

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001



May 21, 2018

Joseph Yun
Executive Officer
California Water Commission
Post Office Box 942836
Sacramento, California 94236-0001

RE: Proposition 1 Water Storage Investment Program Findings

Dear Mr. Yun:

We are pleased with the progress the California Water Commission (Commission) has achieved in reaching another important milestone in the implementation of the Proposition 1 Water Storage Investment Program (WSIP). The Department of Water Resources (DWR) is committed to its continued partnership with the Commission to invest \$2.7 billion toward critically needed water storage projects that provide tangible public benefits to ecosystems, flood control protection, emergency response capabilities, and the overall effectiveness of our water infrastructure across the state.

DWR appreciates the leadership of the Commission and the diligent work of Commission staff in coordinating the technical review team consisting of DWR, California Department of Fish and Wildlife, and State Water Resources Control Board staff. As directed, DWR is submitting its findings for the recreation, flood control, and emergency response physical benefits based on the information provided by each applicant in their application, the technical review of that information, and the Commission's formal appeal process.

We appreciate the difficult decisions recently made by the Commission in determining which projects are eligible to move forward in this competitive process. DWR looks forward to the upcoming milestones and our ongoing role of providing the Commission expert technical review and support.

Sincerely,

A handwritten signature in black ink that reads "Karla A. Nemeth".

Karla A. Nemeth
Director

DEPARTMENT OF WATER RESOURCES

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SACRAMENTO, CA 94236-0001



May 21, 2018

Mr. Joseph Yun
Executive Officer
California Water Commission
Post Office Box 942836
Sacramento, California 94236-0001

Project: Sites Project
Applicant: Sites Project Authority

RE: Water Storage Investment Program — Findings

Dear Mr. Yun:

Herein, the Department of Water Resources (DWR) provides the California Water Commission (CWC) DWR's findings pursuant to California Code of Regulations, title 23, section 6012 and as required by Water Code section 79755(a)(3) for the Water Storage Investment Program (WSIP).

DWR staff has conducted a thorough review of the information provided by the applicant to develop findings for each physical public benefit per Water Code section 79753(a)(3-5): flood control, emergency response, and recreational purposes. DWR's findings are based on the technical review of the public benefits as described in each application and using the information submitted by the applicants.

DWR staff evaluated each application as subject matter experts and implemented a careful internal review pursuant to applicable statutes, the WSIP Regulations (Cal. Code Regs., tit. 23, § 6000 et seq.) and the WSIP *Technical Reference* (Nov. 2016). Rigorous quality control measures were established to ensure all applications were reviewed in a fair and equal manner. In addition, staff and review teams met on a weekly basis to discuss preliminary findings, assure consistency, and to identify issues for further evaluation to be discussed by the broader review team.

The application and appeal materials provided by the applicant describe the potential public benefits. Based on the WSIP Regulations, a finding does not commit DWR to a definite course of action regarding any subsequent determination or approval by DWR under any regulatory or statutory authority beyond section 6012 of the WSIP Regulations.

Changes in the amount of public benefits may occur from the time of DWR's findings to the time an applicant enters into an agreement with DWR to provide the claimed benefits to the public. Prior to entering into this agreement with the applicant, DWR shall confirm that any modified public benefits continue to meet all the requirements of WSIP Program and other applicable laws and regulations.

In August 2017, DWR staff began review of the Sites Project's application for claimed flood control, recreation, and emergency response monetized public benefits. By February 2018, DWR staff had reviewed the Project's application and provided CWC staff with a recommendation to accept, adjust or remove the applicant's claimed physical benefits from the initial public benefit ratio (PBR). These recommendations along with recommendations from the California Department of Fish and Wildlife and State Water Resources Control Board were distributed to the applicant and the public by CWC staff. Applicant appeals to the initial recommendations were submitted to the CWC in late February 2018. DWR staff then reviewed the applicant's appeal information for the DWR-related benefits and provided final recommendations for the Sites Project's monetized public benefits to CWC staff. The CWC released all reviewer responses to the applicant and the public on April 20, 2018.

Pursuant to WSIP Regulations, DWR staff has determined findings for the following verified monetized public benefits: Flood control and Recreation.

Flood Control:

The Sites Project Authority (applicant) stated that the proposed Sites Project would provide flood damage reduction benefits to the Colusa County town of Maxwell and surrounding agricultural areas using available Sites Reservoir incidental storage to capture and store flood flows from Funks Creek and Stone Corral Creek and other ephemeral stream courses. The applicant claimed a without-project condition five-foot maximum flood depth above structure first floor elevation. This value was reviewed and found not to be credible and the maximum without-project flood depth was reduced to three feet above adjacent grade, consistent with publicly available Federal Emergency Management Agency National Flood Insurance Program flood insurance rate map for the Maxwell area. Without-project flood risk reduction damages were adjusted accordingly to the reduced flood depths.

DWR has reviewed the applicants provided documentation and verified that the Sites Project could provide incidental flood storage to capture flood flows from Funks Creek, Stone Corral Creek and ephemeral stream courses that would flow into the proposed reservoir. The town of Maxwell, surrounding agricultural lands and a portion of Interstate Highway 5 were flooded during a storm event in February 2017. The proposed Sites Reservoir could have reduced flood damages if it were in place at the time of the 2017 flood event.

The applicant's proposed project would not violate Water Code section 11590 as it does not take or destroy any part of the line or plant of any common carrier railroad, other public utility, or state agency or the appurtenances thereof, either in the construction of any dam, canal, or other works, or by including the same within the area of any reservoir.

The Sites Project is classified as a Surface storage project identified in section 2.2.5, page 45 of the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000. The Sites Project does not adversely affect, including its free-flowing character, any river afforded protection pursuant to the California Wild and Scenic Rivers Act (Pub. Resources Code, § 5093.50 et seq.).

Lastly, the applicant has provided a cost allocation breakdown where the funds allocated exclude all costs of environmental mitigation measures or compliance obligations. Additionally, the application makes no reference to or includes any environmental mitigation measures or existing compliance obligations related to claimed flood control benefits.

Pursuant to Water Code section 79755(a)(3), DWR finds that the public benefits for flood control of the proposed Sites Project meet all the requirements of Water Code, Division 26.7, Chapter 8 (Wat. Code, § 79750 et seq.).

Recreation:

The proposed Sites Reservoir would have a storage volume of approximately 1.81 million acre-feet (MAF) and surface area of approximately 14,000 acres. Sites Reservoir would provide new opportunities for surface water recreation, such as boating, fishing, and swimming. In addition, new facilities would be developed to support other recreation activities like camping, hiking, picnicking, and sightseeing. Annual new recreation visitation estimates for the proposed project are 187,000 users per year.

The project's proposed recreation areas are Stone Corral Recreation Area and Peninsula Hills Recreation Area:

Stone Corral Recreation Area – The Stone Corral Recreation Area would be located on the east side of the reservoir, north of the existing Maxwell-Sites Road and the proposed Sites Dam. The proposed area is to have 50 campsites; 10 picnic sites; 10 vault toilets; 1 kiosk; a 2-lane boat ramp with parking area, and, a 35-acre overlook/interpretive area with parking. The maximum proposed size of the Stone Corral Recreation Area is 235 acres.

Peninsula Hills Recreation Area – The Peninsula Hills Recreation Area would occupy approximately 516 acres on the northwest side of Sites Reservoir. The proposed area is to have 100 campsites; 1 group campsite (up to 24 people); 10 picnic sites; hiking trails; 10 vault toilets; 1 kiosk; equestrian trails and a horse trailer parking area; vista point/sightseeing; and, additional parking areas. The applicant is also considering the installation of a separate boat launch facility approximately 2 miles south of this recreation area, with access to the reservoir south of Sites-Lodoga Road.

These recreation areas could potentially be developed and commissioned in a phased approach to match recreational interest at Sites Reservoir. The Stone Corral Recreation Area and the west-side boat ramp would be constructed initially, followed by the remainder of Peninsula Hills Recreation Area, if warranted.

DWR has reviewed the documentation that the Sites Project has provided and verified that the proposed project could provide new recreation visitation estimated at 187,000 users per year. The applicant has provided documentation to support the future estimated recreation visitation. Annual visitation was estimated using a comparable demand and/or facilities-based estimation approach that accounts for Sites planned facilities, carrying capacity, the regional population of potential users, surface acreage of the reservoir and fluctuations in storage throughout the year, as well as the amenities and visitation levels of substitute reservoirs in the region and is consistent with those outlined in the WSIP *Technical Reference* (Section 5.4.5).

The applicant's proposed project would not violate Water Code section 11590 as it does not take or destroy any part of the line or plant of any common carrier railroad, other public utility, or state agency or the appurtenances thereof, either in the construction of any dam, canal, or other works, or by including the same within the area of any reservoir.

The Sites Project is classified as a surface storage project identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000 in section 2.2.5 page 45. The Sites Project does not adversely affect, including its free-flowing character, any river afforded protection pursuant to the California Wild and Scenic Rivers Act (Pub. Resources Code, § 5093.50 et seq.).

Lastly, the applicant has provided a cost allocation breakdown where the funds allocated exclude all costs of environmental mitigation measures or compliance obligations. Additionally, the application makes no reference to or includes any environmental mitigation measures or existing compliance obligations related to claimed recreation benefits.

Pursuant to Water Code section 79755(a)(3), DWR finds that the public benefits for recreation of the proposed Sites Project meet all the requirements of Water Code, Division 26.7, Chapter 8 (Wat. Code, § 79750 et seq.).

Sincerely,

A handwritten signature in black ink, appearing to read "Karla A. Nemeth". The signature is fluid and cursive, with a large initial "K" and "N".

Karla A. Nemeth
Director