



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

March 20, 2026

Subject: **Progress Update #3 on Development of Program Baseline Report – Water Supply Benefits**

Requested Action:

Receive a status update #3 on the development of the Program Baseline Report - Water Supply Benefits.

Detailed Description/Background:

The Baseline Report, which will be finalized shortly after the draft water right is issued, will give Storage Partners consistent, transparent information needed to make the financial commitment to build and operate the Project. Over the last few months, staff have presented various topics that will be included in the Program Baseline Report (PBR):

- Program Baseline Report Table of Contents (November 2025 Board meeting)
- Updated Project Schedule (January 2026 Board meeting)
- Updated Project Cost and Plan of Finance (January 2026 Board meeting)

This approach ensures that Storage Partners have the opportunity to review and provide input on key elements before the final PBR is proposed for acceptance, currently planned for May 2026 in conjunction with the Resolution to Offer Capacity (assuming a draft water right order before April 1).

The purpose of this Staff Report is to describe qualitatively how the Project's water supply benefits will be presented in the Baseline Report. There are many additional project benefits, including but not limited to regional flood control, recreation, job creation, and economic stimulation locally/regionally. These additional benefits will be covered in the PBR, but Participants have requested more clarity on the Projects' water supply benefits which is why this report is solely dedicated to this area of benefits alone.

Overall, the PBR is being developed to consistently communicate across multiple agencies in order to achieve the needed support for Participant decision-making regarding execution of the Benefits and Obligations Contract (B&O Contract). Similarly, the PBR is expected to be useful related to approvals of the State and Federal contracts. The report is structured around the main questions raised by Participants:

- How much water might the Sites Project provide?
- How does Sites Water reach the point of delivery?
- How much will it cost?
- What is the schedule?

Water Supply Benefits

The determination and presentation of water supply benefits is tied to the CalSim modeling. Consistent with Participant input, the team continues to customize the CalSim 3 model to examine the specific needs and opportunities for north-of-Delta Participants and south-of-Delta Participants. Additional components are being refined to respond to specific Project performance questions posed by Participants.

The CalSim 3 model will be affirmed after the draft water right is issued. The current modeling work is meant to establish "bookends" for north-of-Delta and south-of-Delta water supplies depending on the Participant's operation of their storage account, which is to expected provide a range of anticipated performance outcomes rather than a single point estimate. This approach acknowledges the inherent uncertainties in long-term water supply modeling and regulatory conditions and also reflects the variability that may occur in Project performance depending on how each Participant chooses to manage their account.

Approach to Presenting Water Supply Benefits in the Baseline Report

Water supply benefits will be presented in the Baseline Report in a variety of ways:

- Long-term average releases and deliveries to Storage Partners, broken out by:
 - North of Delta
 - South of Delta
 - North Bay Aqueduct
 - Reclamation Operations
 - Prop 1 Wetland/Refuge Water
- Comparisons of operational approaches and examples of how they influence the range of benefits

The benefits presentation will focus on the assumptions in the modeling process, and the current status of the work including north-of-Delta and south-of-Delta bookends.

Model Limitations and Uncertainties

The Baseline Report will describe the limitations of the modeling to ensure Participants understand the context and confidence levels associated with the benefits analysis. Key limitations include:

- Climate change uncertainty and the range of potential future hydrology

- Regulatory uncertainty regarding future biological opinions and water quality standards
- Operational uncertainty related to how Storage Partners may choose to manage their allocations
- System uncertainty related to CVP and SWP operations and constraints

The benefits presented in the PBR are not intended to be a "big reveal" of new information, but rather a transparent compilation of the modeling work that has been ongoing and discussed with Participants throughout the planning process.

Participation Changes

Two factors that would require modifications to the model are (1) significant differences between current modeling assumptions and the draft water right, and (2) significant changes in participation, i.e., a need for rebalancing. Currently, the modeling can accommodate either an "even haircut" or "uneven haircut" assumption to make room for Reclamation at 16%.

The Baseline Report will reflect the participation at the time of issuance and describe the approach that will be taken should future changes in participation (amount or mix) be necessary. In the unexpected situation that an examination of facility sizings becomes necessary, the Authority will reassemble the Value Planning Committee or a similar group of Participant representatives to work through the implications and ensure the Project remains right-sized and affordable while achieving 100% participation.

This adaptive approach recognizes that the Project must remain flexible to respond to changing Participant needs while maintaining the technical and financial integrity required for successful delivery.

Report Structure and Organization

Consistent with the overall PBR structure presented in November 2025, the water supply benefits section will be organized to provide clear, accessible information for a broad audience while including sufficient technical detail for reviewers and decision-makers across multiple agencies. Detailed tables and technical appendices will be structured so they can be updated as the Project advances, while the main text remains "evergreen."

Risk identification and treatment will be woven throughout the water supply benefits discussion, explaining:

- The factors considered in the development of the values shown
- How the uncertainty in these factors has been accounted for in the water supply benefits analysis
- How the uncertainty in these factors will be managed going forward

Next Steps

Staff will present the finalized water supply benefits analysis to the Board at the May 2026 meeting (assuming a draft water right order by April 1), with final incorporation into the Program Baseline Report planned for adoption at the same meeting.

Fiscal Impact/Funding Source:

This development of the Program Baseline Report is budgeted within the current Work Plan and no additional fiscal impacts are anticipated. Although the Board needs to keep in mind and will need to intervene if there are excessive individual agency requests that do not serve the needs of multiple agencies. There is insufficient budget to customize the PBR to meet every need of every agency. The PBR and other prior records of the Sites Authority are intended to be inclusive of all the Authority provided documentation to agencies in making their investment decision.

Prior Action:

January 2026: Approved of the updated project schedule including adjusting the project operational completion date from end of 2032 to end of 2033.

Staff Contact:

JP Robinette/Brian Thomas/Jerry Brown

Primary Service Provider:

HDR

Attachments:

None