



Topic: **Authority Board Agenda Item 3.1**

**July 21, 2021**

Subject: **Technical Considerations for Operation Coordination with  
Department of Water Resources & Bureau of Reclamation**

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**Requested Action:**

Receive progress update and comment on technical considerations for Operations Coordination with Department of Water Resources and Bureau of Reclamation.

**Detailed Description/Background:**

Since November 2020, the project team has been engaged in numerous technical discussions with the agencies that operate the state and federal projects to help ensure the Sites Reservoir project planning development coordinates with and is complementary to (meaning is mutually beneficial where possible) these significant water facilities operations. These discussions will likely lead to “term sheets” and agreements covering all areas of coordination needed between the projects. These discussions started with meeting with each agency independently but have migrated to joint sessions among the three parties. The discussions have been structured around maintaining independent operations of Sites, but doing so in a way that can accomplish mutually beneficial outcomes while avoiding negative impacts to project operations. Reservoir Committee and Authority Board input on this status update would help to inform continued progress. The status update is provided at this time to give participants a sense of the critical issues and how they would potentially be addressed as you consider affordability and permitability of the project moving forward.

The technical discussions have been focused on areas of either greatest concern to the agencies, of most significance to Sites affordability and permitability, or where mutual benefit can be achieved. The review has been conducted on a seasonal basis which can generally be broken down into periods where Sites is filling (excess conditions) versus periods where Sites is releasing (balanced conditions). There are relatively brief “shoulder periods” in between balanced and excess conditions that have been addressed as well. The areas and approaches covered are summarized as follows:

- **Considerations for “No Harm” to the CVP and SWP:** After applying reasonable and prudent coordination measures, no harm issues have been identified thus far. “Within the year exchanges” between Sites releases and upstream CVP/SWP storage have been analyzed and are generally viewed at this time as feasible and mutually beneficial.

- **Financial Considerations:** Federal investment between 7 and 25 percent along with expected benefits remains to be determined. Federal investment needing to include OMR has been communicated. Federal coverage of O&M for all Prop 1 refuge supplies is under consideration. Considerations for SWP contract modifications are underway and are contemplated outside of these discussions.
- **Operational Considerations:** Annual operations coordination principles and considerations are identified, including cooperation on Sites releases and delivery of water through the Delta. Delta deliveries would occur only during the transfer window (July-Nov) and Sites water would be designated “non project water”. A Sites proposal for analyzing carriage water is being considered.
- **Use of Facilities and Power:** Power needs were analyzed with Reclamation. Very limited use of CVP Project Energy as it relates to Sites operations and federal investment in the project are contemplated. The Sites Authority will need to procure its own energy source (net of generated power) for all other participant’s Sites water. A Warren Act contract would be executed along with needed land entitlements.
- **Water Rights and Permitting Considerations:** The parameters of the Sites water right application have been reviewed. No unseizable issues have been identified thus far. Ongoing coordination during the water rights application development and review process will occur. No CVP or SWP water is to be stored in Sites at this time. A review of COA implications was conducted and no significant issues have been identified to date, but further review will need to occur as the project evolves.

This summary of the discussions thus far is from the Sites perspective and the participants may wish to ask DWR and Reclamation representatives attending the RC/AB meetings to express their views on the progress being made in the discussions. It should be noted that any commitments or decisions on the part of the United States would be contingent on final analysis under applicable laws, including but not limited to, the National Environmental Policy Act and the federal Endangered Species Act.

Ultimately these discussions are envisioned to form the basis for negotiating an operating agreement between the parties. The next steps will involve Sites development of an Operations Plan in coordination with DWR and Reclamation. The technical discussions will continue through next year when it is expected, subject to the release of a record of decision and final project determination (potentially summer 2022), that operating agreements would be advanced.

**Prior Action:**

None.

**Fiscal Impact/Funding Source:**

The technical discussions have occurred within the funding levels covered under the current budget. The Amendment 3 work plan will include the work necessary to prepare the principles of operation agreement with DWR and Reclamation.

**Staff Contact:**

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**Attachments:**

None.