

SITES PROJECT AUTHORITY
P.O. Box 517
122 OLD HIGHWAY 99 WEST
MAXWELL, CALIFORNIA 95955
www.SitesProject.org

JERRY BROWN, EXECUTIVE DIRECTOR
925.260.7417

YOLANDA TIRADO, CLERK
530.438.2309
Boardclerk@SitesProject.org

Board of Directors

FRITZ DURST, RECLAMATION DISTRICT 108, CHAIR
JEFF SUTTON, TEHAMA-COLUSA CANAL AUTHORITY, VICE-CHAIR
GARY EVANS, COLUSA COUNTY SUPERVISOR
KEN HAHN, GLENN COUNTY SUPERVISOR
LOGAN DENNIS, GLENN-COLUSA IRRIGATION DISTRICT
BRUCE HOUDESHEDT, PLACER COUNTY WATER AGENCY/CITY OF ROSEVILLE
DOUG PARKER, WESTSIDE WATER DISTRICT
JOE MARSH, COLUSA COUNTY WATER DISTRICT
KERRY SCHMITZ, CITY OF SACRAMENTO/SACRAMENTO COUNTY WATER AGENCY
DON BADER, BUREAU OF RECLAMATION (*COST-SHARE PARTNER, NON-VOTING*)
ROB COOKE, CA DEPARTMENT OF WATER RESOURCES (*EX-OFFICIO, NON-VOTING*)

Associate Members (NON-VOTING)

GREG JOHNSON, WESTERN CANAL WATER DISTRICT
JAMIE TRAYNHAM, TC 4 DISTRICTS

March 24, 2021 1:30 p.m.

Sites Project Authority

Minutes

CALL TO ORDER & ROLL CALL:

Vice-Chairman Sutton called the meeting of the Sites Project Authority Board of Directors to order at the hour of 1:30 p.m., followed by the Pledge of Allegiance.

INTRODUCTIONS:

Vice-Chairman Sutton asked those present to introduce themselves.

AGENDA APPROVAL:

It was moved by Director Evans, seconded by Director Marsh to approve the March 24, 2021 Sites Project Authority Board Agenda, as presented. Motion carried: All Directors present voted yes.

PERIOD FOR PUBLIC COMMENT:

Vice-Chairman Sutton called for public comment. Hearing none, he closed the period for public comment.

1. **CONSENT AGENDA:** It was moved by Director Evans, seconded by Director Hahn to approve Consent Agenda Item Numbers 1.1 through 1.6 as follows:

1.1 Approve the February 19, 2021 Joint Authority Board & Reservoir Committee Meeting Minutes. **(Attachments A & B)**

- 1.2 Approve the Sites Project Authority Treasurer's Report. **(Attachment A)**
- 1.3 Approve the Payment of Claims. **(Attachments A, B & C)**
- 1.4 Approve a consulting agreement amendment with ICF Jones and Stokes, Inc related to Planning and Analysis (ICF-E) task order for additional scope of work in the amount of \$249,998 bringing the not to exceed total contract amount to \$3,260,757 for the period of September 1, 2020 through December 31, 2021 and authorize the Executive Director to sign.
- 1.5 Approve a consulting agreement amendment with Katz and Associates related to the Communications task order for additional scope of work in the amount of \$224,999 bringing the not to exceed total contract amount to \$624,999 for the period of September 1, 2020 through December 31, 2021 and authorize the Executive Director to sign.
- 1.6 Approve a new Accounts Payable Approval Policy to ensure timely and efficient payment of vendor and service providers' invoices. This new Policy consolidates sections of the Advance Check Approval Policy into to the new Policy so that the Advance Check Approval Policy will be eliminated. **(Attachment A)**

Motion carried: All Directors present voted yes.

2. Action Items:

None.

3. Discussion and Information Items:

- 3.1 Review and comment on changes to the Sites Water Storage Policy. **(Attachment A & B)**

Ms. Forsythe provided an update on the changes to the Sites Water Storage Policy and spoke to the following:

Efforts Since Last Meeting:

- Revised Storage Policy presented to Reservoir Committee and Authority Board.
 - Requested comments by March 18, 2021.
- Meeting to discuss revision with participants' Legal Counsel on March 4
- Comments received from:
 - 6 members (and their Legal Counsel).

- Authority's Counsel.

Key Changes Since February Version:

- Changes made in response to members comments, including their Legal Counsel:
 - Clarified that Storage Partners can sell water held in their Storage Allocation.
 - Clarified that dead pool is not allocated to any Storage Partner.
 - Clarified accounting for losses due to emergency releases.
 - Simplified language on conflicts between placing water into storage from other sources and release of water at the same time.
 - Continued to remove some detail from the Policy.
- Changes made in response to Authority's Legal Counsel Comments:
 - Clarified that Storage Partners are treated equitable based on Storage Allocation, versus completely equal treatment.

Next Steps:

- Additional comments from MWD.
 - Structure and level of detail.
 - Possibly calling something other than "Policy."
 - Consistent with overall goals of revisions but re-work of document.
- Continue to work with MWD and Small Group on changes.
- Final revised Storage Policy in April.
- No Project schedule impact, as long as changes stay structural rather than content.

Feedback:

- Any feedback/comments on the version attached to staff report?
- Any concerns with where things are going?

Brief discussion followed, with no action taken.

- 3.2 Review and comment on the allocation of storage space in the reservoir to each Storage Partner based on Amendment 2 participation using the final proposed formulaic approach of 1 acre-foot capacity share to 6.234 acre-feet of storage space. **(Attachment A)**

Mr. Brown stated this item is a companion to Agenda Item 3.1, the Sites Water Storage Policy and provided a brief update on the approach for allocating storage space in the reservoir. Brief discussion followed with no action taken.

- 3.3 Review and comment on staff's proposed approach for Reservoir Committee and Authority Board review and approval of the Revised Draft Environmental Impact Report for release to the public.

Ms. Forsythe provided an update on a proposed revised Draft EIR/Supplemental Draft EIS Release process and spoke to the following:

- Preparing Revised Draft EIR/Supplemental Draft EIS
- Scheduled for public release in late August 2021

RC and AB Briefing Process for Timely Release:

- **April**
 - Overview of CEQA process and key sections (Fisheries, Terrestrials, Cultural Resources, Water Quality, Local Impacts).
- **May and June**
 - Briefings in each month on key sections, impacts, mitigation measures, and significant and unavoidable impacts.
- **July**
 - Culmination briefings, public review process and request for approval to release in August.
- **August**
 - Staff releases complete document (projected to be August 26).

Additional and more detailed reviews will continue to occur monthly with the Ad Hoc Environmental Planning and Permitting Workgroup. RC/AB members would be welcome to attend within quorum limits.

Input Needed:

- Any concerns from AB/RC with this approach?
- Simultaneously briefings will occur with other interested parties (NGOs, Water Users, State and Federal Regulatory Agencies, etc.)

Brief discussion followed with no action taken.

Mr. Brown stated Agenda Items 3.4 and 3.5 would be combined for discussion purposes. He stated these items would address the three questions:

- What Do we get?
- What Does it cost?
- How do we pay for it?

- 3.4 Review and comment on the development of the Sites Project Proforma 2.0, an updated project financial modeling tool for use by participants to evaluate long-term Project costs and benefits.

3.5 Review and comment on the Financing Action Plan February workshop summary, schedule including upcoming workshops, and action item follow-up. **(Attachment A & B)**

Mr. Robinette provided an update on the development of the Sites Project Proforma 2.0 and on the Financing Action Plan February workshop summary and spoke to the following:

Outline:

- Proforma 2.0 – Confirm the Outputs Meet Participant Needs.
- Principles and Assumptions Workshop Follow Up.
- Cost Allocation Framework for Use of Facilities.
- Financing the Amendment 3 Cash Call.

Proforma 2.0

What is a proforma?:

A tool for investors to...

- Analyze long-term project benefits and costs based on a set of scenarios and how investors plan to use their assets (storage space and water).
- Evaluate alternative financing approaches.
- Evaluate different levels of investment.
- Understand the impact of new information throughout project development.

How is this different than prior financial modeling efforts?:

Proforma 2.0 will build on prior financial modeling from value planning by...

- Allowing participants to select how they use their storage and water based on scenarios.
- Evaluating stored water, deliveries, debt service and revenues over ten years of hydrology for each participant.
- Presenting a range of cost of capital.

Are there other inputs or outputs needed?:

Inputs

Alternative operating decisions
(drives benefits)
Storage account size
Participant water user type

Outputs

10-year stored water, revenue and
cost model by participant grouping
(ex: downstream)
Deliveries

(ex: North-of-Delta Ag)
Revenue from sales of Sites Water
Losses
Others?

Range of annual debt service
Annual OM&R costs (fixed and
variable)
Others?

What are the building blocks and timeline of a Proforma for Sites?:

February 2021	-	Diversions and Deliveries of Sites Water
March 2021	-	Storage Space Allocations
April 2021	-	Borrowing Cost
May 2021	-	Capital Cost Shares and Cost Allocations, Facilities and Operations
June 2021	-	OM&R Cost Shares

February Workshop follow up:

- Input deadline was March 15th
 - Open items to be addressed as part of Contract Term Sheet development.
- Ongoing Staff Work:
 - Follow up on specific concerns.
 - Refinement of financing scenarios.
 - Proforma 2.0 development.
- Workshop Dates:
 - April 23, Finance and Governance Alternatives.
 - June 18, Successor Agreement and Governance.
 - July 23, NEW, Affordability Review.
 - September 2, Plan of Finance and Term Sheets.
- Proposed Approach to Term Sheet Development:
 - Focus is on high-level terms important to near-term decision-making.
 - Term sheet will be developed with the Budget and Finance Committee discussing individual terms.
 - Final term sheet will be reviewed by the Reservoir Committee and Authority Board.
 - Escalate key issues to the Reservoir Committee and Authority Board.

Updated Road Map:

- Plan of Finance & Participation Agreements

Cost Allocation Framework for Use of Facilities

Sites Downstream Participants:

State of California	Bureau of Reclamation	Rosedale-Rio Bravo
San Bernardino Valley	Antelope Valley-East Kern	San Gorgonio Pass
City of American Canyon	Santa Clara Valley	Santa Clarita Valley
Coachella Valley	Desert	Wheeler Ridge-Maricopa
Irvine Ranch	Zone 7	Others?
Metropolitan WD of Southern California		

Costs Allocated to Sites Downstream Participants Only:

Sites Downstream Participants pay capital, mitigation and OM&R costs related to:

- Dunnigan Pipeline.
- Improvements (if needed) Related to Partner Facilities:
 - Tehama Colusa Canal.
 - Colusa Basin Drain.
 - Knights Landing Outfall Gates.
 - Wallace Weir.
 - Associated mitigation and monitoring costs.

A wheeling agreement will be developed in Phase 3 for other Sites participants to use Downstream Facilities for transfers.

Joint Budget and Finance Committee Direction:

- Staff to proceed with developing a cost allocation framework to account for which participants use which facilities.

Financing the Amendment 3 Cash Call:

- \$59M total cash call covering Amendment 3 work period January 1, 2022 to water right acquisition, target mid-2023

Challenges:

- Borrowing ahead of an asset, such as a water right.
- Current agreement does not include finance provisions.
- Legal mechanics to collect debt payments not in place for some participants.
- Size of borrowing coupled with complex security limits commercial interest.

The JPA does not issue debt prior to making sufficient progress in advancing the project (such as securing a water rights) such that the Reservoir Committee/ Authority Board decide that long-term debt issuance is warranted.

Next Steps:

Workshop Dates:

- April 23, Finance and Governance Alternatives.
- June 18, Successor Agreement and Governance.
- July 23, NEW, Affordability Review.
- September 2, Plan of Finance and Term Sheets.

Discussion followed with no action taken.

- 3.6 Receive report on strategic planning progress and reporting and provide input on the proposed work plan objectives for the next work period. **(Attachment A)**

Mr. Brown provided a progress update on the Strategic Plan and objectives for the Next Work Plan and spoke to the following:

Affordability:

- a. Secure a final funding agreement with California Water Commission for the remainder of the Maximum Conditional Eligibility Determinations (MCED).
- b. Execute final operations and benefits agreements with federal and state agencies.
- c. Secure federal funding from the WIIN Act and other sources. Receive final federal commitments for project construction and execute Water Storage and Supply Services Contract with Reclamation.
- d. Complete loan applications and related activities to immediately initiate bank financing at the start of the next phase.
- e. Complete and execute Water Supply and Storage Services Contracts with each Local Agency participating in the Project.
- f. Continue to refine affordability analysis based on updated capital and operating cost estimate, cost of capital, cost allocation and benefits analysis.

Permittability:

- a. Complete Final EIR/EIS, Authority approves Project, certifies the Final EIR, adopts the MMRP, and issues a Notice of Determination; Reclamation executes the Record of Decision.
- b. Complete and obtain all necessary environmental permits and approvals for construction and operations (such as, Biological Opinions, Section 106 Programmatic

Agreement, State incidental take permits, Clean Water Act Section 4040 and 401 permits).

- c. Receive water right Order and Permit from SWRCB.
- d. Develop draft and/or final plans, as appropriate, identified in the EIR/EIS (such as the recreation management plan, traffic management plan, land management plan, operations plan, etc.)
- e. Complete and obtain local agency agreements and permits along with any required city or county actions necessary to support the next phase of the Project.
- f. Complete and execute benefit contracts with DWR (flood control and recreation benefits) and CDFW (environmental benefits) for public benefits.
- g. Develop a mitigation acquisition master plan and approach for mitigating the Project effects. Begin Biological and cultural resources surveys to refine impacts and mitigation obligation on properties where will land access can be obtained.
- h. Receive permit to construct from DSOD all jurisdiction dams within the Projects.

Buildability:

- a. Complete engineering design to 30% level and provided updated construction and operations cost estimates. Complete further facility designs as needed to get permits and approvals required for WSIP funding.
- b. Evaluate alternative project delivery methods, determine risks for project variances and recommend risk management strategies, finalize construction bid packages and determine overall Project schedule.
- c. Develop land acquisition master plan, conduct land negotiations and execute land acquisitions with “willing sellers”.
- d. Perform geotechnical evaluations of all “willing seller” properties related to long-lead Project facilities.
- e. Continue coordination with local community organizations and agencies to address Project effects during construction and operations.

Effectiveness:

- a. Develop and define the organizational culture, values and management approaches.
- b. Prepare Project controls and processes to ensure continued transparency and efficient operations through detailed design and construction.
- c. Determine the organization structure for the remainder of the Project and create the basic infrastructure to effectuate it at the start of the next work period.

Discussion followed regarding the water rights permit costs, legal costs, and bank financing with no action taken.

4. **Reports:**

4.1 **Member's Reports:**

4.1.1 **Chairpersons' Report:**

This time is set aside to allow the Chair/Co-Chair an opportunity to disclose/discuss items related to the Sites Project.

Vice-Chair Sutton provided a brief update on the various meetings held and future meetings being scheduled as regards Federal Legislative matters.

4.1.2 **Committee Chairpersons' Report:**

This time is set aside to allow the Committee Chairpersons' an opportunity to disclose/discuss items related to the Sites Project.

Land Management Committee:

Mr. Spesert provided a brief update on the completed Geotech work, meetings held and future meetings being scheduled.

Legislative and Outreach Committee:

Vice-Chair Sutton and Mr. Spesert provided a brief update on Federal/State and Outreach Committee matters/opportunities. Brief discussion followed.

Director Bransford stated he participated in an event held last Wednesday, March 17, 2021 for Senator Padilla and provided a brief update on same.

4.1.3 **Authority Board Participant Reports:**

This time is set aside to allow Representatives or their Alternates an opportunity to disclose/discuss items related to the Sites Project.

None.

4.2 **Executive Director's Reports:**

Mr. Brown provided an update on the following:

- Monthly status report. **(Attachment A)**
- Work Plan Key Deliverables Report. **(Attachment B)**

- Meetings Action Items Summary. **(Attachment C)**

Mr. Brown also spoke to the following:

- Notified by Reclamation that Ryan Davis current Project Manager accepted a new position and is leaving the Project. He expressed his appreciation to Mr. Davis for all his effort on the Project.
- Introduced and welcomed Vanessa King the new Interim Project Manager.
- Permitting and Coordination Operations re: activities.
- Preparing a Cost estimate for the Project and will be presented to RC and AB in May or June.
- Legislative Day: Preparing a one page of “what Sites could do for us”.
- Reminded all April 1, 2021 is the deadline for submitting Form 700 Statements.

5. Recap:

5.1 Suggested Future Agenda Items.

None.

5.2 Upcoming Meetings:

Reservoir Committee:

Friday, April 16, 2021, 9:00 AM - 12:00 PM

(Virtual Information will be provided prior to the meeting)

Authority Board:

Wednesday, April 21, 2021, 1:30 PM – 4:00 PM

(Virtual Information will be provided prior to the meeting)

Joint Plan of Finance Workshop – Finance & Governance Alternatives:

Friday, April 23, 2021, 9:30 AM - 12:00 PM

(Virtual Information will be provided prior to the meeting)

Vice-Chairman Sutton adjourned the Authority Board meeting at the hour of 3:20 p.m.

Jeff Sutton, Vice-Chairman

Yolanda Tirado, Board Clerk

Topic: **Sites Reservoir Project**

2021 March 24

Subject: **Authority Board Meeting**

1:30 – 4:00 PM

Location: **122 West Old Highway 99, Maxwell, CA 95955**

Attendance

Current Voting Authority Board Participants:

<i>Participant</i>	<input type="checkbox"/> <i>Representative</i>	<input type="checkbox"/> <i>Alternate</i>	<i>Others</i>
Colusa County	<input checked="" type="checkbox"/> Gary Evans	<input checked="" type="checkbox"/> Mike Azevedo	_____
Colusa County Water District	<input checked="" type="checkbox"/> Joe Marsh	<input type="checkbox"/> Doug Griffen	_____
Glenn County	<input checked="" type="checkbox"/> Ken Hahn	<input type="checkbox"/> Grant Carmon	_____
Glenn-Colusa Irrigation District	<input type="checkbox"/> Logan Dennis	<input checked="" type="checkbox"/> Don Bransford	<input checked="" type="checkbox"/> Thad Bettner
Reclamation District 108	<input type="checkbox"/> Fritz Durst	<input type="checkbox"/> Sean Doherty	<input type="checkbox"/> Hilary Reinhard
City of Roseville / Placer County Water Agency	<input checked="" type="checkbox"/> Bruce Houdesheldt	<input checked="" type="checkbox"/> Joshua Alpine	_____
Tehama-Colusa Canal Authority	<input checked="" type="checkbox"/> Jeff Sutton	<input type="checkbox"/> Zach Dennis	_____
City of Sacramento / Sacramento County Water Agency	<input checked="" type="checkbox"/> Kerry Schmitz	<input type="checkbox"/> Michael Peterson	_____
Westside Water District	<input checked="" type="checkbox"/> Doug Parker	<input checked="" type="checkbox"/> Dan Ruiz	_____

Associate Members (2 non-voting):

<i>Participant</i>	<input type="checkbox"/> <i>Representative</i>	<input type="checkbox"/> <i>Alternate</i>	<i>Others</i>
TC-4	<input checked="" type="checkbox"/> Jamie Traynham	<input type="checkbox"/> Tom Charter <input type="checkbox"/> Jason Holley	_____
Western Canal Water District	<input checked="" type="checkbox"/> Ted Trimble	<input type="checkbox"/> Greg Johnson	_____

Non-Voting Committee Participants (2):

<i>Participant</i>	<input type="checkbox"/> <i>Representative/Other</i>	<input type="checkbox"/> <i>Alternate/Other</i>	<i>Others</i>
Dept of Water Resources	<input type="checkbox"/> Rob Cooke <input type="checkbox"/> Ajay Goyal	<input type="checkbox"/> David Sandino <input type="checkbox"/> Jim Wieking	<input checked="" type="checkbox"/> Jessica Boyt <input type="checkbox"/> Dave Arrate
Bureau of Reclamation	<input type="checkbox"/> Richard Welsh <input checked="" type="checkbox"/> Vanessa King <input type="checkbox"/> Natalie Wolder	<input checked="" type="checkbox"/> Don Bader <input type="checkbox"/> Derya Sumer	<input type="checkbox"/> Chris Duke <input type="checkbox"/> Mike Mosley <input type="checkbox"/> Shana Kaplan

Authority, Non-Signatory (6):

<i>Participant</i>	<input type="checkbox"/> <i>Representative</i>	<input type="checkbox"/> <i>Alternate</i>
PCWA	<input type="checkbox"/> Ed Horton	<input type="checkbox"/> Ben Barker <input type="checkbox"/> Darin Reintjes
Roseville	<input type="checkbox"/> Sean Bigley	<input checked="" type="checkbox"/> Trevor Joseph

<i>Participant</i>	<input type="checkbox"/> <i>Representative</i>	<input type="checkbox"/> <i>Alternate</i>
		<input type="checkbox"/> Jason Marks
Sacramento City	<input type="checkbox"/> Jeff Harris	<input type="checkbox"/> Brett Ewart <input type="checkbox"/> Ann Sanger

Staff:

<input type="checkbox"/> <i>Name</i>	<i>Representing</i>
<input checked="" type="checkbox"/> Jerry Brown	Sites Project Authority
<input checked="" type="checkbox"/> Ali Forsythe	Sites Project Authority
<input checked="" type="checkbox"/> Kevin Spesert	Sites Project Authority

<input type="checkbox"/> <i>Name</i>	<i>Representing</i>
<input checked="" type="checkbox"/> Joe Trapasso	Sites Project Authority
<input checked="" type="checkbox"/> Yolanda Tirado	Board Clerk
<input checked="" type="checkbox"/> Marcia Kivett	Admin

Consultants:

<input type="checkbox"/> <i>Name</i>	<i>Representing</i>
<input type="checkbox"/> Jeriann Alexander	Fugro
<input type="checkbox"/> Robert Boling	HDR
<input type="checkbox"/> Monique Briard	ICF
<input type="checkbox"/> Kim Floyd	Floyd
<input checked="" type="checkbox"/> Jeff Herrin	AECOM
<input checked="" type="checkbox"/> Erin Heydinger	HDR
<input checked="" type="checkbox"/> Sara Katz	Katz & Associates
<input checked="" type="checkbox"/> Scott Kuney	Young Wooldridge

<input type="checkbox"/> <i>Name</i>	<i>Representing</i>
<input checked="" type="checkbox"/> Henry Luu	HDR
<input checked="" type="checkbox"/> Marcus Maltby	Brown & Caldwell
<input checked="" type="checkbox"/> JP Robinette	Brown & Caldwell
<input checked="" type="checkbox"/> John Spranza	HDR
<input checked="" type="checkbox"/> Hailey Traynham	Brown & Caldwell
<input checked="" type="checkbox"/> Laurie Warner Herson	Phenix
<input checked="" type="checkbox"/> Conner McDonald	CDM West

Other Attendees: *(Check box to have email address added to the distribution list)*

<i>Name</i>	<i>Representing</i>	<i>Contact (Phone & E-mail)</i>
Bill Vanderwaal	RD-108/Dunnigan Water	
Grace Lui	Fugro	
Juleah Cordi	Assembly Member Gallagher	
Doug Montague	Montague DeRose	
Charles Gardiner	Catalyst Group	
Laura Nicholson		