Meeting: **Reservoir Committee & Authority Board Agenda Item 2.1** **August 21, 2026**

Subject: **Accept Mid-Year 2026 Budget Review and Workplan Status Update**

## Requested Action:

Reservoir Committee and Authority Board accept the Mid-Year 2026 Budget Review and Work Plan status update and authorize a new task order for limited geotechnical work, funded primarily through the reprioritization of previously budgeted funds.

## Detailed Description/Background:

The Sites Project Authority approved the FY26 Budget, including a revision to the Amendment 3 Work Plan, in October 2025. The budget and work plan projected work through December 31, 2026. As the Project nears the end of Phase 2and advances toward investor commitment, the Authority has implemented mid-year check-ins to facilitate timely adjustments during this critical stage. This report provides the 2026 mid-year budget and work plan status update. Overall, the updated outlook remains largely consistent with the current board approved 2026 budget, considers a maintenance of effort through end of June 2027, and recognizes that further Project decisions will depend on the anticipated September water-right outcome and investor commitment start.

Staff evaluated the work plan and budget adopted in October 2025 and found that the schedule, work priorities, and expense and revenue budgets remain largely consistent with the current 2026 board approved budget, with the following updates:

- Staff has identified additional and conserved cash flow that is available to support current phase activities and maintenance of effort through end of June 2027, if needed.
- Staff recommends authorizing a new task order for limited geotechnical activities as a 2026 work item, funded primarily through the reprioritization of previously budgeted funds.

The water-right permit schedule at a minimum compresses, and possibly extends the anticipated timing for investor commitment. More will be better understood when the revised draft water right is issued on September 3 per the most recent AHO schedule.

### Available Funds

While staff is not proposing a change to the revenue budget, agreements reached in the Partnership Agreement negotiations with Reclamation have resulted in shifting $7.5 million of Federal funding to be available starting in 2026. The current federal funding agreement is being amended to allow continued access to federal funds through June 2027 by October 1. This is considered new revenues to the A3 work plan and provides added funding to be able to sustain operations if needed, through end of June 2026.

Other non-material changes included in the Estimate at Completion are a reduction in AB membership reducing revenue by $40k as one AB member transitioned to a non-voting associate member, an increase in revenue of approximately $50k due to leasing out existing land for grazing, and potentially higher interest income due to higher cash balances in the bank. **Attachment A, Table 3** provides a status of the current revenue budget alongside estimated end-of-year values.

**Table 3**: Currently Adopted vs Proposed Revised 2026 Revenue Budget

| Funding By Source | Adopted 10/2025 | Current 2026 Budget | Change | Est. at Complete |
|---|---|---|---|---|
| RC Cash Call | - - | - - | - - | - - |
| Authority Board Seat Dues | $0.4M | $0.4M | - - | $0.4M |
| Federal (WIIN Act/IIJA) Funding | $5.7M | $5.7M | - - | $13.2M |
| State (Prop 1 [WSIP]) | $10.9M | $10.9M | - - | $10.9M |
| Rental Income | - - | - - | - - | $0.05M |
| Bank Interest | $0.5M | $0.5M | - - | $0.6M |
| **Revenue Total** | **$17.5M** | **$17.5M** | - - | **$25.1M** |

**Note:** Adopted 2026 budgets reflects budgets as approved at October 2025 Board meeting. Current 2026 Budget includes Board approved budget changes through July 2026 and estimated changes to be adopted in August 2026. Est. at Completion is staff current projected forecast.

**Expense Budget**

Staff continues to manage within the adopted FY26 expense budget of $30.0 million across 11 projects. As anticipated when the budget was adopted, staff has made adjustments throughout the year to the allocation of the budget and related contract authority as the Project has progressed and priorities have changed. These adjustments have been approved by the Board at monthly meetings or the Executive Director under delegated authority, as applicable. The table below compares the budget adopted in October 2025 with the current 2026 budget, including approved and proposed reallocations among projects, and presents the current estimate at completion of $28.8 million. All budget transfers are reported to the Budget and Finance Committee and approved by the Board in the Quarterly Financial Report. **Attachment A, Table 2**, provides additional budget detail, and **Attachment B** summarizes the Work Plan's key deliverables and anticipated completion dates.

The current 2026 budget remains at the Board-adopted total of $30.0 million. As the Project has progressed, staff has reallocated funding among projects and adjusted related contract authority. The most significant changes include deferring $1.0 million for interim and permanent financing activities to 2027, when the 2027 short-term notes is expected to occur, and reallocating funding to other priority activities. All changes reflected in the current 2026 budget have been previously approved by the Board or the Executive Director under delegated authority, except for the proposed change related to the limited geotechnical work discussed below.

The current estimate at completion is $28.8 million, approximately $1.2 million below the adopted budget. The estimate at completion reflects staff's current projection of FY26 expenditures based on work completed to date and activities anticipated through year-end. The projected difference is primarily attributable to lower anticipated expenditures due to landowner appraisals for Priority Land Acquisition and Project Management Support, partially offset by other projected expenditures and the proposed limited geotechnical work.

**Table 2**: Adopted 2026 Budget, Current 2026 Budget and Estimate at Completion

| # | Project Name | Adopted 10/2025 | Current 2026 Budget | Change | Est. at Complete |
|---|---|---|---|---|---|
| 101 | Key Agreements & Reports | $0.7M | $1.3M | $0.6M | $1.2M |
| 102 | Key Permits & Environmental Agreements | $0.6M | $0.7M | $0.1M | $0.7M |
| 103 | Interim & Permanent Finance Programs | $1.2M | $0.2M | -$1.0M | $0.2M |
| 201 | Home Board Support | $0.1M | $0.2M | $0.1M | $0.2M |
| 301 | Preparing for Construction & Reservoir CMAR | $7.7M | $8.1M | $0.5M | $8.0M |
| 302 | Priority Acquisition & Land Management | $4.2M | $4.2M | - - | $3.2M |
| 303 | Mitigation Related Activities & Support | $0.4M | $0.4M | - - | $0.4M |
| 304 | Environmental Compliance & Plan Development | $1.0 M | $0.3M | -$0.7M | $0.3M |
| 306 | Conveyance CMAR | $0.8M | $1.2M | $0.5M | $1.2M |
| 901 | Project Management Support | $12.0M | $12.4M | $0.3M | $12.0M |
| 999 | Contingency | $1.4M | $0.9M | -$0.5M | $1.4M |
| | **Expense Total** | **$30.0M** | **$30.0M** | - - | **$28.8M** |

**Note:** Adopted 2026 budget reflects budget as approved at October 2025 Board meeting. Current 2026 Budget includes Board approved budget changes through July 2026 and estimated changes to be adopted in August 2026. Est. at Completion is staff current projected forecast.

Staff recommends authorizing a new task order for limited geotechnical work on Authority owned property centered on collecting select data at the proposed Golden Gate Dam Right Abutment location that will inform the viability of significant value engineering options that have been identified by the early collaboration of the builder and designer. The proposed work tentatively includes four boreholes and the associated analysis, logging, and testing. The estimated level of effort for the field work and supporting activities is approximately $1.2 million and will be tracked and managed under Imperative 3, getting ready for construction (Project No. 301, Preparing for Construction & Reservoir CMAR). The work will be funded primarily through the reallocation of projected underruns and deferred work within Project 301. Included in **Attachment C** is a table outlining specific project budget and consultant contract adjustments being requested for approval under this action.

**Schedule and Cash Flow Management**

The adopted work plan has a period of performance ending December 31, 2026; however, changes to the water-right schedule have extended the anticipated timing for investor commitment and the end of the current phase into 2027. Staff expects an update from the State Water Resources Control Board in September 2026, and further Project decisions will depend on the water-right outcome and investor commitment. In the interim, the updated outlook considers maintaining an appropriate level of effort through June 2027 with anticipated carry over into 2027 of approximately $12 million. This carry over is primarily the result of additional revenue from BOR. When the 2027 Work Plan Update and FY27 Budget are brought to the Board, staff will address the revised schedule assumptions, work priorities, funding needs, and the activities required to complete the current phase. Staff continues to explore management actions to reduce near-term expenditures. Preliminary estimates indicate that approximately $12 million in carryover funds will be required to maintain Project efforts through end of June 2027. The cash-flow curve in **Attachment A, Figure 1**, illustrates staff's adjustments to the changing schedule conditions.

The Budget and Finance Committee has reviewed the 2026 Mid-yr Work Plan Update and Budget Review and all comments have been incorporated into this report.

**<u>Prior Action:</u>**

**November 2025** – Reservoir Committee and Authority Board approval to adjust the contract authority for Fiscal Year 2026 and adjust the five-year not-to-exceed (NTE) consultant contract authority for specified consultant contracts to align with the Board-adopted FY 2026 Budget, and to extend the related contracts through December 31, 2026.

**October 2025** – Reservoir Committee and Authority Board approved the FY26 Budget and took related actions to the Amendment 3 Work Plan Update:

**<u>Fiscal Impact/Funding Source:</u>**

If approved, the requested action would update the FY26 Budget and contract authority while remaining within the total approved FY26 budget. The revised outlook considers maintenance of effort, if needed, through end of June 2027, including authorization of a new task order for limited geotechnical work funded primarily through the reprioritization of previously budgeted funds. The revised work plan cash flow projects an end-of-year balance of approximately $12 million. Staff will continue to monitor Project needs and strive to maintain the availability of existing funds through end of June 2027; further Project decisions and any additional budget actions will depend on the anticipated September water-right outcome and investor commitment start.

**Staff Contact:**

Shayleen O’Connell

**Primary Service Provider:**

None

**Attachments:**

Attachment A – Annual Budget Summary Tables & Cash Flow Curve

Attachment B – Updated Amendment 3 Work Plan Deliverables

Attachment C – Proposed Budget and Contract Changes

# Annual Budget Summary Tables and Cash Flow Curves

**Table 1:** Adopted Simplified A3 Budget vs Proposed Revised Simplified A3 Budget

| **Adopted Budget** | **2025** | **2026** | **Total** |
|---|---|---|---|
| Expense | -- | $30.0M | **$30.0M** |
| Revenue | $12.5M | $17.5M | **$30.0M** |

| **Revised A3 Budget** | **2025** | **2026** | **Total** |
|---|---|---|---|
| Expense | -- | $30.0M | **$30.0M** |
| Revenue | $15.4M | $17.5M | **$32.9M** |

**Note**: Budget includes actual and forecasted values. 2025 carryover funds are shown as FY25 revenue for cash illustrative purposes.

**Table 2**: Adopted 2026 Budget, Current 2026 Budget and Estimate at Completion

| # | Project Name | Adopted 10/2025 | Current 2026 Budget | Change | Est. at Complete |
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| 999 | Contingency | $1.4M | $0.9M | -$0.5M | $1.4M |
| | **Expense Total** | **$30.0M** | **$30.0M** | - - | **$28.8M** |

**Note:** Adopted 2026 budget reflects budget as approved at October 2025 Board meeting. Current 2026 Budget includes Board approved budget changes through July 2026 and estimated changes to be adopted in August 2026. Est. at Completion is staff current projected forecast.

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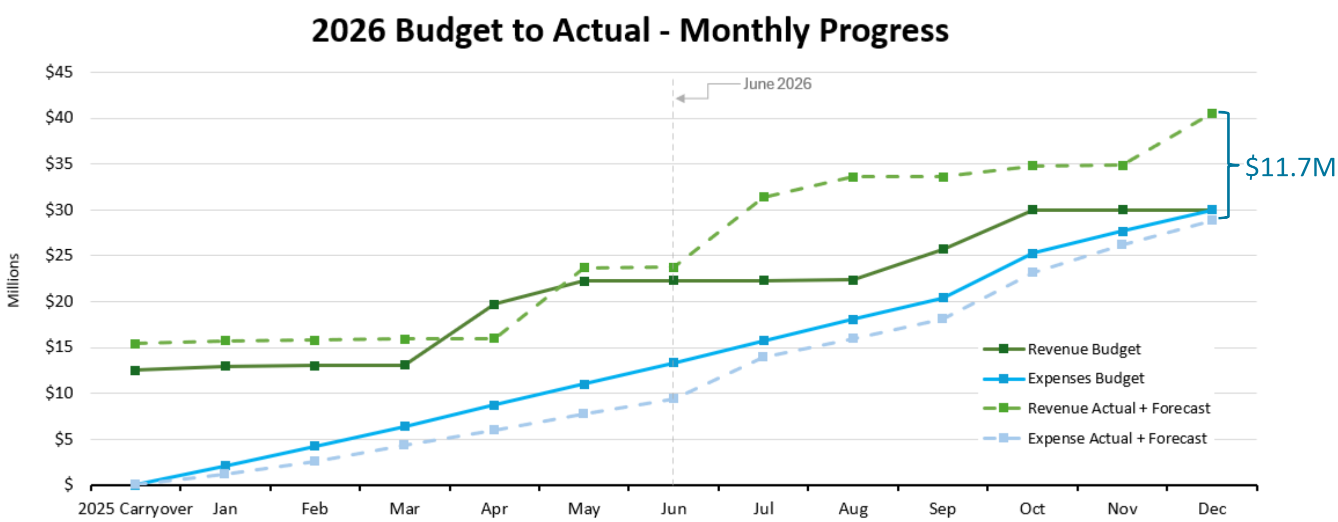
| Rental Income | - - | - - | - - | $0.05M |
| Bank Interest | $0.5M | $0.5M | - - | $0.6M |
| **Revenue Total** | **$17.5M** | **$17.5M** | - - | **$25.1M** |

**Note:** Adopted 2026 budgets reflects budgets as approved at October 2025 Board meeting. Current 2026 Budget includes Board approved budget changes through July 2026 and estimated changes to be adopted in August 2026. Est. at Completion is staff current projected forecast.

**Figure 1:** 2026 Cash Flow Curve




| | Year-to-date (June 2026) | | Annual 2026 Budget | |
|---|---|---|---|---|
| | Budget | Actual | Budget | Actual+Forecast |
| Expense | $13,342,000 | $9,435,000 | $30,000,000 | $28,805,000 |
| 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

| 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 and permitting issuance did not require this level of design at thie time |
| 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 | | Q4 2026 | Complete pending public review and conformance with final Water Right |
| Secure Final Funding with CWC | | Q4 2026 | Supplemnental Funding Determination approved in June 2026 |
| Execute Final Operations Agreement with Facility Partners, State and Federal Agencies | | Q4 2026 | All parties have confirmed acceptance of terms, awaiting final water right to finalize |
| Secure Federal Funding | | Q4 2026 | Partnership Agreement being coordinated with B&O Contract |
| **Executed Partnership Agreement with Reclamation** | | Q4 2026 | Complete but pending conformance with final B&O Contract |
| Complete Loan Applications | ✓ | Q1 2023 | |
| Determine Organization Structure | ✓ | Q3 2024 | |
| Execute Benefits and Obligations Contracts | | Q4 2026 | |
| Obtain Environmental Permits Required for WSIP Final Award | | Q4 2026 | Awaiting CWA 401/404 permits |
| ~~Develop Mitigation Acquisition Master Plan~~ ***Develop Draft Mitigation Strategic Plan*** | ✓ | Q3 2023 | |
| Receive Water Right Order and Permit | | Q4 2026 | |
| ~~Obtain Local Agency Agreements and Permits~~ ***Developer Agreements with Counties*** | ✓ | Q3 2025 | |

| Attachment B - Update to Amendment 3 Work Plan Key Deliverables | | | |
|---|---|---|---|
| **Deliverable** | **Done?** | **Target Completion** | **Notes** |
| 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**** | ✓ | Q1 2026 | |
| ***Complete CAISO Phase I Studies**** | ✓ | Q4 2025 | |
| ***~~Initiate Golden Gate Dam Foundation Sub Project~~*** | | N/A | |
| ***Prepare Comprehensive Risk Register Update*** | ✓ | Q1 2026 | Instead, a risk analysis was performed in conjunction with the project cost estimate update and associated contingencies were included in the revised June 2025 estimate. A risk register will be created as an early Phase 3 activity. |
| ***Determine Construction Water Needs and Sources*** | ✓ | Q3 2025 | |
| ***Determine Construction Power Needs and Sources**** | | Q4 2026 | |
| ***Perform Construction Traffic Management Plan**** | | NA | Traffic management plan will be an evolving plan. Initial draft to be completed in Phase 3. |
| ***Secure Project-level Operations BiOps and other*** | | Q4 2027 | Sites already has programmatic coverage under the 2024 LTO, and operations found to be non-jeopardy. This is needed in ~2033 when Sites operations begin and specific take is needed. |
| ***Terrestrial Biological Mitigation Contract Execution**** | | Q1 2027 | Procurement in progress. Staff expects to begin negotiations with a potential contractor in Q4, 2026 with contract execution in Q1 2027. |
| ***Begin Implementing required EIR, ITP, Section 106, and Water Right Conditions**** | | Ongoing | |
| ***Initiate Greenhouse Gas Emissions Plan**** | | 2027 | This activity has moved into Phase 3. |

| Attachment B - Update to Amendment 3 Work Plan Key Deliverables | | | |
|---|---|---|---|
| **Deliverable** | **Done?** | **Target Completion** | **Notes** |
| ***Complete Environmental Compliance Implementation System **** | | Ongoing | Staff is developing the environmental compliance implementation system and has been defining system needs and developing system components. |
| ***Preliminary Project Baseline Report*** | | Q4 2026 | |
| ***Interim and Permanent Finance Programs**** | | Q4 2026 | |
| ***Procure Conveyance CMAR**** | | Q1 2027 | Active procurement |

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"

**Attachment C:** Description of Proposed Project Budget and Consultant Contract Changes

| Consultant | Descripton | Project No. | Project Name | Amount |
|---|---|---|---|---|
| Uncommitted | Develop & Submit Required Plans for Const. | 301 | Preparing for Construction & Reservoir CMAR | $ (243,685) |
| ICF | Enviro Survey Work - 2026 Botany | 301 | Preparing for Construction & Reservoir CMAR | $ (85,087) |
| HDR | Enviro Survey Work - 2026 Botany | 301 | Preparing for Construction & Reservoir CMAR | $ (25,000) |
| ICF | Enviro Survey Work - 2026 Raptor | 301 | Preparing for Construction & Reservoir CMAR | $ (24,539) |
| HDR | Enviro Survey Work - 2026 Raptor | 301 | Preparing for Construction & Reservoir CMAR | $ (28,012) |
| Barnard | Const. Review Haul Roads | 301 | Preparing for Construction & Reservoir CMAR | $ (175,000) |
| Barnard | Workshops | 301 | Preparing for Construction & Reservoir CMAR | $ (37,500) |
| Uncommitted | Const. Traffic Studies | 301 | Preparing for Construction & Reservoir CMAR | $ (70,000) |
| AECOM | Coordination with DSOD | 301 | Preparing for Construction & Reservoir CMAR | $ (30,000) |
| AECOM | In Person Meetings | 301 | Preparing for Construction & Reservoir CMAR | $ (80,000) |
| AECOM | Const. Power Agreements | 301 | Preparing for Construction & Reservoir CMAR | $ (40,000) |
| Uncommitted | Ground Breaking Ceremony | 301 | Preparing for Construction & Reservoir CMAR | $ (150,000) |
| AECOM | N-S Haul Road Design | 301 | Preparing for Construction & Reservoir CMAR | $ (136,177) |
| AECOM | Calls and Meetings | 301 | Preparing for Construction & Reservoir CMAR | $ (50,000) |
| AECOM | Review of GMP #1 | 301 | Preparing for Construction & Reservoir CMAR | $ (50,000) |
| Montague DeRose | Interim and Permanent Finance Programs | 103 | Interim & Permanent Finance Programs | $ (175,000) |
| HDR | 2026 Cultural Surveys | 301 | Preparing for Construction & Reservoir CMAR | $ (35,000) |
| Barnard | GGD Right Abutment Geotech | 301 | Preparing for Construction & Reservoir CMAR | $ 1,050,000 |
| AECOM | GGD Right Abutment Geotech Logging and Testing | 301 | Preparing for Construction & Reservoir CMAR | $ 150,000 |
| ICF | 2026 Cultural Surveys | 301 | Preparing for Construction & Reservoir CMAR | $ 35,000 |
| BC | Ph 3 Contract Development Support | 301 | Preparing for Construction & Reservoir CMAR | $ 150,000 |
| BBK | Ph 3 Contract Development Support | 301 | Preparing for Construction & Reservoir CMAR | $ 50,000 |
| | | | **Net Change** | **$ -** |