



Meeting: **Reservoir Committee & Authority Board**  
**Agenda Item 3.3**

**July 19, 2024**

Subject: **Sites Project Agreements Update**

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**Requested Action:**

Receive an update on the Glenn Colusa Irrigation District (GCID) and Tehama-Colusa Canal Authority (TCCA) Facilities Use Agreements development framework, Lower Colusa Basin Drain (CBD) System Agency Agreements Term Sheets, and County Developer Agreements.

**Detailed Description/Background:**

Staff are tracking the items that the Board has identified as needed for their agency's execution of the Benefits & Obligations Contract – those deliverables and activities are covered as part of Agenda Item 03-04 Conditions Precedent Reporting. This staff report includes a progress update on important local agreements including those for the Project's use of existing local conveyance infrastructure and with the counties where Project infrastructure is located. Staff is looking for any feedback from board members regarding the direction things are going and whether the level of detail to be contained in the finished products will be sufficient for your individual agency investor commitment purposes.

**GCID/TCCA Facilities Use Agreements**

In February 2023, the Sites Authority developed a Cooperative Agreement with GCID and TCCA regarding the future use of Partner facilities and outlining the process to reach final agreement regarding such shared use. To inform the development of the Facilities Use Agreements, staff solicited services from a wheeling rate consultant (Water Resources Economics) in late 2023. In conjunction with Sites Authority staff, GCID, and TCCA, Water Resources Economics is developing a framework to describe what the Sites Authority will pay for use of shared facilities. Sites staff expects to work with GCID, TCCA, and Water Resources Economics to develop substantially final Facilities Use Agreements during Quarter 1 2025.

**Lower Colusa Basin Drain System Term Sheets**

For the Sites Reservoir Project's use of the Lower CBD System, staff continues to advance terms sheets and related items to support the development of the Benefits & Obligations Contract. Staff has been meeting with Reclamation District (RD) 108 and

the Department of Water Resources to discuss use of the Knights Landing Outfall Gates (KLOG) and Wallace Weir to convey Sites Reservoir releases to the Sacramento River and Yolo Bypass, respectively. As part of these discussions, staff is working with RD 108 and DWR staff to identify areas or terms that will need to be considered in the development of Operations Agreements. Related to the use of KLOG, staff are also coordinating with DWR on any Section 408 compliance requirements for the Project.

On June 4, 2024, staff met with the Lower CBD Working Group to report progress on the Project and to continue to discuss topics of interest, such as operation and maintenance (O&M) issues along the Lower CBD System. Staff are also engaging with landowners with common interests, such as compliance with the Hershey Agreement along the Knights Landing Ridge Cut or Lower Reach. A meeting with Dunnigan landowners is scheduled for July 18, 2024, to discuss project progress, including developing the 30% design of the Dunnigan Pipeline and outlet structure, and solicit community input.

Finally, to support the eventual development of a Long-Term Maintenance Agreement for the Lower CBD System, staff has been reviewing the O&M authorities and jurisdictions in the CBD area and soliciting feedback from the local communities and agencies on O&M issues through the Lower CBD Working Group and other forums.

### **County Developer Agreements**

The Board received a full report on all aspects of the county permits and approvals and the ongoing preparation of a development agreement with each of the three counties, Colusa, Glenn and Yolo. Since that time good progress has been made on formulating an agreement along the following terms:

- A methodology for determining payments in lieu of property taxes (PILT) has been developed and will be applied for future payment amounts from the Authority to each County for lands acquired in fee title by the Authority that are currently under the tax rolls of the County's. The proposed methodology will be consistent with standard tax calculation practice being applied in all three counties.
- Distribution of the PILT to be paid by the Authority would be in the same manner as the tax revenues from the affected properties allocated currently.
- The PILT amounts the Authority pays will be determined on non-Williamson Act rates. This is beneficial to the counties because the State claims hardship and does not cover these obligations as they supposed to under state law.
- The Sites Authority and the affected school districts will need reach agreements separate from the DA's to resolve potential cash flow issues associated with delayed local property tax.

- PILT's would occur as the Authority acquires fee title to the land.

The next steps to finalizing the Development Agreements with each county are to complete the "with Project" analysis of the positive/negative, short term/long term economic effects to come to a net effect of the Project and address the totality of the issues in a final negotiation. This analysis and the associated negotiations are anticipated to be completed before the end of 2024.

**Prior Action:**

**September 2023 (Lower CBD System):** Adopted Board Resolution 2023-01 establishing guidelines for the Sites Project's use of the Lower CBD System.

**December 2023 (GCID/TCCA Facilities Use Agreements):** Approved contact with Water Resources Economics to provide Wheeling Rate Development Services

**May 2024 (County Developer Agreements):** Reviewed and comment on approach to address County roads within project footprint and identify county permits/approvals necessary prior to construction.

**Fiscal Impact/Funding Source:**

None.

**Staff Contact:**

JP Robinette (GCID/TCCA Facilities Use Agreements & Lower CBD System Term Sheets)

Jerry Brown/Leanne Link (County Developer Agreements)

**Primary Service Provider:**

Brown and Caldwell (GCID/TCCA Facilities Use Agreements & Lower CBD System Term Sheets)

**Attachments:**

None.