

SITES PROJECT AUTHORITY

ANNUAL REPORT 2022





California is struggling to find reliable water supplies amid a more unpredictable climate, with hotter dry periods and shorter, more intense wet periods. Knowing the need for more dry-year water is only increasing, we believe Sites Reservoir cannot come soon enough. We worked diligently to achieve key milestones to ensure Sites Reservoir continues to be affordable, permittable, and buildable. We are bringing Sites Reservoir and a more resilient water supply for California closer to reality.

Support for Sites Reservoir remained strong, and a growing number of agencies see it as an important part of the solution to California's water crisis. Each participant has a unique perspective, but they all agree Sites Reservoir will benefit the diverse communities they serve. Amid the ongoing drought crisis, the Sites Project Authority also experienced an unprecedented increase in requests from agencies throughout the state to participate in the project. We will continue to build and foster support for the project and keep participants, stakeholders, and elected officials informed of its progress.

Our state and federal partners continued to invest in Sites Reservoir, recognizing the significant public benefits it will bring to California. Thanks to our partners, we obtained nearly \$150 million in additional funding to advance the project. A key highlight this year was the invitation from the United States Environmental Protection Agency (US EPA) to apply for a \$2.2 billion low-interest loan through the Water Infrastructure Finance and Innovation Act (WIFIA). This will save our participants tens of millions of dollars, making Sites Reservoir a more affordable solution.

We reached a critical milestone in May when we submitted our water right application to the State Water Resources Control Board—an important next step in project advancement. We are also on track to complete final environmental documentation in partnership with state, federal, and local agencies. In addition, last year we responded to comments on the 2021 Revised Draft Environmental Impact Report (EIR)/Supplemental Environmental Impact Statement (EIS) that will continue to help refine the proposed project, with the final document anticipated for release in spring 2023.

We are eager to build on this momentum in 2023, while continuing to engage with our local community, partners, and participants as we move through the next phase of the project.

Thank you to our participants and partners that have contributed to our success in 2022. We look forward to continuing our partnership and building Sites Reservoir for all of California.



Jerry Brown
Sites Project Authority
Executive Director

“ Sites Reservoir brings together all interests in California, including agriculture, urban, northern, southern, environmental, inland, and coastal regions. With the urgency of climate change and drought, creating a new long-term, sustainable water supply is more important than ever before.”

Fritz Durst

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

Thad Bettner

Chairman, Sites Reservoir Committee

Sites Reservoir gives California a key part of the solution to address extreme weather by providing statewide water resilience.

Addressing recurring drought, extreme weather events, and water uncertainty requires a portfolio of multi-faceted and holistic solutions. Sites Reservoir serves as a key cornerstone to that portfolio, and is specifically designed to operate in a variety of challenging future climate scenarios.

CURRENT SITUATION
Uncertainty: Water Supply is Unpredictable

Californians are struggling to find a reliable solution to combat severe drought—resulting in unprecedented harm to communities, catastrophic damage to wildlife, and severe economic damages due to insufficient water supply.

California's climate is becoming even more unpredictable with hotter and drier dry periods and warm and intense wet periods. Communities, farms, and the environment are vulnerable to these rapid changes—resulting in severe droughts during dry periods and severe flooding during episodic atmospheric rivers.



WITH SITES RESERVOIR
Security: Water Resiliency Supports Our Survival

Participating agencies own their storage accounts in Sites Reservoir and can flexibly manage their allocation to implement solutions best suited for their community and the environment. Sites Reservoir is a cost-effective tool to equip agencies to take advantage of the wet years while bolstering water supply resilience in the dry years. Sites Reservoir will allow agencies to leverage stored water how and when they need it the most—protecting communities, enhancing the environmental habitat, and promoting economic empowerment through creation of a flexibly-managed water supply.

Extreme weather is damaging economies and ecosystems throughout California.

\$1 BILLION
in lost farming income in the Sacramento Valley.

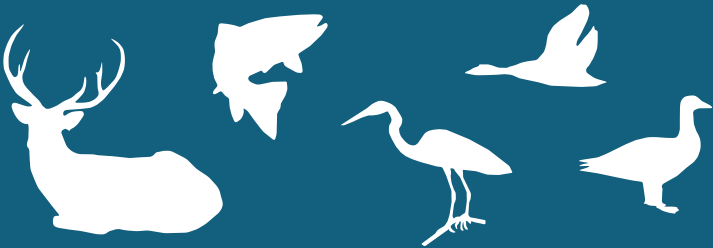
MORE THAN 80%
reduction in Sacramento Valley surface water supply in 2022.

14,300 LOST JOBS

OVER 50%
of farmable acres in the Sacramento Valley were fallowed in 2022, threatening the nation's food supply.

OVER \$700 MILLION
in lost labor income.

ENVIRONMENTAL DISASTER FOR HUNDREDS
of wildlife species who call the Sacramento Valley home.



80%
of Southern California rain happens over 15 days, requiring holistic solutions to water supply challenges.

NEARLY 230
wildlife species depend on Sacramento Valley rice fields to survive. These fields act as surrogate wetlands for wildlife, largely replacing California's historical wetlands.

CALIFORNIA IS PROJECTED TO LOSE 10%
of its water supplies over the next 20 years.



Sites Reservoir depends on participants and support from communities.

Our participants are as diverse as the communities they serve, each bringing unique perspectives, solutions, and ideas in support of Sites Reservoir.



The Sites Authority's mission, vision, and values are the foundation of the work that we do.

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

OUR MISSION: The Sites 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

Honoring the commitment and support Sites Reservoir has throughout California

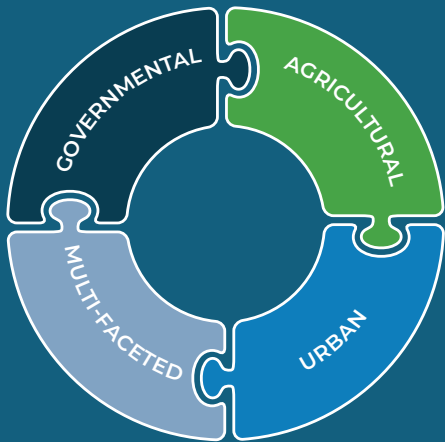
The Sites Authority recognizes the significant contributions of local Sacramento Valley landowners and communities and will continue to be a **respectful, supportive partner** and a **good neighbor** throughout the project.



Why Sites Reservoir?

Every participant has a unique story and perspective on why Sites Reservoir is a part of their solution for water security and reliability.

Sites Reservoir provides a tailored, targeted solution that gives control of water resources to California's diverse communities.



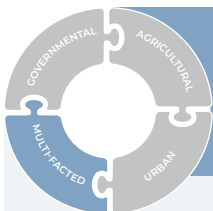
GOVERNMENTAL Leaders of Public Policy



COLUSA COUNTY
WHY SITES: One of the founding members of the Sites Authority, Colusa County sees Sites Reservoir as a local project with statewide benefits. Colusa County understands the reservoir will be owned, managed and operated locally, but in a way that integrates with—and relieves stress on—the state’s burdened water system.

COLUSA COUNTY’S STORY: Established in 1850 as one of the original 27 counties in California, Colusa County provides responsive, quality governmental services in a fiscally responsible manner while also preserving agricultural heritage, promoting economic development, and supporting community interests.

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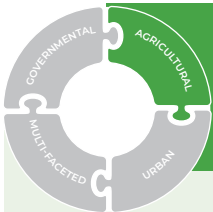
MULTI-FACETED Promoters of Business



COACHELLA VALLEY WATER DISTRICT (CVWD)
WHY SITES: Water is the unsung hero for the Coachella Valley and conservation, while important, can only stretch the limited water supply so far. With declines in the reliability of imported water supplies, CVWD sees Sites Reservoir as a once-in-a-lifetime opportunity to secure and replace water supply lost to drought.

CVWD’S STORY: For over 100 years, CVWD has embodied environmental stewardship, with the goal of providing safe and reliable water for generations to come. CVWD provides critical water services in a 1,000 square-mile area to seven cities, five tribes, 270,000 people, 4,300 businesses, and covers 77,176 acres of agricultural land and 105 golf courses.

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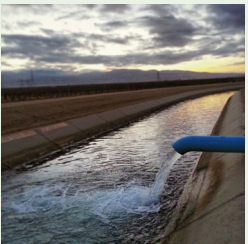


AGRICULTURAL Stewards of the Land



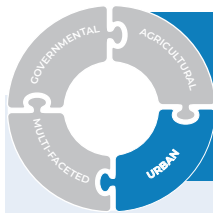
RECLAMATION DISTRICT NO. 108 (RD-108)
WHY SITES: RD-108 sees the benefits that Sites Reservoir will provide, including the water for irrigation in drought years, and the environmental benefits through enhanced operations to preserve and save salmon runs.

RD-108’S STORY: Formed in 1870, RD-108 is a leader in the Sacramento Valley supplying water to approximately 48,000 acres of farmland, and provides drainage service to 74,000 acres between the Sacramento River and the Colusa Basin Drain. Whether in flood control, groundwater management, or environmental stewardship, RD-108 has been a proactive innovator in the Sacramento Valley for over 150 years.

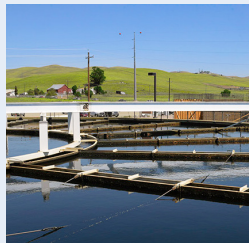


WHEELER RIDGE-MARICOPA WATER STORAGE DISTRICT (Wheeler Ridge)
WHY SITES: In 2005, Wheeler Ridge had a sustainable surface water and groundwater supply/demand balance. Due to increasing regulatory restrictions resulting in reduced water deliveries, that is no longer the case. Investing in Sites Reservoir will help improve water supplies as part of a multi-faceted water supply portfolio to sustain farming and food production.

WHEELER RIDGE’S STORY: Located in the San Joaquin Valley, Wheeler Ridge is exclusively rural, provides irrigation water to about 89,000 acres of farmland, and encompasses about 147,000 acres. Since its formation in 1959, over 8.5 million acre-feet of surface water irrigation supplies have been delivered to farms and ranches within Wheeler Ridge.



URBAN Advocates of Community Vibrancy



ZONE 7 WATER AGENCY (ZONE 7)
WHY SITES: Zone 7 understands that providing water reliability is increasingly complex with numerous challenges to meet future demands. Known for its proactive and sustainable groundwater management, Zone 7 sees Sites Reservoir as a source of climate-resilient supplies for future generations.

ZONE 7’S STORY: With a long history of proactively managing its groundwater basin, Zone 7 believes that reliable water is critical to an economically and environmentally vibrant community. Zone 7 provides wholesale water service to four retail agencies that serve 425 square miles and approximately 265,000 residents.



CITY OF AMERICAN CANYON
WHY SITES: Whether in time of plenty or drought, cities and water districts statewide face a never-ending challenge to acquire, treat, and distribute water to customers. American Canyon believes Sites Reservoir will help California’s farms, businesses, and cities supply reliable water when other sources are low.

AMERICAN CANYON’S STORY: Located in southern Napa County, American Canyon was incorporated in 1992. The area is internationally recognized for producing some of the world's finest wines, and is dependent on finite water resources. American Canyon supports using precious water resources responsibly.

CONTINUING THE MOMENTUM
Bringing Sites Reservoir within reach.

Building a more resilient and flexible
water future for all of California.

RAMPING UP TOWARDS
CONSTRUCTION

After 60 years, Sites Reservoir is progressing with the adoption of the Contracting Strategy consisting of nine construction packages to deliver nearly \$4 billion of infrastructure.

In June 2022, the Sites Authority conducted a Construction Contractor Open House with 27 contractors and interested parties to seek input on defining the Sites Reservoir Project construction packages and associated delivery methods. Following the open house, staff conducted market outreach to contractors and collaborated with participants to confirm that project delivery is in alignment with the values of the Sites Authority.

With this industry collaboration and market outreach, there is increased certainty as Sites Reservoir moves forward with a structure in place to define the procurement strategy and execution plan.



2022 Highlights and Milestones

Remarkable achievements keep Sites Reservoir affordable, permittable, and buildable for all partners as the Sites Authority advances as an effective organization.

2022 was a year marked with crucial progress and enhanced collaboration with project partners—keeping the Sites Authority in alignment with its mission, vision, and values as it charts down the path to continued success both now and in the future.

AFFORDABLE

Obtained Substantial Federal Funding

Leveraging ongoing relationships with federal partners, the Sites Authority secured significant federal appropriations through two programs: \$30 million from the Infrastructure Investment and Jobs Act (IIJA) and an additional \$80 million from the Water Infrastructure Investments for the Nation (WIIN) Act. **OUTCOME:** With the allocation of these funds, the Sites Authority has now received roughly \$214 million in federal funding to date from the Bureau of Reclamation.

Increased the State Funding Award by \$39 million

Following the California Water Commission's (CWC) determination of feasibility, the Sites Authority worked with the CWC to increase the conditional Proposition 1 award by \$39 million. **OUTCOME:** The Sites Authority is working with state partners to secure the \$875 million of state funding to advance toward construction.

Enhanced Project Financing Action Plan

Building on the initial Financing Action Plan executed in 2020 and 2021, the Sites Authority conducted four public workshops and two series of one-on-one check-ins with Participants focused on the "three big questions" related to financing the project: "What do we get?", "What does it cost?", and "How do we pay for it?". This culminated in the adoption of the Final Guiding Principles and Preliminary Terms and other financial documents to support the Indicative Credit Rating for the Sites Authority's WIFIA Loan application. **OUTCOME:** A financing approach that works for all participants.

PERMITTABLE

Advanced Final EIR/EIS

Working jointly with Reclamation, the Sites Authority began development of master and individual responses to comments on the 2021 Revised Draft EIR/EIS while also advancing the administrative Final EIR/EIS. **OUTCOME:** The Sites Authority is on track to complete final environmental documentation in mid 2023 in partnership with state, federal, and local agencies.

Progressing Key Permit Applications

In conjunction with state and federal partners, the Sites Authority is advancing key permit applications including the Operations Incidental Take Permit and Biological Assessment. **OUTCOME:** The Sites Authority's advancement of permitting elements is providing greater certainty to participants and improving understanding of the Sites Reservoir Project with resource agencies.

Submitted Water Right Application

Submitting the water right application is a key step in advancing the Sites Reservoir Project. The Sites Authority submitted the application in May 2022, which was accepted by the State Water Board in August 2022. In early January 2023, the Sites Authority also responded to additional information requests from the State Water Board. **OUTCOME:** The Sites Authority continues its commitment to partnering with the state to work through the water right process.

BUILDABLE

Conducted Construction Contractor Open House

In partnership with contractors throughout the nation, the Sites Authority hosted a Construction Contractor open house to seek input on the delivery of the Sites Reservoir Project. Following the open house, additional meetings were held to inform the project construction packages. In July 2022, the Sites Authority adopted its Contracting Strategy consisting of nine construction packages of varying sizes with delivery methods best suited to the facilities and schedule. **OUTCOME:** The Contracting Strategy sets the stage for the Sites Authority to develop a program baseline schedule to inform delivery of nearly \$4 billion of critical infrastructure for California.

Strengthened Geotechnical Program

The Sites Authority enhanced the project's geotechnical program by coordinating with the Department of Water Resources Division of Safety of Dams (DSOD) to identify exploration activities required to advance the reservoir design. Initial investigations in 2022 resulted in data supporting designs for the Terminal Regulating Reservoir, Sites Dam, and construction roads. **OUTCOME:** Together, the Sites Authority and DSOD are allocating resources to continually improve the buildability of Sites Reservoir.

EFFECTIVE ORGANIZATION

Aligned Potential Future Participants

With California's drought crisis, the Sites Authority experienced an unprecedented increase in requests from agencies throughout the state of California to participate in the Sites Reservoir Project. Staff hosted informational sessions to inform these interested parties of project progress. **OUTCOME:** Sites Reservoir is a solution for California communities to strengthen their water supply resiliency in the face of extreme weather.

Conducted Outreach and Tours for Project Partners

Throughout 2022, Sites Authority staff hosted outreach and project tours for state, federal, and local partners including permitting, funding, and governmental interests. **OUTCOME:** The Sites Authority continues its commitment to keep its partners informed of project progress.



HIGHLIGHT OF THE YEAR

Sites Authority Invited to Apply for WIFIA Loan.

In March 2022, the US EPA invited the Sites Authority to apply for a low-interest loan through WIFIA program for 49 percent of eligible project costs (currently estimated as \$2.2 billion).

Administered by the US EPA, WIFIA is a federal loan program with a robust statutorily required review process. WIFIA's aim is to accelerate investment in the nation's water infrastructure by providing long-term, low-cost federal loans for regionally and nationally significant projects. A loan through the WIFIA program could dramatically reduce the costs to participants in the Sites Reservoir Project, making it more affordable for cities, farms, and resource managers to have access to more water in dry years. With the expression of loan commitment, US EPA concluded that the Sites Reservoir Project will generate substantial benefits to California and that the Sites Authority's structure demonstrates a commitment to collaboration and local leadership.

A WIFIA loan would bring Sites Reservoir significantly closer to construction and completion.

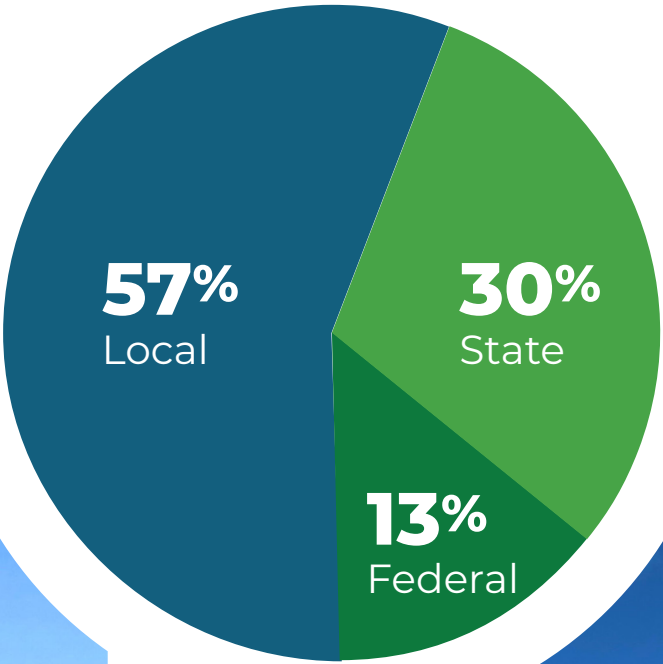
Costs, Funding, and Schedule

In 2022, the Sites Authority remained focused on leveraging local, state, and federal investments while continuing to advance the planning phase of Sites Reservoir.

The Sites Authority developed a new financial assistance agreement with Reclamation and received over \$110 million in federal appropriations for fiscal year 2023. Working with the state of California, the Sites Authority received a \$39 million increase to its Proposition 1 funding award. Total local investment reached \$60.5 million in 2022, which has been leveraged to approximately \$107 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 Sites Authority plans to continually leverage local funds through 2023.

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



Sites Authority 2022 Sources and Uses of Funds*	
Income	
Membership Admin/Authority	\$505,000
Membership Water	\$17,850,000
Proposition 1 Funding	\$8,465,000
WIIN Act Funding	\$2,988,000
Interest	\$88,000
Total Income	\$29,896,000
Expense	
Total Expense	\$24,750,000

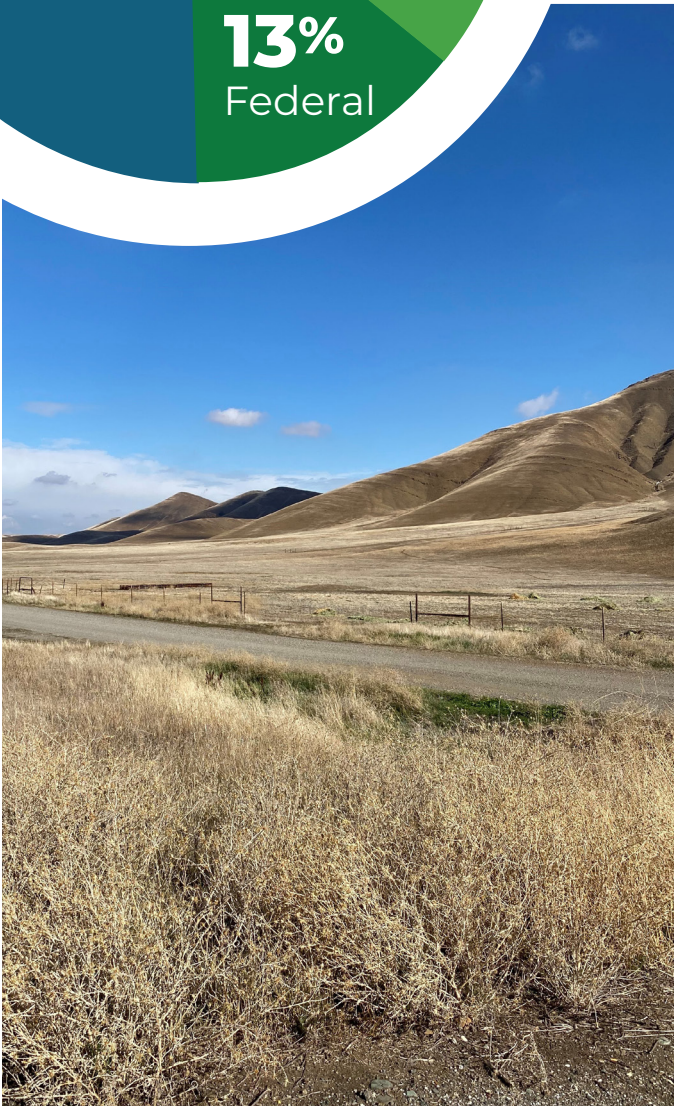
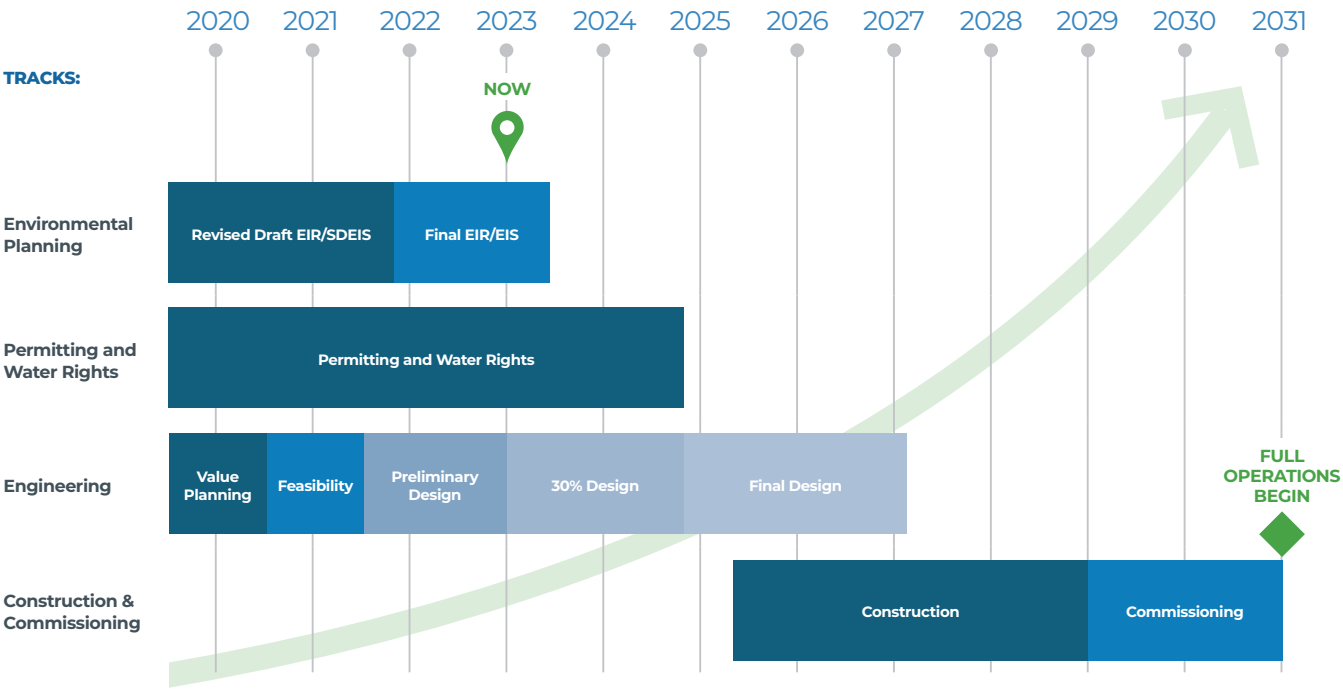
*unaudited, rounded to the nearest thousand dollar

\$110 million

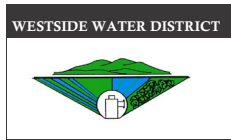
in federal appropriations
for fiscal year 2023

via the WIIN Act and IJJA
bringing Sites Reservoir closer
to construction.

Sites Reservoir Project Schedule



Diverse Statewide Support for Sites Reservoir



Colusa County Water District | Cortina Water District
Davis Water District | LaGrande Water District

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