



Meeting: **Reservoir Committee & Authority Board
Agenda Item 2.1**

October 17, 2025

Subject: **2026 Amendment 3 Work Plan Update**

Requested Action:

Reservoir Committee and Authority Board consider the following actions related to the Amendment 3 Work Plan Update:

- a) Conduct a Public Hearing related to AB2561 - Job Vacancies and Recruitment and Retention Efforts
- b) Approval of Amendment 3 Work Plan update.
- c) Approval of an extension of Amendment 3 to December 31, 2026.
- d) Adoption of Fiscal Year 2026 Annual Budget.
- e) Approval of revisions to the Delegation of Authority to be effective January 1, 2026.

Detailed Description/Background:

The Sites Project Authority Amendment 3 Work Plan was approved in September 2021. The original work plan included a total scope of work with projected expenditures and revenues necessary to complete the scope within 36 months, beginning January 1, 2022, and extending through December 31, 2024. Various delays in permitting, approvals, and agreements necessary to proceed with investor commitment that were largely outside of the Authority's control, have delayed completing Amendment 3 by two years. However, while the delays affect the overall schedule and drive the final project cost up, the original cash call amounts covering Amendment 3 continue to be sufficient, thanks in large part to additional State and Federal funding. The proposed action today represents the Board's consideration of the FY26 Budget which is expected to be the last budget cycle of Amendment 3, Phase 2.

FY26 represents a critical transition year in the project. The proposed FY26 Budget is a balanced budget, meaning if everything goes as planned, there would be zero funds remaining at the end of FY26. The Board is aware that historically actual expenditures have been running at about 80% of planned. Staff is confident in its ability to manage project work to achieve an organized transition to Phase 3 loan funding when initiated at the end of 2026.

Staff recommends resources be applied to completing critical scope activities necessary to wrap up our current phase 2 of the project (culminating with

completing investor commitment) and prepare for Phase 3/4/5 (Detailed Design, Construction, and Commissioning).

Staff are proposing 3 Strategic imperatives for the next 12 months, which have served as the basis for prioritizing scope, schedule and budget in this proposed FY26 budget. The 3 imperatives are outlined as follows:

1. **Information to Support a “Go” Decision.** Includes activities relating to key permits, water rights, entitlements and agreements.
2. **Storage Partner Commitment to a “Go” Decision.** Focus on supporting storage partner understanding, financial commitments and agreements.
3. **Plans for Implementation to Actually “Go”.** Development of implementation planning and commitments to “Go”.

Additionally, as the project shifts from a heavy planning focus to preparing for delivery, Staff has proposed budgets aligned with projects, i.e. managing and tracking by “projects” instead of budgeting by subject areas, as has been the case the past several years. Managing by projects will better set up Authority staff to control scope, schedule, and budget as well as promote more effective communication across various consultants and Authority staff. Each project will be assigned to a dedicated project manager responsible for efficient and timely management of that particular project. Transitioning to project based budgeting also helps prepare for the budget/financial controls complexities that are coming in the next phases of work.

The types of Project Agreement changes proposed here have occurred in the past as follows and Staff proposes to use the same approach in this case:

- RC and AB approval by a 75% vote of each body (weighted for the RC). This super-majority vote is required by the Project Agreement and the current Bylaws as a material change.
- The record of the meeting will serve as the formal documentation memorializing these changes and satisfaction of the 75% threshold.
- No home board approvals are required which presumes each Participant representative has been given the authority to commit its agency to this change.

2026 Expense Budget

The proposed expense budget for 2026 is \$30.0M. Budget allocation by projects grouped by the imperative each project supports is provided below:

Imperative 1: Information to Support a GO Decision - \$7,304,000

	Committed	Uncommitted	Total
Key Agreements & Reports	\$ 610,000	\$ 55,000	\$ 665,000
Key Permits & Environmental Agreements	\$ 525,000	\$ 75,000	\$ 600,000
Interim & Permanent Financing	\$ 200,000	\$ 250,000	\$ 450,000
Project Management Support-Fixed	\$ 2,855,368	\$ 124,632	\$ 2,980,000
Project Management Support-Variable	\$ 2,588,224	\$ 20,776	\$ 2,609,000
Total Imperative 1	\$ 6,778,592	\$ 525,408	\$ 7,304,000

Imperative 2: Supporting a Decision to GO - \$7,250,000

	Committed	Uncommitted	Total
Home Board Support	\$ 1,880,096	\$ 87,904	\$ 1,968,000
Interim & Permanent Financing	\$ 700,000	\$ 50,000	\$ 750,000
Project Management Support-Fixed	\$ 2,410,298	\$ 102,702	\$ 2,513,000
Project Management Support-Variable	\$ 1,798,612	\$ 220,388	\$ 2,019,000
Total Imperative 2	\$ 6,789,006	\$ 460,994	\$ 7,250,000

Imperative 3: Being ready to actually GO - \$14,010,000

	Committed	Uncommitted	Total
Preparing for Construction & Reservoir CMAR	\$ 6,195,000	\$ 1,455,000	\$ 7,650,000
Priority Acquisitions & Land Management	\$ 105,000	\$ 4,115,000	\$ 4,220,000
Mitigation Related Activities & Support	\$ 223,000	\$ 207,000	\$ 430,000
Environmental Compliance & Plan Developme	\$ 945,000	\$ 5,000	\$ 950,000
Conveyance CMAR	\$ 755,000	\$ 5,000	\$ 760,000
Total Imperative 3	\$ 8,223,000	\$ 5,787,000	\$ 14,010,000
Contingency		\$ 1,436,000	\$ 1,436,000
Total Proposed 2026 Expense Budget	\$ 21,790,598	\$ 8,209,402	\$ 30,000,000

Project budgets are a mix of funds ready to be committed to consultants at the start of the year and uncommitted funds that will be withheld as there is some uncertainty in the resources needs of the project. This approach gives managers the ability to adaptively manage for changing conditions. This flexibility is important to be prepared for and act quickly on changing needs of our Storage Partners. Uncommitted funds are not the same as contingency because they are assigned to specific projects whereas contingency funds are unassigned.

There are three projects that are split among two of the imperatives. They are “Interim and Permanent Financing”, Project Management Support-Fixed”, and “Project Management Support- Variable”. These will each be treated as individual projects or reporting and monitoring purposes. Staff felt it necessary to split funds for these projects between the two imperatives to illustrate the association of the cost to the imperative.

The expense budget also includes a \$1.4M contingency budget to allow Authority management to address unforeseen conditions without disrupting the projects.

With the revised project management structure, changes to the Authority's Delegation of Authority (DoA) are also proposed and reflected in redline/strikeout format in **Attachment C**. The levels and areas for delegated authority change align with the project budgeting approach and eliminate some previously identified inconsistencies in the DoA.

Work Plan key deliverables have been confirmed and supplemented to reflect current conditions. Staff is ensuring each is resourced and completed on a schedule to support executing the Storage Partner's contracts. A table providing deliverables (supplemented and original) status is shown in **Attachment B**.

2026 Revenue Budget

The proposed revenue budget for FY26 includes expected new revenue of \$17.5M and an estimated \$12.5M in cash being carried over from FY25. A summary of assumed revenue by source is as follows:

- **Estimated cash on hand to start 2026 - \$12.5M**, revenues exceeding expenses through the first several years of the work plan have resulted in additional cash to start the calendar year. The final carryover from FY25 will be determined in early 2026 and will be applied 100% to FY26 revenues in a manner to be approved by the Board.
- **Reservoir Committee Cash Call - \$0**, there are no remaining scheduled cash calls payments in our current phase of the project.
- **Authority Board Seat Dues - \$415k**, Authority Board dues are estimated to remain at \$45,000 per member and \$5,000 per associate member. There are currently 9 Authority Board members and 2 Associate members.
- **Federal (WIIN Act) Funding - \$5.7M**, Federal revenues are currently under contract with the Bureau of Reclamation and are provided on a reimbursement basis.
- **State (WSIP, Prop 1) Funding - \$10.9M**, the project recently received an increase of \$218.9M to the Maximum Conditional Eligibility Determination (MCED) resulting in \$10.9M (5% of MCED increase) in additional available early funds.
- **Interest Income - \$470k**, estimated bank interest in 2026 based on anticipated expenditure plan and cash drawdown curve.

Attachment A summarizes the proposed 2026 expense and revenue budgets along with a current cash flow curve and a cash drawdown curve reflecting anticipated conditions through the end of 2026 and the current project phase.

Prior Action:

June/July 2025 – Approval of revised FY 2025 expense budget and adjusted consultant contract authority.

Fiscal Impact/Funding Source:

Assuming the Board concurs, Staff will work with the consultants to identify Task Order contract limits for 2026 and bring these for Board consideration of approval at the November 2025 meeting. The expense and revenue plan outlined above results in the Authority running out of money at the end of 2026.

Staff Contact:

Shayleen O’Connell/Marcus Maltby

Primary Service Provider:

Brown and Caldwell

Attachments:

Attachment A – Annual Budget Summary Tables and Cash Flow Curves

Attachment B – Updated Amendment 3 Work Plan Deliverables

Attachment C – Proposed Changes to the Delegation of Authority

Attachment A: Annual Budget Summary Tables and Cash Flow Curves

Table 1: Estimated Actual Cashflow and Proposed Budget

	2022	2023	2024	2025	2026	Total
Revenue	\$ 45.9	\$ 44.6	\$ 38.0	\$ 9.9	\$ 17.5	\$ 155.9
Expense	\$ 24.7	\$ 42.7	\$ 31.2	\$ 27.3	\$ 30.0	\$ 155.9

Table 2: Proposed FY26 Expense Budget

Imperative 1: Information to Support a GO Decision - \$7,304,000

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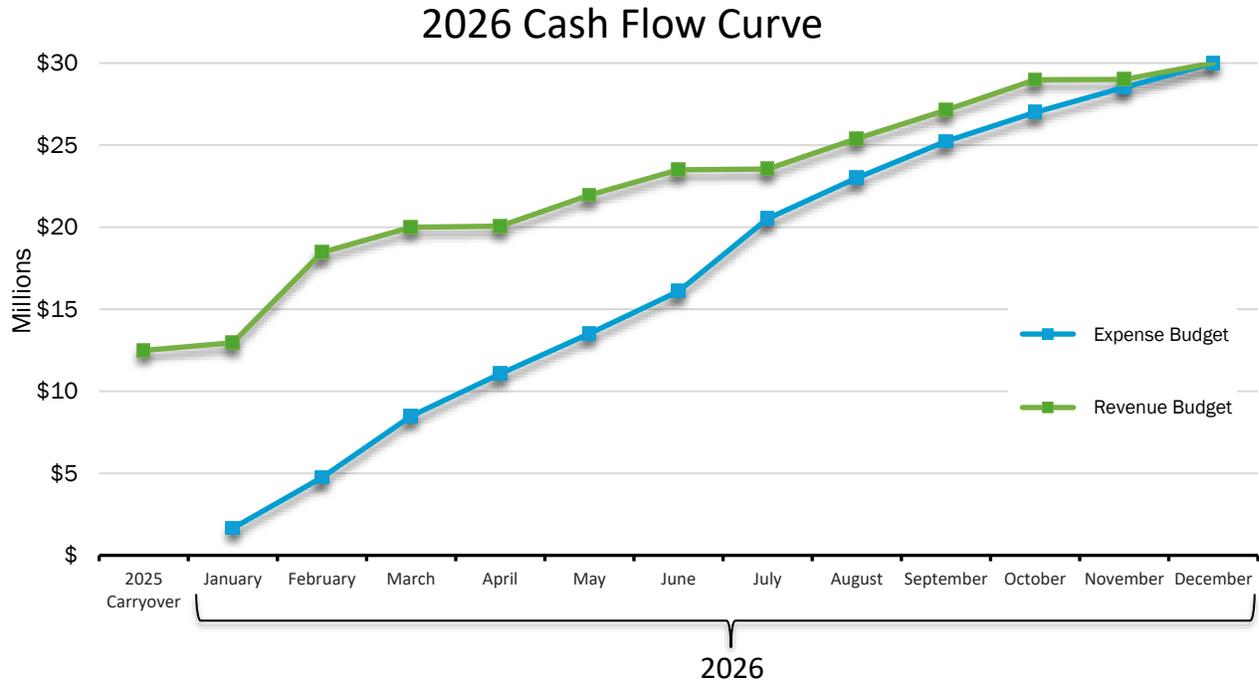
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Table 3: Proposed FY26 Revenue Budget

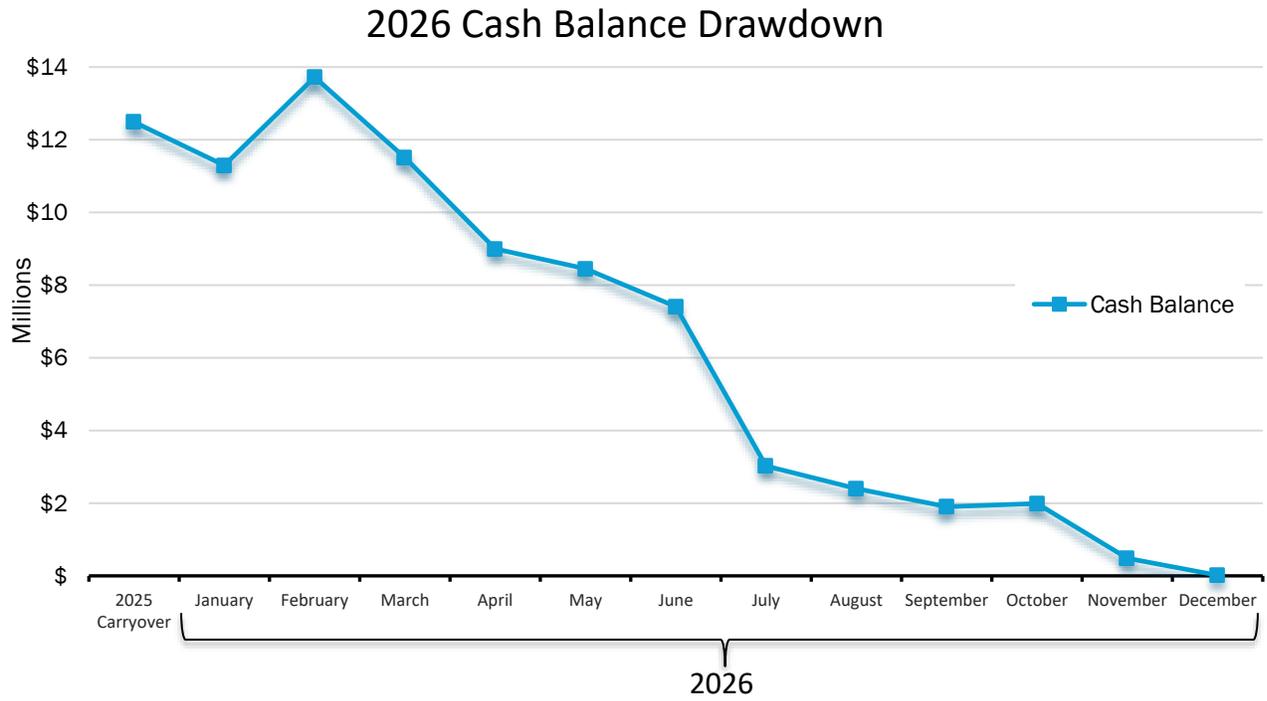
Estimated Cash on Hand as of 1/1/2026	\$	12,500,000
Reservoir Committee Cash Call	\$	-
Authority Board Seat Dues	\$	415,000
Federal (WIIN Act) Funding	\$	5,680,000
State (WSIP, Prop 1) Funding	\$	10,948,857
Interest Income	\$	<u>470,000</u>
Total Estimated 2026 Revenue	\$	<u>17,513,857</u>
Total Estimated Available Funds in 2026, rounded	\$	<u>30,000,000</u>

Figure 1: 2026 Cash Flow Curve



Note: 2025 Carryover is not new revenue to 2026 but is included in the above graph for budgeting purposes

Figure 2: 2026 Cash Drawdown Curve



Attachment B - Update to Amendment 3 Work Plan Key Deliverables

Deliverable	Done?	Target Completion	Notes
Initiate Application for Permit to Construct from DSOD	✓	Q3 2024	
Advance Engineering of Project Feature Encroachments to 65% Design Level in Support of Permitting		N/A	Superseded by reprioritization effort
Determine Procurement and Delivery Strategy	✓	Q3 2022	
Determine Overall Project Schedule	✓	Q4 2023	
Preliminary Engineering (30% design level) and P1A/P1B Geotechnical Investigations	✓	Q2 2024	Geotechnical activities reprioritized
Execute Benefits Contracts with DWR and CDFW		Q1 2026	
Secure Final Funding with CWC		Q3 2026	
Execute Final Operations Agreement with Facility Partners, State and Federal Agencies		Q1 2026	
Secure Federal Funding		Q3 2026	
Executed Partnership Agreement with Reclamation		Q1 2026	
Complete Loan Applications	✓	Q1 2023	
Determine Organization Structure	✓	Q3 2024	
Execute Benefits and Obligations Contracts		Q3 2026	
Obtain Environmental Permits Required for WSIP Final Award		Q2 2026	
Develop Mitigation Acquisition Master Plan Develop Draft Mitigation Strategic Plan	✓	Q3 2023	
Receive Water Right Order and Permit		Q4 2025	
Obtain Local Agency Agreements and Permits Developer Agreements with Counties		Q4 2025	
Complete Final EIR/EIS	✓	Q4 2023	
Develop Land Acquisition Plan	✓	Q3 2025	
Acquire Land (from willing sellers)*		Ongoing	
Reservoir CMAR Procurement Process and Strategy	✓	Q1 2024	
Finalize Initial Reservoir CMAR Pre-Construction Scope	✓	Q3 2025	
Reservoir CMAR Contract Award*		Q4 2025	
Complete CAISO Phase I Studies*		Q4 2025	
Initiate Golden Gate Dam Foundation Sub Project		N/A	

Attachment B - Update to Amendment 3 Work Plan Key Deliverables

Deliverable	Done?	Target Completio	Notes
<i>Prepare Comprehensive Risk Register Update</i>		Q1 2026	
<i>Determine Construction Water Needs and Sources</i>	✓	Q3 2025	
<i>Determine Construction Power Needs and Sources*</i>		Q3 2026	
<i>Perform Construction Traffic Management Plan*</i>		Q3 2026	
<i>Secure Project-level Operations BiOps and other</i>		Q2 2026	
<i>Terrestrial Biological Mitigation Contract Execution*</i>		Q2 2026	
<i>Begin Implementing required EIR, ITP, Section 106, and Water Right Conditions*</i>		Ongoing	
<i>Initiate Greenhouse Gas Emissions Plan*</i>		Q4 2026	
<i>Complete Environmental Compliance Implementation System *</i>		Q4 2026	
<i>Preliminary Project Baseline Report</i>		Q1 2026	
<i>Interim and Permanent Finance Programs*</i>		Q4 2026	
<i>Procure Conveyance CMAR*</i>		Q4 2026	
<i>Procure Mitigation Contractor*</i>		Q2 2026	

Note: Bold text represents new or modified deliverables from 2021 adoption of Amendment 3 Work Plan.

* Indicates outstanding deliverables in support of Imperative 3 – “Being Ready to Actually GO”

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A = Approval I = Information Only *= Or Designate									
A. JEPA Agreement, Reservoir Project Agreements, Bylaws									
1	Fourth Amended and Restated Joint Exercise of Powers Agreement		R			R			A
2	JEPA Amendments		R			R		R	A
3	JEPA Admission of a new member		R			R		R	A
4	Calendaring for Board Agenda				R	A			
B. Work Plans, Budget, Grants, Loans and MOUs									
1	Work Plan				R	R	R	A	A
2	Work Plan Budget				R	R	R	A	A
3	Budget Transfers								
a.	Transfers up to \$100,000 \$500,000 between subject areas projects and no increase in approved total FY budget	Yes			R	A	I	I	I
b.	Transfers over \$100,00 \$500,000 or exceeding total FY budget				R	R	R	A	A
c.	Use of Contingency up to \$100,000	Yes			R	A	I	I	I
d.	Use of contingency over \$100,000				R	R	R	A	A
4	Grants								
a.	Application				R	R	R	A	A
b.	Execution and submittal of grant application				R	A	I	I	I
c.	Execution of grant agreements		R		R	A	I	I	I
d.	Management of grant agreements				A	I			

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5	Loans								
	a. Application				R	R	R	A	A
	b. Execution and submittal of loan application				R	A	I	I	I
	c. Execution of loan agreements		R		R	R	R	A	A
	d. Acceptance and management of loan funds				R	A	I	I	I
6	MOUs with Federal, State, Local Govts, Native American, Utilities								
	a. MOU/Agreement Execution		R		R	R		A	A
	b. MOU/Agreement Management and reporting				A	I		I	I
C.	Environmental Review and Permitting								
1	CA Environmental Quality Act (CEQA) Authority								A
	a. Staff determines if a proposed action requires CEQA compliance document.								
	i. If no then prepare Exemption(s) if needed and CEQA Determination		R	R	R	R		R	A
	ii. If yes and not covered by existing CEQA document, prepare an Initial Study and appropriate CEQA compliance documentation		R	R	R	R		R	A
	b. Board takes lead CEQA agency role				R	R		R	A
	i. Makes and Adopts Findings and Determinations		R		R	R		R	A
	ii. Adopts project and mitigation measures		R		R	R		R	A
2	Permit Applications (water rights, 404, 401, Biological Assessments, etc.) that commit the project to financial or legal/regulatory risk.		R		R	R		R	A
3	Permit Applications that do not commit the project to financial or legal/regulatory risk.		R		R	A		I	I
4	Local Agency permits, land division & GP Amendments that include financial or legal/regulatory risk.		R		R	R		R	A
5	Local Agency permits, land division & GP Amendments that do not include financial or legal/regulatory risk.		R		R	A		I	I

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D.	Administrative								
1	Purchases (equipment, materials, as defined in the Procurement and Contract Policy)								
	a. Up to \$100,000				R	A	I	I	I
	b. Greater than \$100,000				R	R	R	A	A
2	Administrative Procedures that include financial commitments or legal/regulatory risk.		R		R	R	R	A	A
3	Administrative Procedures that do not include financial commitments or legal/regulatory risk.		R		A	I			
4	Agenda Item Submittal								
	a. Recommendation to BOD - Action/Info. & Discuss		R		R	R	R	A	A
	b. Recommendation to BOD - Consent		R		R	R	R	A	A
5	Petty Cash - The Authority operates on a non-cash call basis. Cash in the form of hard currency is neither received or expended by the Authority.								
6	Procurement Card - ED has authority to authorize issuance of credit cards. Credit cards may be used for purchases under \$3,000 per month for office supplies and office operating expenses. The cardholder and Finance Manager approves the monthly credit card bills.				A	I	I	i	i
7	Response to Public Records Request		R		R	A		I	I
8	Liability Insurance Claim Settlements & Workers Comp Claims								
9	Travel Authorization Out of State	Yes			AR	I		IA	IA
10	Travel Authorization Within State	Yes			A	I			

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E. Professional Service and General Service Contracts									
1	Decision to use outside consultants				R	A	I	I	I
2	Request for Qualifications				R	A	I	I	I
3	Request for Proposals				R	A	I	I	I
4	Sole Source Professional Services or General Services up to \$500,000 within approved budget except legal services		R		R	A	I	I	I
5	Sole Source Professional Services or General Services above \$500,000 and all except legal services		R		R	R	R	A	A
6	Authority to Negotiate Professional Service or General Service Contracts								
a.	Approve Master Service Agreements with terms but no scope or cost except legal services		R		R	A	I	I	I
7	Professional Services or General Services Agreement								
a.	Up to \$500,000 within the approved budget except legal services		R	R	R	A	I	I	I
b.	Up to \$500,000 NOT WITHIN budget with cost offset except legal services		R		R	A	I	I	I
c.	Greater than \$500,000 and all legal services		R		R	R	R	A	A
d.	Construction services up to and including threshold for simplified acquisition procedure and within approved budget		R		R	A			

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8	Professional Services or General Services Amendment including Legal Services								
	a. Contract/Task Order within Contract/Task Order approved Project budget amount up to \$500,000				R	A	I	I	I
	b. Reallocation of Task Budgets Within Contract/Task Order				A	I	I		
	c. Exceeds Remaining Contract/Task Order amount over \$500,000				R	R	R	A	A
	d. Adding Task Order to Initiate Litigation				R	R	R	A	A
9	Notice to Proceed								
	a. Professional Services or General Services				R	A		I	I
	b. Notices to proceed for existing contracts				A	I		I	I
10	Progress Payments								
	a. Invoice approval to process payment by Board Treasurer and ED				R	A	I	I	I
	b. Preparation of Payment of Claims				A	I	I		
	c. Check, ACH and Bank Wire Transfer Issuance Authorization by Board Treasurer and ED				A	A	A		A
	d. Electronic Signatures and Release of Checks, ACHs, and wires. Authority account releases checks and processes ACHs based on Authority Treasurer and ED signed payment of claims document. Bank wire transfers require Authority Treasurer involvement.				R	R			
11	Service Completion (closeouts) and progress reports				A	I	I	I	I
12	Legal Services Agreements				R	R		A	A
	a. Legal Services with General Counsel					R		R	A
	b. Legal Services with Subconsultants		R			R		R	A

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13	Significant Schedule Changes (when within sole control of the Project)				R	R	R	A	A
F. Construction Contracts (to be established as project nears construction)									
G. Land Easements and Leases									
1	Temporary Right of Entry (TROE)/Land Access Agreements								
	a. TROE/Land Access Agreement with Landowner		R		R	A		I	I
	b. Payment for TROE/Land Access Compensation				R	A	I	I	I
H. Personnel Issues TBD if Sites has employees									
I. Access to Sites Maxwell and Satellite Project Offices									
1	Electronic Access Cards No electronic cards currently needed								
	a. Initial Request for Card and Site Access				A				
	b. Replacement of Lost Card				A				
2	Mechanical Keys								
	a. Initial Request for Key(s) by Agent in charge of the Maxwell Office				A				
	b. Replacement of Lost Key(s) by the Agent in charge of the Maxwell Office				A				