California’s largest reservoir project in decades gets an $800 million boost. But is it feasible?

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California officials Tuesday awarded $816 million in voter-approved bond money to build Sites Reservoir, an hour north of Sacramento, providing a financial boost for what would become the largest water storage project built in the state since the 1970s.

Approved by the State Water Commission, the funds were the most given to any of the eight projects across California under consideration for a part of the $2.7 billion Proposition 1 water bond. Voters passed the bond in 2014 during the state’s historic drought.

Despite the nine-figure award, Sites’ project managers weren’t pleased with the amount of funding for their $5.2 billion project. The decision by the Water Commission represents about half of what Sites’ backers originally had sought.

Jim Watson, general manager of the Sites project authority, said the unfunded sum represents “an opportunity lost” for California. Additional funding from the state would have enabled Sites to make more water available for fish and other environmental needs, he said.

Sites has been under discussion for decades. The project would flood a 14-mile long valley west of Williams along the Glenn-Colusa county line with water piped 14 miles from the Sacramento River. The artificial lake would have nearly twice the storage capacity of Folsom Lake, making it the state’s seventh largest reservoir. A water project of its size has not been undertaken since Jerry Brown’s first stint as governor, when New Melones Dam was completed on the Stanislaus River in 1979.

In addition to state money, Sites will be funded by individual water agencies. Sacramento Valley agricultural districts are the reservoir’s primary supporters, but farm and urban water agencies from Fresno to Los Angeles also have pledged tentatively to invest.

With the state funding coming in lower than requested, Watson said the participating water agencies will have to reassess their plans for financing their share of the project.
Nonetheless, he said he believes Sites will go forward in some form. “Worst case, we could build a smaller reservoir,” he told The Sacramento Bee.

Each water agency that commits funding to build Sites would store water in the lake proportional to the amount of the money spent for construction.

The state’s funding ensures that about 50,000 acre-feet of water each year will be under regulators’ control to help Delta smelt and wildlife refuges. If the state had delivered as much Proposition 1 money as Sites wanted, the reservoir could have provided up to 200,000 acre-feet a year, Watson said.

While environmentalists usually oppose big water projects, some say they could live with Sites if it’s managed properly to help the environment.

But other environmental groups are condemning Sites, saying the last thing the Sacramento River's struggling native fish species need is more water pumped out of their habitat.

Others questioned whether the project is even feasible, given that state water regulators recently signaled that in order to protect fish, they were planning to keep billions of gallons of water in the Sacramento River, instead of allowing it to be pumped to farms and cities.

“It’s hard to see how there could be enough extra water to make a major new diversion project work for fish and work for the people who want to build it,” said John McManus, the executive director of the Golden Gate Salmon Association, in an interview Tuesday.

Other critics say Sites is really a silent partner to Brown’s hugely controversial water tunnels project planned for under the Sacramento-San Joaquin Delta. Formally known as California Waterfix, the Delta tunnels would facilitate the delivery of the Sacramento Valley's water to the parched regions of the south state. The tunnels are fiercely opposed by environmentalists and Sacramento-area officials. Sites’ backers insist their reservoir isn’t tied to the tunnels. Water stored in Sites could be pumped through the tunnels to south-state water agencies.

The commission on Tuesday also issued $280.5 million in bond funds for a small groundwater storage “banking” project proposed by the Sacramento Regional County Sanitation District. The project will use recycled urban waste water to irrigate up to 16,000 acres of agricultural land, reducing farmers’ pumping of groundwater and keeping more water in the Cosumnes River in south Sacramento County.

The commission also awarded $171 million to Temperance Flat, a controversial dam proposed for the San Joaquin River, representing barely 6 percent of the project’s $2.7 billion cost. Dam supporters have said Temperance Flat probably will be scrapped without a higher level of state funding.
Another $1 billion went to two Bay Area reservoir expansion projects, Pacheco Pass in southeastern Santa Clara County and Los Vaqueros in Contra Costa County.

While voters authorized $2.7 billion in bond funds for water storage projects, the pot shrinks to just under $2.6 billion because of bond-finance costs and other expenses.