

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:

July 30, 2020

Reporting Period:

April 1, 2020 through June 30, 2020

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 concluded a value planning process and defined significant project changes that provide facilities and benefits meeting investor needs within conditions that can result in 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. An updated schedule through June 2020 (previously submitted to CWC staff on 6/26/2020) is included in Attachment B.

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: 60%

2. Contracts for administration of public benefits:

Status: Not Started. Refer to Attachment A
Estimated Completion Date: May 2023
Percent Complete: 0%

3. Completed feasibility studies:

Status: In Progress. Refer to Attachment A
Estimated Completion Date: July 2021
Percent Complete: 60%

4. Final environmental documentation:

Status: In Progress. Refer to Attachment A
Estimated Completion Date: March 2022
Percent Complete: 33%

5. All required federal, state, and local approvals, certifications, and agreements:

Status: In Progress. Refer to Attachment A
Estimated Completion Date: December 2022
Percent Complete: 13%

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, which ended on December 31, 2019 was completed in June 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 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.

An updated Project Schedule is included in Attachment B.

- 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 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 June 30, 2020



Summary:

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 Prop 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 that included a future with climate change.

Today, the Project continues to advance in parallel with other water management efforts throughout the State including, but not limited to, the State Water Resources Control Board's update to the Bay-Delta Plan. The conditional commitments by the 28 local agencies from across the state in the Project, 21 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 Prop 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 be incorporated into the feasibility report that will be submitted to the Water Commission for their consideration of the Project to remain conditionally eligible for the remaining state investment. Preparing this report will also require modifications to the current project description, along with additional environmental documentation, analysis, and public review of these changes via the revised and recirculated Draft EIR/EIS process. It will also require continued coordination with the state and federal permitting agencies. While this revised project description and these additional studies will extend the completion of the feasibility report and completion of environmental documentation, this "right-sized" Project requires less construction to enable the Project to be completed as planned (i.e., operable date does not need to be extended and the potential exists to be partially operable sooner). A revised schedule is included as part of Attachment B of this report and summarizes the proposed changes to the original schedule that was previously provided in the initial quarterly report, dated October 30, 2018. Nothing in the revised schedule changes the project's ability to meet the deadlines specified in Prop 1.

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 60%.

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: September 30, 2020
- Percent Complete: 75%

Successor Agreement:

- Estimated Completion Date: December 31, 2021
- Percent Complete: 0%

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 provide \$6 million to the Sites Project that was authorized on December 20, 2019 to advance the current studies. It is anticipated that approximately half of this amount will be issued to the Authority and half to Reclamation for studies to further advance the Project.

Signed Cost Share Amendment:

- Completion Date: December 16, 2019
- Percent Complete: 100%

Financial Assistance Agreement:

- Estimated Award Date: September 2020
- Percent Complete: 90%

2) **Contracts for administration of public benefits (not started)**

Based on the following, the estimated completion date is May 2023 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.

- o Estimated Completion Date: May 2023
- o Percent Complete: 0%

3) **Completed Feasibility Studies (ongoing)**

Based on the following, the estimated completion date is July 2021 and the estimated percent complete is approximately 60%.

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:

- o Estimated Completion Date: July 2021
- o Percent Complete: 85%

WSIP Compliant Feasibility Study:

- o Estimated Completion Date: July 2021
- o Percent Complete: 40%

In-field geotechnical investigations completed in March 2020 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 Completion Date: March 2020
 - o Percent Complete: 100%
- Environmental, Permitting, and Monitoring Support: Refer to item #5

4) **Final Environmental Documentation (ongoing)**

Based on the following, the estimated completion date is March 2022 and the estimated percent complete is approximately 33%.

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 the Revised Draft Environmental Impact Report / Environmental Impact Statement (EIR/EIS). In April 2020, the Authority authorized staff to begin development of the Revised Draft EIR to analyze the environmental effects of the preferred project as part of the Value Planning effort.

During the reporting period, the Authority began development of a revised project description for the Revised Draft EIR/EIS and permitting efforts. In addition, the Authority developed an approach for how to revise the Draft EIR/EIS. Previous comments received on the 2017 Draft EIR/EIS were revisited along with changes made to the project to identify updates, refinements, and changes that will need to be made in support of the Revised EIR/EIS analysis. The Authority also continued discussions with Reclamation on the EIS approach and confirmed that Reclamation will continue to serve in the NEPA lead agency role for the Revised Draft EIR/EIS.

Draft EIR/EIS:

- o Completion Date: August 2017
- o Percent Complete: 100%

Revised Draft EIR/EIS:

- o Estimated Completion Date: July 2021
- o Percent Complete: 14%

Final EIR/EIS:

- o Estimated Completion Date: March 2022
- o Final EIR/EIS, Percent Complete: 0%

5) **All required federal, state, and local approvals, certifications, and agreements (ongoing)**

Based on the following, the estimated completion date is December 2022 and the estimated percent complete is approximately 13%.

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. During the reporting period, the Authority began development of a revised project description for the Biological Assessment and the Programmatic Agreement.

- 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. Ongoing work with CDFW was minimized this quarter pending progress on the development of a revised project description. This effort is expected to ramp up in September 2020 as a more complete project description is developed.

- Estimated Completion Date: December 2022
- 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. The 2019/2020 geotechnical investigation effort has been completed.

Focused Geotechnical Investigations (refer to item #3): Reclamation began geotechnical fieldwork in October 2019 and concluded field efforts in March 2020. The Authority has provided biological and cultural monitoring for these geotechnical field investigations. No listed species, cultural resources or tribal resources were encountered during the geotechnical fieldwork efforts. Final field monitoring completion reports were completed in April 2020.

Environmental, Permitting, and Monitoring Support to 2019/2020 Focused Geotechnical Investigations:

- Completion Date: April 2020
- Percent Complete: 100%

Attachment B: Project Schedule Update (as of June 30, 2020)



Table 1. Schedule of Activities Required to Execute the WSIP Funding Agreement

Regulation	Description/Status	Completion Date (per Quarterly Report 1)	Revised Completion Date	% Complete
6013(a)(1)(G)	Audited Financial Statements			
	FY 2018 and FY 2019 Audit Reports/Statements	July 2020	June 2020	100%
	Project Costs, Schedule, and Scope of Work			
	Submit Draft workplan, schedule, and budget	July 2021	December 2021	5%
	Final project costs, schedule, and scope of work	October 2021	December 2021	5%
	Evidence of bilateral communications with other, potentially impacted, facilities			
	Summary, communication logs, etc	June 2020	June 2023	0%
6013(a)(1)(c)	Other Requirements			
	Labor Compliance	June 2020	June 2023	0%
	Urban Water Management Plans	Not applicable		
	Agricultural Water Management Plans	Not applicable		
	Groundwater Management/Sustainability Effort	June 2020	June 2020	100%
	Potential effects of other Projects Receiving an MCED	June 2020	June 2020	100%
	Limited Waiver of Sovereign Immunity 6013(f)(8)	Not applicable		

Table 2. Project Schedule as of June 30, 2020

Description/Status	Start Date (per Quarterly Report 1)	End Date (per Quarterly Report 1)	% Complete (per Quarterly Report 1)	Revised Start Date	Revised End Date	Revised % Complete
Project Management and Administration Non-Public Benefit Cost Share Contracts	August 2015	June 2030	Ongoing			
Early Planning, design, & WSIP Application	Completed in 2016		100%			
Advanced Planning & Design	July 2018	March 2019	30%	January 2020	November 2020	60%
Complete Planning and Preliminary Design	July 2019	December 2020		April 2020	December 2024	5%
Final Design and Construction	July 2021	December 2021		June 2022	December 2030	0%
Contracts for Administration of Public Benefits						
Department of Fish and Wildlife	June 2019	December 2021		January 2022	May 2023	0%
State Water Resources Control Board	June 2019	December 2021		January 2022	May 2023	0%
Department of Water Resources	June 2019	December 2021		January 2022	May 2023	0%

Description/Status	Start Date (per Quarterly Report 1)	End Date (per Quarterly Report 1)	% Complete (per Quarterly Report 1)	Revised Start Date	Revised End Date	Revised % Complete
Completed Feasibility Studies						
Draft Feasibility Report	January 2015	August 2017	100%	January 2015	August 2017	100%
Final Feasibility Report	August 2017	December 2020	80%	August 2017	July 2021	85%
Environmental Documentation						
Draft CEQA/NEPA Document	January 2015	August 2017	100%	January 2015	August 2017	100%
Revised Draft CEQA/NEPA Document				April 2020	July 2021	5%
Final CEQA Document	January 2018	December 2020	10%	August 2021	March 2022	0%
Final NEPA Document	January 2018	December 2020	10%	August 2021	March 2022	0%
Approvals, Certifications, and Agreements Funding Agreement Components						
Water Commission, Early Funding Agreement	April 2018	January 2019	75%	April 2018	June 2019	100%
Water Commission , WSIP Funding Agreement	July 2021	December 2021		January 2022	June 2023	0%

Description/Status	Start Date (per Quarterly Report 1)	End Date (per Quarterly Report 1)	% Complete (per Quarterly Report 1)	Revised Start Date	Revised End Date	Revised % Complete
Project Planning (Design)			10%			
Early Design, all facilities	January 2015	December 2019		April 2020	December 2023	10%
Dams & Appurtenant Structures	January 2020	December 2021		January 2024	December 2025	0%
Division of Safety of Dams Approval to Construct	January 2019	December 2021		September 2020	June 2023	0%
Conveyance Facilities	January 2020	September 2022		January 2024	December 2025	0%
Recreation Facilities	September 2021	December 2021		January 2025	December 2025	0%
Ancillary and Support Facilities	September 2020	December 2021		January 2024	December 2025	0%
Construction						
Relocations and Temporary Works	December 2021	May 2024		June 2022	December 2029	0%
Dams and Appurtenant Structures	December 2023	May 2029		June 2023	December 2027	0%
Conveyance Facilities	June 2023	June 2028		June 2022	December 2029	0%
Recreation Facilities	June 2027	December 2029		January 2028	December 2029	0%
Ancillary and Support Facilities	January 2027	December 2029		January 2026	December 2027	0%

Description/Status	Start Date (per Quarterly Report 1)	End Date (per Quarterly Report 1)	% Complete (per Quarterly Report 1)	Revised Start Date	Revised End Date	Revised % Complete
Begin Operations						
Initial Operations	July 2028			July 2028	March 2030	0%
Full Operations	March 2030			March 2030	N/A	0%