



*To advance the economic, social and environmental sustainability of Northern California
by enhancing and preserving the water rights, supplies and water quality.*

March 15, 2022

Water Commissioners
Joseph Yun, Executive Officer
California Water Commission
PO Box 942836
Sacramento, CA 94236

Re: Agenda Item 9 (March 16 Meeting)

Dear Commissioners and Executive Officer Yun:

The Northern California Water Association (NCWA) supports an approach allocating the \$63.9M of Proposition 1 storage funds among the existing seven projects by following the staff presented option 2. We believe this approach provides an equitable approach by providing an inflation adjustment for all seven projects, while recognizing that Sites Reservoir was not fully funded in previous allocations and the Commission can and should first allocate funds to increase the Sites Project Maximum Conditional Eligibility Determination (MCED).

As you know, there is strong and universal support throughout Northern California for Sites Reservoir and we appreciate the Commission supporting Sites Reservoir and the other projects that are all important for California. As we stare at one of the driest years within the driest decade we can remember, the value and importance of water in Sites Reservoir for multiple benefits is vivid, including water for cities and rural communities, farms, fish and wildlife.

We support the Sites Project Authority and the basis for this request as follows:

1. This approach achieves fairness and parity in setting the MCED across all seven projects. The Sites Project is the only remaining Rank 3 project not yet fully funded to the Applicant requested amount. The full funding was determined to be \$841M (2015 dollars) through the Commission's feasibility review, which is under the Applicant requested amount determined in 2018 of \$916M (2015 dollars).
2. This is the same approach the Commission applied in 2021 which achieved a successful precedent and stakeholder acceptance. The decision to delay full funding for the Sites Project in 2021 was justified. However, significant progress has been made over the past year and the appropriate full funding level has now been verified, is ready to implement, and adequate funds exist to proceed. Increasing the MCED \$25M using the available funds would bring the Sites Project MCED on par with the other projects. The additional funds will help to ensure all of the anticipated public benefits come to fruition through the Sites Project.
3. This option maintains consistency with the Commission's Resolution 2019-02, where preference was to be given to adjusting the MCED for the Rank 3 projects up to the Applicant's request. With the proposed action, this Commission will fulfill the condition that was set by the Commission that was directly involved in the original selection and MCED setting process.

Giving deference to the 2019 Resolution three years later would be appropriate given the highly complex, detailed and exhaustive review process that went into reaching that conclusion.

Importantly, this approach provides a substantial amount of additional funds to each of the existing projects as an inflation adjustment, thereby providing funding certainty and improving financial viability. The risks of inflation and cost increases have multiplied over the past year and are expected to continue and the State should equitably share in this burden.

Thank you for your consideration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David J. Guy". The signature is fluid and cursive, with a large initial "D" and "G".

David J. Guy
President