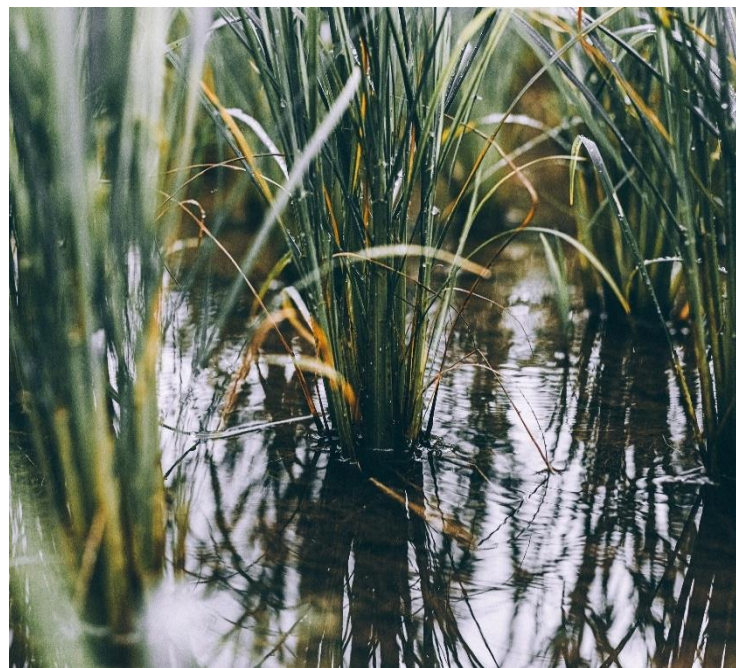
A significant portion of the **Sites Reservoir Project's** annual water supplies will be dedicated to environment uses:

Preserve cold-water pool in Lake Shasta later into the summer months to support **salmon development, spawning and rearing**

Provide a **reliable supply of refuge water** to improve **Pacific Flyway** habitat for **migratory birds** and other **native species**

Provide **water dedicated** to help improve conditions for the **Delta Smelt**

Water dedicated for the environment provided by Sites Reservoir will be **managed by state resources agency managers** who will decide how, and when, this water would be used - creating a water asset for the state that **does not currently exist**



Provides Statewide Benefits for Generations to Come

Sites Reservoir provides regional flood protection benefits

Provides significant **regional flood protection benefits** for the Sacramento Valley

Will capture and store **flood flows** that would normally impact the communities of **Maxwell** and **Williams** - protecting homes, business and farms

Will help to limit “**down stream**” **flooding issues** by capturing storm flows that sometimes overwhelm the regions flood control facilities



Provides Statewide Benefits for Generations to Come

Sites Reservoir will benefit the local and regional economy

Create hundreds of construction-related jobs during each year of the construction period, and long-term jobs related to operations

Creates new recreation opportunities in the Sacramento Valley which adds to the region's economy

Adding resiliency to the water supply will strengthen the statewide economy and business that rely on a reliable source of water for their operations – particularly agriculture



We are On-Track to Deliver This Vital Project for the People of California

Sites Project Authority has accomplished a lot since it was formed

2010: Sites Project Authority is formed

2016: Reservoir Committee is formed

- **Released** a Draft Environmental Impact Report/Environmental Impact Statement (Draft EIR/EIS) in partnership with the Bureau of Reclamation

2018: Sites Reservoir Project was **awarded \$816 million in state investment** to advance the project, the **largest** award given to any project requesting Proposition 1 support

- **Awarded a \$449 million loan** from the **U.S. Department of Agriculture's Rural Development** program

2019: The project **received \$6 million**, bringing the total in Congressional Appropriations from the Water Infrastructure Improvements for the Nation (WIIN) Act to **\$10 million**

2020: Sites Reservoir is **specifically named as one of only two priority projects** in the Governor's **2019 Water Resilience Draft Portfolio**—a plan to provide reliability and resiliency to statewide water supplies



We are On-Track to Deliver This Vital Project for the People of California

Next Steps for 2020 – 2021 Environmental Permitting

Finalization of the EIR/EIS Project Description Chapter, both construction and operations/maintenance of the project and **alternatives**

Desk top research to **update environmental baseline**, where appropriate, to better support analysis and the administrative record

Continued **outreach to Landowners, Agencies, NGOs, Tribes**, and other stakeholders to proactively address concerns and formulate collaborative solutions

Prepare and circulate a revised Draft EIR/EIS

Review, categorize and draft initial responses to comments received on the recirculated Draft EIR/EIS

Prepare and submit an Environmental Summary Report to support CWC feasibility determination



We are On-Track to Deliver This Vital Project for the People of California

Next Steps for 2020 – 2021 Environmental Permitting

Submit the **Biological Assessment (BA)** and work with U.S. Fish and Wildlife Service to complete a **Biological Opinion (BO)**

Finalize Programmatic Agreement in compliance with the National Historic Preservation Act (Section 106)

Submit Clean Water Act Section **404** Section **401** permit applications

Development **agreement** on approach for River and Harbors Act **Section 408** approval

Progress **Water Right** application

Submit **required permits** in support of planned **Geotechnical field activities**

We are On-Track to Deliver This Vital Project for the People of California

Next Steps for 2020 – 2021 Engineering

Complete **Final Federal Feasibility Report** in coordination with Bureau of Reclamation

Engage with **Division of Safety of Dams (DSOD)** on dam design and construction approach

Continuing **collecting and analyzing of focused geotechnical data** in support of design

Develop the project-wide **Geotechnical Investigation Plan**

Updated and refine the **project-wide cost estimate**

Support the Environmental Planning and Permitting teams with **engineering and design support**

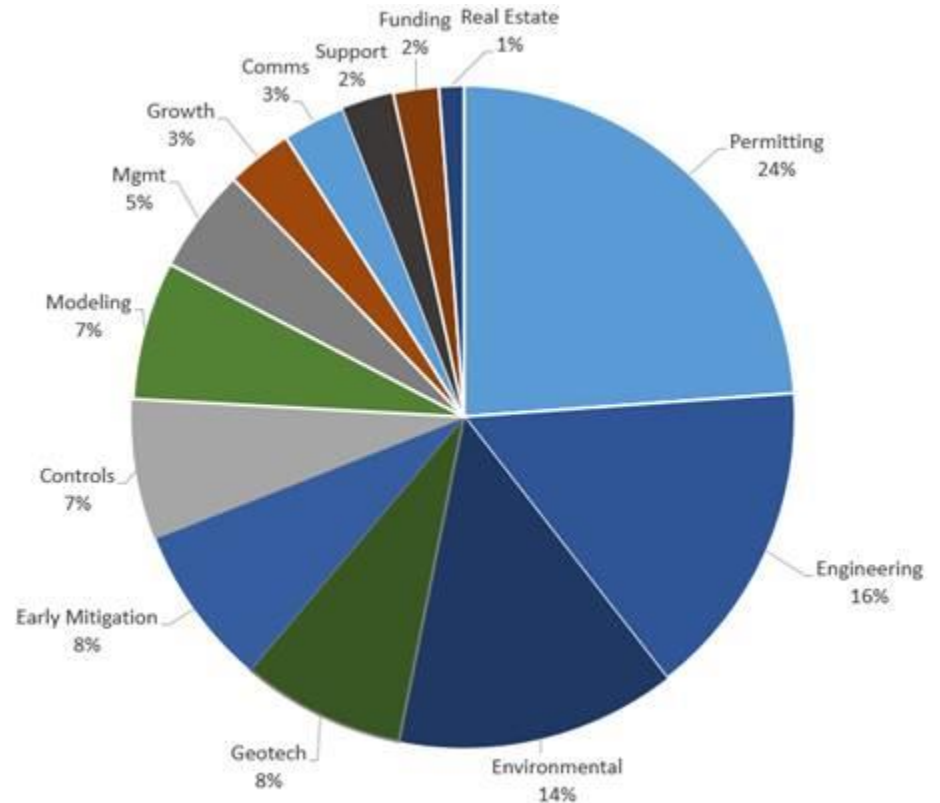


We are On-Track to Deliver This Vital Project for the People of California

\$100/acre-ft funding
request in two installments

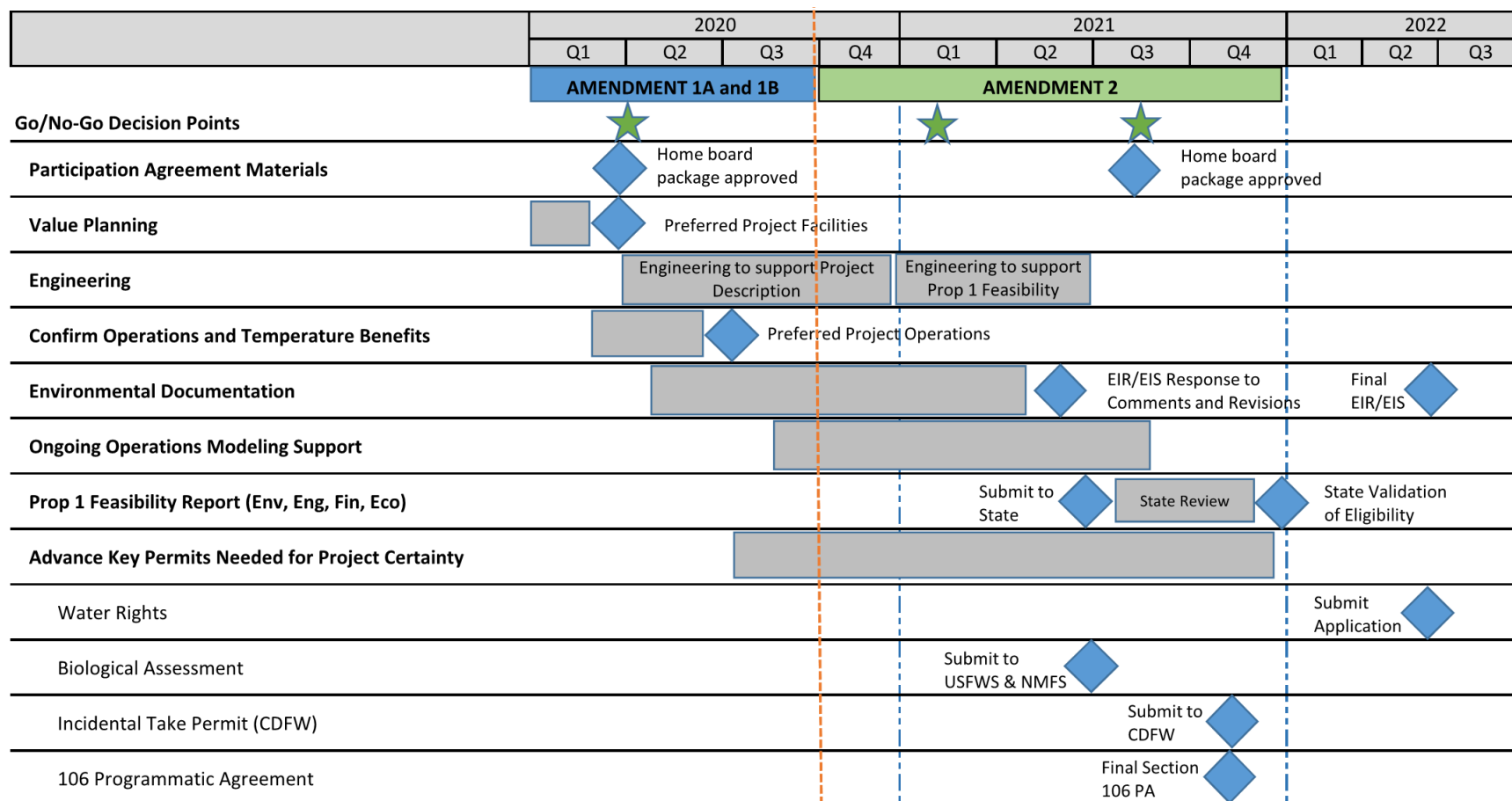
- \$60/acre-ft due
Sept 1, 2020
- \$40/acre-ft due
Feb 1, 2021

Funds would cover work
performed from 9/1/20
through 12/31/21



We are On-Track to Deliver This Vital Project for the People of California

Near-term Project Schedule



NOTE: This graphic includes schedule drivers only and does not include all activities/deliverables.
This work plan is based on current participation commitments.

We are On-Track to Deliver This Vital Project for the People of California

Key Milestones Through 2021

Meet **eligibility requirements under Prop 1 (WSIP)** in order to access the remainder of the \$816 Million in funding

Recirculate Draft EIR/EIS for public comment, proactively engage stakeholders, develop responses to comments to support environmental feasibility determination

Complete Feasibility Report

Secure environmental permit certainty and draft permit applications

Update and refine cost estimate and affordability analysis

Develop Plan of Finance

Adopt Storage Policy that can be used to meet individual investor needs

Improve definition of SWP/CVP exchange, including Operations Plan

Enhance landowner, stakeholder & NGO engagement

Develop Operating Agreement Term Sheets with: DWR, USBR, TCCA, GCID, CBD Authority



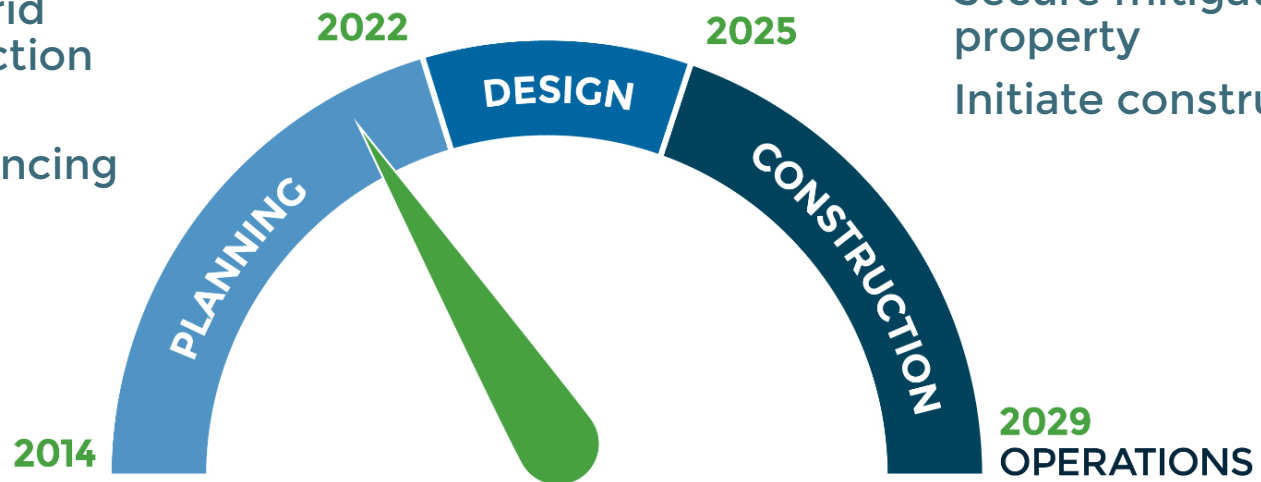
Path Forward Starting 2022

Planning Phase

- Final EIR/EIS
- Final Biological Opinion
- Complete water rights process
- Prop 1 required agreements
- Electrical grid interconnection agreement
- Interim financing

Design Phase

- Geotech explorations
- Engineering designs
- Land acquisition
- Secure final permits
- Secure water rights
- Secure mitigation property
- Initiate construction



21st Century Solution to California's Water Reliability Challenges

Why Sites Reservoir?

Unique opportunity to restore flexibility, reliability and resiliency to statewide water supply

Not a traditional water storage project

Benefits people, farms and the environment

Critical to California's water resiliency



Questions

