



Topic: **Joint Authority Board and Reservoir Committee Meeting Agenda Item 2.4** **2020 September 17**

Subject: **Revise Sites Project Authority Bylaws to update Vision, Mission and Values.**

Requested Action:

Consider acceptance of the updated vision, mission and values reflected in the Interim Strategic Plan which is the product of the August 13, 2020 Strategic Planning Session and authorize revision of Section 2 of the November 2016 JPA Bylaws to incorporate the updated vision, mission and values.

Detailed Description/Background:

The Organizational Assessment identified the need for strategic planning and the recent direction change to a rightsized project has led to a need to revisit the vision, mission and values of the organization. The recent Strategic Planning Session included the Authority Board and Reservoir Committee evaluating changes to the vision, mission and values that would better represent and guide the current direction for the project. The input received during the meeting has been incorporated into the updated vision, mission and values reflected in the attached draft "Interim Strategic Plan." Since these statements are part of the JPA bylaws, it is necessary to act on incorporating them into this document so that they can be used to guide the work on the project. Section 2 of the bylaws would be replaced with the updates upon the Board's decision.

This Interim Strategic Plan is a work in progress and further discussion is needed among the Authority and Reservoir Committee around the goals, objectives and milestones. The proposals in this document reflect the discussion that occurred at the strategic planning session along with the Executive Director and Agents work subsequently. The consultant will be present the work at this meeting and receive further input. The next steps are to 1) achieve by end of 2020 a final strategic plan that reflects the direction and priorities of the Boards for the project, mostly focused on the near term activities, and 2) utilize the consulting services previously assigned for this purpose to assist in accomplishing the high priority near term actions.

Prior Action:

May 27, 2020: Authorized a consultant agreement with Catalyst Group to assist in developing a strategic plan for the Project.

The Board accepted the most recent Organizational Assessment matrix update of July 2020 which included the following items addressed in the Strategic Planning Session and this interim plan; 2.2, 5.3, 16.3, 17.1, 18.1, 19.1, 20.1, 20.2, and 21.1

Fiscal Impact/Funding Source:

The interim strategic plan was completed by the Consultant within the allotted funds. Sufficient funds exist in the Amendment 2 budget to cover the consulting services needed to assist in accomplishing the near-term priority actions.

Staff Contact:

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Attachments:

Attachment A - Interim Strategic Plan



Sites Project Authority

Initial Draft Strategic Plan

September 2020

Prepared by

The Catalyst Group



Initial Draft Strategic Plan

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Introduction

The Sites Project Authority (Authority)¹ is in an important transition—from a consortium developing a project funding proposal to a diverse partnership owning and managing \$3.5 billion of water infrastructure. The Authority’s mission, vision, values, goals, and objectives are important guides to ensure this transition is thorough and efficient—the right things, done in the right way.



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The mission, vision, values, goals, and objectives described in this strategic plan define the organizational priorities for the next three to five years. The contents of this plan were reviewed and refined at a joint workshop of the Authority Board and Reservoir Committee on August 13, 2020.

This strategic plan is intended to be a living document that evolves and adapts as progress is made, objectives are achieved, and circumstances change. The project participants intend to

¹ Throughout this document, “Authority” refers to the entire organization, including the participants as represented on the Authority Board of Directors and Reservoir Committee and agents.

² Graphic adapted from Territory.co

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incorporate concepts described here into Authority activities, work plans, timelines, reporting, and decision-making.

The collaborative planning approach among the Authority Board and Reservoir Committee (as applied to the value planning and strategic planning processes) has proven to be effective for developing relationships among the participants. The participants expect to continue and expand the partnership in the next several years to incorporate federal and state participation.

Building a 21st Century Water Partnership

The Sites Project Authority is a unique partnership among local government and water managers to plan, build, and operate a new, off-stream reservoir to serve the needs of California. In 2010, county leaders and water managers in the Sacramento Valley formed the Authority to assume planning responsibility for the Sites Reservoir Project. This small group of leaders solicited project participation from other water agencies across California while maintaining a strong partnership with the federal Bureau of Reclamation (Reclamation) and California Department of Water Resources (DWR).

Today, the Authority is a diverse partnership of like-minded leaders who share a common vision of the future of water management in California—putting the state’s limited water resources to best use for people and the environment to respond to natural system needs, growing populations, and a changing climate. The participants represent agricultural and urban water users, landowners, households, and businesses in northern, central, and southern California. They have collaborated to earn initial state and federal funding approvals for the most significant water infrastructure investment in California in nearly four decades.

Now, the work continues in order to negotiate and secure the agreements and permits to bring the project to fruition. The collaboration that has brought the project to this point will expand to include funding and operations agreements with the California Department of Fish and Wildlife (CDFW), DWR, and Reclamation. That partnership would be the first of its kind in California where state wildlife managers would own water storage for the environment.

Communications, Relationships, and Collaboration

Communications and collaboration will be the foundation of efforts to negotiate the myriad of agreements and permits to build and operate Sites Reservoir. This strategic plan focuses Authority activities on the priority goals and objectives to build and expand the partnership and secure agreements. While there is no specific goal for communications and collaboration in the strategic plan, each objective will incorporate strategies to build relationships, collaborate, and negotiate the agreements and permits that are critical for success.

As the Authority implements the strategic plan, the audiences, participants, and collaboration approaches will be tailored to each objective and implementation strategy. As those elements are defined, progress reports on communications, relationships, and negotiations status will be incorporated into staff reporting and Board and Reservoir Committee decision-making.

Section 1. Mission, Vision, Values, & Goals

OUR VISION

Affordable water sustainably managed for California’s farms, cities, and environment for generations to come.

OUR MISSION

The Sites Project Authority will build and operate a climate-resilient, 21st Century water storage system to responsibly manage and deliver water, improve the environment, and provide flood control and recreational benefits.

OUR VALUES

To fulfill its mission, the partners and staff of the Authority uphold these central values:

- **Safety.** Design, construction, and operation of the reservoir will satisfy all federal, state, and local requirements and exceed standards for public safety and security.
- **Trust and Integrity.** The Authority is committed to operating with integrity, thoughtful information and analysis, and open and transparent communications and decision-making.
- **Respect for Local Communities.** The Authority recognizes the significant contributions of local Sacramento Valley landowners and communities and will be a respectful, supportive partner and be a good neighbor throughout the project.
- **Environmental Stewardship.** The Authority views itself as a partner with the environment with a firm duty to act as a responsible steward of natural resources.
- **Shared Responsibility for Shared Benefits.** Decisions and actions will rely on a collaborative, inclusive approach that honors, balances, and leverages the active roles and contributions of partners, stakeholders, and ratepayers.
- **Accountability and Transparency.** Efficiency, fiscal responsibility, equitable cost allocation, and transparency will guide the decisions, expenditures, communications, and activities of the Authority.
- **Proactive Innovation.** A nimble, responsive culture will be cultivated to provide innovative solutions in delivering the reservoir’s multiple benefits over the next century and beyond.
- **Diversity and Inclusivity.** In carrying out its mission, the Authority will foster inclusion, respect, and appreciation for the state’s diverse demographics and geographies to create a project serving all of California.

OUR GOALS

The Authority is committed to achieving these overarching goals and objectives in building and operating a 21st Century reservoir that will serve water needs throughout the state:

Goal 1. Affordable: Secure Commitments for Project Funding

- A. Agree on water service contracts with local agency participants and secure project financing.
- B. Secure a final funding agreement with the California Water Commission for the remainder of the \$775 million conditionally approved for the project in July 2018.
- C. Secure federal funding from the WIIN Act and other sources.

Goal 2. Permittable: Secure the Agreements and Permits Necessary to Build and Operate a Multi-Benefit Reservoir

- A. Negotiate final operations agreements with federal, state, and local partners.
- B. Complete environmental review and secure permits for construction and operation.
- C. Complete Tribal, landowner, and local agency agreements.

Goal 3. Buildable: Complete Facilities Designs that Efficiently Manage Risks and Achieve Affordability Criteria

- A. Complete feasibility-level design and provide construction and operations costs certainty.
- B. Complete final design, value engineering, and risk management plan.
- C. Complete construction and operational commissioning.

Goal 4. Effective: Strengthen the Organization as Owner of a \$3.5 Billion Project

- A. Delegate decision responsibilities and clarify working relationships to secure project approvals and agreements.
- B. Develop and define the organizational culture, values, and management approaches.
- C. Develop governance structures and staffing plans for future phases.



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Priorities and Next Steps

The following categories prioritize the project objectives for further Board and Reservoir Committee discussion and direction to achieve the mission.

Priority 1 – Immediate Need for Further Discussion and Agreement on Approach, Roles, and Timing

These objectives warrant immediate attention of the Authority Board and Reservoir Committee to align all parties on the implementation strategies.

- 1A. Agree on water service contracts with local agency participants and secure project financing.
- 2B. Complete environmental review and secure permits for construction and operation.
- 4A. Delegate decision responsibilities and clarify working relationships needed to secure project approvals and agreements.

Priority 2 – Necessary Activities to Advance the Project

These objectives must continue with Board and Reservoir Committee oversight.

- 1B. Secure a final funding agreement with the California Water Commission for the remainder of the \$775 million conditionally approved for the project in July 2018.
- 2A. Negotiate final operations agreements with federal, state, and local partners.
- 2C. Complete Tribal, landowner, and local agency agreements.
- 3A. Complete feasibility level design and provide construction and operations costs certainty.

Priority 3 – Important Activities to Advance the Project and Prepare for Future Phases

These objectives are important to continue developing, but are not on the critical path for project success.

- 1C. Secure federal funding from the WIIN Act and other sources.
- 4B. Develop and define the organizational culture, values, and management approaches.
- 4C. Develop governance structures and staffing plans for future phases.

Priority 4 – Future Work

These objectives will be implemented in future phases.

- 3B. Complete appropriate level of design for project delivery method, conduct value engineering, and put construction risk control measures in place for construction.
- 3C. Complete construction and operational commissioning.

From now through fall 2020, the Authority agents and consultants will plan and coordinate joint workshops of the Authority Board and Reservoir Committee and/or their works groups to review and refine the Priority 1 and 2 objectives and align workplan activities and reporting. The Agents and select consultants will also work with the Board and Reservoir Committee coordinating committees to develop a plan of action and schedule for the Priority 3 activities.

Section 2. Goals and Objectives

The Authority's mission is to build and operate a project that serves the water needs of California. This section describes the high-level goals that must be accomplished to achieve that mission and the strategies for achieving those goals. To build and operate a new reservoir in the Sacramento Valley, the Authority must achieve these goals:

1. Secure funding commitments.
2. Obtain operating agreements and permits for construction and operations.
3. Design and build cost-effective facilities.
4. Establish an effective organization to plan, build, and operate the project.

Shaping the strategies to achieve these goals requires an understanding of the major milestones and deadlines that establish the project timeline, and therefore the priorities for Authority actions and decisions. The high-level phases and target dates can be described as follows.

Phase 1. Initial Participation Commitments – November 2016 through March 2019

Phase 2. Project Feasibility and Funding – April 2019 through January 2022

- Federal Feasibility Eligibility – December 2020
- Proposition 1 Funding Commitment – January 2022
- Interim Financing Agreement – January 2022

Phase 3. Design, Permits, Agreements, and Construction Financing – January 2022 through December 2023

Phase 4. Construction – 2023 through 2030

Phase 5. Project Operations – 2029 and beyond

The following goals and objectives describe the Authority's highest priorities for implementing its mission and achieving its vision through Phase 3.

Goal 1 –Secure Commitments for Project Funding

Between now and the initiation of construction, the Authority must negotiate agreements to secure funding and financing for design, construction, and operation of the project. Three funding sources are planned for the project: (1) funding from water districts that receive water supply reliability benefits from the project (local agency participants); (2) State of California funding under the Proposition 1 Water Storage Investment Program (WSIP); and (3) federal funding through the Water Infrastructure Investments for the Nation (WIIN) Act of 2016 or other sources. Each of these funding sources define the following objectives.

Objectives

A. Agree on water service contracts with local agency participants and secure project financing.

The Authority was formed to establish a mechanism for local agency participants to develop and finance the reservoir project. Since 2016, the participants have provided funding for project planning and design, including additional funding in 2020 for work through December 2021. Beyond that date, funding agreements are needed with each participant for final design and permitting and construction financing. These agreements are expected to be in the form of an interim financing agreement and water service agreements. The relevant activities and milestones for this objective include:

1. Update the Storage Policy. (November 2020)
2. Update and refine cost estimates and affordability analysis. (September 2021)
3. Develop Plan of Finance. (November 2021)
4. Advance toward environmental permit certainty and draft permit applications (from Goal 2).
5. Identify and manage risk and liability issues (from Goal 3).
6. Develop interim financing agreement. (November 2021)
7. Develop water supply service agreements. (terms November 2021, full agreements 2023)

B. Secure final funding agreement with the California Water Commission.

The State of California is a critical partner in the Sites Reservoir through WSIP. In July 2018, the California Water Commission (CWC) granted conditional approval of \$816 million for the project, including \$41 million of early funding for design and permitting. By January 1, 2022, the Authority must meet the funding eligibility criteria, confirm the quantification of public benefits, and secure a funding commitment from the CWC at a final award hearing. Following that, the Authority must negotiate public benefits contracts DWR and CDFW.

The relevant activities and milestones for this objective include:

1. Complete Sites Feasibility Report to complete Proposition 1 requirements. (September 2021)
2. Draft environmental documents available for public review (from Goal 2).
3. Funding commitments for 75% of the nonstate cost share (November 2021).

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4. Update and refine cost estimate and benefits analysis to determine maximum eligibility (from Goals 2 and 3).
5. Completed federal, state, and local permit approvals (from Goal 2).

C. Secure federal funding from the WIIN Act and other sources.

The Authority has received federal authorization and funding through the WIIN Act for project planning and development. The Authority has also secured a loan from the U.S. Department of Agriculture (USDA) for project development costs. The Authority is seeking additional federal funding for project construction and operations through the WIIN Act. To secure that funding, the Authority must reach agreement with Reclamation on the quantification of federal benefits, complete and gain approval of the federal feasibility report, and receive federal appropriations of funds for project construction. The Authority will also explore additional or alternate sources of federal funds. The relevant activities and milestones for this objective include:

1. Recirculate Draft EIR for public comment, proactively engage stakeholders, develop responses to comments to support environmental feasibility determination (from Goal 2).
2. Prepare and submit Final Federal Feasibility Report. (December 2020)
3. Develop federal participation model to be applied to the project.
4. Establish terms and conditions for a long-term operating partnership.

Relationship to Other Goals

Accomplishing the goals and objectives for funding and financing the project is closely related to activities in the other strategic goals. Goal 2 provides critical information regarding project operations and benefits, as well as progress and certainty on project permitting and approvals and the local commitments and agreements to secure land and support services for the project. Goal 3 provides critical information on cost and cost allocation for facilities, land acquisition, construction, mitigation, and operations and maintenance as well as management approaches for project risks. Goal 4 provides important information regarding the Authority structure and decision-making to support and manage project funding and financing agreements through the life of the project.

Goal 2 – Secure the Agreements and Permits Necessary to Build and Operate a Multi-Benefit Reservoir

The Authority will develop three types of agreements to build and operate the reservoir and associated facilities: operations agreements; environmental compliance permits; and agreements with Tribes, landowners, and local agencies. The Authority will take the lead role in convening and supporting these negotiations, identifying issues for resolution, and securing agreements, permits, and commitments. Strong relationships and partnerships with Tribes, landowners, and local, state, and federal agencies are critical for achieving this goal.

Objectives

A. Negotiate final operations agreements with federal, state, and local partners.

The Authority must negotiate agreements with Reclamation and DWR to document how Sites Reservoir operations will be coordinated with Central Valley Project and State Water Project operations. Further, the Authority must develop usage agreements with local facility owners where reservoir operations will use facilities not owned by the Authority, including the Tehama Colusa Canal, Glenn-Colusa Canal, and Colusa Basin Drain. Securing these operational agreements is foundational for determining project benefits for all users. The relevant activities and milestones for this objective include:

1. Improve definition of SWP/CVP exchange, including Operations Plan.
2. Develop Operating Agreement Term Sheets with: DWR, USBR, TCCA, GCID, Colusa Basin Drain (CBD) entities, landowners, and organizations.

B. Complete environmental review and secure permits for construction and operation.

The Authority must secure numerous federal, state, and local permits to build and operate Sites Reservoir. Completing the environmental review process is a necessary predecessor activity for securing most permits. The environmental purpose and benefits of the project are foundational for securing many of the project permits, particularly water rights and diversion permits. The relevant activities and milestones for this objective include:

1. Project Description, Objectives, and Alternatives.
2. Recirculate Draft EIR for public comment, proactively engage stakeholders, develop responses to comments to support environmental feasibility determination.
3. Secure environmental permit certainty and draft permit applications.
4. Enhance landowner, stakeholder & NGO engagement.

C. Complete Tribal, landowner, and local agency agreements.

The Authority has developed strong, constructive relationships with Tribes, landowners, and local agencies. During the final stages of project development, the Authority will continue coordination with these governments and stakeholders to prepare commitments and agreements, including land purchase agreements, as necessary. The relevant activities and milestones for this objective include:

1. Enhance Tribal, landowner, stakeholder & NGO engagement.
2. Negotiate agreements and commitments.
3. Real estate acquisition.

Relationship to Other Goals

Accomplishing the goals and objectives for permitting and operating the project is closely related to activities in the other strategic goals. Goal 1 provides critical information regarding funding and financing to secure project benefits. Goal 3 provides critical information on facilities design to inform project operations planning and landowner agreements and cost allocation to reimburse local facilities owners. Goal 4 provides important information regarding the Authority structure and decision-making for managing project operations and meet operational commitments.

Goal 3 – Complete Facilities Designs to Manage Risks & Achieve Affordability Criteria

The Authority will continue to advance and refine the facilities design and cost estimates to inform funding agreements (Goal 1) and operations agreements and permits (Goal 2). This work builds on the results of the Value Planning effort. The progressive development of design details establishes the objectives for Goal 3.

Objectives

A. Complete feasibility level design and provide construction and operations costs certainty.

Completing the feasibility-level project design for the revised project is a critical activity for accurately estimating costs and establishing cost allocation in support of the funding agreements identified in Goal 1. The relevant activities and milestones for this objective include:

1. Feasibility level design and cost estimates.

B. Complete final design, value engineering, and risk management plan.

Before construction financing and construction bids, the Authority will complete final project design as determined by the selected project delivery method. The Authority will also complete value engineering and develop a management plan for the risks associated with project construction and operations. The relevant activities and milestones for this objective include:

1. Final design and risk management plan.

C. Complete construction and operational commissioning.

During the construction phase, the Authority will complete design and construction oversight to ensure a safe, cost-effective facility for operations.

Relationship to Other Goals

Accomplishing the goals and objectives for facilities design and risk management is closely related to activities in the other strategic goals. Goal 1 provides critical information regarding funding and financing to pay for design, construction, and operations. Goal 2 provides important information from operations partners and landowners. Goal 4 provides important information regarding the Authority structure and decision-making for managing the project through design, construction, and operations.

Goal 4 – Strengthen the Organization as Owner of a \$3.5 Billion Project

The planning, design, construction, and operation of a \$3.5 billion reservoir system is a substantial undertaking. The Authority is in an important transition from a consultant-led project development process to an owner-led infrastructure investment program. The Authority must evolve through the project development phases and grow its capacity to lead the program and manage the activities, risks, finances, and operations. The following objectives contribute to Goal 4.

Objectives

A. Delegate decision responsibilities and clarify working relationships to secure project approvals and agreements.

In the past year, the Authority Board and Reservoir Committee have improved coordination, communications, work planning, and decision-making processes. Further clarification is needed for key decisions and responsibilities through project design, permitting, and approval. These clarifications can identify specific opportunities for joint work among the Board and Reservoir Committee and delegation of decisions to improve efficiency. Further, this work can inform development of governance changes for future phases to be developed in Objective C.

B. Develop and define the organizational culture, values & management approaches.

This strategic plan establishes a common purpose and direction for the Authority. Ongoing work is needed to build on the culture of collaboration among the existing Board members and local agency participants to define and expand the organization culture, work behaviors, and management policies. Clarifying and strengthening these activities will deepen the common purpose and expand it to include new and developing partners.

C. Develop governance structures and staffing plans for future phases.

The Authority Board and Reservoir Committee recognize that the Authority must grow and evolve through the phases of planning, design, construction, and operations. New or different governance structures and decision processes may be needed to manage funding and operations. Recognizing this need, the Authority will identify and evaluate governance options, project delivery modes, and staffing needs for future phases.

Relationship to Other Goals

Developing the Sites Project Authority as the owner and operator of the Sites Reservoir is closely related to activities in the other strategic goals. Goal 1 provides the critical partnerships and funding to support the Authority and its decision-making. Goal 2 provides important information from operations partners and landowners, some of whom will be important decision partners during project operations. Goal 3 provides critical information regarding facilities design, management, and maintenance for Authority decision-making.

Section 3. Challenges and Opportunities

Discussions at the August 13 strategic planning workshop identified the following high-priority challenges and opportunities for advancing the Sites Reservoir project and strengthening the Authority.

Goal 1 – Project Funding

For Goal 1, it will be important to consider the varied needs and financing capacities of project participants. Discussions over the next 16 months must explore funding and financing mechanisms to accommodate these differences and maintain project affordability for all participants. An internal project water market is one suggested mechanism to increase affordability.

Plan of Finance. The Plan of Finance will document the mechanisms and agreements that will provide interim and long-term funding and financing for the project from local agency participants, the State of California, and the federal government. The discussions to develop the Plan of Finance must consider and resolve these issues:

1. The amount to be raised in the next round of funding.
2. Refined facilities and operating costs.
3. Fair allocation of costs and risks to beneficiaries.
4. Mechanisms to maintain project affordability for all participants.
5. The financing mechanism for the next round and beyond.
6. Repayment and water service agreement terms.

Local Agency Participant Commitments. Local agency participant commitments are necessary to secure at least 75% local participation, as required by the WSIP program for state funding, and to ensure a viable, affordable project. Securing these commitments will include these issues:

1. Identification of the specific assurances for local agency participation and decision-making needs for each participant.
2. Clarification of the CWC requirements, including 75% local participation requirement.
3. Updated storage policy.
4. Refinement of project water supply deliveries and any related uncertainties.
5. Progress on project permitting and approvals to reduce uncertainty.
6. Identification and management plans for project risks and uncertainties.
7. Coordination on any unique repayment requirements for participants (e.g., State Water Contractors who are participating in Sites will need to negotiate agreements with DWR and the other State Water Contractors)
8. Certainty about the federal involvement and commitment to being a permitting and operations partner with the Authority.

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Public Benefits. Securing state and federal funding requires further analysis and updating of the public and federal benefits that can be achieved with the project. Quantifying these benefits is directly related to activities in Goal 2 and includes these issues:

1. Clarification of CWC deadlines and requirements to guide discussions and deliverables to secure the Proposition 1 funding commitment and subsequent contracts with the State.
2. Updated quantification and valuation of environmental, flood control, and recreation benefits.
3. Clarification regarding state funding for the state's share of operations and maintenance costs.

Federal Funding. Federal funding participation in the project remains an uncertain issue for the Authority. There are varied views among the project participants regarding the availability, viability, and likelihood of federal funds for the project. The issues and activities related to federal funding include the following:

1. Updated federal benefits through the federal feasibility report.
2. Identification of potential federal funding availability through the WIIN Act, the Water Infrastructure Finance and Innovation Act (WIFIA), and other grants and loans.
3. Incorporation of potential federal funding opportunities into Plan of Finance.

Goal 2 – Permits and Agreements

Negotiating the agreements and permits to build and operate the reservoir will result from expanding a balanced communications approach with key federal, state, and local partners—building collaborative partnerships with agency staff and landowners to secure shared benefits and leveraging the broad and diverse policy and political support to advance project approvals in a timely manner.

Project Benefits. A clear description and analysis of the operational benefits, particularly for the environment, is foundational for securing permits and operations agreements. State and federal agencies are important partners in the benefits for the environment and in the permitting processes to construct and operate the project. The important issues that shape the permitting strategy and develop operations agreements include the following:

1. Refinement of project operations to determine environmental benefits and CVP and SWP operations benefits.
2. Joint discussions among permitting and recovery staff at state and federal resources agencies.
3. Mechanisms to incorporate collaborative, defensible science.

Collaborative Approach. Success of the Sites Reservoir project to date has been built on a collaborative approach with partners. The project participants intend to further expand this partnership through the following approaches:

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1. Joint development of operating principles and agreements for the environment with CDFW, DWR, and Reclamation.
2. A shared benefit approach to state and federal permitting processes, including water rights, water diversion, and species and habitat permits.

Schedule and Timing. Various approval deadlines for project funding and financing establish an urgency for project permits and local agreements. The project participants intend to leverage the diverse policy and political support for the project to keep the project on schedule:

1. State support for the project as part of the Governor's Water Resilience Portfolio.
2. Bipartisan congressional support for expanding multi-benefit, off-stream water storage for California.
3. Local support for water supply resilience and economic security.

Local Relationships. Relationships with Tribes, local landowners, and facilities owners are equally important to the success of the project. The Authority intends to continue to develop these local partnerships to secure agreements and commitments within the project development timeline.

1. Continued coordination with local landowners as project facilities designs are refined with adjustments as needed to the project facilities to be a good neighbor and ensure local support.
2. Continued Tribal coordination and consultation.
3. Development of interagency agreements with local agencies.
4. Identify new demands the project puts on local services and work collaboratively to address those demands to not burden residents.

Goal 3 – Design and Costs

The activities to advance the project design and cost estimates will provide critical information for achieving Goals 1 and 2.

Facilities Locations. Developing final facility sizes and locations will specify permit requirements and local landowner agreements.

Facilities Costs and Cost Allocation. Refined facilities costs and the allocation of those costs will inform the Plan of Finance, participant funding agreements, and usage fees in agreements with owners of non-project facilities.

Risk Identification and Mitigation. As part of planning for future phases, the Authority will identify the design, construction, and operation risks to inform risk mitigation planning, as well as funding and operations agreements.

Goal 4 – Organizational Improvement

The Authority has made substantial progress in forging the relationships and governance mechanisms to manage project development. Continued strengthening of the Authority

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through planning, design, construction, and operations involves both near-term refinements and long-term planning.

Refine Near-term Decision-making. Within the existing governance structure (Authority Board and Reservoir Committee), the participants seek to further clarify decision-making process to secure project approvals and commitments, including the following issues and activities:

1. Identification of the important decisions over the next 18 months
2. Clarification of the decision timing and the roles of the Board, Reservoir Committee, work groups, agents, and consultants in informing and making decisions.
3. Consideration of delegation of authority to improve efficiency of project delivery.
4. Improvement of participant engagement and working relationships in activities of the Reservoir Committee.
5. Clarification of the needs and timing for “home board” approvals, particularly as they relate to the agreements to be developed in Goals 1 and 2. Local agency participant representatives need to be taking Sites Reservoir project back to their agency and getting agency-wide buy-in to the project.

Participant Assurances. Participant assurances are an important element of addressing concerns about the Authority governance structure, now and in the future. The Plan of Finance and the activities related to Goal 1 are the core work to develop those assurances. As that work relates to governance issues, the following are the planned activities:

1. Authority Board and Reservoir Committee review and discussion of project assurances and agreements as they relate to Authority governance.
2. Identification of options for addressing any remaining governance issues in future phases.

Long-term Governance. Beginning soon, the participants will discuss the governance options for the Authority during design, construction, and operations. The participants recognize that continuing Sacramento Valley ownership and control is critical for maintaining local support for a water project that serves water users outside the Sacramento Valley. The participants further recognize that project decision-making will need to be more nimble as Authority expenditures increase and when operations begin. The near-term activities to review and consider long-term governance issues include the following:

1. Identification of Authority Board and Reservoir Committee roles and responsibilities in future phases needed to make the organization effective.
2. Development and discussion of near-term and longer-term issues and concerns of participants and ways to address those concerns through some delegation of authority and continued compliance with state law and conditions of Prop 1 funding.
3. Selection and implementation of changes to bylaws and agreements.

Section 4. Performance and Adaptation

This section is to be developed during further development of the priorities at the end of Section 1. The section will summarize major actions, milestones, and outcomes and define mechanisms for tracking and reporting progress. The section will also describe how and when the Authority will review progress and goals and adapt strategies to ensure success.

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