

## Water Storage Investment Program Quarterly Report

The Quarterly Report is intended to document applicants' progress toward complying with regulation section 6013 and receiving final WSIP funding, including any changes in the magnitude of public benefits that could affect cost allocation. Applicants must provide a summary level update of the project status for the requirements and milestones listed below. The template may be modified as necessary to effectively communicate information. If minimal activities occurred during a reporting period, the report can be condensed.

- Note any issues or concerns that have, will, or could affect milestones or requirements.
- Identify key issues, including legal issues such as lawsuits or injunctions related to the project, that need to be resolved.
- Discuss how the actual schedule is progressing in comparison to the schedule provided in the Initial Report or the last reported schedule.
- Update the project schedule as needed.
- Note any milestones or accomplishments that occurred since submittal of the prior Quarterly Report.

### Project Information

Project Name:

Sites Reservoir Project

Applicant Name:

Sites Project Authority (Authority)

Date:

January 30, 2024

Reporting Period:

October 1, 2023, through December 31, 2023

### General Update and Key Issues

Please provide a general update and describe any key issues that occurred during this reporting period. You may attach additional documents or pages if more space is needed:

The Sites Project Authority continues to advance the permits, approvals and agreements necessary for construction and operations in a reasonable timeframe and with Prop 1 requirements.

Refer to Attachment A for additional information.

## Items Required Prior to Scheduling a Final Award Hearing

The following items must be provided prior to scheduling a hearing. As applicable, please describe the status, estimated completion date, and percent complete of:

### 1. Contracts for non-public cost share:

Status: Multiple agreements are planned. Refer to Attachment A  
Estimated Completion Date: June 2024  
Percent Complete: 95%

### 2. Contracts for administration of public benefits:

Status: In Progress. Refer to Attachment A  
Estimated Completion Date: August 2024  
Percent Complete: 15%

### 3. Completed feasibility studies:

Status: Complete. Refer to Attachment A  
Completion Date: November 2021  
Percent Complete: 100%

### 4. Final environmental documentation:

Status: In Progress. Refer to Attachment A  
Estimated Completion Date: July 2024  
Percent Complete: 98%

### 5. All required federal, state, and local approvals, certifications, and agreements:

Status: In Progress. Refer to Attachment A  
Estimated Completion Date: December 2024  
Percent Complete: 57%

## Items Required to Execute a Funding Agreement

Please provide an update, as applicable, on the following documents, which are needed to execute a funding agreement for the project:

- Applicant's audited financial statements
- Final project costs, schedule, and scope of work
- Evidence of bilateral communications
- Limited waiver of sovereign immunity (see regulations section 6013(f)(8))

Updates to information provided in the Initial Report or prior Quarterly Reports are only needed when a significant change has occurred. The Commission may request submittal of updated information prior to executing a funding agreement.

- Applicant's Audited Financial Statements: The Authority had an accounting firm conduct an independent financial audit for Fiscal Year 2022 (which ended on December 31, 2022). The audit report has been submitted to CWC staff. The Authority anticipates having a Fiscal Year 2023 audit completed by mid-2024.
- Final Project Costs, Schedule, and Scope of Work: Consistent with the draft feasibility and draft environmental documentation that include a range of project sizes, operations, benefits, and effects, the Authority continues to advance the studies needed to define the "right size project" to build under current conditions. This includes an updated due diligence of the project that prioritizes the creation of:
  - (1) Eligible public benefits (as defined in Proposition 1, Section 79753(a)) and consistent with both the Water Commission's July 2018 determinations and the Authority's application (i.e., in accordance with the beneficiary pays principle; state's resource managers would manage the state's investment, which includes operational decisions that are on an equal footing as agencies managing their investment to create non-Prop 1 water supply reliability benefits; and having the ability to provide these benefits over the project's service life);
  - (2) Water supply reliability benefits that are not eligible for funding under Prop 1 but are funded by the agencies who have been funding the studies to date.
- Evidence of Bilateral Communications: The Authority, Bureau of Reclamation (Reclamation) and Department of Water Resources (DWR) continue to maintain effective communication and collaboration. DWR and Reclamation are active in the Authority's Reservoir Committee. Additionally, the Authority and Reclamation participate in regular Project Integration meetings, Federal Feasibility Study meetings, engineering/geotechnical coordination meetings, and environmental coordination meetings.
- Limited Waiver of Sovereign Immunity: Not applicable.

## Status Update

Provide a status update for the following, as applicable:

- Labor Compliance
- Urban Water Management Plans
- Agricultural Water Management Plans
- Groundwater Management or Groundwater Sustainability Plans
- Potential effect of other conditionally eligible projects on the applicant's public benefits

Updates to information provided in the Initial Report or prior Quarterly Reports are only needed when a significant change has occurred. The Commission may request submittal of updated information prior to executing a funding agreement.

Labor Compliance - No change

Urban Water Management Plans - Not applicable

Agricultural Water Management Plans - Not applicable

Groundwater Management or Groundwater Sustainability Plans - No change

Potential effect of other conditionally eligible projects on the applicant's public benefits –

No change

# Attachment A: Supplement for Reporting Period Ending December 31, 2023



## Summary:

The Sites Project is a multi-benefit solution to improve water supplies for people and the environment as well as to provide recreation and local flood control benefits. Foundational to the Project is the beneficiary pays principle and cooperative operations with the Central Valley Project and State Water Project. The WSIP application, that was the basis for the Water Commission's conditional determination in July 2018, was based on the Project's full build-out (i.e., 1,800,000 acre-feet of storage) to maximize water supply benefits for a diverse group of local agencies; the state, in accordance with Proposition 1 requirements; and federal agencies, in accordance with the Water Infrastructure Investment for the Nation Act requirements. These benefits were estimated using the conditions incorporated into the CalSim model that was provided to all applicants and included a future climate change scenario.

Today, the Project continues to advance in parallel with other water management efforts throughout the State. The conditional commitments by the 30 participants from across the state in the Project, 22 of whom are investing to receive a direct water supply benefit, combined with the conditional state investment and level of federal interest, has identified that a "right sized" Project (i.e., closer to 1,500,000 acre-feet of storage along with additional facility changes) is more cost-effective and permissible. This "right-sized" Project continues to provide long-term annualized water supply benefits for both the local agencies and the State, in accordance with Proposition 1 requirements, while also preserving the ability for a federal role.

To advance this "right sized" Project, additional technical and environmental studies are being undertaken which will form the basis of the final Prop 1 award:

- **Contracts for non-public cost share** – In November 2021, the Authority submitted the 75% Local Cost Share Commitment letter to the Director of the Department of Water Resources. Over the next year, the Authority will advance the documents that will represent local cost share commitment culminating in the Sites Reservoir Benefits and Obligations Contract with Participants.
- **Feasibility Determination** – The Reclamation Compliant Feasibility Study was completed in December 2020. The Authority completed the State Compliant Feasibility Study in November 2021. The California Water Commission made a determination of project feasibility on December 15, 2021.
- **Final Environmental Documentation** – The Authority and Reclamation released the Revised Draft EIR/Supplemental Draft EIS for public review and comment in November 2021. The Final EIR/EIS was released on November 2, 2023. The Authority Board certified the EIR and approved the Project on November 17, 2023. The Authority prepared CEQA findings, a statement of overriding considerations and a Mitigation Monitoring and Reporting Program that were adopted prior to approving the Project. A draft Record of Decision (ROD) was prepared by Reclamation and the Authority prepared and filed a CEQA Notice of Determination after project approval.

## 1.0 Items Required Prior to Scheduling a Final Award Hearing

### 1) Contracts for non-public cost share (ongoing)

**Based on the following, the estimated completion date is June 2024 and the estimated percent complete is approximately 95%.**

Local Project Participants (Participants): The original participation agreements were signed in 2016 and were replaced with new agreements effective April 1, 2019. The agreements were subsequently amended in November 2020 to fund activities through the end of 2021. In September 2021, the Authority approved the Amendment 3 Project Agreement and associated work plan to fund work beyond 2021. The Participants worked with their respective home boards to sign the Amendment 3 Project Agreement by April 1, 2022. Over the next year, the Authority will work with Participants to update the 2021 Draft Plan of Finance and 2021 Draft Guiding Principles and Preliminary Terms which will be incorporated into the Sites Reservoir Benefits and Obligations Contract.

Sites Reservoir Benefits and Obligations Contract:

- Executable Agreement Estimated Completion Date: June 2024
- Percent Complete: 30%

75% Non-Public Cost Share Commitment Letter:

- Completion Date: November 2021
- Percent Complete: 100%

Amendment 3 Project Agreement:

- Completion Date: September 2021
- Percent Complete: 100%

Reclamation: The Authority and Reclamation amended the existing cost share agreement, Memorandum of Understanding (MOU) (2015), for continued planning and pre-construction activities. This first amendment extended the term for five additional years from the date it was signed (through 2024). In September 2023, a new Memorandum of Agreement (MOA) for the Preconstruction Phase of the Sites Reservoir Project and Sharing of Costs was executed for a term of five years. In addition, the Authority executed a third Financial Assistance Agreement with Reclamation in September 2023 to advance Project studies.

In November 2021, the Authority worked with Reclamation to amend the existing Financial Assistance Agreement (FAA1) to reflect additional scope to advance environmental planning and permitting activities. In September 2022, The Authority worked with Reclamation to execute a new Financial Assistance Agreement (FAA2) to include operations modeling, engineering, geotechnical, and real estate activities to advance the Project. In September 2023, The Authority worked with Reclamation to execute a new Financial Assistance Agreement (FAA3) to include engineering, geology/geotechnical engineering, planning & permitting, mitigation, operations modeling, real estate, communications, program operations, and program support to advance the Project.

During this reporting period, the Authority continued discussions with Reclamation involving the benefits and obligations for their investment in the Project. These discussions will lead to negotiation of a benefits and obligation contract between Sites and Reclamation which will track along a similar timeline to the benefits and obligation contract with participants.

Signed Cost Share Amendment:

- Completion Date: December 16, 2019
- Percent Complete: 100%

Financial Assistance Agreement (FAA1)

Amendment 01

- Completion Date: November 2021
- Percent Complete: 100%

Amendment 02

- Completion Date: June 2022
- Percent Complete: 100%

Financial Assistance Agreement (FAA2)

- Completion Date: September 2022
- Percent Complete: 100%

Financial Assistance Agreement (FAA3)

- Completion Date: September 2028
- Percent Complete: 9%

2) **Contracts for administration of public benefits (ongoing)**

**Based on the following, the estimated completion date is August 2024 and the estimated percent complete is approximately 15%.**

State of California (WSIP): Over the reporting period, the Authority has focused its efforts on continued development of administrative draft Adaptive Management Plans that would be attachments to public benefits contracts.

- o Estimated Completion Date: August 2024
- o Percent Complete: 15%

3) **Completed Feasibility Studies (complete)**

**Based on the following, the completion date was November 2021 and the estimated percent complete is approximately 100%.**

Coordination efforts between the Authority and Reclamation culminated in the release of the Reclamation Compliant Feasibility Study (Final Feasibility Report) in December 2020. Completion of this study will allow for continued federal participation in the Project.

After responding to CWC staff and reviewers' comments, the Authority submitted the final WSIP Compliant Feasibility report in November 2021.

Reclamation Compliant Feasibility Study:

- o Completion Date: December 2020
- o Percent Complete: 100%

WSIP Compliant Feasibility Study:

- o Estimated Completion Date: November 2021
- o Percent Complete: 100%

4) **Final Environmental Documentation (ongoing)**

**Based on the following, the estimated completion date is July 2024 and the percent complete is 98%.**

The Authority, as the state lead agency, and Reclamation, as the federal lead agency, completed the public comment period on the Revised Draft Environmental Impact Report / Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS) in January 2022. The Authority and Reclamation received 101 comment letters including a single form letter sent by 113 individuals. The Authority and Reclamation numbered all comments, prepared responses to comments and prepared the Final EIR/EIS. Over this time period, the Authority completed the Final EIR/EIS for final review by the Authority and Reclamation. The Authority also drafted the CEQA Findings, Mitigation Monitoring and Reporting Program (MMRP) and Statement of Overriding Considerations for the Project. Reclamation completed preparation of a draft Record of Decision (ROD) that was submitted with the Final EIR/EIS and briefing package to



the Department Review Team in Washington, DC. Over this time period, the Authority and Reclamation also completed public outreach materials that were posted in preparation for the release of the Final EIR/EIS. The Authority also completed and submitted a final application under Senate Bill 149 for certification by the Governor as an water infrastructure project with final certification on December 6, 2023. The Authority and Reclamation released the Final EIR/EIS on November 2, 2023. The Authority certified the Final EIR and approved the Project on November 17, 2023. Remaining efforts include finalization of the ROD for signature, currently anticipated in July 2024.

Draft EIR/EIS:

- Completion Date: August 2017
- Percent Complete: 100%

Revised Draft EIR/Supplemental Draft EIS:

- Completion Date: November 2021
- Percent Complete: 100%

Final EIR/EIS:

- Estimated Completion Date: July 2024
- Percent Complete: 98%

**5) All required federal, state, and local approvals, certifications, and agreements (ongoing)**

**Based on the following, the estimated completion date is December 2024 and the estimated percent complete is approximately 57%.**

Federal: The Authority and Reclamation continue to prepare the draft Biological Assessment in compliance with the Federal Endangered Species Act and the draft Programmatic Agreement in compliance with Section 106 of the National Historic Preservation Act. Over this time period, Reclamation continued revisions to the Programmatic Agreement based on comments from the State Historic Preservation Officer and tribes. Together the Authority and Reclamation are proceeding on a mixed programmatic assessment for Federal Endangered Species Act review, with a project-level construction Biological Opinion and programmatic operations Biological Opinion to be completed in mid-2024. Over this time period, the Authority and Reclamation completed the project-level Construction Biological Assessment and Reclamation submitted the Construction Biological Assessment to the U.S. Fish and Wildlife Service to initiate consultation. Reclamation also submitted the Project as a programmatic action in the Biological Assessment for the 2021 Reinitiation of Consultation on the Long-term Operations of the Central Valley Project and State Water Project over this time period. In addition, the Authority is working with the U.S. Army Corps of Engineers (USACE) under Section 404 of the Clean Water Act and provided a draft Clean Water Act permit application to the USACE for its initial review summer 2022. Revisions to the Section 404 permit application continued over this time period and the permit is anticipated to be issued in December of 2024.

- Estimated Completion Date: December 2024

- Percent Complete: 59%

State of California: The Authority continues to have productive meetings with CDFW to discuss the Project, the permit application process, and supporting information to include in the permit applications. The Project's Construction Incidental Take Permit application was submitted to CDFW in January 2022. The application was revised and completely resubmitted in June 2023. In July 2023, CDFW identified the application incomplete and requested additional information. The Authority provided supplemental information on November 29, 2023, and on December 8, 2023, CDFW determined that Authority's application complete.

The Authority submitted its Operations ITP application to CDFW on October 24, 2023. On November 22, 2023, CDFW identified the application incomplete and requested additional information. The Authority and CDFW have established bi-weekly technical team meetings and bi-weekly management team meetings to better understand and address the request for additional information.

The Authority submitted its Water Right Application to the SWRCB in May 2022. The SWRCB accepted the application in August and requested additional information prior to noticing the application. The Authority completed the analyses requested and responded to the information request on January 6, 2023. The SWRCB noticed the Authority's application on June 1 with protests were due on August 31. The Authority received 15 protests on its application (the SWRCB has not indicated that all of these are valid protests but are treating them as such at this time). The Authority responded to all protests in writing as requested by the SWRCB on October 31. The Authority has reached out to all protestants to attempt to resolve their protests and anticipated the water right hearing to conclude in Q4 2024. It is estimated that the SWRCB will issue the Water Rights Permit in Q1 2025.

The Authority also continued preparation of a Clean Water Act, Section 401 Individual Permit application and associated discussions with the SWRCB. The Authority provided a draft Clean Water Act permit application to the SWRCB for its initial review summer 2022 and revisions to the application are underway. The Authority continues to engage with DWR Division of Safety of Dams (DSOD) to discuss the Project, the permit application process, an initial DSOD permitability finding that provides sufficient assurance to proceed with final Prop 1 award, and supporting information required to permit dam construction which would occur in a phased approach.

- Estimated Completion Date: December 2024
- Percent Complete: 55%