

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:

April 30, 2020

Reporting Period:

January 1, 2020 through March 31, 2020

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:

During this reporting period, work in progress focused on advancing the project in the areas of the reservoir's operations, environmental, permitting and agency coordination, and engineering as well as continuing to develop the systems, processes, and procedures to manage the project. Work is progressing to secure additional funding from the 21 participating local agencies by the third quarter of 2020. The previously reported due diligence studies are nearing completion to define a "right sized" project that is more cost-effective and permittable while still providing the same level of long-term annualized water supply benefits for both the local agencies and the state, in accordance with Prop 1 requirements, while also preserving the ability for a federal role. Additional studies to advance this "right sized" Project are under development. While this revised project description and these additional studies will extend the completion of the feasibility report and completion of the Draft

EIR/EIS, this “right-sized” Project requires less construction to enable the Project to be completed as planned. A revised schedule will be included in the next quarterly status report.

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: December 2021
Percent Complete: 25%

2. Contracts for administration of public benefits:

Status: Not Started. Refer to Attachment A
Estimated Completion Date: December 2021
Percent Complete: 0%

3. Completed feasibility studies:

Status: In Progress. Refer to Attachment A
Estimated Completion Date: December 2021
Percent Complete: 7%

4. Final environmental documentation:

Status: In Progress. Refer to Attachment A
Estimated Completion Date: December 2020
Percent Complete: 23%

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

Status: In Progress. Refer to Attachment A
Estimated Completion Date: December 2021
Percent Complete: 13%

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: An audit for Fiscal Year 2018, which ended on December 31, 2018, was completed in July 2019. An audit for Fiscal Year 2019 is planned to be completed by mid-2020.
- Final Project Costs, Schedule, and Scope of Work: Consistent with the draft feasibility and draft environmental documentation that include a range of project size, operations, benefits, and affects, 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.

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|--|---------------------------------------|
| ▪ Labor Compliance | No change since last reporting period |
| ▪ Urban Water Management Plans | Not applicable |
| ▪ Agricultural Water Management Plans | Not applicable |
| ▪ Groundwater Management or Groundwater Sustainability Plans | |
| | No change since last reporting period |
| ▪ Potential effect of other conditionally eligible projects on the applicant's public benefits | |
| | No change since last reporting period |

Attachment A: Supplement for Reporting Period Ending March 31, 2020



Summary:

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 Prop 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 that included a future with climate change.

Today, the Project continues to advance in parallel with other water management efforts throughout the State including, but not limited to, the State Water Resources Control Board's update to the Bay-Delta Plan. The conditional commitments by the 28 local agencies from across the state in the Project, 21 of whom are investing to receive a direct water supply benefit, combined with the conditional state investment and level of federal interest, is identifying 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 the same level of long-term annualized water supply benefits for both the local agencies and the State, in accordance with Prop 1 requirements, while also preserving the ability for a federal role.

To advance this "right sized" Project, additional technical and environmental studies are being defined for incorporation into the feasibility report that will be submitted to the Water Commission for their consideration of the Project remaining conditionally eligible for the remaining funds. Preparing this report will also require modifications to the current project description, along with additional environmental documentation, analysis, and public review of these changes via the Draft EIR/EIS process. It will also require continued coordination with the state and federal permitting agencies. While this revised project description and these additional studies will extend the completion of the feasibility report and completion of the Draft EIR/EIS, this "right-sized" Project requires less construction to enable the Project to be completed as planned (i.e., operable date does not need to be extended and the potential exists to be partially operable sooner). Currently, the Authority is developing a revised plan and schedule for inclusion in the next quarterly status report. It will summarize the proposed changes to the original schedule that was previously provided in the initial quarterly report, dated October 30, 2018.

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 December 2021 and the estimated percent complete is approximately 25%.

Local Project Participants (Participants): The original participation agreements were signed in 2016 and were replaced with new agreements effective April 1, 2019. The Authority is working with the Participants to extend the current agreement through 2021 which will include additional funding. A successor agreement will be needed to fund work beyond 2021.

Signed Amendment:

- Estimated Completion Date: August 31, 2020
- Percent Complete: 75%

Reclamation: The Authority and Reclamation amended the existing cost share agreement (2015) for continued planning and pre-construction activities. This first amendment extends the term for 5 additional years from the date it was signed. In addition, the Authority is working with Reclamation on a financial assistance agreement, which will enable the Authority to use the \$6 million that was authorized on December 20, 2019 to advance the current studies.

Signed Cost Share Amendment:

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

Financial Assistance Agreement:

- Estimated Award Date: August 2020
- Percent Complete: 30%

2) **Contracts for administration of public benefits (not started)**

Based on the following, the estimated completion date is December 2021 and the estimated percent complete is approximately 0%.

State of California (WSIP): The Authority and the California Department of Fish and Wildlife (CDFW) are conducting focused discussions on the state permit application processes (refer to item #5). Discussions with CDFW on a contract for administration of public benefits have not yet begun.

- Estimated Completion Date: December 2021
- Percent Complete: 0%

3) **Completed Feasibility Studies (ongoing)**

Based on the following, the estimated completion date is December 2021 and the estimated percent complete is approximately 7%.

The Authority continues to work with Reclamation through the development of a Reclamation compliant feasibility report that will serve as the basis for preparing a final feasibility report meeting the Water Commission's criteria.

The Authority and Reclamation continue to update and refine the draft Feasibility Report from the version that was included as an attachment to the Authority's WSIP application. Updated analysis includes the project's feasibility as a locally sponsored storage project in compliance with WSIP requirements and the level of federal participation, which requires compliance with Reclamation's requirements

Reclamation Compliant Feasibility Study:

- Estimated Completion Date: December 2020
- Percent Complete: 80%

WSIP Compliant Feasibility Study:

- Estimated Completion Date: June 2021
- Percent Complete: 36%

In-field geotechnical investigations completed during the reporting period will improve the Project's cost estimation accuracy and reduce construction cost-related risk. Reclamation and the Authority prepared a work plan, completed environmental documentation, prepared permit applications (refer to item #5), and developed both monitoring and health and safety protocols to support these focused geotechnical investigations.

Focused Geotechnical Investigations - Field Work:

- o Start Date: October 2019
 - o Estimated Completion Date: March 2020
 - o Percent Complete: 100%
- Environmental, Permitting, and Monitoring Support: Refer to item #5

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

Based on the following, the estimated completion date is December 2020 and the estimated percent complete is approximately 23%.

The Authority, as the state lead agency, and Reclamation, as the federal lead agency, continue to perform additional environmental analysis to support the development of the Environmental Impact Report / Environmental Impact Statement (EIR/EIS). Ongoing work on the EIR/EIS had been minimized since October 2019 pending progress on the due diligence. Efforts on the EIR/EIS were reinitiated during this time period. These efforts focused on how best to move forward with the EIR/EIS process in light of the due diligence and right-sizing efforts and time was spent reviewing previous comments on the 2017 Draft EIR/EIS and developing a recommended path forward for consideration by the Authority's Board of Directors at their April 2020 Board meeting.

Draft EIR/EIS:

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

Final EIR/EIS:

- o Estimated Completion Date: December 2021
- o Final EIR/EIS, Percent Complete: 23%

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

Based on the following, the estimated completion date is December 2021 and the estimated percent complete is approximately 13%.

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 the National Historic Preservation Act. Ongoing work on the draft Biological Assessment and draft Programmatic Agreement was minimized this quarter pending progress on the due diligence. This effort is expected to ramp up in April 2020 as the Authority Board completes its due diligence efforts.

- o Estimated Completion Date: December 2021
- o Percent Complete: 18%

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. Ongoing work with CDFW was minimized this quarter pending progress on the due diligence. This effort is expected to ramp up in April 2020 as the Authority Board completes its due diligence efforts.

- Estimated Completion Date: December 2021
- Percent Complete: 10%

Local: Supporting Reclamation's need to perform focused geotechnical investigations, the Authority has assisted Reclamation in obtaining encroachment permits from Colusa County, Maxwell Irrigation District, and Glenn Colusa Irrigation District and, where applicable, access agreement with landowners.

Focused Geotechnical Investigations (refer to item #3): Reclamation began geotechnical fieldwork on October 2, 2019 and concluded field efforts in March 2020. The Authority has provided biological and cultural monitoring for these geotechnical field investigations. No listed species, cultural resources or tribal resources were encountered during the geotechnical fieldwork efforts. Final field monitoring completion reports are in progress and expected to be completed next quarter.

Environmental, Permitting, and Monitoring Support to Focused Geotechnical Investigations:

- Estimated Completion Date: March 2020
- Percent Complete: 98%