



**Water Storage Investment Program: Sites Reservoir Project Continuing Eligibility and Feasibility Determination (Action Item)**

**Introduction**

The California Water Commission (Commission) is administering the Water Storage Investment Program (WSIP) to fund the public benefits associated with water storage projects using funds from the Proposition 1 Water Quality, Supply, and Infrastructure Improvement Act of 2014. Currently, seven projects have a WSIP maximum conditional eligibility determination (MCED), which is the amount of Proposition 1 funding potentially available to a given project, and are actively working to secure a formal WSIP award amount. The Sites Reservoir Project, promoted by its applicant, the Sites Project Authority (Authority), is one of those seven projects. For this project to remain in the WSIP, it must meet the continuing eligibility requirements described below.

Water Code section 79757 and California Code of Regulations, Title 23, Division 7, section 6013(f)(2) requires a WSIP applicant to complete the following before January 1, 2022, as a condition of continued WSIP eligibility:

- Draft environmental documentation is available for public review.
- The Director of the Department of Water Resources receives commitments for at least 75 percent of the non-public benefit cost shares of the project.
- All feasibility studies are complete.

Additionally, as a condition of continued eligibility, the Commission must, by January 1, 2022:

- Make a finding that the project is feasible and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

The Commission determined final application scores and made nine determinations for each of the projects in the WSIP at its June 2018 meeting. One of the determinations made was that each project *appeared* feasible. This initial limited feasibility determination allowed the Commission to return to the full feasibility determination after each applicant completed its feasibility studies to meet the Water Code section 79757 requirements. Since the June 2018 Commission meeting, applicants continued to work toward completing the interim statutory requirements of Water Code section 79757. The Sites Reservoir Project has reached the stage where the Commission can deliberate on project feasibility.

This staff report presents the status of the January 1, 2022, requirements and staff's review and recommendation about the feasibility documents for consideration in the Commission's feasibility deliberations.

**Background**

Through the WSIP, the Commission will invest nearly \$2.6 billion in the public benefits of water storage projects, consistent with the requirements of Proposition 1 (the Water Quality, Supply, and Infrastructure Improvement Act of 2014), Chapter 8. In July 2018, the Commission made MCEDs, decisions that set the amount of Proposition 1 funding potentially available to a given project. Since then, one applicant has withdrawn from the program. In early 2021, the Commission decided to adjust two project MCEDs to their initially requested amounts. Additionally, the Commission made a 2.5 percent inflation adjustment to all seven project MCEDs. The seven remaining applicants are working to complete the Proposition 1 requirements, which include obtaining permits and final environmental documents, contracts for the administration of public benefits, and contracts for non-public benefit cost share 1 funding before returning to the Commission for a final award hearing.

This agenda item implements Goal Four of the Commission's Strategic Plan, which calls on the Commission to carry out its statutory responsibilities for the Proposition 1 Water Storage Investment Program.

**Meeting Overview**

At the December meeting, Commission staff will present its recommendations regarding the Sites Reservoir Project's feasibility documentation and a summary of documents received that are responsive to the January 1, 2022, statutory requirements. The Commission will then decide whether to make a feasibility determination. The Commission will have the opportunity to ask questions of applicants and hear public comment before deliberating on its feasibility determination.

This is an action item.

**Summary of Issues**

Status of January 1, 2022, Requirements. The documents that constitute compliance with Water Code section 79757 are listed below.

Requirement	Status
Draft environmental document available for public review.	<u>Sites Project Authority and USBR, 2021. Sites Reservoir Project. Revised Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS)</u>

Requirement	Status
	<p><u>Sites Project Authority and USBR, 2017. Sites Reservoir Project. Draft Environmental Impact Report/Draft Environmental Statement.</u></p>
<p>75% of non-public benefit cost share submitted to the Director of Department of Water Resources (DWR).</p>	<p><u>Sites Project Authority Commitment Letter. Delivered to the DWR Director 11/5/2021.</u></p>
<p>Completed feasibility documents.</p>	<p>2017 WSIP Application. Sites Reservoir Project. 2017-2018. WSIP staff technical review, PBR review, appeal, appeal response, and scoring recommendations.</p> <p>Sites Project Authority, 2021. Sites Reservoir Feasibility Report, and Appendices. Prepared for the California Water Commission. November. (available upon request)</p>

Feasibility Document Review. California Code of Regulations, Title 23, Division 7 incorporates by reference the Technical Reference for the WSIP. The Technical Reference specifies criteria to establish technical feasibility and constructability as well as environmental, economic, and financial feasibility as follows:

- Technical Feasibility – the applicant must demonstrate that the project is technically feasible consistent with the operations plan, including a description of data and analytical methods, the hydrologic period, development conditions, hydrologic time step, and water balance analysis showing, for the with- and without-project condition, all flows and water supplies relevant to the benefits analysis.
- Constructability – the applicant must demonstrate that the project can be constructed with existing technology and availability of construction materials, work force, and equipment.
- Environmental feasibility – the applicant must demonstrate the project is environmentally feasible. The applicant must describe how significant environmental issues will be mitigated or indicate if the California Environmental Quality Act (CEQA) lead agency has or will file a Statement of Overriding Considerations (SOOC).
- Economic feasibility – the applicant must demonstrate the expected benefits of the project equal or exceed the expected costs, considering all benefits and costs related to or caused by the project.
- Financial feasibility – the applicant must demonstrate sufficient funds will be available from public (including the funds requested in the application) and nonpublic sources to

cover the construction and operation and maintenance of the project over the planning horizon. It must also show that beneficiaries of non-public benefits are allocated costs that are consistent with and do not exceed the benefits they receive.

### **Technical Feasibility and Constructability Review**

Commission staff has reviewed the project operations, engineering designs and costs, and construction methods for the Sites Reservoir Project and concluded that the Feasibility Report (Sites Project Authority, 2021) and appendices have demonstrated that the Sites Reservoir Project can be technically and physically constructed and operated.

The Sites Reservoir Project would be an off-stream 1.5 million acre-feet (MAF) reservoir located west of the town of Maxwell. The reservoir would be filled using the existing Tehama Colusa Canal (TC) and Glenn-Colusa Irrigation District Canal (GCID) Canal diversion and conveyance facilities. The reservoir would be filled from September through June, and operations would rely on diversion of excess Sacramento River water that originates from unregulated tributaries to the Sacramento River downstream from Keswick Dam. Water could be released from the reservoir along the GCID Main Canal, along the TC Canal, or conveyed to the new Dunnigan Pipeline, discharged to the Colusa Basin Drain, and conveyed via the Sacramento River or the Yolo Bypass to a variety of locations in the Delta and south of the Delta to deliver water to project participants within neighboring areas, to State Water Project (SWP) and Central Valley Project (CVP) contractors, to south-of-Delta wildlife refuges, and to the Yolo Bypass for ecosystem enhancements. The Project also provides recreation benefits and local flood damage reduction benefits by impounding Funks and Stone Corral Creeks.

Engineering designs, cost estimates, and construction methods for the dams and associated appurtenant structures, and conveyance and pumping facilities are described and included in the Feasibility Report and appendices. Constructability analyses for the reservoir and conveyance facilities included in Appendix E demonstrated that the facilities of the Sites Reservoir Project can be constructed with existing technology and available construction materials, work force, and equipment.

### **Environmental Feasibility Review**

Commission staff reviewed the 2017 application materials, Feasibility Report (Sites Project Authority, 2021), and 2021 RDEIR/SDEIS (Sites Project Authority and USBR, 2021) to determine whether the applicant demonstrated environmental feasibility and described how significant impacts would be mitigated or whether the CEQA lead indicated they would file a SOOC. These materials demonstrate the project is environmentally feasible.

The Feasibility Report referenced the RDEIR/SDEIS and included discussion of possible effects of the Sites Reservoir Project and proposed mitigation measures. The RDEIR/SDEIS indicated that

the Sites Reservoir Project would result in significant and unavoidable environmental impacts to:

1. Surface water quality by violating water quality standards or waste discharge requirements or otherwise substantially degrading surface water quality;
2. Vegetation and wetland resources by causing substantial adverse effects on riparian habitat or other sensitive natural community, and conflicting with local policies or ordinances protecting vegetation resources (including wetlands and non-wetland waters), such as a tree preservation policy or ordinance;
3. Wildlife resources by causing substantial adverse effects either directly or through habitat modifications, on wildlife species as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife Service, and substantial interference with the movement of a native resident or migratory or wildlife species or with established native resident or migratory wildlife corridors, or impediment of the use of native wildlife nursery sites;
4. Geology and soils by directly or indirectly destroying a unique paleontological resource or site or unique geologic feature;
5. Agriculture and forestry resources by converting Prime Farmland to nonagricultural use, and conflicting with existing zoning for agricultural use or a Williamson Act contract;
6. Air quality by resulting in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under applicable federal and state air quality standard during construction and operation, and exposing sensitive receptors to substantial pollutant concentrations – localized criteria pollutant emissions;
7. Cultural resources by causing a substantial adverse change in the significance of a historical resource or of an archaeological resource, and disturbing any human remains, including those interred outside of formal cemeteries;
8. Tribal cultural resources by causing a substantial adverse change in the significance of a tribal cultural resource; and
9. Visual resources by substantially degrading the existing visual character or quality of public views of the site and its surroundings.

The Authority anticipates preparing a SOOC which will address why the project benefits outweigh its impacts.

In addition, the RDEIR/SDEIS identified potentially significant but mitigable impacts that include adverse impacts to vegetation and wetland resources, wildlife resources, aquatic biological

resources, and greenhouse gas emissions. The Authority anticipates preparing and considering for adoption a Mitigation Monitoring and Reporting Program.

### **Economic Feasibility Review**

Economic feasibility is concerned with the economic benefits associated with physical benefits in comparison to all costs. Staff has reviewed the economic costs and benefits analysis in the Feasibility Report. Non-monetized and qualitative benefits and costs have been considered.

Staff considered how the project may have changed from the 2017 application. The Technical Reference states: An applicant must identify and explain differences in assumptions, procedures, and results between its feasibility study and its application, and how those differences could affect project feasibility. There have been significant changes to Sites Reservoir plans since 2017. Page 3 of the Feasibility Report lists these changes.

- The reservoir size was reduced from 1.8 MAF to 1.5 MAF.
- Pumped storage hydropower generation was eliminated (the Project can still generate power on release).
- The 13.5-mile Delevan pipeline (bordering Delevan wildlife refuge) was eliminated and replaced with the 4-mile Dunnigan Pipeline, reducing impact to wetlands.
- The new Delevan Intake Pumping Plant on the Sacramento River was eliminated. All diversions would be from the existing Red Bluff and Hamilton City pumping facilities.

As discussed below, there have also been important changes to the amounts and timing of benefits provided. These significant changes mean that Staff could not rely on the 2017 application information to support a feasibility recommendation. Comparisons to the 2017 project are provided as information.

### Project Costs

Estimated total Sites Reservoir costs in the Feasibility Report (Sites Reservoir Authority, 2021), in 2021 dollars, are \$5.384 billion under WSIP standards. In the 2017 application, total Sites Reservoir costs (in 2015 dollars) were \$6.276 billion in present value.

### Public Benefits

As compared to the 2017 application, the quantities of some public benefits provided under specific year types have changed substantially. As shown in Table 1, the quantities of water provided for refuges declined substantially in wet years but increased in critical years and some dry years.

In 2017, the quantity of water provided for Yolo Bypass flows was 39,000 acre-feet (AF) in most years, 33,000 AF in dry years, and 5,000 to 8,000 AF in critical years. In the 2021 Feasibility Report, Yolo Bypass deliveries change by water year type as shown in Table 2 below. The quantity provided is more than 39,000 AF in wet and above normal years, less than 33,000 AF in dry years, and more than 5,000 to 8,000 AF in critical years.

<b>Table 1. Comparison of Refuge Water Deliveries, 2017 Application and 2021 Feasibility Report, in 1,000 AF per Year</b>				
Year Type	<b>2030 conditions</b>			
	<b>2017 Application</b>		<b>2021 Feasibility Report</b>	
	North of Delta	South of Delta	North of Delta	South of Delta
Wet	0.8	47.2	0.0	0.0
Above normal	0.9	48.0	8.9	4.7
Below normal	0.7	35.4	9.0	12.7
Dry	0.5	25.1	7.7	26.5
Critical	0.1	6.5	5.6	17.5

  

Year Type	<b>2045 conditions</b>			
	<b>2017 Application</b>		<b>2021 Feasibility Report</b>	
	North of Delta	South of Delta	North of Delta	South of Delta
Wet	0.8	46.4	0.0	0.0
Above normal	0.9	45.2	8.9	3.4
Below normal	0.7	34.2	8.3	11.1
Dry	0.4	23.5	7.4	20.2
Critical	0.1	6.2	5.7	18.8

<b>Table 2. Yolo Bypass Deliveries, 2021 Feasibility Report, 2030 and 2045 conditions, in 1,000 AF per Year</b>		
	<b>2030</b>	<b>2045</b>
Wet	45.9	41.8
Above normal	47.7	44.3
Below normal	39.0	36.9
Dry	27.4	28.0
Critical	15.0	16.2
Long Term Average	36.5	34.4

The other public benefits provided are recreation and flood damage reduction. These benefits are unchanged from the 2017 application except that their monetary values are updated for inflation to the end of 2021 using the implicit GDP deflator.

### Non-Public Benefits

#### *Water Quality*

Water quality benefits were not claimed in 2017. In 2021, benefits of reduced salinity are estimated using the Lower Colorado River Basin Water Quality Model. Benefits are claimed for the South Coast as a non-public benefit, totaling \$65.2 million in present value terms. The applicant's analysis appears to be reasonable and consistent with methods in the Technical Reference.

#### *Water Supply*

Sites Reservoir Project is expected to provide an annual average of 140,000 to 155,000 AF per year of water supplies exclusive of those provided for public benefits and those obtained indirectly by the CVP and SWP. Most of this water supply is obtained from unregulated and unappropriated stormwater flows in the Sacramento River below Lake Shasta. Table 3 below presents information from Table 5-8 from the 2021 Feasibility Report. The project is operated to deliver water in dry and critical conditions, especially south-of-Delta. In critical years, the project is expected to provide an average of over a quarter million acre-feet annually.

Most water supply benefits in the 2021 Feasibility Report are based on WSIP unit values adjusted for inflation. In Zone 7 Alameda County (Zone 7) and Metropolitan Water District of Southern California (Metropolitan), new information about the cost of alternative supplies is used. Local alternatives that can provide reliable water in the driest years are expensive compared to average or wetter-year alternatives. In Metropolitan, the alternative cost is based on the Regional Recycled Water Project (RRWP). In Zone 7, the alternative cost is based on the cost of the Bay Area Regional Desalination Project (BARDP).



<b>Table 3. Water Supply Increases to the Authority (2030 and 2070), in 1,000 AF per Year</b>			
	<b>North-of-Delta</b>	<b>South-of- Delta</b>	<b>Total</b>
<b>2030 Results</b>			
Long-Term Average	37	103	140
Wet	16	4	21
Above Normal	14	17	31
Below Normal	32	76	109
Dry	72	209	281
Critical	64	222	286
<b>2070 Results</b>			
Long-Term Average	48	107	155
Wet	41	11	52
Above Normal	44	12	57
Below Normal	44	60	104
Dry	60	133	193
Critical	48	221	269

In Metropolitan, the RRWP cost of \$1,580/AF compares to an average unit benefit value of \$1,021/AF based on WSIP Technical Reference unit values. The \$1,301/AF average of these unit benefit values is used in the economic feasibility analysis. In Zone 7, the BARDP cost of \$1,890/AF compares to an average unit benefit value of \$875/AF based on WSIP Technical Reference unit values. The \$1,383/AF average of these unit benefit values is used in the economic feasibility analysis. Given the pattern of water deliveries as shown in Table 3 along with future climate and institutional factors specified for the WSIP, staff finds that these values are reasonable as the marginal cost of new supplies avoided.

*Hydropower*

The 2021 Feasibility Report removes hydropower as a project benefit.

The 2017 proposed project included pumped storage capability to increase hydropower production and value. Pumped storage operations generated about \$19.5 million per year of benefits, or \$550 million over the project life. The 2021 Report does not include this benefit. Rather, two pumping generating plants provide power generation up to 40 megawatts each at Funks and the Terminal Regulating Reservoir (TRR). Power would be generated only when water is released from Sites Reservoir at Funks or TRR. The analysis assumes that power

generation would be used to offset the Project’s power needs. Therefore, no power production benefit is included. Additional power beyond that generated by the Project would be purchased from market sources and is included in project costs.

*CVP Operational Flexibility*

The 2021 Feasibility Report includes three categories of water supply benefits for CVP operational flexibility that were not included in 2017: 1) CVP operational flexibility for delivery, 2) CVP operational flexibility for storage, and 3) CVP incidental supply increases. Quantities are small compared to the Authority supply increases shown in Table 3 above. Table 4 shows the long-term average amount of water provided by each and the total.

<b>Table 4. Summary of Long-Term Average Water Supply Increases for CVP, in 1,000 AF per Year</b>			
	<b>North-of-Delta</b>	<b>South-of-Delta</b>	<b>Total</b>
<b>2030 Results</b>			
Operational Flexibility			
Delivery	1.8	2.7	4.5
Storage	7.6	0	7.6
Incidental Supply	-3.4	5.8	2.4
CVP Net Change	6	8.5	14.5
<b>2070 Results</b>			
Operational Flexibility			
Delivery	0.4	2.7	3.1
Storage	6.2	0	6.2
Incidental Supply	-1.9	11.5	9.6
CVP Net Change	4.7	14.2	18.9

These water supplies are valued using the WSIP unit values adjusted for inflation and location.

*SWP Incidental Benefit*

The project also provides an incidental benefit to SWP water users of 4,000 and 10,000 AF per year under the 2030 and 2070 conditions, respectively. These water supplies are also valued using the WSIP unit values adjusted for inflation and place of use.

Benefit-Cost Results

Table 5 below summarizes quantified costs and benefits of Sites Reservoir Project from the 2021 Feasibility Report and from the 2017 application. After accounting for inflation of 13.56

percent as measured by the GDP deflator, 2021 public benefits dollar amounts are generally similar to those as adjusted by staff in 2017. One exception is that refuge benefits are less in dollar terms in the 2021 Feasibility Report than they were in 2017. For flood damage reduction and recreation, the 2021 benefits are the same as in 2017 except that they have been adjusted for inflation to the end of 2021. The benefit-cost ratio is estimated to be 1.04 as it was in 2017.

<b>Table 5. Comparison of Sites Reservoir 2017 and 2021 Benefits and Costs, Million \$ Present Value</b>		
	2017 Staff Final	2021 Feasibility Report
<b>Public Benefits</b>		
Refuge	\$433.4	\$325.5
Yolo Bypass	\$304.1	\$345.9
Flood	\$44.6	\$52.3
Recreation	\$197.2	\$231.6
<b>Non-public benefits</b>		
Authority Municipal & Industrial (M&I)		
Water	\$3,120.0	\$3,403.2
Authority Ag Water	\$1,902.7	\$656.6
<b>CVP Ops Flex</b>		\$355.3
<b>SWP</b>		\$116.3
<b>Water Quality</b>		\$65.2
<b>Hydropower/other</b>	\$554.9	
<b>Conveyance residual</b>		\$21.3
<b>Total Benefits</b>	<b>\$6,556.9</b>	<b>\$5,573.2</b>
<b>Total Project Cost</b>	<b>\$6,276.0</b>	<b>\$5,383.7</b>
<b>B/C Ratio</b>	<b>1.04</b>	<b>1.04</b>

Non-Monetized Benefits and Costs

A benefit-cost ratio only uses monetized benefits and costs. Significant non-monetized benefits or costs can affect whether the project is economically feasible. An edited list of the applicant’s potential non-monetized benefit for this project, along with Staff observations, is provided below.

- Sustainability of Groundwater Supplies – The project would provide a more reliable surface water supply for agricultural use and lower dependency on groundwater pumping for crop irrigation, especially in dry years, thereby providing in-lieu recharge. Some Sites water users

have invested in recharge facilities that can receive additional water supplies for active recharge. Additional surface water provided could provide a significant groundwater benefit so long as irrigated acreage is not increased.

- **Water Supplies During Drought Emergencies** – The WSIP recognizes M&I water supplies during declared drought emergencies as a public benefit. These emergencies can be assumed to occur in a critical year that is the third or later year in an extended drought. The project could deliver over 190 TAF of M&I supplies to south-of-Delta (SOD) participants during such an event. Staff views this benefit as being a share of the M&I water supply benefit that could have been claimed as a public benefit rather than an additional project benefit.
- **Benefits to Ecosystems and Agriculture during Extended Drought Conditions** – The applicant claims this as an additional unquantified benefit. However, there are also potential adverse ecosystem costs and effects that have not been quantified.
- **Operational Flexibility for the SWP and CVP Systems** - The addition of the Sites Reservoir Project would provide increased operational flexibility for the SWP and CVP. This benefit has been quantified as described above, so it is not clear how much additional benefit should be considered.
- **Recreation Benefits at Nearby Reservoirs** - The addition of Sites Reservoir could improve water surface elevations in existing reservoirs, including Lake Oroville, Shasta Lake and Folsom Lake. Also, the additional surface water recreation opportunity provided at Sites could reduce crowding at the other facilities.
- **Emergency Water Supply** – Sites Reservoir could provide an additional source of water for firefighting activities in the vicinity of the reservoir. Water supplies could help with an emergency Delta levee failure event or other Delta event such as contamination. This could be a significant unquantified benefit of the project.
- **Preservation of Working Farmlands** - Increased water supply reliability would allow some land classified as Important Farmland to remain in production during times it may have otherwise been taken out of production for lack of water.

Taken together, these unquantified benefits support the finding of economic feasibility for the Project.

### **Financial Feasibility Review**

Financial feasibility means that financial resources will be available to construct and operate the project as planned. Staff has reviewed all planned cost contributions from all sources submitted by the Authority to determine if financing appears adequate to build and operate the project

over its planning horizon. The Authority's commitment to pay its cost share is also accepted as evidence of financial feasibility for related non-public benefits. Staff's review indicates:

- Funds from all sources are sufficient to cover all costs based on the Authority's financial plan.
- Costs allocated to the non-public beneficiaries do not exceed the benefits that those beneficiaries receive.
- The Authority and its member agencies are the primary beneficiaries of non-public benefits. Its member agencies are public agencies, mutual water companies, or other partners with legal authority to charge rates and assessments as necessary to cover the costs they have committed to pay for the proposed project.

The regulations (Technical Reference section 3.5) require that beneficiaries of non-public benefits be allocated costs that do not exceed the benefits they receive. Staff has reviewed costs allocated to beneficiaries and compared them to their benefits. The applicant provided a detailed, benefits-based allocation of capital, O&M, and interest during construction (IDC) consistent with the requirements of the Technical Reference. Beneficiary groups were assigned costs according to the following categories: State public (WSIP funding), Other State, Federal, and the Authority. The 2021 Feasibility Report does not assign costs to subgroups within each beneficiary group, so staff simply notes that the water supply cost assigned to the Authority is large, approaching \$1,000 per AF of average annual supply<sup>1</sup>, though most of the water is provided in the driest years when it provides the greatest benefit. The applicant's internal distribution of these costs will need to take careful account of costs assigned to water supply recipients so that each subgroup of recipients views its benefits as exceeding its assigned costs.

The applicant describes the process and agreements it is using for sharing costs among the Authority member agencies. Staff notes that the Authority's financial planning is significantly more challenging than other applicants' due to the number of entities and funding sources involved. The Authority also summarizes the status of current funding commitments, including federal funding from a USDA loan and annual appropriations through the Bureau of Reclamation. It is pursuing additional federal funding from WIIN (Water Infrastructure Improvements for the Nation) funds and through loans from the WIFIA (Water Infrastructure Finance and Innovation Act) program.

The Authority has laid out a plausible, though complex, financing plan.

### **Commission Decision**

The Commission can decide to make a determination that the Sites Reservoir Project is feasible. If the Commission determines that the Sites Reservoir Project is feasible, the project will

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<sup>1</sup> Based on the Authority's allocated cost of \$140.6M from Table 6-3 of the Feasibility Report divided by the average annual water supply in 2030 or 2070 from Table 5-8.

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continue to be eligible for WSIP funds and work toward completing the statutory requirements that could lead to a final award hearing.

Alternatively, the Commission may opt to not make a determination. If the Commission decides not to make a determination by December 31, 2021, the project would no longer be eligible for funding through the WSIP. For projects where no determination is made and the project has an early funding agreement, staff will close the agreement.

Projects must still complete all environmental documentation, have contracts for 100% of the non-public benefit cost share, have obtained all required permits, and secure contracts for administration of public benefits (Water Code section 79755(a)) before the Commission can conduct a final funding hearing.

**Staff Recommendation**

Based on information received from Sites Project Authority which includes the 2021 Sites Reservoir Feasibility Report, a letter of commitment from Sites Project Authority to fund the project, and draft environmental documentation, staff finds that Sites Project Authority has provided documents that meet the requirements of Water Code section 79757 including completed feasibility documents; the Sites Reservoir Project meets conditions for technical, environmental, economic and financial feasibility and constructability defined in the Technical Reference. Staff recommends that the Commission make a determination that the project is feasible.

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