

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:

October 30, 2023

Reporting Period:

July 1, 2023, through September 30, 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 2023
Percent Complete: 95%

2. Contracts for administration of public benefits:

Status: In Progress. Refer to Attachment A
Estimated Completion Date: December 2023
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: September 2023
Percent Complete: 96%

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: 47%

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 March 31, 2022



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. Work to complete the Final EIR/EIS is ongoing and is nearly completed.

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:

- 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 (2015) for continued planning and pre-construction activities. This first amendment extends the term for 5 additional years from the date it was signed (through 2024). In addition, the Authority executed a Financial Assistance Agreement with Reclamation in August 2020 to advance Project studies.

In November 2021, the Authority worked with Reclamation to amend the existing Financial Assistance Agreement to reflect additional scope to advance environmental planning and permitting activities. The Authority worked with Reclamation to execute a new Financial Assistance Agreement to include engineering, operations modeling, geotechnical, and real estate activities 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)

- Budget Period: September 2023 thru September 2028
- Percent Complete: 0%

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

Based on the following, the estimated completion date is June 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: June 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 August 2023 and the estimated percent complete is approximately 96%.

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) on January 28, 2022. The Authority and Reclamation received 101 comment letters including a single form letter sent by 113 individuals. The Authority and Reclamation have 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 team and Reclamation. The Authority continues drafting 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 will go 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 began efforts on the public outreach materials in preparation for the release of the Final EIR/EIS. The Authority also completed and submitted an application under Senate Bill 149 to be considered for certification by the Governor as an water infrastructure project.

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: November 2023
- Percent Complete: 91%

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 47%.

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 received comments on the Programmatic Agreement from the State Historic Preservation Officer and began revisions to the document. 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 early 2024. Over this time period, the Authority and Reclamation largely completed the project-level construction Biological Opinion for final review by the Authority and Reclamation. 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.

- Estimated Completion Date: December 2024
- Percent Complete: 53%

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. Work was completed during the reporting period to continue discussions with CDFW on the Construction Incidental Take Permit application to address CDFW's comments. Ongoing work on the Operations Incidental Take Permit

application has continued to focus on the finalization of the application package. 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 protest, but are treating them as such at this time). The Authority has reviewed all of the protests and has begun responding to the concerns raised. These responses are due to the SWRCB on October 31. The Authority has also begun working with some of the protestants to attempt to resolve their protests.

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. Revisions to the application based on comments received 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: 40%