

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 31, 2020

Reporting Period:

October 1, 2019 through December 31, 2019

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 started to secure additional funding from the 21 participating local agencies by the third quarter of 2020. This effort includes an updated due diligence of the project; having the goal to identify the right size project to build under today's conditions and in a manner that prioritizes the creation of (1) eligible public benefits (as defined in Proposition 1) and consistent with both the Water Commission's July 2018 determinations and the Authority's application and (2) the non-public benefits for the agencies that have been funding the studies to date.

In addition, on December 20, 2019, \$6 million of WIIN Act funding was appropriated under HR 1865 to advance the project's current studies.

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: 6%

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: 10%

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 December 31, 2019



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: 10%

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 6%.

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: 71%

WSIP Compliant Feasibility Study:

- Estimated Completion Date: June 2021
- Percent Complete: 35%

In-field geotechnical investigations initiated in 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: 10%
- 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 a Final Environmental Impact Report / Environmental Impact Statement (EIR/EIS). Current work focuses on developing responses to comments received on the Draft EIR/EIS. Comments have been reviewed, categorized and initial responses to individual comments have been completed. Also, a number of master responses to comments have been developed. Preparation of the remaining sections of the Final EIR/EIS, including minor edits and updates to the Draft EIR/EIS, has also begun. Ongoing work on the Final EIR/EIS has been minimized since October 2019 pending progress on the due diligence .

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 10%.

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. Throughout this time period, the Authority and Reclamation met several times with the U.S. Fish and Wildlife Service (USFWS) and re-initiated meetings with the National Marine Fisheries Service (NMFS) to discuss approach to the Biological Assessment. The schedule for the Biological Assessment has been extended to allow for additional analysis and discussion with USFWS and NMFS.

- Estimated Completion Date: December 2021
- 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. These meetings are expected to continue over the next few months. These discussions have focused around five key areas, which are Wilkins Slough bypass flows, flows into the Sutter Bypass system, flows over the Fremont Weir Notch, Freeport bypass flows, and Net Delta Outflow Index. Additional analysis and changes to the modeling framework used to assess the benefits and effects of the project have been and continue to be made based on discussions. The release of the Governor's draft Resiliency Portfolio, which named the Sites Reservoir as an example surface water storage project that should be advanced, may possibly help improve access to and coordination with the State's resource agencies.

- 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): During this time period, Reclamation began geotechnical fieldwork on October 2, 2019. The Authority has provided biological and cultural monitoring for these geotechnical field investigations. Due to rain events in December and working around other scheduling needs for the Reclamation drill crew, the field investigation schedule has been extended into March.

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

- Estimated Completion Date: March 2020
- Percent Complete: 10%