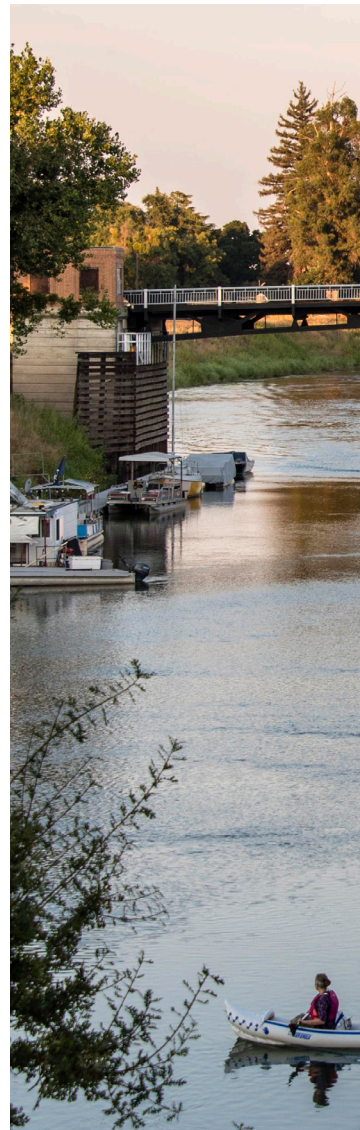


Sites Project Authority

Annual Report 2020



Letter from the Sites Board Chair

With 2020 in the rearview mirror, many of us are personally and professionally looking to the promise of the coming year. Just like our fellow Californians, the Sites Project Authority and its members faced new challenges this year. **We also saw important successes and progress for Sites Reservoir that we are excited to build on in 2021.**

In many ways, 2020 was a pivotal year for the project. Under the leadership of our new executive director, Jerry Brown, we rolled out a new and improved version of Sites Reservoir after completing a robust value planning process. Today's Sites Reservoir reflects the needs of our project participants and is a lower cost project that leaves a smaller footprint while still providing the water our agencies need.

We also convened a Strategic Planning process where we assessed and defined our values as an organization. This process resulted in a renewed mission and vision for the Sites Project.

Local agencies and our members across the state continue to be the driving force behind the project and will be key to its success. Our member agencies reaffirmed their commitment and interest in Sites Reservoir by committing an additional \$17 million to advance the project. The financial commitments from our members are bolstered by the early state funding we received. Sites was also named in the State of California's Water Resilience Portfolio as a project that will help the state meet the challenges of climate change and the growing strain on our water supplies and environment in the coming years.

We began 2020 with a new \$6 million federal investment in Sites Reservoir, increasing federal support and underscoring the importance of our local, state, and federal partnerships. Then, as we closed out 2020, Sites reached two major

milestones with the inclusion of \$13.7 million in Water Infrastructure Improvements for the Nation (WIIN) Act funding for Sites Reservoir in the federal budget bill and the U.S. Bureau of Reclamation's (Reclamation) Final Feasibility Report. By issuing the Feasibility Report, our federal partners have determined Sites is a viable, worthwhile project.

We continued the important work of collaborating with stakeholders across the state, particularly those in the local communities where Sites Reservoir will be built. We adapted to the changes that came with COVID-19, and held virtual town hall meetings and continued our outreach safely during this challenging time.

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

Sincerely,
Fritz Durst

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



Jerry Brown Joins Sites Project Authority as Executive Director

Since joining Sites as Executive Director in March 2020, Jerry has set the stage to take Sites Reservoir from planning to groundbreaking.

“Now more than ever, California needs to address its statewide water management challenges by implementing innovative solutions that address the need for a sustainable and affordable water supply for both people and the environment. I am dedicated to providing open and clear communication to complete this project in a manner that protects and enhances fish and wildlife in addition to providing water reliability for Californians.”

Sites Reservoir: A 21st Century Solution

A modern water storage project designed to create a resilient water supply for California

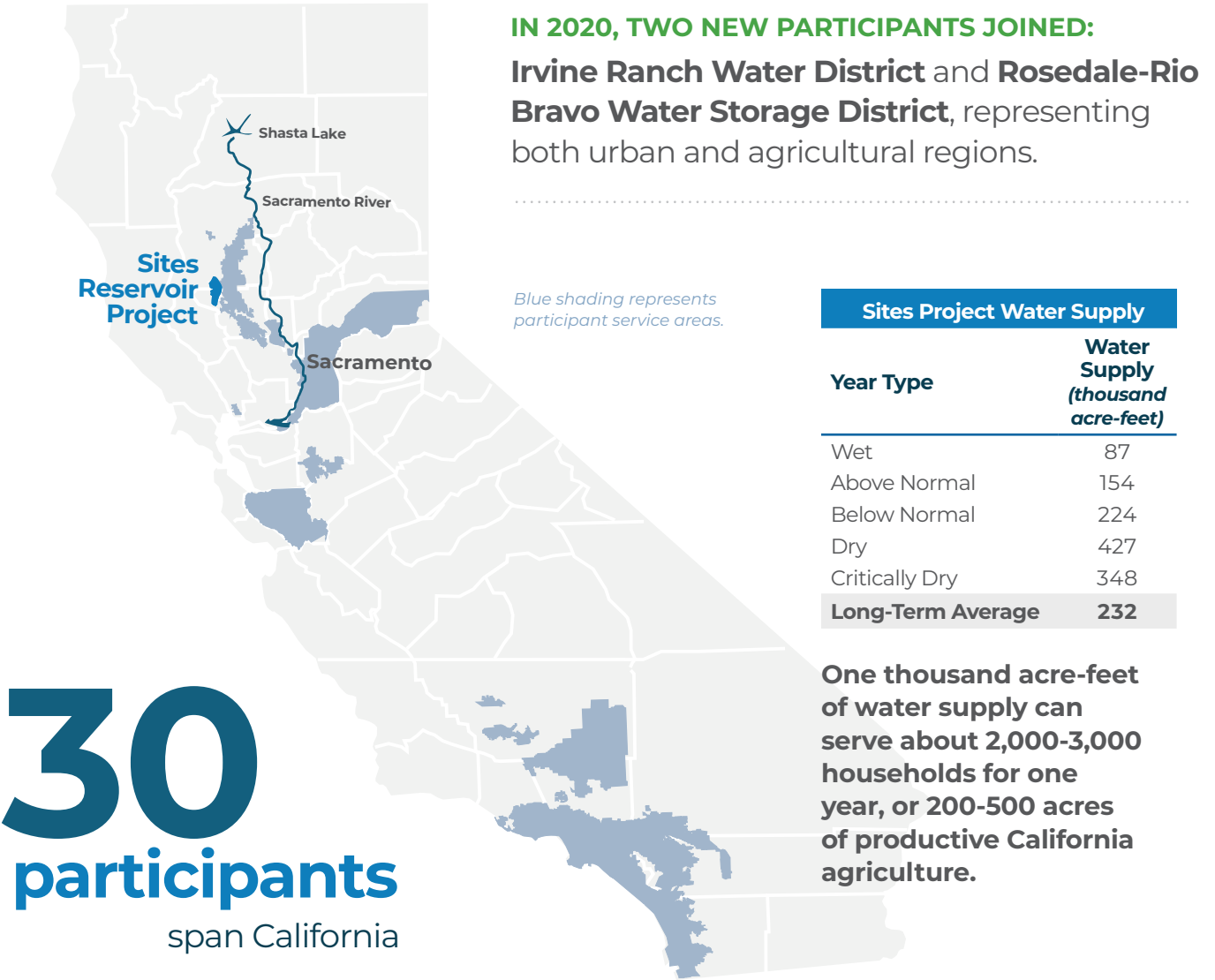


A RICH HISTORY
Sites Reservoir has been decades in the making as a practical solution to water management challenges. Support for Sites continues to build momentum. The Authority celebrated its tenth anniversary this year and has brought the concept identified 60 years ago to an concise and innovative plan that can be implemented today.

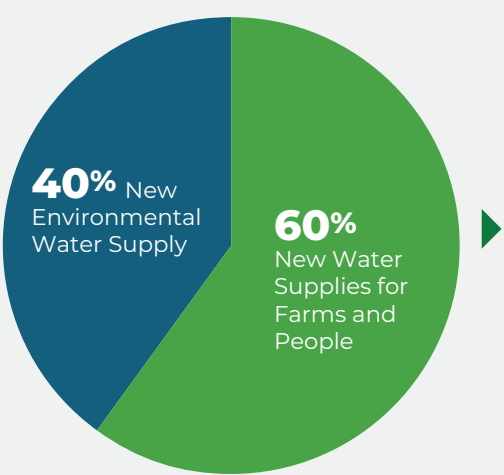
THE CHALLENGE
Climate change and other stressors are taxing California's already strained water supplies. Today we face a myriad of challenges to our water supply: extreme droughts and floods, rising temperatures, declining fish populations, aging infrastructure and population growth. Existing water storage facilities were designed to capture snowmelt, but today we see more rain than snow. 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. Today's water supply system is not able to manage future conditions without severe consequences to our communities, families, farms, businesses, and the environment.

A UNIQUE SOLUTION
No other storage project in California can positively influence our statewide water system like Sites Reservoir. Sites Reservoir is a generational opportunity to construct a multi-benefit water storage project that helps restore flexibility, reliability, and resiliency to our statewide water supply. Sites is not a "traditional" reservoir project. It is an off-stream facility that does not dam a major river system and would not block fish migration or spawning. Sites is unique in that it performs best under some of the most challenging climate change scenarios, enabling water and resource managers to capture more water from storms to save for use during dry periods. These saved supplies can later be used for the environment, people and farms. Sites Reservoir offers participants the flexibility to utilize new water supplies how and when they need them.

The Sites Project is an example of **teamwork and regional collaboration** to advance a practical solution for our statewide water management challenges.



REAL BENEFITS
Sites is on track to deliver impactful benefits for the people and environment of California. Sites will average over 230 thousand acre-feet per year of water releases to benefit local, state, and federal water use needs. Water benefits include public water agencies, anadromous fish species in the Sacramento River watershed, wildlife refuges and habitats, and the Yolo Bypass to help supply food for Delta Smelt.



Participants Include:

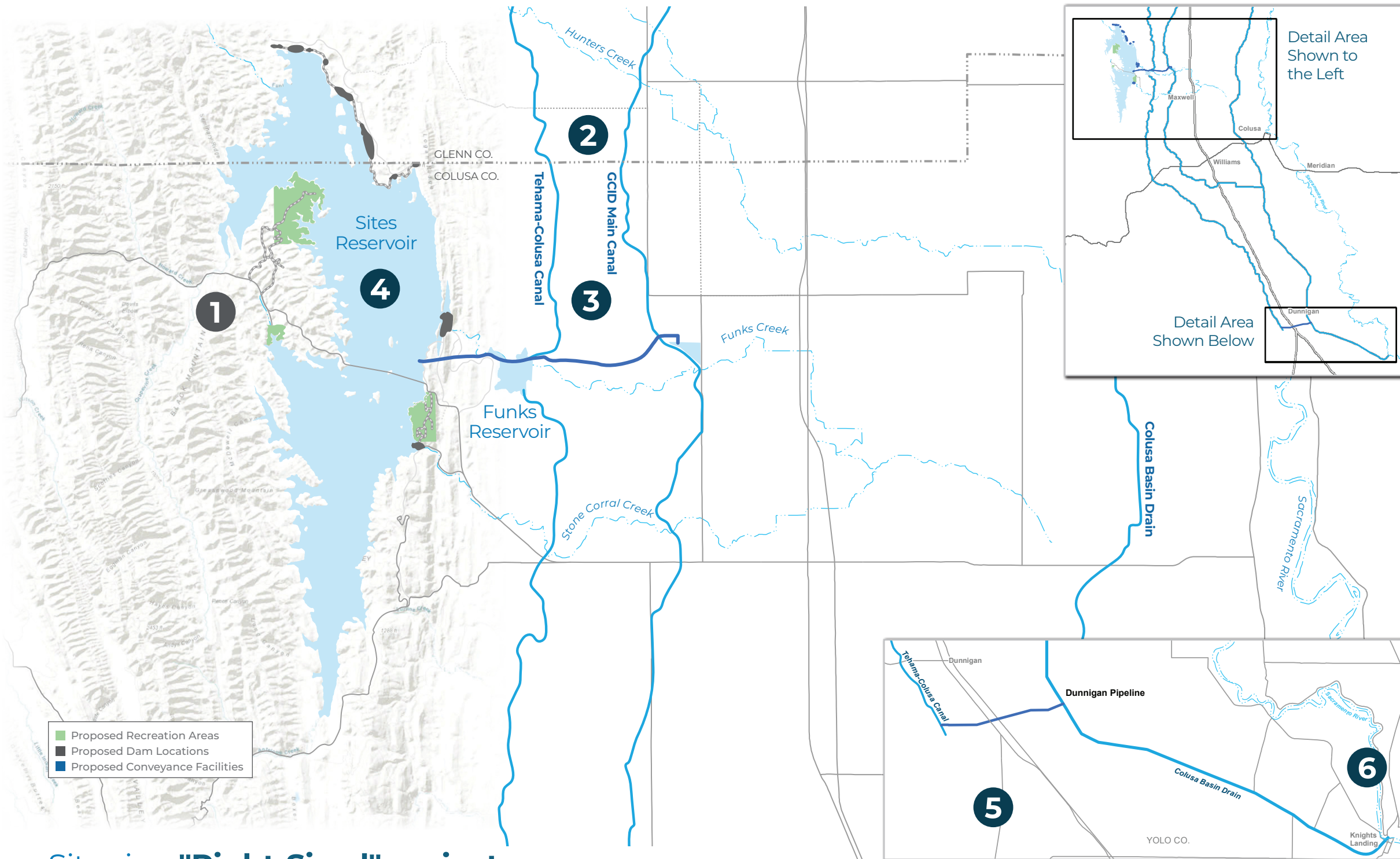
9 Sacramento Valley governing agencies

23 Reservoir Committee members

Participants Serve:

24.5+ million people

500,000+ acres of farmland



The right-sized project cuts roughly \$2 billion from the original proposal.

Sites is now more affordable, permittable, and buildable.

Sites Reservoir will support California's water needs today and in the future.

How Sites Works

Sites Reservoir stores water for release in dry and critical years to support the environment and for California's communities, farms, businesses.

- 1** Excess water from local watersheds is captured in Sites to help prevent catastrophic local flooding.
- 2** Stormwater flows in the Sacramento River are captured after all other water rights and regulatory requirements are met.
- 3** Water is directed to existing state-of-the-art fish screens and the Tehama-Colusa and GCID Main canals to convey water to Sites Reservoir.
- 4** Water is stored in Sites Reservoir for later use.
- 5** Water is conveyed from the reservoir through the Dunnigan Pipeline.
- 6** Water is conveyed to the Colusa Basin Drain and back to the Sacramento River.

Sites is a "Right-Sized" project

The Authority listened, collaborated, and responded

Right-sizing the reservoir was a result of responding to input from state and federal agencies, non-governmental organizations (NGOs), elected officials, landowners, stakeholders, and local communities. This feedback was critical to developing a reservoir that is the right size for both people and the environment, and better meets the needs of all Californians.

A robust value planning process resulted in a project that includes facilities and operations at a reduced cost with a smaller reservoir footprint (now 1.5 million acre-feet). The Authority listened and the elimination of undesirable components, such as the Delevan pipeline, allows for the use of existing facilities with proven state-of-the-art fish screens. The recommended project reduces impacts to the environment while providing future flexibility to manage the project for the greatest overall benefit to California.

The Sites Project Authority conducted a rigorous value planning effort to review the project's proposed operations and facilities. This effort resulted in a project that is the right size for our investors and participants while providing water supply reliability and enhancing the environment.

Sites Reservoir is a modern water storage project that benefits the environment, families, and farms

Climate Change Resiliency and Water for the Environment

Sites Reservoir is a 21st century project that can meet the needs of today and tomorrow. While many traditional water storage projects were designed and built to capture snowmelt, the realities of climate change mean less snow and more rain for California. To capture the excess water from faster moving and often more intense storms that come more frequently, we need a new model for water storage.

As an off-stream reservoir, Sites captures excess water from major storms. This water is saved and used later when it’s most needed.

BENEFITS



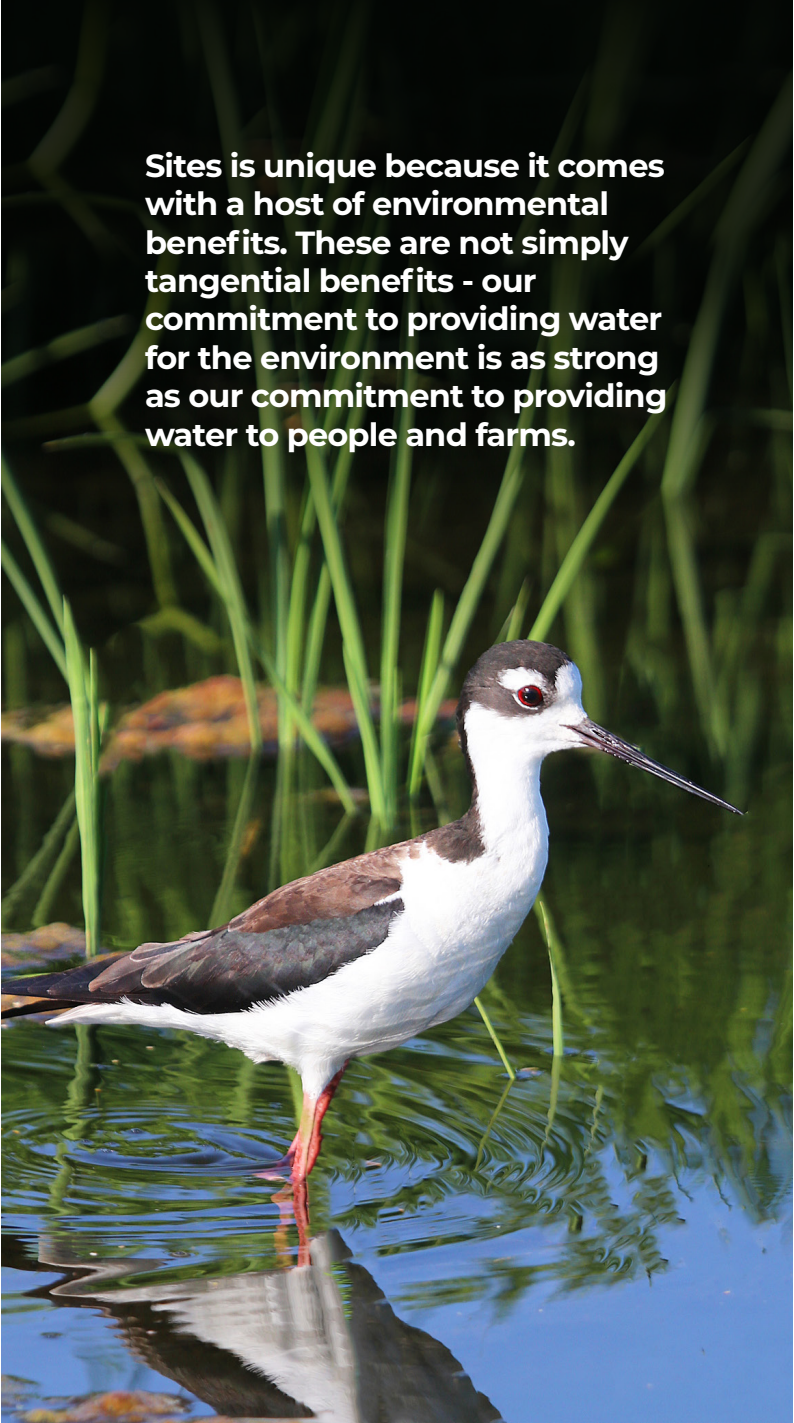
As snowpack declines and more of our water comes in the form of atmospheric rivers, Sites Reservoir will become even more vital to the future resiliency of our statewide water supply. Sites will significantly improve the state’s water management system in drier periods and restore much-needed flexibility and reliability that has been lost in the system. The project will increase water supplies for people, the environment, and farms by providing up to 1.5 million acre-feet of new water storage for California.



With the continued onset of climate change, there will be less cold water stored in other, upstream, major reservoirs, making it more difficult to manage the temperature of water released for salmon and other species downstream. During drier periods, the operation of Sites Reservoir will allow larger reservoirs like Shasta to conserve more cold water later into the summer months for the benefit of fisheries.



Extensive modeling has indicated that Sites Reservoir performs better and provides the most benefit to the people and environment of California, under the most challenging climate change scenarios.



Sites is unique because it comes with a host of environmental benefits. These are not simply tangential benefits - our commitment to providing water for the environment is as strong as our commitment to providing water to people and farms.

A significant portion of the Sites Reservoir Project’s storage space and annual water supplies will be dedicated to help improve conditions for delta smelt; help preserve the cold-water pool in Shasta Lake later into the summer months to support salmon development, spawning, and rearing; and improve Pacific Flyway habitat for migratory birds and other native species. While there are many possibilities for using this environmental water, water dedicated for the environment provided by Sites Reservoir will be flexibly managed by resources agency managers who will decide how, and when, this water will be used for environmental purposes.

BENEFITS



Adaptable to Climate Change
Improves water system reliability and performance as climate changes



Off-stream Storage
Does not create a barrier to native fish migration



Flood Control and Protection
Creates opportunities for local flood damage reduction and flood protection



Local Leadership and Cooperation
Aligns with Sacramento Valley’s values and fosters regional and statewide collaboration



Dry Year Water Supply
Provides reliable dry year water supply for California communities, farms and businesses



Recreational Opportunities
Provides new recreational opportunities in the northern Sacramento Valley



Local Economy
Creates hundreds of construction-related jobs, along with long-term operation jobs



Cooperative Operation
Increases effectiveness and efficiency of existing water storage infrastructure



Federal and State Partners
Provides adaptability to current and future priorities

2020 Highlights and Milestones

2020 resulted in a more affordable, permittable, and buildable Sites Project and an organization built for the future.

2020 was a year marked with significant project progress and organizational growth. The Authority adopted a right-sized project in April that resulted in a more affordable, smarter project. In August, the Authority celebrated its 10-year anniversary and held a Strategic Planning Session to discuss the Authority's opportunities, challenges, and refresh its mission, vision, and values.

The Plan presents four primary goals to make Sites more **affordable, permittable, buildable**, and to build an **effective organization**. Each of the key milestones in 2020 supports these four goals, keeping Sites on the path towards success both now, and in the future. The Strategic Plan is more than a document—it is a commitment to delivering the Sites Project in a way that reflects the values of the communities it serves and provides benefits for generations to come.

✓ Affordable

Continued Partnership between the Authority and California

The Authority maximized funding from its Early Funding Agreement with the California Water Commission to fund over 90% of Amendment 1B (January to August) work. The partnership with the state results in cost sharing for the development of public benefits and allows participant money to go further, as well as providing much needed flexibility in 2020. **OUTCOME:** The Authority continues to advance the state's Proposition 1, Water Storage Investment Program objectives through the Early Funding Agreement.

Secured Flexible Cash Calls

Responsible management of expenses and funding were critical to maintaining the schedule in light of the COVID-19 pandemic, allowing for the first cash call of Amendment 2 (September 2020 – December 2021) to be delayed by two months, giving flexibility to member agencies. Members are committed to advancing the project, even through challenging and uncertain times. **OUTCOME:** Two new investor agencies were added this year in addition to all prior investors that continued funding the project for a total of 23 investor agencies.

Continued Federal Funding

In August, the Authority worked with Reclamation staff to execute a Financial Assistance Agreement to leverage Congressionally appropriated funds

authorized through the WIIN Act. This \$6 million agreement consists of a 50% cost share between the Authority and Reclamation. In December, an additional \$13.7 million was appropriated under the WIIN act, representing a significant federal commitment to the advancement of Sites. **OUTCOME:** The Authority is working with Reclamation to use WIIN Act funds to advance environmental planning and permitting efforts through December 2021.

Developed Project Financing Action Plan

In October, as a key component of the strategic plan, the Authority approved a Project Financing Action Plan to define the approach, schedule, and resources to develop a Plan of Finance, Successor Agreement/ Work Plan, and a Storage and Supply Services Term Sheet. **OUTCOME:** The Authority is committed to developing an approach to continually fund the project that works for all participants.

✓ Permittable

Initiated Revised Draft Environmental Document

As an outcome of the value planning process and coordination with Reclamation, the Authority initiated a Revised Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS) to address project changes. **OUTCOME:** The Authority is preparing documentation to provide details regarding environmental impacts and conducting operations modeling to establish protective conditions for spawning salmon.

Prepared Key State and Federal Environmental Permits

The Authority continued discussions with state and federal resource agencies to advance several key permit applications which are anticipated to be submitted in 2021. **OUTCOME:** The Authority is working to advance key federal and state permits for the project.

Developed Preliminary Project Description

The Authority developed a preliminary project description that supports the Authority's September designation of the preferred project for the environmental analysis, consistent with the California Environmental Quality Act (CEQA). **OUTCOME:** The preliminary project description designation represents a right-sized project and is consistent with CEQA.

✓ Buildable

Initiated Feasibility Design

The Authority performed focused geotechnical investigations in March and on-boarded engineering design firms in April to further develop the feasibility design and improve cost certainty. **OUTCOME:** Sites is advancing the necessary technical studies to support the Water Commission's Feasibility Determination and improve cost certainty.

Completed Value Planning

The Authority conducted a value planning effort to review the proposed operations and facilities, evaluating multiple alternatives and ultimately selecting a preferred project that is permittable and

affordable while significantly driving down costs. **OUTCOME:** Sites Reservoir is a right-sized project that will provide water supply reliability today and in the future and resulted in savings over \$2 billion.

✓ Effective Organization

Conducted Townhall Meetings

In July, the Authority hosted two townhalls to provide a project overview for landowners, community members, conservation organizations, and the public. **OUTCOME:** The Authority continues its commitment to keep its partners and stakeholders informed of project progress.

Named in Governor's Water Resilience Portfolio

Sites Reservoir was named within the State's Final Water Resilience Portfolio, released in July. The portfolio assesses and recommends local and regional strategies and actions to help California adapt to a changing climate and increased environmental stressors. **OUTCOME:** Sites Reservoir embodies the future needs of California's water supply and is supported by state leaders.

Held Consultations with Native American Tribes and Conservation Organizations

The Authority held coordination meetings with representatives from Native American Tribes including the Colusa Indian Community Council of the Cachil Dehe Band of Wintun Indians and the Yocha Dehe Wintun Nation as part of the CEQA process. Outreach efforts continued with NGO groups, with many meetings being held to discuss the project and receive input. **OUTCOME:** The Authority maintained important partnerships with tribes and conservation organizations.

The Strategic Plan provides:

OUR VISION: Affordable water sustainably managed for California's farms, cities, and environment for generations to come.

OUR MISSION: The Authority will build and operate a climate-resilient, 21st Century water storage system to responsibly manage and deliver water, improve the environment, and provide flood control and recreational benefits.

OUR VALUES:

- Safety
- Trust and Integrity
- Respect for Local Communities
- Environmental Stewardship
- Shared Responsibility for Shared Benefits
- Accountability and Transparency
- Proactive Innovation
- Diversity and Inclusivity

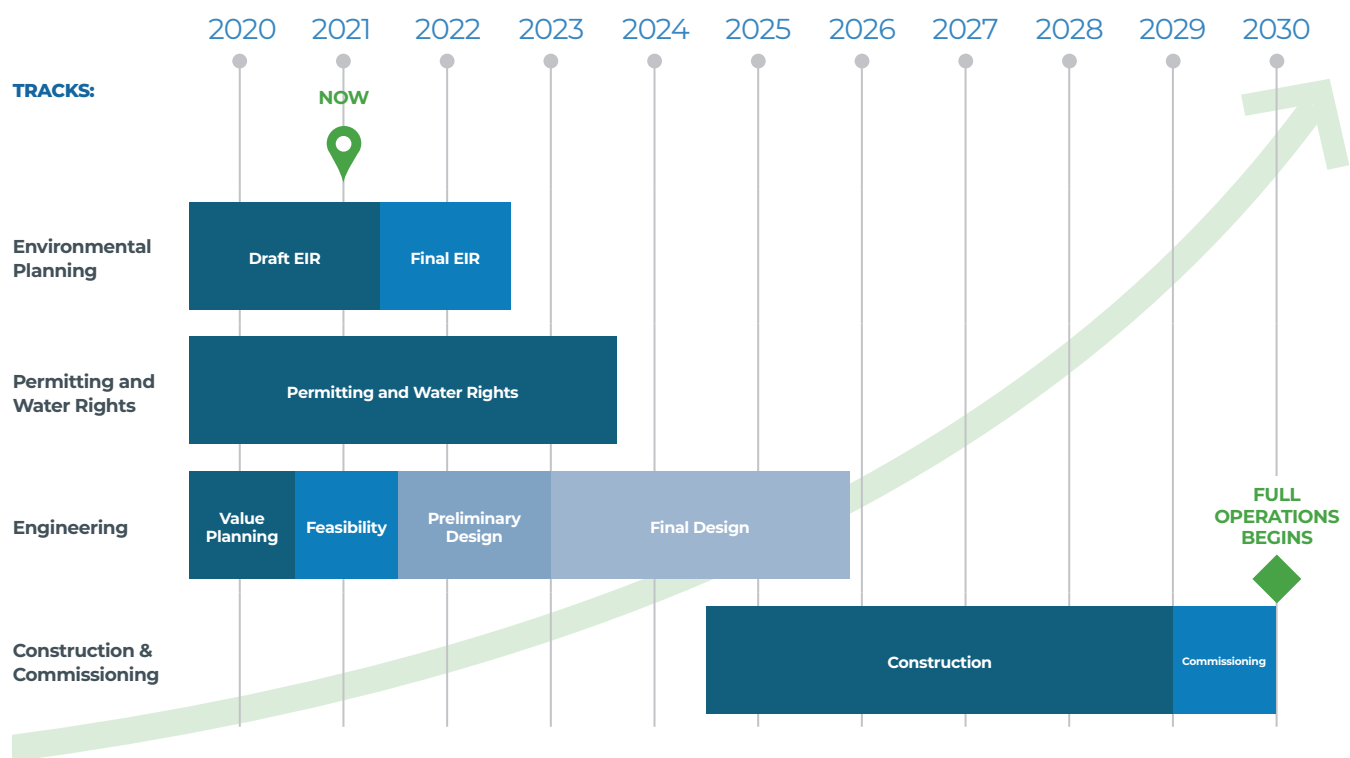
Looking Ahead: Planning for 2021 and Beyond

The Authority is focused on achieving near-term goals throughout 2021 that will continue the path towards success in 2030.

2021 goals are to:

- Submit Key Project Permit applications including: Biological Assessment, State of California Incidental Take Permit Applications, Programmatic Agreement, Section 404 and 401 application(s), and Water Rights Application
- Meet the Proposition 1 (WSIP) Requirement for 75% Local Cost Share by developing the Plan of Finance, Storage and Supply Services Contract Term Sheet, and Successor Agreement/Work Plan
- Develop Operating Agreement Term Sheets with the Department of Water Resources, Reclamation, and local facility partners
- Support Water Commission Feasibility Determination by completing additional engineering work and refining the cost estimate
- Update and refine Master Project Schedule through construction completion
- Circulate the RDEIR/SDEIS for public review and comments
- Continue to collaboratively engage with tribes, local communities, and non-governmental organizations

Sites Reservoir Project Schedule



What our PARTICIPANTS say about Sites Reservoir

Securing the future of our communities, farms, families, and environment.

“Sites Reservoir is the 21st century project we need to adapt to the realities of climate change. It’s the water project of the future.”
— VALERIE PRYOR, General Manager, Zone 7 Water Agency

“Sites Reservoir is a critical part of a greater portfolio of solutions to address California’s water supply challenges. It will facilitate a more certain water future for the farms, environment, people and businesses in the Sacramento Valley, and ultimately throughout California.”

— JEFF HARRIS,
Vice Mayor, City of Sacramento

“While local water projects are essential to our regional sustainability, we also need to invest in forward-thinking statewide projects that can provide much-needed water when we need it most. Sites Reservoir can help sustain people, the environment and farms through future droughts.”
— HEATHER DYER, General Manager, San Bernardino Valley Municipal Water District

“Sites Reservoir will help to increase the reliability of the imported water we receive which is critical to our environment, our vibrant economy, and our livelihood. We are committed to this project to ensure that all of California sees the benefits.”
— ROBERT CHENG, Assistant General Manager, Coachella Valley Water District

“Sites Reservoir provides flood control benefits without damming any major rivers. This is vitally important for our local communities who are especially vulnerable during heavy storm events.”
— GARY EVANS, Supervisor, County of Colusa

Costs and Funding

The Authority leveraged local, state, and federal funds in 2020 to advance the right-sized project.

In 2020, the Authority focused resources on advancing the right-sized project identified in the value planning process. The Authority continued to progress through the planning phase of the project, known as phase 2, by extending the 2019 work plan through the end of August, 2020.

In August, the Authority approved a comprehensive work plan, driving the project through the end of 2021. The \$33.5 million plan, with local, state and federal funding sources, provides the deliverables, schedule, and operational budget needed to meet the state's requirements for continued Proposition 1 eligibility, improve operational, cost and permit certainty while advancing the preferred project identified in the value planning study through the Authority's project feasibility process.

The project went through a re-balancing in September with the transition to the new work plan, which included the addition of two new Reservoir Committee members. The Authority focused on leveraging local investments by executing a financial assistance agreement with Reclamation in 2020 and continuing to administer the Early Funding Agreement with the state for Proposition 1 funding.

Total local investment reached \$37 million in 2020, which has been leveraged to approximately \$58 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 leverage of local funds through 2021.

Authority 2020 Sources and Uses of Funds*

Income	
Membership Admin/Authority	\$492,000
Membership Water	\$7,484,351
Proposition 1 Funding	\$4,376,261
WIIN Funding	\$658,092
Interest	\$43,154
Total Income	\$13,053,858
Expense	
Financial Fees and Subscriptions	\$18,069
Office Expenses	\$11,365
Credit Reimbursement (Phase 1)	\$0
Total Professional Fees	\$13,089,623
Website, Data, Computer Support	\$14,203
Total Expense	\$13,133,260

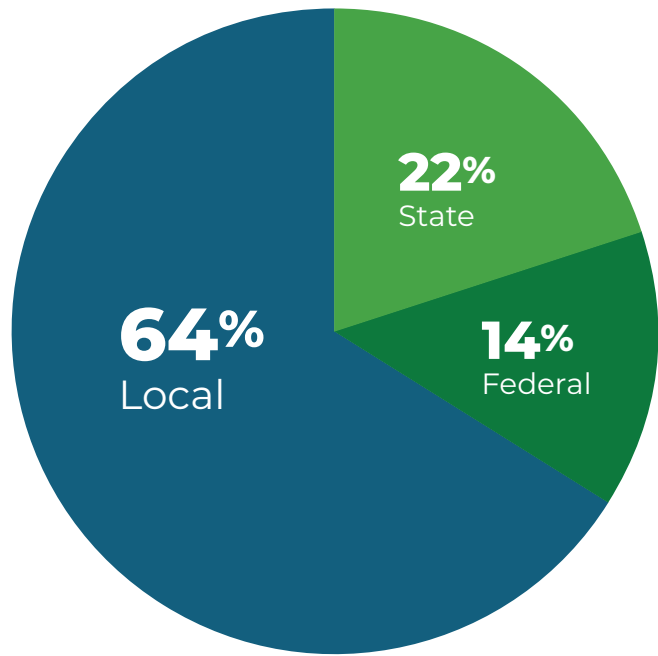
*unaudited, rounded to the nearest dollar

\$37 million

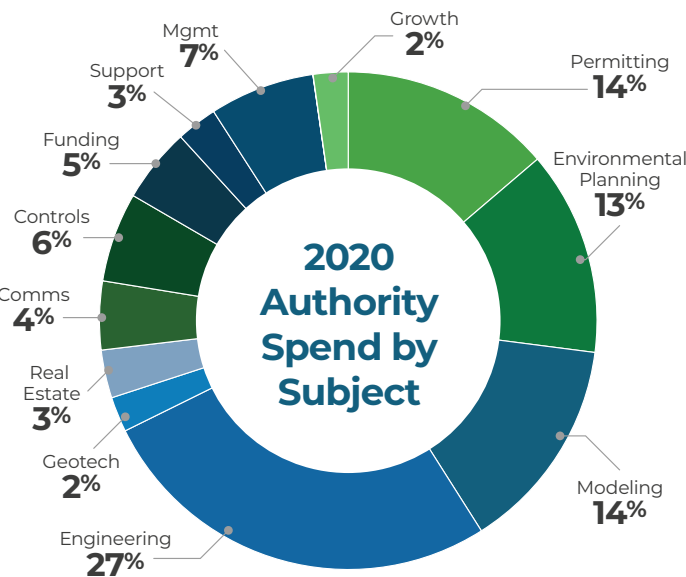
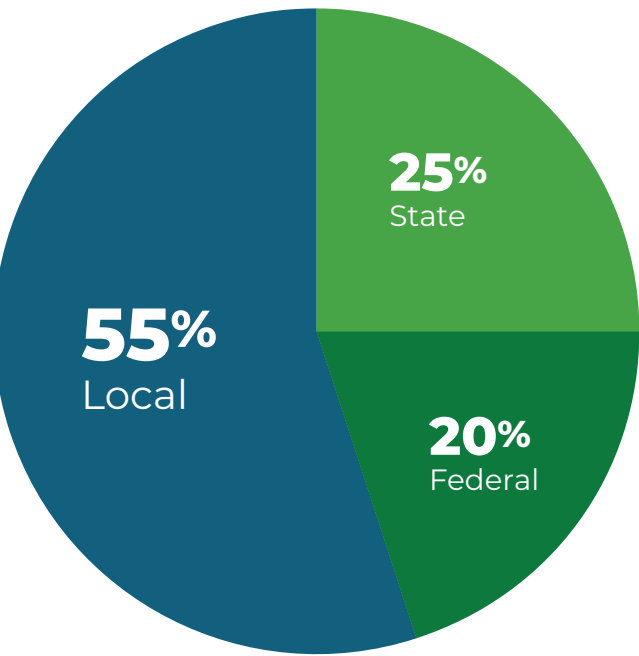
invested by Sites Reservoir participants through 2020.

Sites Reservoir participants are committed to seeing this project constructed.

Cost Share (Actual)
Since 2015 through December 31, 2020

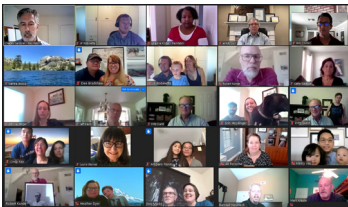


Cost Share (Forecast)
Since 2015 through December 31, 2021



Continued Progress through COVID-19

The COVID-19 crisis impacted each member agency on the Reservoir Committee. On the Sites Project, this crisis hit when members were being asked to make a significant project payment. Members were surveyed to better understand individual impacts and a plan was rolled out in May allowing members two additional months without payment. This adjustment was accommodated without any schedule slip. The commitment of the Authority Board and the Reservoir Committee to the success of the project, along with vital state and federal funds, have continued to drive the project through this crisis.



Diverse Statewide Support for Sites Reservoir



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

Printed on recycled paper