



Meeting: **Reservoir Committee & Authority Board Agenda
Item 3.1**

October 16, 2026

Subject: **Project Alignment Ad Hoc Concepts**

Requested Action:

Receive an update on progress of the Project Alignment Ad Hoc Workgroup and provide comments on concepts being evaluated to support continued Sacramento Valley participation, improve Project performance, and advance the shared interests of all Participants.

Detailed Description/Background:

Based on various Participant concerns raised through the development of the B&O Contract, in July 2026 the RC Chair established a Project Alignment Ad Hoc Workgroup with the following scope:

The scope of the Project Alignment Ad Hoc is to develop recommendations to include in the B&O, Bylaws, and JPA contract documents that accomplish continued North State Participation in the project and achieve outcomes desired by South of Delta Participants from their investment in the Project.

The workgroup's discussions have been guided by three shared interests: (1) increasing confidence in the reliable conveyance of water into and out of Sites Reservoir; (2) maintaining Project affordability for all Participants; and (3) sustaining meaningful Sac Valley PWA participation and leadership in the Project.

Over the course of several meetings, the Project Alignment Ad Hoc Workgroup has engaged in productive discussions regarding opportunities to improve the likelihood of the Project's long-term success while supporting continued participation and leadership by Sacramento Valley public water agencies (Sac Valley PWAs). The Ad Hoc Workgroup has determined that, based on progress to date, further discussion is warranted.

The concepts currently under consideration focus on opportunities to improve Project performance, make more efficient use of available water supplies and infrastructure, and recognize the value that Sac Valley PWAs being participants in the project provide. These concepts include:

- a) Public Benefit Water Supply and Funding Arrangements. Evaluate opportunities for Sac Valley Participants to make water available from their Sites accounts to supplement or satisfy certain public benefit delivery obligations, or to support eligibility for other State funding programs. Associated financial arrangements would be evaluated based on the water supply benefits provided and applicable State funding requirements. If feasible, these arrangements could improve operational flexibility and the

efficient use of available storage capacity for the benefit of the Project and all Participants.

- b) Water Supply Augmentation. Develop a framework for voluntary medium- to long-term water supply arrangements between willing Sac Valley Participants and other Sites Participants. These arrangements could provide additional supply opportunities from the reservoir or in conjunction with possible future groundwater banks in the area and create more operational flexibility, with specific quantities, pricing, and other terms established through separate agreements.
- c) Water Management and Conveyance Services. Develop a framework for water management services that certain Sac Valley Participants may provide to improve the efficiency and reliability of downstream conveyance, including opportunities to reduce or offset conveyance losses. Specific services, operating requirements, and compensation would be developed through appropriate operating or other agreements.

Collectively, these concepts seek to identify mutually beneficial arrangements that support the Project's long-term financial and operational success while recognizing the important role of Sac Valley PWAs in the Project.

Implementation of these concepts may require limited provisions in the B&O Contract recognizing agreed principles and commitments, with detailed arrangements established through separate operating, water supply, or other agreements. The workgroup is continuing to evaluate the contractual, financial, and operational requirements associated with each concept.

The workgroup anticipates completing its evaluation and presenting recommendations to the Board at the November 6 Special Board Meeting. This work is being coordinated with the completion of the B&O Contract, JPA Agreement, and Bylaws and is not expected to delay their finalization.

Prior Action:

None

Fiscal Impact/Funding Source:

No immediate fiscal impact is associated with receiving this report. The financial implications of the concepts under consideration will be evaluated as part of the workgroup's recommendations and any subsequent agreements presented for approval.

Staff Contact:

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