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

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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
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Project Location and Description

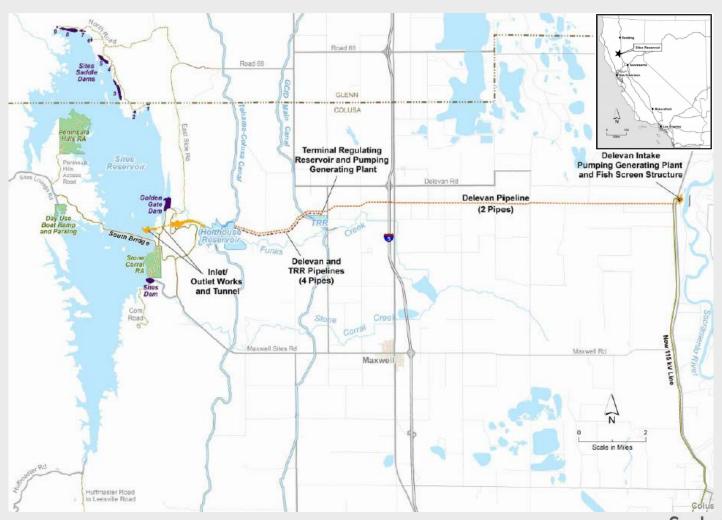


Image from Sites Proposition 1 Application (A4_Drawings' sub-section)

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
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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)

	Target District Share	Average Annual Yield (acre-feet)	District Costs (\$ millions)	
Option			Phase 2 Year 1	Capital (2015 Dollars)
Α	4.8%	12,000	1.4	265
В	3.2%	8,000	0.96	177
С	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
А	4.8% (\$1.4 M)	 12,000 AFY avg. yield 23,000 AF in D/C years More influence May reduce participation later 	Sites benefit may not ultimately be needed if other projects built
В	3.2% (\$0.96 M)	 8,000 AFY avg. yield 15,000 AF in D/C years Maintain some influence Possible credit of prior payments 	 May be difficult to increase participation later Reduced influence as medium investor
С	1.6% (\$0.48 M)	 4,000 AFY avg. yield 8,000 AF in D/C years Maintain some influence Possible credit of prior payments 	 May be difficult to increase participation later Reduced influence as small investor
D	0% (\$0)	Lowest costPossible refund of prior payments	 No benefits preserved May be difficult to rejoin May increase chance project does not move forward

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