

Sites JPA 2019 Reservoir Project Agreement and Continued District Participation in the Sites Reservoir Project

Board Meeting
February 26, 2019



**Santa Clara Valley
Water District**



Staff Recommendations

- ▶ Receive and discuss information on the Sites Reservoir Project.
- ▶ Authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 Participation.
- ▶ Authorize the District to participate in Phase 2 Year 1 of the Sites Project, and decide on the specific project participation level (up to 4.8%)
- ▶ Direct Staff to continue engagement in Sites Reservoir Committee and negotiate future funding participation to include stronger governance role

The map illustrates the Delevan Intake Pumping Generating Plant and Fish Screen Structure, showing the Delevan Pipeline (2 Pipes) and the Delevan and TRR Pipelines (4 Pipes). The map includes the Sites Reservoir, Holthouse Reservoir, and the Sacramento River. Key features include the Golden Gate Dam, Stone Corral RA, and the Inlet/Outlet Works and Tunnel. The map also shows the Delevan Rd, Maxwell Rd, and the New 115 kV Line. An inset map shows the location of the project in California.

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A large, stylized black outline of a water drop, positioned to the right of the page number.

Potential District Benefits

- ▶ An increase in available water supply, primarily in drier years, that may potentially be delivered as SWP project supplies.
 - ▶ Preliminary estimate of 8,000 to 12,000 acre-feet (average) per year at a 4.8% Project Participation level.
- ▶ Storage rights in Sites reservoir proportional to the District Share.
- ▶ Improvement in Shasta Reservoir storage levels and cold-water pool that may provide fishery benefits and help stabilize/increase CVP deliveries.

Sites Project – Phases and Near Term Funding

- ▶ The Sites Project is envisioned to progress in five phases:
 - ▶ Phase 1 - WSIP funding application and EIR/EIS development; **Complete**
 - ▶ Phase 2 - EIR/EIS completion, predesign, critical permits, and water rights; **To begin**
 - ▶ Phase 3 - Final design, land and right of way acquisition, and remaining permits; **Future**
 - ▶ Phase 4 – Construction **Future**
 - ▶ Phase 5 - Transfer to Operations **Future**

Estimated Sites Phase 2 Participant Costs (\$ millions)

	Year 1	Year 2	Years 3-4
Participant Costs	14	90	245
District Share at a 4.8% Project Participation level	1.4	9.2	25.1

Phase 1 Accomplishments

- ▶ Prop1 WSIP funding: \$816 million
 - ▶ Early Funding: \$40.8 million
- ▶ Draft EIR/EIS
- ▶ Draft Federal Feasibility Study
 - ▶ Basis for WIIN Act Funding
- ▶ USDA construction loan: \$449 million
 - ▶ 3.875% interest rate
- ▶ Bipartisan support for Proposition 1 funding, including 43 of California's Congressional Representatives.

2019 Project Agreement (Phase 2, Year 1)

- ▶ Substantially similar to Phase 1 Project Agreement
- ▶ Ability to influence Project through Reservoir Committee.
- ▶ Preserves right to contract for water supply and storage from finished project if executed by Feb. 15, 2019.
- ▶ District cost not to exceed \$1.44 million at current participation level.

Funding Deliverables (Phase 2, Year 1)

- ▶ Define storage benefits and operational rules for participant utilization of storage in Sites Reservoir
- ▶ Better define State and Federal interests and benefits
- ▶ Complete key agreements with DWR and USBR
- ▶ Update and narrow range of operating scenarios and yields
- ▶ Compile data to further refine construction cost estimates

Budget and Funding (Phase 2, Year 1)

- ▶ Phase 2 , Year 1: April 2019 – December 2019
- ▶ Total Budget: \$35 million
 - ▶ Funding from Water Agencies: \$14 million
 - ▶ WIIN Act Funding: \$9 million
 - ▶ WSIP Funding: \$10 million
- ▶ District current cost share at 4.8% Project participation level
 - ▶ No more than \$1.44 million
 - ▶ Approximately 10.3% of water agencies' share

Alternatives: Budget and Funding (Phase 2, Year 1)

Option	Target District Share	Average Annual Yield (acre-feet)	District Costs (\$ millions)	
			Phase 2 Year 1	Capital (2015 Dollars)
A	4.8%	12,000	1.4	265
B	3.2%	8,000	0.96	177
C	1.6%	4,000	0.48	88
D	0%	0	0	0

Alternatives: Pros and Cons (Phase 2, Year 1)

Option	District Participation Level	Pros	Cons
A	4.8% (\$1.4 M)	<ul style="list-style-type: none"> • 12,000 AFY avg. yield • 23,000 AF in D/C years • More influence • May reduce participation later 	<ul style="list-style-type: none"> • Sites benefit may not ultimately be needed if other projects built
B	3.2% (\$0.96 M)	<ul style="list-style-type: none"> • 8,000 AFY avg. yield • 15,000 AF in D/C years • Maintain some influence • Possible credit of prior payments 	<ul style="list-style-type: none"> • May be difficult to increase participation later • Reduced influence as medium investor
C	1.6% (\$0.48 M)	<ul style="list-style-type: none"> • 4,000 AFY avg. yield • 8,000 AF in D/C years • Maintain some influence • Possible credit of prior payments 	<ul style="list-style-type: none"> • May be difficult to increase participation later • Reduced influence as small investor
D	0% (\$0)	<ul style="list-style-type: none"> • Lowest cost • Possible refund of prior payments 	<ul style="list-style-type: none"> • No benefits preserved • May be difficult to rejoin • May increase chance project does not move forward

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