



Meeting: **Joint Sites Reservoir Committee & Authority Board**

**May 19, 2023  
9:00 AM – 12:00 PM**

- Authority Board Chair: Fritz Durst (Reclamation District 108)
- Authority Board Vice Chair: Jeff Sutton (Tehama-Colusa Canal Authority)
- Reservoir Committee Chair: Valerie Pryor (Zone 7 Water Agency)
- Reservoir Committee Vice-Chair: Mike Azevedo (Colusa County)
- Treasurer: Jamie Traynham (Davis Water District)

**MINUTES**

**CALL TO ORDER/PLEDGE OF ALLEGIANCE:**

Authority Board Chairman Durst called the Joint Authority Board (AB) and Reservoir Committee (RC) Meeting to order at the hour of 9:00 a.m., followed by Roll Call and the Pledge of Allegiance.

**ROLL CALL/ATTENDANCE:**

Roll call of the Authority Board equaled 7 members in attendance, which resulted in a quorum.

Roll call of the Reservoir Committee equaled 20 representatives, 92.52% in attendance, which resulted in a quorum.

**INTRODUCTIONS:**

The Sites Staff, Consultants, and members of the public introduced themselves.

**AGENDA APPROVAL:**

It was moved by Director Sutton, seconded by Director Allen to approve the May 19, 2023, Joint Reservoir Committee and Authority Board Meeting Agenda.

**Motion carried unanimously.**

**ANNOUNCEMENT OF CLOSED SESSION:**

Counsel Doud announced the Authority Board of Directors and the Reservoir Committee Members would consider Closed Session matters 5.1 & 5.2.

**PERIOD FOR PUBLIC COMMENT:**

Authority Board Chairman Durst called for a period of public comment. Hearing none, he closed the period for public comment.

1. CONSENT AGENDA:

Reservoir Committee Chair Pryor and Authority Board Chair Durst made time to consider consent agenda items 1.1 through 1.6 as follows:

- 1.1 Reservoir Committee and Authority Board consider approval of April 21, 2023, Joint Reservoir Committee and Authority Board Meeting Minutes.
- 1.2 Reservoir Committee and Authority Board consider acceptance of the Sites Project Authority Treasurer’s Report.
- 1.3 Reservoir Committee and Authority Board consider approval of the Payment of Claims.
- 1.4 Reservoir Committee and Authority Board consider acceptance of the Sites Project Authority’s First Quarter 2023 Budget Year Quarterly Financial Report.
- 1.5 Reservoir Committee and Authority Board consider approval of the new Investment Policy.
- 1.6 Reservoir Committee and Authority Board consider authorization of Task Order No. 4 Amendment No. 2 for ICF Jones and Stokes, which would result in a zero-change to their 2023 not-to-exceed budget and their 3-year Amendment 3 contract ceiling. Approval of the Task Order Amendment No. 2 will authorize a transfer of \$450,000 from Task F27.02 (Permitting) to Task F23.01 (Planning).

ACTION RC:

It was moved by Tincher, seconded by Bettner to approve Consent Agenda Item Numbers 1.1 through 1.6. **Motion carried unanimously.**

ACTION AB:

It was moved by Director Parker, seconded by Director Allen to approve Consent Agenda Item Numbers 1.1 through 1.6. **Motion carried: All Directors present voted yes.**

2. ACTION ITEMS:

- 2.1 Reservoir Committee and Authority Board consider approval of “preliminary” Final Allocations of Available Storage, and proportionate shares of diverted water for Storage Partners and initiate the transition from yield-based to Storage-based participation which is to be reflected in the Benefits and Obligations (B & O) Contracts.

Ms. Bezzone presented on Action Item 2.1 Attachment A, Table 1 Preliminary Final Allocation of Sites Reservoir and spoke to the following:

- Changes to Reservoir Capacity and Participation, net adjustment for Reclamation resulting from the updated dead pool and survey data information.
- State participation remains unchanged at 17.3%.

- Storage allocation for each local member is derived from Amendment 3 participation level multiplied by the conversion factor of 6.234.
- Percent Storage is equal to Capacity Interest, which determines how much space participants have in the Reservoir to store water and the percentage of the diversions that each member receives.

Cheng asked if the financial obligations track with storage allocation.

Mr. Robinette clarified that the State is currently contributing more than its share of storage to the capital costs since the State's contribution and storage allocation is a fixed amount based on the State's benefit analysis. In the current model, the actual cost allocation to each individual agency is slightly less than the Capacity Interest number. Capacity Interest is the share of fixed cost in the project and the share of variable cost that is based on diversions and releases subject to operating decisions.

Director Sutton spoke to the Capacity Interest in Sites owned downstream facilities and Mr. Robinette noted the B & O Contract will define two capacity interests, Base Facilities and a Downstream Capacity Interest for participants using downstream facilities to convey water to their second point of delivery based on their storage allocation.

Kunde requested the available storage percent column show to the one-hundredth decimal digit to present a more precise value prior to finalizing the storage allocation.

Director Sutton noted that percentages may need to be regenerated based on the outcome of Reclamation participation.

Discussion was held on additional participation for Reclamation versus other participants that have expressed interest. It was recently determined that Reclamation participation at 16% would be accommodated to the extent feasible given their long history with the project (pre-2010) and their significant funding contributions through CALFED and WIIN that have contributed to advancing the project.

Executive Director Brown requested the board table the priority system for determining participation of waitlisted entities until after a review of all the relevant policies and decisions the board has made over the years to make sure the board has a clear understanding of the details in the documents. Mr. Brown explained it is a fairly complicated set of documents, so he would like to make sure all the Participants understand and accept the priorities. It may or may not be necessary to perform a review depending on the outcome of the final participation of Amendment 3 Participants since the project is currently fully subscribed.

**ACTION RC:**

It was moved by Cheng, seconded by Eckhart to approve “preliminary” Final Allocations of Available Storage, and proportionate shares of diverted water for Storage Partners and initiate the transition from yield-based to Storage-based participation which is to be reflected in the B & O Contracts.

**Motion carried unanimously.**

**ACTION AB:**

It was moved by Director Sutton, seconded by Director Evans to approve “preliminary” Final Allocations of Available Storage, and proportionate shares of diverted water for Storage Partners and initiate the transition from yield-based to Storage-based participation which is to be reflected in the B & O Contracts. **Motion carried: All Directors present voted yes.**

- 2.2 Reservoir Committee and Authority Board consider authorizing the Executive Director to enter into an agreement with the National Marine Fisheries Service (NMFS) to reimburse for dedicated staff support to prepare and implement Biological Opinion permitting for a total of up to \$1,388,277 through September 30, 2028, with a not-to-exceed of \$65,400 for the fiscal year 2023.

Executive Director Brown spoke to the contract with NMFS that would acquire staff dedicated to supporting the Project permitting and implementation activities. The commitment is an authorized amount of \$65,400 for the 2023 fiscal year paid for from the unrestricted contingency reserve. Future allocations would be budgeted and authorized on an annual basis through 2028.

Director Sutton clarified with Ms. Forsythe that the \$65,400 is a partial funding amount because the contract will be signed at the end of September 2023. Ms. Forsythe explained the NMFS contract is set up in a Federal fiscal year from October through September and NMFS has staff set up on 5-year term agreements.

Brief discussion was held on providing clear language in the NMFS Reimbursement Contract that commitment beyond 2024 is contingent on the project moving forward into Phase 3.

**ACTION RC:**

It was moved by Eckhart, seconded by Bettner to authorize the Executive Director to enter into an agreement with the NMFS to reimburse for dedicated staff support to prepare and implement Biological Opinion permitting for a total of up to \$1,388,277 through September 30, 2028, with a not-to-exceed of \$65,400 for fiscal year 2023. **Motion carried unanimously.**

**ACTION AB:**

It was moved by Director Evans, seconded by Director Arnold to authorize the Executive Director to enter into an agreement with the NMFS to reimburse for

dedicated staff support to prepare and implement Biological Opinion permitting for a total of up to \$1,388,277 through September 30, 2028, with a not-to-exceed of \$65,400 for fiscal year 2023. **Motion carried: All Directors present voted yes.**

3. DISCUSSION AND INFORMATION ITEMS:

3.1 Review and comment on the Final Environmental Impact Report (EIR) /Environmental Impact Statement (EIS), Part 3 (continued) status briefing on overriding considerations in preparation for approval of the Project.

Ms. Forsythe referred to the Final EIR/EIS Status Briefing PowerPoint and spoke to the following:

- California Environmental Quality Act requirements for a Statement of Overriding Considerations.
- Anticipated Project Impacts that Remain Significant and Unavoidable, Key Project Benefits for the Overriding Consideration.
- Water Supply Reliability and Drought Resiliency Benefits, Ecosystem Benefits, Anadromous Fish Benefits, and Benefits to the Local and Regional Community.
- Final EIR Certification and Board Hearing targeted for August 2023.

Discussion was held on additional project benefits suggested for the statement of overriding considerations. Weghorst spoke to emergency supply source for members. Director Sutton spoke to reliability improvement under Central Valley Project Municipal & Industrial shortage policy. Kunde suggested the benefit of water supply reliability and drought resiliency was understated and should be emphasized more. Smalls spoke to elements of resiliency beyond drought.

Director Sutton and Chairman Durst expressed appreciation for Ms. Forsythe's work on the Admin Draft of the Final EIS/EIR. Director Sutton emphasized he didn't have any edits or comments.

3.2 Review and discuss the 2023 Draft Plan of Finance.

Mr. Robinette gave a presentation on the Plan of Finance Workshop Costs and spoke to the following:

- B & O Contract based on the adopted Guiding Principles.
  - The Authority is proposing to construct and own certain facilities, Participants will own capacity in such facilities.
  - Ongoing Governance discussion on mechanics, Authority will operate such facilities, contract to use certain facilities, and expects to receive Water Right for the benefit of the Participants in

accordance with the B & O contracts pursuant to direction from the Participants.

- Proportional to Base and Downstream Capacity Interest, Participants get active storage capacity in Sites Reservoir, Capacity in Sites owned Base and Downstream Facilities, a right to receive water service, water diverted under Sites Water Right minus losses.
- The RC & AB will need to reaffirm the precedent conditions for signing contracts (investor commitment).
- Operation Assumptions, Constraint Assumptions, Operations Decisions, and Current Assumptions.

Discussion was held on the information requested from Participants prior to finalizing the Plan of Finance. Cheng requested bookends for acre-foot depending on demand patterns. Eckhart spoke to capacity constraints and restrictions to moving Sites water through the Delta and South of the Delta. Kunde spoke to the specifics of conditions for approval by the Sites Authority for sales of space.

Brian Thomas spoke to assumptions and actions supporting the 2023 cost update, and discussed the following:

- Adopted Master Bond Resolution and Guiding Principles, Approved Water Infrastructure Finance, and Innovation Act (WIFIA) Reserve Policy, Approved Debt Management Policy, and WIFIA loan to fund 49% of eligible costs of the Project.
- Construction escalation rates, WIFIA interest rate is 3.5%, Revenue Bond interest rate is 5%, Model assumes interest only is paid during construction or that interest is capitalized during construction.
- Participant Progress, Securing Funding, Colusa County Flood Control and Water Conservation through Department of Water Resources billing, Water rates and charges.

Brief discussion was held on the breakdown of contingencies in the total project cost estimate and evaluating the payback period of debt.

**4. REPORTS:**

**4.1 Chairpersons' Reports:**

None.

**4.1 Committee & Workgroup Chairpersons' Reports:**

None.

4.3 Authority Board & Reservoir Committee Participant Reports:

**Legislative & Outreach Committee:**

Director Sutton and Tincher spoke on the Washington DC trip held in April.

Director Sutton acknowledged Sara Katz for the videos her team made on Sites.

Mr. Spesert gave a recap of the Community Working Group (CWG) Meeting held on May 18.

Kunde noted feedback he heard from attendees at the CWG and explained that it was suggested to offer one-on-one meetings because the presentations seem to be long with a lot of information and some attendees may be a little intimidated to speak in a large group.

4.4 Executive Director's Reports:

Executive Director Brown spoke to the following:

- ACWA gathering that was held in Monterey.
- Legislation focused on making infrastructure easier to build in CA, limiting timelines for environmental litigation, and simplification of permitting process by June 15.
- Water Right Application is complete, and the next step is the Noticing Process which will occur within 30 days of receiving the notice of completion letter. The Noticing Process will begin no later than June 5, which will start a 60-day period of protest followed by a 6-month period of the Sites team working to resolve any identified protests.
- Monthly status report, Work Plan Key Deliverables Report, Meetings Action Items Summary.
- Press Conference by the governor that announced legislation and executive order intended to focus on making infrastructure easier to build in CA. Benefits to Sites include limiting timelines for environmental mitigation and simplification of the permitting process.
- Approval for additional early funding. The early Funding Agreement is now 43M instead of 40M.

Authority Board Chairman Durst declared a recess at 11:11 a.m. and convened into Closed Session.

**5. CLOSED SESSION:**

5.1 Negotiations concerning water right permit terms and conditions (Govt. Code §54956.9(c) and §54956.9(d)(4)).

5.2 Conference with Real Property Negotiators (Gov. Code § 54956.8)

**Joint Authority Board & Reservoir Committee Meeting**

**May 19, 2023**

Property: [Colusa County] APNs 011-130-004-000, 011-130-011-000, 011-150-017-000, 011-150-018-000, 011-150-020-000

Agency negotiators: Jerry Brown, Kevin Spesert

Negotiating parties: Shirley Jensen

Under negotiation: Price and terms of payment

Chairman Durst adjourned Closed Session at 11:52 a.m. and reconvened into Open Session.

**6. REPORT FROM CLOSED SESSION:**

Counsel Doud stated that no reportable action was taken on Closed Session matters.

**7. RECAP:**

7.1 Suggested Future Agenda Items.

7.2 Upcoming Meetings:

**Joint Reservoir Committee & Authority Board**

Friday, June 16, 2023 (9:00 am – 12:00 pm)

Maxwell Project Office & Virtual

Authority Board Chairmen Durst adjourned the Joint Reservoir Committee and Authority Board Meeting at the hour of 11:53 a.m.

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Fritz Durst, Authority Board Chair

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Valerie Pryor, Reservoir Committee Chair

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Sandra Yarbrough, Board Clerk