

Trump officials announce \$450 million loan for new California reservoir project

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Sites Authority General Manager Jim Watson explains the Sites Reservoir project to U.S. Secretary of Agriculture Sonny Perdue, left and others on Tuesday. At right is U.S. Rep. Doug LaMalfa.
(Photo: Damon Arthur/Record Searchlight)

Trump administration officials were in California on Tuesday to announce a \$450 million loan for the Sites Reservoir project in Colusa County.

The money will be used to build a tunnel to carry water from the Glenn-Colusa Canal to an existing reservoir, giving farmers on the west side of the Sacramento Valley more access to irrigation water.

The 12-foot diameter tunnel, called an intertie, will also be used to transport water to and from Sites Reservoir after it is built, said Jim Watson, general manager of the Sites Reservoir Authority.

“With the large reservoir, the benefits of the intertie get extended down into the San Joaquin Valley for rural communities and also to provide benefits for the cities in the Bay Area and Southern California,” Watson said of the 1.8 million acre-foot reservoir project.

U.S. Agriculture Secretary Sonny Perdue and Interior Secretary Ryan Zinke traveled to Maxwell to tour the area where the tunnel will be built and to meet with local and state officials. Accompanying them were Republican congressional members Doug LaMalfa of Richvale, David Valadao of Hanford and Jeff Denham of Hawthorne, as well as Republican Assemblyman James Gallagher.

“The president was right, California is a blessed state,” Zinke said. “We have a lot of water, but we need to make sure we have flexibility in the system and that we can move water back and forth and not let it go out to the sea.”

Zinke and Perdue also visited Paradise on Monday to see the devastation from the Camp Fire, which has killed an estimated 88 people and destroyed nearly 19,000 buildings in Butte County.

Sites officials say the reservoir provides more flexibility for the state’s water system because during times of the year when runoff levels are high, water can be pumped from the Sacramento River and stored at Sites.

During drier periods, water can be taken from Sites, which will be the seventh-largest reservoir in the state, and used for irrigation and drinking water, officials said.

Sites will allow the U.S. Bureau of Reclamation to keep more water in Lake Shasta, which will benefit salmon that spawn in the Sacramento River in the Redding area, said Jeff Sutton, general manager of the Tehama-Colusa Canal Authority.

The endangered winter-run salmon need colder water for spawning, and that cold water comes from Lake Shasta. Sutton said storing water in Sites Reservoir means the bureau can store more cold water in Lake Shasta for those salmon.

[Raising Shasta Dam: Nearby property owners want answers](#)

USDA officials said they supported the project because of its benefits to cities, farms and wildlife.

The \$449.2 million loan is the largest the agency has ever given, said Sarah Marquart, a spokeswoman for the USDA’s Rural Development program.

“So you can see the scale of how strongly Congress and USDA and the Trump administration feel about what’s happening here in California with regard to the importance of Sites Reservoir and the ability to move water both ways,” Perdue said.



Interior Secretary Ryan Zinke, right, answers a reporters question after touring fire ravaged Paradise, Calif. with Agriculture Secretary Sonny Perdue, center, Monday, Nov. 26, 2018. The pair advocated more aggressive forest management policies to mitigate damage from future wildfires. (Photo: Rich Pedroncelli, AP)



Sites Reservoir, if it is built would be located west of the Sacramento River in Colusa County. (Photo: U.S. Bureau of Reclamation)

LaMalfa said he has long supported the Sites project.

“I’ve said many times before — surface storage projects like this one are absolutely critical to securing the future of our state’s water supply,” LaMalfa said in a statement. “We know all too well the potential economic impacts of a drought, and Sites Reservoir will enable more water storage during wet years in preparation for dry years.”

The money from the USDA isn’t free, though.

[Trump wants to cut red tape, hasten water projects in California](#)

The loan will need to be paid off in 40 years at 3.875 percent interest, Marquart said. Money to repay the loan will come from rural and urban water users, Watson said.

It could be some time, though, before ratepayers see the cost of the projects on their water bills.

The Sites Authority, made up of 31 water agencies, is still going through environmental studies necessary before the project can be built.

Watson said the intertie should be complete by 2024, and he envisioned Sites Reservoir being completed by 2030.

Financing for the \$6.4 billion project is still being assembled, Watson said. But he expects the reservoir to be paid for through a series of loans, bonds and grants.

Watson said he expects finance charges on all the loans to cost around \$2 billion on top of the construction costs.

The state has already granted the Sites project \$816 million from the Proposition 1 water bond. The authority also plans to seek loans from the EPA and the U.S. Bureau of Reclamation.

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Video Link:

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<https://www.redding.com/story/news/2018/11/27/trump-officials-announce-450-million-loan-california-sites-reservoir-project/2130237002/>