



## Water Storage Investment Program Quarterly Report Template

The Quarterly Report is intended to document the applicant's 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.

|                        |   |                          |                                   |
|------------------------|---|--------------------------|-----------------------------------|
| <b>Project Name:</b>   | Temperance Flat Reservoir (TFR) Project |                          |                                   |
| <b>Applicant Name:</b> | Temperance Flat Reservoir Authority     |                          |                                   |
| <b>Date:</b>           | April 30, 2019                          | <b>Reporting Period:</b> | February 1, 2019 – April 30, 2019 |

**Please describe any key issues that occurred during this reporting period. You may attach additional documents or pages if more space is needed.**

On August 14, 2017, the San Joaquin Valley Water Infrastructure Authority (SJVWIA) submitted an application the California Water Commission (CWC) under the Water Storage Investment Program (WSIP) for the Temperance Flat Reservoir (TFR) Project. The TFR Project application is based on the physical facilities identified by the US Bureau of Reclamation (Reclamation) in the Upper San Joaquin River Basin 2014 Draft Feasibility Report and 2015 Draft EIS and an operating plan developed by a Technical Steering Committee comprised of the Friant Water Authority (FWA), the San Joaquin River Exchange Contractor Water Authority (SJRECWA) and the San Luis Delta-Mendota Canal Water Authority (SLDMWA), all of which are SJVWIA members. The TFR Project operating plan is significantly different than operating plans previously evaluated by Reclamation in the Draft Feasibility Report and the Draft EIS. It includes individual operating accounts for individual investors that, when combined, produce public benefits that were found eligible for WSIP funding and additional benefits that may also be eligible for Federal funding. Due to this fact, Reclamation is in the process of modifying and completing the Draft Feasibility Report in concert with the parties involved in the TFR Project

As noted in the TFR Project WSIP application, progress following application submittal is focused on defining non-public benefits for public agency water entities that would invest in the TFR Project and benefits that would be eligible for Federal funding consistent with Reclamation requirements. Considerable progress has been made in defining both non-Federal and Federal interest and requirements. Reclamation is continuing to evaluate the operating plan included in the WSIP application as a new alternative in the Feasibility Report and has identified key implementation requirements and strategies. This has involved extensive coordination with water users to verify that the project will provide operating flexibility to potential project investors while also assuring Federal benefits and the public benefits found to be conditionally eligible for WSIP funds by the CWC are provided. This process is also assessing the necessary components required for consideration under NEPA.

Concurrently, a group of water users is working under a Memorandum of Understanding (MOU) to evaluate potential interest in investing in the TFR Project. The 'MOU Group' is comprised of 25 Friant Division long-term contractors that hold 99 percent of Class 1 contracts and 100 percent of Class 2 contracts, the SJRECWA, the SLDMWA, and six CVP south-of-delta water service contractors in the San Joaquin Valley. Participants in this group have developed preliminary operating plans for the management of storage capacity in TFR they may obtain through their investment. The MOU Group has combined the individual operations into a single operating plan that provides more specificity to individual investors than the generalized operating plan included in the WSIP application. The initial combined operations did not reveal significant constraints or conflicts in the ability to achieve the operational objectives of MOU Group members and is being reviewed to confirm WSIP eligible benefits are preserved. The results of these evaluations will support decisions by entities on their financial participation in the TFR Project.

The Temperance Flat Reservoir Authority (TFRA) was formed as a joint powers authority in October 2018. The TFRA membership includes entities with an interest in continued development of and investment in the TFR Project. The TFRA was formed to promote, develop, design, permit, finance, acquire, construct, manage, maintain, and operate a dam and reservoir at Temperance Flat. The initial membership is establishing the framework for the TFRA; additional members will join as they determine their financial interest in the project.

The SJVWIA and TFRA coordinated extensively during the reporting period to assure that all responsibilities are understood and properly transferred. This required sequential actions by the SJVIA and TFRA boards of directors. Paperwork to support transfer of the application was submitted by the SJVWIA (dated February 25, 2019) and TFRA (Dated February 19, 2019) to the CWC. This documentation demonstrates the willingness of the SJVWIA and TFRA to transfer the application, the eligibility of the TFRA under WSIP requirements, and a resolution authorizing a TFRA representative to communicate with the CWC on behalf of the TFRA. CWC staff provided a response on March 13, 2019 that all required paperwork to support the transfer has been received and that the TFRA is now recognized as the TFR Project Applicant. The SJVWIA will continue its role in the TFR Project as a member of the TFRA.

Now that the WSIP application has been transferred, the TFRA has begun coordination with Reclamation to define the role of the TFRA in the ongoing Federal Feasibility Study. The TFRA intends to enter into an MOU with Reclamation as a non-Federal partner. The TFRA has also initiated planning to identify, schedule and budget tasks for the continued development of the TFR project. A detailed schedule is currently under development. Accordingly, the dates provided in the following table should be considered interim and subject to revision.

**Prior to scheduling a hearing, the following items must be provided:**

| Description  | Status   | Estimated Completion Date                          | Percent Complete %   |
|--|--|--|--|
| Contracts for non-public cost share  | As described above, the TFRA was formed to provide the mechanism to provide the non-public cost share for the TFR Project. The TFRA will secure funding from public agency project investor beneficiaries and will coordinate with Reclamation to determine the potential for Federal funding in support of federally-recognized benefits. This process is in the early phase of development and is estimated to be about 5 percent complete. It is expected that the JPA will have funding commitments determined by mid-2021.  | Mid 2021   | 5%   |
| Contracts for administration of public benefits                                  | The TFRA met with CWC staff and administrative agencies in February to initiate discussions regarding contracts for the administration of public benefits. The TFRA understands that separate contracts will be developed with DWR and CDFW for the administration of project benefits. The TFRA will be reaching out to DWR and CDFW to familiarize the agencies with the modeling efforts that have been undertaken and to allow the agencies to model storage space to achieve public benefits.   | TBD  | 0%   |
| Completed feasibility studies  | Reclamation is preparing the Final Feasibility Report for the Upper San Joaquin River Basin Storage Investigation. The Feasibility Report will include a new alternative plan based on the principles included in the operating plan provided in the WSIP application. Reclamation's decision on the operating plant to be evaluated in the Final FR has taken more time than originally anticipated and involves close coordination with the MOU Group and the TFRA. Reclamation anticipates completion of the Final Feasibility Report by late 2019. Reclamation is determining the extent of system-wide technical analyses that will be performed for the Final Feasibility Report and associated NEPA document. Much of the technical analysis has been done, however some refinements may be required depending on the alternative description selected by Reclamation.  | Late 2019  | 95%  |
| Final environmental documentation  | <p><b>NEPA</b> - Reclamation is preparing a Final Environmental Impact Statement (EIS) for the USJRBSI to provide NEPA compliance. The Final EIS will include an alternative plan that includes the operational objectives presented in the WSIP application. Reclamation is determining if a Supplement to the Draft EIS will be required before the final EIS is released.</p> <p><b>CEQA</b> - The TFRA will be the lead CEQA agency for the preparation of an Environmental Impact Report (EIR). This work will begin shortly and will be based, in part, on information prepared for the NEPA document. Early in the preparation of the EIR, the TFRA will coordinate with the CWC, CDFW, and CDWR to identify issues to be addressed in the EIR to meet the needs of the Responsible Agencies. The TFRA expects this coordination, additional analyses, and release of Draft EIR will be completed by mid-2021. However, because the requirements of Responsible Agencies are not yet known, it is not possible to estimate the percent complete of the CEQA document.</p> | <p>NEPA<br/>Late 2019</p> <p>CEQA<br/>Mid 2021</p> | <p>90%</p> <p>Undetermined, pending requirements of Responsible Agencies</p> |
| All required federal, state, and local approvals, certifications, and agreements | The TFRA will be the lead agency in seeking all federal, state, and local approvals, along with all certifications and agreements. Work on these items will begin in the next reporting period.  | TBD  | TBD  |

### **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.

The TFRA will execute the funding agreement for the project. Work on these items will begin during the next reporting period.

### **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 project 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**

The TFRA will evaluate labor compliance requirements in coordination with Reclamation. It has not yet been determined if project construction will be led Reclamation or the TFRA.

#### **Urban Water Management Plans**

No revisions since January 31, 2019 quarterly report.

#### **Agricultural Water Management Plans**

No revisions since January 31, 2019 quarterly report.

#### **Groundwater Management or Groundwater Sustainability Plans**

No revisions since January 31, 2019 quarterly report.

#### **Potential Effect of Other Conditionally Eligible Projects on the Applicant's Public Benefits**

None identified to date.