



Meeting: **Reservoir Committee & Authority Board Agenda** **September 18, 2026**  
**Item 2.5**

Subject: **Resolution to Offer Capacity in the Sites Reservoir Project**

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**Requested Action:**

Reservoir Committee and Authority Board consider approval of Resolution 2026-02 to offer capacity in the Sites Reservoir Project based on substantial completion of Conditions Precedent and contingent on completing certain remaining items coincident with the anticipated approval of the Sites Water Right by the State Water Resources Control Board, anticipated to occur November 4, 2026.

**Detailed Description/Background:**

Resolution 2026-02 (Attachment A) is intended to mark a significant project milestone by initiating a start to the investor commitment process for the Sites Reservoir Project. The resolution is designed to place the Project decision formally at the dais of each Participant's 22 governing board, as well as the State of California and Reclamation, and to initiate coordinated approvals needed to transition the Project from development into implementation and delivery. Board approval of the Resolution would kick-off the investor commitment process.

Approval of Resolution 2026-02 authorizes the Sites Project Authority to offer Capacity Interests to existing Participants, contingent upon

1. Incorporation of Project Alignment recommendations into the Benefits & Obligations Contract ("B&O")
2. Execution of Partner Facility Use Agreements (FUAs) with Glenn-Colusa Irrigation District and the Tehama-Colusa Canal Authority and the Operating Services Agreement with RD 108
3. State Water Board Approval of the Final Water Right and the Bay Delta Plan Update

With this approval, each of the existing 22 Participants are requested to sign and complete the B&O requirements to pledge its commitment to pay its share of the obligations of the Project in exchange for receiving its share of Project benefits, as described in the B&O and related Project documents, including the Joint Powers Agreement (JPA), and Bylaws. Similarly, by the Resolution Reclamation is requested to sign the Partnership Agreement, and State Agencies are requested to sign Contracts for Public Benefits Agreements and secure authority to sign the Final Funding Agreement. The action is intended to provide a clear and orderly pathway for Storage Partner decisions, while maintaining alignment across all parties and the integrated, coordinated package of agreements.

The Project has reached a point where it is appropriate to begin the formal Storage Partner-approval process. Storage Partners should proceed expeditiously to secure their internal approvals based on their governance processes and meeting cycles. A firm deadline for completing investor commitment will be established by the Sites Authority following final approval of the Project water right. As a reminder, all existing Authority funds are anticipated to be fully exhausted July 1, 2027 and the agreements are the only mechanism to secure new funding for Project operations. It is imperative that Participants proceed immediately recognizing that a transition to Phase 3/4/5 by end 2026 has i) substantial cost and schedule benefits ii) would put the Project on a firm basis for moving forward by avoiding the uncertainties associated with the upcoming State Administration change. Time is of the essence.

A key driver to initiating the investor commitment process at this time is the recent receipt of the revised September 2026 Revised Draft Water Right. The Sites Authority is encouraged by the State Water Board's revisions, which reflects thoughtful consideration of feedback on the March 2026 draft.

From the Sites Authority's perspective, the terms and conditions contained in the September 2026 Revised Draft Water Right provide a workable basis for a viable Project, provided the Final Water Right does not impose additional restrictions or further reduce Project performance. While the Authority continues to believe that certain terms should be improved to better support Project operations and benefits, the September 2026 Revised Draft represents the minimum acceptable framework for the Project. Accordingly, any material regression from the September 2026 terms that further constrains operations, reduces water supply performance, or diminishes Project benefits could adversely affect Project viability.

The capacity offer contemplated by Resolution 2026-02 is not a standalone action; it is part of a larger integrated and coordination package of agreements intended to define participation, governance, benefits, and obligations for the Project's delivery and long-term operations. The B&O is the central instrument for Participant commitments—describing the obligations Participants will assume, in exchange for receiving benefits, and the structure through which capacity interests are defined and implemented. The JPA and Bylaws provide the governance framework supporting implementation, including Participant representation and decision-making authority during Phases 3, 4, and 5. The resolution is therefore structured to keep these documents aligned and to avoid a situation where parties are forced into an uncoordinated or sequential "go first" posture. Instead, the intent is that the package of documents is advanced together, with effectiveness and implementation structured to occur in a coordinated fashion consistent with the final agreements. As a reminder, the Prop 1 Statute requires all contracts for benefits other than the State public benefits to be secured prior to the CWC release of final funding award, which means the State will be the last approval. No further State funding is available without the final funding award.

The resolution is framed as recognition that the Project has reached a major milestone: moving from Phase 2 development into Phase 3/4/5 delivery. In this framing, the Sites Authority and Participants have sufficiently worked through the major development steps necessary for investment assurance and for the Participant Boards to make participation decisions. The resolution supports a clear determination of progress and readiness, while also being explicit about the remaining contingent items and how those items will be managed to finality.

Resolution 2026-02 and the associated capacity offer process also initiates the state and federal participation commitments.

In summary, Resolution 2026-02 is intended to formally open the investor commitment process, place the decision before Participant, state, and federal governing bodies, and initiate the period that allows Participant approvals to proceed while key contingencies are finalized—setting up the Sites Authority to establish a firm investor commitment deadline upon Final Water Right approval.

**Prior Action:**

None

**Fiscal Impact/Funding Source:**

**Staff Contact:**

JP Robinette

**Attachments**

Attachment A – Resolution to Offer Capacity and Service



**BEFORE THE BOARD OF DIRECTORS OF THE  
SITES PROJECT AUTHORITY**

Resolution No. 2026-02

IN THE MATTER OF:

**RESOLUTION TO OFFER CAPACITY AND SERVICE IN THE SITES RESERVOIR PROJECT**

**WHEREAS**, since 2019, the Sites Reservoir Project (“Project”) has been under Phase 2 development pursuant to the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, the Second Amended and Restated Bylaws of the Sites Project Authority for Phase 2 of the Sites Reservoir Project, the Phase 2 Project Agreement (as amended from time to time), and related agreements and policies; and

**WHEREAS**, as reflected in the Sites Authority’s 2020 Strategic Plan, California has a critical and continuing need for climate-resilient, twenty-first-century water storage infrastructure to responsibly manage and deliver water, improve the environment, and provide flood-control and recreational benefits, and the Authority Board finds that the Project is necessary to advance the shared Project vision of affordable water sustainably managed for California’s farms, cities, and environment for generations to come; and

**WHEREAS**, during Phase 2, the Sites Authority and Participants have materially accomplished the principal objectives of the 2020 Strategic Plan by defining a Project that is affordable, permittable, and buildable, supported by an effective organization, and the Authority Board now finds that the Project is sufficiently defined and advanced to conclude Phase 2 and proceed toward implementation of Phases 3, 4, and 5 as defined in the current Bylaws; and

**WHEREAS**, during Phase 2, the Project has, among other accomplishments, (i) achieved compliance with the California Environmental Quality Act through certification of the Sites Reservoir Project Final Environmental Impact Report/Environmental Impact Statement and the Authority Board’s approval of the Project including successful defense of legal challenge and appeal, (ii) secured compliance with the National Environmental Policy Act and other federal laws as confirmed by the issuance of the Record of Decision for the Project by the Bureau of Reclamation (Reclamation), (iii) maintained eligibility and received a conditional commitment from the California Water Commission of a total of \$1.363 billion in funding from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (“Proposition 1”), secured federal appropriations totaling \$798 million through the WIIN Act, and secured eligibility for project financing with an Water Infrastructure Finance and Innovation Act (“WIFIA”) Loan of 49% of actual project cost and a USDA Small Community Program Loan of \$449 million (iv) secured a Revised Draft Water Right Permit and Order from the State Water Resources Control Board appropriating sufficient Sacramento River water dedicated to support Sites Project purposes and uses in perpetuity and bifurcating to continue consideration of the appropriation of Funks and Stone Corral Creek water for local area uses, (v) developed sufficient Project plans for construction and initial Project plans for operations that provide reasonable assurance of estimated Project costs and schedule, and (vi) secured conveyance arrangements that use existing non-Sites owned facilities that provide for reasonable certainty of Project deliveries to Project Storage Partners; and

**WHEREAS**, the Sites Authority has engaged in a multi-year iterative process in coordination with Participants, State and Federal agencies, and other interested parties to substantially develop final agreements with Storage Partners, including (i) the “three legged governance stool” of the Sites Reservoir Benefits & Obligations Contract (the “B&O Contract”) (supported by the Operations Plan), (ii) the Fifth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement (the “JPA”), (iii) , the Third Amended and Restated Bylaws of the Sites Project Authority for Phase 3, 4 and 5 of the Sites Reservoir Project (the “Bylaws”), (iv) the Contracts for Administration of Public Benefits with CDFW and DWR, and (v) the Partnership Agreement between the Sites Authority and Reclamation; and

**WHEREAS**, the Sites Authority continues to be the owner and operator of the Project, but through execution of the JPA and, by extension, adoption of the Bylaws, the Authority Board elevates the Reservoir Committee to Reservoir Management Board, providing Participants substantial sole authority over decisions concerning design, construction, operation and maintenance of the Project, and shared decision making with the Authority Board in certain matters expressly defined in the JPA and Bylaws; and

**WHEREAS**, based upon the actions, commitments, and assurances received to date, the Authority Board has reasonable assurance that participation by the State of California (for a term not to exceed 70 years from execution of the CAPB) will require up to 17.3 percent of the Project’s Base and Downstream Capacity Interest, and that participation by the United States will account for 16.0 percent of the Project’s Base and Downstream Capacity Interest, and the Sites Authority has contracted for such Capacity Interests for their respective participation, subject to execution of the applicable state and federal agreements and satisfaction of the conditions contained therein; and

**WHEREAS**, the Sites Authority wishes to accommodate varying methods of payment for the Project by Participants and has advanced and secured sources for a pooled financing structure to support those Participants electing to finance a portion of their Project obligations through debt, and the Authority Board commits to incurring such debt financing on behalf of participating Participants; and

**WHEREAS**, in furtherance of such pooled financing, the Sites Authority has negotiated a substantially complete loan agreement under WIFIA, the final execution and closing of which will depend upon, among other things, final Project Participation levels and satisfaction of applicable conditions to closing and has received reasonable assurance of its ability to secure any remaining debt financing required for the Project through the municipal marketplace utilizing the credit of Participants and the expected benefits of the Project; and

**WHEREAS**, the Sites Authority has prepared the *Sites Reservoir Project Baseline Report* (the “Baseline Report”), which provides a fixed-point record of the current Project definition and compilation of the material decisions made by the Authority Board and Reservoir Committee through the conclusion of Phase 2, and which is referenced by this Resolution as a common Project baseline but is not incorporated into or made a contractual component of the B&O Contract; and

**WHEREAS**, part of the Baseline Report constitutes the overall Project schedule and Project cost estimate which demonstrates an end of 2034 operational completion and projected year of expenditure Project cost of \$9.9 billion, including all anticipated contingencies; and

**WHEREAS**, the Sites Authority maintains a list of *Activities to be Completed Prior to Resolution to Offer Capacity & Service and During Investor Commitment Escrow*, commonly referred to as the list of “Conditions Precedent,” which identifies both the activities required before the Sites Authority offers Capacity Interests and those activities that may appropriately be completed during investor commitment escrow; and

**WHEREAS**, the Authority Board finds that the Conditions Precedent required to be completed before making the offer authorized by this Resolution have been completed or substantially completed, and that any remaining Conditions Precedent may appropriately be completed during investor commitment or before commencement of Phase 3/4/5, as applicable; and

**WHEREAS**, the Sites Authority intends to establish a completion deadline for the investor commitment process immediately following the approval of the Sites Water Right permit and order by the State Water Resources Control Board which shall be by subsequent Resolution (; and

**WHEREAS**, any Condition Precedent requiring approval of the Authority Board was first voted on and approved on an advisory basis by the Participants acting through their representatives on the Reservoir Committee; and

**WHEREAS**, the Authority Board confirms that it is necessary for the Project that all Conditions Precedent be satisfied prior to commencement of Phase 3/4/5, and that without limiting the foregoing, (i) it will be necessary for all Participants to execute the B&O Contract before the B&O Contract is effective, (ii) all members of the Authority Board intend to execute the JPA and, by extension, adopt the Bylaws, and (iii) the B&O Contract will not be enforceable by or against any Participant until all Participants sign the B&O Contract and all members of the Authority Board sign the JPA; and

**WHEREAS**, the Sites Authority acknowledges that issuance of the Sites Water Right permit and order and execution of the applicable state and federal agreements remain outstanding, and finds and confirms that those matters are addressed through the conditions to effectiveness of the B&O Contract and related agreements and do not prevent the Sites Authority from offering Capacity Interests at this time; and

**WHEREAS**, Proposition 1 requires, among other things, that all agreements and approvals required for construction be completed before Proposition 1 funds can be awarded unconditionally, making timely authorization and execution of the B&O Contract and related agreements necessary to preserve and advance the Project’s eligibility for such funding; and

**WHEREAS**, It is imperative that Participants proceed immediately to completing their signing of B&O Contracts recognizing that securing a transition to Phase 3/4/5 before end 2026 has i) substantial cost and schedule benefits to the Project, and ii) would put the Project on a firm basis for moving forward by avoiding the uncertainties associated with the upcoming State Administration change - time is of the essence.

**WHEREAS**, the Sites Authority maintains a wait list for interested parties that are not currently Participants, and the Board approved process for activation of the wait list must be

preceded by confirmation of Participant intention and quantity to enter into the B&O Contract, and therefore a timely response to the Sites Authority's offer to enter into the B&O Contract effectuated by this Resolution will be necessary; and

**WHEREAS**, based upon the foregoing, and upon the recommendation of the Reservoir Committee, the Authority Board finds that the Project is sufficiently defined, the applicable pre-offer Conditions Precedent have been completed or substantially completed, and the Sites Authority is prepared to offer each Participant the Capacity Interests identified for that Participant; and

**WHEREAS**, the Reservoir Committee, during an open and noticed meeting, voted to recommend the Authority Board's adoption of this Resolution.

**NOW THEREFORE BE IT RESOLVED**, by the Board of Directors of the Sites Project Authority as follows:

1. The foregoing findings are true and correct.
2. The Authority Board hereby accepts and approves the Baseline Report as a compilation of material decisions made by the Sites Authority through the conclusion of Phase 2; provided, however, that the Baseline Report is not incorporated into and does not constitute a contractual component of the B&O Contract.
3. The Authority Board hereby offers to each Participant, Reclamation and State the Base Capacity Interest and Downstream Capacity Interest identified for that Project Storage Partner in **Exhibit A**, with such Capacity Interests to be secured through timely execution of Contracts in accordance with its terms.
4. The Authority Board hereby determines that the developmental work constituting Phase 2 is complete and that the Project is prepared to transition to Phase 3/4/5 upon final completion of the applicable Conditions Precedent, including execution of the B&O Contract by all required parties, execution of the JPA by all Authority Board members and the resulting adoption of the Bylaws, execution of the applicable state and federal agreements. Upon such effectiveness, the B&O Contract will supersede and replace the Phase 2 Project Agreement in accordance with the terms of those agreements.
5. Sites Authority staff and consultants are directed to take such actions as are necessary and appropriate to effectuate this Resolution, including:
  - a. Final negotiations and preparing execution versions of the B&O Contract, JPA, Bylaws, and applicable state and federal agreements, upon the determination of the Authority Board of the changes made thereto, and provided that no material change may be made to the allocation of benefits, obligations, Capacity Interests, delegated authorities, or reserved decision-making rights without further approval by the Authority Board;

- b. Transmitting the final execution version of the B&O Contract and the applicable Capacity Interest offer to each Participant;
  - c. Scheduling Authority Board approval of a Resolution describing deadline for conclusion of the investor commitment;
  - d. Completing the remaining Conditions Precedent required before commencement of Phase 3/4/5;
  - e. Contracting for the Capacity Interests reserved for participation by the State of California and the Reclamation; and
  - f. Administering the Sites Authority's waitlist process with respect to any Capacity Interests that become available.
6. Sites Authority staff and consultants are hereby authorized and directed to finalize and pursue closing of 2027 Short term notes in preparation for the initiation of Phase 3/4/5 making funds available no later than April 1, 2027.
7. The offers authorized by this Resolution shall remain open and capable of acceptance until the deadline established by the Sites Authority in the transmittal to Participants, unless extended or modified by further action of the Authority Board.

ALL THE FOREGOING, being on motion of \_\_\_\_\_, seconded by \_\_\_\_\_, was hereby authorized by the following vote, to wit:

Reservoir Committee Votes:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

Authority Board Votes:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

I HEREBY CERTIFY that the foregoing is a true copy of the resolution of the Reservoir Committee and the Board of Directors of the SITES PROJECT AUTHORITY as duly passed and adopted by said Board of Directors at a meeting held this 18th day of September, 2026.

WITNESS my hand and official seal of said Board of Directors this 18th day of September, 2026

\_\_\_\_\_,  
Chair of the Authority Board of Directors

\_\_\_\_\_,  
Chair of the Reservoir Committee

DRAFT

**Exhibit A**

**Offered Base Capacity Interest and Downstream Capacity Interest by Storage Partner**

| Entity                                             | Base<br>Facilities<br>Storage<br>Capacity<br>Interest | Base<br>Facilities<br>Capacity<br>Interest<br>Percent | Downstream<br>Facilities<br>Capacity<br>Interest | Downstream<br>Facilities<br>Capacity<br>Interest<br>Percent |
|----------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------|
|                                                    | (AF)                                                  | (%)                                                   | (AF)                                             | (%)                                                         |
| Antelope Valley-East Kern Water Agency             | 3,117                                                 | 0.22%                                                 | 3,117                                            | 0.26%                                                       |
| City of American Canyon                            | 24,936                                                | 1.77%                                                 | 24,936                                           | 2.11%                                                       |
| Coachella Valley Water District                    | 62,340                                                | 4.42%                                                 | 62,340                                           | 5.27%                                                       |
| Colusa County                                      | 18,702                                                | 1.33%                                                 | -                                                | 0.00%                                                       |
| Colusa County Water District                       | 57,702                                                | 4.09%                                                 | -                                                | 0.00%                                                       |
| Cortina Water District                             | 2,805                                                 | 0.20%                                                 | -                                                | 0.00%                                                       |
| Davis Water District                               | 12,468                                                | 0.88%                                                 | -                                                | 0.00%                                                       |
| Desert Water Agency                                | 40,521                                                | 2.87%                                                 | 40,521                                           | 3.43%                                                       |
| Dunnigan Water District                            | 18,527                                                | 1.31%                                                 | -                                                | 0.00%                                                       |
| Glenn-Colusa Irrigation District                   | 6,234                                                 | 0.44%                                                 | -                                                | 0.00%                                                       |
| Irvine Ranch Water District                        | 6,234                                                 | 0.44%                                                 | 6,234                                            | 0.53%                                                       |
| La Grande Water District                           | 6,234                                                 | 0.44%                                                 | -                                                | 0.00%                                                       |
| Metropolitan Water District of Southern California | 311,700                                               | 22.11%                                                | 311,700                                          | 26.37%                                                      |
| Reclamation District 108                           | 6,234                                                 | 0.44%                                                 | -                                                | 0.00%                                                       |
| Rosedale-Rio Bravo Water Storage District          | 3,117                                                 | 0.22%                                                 | 3,117                                            | 0.26%                                                       |
| San Bernardino Valley Municipal Water District     | 133,408                                               | 9.46%                                                 | 133,408                                          | 11.29%                                                      |
| San Geronio Pass Water Agency                      | 87,276                                                | 6.19%                                                 | 87,276                                           | 7.38%                                                       |
| Santa Clara Valley Water District                  | 9,351                                                 | 0.66%                                                 | 9,351                                            | 0.79%                                                       |
| Santa Clarita Valley Water Agency                  | 31,170                                                | 2.21%                                                 | 31,170                                           | 2.64%                                                       |
| Westside Water District                            | 23,204                                                | 1.65%                                                 | -                                                | 0.00%                                                       |
| Wheeler Ridge-Maricopa Water Storage District      | 12,780                                                | 0.91%                                                 | 12,780                                           | 1.08%                                                       |
| Zone 7 Water Agency                                | 62,340                                                | 4.42%                                                 | 62,340                                           | 5.27%                                                       |
| <b>Total</b>                                       | <b>940,400</b>                                        | <b>66.70%</b>                                         | <b>788,290</b>                                   | <b>66.70%</b>                                               |
| State                                              | 244,000                                               | 17.3%                                                 | 244,000                                          | 17.3%                                                       |
| Federal                                            | 225,600                                               | 16.0%                                                 | 225,600                                          | 16.0%                                                       |
| <b>Total</b>                                       | <b>469,600</b>                                        | <b>33.3%</b>                                          | <b>469,600</b>                                   | <b>33.3%</b>                                                |
| <b>Grand Total</b>                                 | <b>1,410,000</b>                                      | <b>100.0%</b>                                         | <b>1,257,890</b>                                 | <b>100.0%</b>                                               |