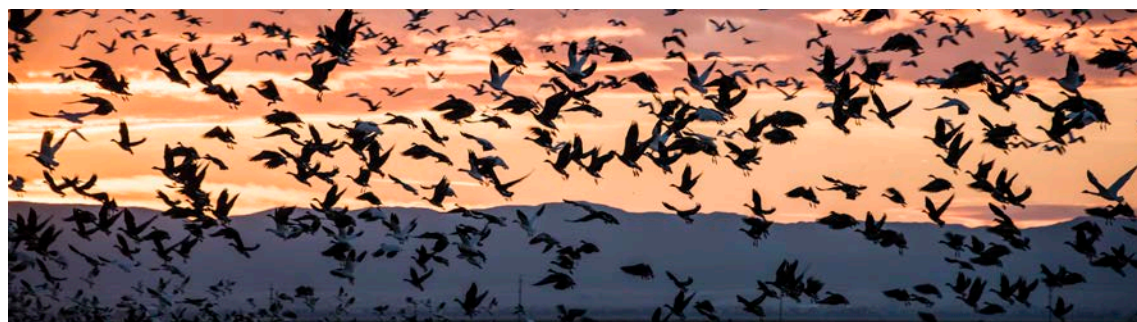


Sites Project Authority

Annual Report 2021





Letter from the Sites Board Chair

In 2021, the Sites Project Authority made extraordinary achievements to ensure Sites Reservoir is affordable, permittable, and buildable – taking the project from the planning phase into final design and marching steadily toward the start of construction. As we move toward the final stages of planning and development these next two years, our mission to create a more resilient water supply for the environment, people, and farms remains strong.

We met several key milestones last year that we are building upon in 2022, and each achievement in 2021 kept Sites Reservoir on track to build water resiliency for Californians in the face of harsh drought conditions and climate change. This year we've seen once again how drought can harm our environment and local communities. Public water agencies, irrigation districts, and state resource agencies participating in Sites Reservoir know the impacts and challenges of drought firsthand. But challenges often present us with an opportunity to create innovative solutions – solutions like Sites Reservoir.

Sites Reservoir is critically important for Californians. The project provides an opportunity to protect the environment, prepare for worsening drought conditions by creating water supply resiliency, provide flood control for vulnerable communities, and create jobs for working families. Last year, Sites Reservoir was deemed feasible by the California Water Commission, received additional funding through federal investments, and experienced an outpouring of support from stakeholders.

One major highlight of this past year was the release of the Revised Draft Environmental Impact Report/ Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS) for public comment and review. This created an important opportunity to gather input from Californians as we further define and enhance the proposed project. Significant improvements have been made to the project over the past several years, including changes that prioritize the environment and the health of the Sacramento Valley watershed.

It is our goal to deliver the best project possible, one that benefits all of California.

2021 was also a year of relationship and coalition building. We continued the important work of collaborating with stakeholders across the state, with particular focus on connecting with individuals in the local communities where Sites Reservoir will be built. We consulted with Native American tribes, collaborated with resource agencies, engaged with labor unions who represent working families, and continued engagement with the local, state, and federal public agencies that are at the heart of this project.

The stage is set to move forward with Sites Reservoir, and we are excited for what's to come.

I want to personally thank our members, stakeholders, and the many local, state, and federal partners that helped us advance Sites Reservoir this year. We look forward to a successful year to come as we advance a project that is affordable, permittable, and buildable.

Sincerely,
Fritz Durst

**Chairman, Sites Project Authority
Board of Directors**



Jerry Brown Sites Project Authority Executive Director

Since joining Sites in 2020, Jerry continues to take Sites Reservoir from planning to groundbreaking.

“Over the past year, the Authority, along with the Sites Reservoir Committee, was supported by the groundswell of public concern for California's water future, propelling this important project forward. Climate conditions are evolving, and we must take Sites Reservoir from theory to reality to create more flexibility in our water management, and we must do this together.”

Building momentum toward a modern water solution for California

The time to address California's statewide water challenges is NOW!

Sites Reservoir participants are **diverse and each have unique needs**, but every participant is unified in their dedication and commitment to making Sites Reservoir a reality.

THE UNFORTUNATE TRUTH: OUR WATER FUTURE IS IN CRISIS

In 2021, California experienced the second worst drought in the last 7 years, and the outlook for 2022 looks equally dire. We need multi-faceted water supply solutions for our environment, families, and farms to flourish.

Droughts and other extreme weather conditions exacerbated by climate change require a diverse and holistic set of solutions. These solutions include **water reuse, desalination, and groundwater recharge, along with the robust surface water storage that Sites Reservoir will provide.** To implement these solutions successfully, we must remain proactive and operate with trust and transparency.

THE CHALLENGE

Today we face extreme droughts and floods, rising temperatures, declining fish populations, aging infrastructure, and population growth.

Our demands for water to serve our communities, fuel our economy, and revitalize our environment have increased far beyond what the system was designed to reliably and sustainably support.

A MULTI-BENEFIT SOLUTION

Sites Reservoir is a unique multi-benefit water storage project that provides a resilient and reliable supply of water for California's environment, communities, and farms during dry periods.

Sites Reservoir will also provide agencies with flexibility to use new water supplies how and when they need them most. This will protect communities from drought, empower farmers to provide a reliable food supply, and maintain necessary flows to protect fish populations that have become especially vulnerable during these recent periods of severe drought.

Sites Reservoir will add resilient new water supply and storage as vital tools for Californians and the environment to secure a better future in a changing climate.

Watch our video “Build Sites Now” to learn how Sites Reservoir is an important solution to addressing climate change and drought.



Review the RDEIR/SDEIS that describes the Sites Reservoir and includes a detailed environmental analysis.



Participants Include:

9 Sacramento Valley governing agencies

23 Reservoir Committee members

All participants continued their support for Sites Reservoir in 2021.

These participants represent more than 24.5 million people, more than 500,000 acres of farmland, and the environmental resource agencies that have stewardship over rivers, fish, and habitat within the watershed.

30
participants
span California

Blue shading represents participant service areas; does not account for State and Federal participation.

Sites Reservoir will be an asset for all of California

While located in the Sacramento Valley, Sites Reservoir has significant local, state, and federal benefits.

Owning storage in Sites Reservoir provides options and flexibility for water managers. Sites Reservoir will have dedicated environmental water storage and supply that will provide agencies with tools to better serve our dynamic environment.



SITES RESERVOIR DELIVERS:

Climate-resilient Water Supply
Sites Reservoir has been purposely designed to work best under the most challenging climate change scenarios.

Water for the Environment
Environmental water will be managed by state resource agency managers who will decide how and when this water is used—creating an environmental water management tool for the state that does not currently exist.

Integrated Infrastructure
Sites Reservoir tightly integrates into state and federal water project operations, which improves resiliency and reliability and makes efficient use of new and existing infrastructure.

Regional Flood Control
Sites Reservoir captures and stores excess runoff from atmospheric river events to reduce the impact of flooding in local creeks while protecting levees through coordination with existing flood control reservoirs.

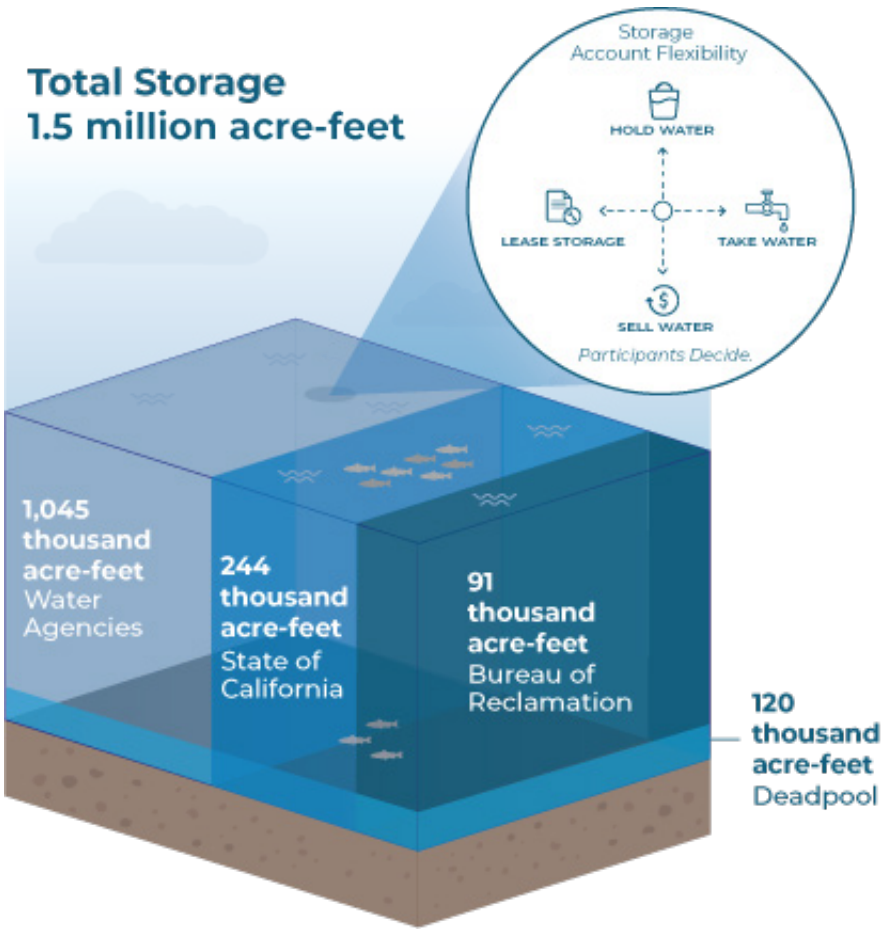
Sites Reservoir creates flexibility.

If Sites were constructed and operational at the start of our current drought (2021), we would have approximately 1 million acre-feet of additional water stored for use.

Participating agencies own their storage accounts in the Sites Reservoir. This ownership includes storage space and a share of protective diversions from the Sacramento River.

- Participants receive:
- Off-stream storage that does not spill
 - Storage in the largest watershed in the state
 - A new, affordable water supply
 - Flexibility to receive water when their agency needs it the most.

- Flexibility is vital when it comes to managing water. Sites Reservoir allows Participants to:
- Decide when to fill and release water
 - Lease storage or transfer water
 - Sell all or a share of their storage.



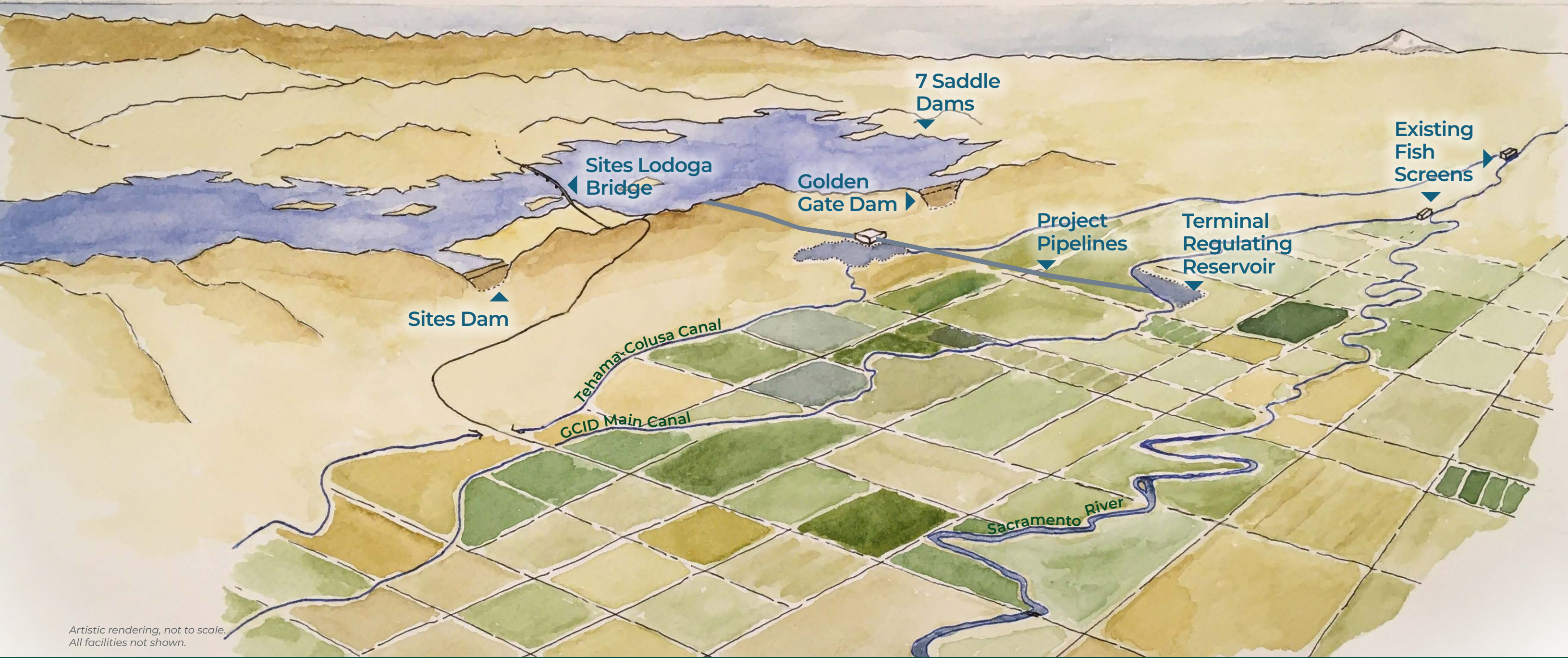
Approximate storage account sizes in 2021.

BUILDING AN EFFECTIVE SOLUTION FOR RESILIENCY IN A CHANGING CLIMATE

Sites Reservoir represents a commitment to California’s environment, families, and farms. The commitment is for a better future for every individual, California's agricultural industry, and the environment, even during challenging periods of drought.

Sites Reservoir has evolved to be affordable, permittable, and buildable

Sites Reservoir leverages the best of the **existing** infrastructure, seamlessly melding the old to the new. Mutual benefits to all local partners become a reality as a result.



Sites Reservoir uses proven fish protection, which allows safe passage for migrating fish

The existing state-of-the-art fish screens at Red Bluff and Hamilton City confirm that Sites water is diverted in a manner that supports protection of migrating fish.

GCID Fish Screen
Approximately 40 miles from Sites Reservoir
Completed in 2002, the 1,110-foot-long fish screen helps improve conditions for protected species in the Sacramento River.

Red Bluff Pumping Plant Fish Screen
Approximately 65 miles from Sites Reservoir
The second largest diversion on the Sacramento River.
Completed in 2012, the 1,118-foot-long fish screen includes 60 screen bays, seven fish refuge bays, four automated screen cleaning mechanisms, and a sediment removal system.

THE STAGE IS SET TO MOVE FORWARD.

These achievements, and each of the next steps, will take this project from the planning phase into final design and right-of-way acquisition.

2021



Completed Feasibility Requirements to Maintain State and Federal Funding Eligibility

- Met Proposition 1 Feasibility Requirements to remain eligible for \$836 million award:
- Submitted Final WSIP Feasibility Report and 75% non-public cost share materials
- RDEIR/SDEIS public release
- California Water Commission Determination of Feasibility hearing
- Approved Storage Principles (participants' local control and flexibility)
- Continued ongoing coordination: Proposition 1 Roundtable group, local and statewide coordination
- Advanced permitting and water right elements
- Received WIIN Act funds appropriations (\$80 million) for Fiscal Year 2022
- Developed feasibility total project cost estimate
- Maintained transparent information exchange (workshops, updated website, and media)
- Conducted nine workshops on the "three big questions" for participants
- Advanced to 10% design level

Cost determined and funding secured

which resulted in continued eligibility for additional funding to make Sites a reality.

2022

Complete Environmental Documentation

- Final EIR/EIS
- Notice of Determination/Record of Decision
- Operations Agreements (state and federal partners)
- Facilities Use Agreements (local partners)
- Procurement/delivery strategy
- Detailed project schedule

Environmental planning completed

which paves the way for advanced design documents and key permits.

2023

Advance Toward Financing

- Final WSIP funding
- Water right order and permit
- Administration of Public Benefits Agreements (state agencies)
- Benefits and Obligations Contract (participants)
- Bank finance, loan applications
- Mitigation Acquisition Master Plan
- DSOD Permit Application for Construction
- Final State and Federal Aquatic and Terrestrial Permits
- Geotechnical investigations and engineering design (key permits)
- Land Acquisition Master Plan and Right-of Way Manual
- Advance to 30% design level

Construction begins in 2024

which will provide California's environment, families, and farms a range of solutions to sustainably manage water in a drought.

2024

Concluding the Planning Phase

- Geotechnical investigations and engineering design (secondary permits)
- Acquire land from willing sellers
- Initiate permits for construction and operations

2021 Highlights and Milestones

Extraordinary achievements keep Sites Reservoir affordable, permittable, and buildable, and take Sites from the planning phase into final design and, ultimately, to construction.

Each achievement in 2021 kept Sites on track to remain affordable, permittable, and buildable while developing an effective organization. The Authority kept the Project affordable by maintaining eligibility for additional state and federal funding. Permitting advancements included the issuance of the RDEIR/SDEIS for public review. The Feasibility Cost Estimate and Plan of Finance provide participants with assurances on project cost and funding.

Affordable

Completed State Funding Feasibility Requirements

Conducted nine workshops focused on “three big questions” related to financing and satisfying the Proposition 1 requirement for 75% non-public cost share: What do we get? What does it cost us? and How do we pay for it? Following the Authority’s submission of the State Feasibility Report, the California Water Commission deemed the Project feasible, which satisfied a key milestone to advancing toward construction. **OUTCOME:** Leveraging crucial funds, including a \$20 million inflation adjustment to the Proposition 1 award, Sites Reservoir remained eligible for \$836 million in state funding.

Obtained unprecedented federal funding

Following the Secretary of Interior’s Federal Feasibility Determination (qualifying the project for up to 25% cost share under the WIIN Act), the Authority worked with federal partners to meet conditions to remain eligible for and secure additional WIIN Act funds. **OUTCOME:** \$80 million in federal appropriations for Fiscal Year 2022 – the largest of the WIIN Act storage projects – bringing the total to \$104 million.

Permittable

Released RDEIR/SDEIS for public review and comment

In coordination with Reclamation, the Authority released the RDEIR/SDEIS in November 2021 for public review and comment through two public meetings. **OUTCOME:** The Authority remains committed to fostering informed public decision-making about Sites Reservoir.

Continued permit applications

Key permit applications advanced in coordination with state and federal agencies, and included executing staffing agreements to expedite the permitting process. **OUTCOME:** The Authority advanced permitting and water right elements to provide greater certainty to participants and improve understanding with resource agencies.

Worked together with non-governmental organizations (NGOs)

The Authority held small group meetings and workshops with members of NGOs related to water rights, water quality, fisheries, terrestrial species, and project ecosystem benefits. **OUTCOME:** Through transparent discussions, the Authority collaborated with NGOs to advance the RDEIR/SDEIS and overall permitting.

Buildable

Developed the Feasibility Cost Estimate

Following a collaborative effort with Participants, the Authority developed the Feasibility Cost Estimate in June 2021. This estimate provides participants with improved cost certainty. **OUTCOME:** The Feasibility Cost Estimate gives participants a higher degree of certainty in the Project’s affordability.

Advanced facilities to approximately 10% design

Following additional analysis and completion of geotechnical investigations, the Authority advanced the Project facilities to approximately 10% design. **OUTCOME:** The 10% design effort supports completion of permit applications.

Effective Organization

Continued 5 Years of Successful External Financial Audits

Responsible management of expenses and funding culminated in 5 years of successful external financial audits. **OUTCOME:** The Authority continues to be committed to fiscal responsibility and transparent decision-making.

Promoted efficiency through improved processes

Following completion of the Strategic Plan, the Authority developed the delegation of authority matrix to promote efficient decision making. The Authority also developed policies and procedures to strengthen the organization. **OUTCOME:** The Authority continues to mature the organization.

The RDEIR/SDEIS is a comprehensive description of the Project and overview of the environmental analysis

Working jointly with Reclamation, the Authority developed the RDEIR/SDEIS for public release on November 12.

The draft document includes an analysis of the potential environmental impacts of construction, operation, and maintenance of the Sites Project.

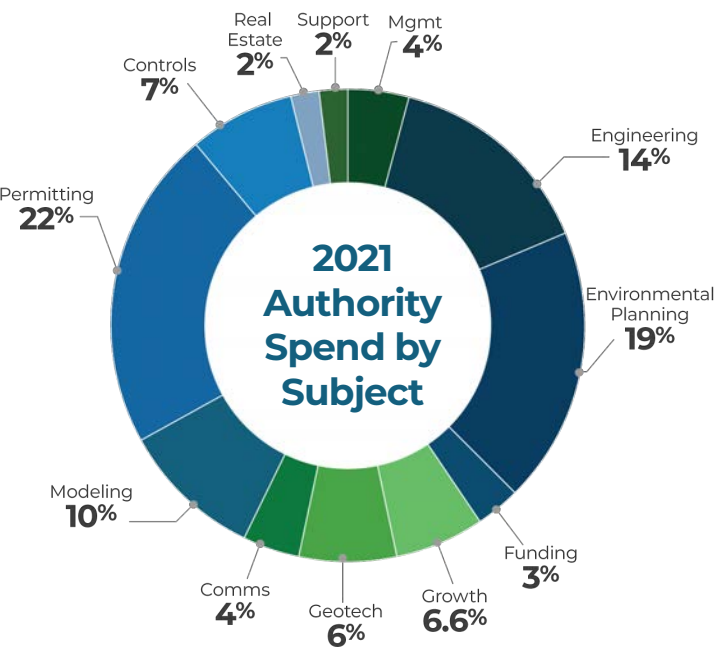
Through a truly collaborative effort, the Authority worked with state and federal agencies, local agencies in the Project area, Native American representatives, and NGOs to develop the document. The Authority hosted two public meetings to provide information and accept public comments on the document. Preparing several document components in Spanish aided in accessibility for local communities.



Sites Reservoir continues to receive unprecedented funding and support and made significant progress to advance permittability, affordability, buildability, and effectiveness.

Costs, Funding, and Schedule

In 2021, the Authority focused resources on completing feasibility to maintain eligibility for state and federal funding and continued to progress through the planning phase. The Authority also completed its comprehensive work plan—a \$33.5 million effort with local, state, and federal funding sources that provided the deliverables, schedule, and operational budget to satisfy the state's requirements for continued Proposition 1 eligibility. The Authority remained focused on leveraging local investments by maximizing both federal and state funding. The Authority amended the financial assistance agreement with Reclamation and received \$80 million in appropriations for Fiscal Year 2022, the largest of the WIIN Act storage projects. Working with the state of California, the Authority received a \$20 million inflationary increase to its Proposition 1 funding award and extended the Early Funding Agreement to include work beyond 2021.



The California Water Commission also found the Project to be feasible in December 2021, which kept the Authority eligible for its conditional \$836 million Proposition 1 award. Total local investment reached \$43.8 million in 2021, which has been leveraged to approximately \$79 million in total project revenue to date with state and federal support. With the recent federal appropriations and continued early funding from the state, the forecast shows improved leveraging of local funds through 2022.

Authority 2021 Sources and Uses of Funds*

Income	
Membership Admin/Authority	\$505,000
Membership Water	\$6,654,800
Proposition 1 Funding	\$11,487,000
WIIN Act Funding	\$2,342,000
Refund and Reimbursements	\$50,000
Interest	\$33,000
Total Income	\$21,071,800

Expense	
Total Expense	\$18,895,447

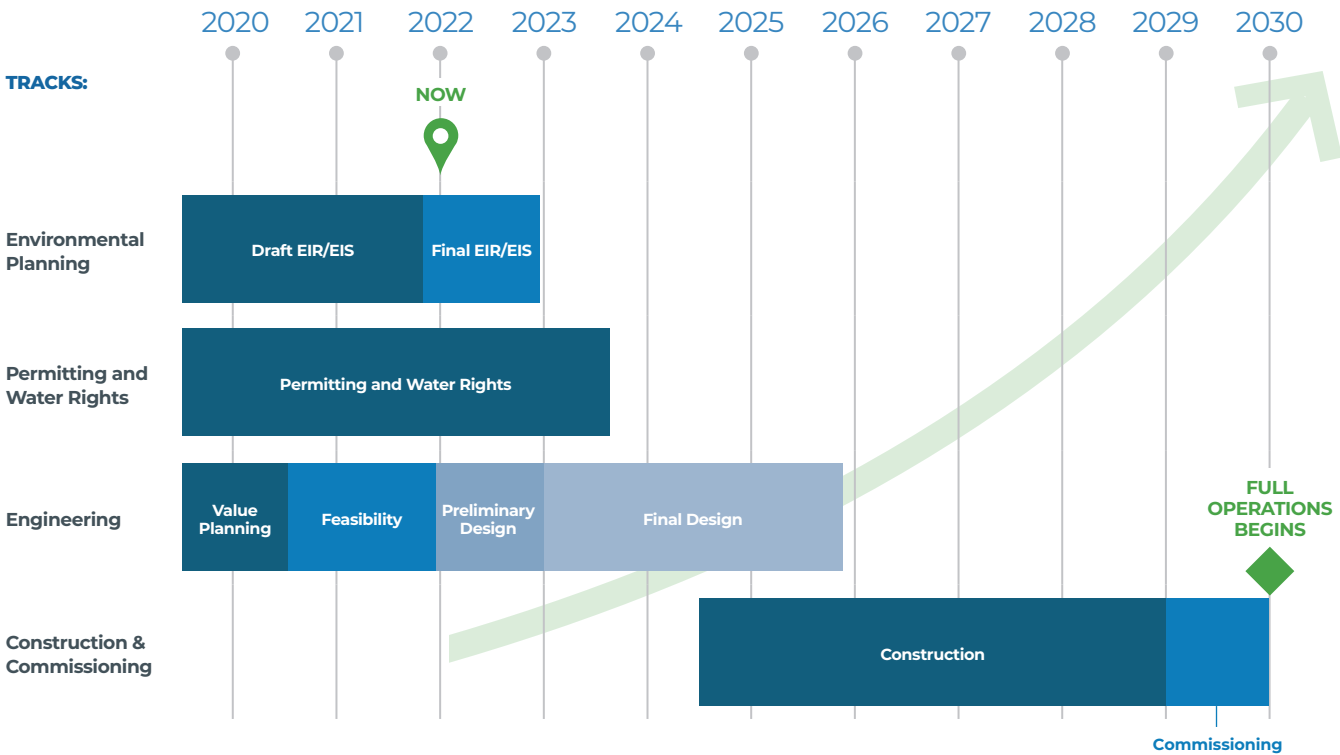
*unaudited, rounded to the nearest dollar

\$80 million

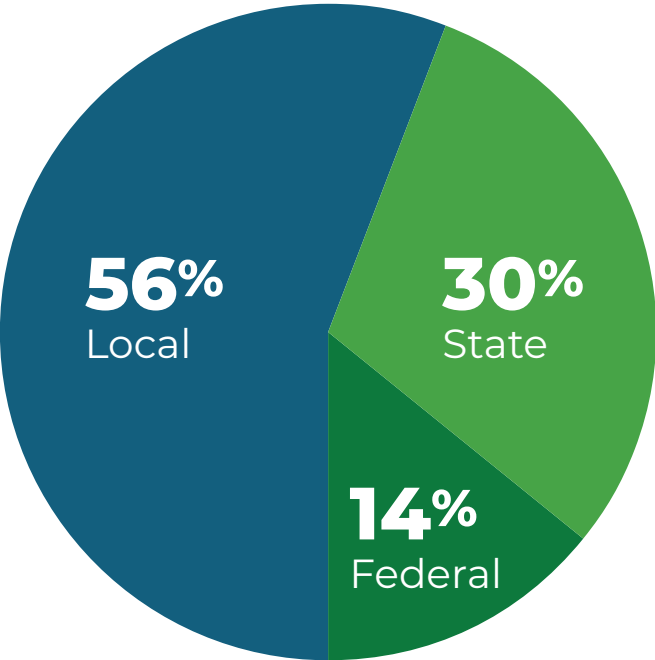
in federal appropriations for Fiscal Year 2022

This funding is the largest of the WIIN Act storage projects and indicates dedication and commitment to bringing Sites Reservoir to fruition.

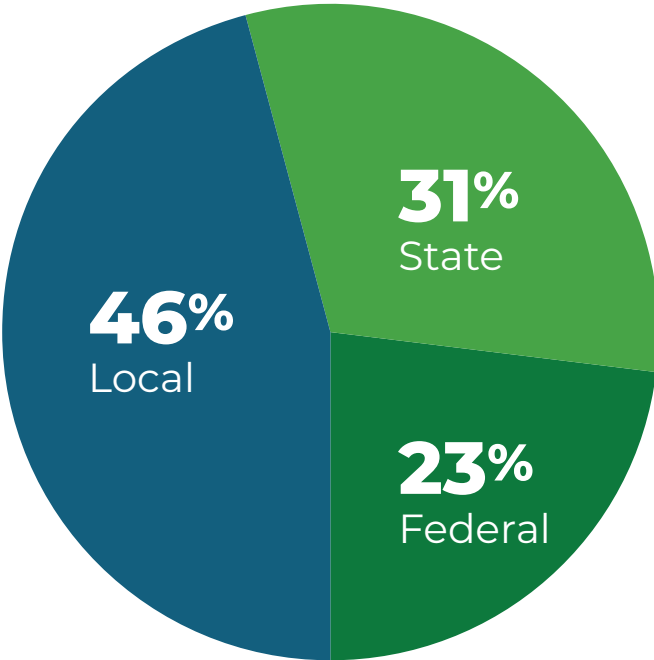
Sites Reservoir Project Schedule



Cost Share (Actual)
Since 2015 through December 31, 2021



Cost Share (Forecast)
Since 2015 through December 31, 2022



Diverse Statewide Support for Sites Reservoir



Carter Mutual Water Company | Colusa County Water District
Cortina Water District | Davis Water District | LaGrande Water District

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