Meeting: **Reservoir Committee & Authority Board Agenda Item 2.1** **November 20, 2026**

Subject: **2027 Budget and Extension of Amendment 3 and Conduct Public Hearing per Government Code Section 3502.3**

Requested Action

Reservoir Committee and Authority Board consider the following actions related to the Project Agreement Amendment 3 Work Plan Update and fiscal year 2027 Annual Budget:

a) Public hearing per Government Code § 3502.3.

b) Approval of Amendment 3 Work Plan update.

c) Approval of an extension of Amendment 3 to June 30, 2027.

d) Adoption of the fiscal year 2027 annual revenue and expense budget, including spending limits by budget package. In taking this action the Board is acknowledging that i) available funding supports the January through June work activity, ii) work activity for July through December depends on securing additional funding, iii) consultant contract authority is limited to amounts covered by available funding.

Revenue and Available Funds

Staff projects $19.073 million in available cash for January through June, including $15.119 million in estimated 2026 cash carryover and $3.954 million in anticipated revenue. First-half revenue includes $3.400 million in federal WIIN funding, $0.375 million in Authority Board dues, $0.145 million in interest and $0.034 million in rental income.

Staff projects $516.180 million in available cash for July through December, including $16.180 million in anticipated revenue and $500 million in assumed participant financing and Pay-Go funds. The forecast assumes receipt of financing in July. Proposition 1 Water Storage Investment Program funding for the second half is included as TBD and will be included after the final funding agreement is executed.

PREPARER: Maltby MANAGER: O'Connell APPROVER: Brown

Amounts in $ millions	Jan–Jun 2027	Jul–Dec 2027	2027 Total
Revenue	$3.954	$16.180	**$20.134**
2026 cash carryover	$15.119	—	**$15.119**
Participant financing/Pay-Go	—	$500.000	**$500.000**
Expected available funds	**$19.073**	**$516.180**	**$535.253**
Cash spending budget	**$19.073**	**$139.477**	**$158.550**
Bureau of Reclamation in-kind (non-cash)	$0.250	$0.250	**$0.500**
Total expense budget including in-kind	**$19.323**	**$139.727**	**$159.050**

2027 Milestones

The 2027 milestones support completion of Amendment 3 and are the initiation of work necessary to achieve the Resolution to Construct. Unlike past years where the work plan described multi-year deliverables, the milestones for 2027 represent the work to be completed in 2027 with the budgeted funds. This gives the Board a basis upon which to evaluate staff and consultant performance within the year and will better inform the actual progress being made to achieving the overall construction schedule within the total project cost estimate. The spending in the first of the seven years of construction is a relatively small amount, but establishing this changed approach early helps the Board and staff to adapt from planning to project delivery. A detailed list of milestones and metrics is attached to this report as Attachment A, 2027 Sites Project Authority Milestones and Metrics.

January through June Milestones

First-half priorities include secure funding commitments for Phases 3, 4 and 5, receive the water right permit for Funks and Stone Corral creeks, and execute benefits contracts with DWR and CDFW. Staff will also advance mitigation and permitting, six priority policies, update the Strategic Plan, and procure the Conveyance construction manager at risk. There is sufficient funds available to complete these activities.

July through December Milestones

Second-half priorities are to secure up to $500 million in initial project financing, initiate accessible geotechnical field investigations, and advance design and value engineering. Staff also plans to complete priority and contingency land acquisitions and build the team and establish the Project Delivery Plan. These milestones depend on securing additional funding.

Resources and Reporting

Meeting the 2027 milestones requires an integrated team involving Authority staff, the owner's delivery support team, construction managers at risk, mitigation contractors and agency permit support. Staff will be preparing a five-year staffing

plan, implement the ERP system and supporting IT systems, and complete required construction power submittals and deposits.

Staff plans a January 2027 Board discussion to establish the conditions precedent to a Resolution to Construct and meeting the overall construction schedule. Staff will provide quarterly financial and milestone updates and bring forward a mid-year budget update to affirm the July-December work activities based on the additional funding secured.

Budget by Package and Construction Accounting

The proposed 2027 budget establishes spending limits by package. Staff will use packages for budgeting, cost tracking and Board reporting in 2027. As the Authority progresses through construction additional breakdowns of the work will occur. For the 2028 budget, staff anticipates to break the packages down by facility and bring a multi-year capital improvement budget to the Board for approval. These cost allocations will assist in the Board's tracking of the entire project and will build the asset management system necessary for long term operations and maintenance.

The system being used for cost tracking and reporting is based on the cost estimating approach that was used for the 30% design cost estimate and follows standard methods used commonly by program managers on other mega-projects.

As the Authority moves into construction, staff will record eligible costs in construction in progress (CIP) accounts as the work is performed, consistent with generally accepted accounting principles. This is necessary for proper cost accounting and depreciating assets. Staff will track eligible costs by package and facility and transfer them to the applicable fixed assets when the facilities are placed in service and initiate depreciation. This will be a change in our financial statements since all previous expenditures were expensed.

Amendment 3 Extension

Amendment 3 expires December 31, 2026. Staff recommends extending it through June 30, 2027, while awaiting signed Benefits and Obligations Contracts.

The extension requires a 75 percent vote by each body. As has been done in past years where Amendment 3 was extended, the meeting record will represent the executing of the date change and the recording of the vote to be affirmation of each agencies approval. Using this approach, there is no need to circulate and receive signature from each party to the Project Agreement.

Prior Action

August 2026 — The Reservoir Committee and Authority Board accepted the Mid-Year 2026 Budget Review and Work Plan status update and authorized a limited geotechnical task order funded primarily through reprioritization of previously budgeted funds.

Fiscal Impact and Funding Source

First-half cash spending of $19.073 million, including $1.342 million in contingency, equals projected first-half available cash. Second-half cash spending of $139.477 million depends on additional funding. Bureau of Reclamation in-kind services are budgeted at $250,000 in each half, bringing annual expenses to $159.050 million.

Staff Contact

Shayleen O'Connell

Primary Service Provider

None

Attachments

Attachment A – 2027 Sites Project Authority Milestones and Metrics
Attachment B – 2027 Budget Revenues and Budget Expenditures
Attachment C – 2027 Org Chart

2027 Sites Project Authority Milestones & Metrics				
Deliverable	**Metric**	**Done**	**Target Completion**	**Notes**
Land – Land & External Affairs Department				
Complete priority acquisition parcels	Approximately 4,600 acres			
Complete the Contingency Land Acquisition Program.	Approximately 1,800 acres		Year-end 2027	
Secure land access rights needed for 2027 construction.				
Mitigation (throughout 2027) – Environmental Planning & Permitting Department				
Terrestrial Biological Mitigation Contract Execution			Q1 2027	Procurement in progress.
Develop the terrestrial compensatory mitigation schedule and approach.			Q4 2027	
Acquire Phase 1 mitigation values for Work Package #1 geotechnical activities on lands owned by the Authority as of the end of 2026.			Q4 2027	
Conduct additional air modeling to support implementation of the air quality MOUs.			Q3 2027	
Fund the air quality MOUs.			Q4 2027	Timing is based on the revised air modeling.
Reservoir & Conveyance – Engineering & Construction Department				
Complete the PDM-1 (Program Development Milestone 1) Delivery Plan to support Resolution to Construct and construction delivery.			End 2027	Fully integrated schedule to PDM-1 and through end of construction
Develop the geotechnical plan work plan in line with environmental requirements, land access, to inform the schedule for completing design and achieving Resolution to Construct.			2nd half of 2027	
Initiate accessible and Geotechnical EA/IS covered geotechnical field investigations.	Initiate 12 borings		2nd half of 2027	At Sites and GG Dam Locations
Develop and implement the work plan to advance to 60% design, including value engineering.	1) Independent review of current design completed and comments resolved and 2) Constructability review of current design completed by both CMARs		End 2027	

2027 Sites Project Authority Milestones & Metrics				
Deliverable	**Metric**	**Done**	**Target Completion**	**Notes**
Adopt the multiyear capital budget of revenues and expenditures needed to support Resolution to Construct and construction delivery.			2nd half of 2027	
Partner with contractors, labor organizations, and local education professionals to support Construction Workforce Policy goals	Through coordination with County education offices, conduct at least 3 job training sessions in the project area.		End of 2027	
Develop policies and procedures for construction pricing.			2nd half of 2027	
Develop policies and procedures for construction change management.			2nd half of 2027	
Develop project delivery standards for quality of work and timely issue resolution.			2nd half of 2027	
Establish cost, schedule, and risk reporting to support Board oversight.			2nd half of 2027	
Conduct field surveys for the Work Package #1 phase authorization packages.	Complete remaining field surveys to support Work Package submission.		Throughout 2027	Supports the December 31, 2027 submission deadline.
Submit the remaining first-phase authorization packages required under the Project's permits for Work Package #1.	Submitted permit work packages for all permits		Dec. 31, 2027	
Conduct additional field surveys as land access becomes available	Complete recording of Survey reports and GIS data		Throughout 2027	As additional land access is granted
Define Construction Power Needs and Sources and achieve submittals and deposits necessary to initiate PG&E engineering studies			End of 2027	
Initiate Construction Traffic Management Planning and determine significant issues of potential concern to local residents			End of 2027	
Complete the Procurement of the Conveyance CMAR			Q1 2027	
Enter into a Generation Interconnection Agreement with CAISO and PG&E for permanent operations power			Q2 2027	Part of the CAISO process

2027 Sites Project Authority Milestones & Metrics				
Deliverable	**Metric**	**Done**	**Target Completion**	**Notes**
Program Wide				
Administration and Finance Department				
Adopt the updated Strategic Plan.			Q1 2027	
Prepare and achieve Board adoption of the highest-priority foundational policies for safety, governance, and decision-making in Phases 3, 4 and 5.	Six policies		End of 2027	
Adopt the Authority and consultant staffing plan.	Five-year planning horizon		Q2 of 2027	
Assemble and onboard the project implementation delivery team, including additional Authority staff, the owner's delivery support team, Conveyance and Reservoir CMAR contractors, and mitigation contractor.			Q3 of 2027	
Implement the ERP system.			Go live Jan 1, 2028	
Procure and Implement supporting IT systems, including document management.			End of 2027	
Relocate and reconfigure the Authority's SharePoint project filing and records systems			End of 2027	
Secure project financing through the 2027 Short Term Notes program.	Up to $500 million		End of Q2 2027	
Secure 100% Funding Commitments for Phase 3/4/5			Q2 2027	
Environmental Planning and Permitting				
Continue to implement the applicable terms and conditions of executed permits, approvals, and agreements.	Authority remains in compliance with its permits/approvals		On-going	
Continue to implement the Final EIR/EIS mitigation measures needed for near-term activities.	Authority remains in compliance with the Final EIR/EIS		On-going	
Continue developing the study activities called for in the Project's Operations ITP.	Authority remains in compliance with the Final EIR/EIS		On-going	
Begin implementing the field study activities called for in the Project's Operations ITP.	Field activities are implemented on the schedule called for in the respective study plan		On-going	Contract for equipment and field services.

2027 Sites Project Authority Milestones & Metrics				
Deliverable	**Metric**	**Done**	**Target Completion**	**Notes**
Continue Tribal engagement activities, including the Tribal Government Working Group and monthly Tribe-specific meetings	Monthly TGWG and Tribe-specific meetings		On-going	This activity will continue into 2028
Prepare the paleontological plan called for in the Final EIR/EIS.	Final Paleontological Plan		Q4 2027	
Begin to prepare the greenhouse gas plan called for in the Final EIR/EIS.	Admin Draft GHG Plan		Q3 2027	This activity will continue into 2028
Begin / continue to prepare other near-term plans called for in the Final EIR/EIS such as the Cemetery Relocation Plan.	Authority remains in compliance with its commitments in the Final EIR/EIS		On-going	This activity will continue into 2028
Begin implementing water right terms and conditions.	Authority remains in compliance with the water right permit		On-going	
Obtain permit amendments as needed when design or conditions change.				None anticipated currently.
Receive a water right permit to appropriate water from Funks and Stone Corral Creek.			End of Q3 2027	
Secure the services of Bureau of Reclamation through in-kind Environmental, Real Estate & Program support			On-going	
Secure Project-level Operations Biological Opinions from USFWS and NMFS, as necessary	Submittal of Biological Assessment and receipt of Biological Opinion(s)		Q4 2027	
Complete Environnemental Compliance Implementation System			Ongoing	Staff is developing the environmental compliance implementation system and has been defining system needs and developing system components. Attachment B identifies this as an outstanding deliverable supporting Imperative 3.

Attachment B

2027 Budget Revenues

Funding source ($ millions)	Jan–Jun	Jul–Dec	2027 total
Authority Board dues	$0.375	—	$0.375
Federal WIIN funding	$3.400	$12.260	$15.660
Proposition 1 WSIP	—	TBD	TBD
Bank interest	$0.145	$3.900	$4.045
Rental income	$0.034	$0.020	$0.054
Total budget revenues	**$3.954**	**$16.180**	**$20.134**
2026 cash carryover	$15.119	—	$15.119
Participant financing and Pay-Go funds	—	$500.000	$500.000
Projected available cash	**$19.073**	**$516.180**	**$535.253**

Proposition 1 WSIP funding is pending the final award. Projected cash assumes $500 million in participant financing and Pay-Go funds in July.

2027 Budget Expenditures

Budget package ($ millions)	Jan–Jun	Jul–Dec	2027 total
Land	$0.732	$52.660	$53.392
Reservoir	$3.176	$28.848	$32.024
Mitigation	$0.739	$22.890	$23.629
Conveyance	$1.657	$12.516	$14.173
Reservoir Clearing & Demolition	$0.212	$0.311	$0.523
Recreation	$0.054	$0.054	$0.108
Dunnigan Pipeline	$0.027	$0.021	$0.048
GCID Improvements	$0.011	$0.011	$0.022
Program-wide	$11.123	$22.166	$33.289
Contingency	$1.342	$0.000	$1.342
Total cash expenditures	**$19.073**	**$139.477**	**$158.550**
Bureau of Reclamation in-kind services	$0.250	$0.250	$0.500
Total budget expenditures	**$19.323**	**$139.727**	**$159.050**

Program-wide includes CAISO deposits and ERP. July–December spending depends on additional funding. In-kind services are non-cash items

Organizational Chart
2027

