Meeting: **Reservoir Committee & Authority Board Agenda Item 1.4** **August 21, 2026**

Subject: **Second Quarter (Q2) 2026 Financial Report**

Requested Action:

Reservoir Committee and Authority Board consider acceptance of the Sites Project Authority Second Quarter 2026 Budget Financial Report.

Detailed Description/Background:

This report covers the Q2 2026 budget year quarterly financial report and fulfills the Authority's Budget Policy requirement for quarterly financial update reports to the Reservoir Committee (RC) and Authority Board (AB).

Key takeaways of this report include:

Revenue Performance

Funds received in Q2 2026 totaled approximately $7.8 million, approximately $1.4 million below plan. The variance is primarily due to the timing of federal reimbursement revenue. A large federal reimbursement request submitted shortly after the end of Q2 was received in July 2026 and will be reflected in the Q3 financial report. Year-to-date funds received through June 30, 2026, totaled approximately $8.3 million.

Expenditure Performance & Cost Management

The Q2 2026 spending plan was approximately $7.0 million, compared with actual cash disbursements of approximately $5.1 million, or approximately $1.8 million below plan. The variance reflects identified and implemented efficiencies, deliberate pacing of Project activities to extend available funding as needed, and careful prioritization of critical-path work activities. Year-to-date cash disbursements through June 30, 2026, totaled approximately $9.4 million, or 31 percent of the $30.0 million FY 2026 budget.

Q2 expenses increased by approximately $0.8 million compared with Q1. The increase was primarily within Project 301, Preparing for Construction & Reservoir CMAR, and included priority activities such as cultural and environmental surveys and preconstruction services with the Reservoir and Roads CMAR contractor.

The FY 2026 budget includes an approximately $3.0 million CAISO payment, which was made in early July and is therefore not reflected in cash disbursements through June 30, 2026. The budget also includes approximately $4.0 million for one-time land purchases that have not yet occurred. Excluding these two significant one-time items from the budget comparison, year-to-date expenditures are generally in line with, and slightly below, budgeted spending.

Cash Position & Funding Outlook

The Authority's bank account balance at June 30, 2026, was approximately $13.3 million, a decrease of approximately $80,000 during Q2. The balance remained relatively stable because State and federal reimbursement revenue largely offset planned Project expenditures. Staff anticipates another significant increase in reimbursement revenue during Q3, likely exceeding Q3 expenditures, and continues to advance priority activities while maintaining an adequate cash balance and planning for sufficient carryover to support early 2027 activities.

Contingency & Budget Adjustments

One allocation of unrestricted contingency occurred during Q2. A total of $490,000 was allocated to Project 301 to cover increased CAISO costs associated with network upgrades identified through the interconnection process. The activity was budgeted at approximately $2.5 million; however, CAISO's assessment identified additional required power-infrastructure improvements, increasing the total to approximately $3.0 million. The allocation reduced the unrestricted contingency balance from approximately $1.4 million to $946,000. An unbudgeted refund of the $674,000 CAISO Site Control Deposit is anticipated before the end of 2026, and staff plans to return the refunded amount to contingency, thereby restoring the contingency balance.

Budget Transfer Activity

A total of 12 budget transfers occurred during the quarter. The Budget Transfers table included in the attached Q2 2026 report also identifies 10 instances of increases to contract authority, in accordance with reporting requirements established under the Authority’s Delegation of Authority and corresponding policies.

Although adjustments were made among individual project budgets, there was no net change to the total FY 2026 budget of $30.0 million.

Estimated Cash Carryover & 2027 Funding Outlook

Initial expense and revenue forecasts currently project an estimated year-end 2026 cash balance of approximately $12.2 million. Staff will continue to refine forecast assumptions and closely monitor expenditure activity, reimbursement timing, and overall cash flow throughout the remainder of the year.

Staff is targeting a year-end cash balance sufficient to cover approximately six months of expenditures in 2027, consistent with the latest water-right permit and Benefits and Obligations Contract timeframes. Actual carryover availability and duration will depend on final expenditure levels, reimbursement collections, the timing of Project activities, and Board direction regarding work plan priorities. A Work Plan Update, including review and adoption of the 2027 budget, will be brought to the Board in October 2026.

The Budget and Finance Committee reviewed the Q2 2026 Financial Report, and all comments provided by the Committee have been incorporated into the attached report.

Prior Action:

May 2026: Reservoir Committee and Authority Board consider acceptance of the Sites Project Authority's First Quarter 2026 Budget Financial Report.

Fiscal Impact/Funding Source:

The approved Amendment 3 Work Plan contains sufficient funds to continue financial reporting through December 31, 2026. Staff will continue to monitor budget status throughout the Amendment 3 period. Staff will continue to refine work plan projections and provide status updates to the Board biannually, with the next update planned for the FY27 Work Plan Update and Budget Review in Oct 2026.

Staff Contact:

Shayleen O'Connell

Marcus Maltby

Primary Service Provider:

Brown and Caldwell

Attachments:

Attachment A – Q2 2026 Financial Report

Quarterly Financial Report
Fiscal Year 2026 - Second Quarter Financial Report

Funds Received (rounded)

Figures provided below are on a cash basis

Funding Source	Q1	Q2	Q3	Q4	YTD	Budget
Reservoir Committee Cash Calls	$ -	$ -	$ -	$ -	$ -	$ -
Authority Board Dues	$ 365,000	$ 10,000	$ -	$ -	$ 375,000	$ 415,000
Federal WIIN Act Funding	$ -	$ 1,062,000	$ -	$ -	$ 1,062,000	$ 5,680,000
State Prop 1 (WSIP)	$ -	$ 6,558,000	$ -	$ -	$ 6,558,000	$ 10,949,000
Interest Income	$ 152,000	$ 140,000	$ -	$ -	$ 292,000	$ 470,000
Rental Income	$ 34,000	$ -	$ -	$ -	$ 34,000	$ -
Funds Received Total	**$ 551,000**	**$ 7,770,000**	**$ -**	**$ -**	**$ 8,321,000**	**$ 17,500,000**
Carryover from 2025					$ 15,400,000	$ 12,500,000
Estimated Total Available Funds in 2026					**$ 23,721,000**	**$ 30,000,000**

Cash Disbursements Activity (rounded)

Figures provided below are on a modified cash basis

Proj No.	Project Name	Q1	Q2	Q3	Q4	FYTD	Budget	% Spent
101	Key Agreements & Reports	$ 374,000	$ 427,000	$ -	$ -	$ 801,000	$ 1,302,200	62%
102	Key Permits & Environmental Agreements	$ 291,000	$ 212,000	$ -	$ -	$ 503,000	$ 729,572	69%
103	Interim & Permanent Finance Programs	$ 22,000	$ 22,000	$ -	$ -	$ 44,000	$ 418,000	11%
201	Home Board Support	$ -	$ 88,000	$ -	$ -	$ 88,000	$ 189,400	46%
301	Preparing for Construction & Reservoir CMAR	$ 556,000	$ 1,200,000	$ -	$ -	$ 1,756,000	$ 7,947,713	22%
302	Priority Acquisitions & Land Management	$ 48,000	$ 34,000	$ -	$ -	$ 82,000	$ 4,195,000	2%
303	Mitigation Related Activities & Support	$ 46,000	$ 84,000	$ -	$ -	$ 130,000	$ 390,000	33%
304	Environmental Compliance & Plan Development	$ 39,000	$ 59,000	$ -	$ -	$ 98,000	$ 265,000	37%
306	Conveyance CMAR	$ 384,000	$ 248,000	$ -	$ -	$ 632,000	$ 1,228,900	51%
901	Project Management Support	$ 2,561,000	$ 2,738,000	$ -	$ -	$ 5,299,000	$ 12,388,215	43%
999	Contingency	$ -	$ -	$ -	$ -	$ -	$ 946,000	0%
Total Cash Disbursements		**$ 4,321,000**	**$ 5,112,000**	**$ -**	**$ -**	**$ 9,433,000**	**$ 30,000,000**	**31%**

Bank Account Balance (rounded)

Balances below are captured from the last day of the period shown

	End 2025	Q1	Q2	Q3	Q4
Change in Account Balance from Previous Quarter		$ (3,457,000)	$ (80,000)	--	--
Actual Running Account Balance	$ 16,860,000	$ 13,402,000	$ 13,323,000	--	--

Unrestricted Contingency Balance (rounded)

		Unrestricted Contingency Releases by Quarter				
	Work Plan Budget	Q1	Q2	Q3	Q4	Current Balance
Contingency	$ 1,436,000	$ -	$ (490,000)	$ -	$ -	$ 946,000

Unrestricted Contingency Releases

Destination Project	Authorization Date	Description of Change	$ Authorized
301 - Preparing for Construction	6/26/2026	Assigned to cover increased CAISO cost associated with network upgrades identified through interconnection process	$ 490,000

Closed Contracts & Task Orders

Contracted Party	Start	Finish	Task Order ID	$ Authorized	$ Spent
none this period					

Net Budget Changes

			Net Budget Changes by Quarter				
Proj No.	Project Name	Initial Budget	Q1	Q2	Q3	Q4	Currently Budget
101	Key Agreements & Reports	$ 665,000	$ 104,000	$ 533,200			$ 1,302,200
102	Key Permits & Environmental Agreements	$ 600,000	$ 80,000	$ 12,107			$ 692,107
103	Interim & Permanent Finance Programs	$ 1,200,000	$ -	$ (782,000)			$ 418,000
201	Home Board Support	$ 50,000	$ 50,000	$ 89,400			$ 189,400
301	Preparing for Construction & Reservoir CMAR	$ 7,650,000	$ (116,215)	$ 522,793			$ 8,056,578
302	Priority Acquisitions & Land Management	$ 4,220,000	$ -	$ (25,000)			$ 4,195,000
303	Mitigation Related Activities & Support	$ 430,000	$ (40,000)	$ -			$ 390,000
304	Environmental Compliance & Plan Development	$ 950,000	$ (394,000)	$ (277,500)			$ 278,500
306	Conveyance CMAR	$ 760,000	$ 67,000	$ 317,000			$ 1,144,000
901	Project Management Support	$ 12,039,000	$ 249,215	$ 100,000			$ 12,388,215
999	Contingency	$ 1,436,000	$ -	$ (490,000)			$ 946,000
	Total Contract Changes	**$ 30,000,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 30,000,000**

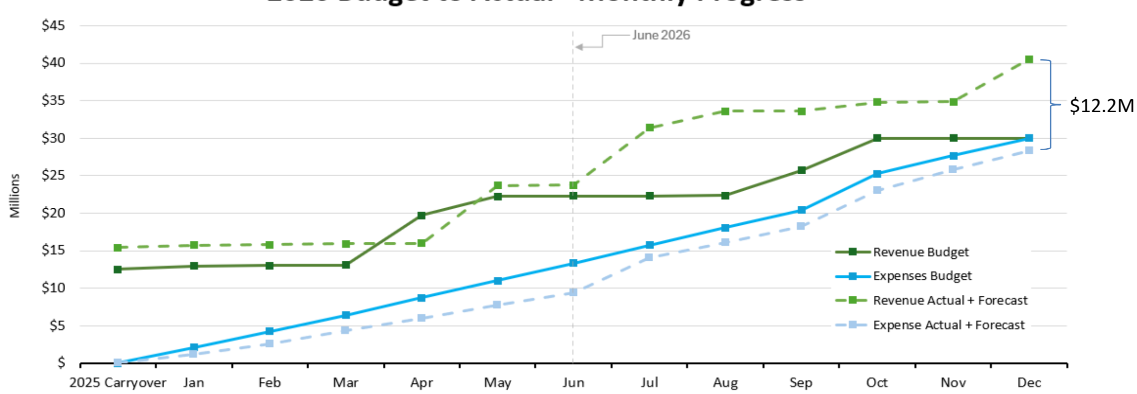
Sites

Quarterly Financial Report
Fiscal Year 2026 - Second Quarter Financial Report

Budget Changes by Event

Consultant/Vendor	Scope of Work Description	$ Authorized	Project		Change to Contract Auth	Notes
			From	To		
Water Power and Law	Mitigation procurement evaluation	$ 60,000	--	303	Y	
Uncommitted	Mitigation procurement evaluation	$ (60,000)	303	--	N	
AECOM	CWC Final Award Support	$ 24,207	--	102	N	
AECOM	Reallocating from anticipated underrun	$ (24,207)	301	--	N	
CMD West	Envir survey field work oversight	$ 20,000	--	301	Y	
Uncommitted	Envir survey field work oversight	$ (20,000)	301	--	N	
ICF	Envir survey & Section 106 PA support	$ 200,000	--	301	Y	
Uncommitted	Envir survey & Section 106 PA support	$ (200,000)	301	--	N	
BBK	Continued Conveyance CMAR procurement	$ 100,000	--	301	Y	
BBK	Continued Envir Mitigation procurement	$ 182,000	--	306	Y	
Young Wooldridge	Additional general counsel support	$ 100,000	--	901	Y	
Nossaman	Continued B&O and other Agreement support	$ 475,000	--	101	Y	
Nossaman	Reallocate from State and Federal Funding Support	$ (75,000)	102	--	N	
Uncommitted	Reallocate from Interim & Permanent Finance Support	$ (782,000)	103	--	N	
Hodge Executive Services	Executive Services	$ 105,000	--	901	Y	
BC	Reallocate from Executive Assistant budget (Marcia K.)	$ (105,000)	901	--	N	
BC	Additional CWC agmt adminstration and invoice support	$ 12,000	--	102	Y	
Uncommitted	Additional CWC agmt adminstration and invoice support	$ (12,000)	102	--	N	
Somach Simmons & Dunn	Water Right legal support	$ 150,000	--	901	Y	
MBK	Section 106 WP #1 and #2	$ (150,000)	901	--	N	
CH2M Hill	Additional effort related to Program Baseline Report	$ 58,200	--	101	Y	
CH2M Hill	Additional effort related to Draft Water Right & Operations BA/BiOps	$ 62,900	--	102	Y	
CH2M Hill	Additional effort related to Home Board Support	$ 89,400	--	201	Y	
CH2M Hill	Additional effort related to Colusa Basin Drain Modeling	$ 170,000	--	306	Y	
CH2M Hill	Reallocating from anticipated underrun	$ (25,000)	302	--	N	
CH2M Hill	Reallocating from anticipated underrun	$ (35,000)	306	--	N	
Uncommitted	Reallocating budget that is not anticipated to be needed in 2026	$ (277,500)	304	--	N	
Uncommitted	Reallocating budget that is not anticipated to be needed in 2026	$ (43,000)	301	--	N	
CAISO	Additional funds to cover increase in CAISO Readiness Deposit	$ 490,000	--	301	N	
Contingency	Anticipated CAISO refund will restore contingency balance	$ (490,000)	999	--	N	

2026 Budget to Actual - Monthly Progress



	Year-to-date (June 2026)		Annual 2026 Budget	
	Budget	Actual	Budget	Actual+Forecast
Expense	$13,342,000	$9,434,000	$30,000,000	$28,315,000
Revenue**	$22,284,000	$23,722,000	$30,000,000	$40,506,000

Note: Provided values have been rounded for simplicity

**Revenue figures include 2025 Carryover funds for illustrative purposes only