

Meeting: **Sites Reservoir Project**

**2021 June 23**

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

**1:30 – 4:00 PM**

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Location: [Click here to join the meeting](#)

Call in:**1-213-379-5743**

Code: **656 062 706#**

Board Chair: Fritz Durst (Reclamation District 108)

Board Vice Chair: Jeff Sutton (Tehama-Colusa Canal Authority)

Res Comm Chair: Jeff Davis (San Geronio Pass Water Agency)

Res Comm Vice Chair: Bill Vanderwaal (RD 108/Dunnigan Water District)

Treasurer: Jamie Traynham (Davis Water District)

## **MINUTES**

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

Authority Board Chair Durst called the Joint Authority Board (AB) and Reservoir Committee (RC) Meeting to order at the hour of 1:30 p.m., followed by the Pledge of Alliance.

### **ROLL CALL/ATTENDANCE:**

Authority Board Chair Durst stated the Board Clerk would conduct the Roll Call starting with the Authority Board of Directors.

Roll of the Reservoir Committee was called (Attachment A), which resulted in 21 eligible representatives. This equated to 95.43% of the current participation percentage being in attendance, which is greater than the 50% needed to have a quorum of the Reservoir Committee.

Roll of the Authority Board members was called (Attachment B) and there was a quorum present.

Authority Board Chair Durst made time to consider discussion of the Roll Call voting process.

Reservoir Committee Chair Davis stated that at last month's RC meeting, he expressed concern of potentially needing roll call voting when meetings involved participants engaging remotely. He further stated both the RC and AB Chairs discussed this issue and agreed to make a couple of changes to both Board's voting procedures to ensure continued compliance with the Brown Act and keeping the meetings running smoothly and efficiently.

Executive Director Brown stated this matter was discussed with General Counsel Kuney endorsed this approach for Brown Act compliance.

Executive Director Brown stated the following process would be instituted now and for future meetings where there is any remote participation and for each item requiring a vote:

- After a motion and second is received on the item and after any further discussion occurs, the Chairs will call for a vote.
- First call for a vote will be for those in favor, then a call for a vote will be asked for those opposed or abstaining.
- If no opposition or abstentions, the record will reflect that all present voted in favor of the item.
- If any are opposed or abstain, the Chair will call on those individuals to identify themselves and the record will reflect the votes and the names. All other votes will be reflected as being in favor of the item.

Brief discussion followed.

**INTRODUCTIONS:**

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

**AGENDA APPROVAL:**

It was moved by Davis, seconded by Tincher to approve the June 23, 2021, Joint Authority Board and Reservoir Committee Meeting Agenda. Motion carried unanimously.

**PERIOD FOR PUBLIC COMMENT:**

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

**1. CONSENT AGENDA:**

Reservoir Committee Chair Davis made time to consider Consent Agenda Item 1.1, approval of the May 20, 2021, Reservoir Committee Meeting Minutes.

Mr. Cheng stated he was not present at the May 20, 2021 Reservoir Committee Meeting. He stated Ivory Reyburn was present as Alternate with Ms. Petya Vasileva present as other and requested this be reflected into the record. Reservoir Committee Chair Davis so directed.

**ACTION/RESERVOIR COMMITTEE:**

- 1.1 It was moved by Cheng, seconded by Kunde to approve Consent Agenda Item 1.1, the May 20, 2021, Reservoir Committee Meeting Minutes, as amended. Motion carried unanimously. **(Attachments A & B)**

**ACTION/AUTHORITY BOARD:**

It was moved by Director Evans, seconded by Director Dennis to approve Consent Agenda Item Numbers 1.2 through 1.6 as follows:

- 1.1 Approve the May 26, 2021 Authority Board Meeting Minutes, as presented. **(Attachment A)**
- 1.2 Accept the Sites Project Authority Treasurer’s Report. **(Attachment A)**
- 1.4 Approve the Payment of Claims. **(Attachments A, B & C)**
- 1.5 Approve an amendment to Fechter and Company’s contract to include conducting a Single Audit in the amount of \$3,500 bringing their existing contract amount to \$61,754.
- 1.6 Authorize the Executive Director to enter into a new Cost Sharing Memorandum of Agreement with the United States Bureau of Reclamation.

Motion carried: All Directors present voted yes.

**ACTION/RESERVOIR COMMITTEE:**

It was moved by Azevedo, seconded by Leitterman to approve Consent Agenda Item Numbers 1.3 through 1.6 as follows:

- 1.3 Accept the Sites Project Authority Treasurer’s Report. **(Attachment A)**
- 1.4 Approve the Payment of Claims. **(Attachments A, B & C)**
- 1.5 Approve an amendment to Fechter and Company’s contract to include conducting a Single Audit in the amount of \$3,500 bringing their existing contract amount to \$61,754.
- 1.6 Authorize the Executive Director to enter into a new Cost Sharing Memorandum of Agreement with the United States Bureau of Reclamation.

Motion carried unanimously.

**2. Action Items:**

- 2.1 Authority Board Chair Durst made time to consider acceptance of the updated Feasibility Total Project Cost Estimate.

Executive Director Brown provided a brief update of the project cost estimates since 2017.

Mr. Luu provided an overview of the updated Feasibility Total Project Cost Estimate and spoke to the following:

Background:

1. In 2019 the Authority initiated a comprehensive Value Planning process to identify the “right size” project:
  - Affordable.
  - Buildable.
  - Permittable.
2. The process was documented in the April 2020 Sites Project Value Planning Alternatives Appraisal Report:
  - Recommended Alternative VP7: 1.5 MAF Reservoir.
  - Two Alternative options VP5 and VP6: 1.3 MAF Reservoir.
  - Conceptual screening cost estimate (AACE Class 5) of approximately \$3 billion in 2019 dollars.

Feasibility Design:

1. Feasibility design of the “right size” project initiated in the Summer of 2020:
  - Alternative 1: 1.5 MAF Reservoir.
  - Alternative 2: 1.3 MAF Reservoir.
2. Informs preparation of the Feasibility Cost Estimate:
  - Collected more data.
  - Additional engineering analysis.
  - Design refinements.
3. Resulted in:
  - 10% level of design details
  - Analysis of material needs and potential sources
  - Estimated construction schedule

Feasibility Cost Estimate:

1. Provides a higher level of accuracy (AACE Class 4)
  - Considered results from Feasibility Design
  - Bottom-up approach
2. Provides investors with a higher degree of certainty in project affordability

3. About a 30% cost increase compared to Value Planning estimates (AACE Class 4 vs Class 5 cost estimates)
  - Alternative 1: \$3.93 billion (2021 dollars)
  - Alternative 2: \$3.87 billion (2021 dollars)

Cost Increase Drivers:

Facility: see attachment for the various costs	
VP7: (2019 dollars)	\$3,036,600,000
Alternative 1: (2021 dollars)	\$3,934,200,000
Alternative 2: 2021 dollars)	\$3,874,000,000

Market Price Increase (18% to 23% increase in unit price for embankment Materials)

Additional Data and Design Refinements:

Facility	TRR West (2021 dollars)	TRR East (2021 dollars)
TRR Reservoir	\$212,000,000	\$185,100,000
TRR/Funks Pipelines	\$226,900,000	\$369,600,000
TRR Transmission Power Lines	\$39,300,000	\$60,000,000
<b>Total</b>	<b>\$478,200,000</b>	<b>\$615,100,000</b>

1. TRR Reservoir cost increase is about 5% of VP7 total cost estimate
  - Resulted from design refinements based on additional geotechnical data that was not available during the Value Planning process

Consideration of Uncertainties:

1. Design and Construction Contingencies
  - About 15% of total cost estimate, \$583M.
  - Recommended based on current project understanding
2. Environmental Mitigation:
  - About 15% of total cost estimate, \$579M.
3. Non-Contract Costs (operation costs) including administration, real estate, and legal Services
  - About 13% of total cost estimate, \$496M
4. Alignment with Bureau of Reclamation
  - Combined environmental mitigation and non-contract costs typically range from 25% to 30% of total cost estimate.
  - AACE Cost Estimate Classification System graph.

Next Steps:

1. The Feasibility Cost Estimate is **not a final estimate:**
  - Used in preparation of the WSIP Feasibility Report to meet CWC Prop 1 requirement.
  - Inform project funding and affordability analysis.
2. Next phase of design development:
  - Continue to collect additional technical data.
  - Refine project analysis and design.
  - Evaluate potential cost saving opportunities
  - Focused on controlling project costs and continue to be transparent with information needed to support decision making.
    - Prepare ACE Class 3 Cost Estimates for even greater cost accuracy and certainty.

Discussion followed.

**ACTION/RESERVOIR COMMITTEE:**

It was moved by Tincher, seconded by Cheng to approve a recommendation to the Authority Board to accept the updated Feasibility Total Project Cost Estimate as presented.

Motion carried unanimously.

**ACTION/AUTHORITY BOARD:**

It was moved by Director Sutton, seconded by Director Evans to accept the updated Feasibility Total Project Cost Estimate as present.

Motion carried: All Directors present voted yes.

- 2.2 Consider approval to submit a Water Infrastructure Finance and Innovation Act Letter of Intent.

Authority Board Chair Durst made time to consider approval to submit a Water Infrastructure Finance and Innovation Act (WIFIA) Letter of Intent.

Executive Director Brown spoke in support of a Letter of Intent for submittal to WIFIA. He stated Mr. Gardels would be speaking to this matter.

Mr. Gardels provided an overview of an EPA WIFIA Letter of Interest Planning and spoke to the following:

What is WIFIA?

- WIFIA = Water Infrastructure Finance Innovation Act.
- Administered by EPA.
- Provides low-cost, long-term loans for eligible water and wastewater projects.
- 2021 Notice of Funding = \$5.5 Billion available for loans.
- Letters of Interest Due by July 23, 2021.

Why WIFIA?

- Low interest.
  - Interest rate will be equal to or greater than the U.S. Treasury rate of a similar maturity.
- Repayment Deferral.
  - Maximum time for repayment may be deferred after substantial completion of the project. Total loan term can be 35 years.
- Earlier Certainty.
  - The WIFIA program has allowed agencies to “lock-in” the interest rate at loan closing.

WIFIA Program Application Process- 2 Phases

Project Selection:

- Notice of Funding Availability
- Letter of Interest (LOI) Submission
- LOI Evaluation
- Project Selection

Review, Negotiation, & Closing:

- Application Submission
- Application Evaluation
- Negotiation of Term Sheet
- Project Recommendation
- Approval
- Closing Activities

Funding Request – NEED TO UPDATE

Total Eligible Project Costs	\$4,300,000,000
WSIP Funds	\$ 840,000,000
Federal Funds	\$1,100,000,000
USDA Loan Proceeds	\$ 400,000,000
WIFIA Loan Request-2021 LOI	\$ 600,000,000

Discussion followed.

**ACTION/RESERVOIR COMMITTEE:** It was moved by Traynham, seconded by Marks to approve a recommendation to the Authority Board to approve submittal of a Water Infrastructure Finance and Innovation Act Letter of Intent and to authorize the Chairman to sign.

Motion carried unanimously.

**ACTION/AUTHORITY BOARD:** It was moved by Director Dennis, seconded by Director Sutton to approve submittal of a Water Infrastructure Finance and Innovation Act Letter of Intent and authorize the Chairman to sign.

Motion carried: All Directors present vote yes.

2.3 Direct staff to prepare the Amendment 3 Work Plan based on a 36-month work plan period. **(Attachment A)**

Executive Director Brown provided an overview of the 18-month and 36-month work plan options, stating that the 18-month work plan would accomplish all the Amendment 3 goals and objectives and aligns with the previously discussed estimated \$350/af cash call. He noted that the 18-month work plan might preclude some participants from continuing with the project. He stated should a decision be made to move forward with the 18-month work plan a way should be considered to keep them in the project. Discussion followed.

**ACTION/RESERVOIR COMMITTEE:** It was moved by Azevedo, seconded by Vanderwaal to approve a recommendation to the Authority Board to direct staff to prepare the Amendment 3 Work Plan based on a 36-month work plan period.

Motion carried unanimously.

**ACTION/AUTHORITY BOARD:** It was moved by Director Sutton, seconded by Director Evans to direct staff to prepare the Amendment 3 Work Plan based on a 36-month work plan period.

Motion carried: All Directors present voted yes.

Authority Board Chair Durst declared a recess of the Joint Authority Board and Reservoir Committee Meeting at 3:14 p.m., and reconvened at the hour of 3:20 p.m.

3. **Discussion and Information Items:**

3.1 Review and comment on the key outcomes of the operations-related chapters and growth inducement analysis in the Revised Draft EIR/Supplemental Draft EIS (RDEIR/SDEIS). **(Attachment A)**

Ms. Forsythe provided an overview of the key outcomes of the operations-related chapters and growth inducement analysis in the Revised Draft EIR/Supplement Draft EIS (RDEIR/SDEIS) and spoke to the following:

Agenda

- Operations-related Analysis
- Growth Inducement Analysis

Preliminary Determinations

Operations - related

- Chapter (# and Title); Impacts Requiring Mitigation; Significant and Unavoidable Impacts:
  - #5 - Surface Water Resources
  - #11 - Aquatic Resources
  - #20 - Air Quality
  - #21 - Greenhouse Gas Emissions (GHG)

Growth Inducing:

- No impact determination.
- Evaluates direct and indirect growth inducing effects from construction and operations.
- Approach considers:
  - Water supply reliability describing simulated deliveries to agriculture and M&I uses by hydrologic regions.
  - Population growth over last 20 years and projected growth.
  - Local authority of governments over land use planning.
- Alternatives are not growth-inducing and would not induce secondary growth impacts.

Chapters Remaining for July Briefing:

- Surface Water Quality
- Air Quality (final analysis)
- Climate Change (NEPA only)
- Indian Trust Assets (NEPA only)
- Socioeconomics and Environmental Justice (NEPA only)
- Cumulative Impacts
- EIR/EIS Document Distribution

Process for Approval of Release of the Revised Draft EIR:

- June – Part 3, Key Sections:
  - Operations-Related Sections and Growth Inducement.
- July – Request approval:
  - All Remaining Chapters, including Cumulative.
  - Request approval from the Reservoir Committee and Authority Board for release of the public RDEIR in August.

- August 2021 – Release of RDEIR:
  - Schedule assumes parallel review and release of SDEIS as joint document.

Lengthy discussion followed with no action taken.

3.2 Review and comment on the Sites Reservoir Benefits and Obligations Guiding Principles and Preliminary Terms Draft. **(Attachment A)**

Mr. Robinette provided an overview of the Sites Reservoir Benefits and Obligations Guiding Principles and Preliminary Terms, which captures the principles of the partnership between the JPA and the participants. He stated the near-term schedule for development of the GPPT is as follows:

- **June:** re-share draft GPPT as part of Joint Meeting.
- **July:** staff to refine draft GPPT based on all feedback received.
- **August:** preliminary draft GPPT incorporating all feedback presented to the RC/AB. Staff also working with CWC staff to ensure the materials to be presented later in the year demonstrating 75% non-public cost share will be sufficient. This draft of the GPPT would be provided as part of that package, not for content review and comment, but instead to comment on sufficiency of the 75% demonstration.
- **September:** joint workshop to discuss proposed Final 2021 Draft GPPT and receive any final feedback and proposed changes.
- **October:** Final 2021 Draft GPPT considered for acceptance by the RC/AB. This document will remain a “work in progress” and will be subject to further changes as the project continues through development. By accepting the Final 2021 Draft GPPT the RC/AB would be representing their willingness to bring this document to their home Board’s as part of their consideration of continued participation in Amendment 3. This process could lead to additional feedback and further changes to the document. Also, it is expected that an acceptance by the RC/AB will be needed to fulfill CWC requirements. This document will be included in final 75% non-public cost share package to CWC which is anticipated for approval at the same meeting.

Discussion followed 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.

Authority Board Chair Durst stated he and Executive Director Brown met with two Sacramento Bee Reporters regarding the Prop 1 funding, and also took them to the Sites Valley.

Reservoir Committee Chair Davis suggested the following Reports be placed on the Agenda on a period basis:

- Treasurer’s Report (abbreviated version)
- Status Report on Water Rights

4.1.2 Committee & Workgroup Chairpersons’ Report:

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

None.

4.1.3 Authority Board & Reservoir Committee Participant Reports:

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

Authority Board

Budget and Finance

None.

Legislative and Outreach

Director Evans stated the Land Use Committee would be reconvening in the next couple of weeks.

Mr. Spesert stated he is looking to start local community meetings in the near future.

Director Sutton provided a brief update on the various State and Federal Legislative and Outreach matters/issues.

Communications

Ms. Katz provided an update regarding the various activities regarding the Sites Project. Brief discussion followed.

Reservoir Committee

Reservoir Ops & Engineering Work Group

Mr. Kunde stated the Reservoir Ops and Engineering Work Group met on June 15, 2021 and covered the following four topics:

- Reviewed Outputs from three different hydraulic models regarding emergency release flows in inundation areas.
- Report on the Colusa Basin Drain modeling
- Report regarding the capacity of the Glenn-Colusa Canal to convey water to Sites.
- Mr. Luu and Mr. Spranza reviewed the Feasibility Cost Estimate.

Coordination Work Group

Reservoir Committee Chair provided a brief update on how to handle meetings going forward after covid.

4.2 Executive Director’s Reports:

Executive Director Brown spoke to the following matters:

- Monthly status report. **(Attachment A)**
- Work Plan Key Deliverables Report. **(Attachment B)**
- Meetings Action Items Summary. **(Attachment C)**
- Use of the participant portal.

5. Recap:

5.1 Suggested Future Agenda Items.

None.

5.2 Upcoming Meetings:

**Reservoir Committee**

Thursday, July 15, 2021, 1:30 PM – 4:00 PM

Virtual and in-person at the Maxwell Project Office

**Authority Board**

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

Virtual and in-person at the Maxwell Project Office

**Joint Plan of Finance Workshop – Affordability Review**

Friday, July 23, 2021, 9:00 AM – 12:00 PM

Virtual and In-person at the Maxwell Project Office

**PLEASE INVITE YOUR AGENCY STAFF THAT WILL BE INVOLVED IN FINANCING FOR THE PROJECT**

Authority Board Chair Durst adjourned the Joint Authority Board and Reservoir Committee Meeting at the hour of 4:13 p.m.

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Fritz Durst, Authority Board Chair

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Jeff Davis, Reservoir Committee Chair

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Yolanda Tirado, Board Clerk

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Jerry Brown, Executive Director