



Meeting: **Reservoir Committee & Authority Board**
Agenda Item 3.3

March 20, 2026

Subject: **Letter of Mutual Understanding (LOMU) with Lower Colusa Basin Drain (CBD) System**

Requested Action:

Receive an update on Lower Colusa Basin Drain System conditions precedent to Investor Commitment.

Detailed Description/Background:

The Sites Reservoir Project (Project) plans to utilize existing conveyance systems as part of the operations of the Project, including the lower portion of the CBD and associated facilities (“Lower CBD System”). In September 2023, the Sites Authority Board Resolution #2023-01 adopted the Principles of Use, which establish guidelines for the Project’s planning activities related to the use of the Lower CBD System.

In accordance with the Principles, the Sites Project Authority (SPA) formed the Lower CBD Working Group in 2023 to work in collaboration with agencies and the local community, including landowners and their representatives, to address opportunities and concerns with Project operations in the Lower CBD System. A Cooperative Agreement between Sites Authority and Reclamation District No. 108 (RD 108) was also executed in August 2023 to support planning efforts on the Lower CBD System.

In January 2024, Staff received input from the Reservoir Committee (RC) and Authority Board (AB) on the key Lower CBD System topics requiring more certainty prior to investor commitment. These topics included real property considerations for flowing Sites Water through and along the Lower CBD System and a term sheet for the use of the Knights Landing Outfall Gates. Both of these items were completed and provided in September 2025.

In October 2025, a group of Participants who will require use of downstream facilities to receive Sites Water completed a tour of the Lower CBD system. After this tour, this group met to consider what additional assurances they would need before entering the investor commitment period. The following deliverables were established:

1. Letter of Mutual Understanding Between the SPA and Lower CBD Parties
2. A Technical Memo comparing the use of the Lower CBD System to a pipeline to the river that will include:

- a. Costs, losses, comparison, opportunities for increased capacity
 - b. Assumptions for losses in CBD for the operations model
 - c. Development of an itemized cost estimate for CBD improvements rather than using contingency
 - d. Verification that the local facility capacity is adequate and understanding for opportunities for increased capacity at times to accommodate planned Sites releases
3. An operations agreement (or, Facilities Use Agreement) between the SPA and RD108 for CBD operations (see item 3.4)

Letter of Mutual Understanding

Staff has developed a Letter of Mutual Understanding (LoMU – Attachment A) to document key issues in the Lower CBD system and provide a signatory means of confirming mutual interest in working through these issues. The LoMU was presented to the Lower CBD working group on February 3rd, 2026. RD 108 and the Knights Landing Ridge Drainage District have signed the LoMU. Staff has reached out to other stakeholders along the Lower CBD. Several Stakeholders have expressed interest, support for the Project, and general agreement with the LoMU language. At the same time, Stakeholders have expressed a wariness to sign the LoMU that has generally been tied to the following concerns:

- The implication that a signature means full support of the Project prior to Project details, land issues, and operational agreements being established.
- Historical concerns with state agencies not following through on their commitments.

Staff is working proactively to address these concerns with model calibrations, analysis, and engagement with the Lower CBD Working Group. Signatures will be solicited until April 10, 2026. A status update on LoMU signatures will be provided to the Board in the April board meeting.

Lower CBD System Technical Memoranda

Two technical memoranda are being developed related to the Lower CBD system. The first technical memo is the Lower CBD System Modeling memo that includes model updates and calibration to refine Lower CBD costs, losses, and capacity. This recently completed modeling identifies the required embankment improvement to protect agricultural land along the Lower CBD and better defines the lower CBD system capacity. These model results were presented to the March Conveyance Ad Hoc, the March Operations and Engineering Working Group, and

will be presented to the Lower CBD working group later this month. The technical memo documenting this work will be completed in late March 2026.

The second technical memo is a Conveyance memo that will include a comparison of the Lower CBD System alternative to a pipeline to the Sacramento River. This technical memo will include costs, schedule impacts, benefits, drawbacks and unknowns for both alternatives and will be complete in April 2026. Following staff review, these technical memoranda will be provided for the Authority Board/Reservoir Committee to review and consider prior to the initiation of the investor commitment period.

Prior Action:

September 2025: Received an update on construction and operations considerations for the Lower Colusa Basin Drain System.

January 2024: Reviewed and commented on the Lower Colusa Basin Drain System's list of potential long-term agreements and related near-term actions to support the Benefits and Obligations Contract development process.

Fiscal Impact/Funding Source:

There are sufficient funds in the Amendment 3 work plan to pay the costs related to this effort. It is expected that the expenditure of funds will run through the end of the Amendment 3 Work Plan, currently December 31, 2025.

Staff Contact:

JP Robinette/Rob Natoli

Primary Service Provider:

Brown & Caldwell/HDR

Attachment:

Attachment A: LoMU with Resolution 2023-01 Principles of Use of the Lower Colusa Basin Drain System attached



March 3, 2026

Subject: Letter of Mutual Understanding: Continued Support for Sites Reservoir Project's (Project) Planning and Design Activities on the Use of the Lower Colusa Basin Drain (CBD) System

Lower CBD System Working Group Partners,

Starting in September 2023, we have been engaging with you on the planning activities for the Project through the Lower CBD System Working Group. As the Project advances towards design and construction, this Letter of Mutual Understanding (LOMU) is intended to document our continued partnership in planning and design activities on the Project's potential use of the Lower CBD System to convey Project releases.

As you know, the success of the Project depends on the use of existing Sacramento Valley water infrastructure to move water to downstream users. This infrastructure includes the CBD from Balsdon Weir downstream to the Knights Landing Outfall Gates (KLOG), where Project releases can be conveyed to the Sacramento River. Project releases may also have backwater effects into the Knights Landing Ridge Cut (KLRC), which discharges to the Yolo Bypass via Wallace Weir. Because the CBD is so flat in this area, the water surface elevation (WSE) at KLOG affects the WSE down the KLRC to Wallace Weir. Together, we call these facilities and this region the "Lower CBD System". From the Sacramento River, Project releases can then be delivered to locations in and south of the Sacramento-San Joaquin Delta. The Lower CBD System is a complex network of infrastructure and waterways that involves multiple partner agencies, private landowners, and a long history of cooperation and water operations. The Sites Authority has appreciated your support in improving our understanding and navigating this complexity.

Over the last two years of working with you and the rest of the community, the Sites Authority has abided by the *Principles Establishing Guidelines for the Sites Project's Use of the Lower CBD System* ("Principles", Authority Resolution No. 2023-01, adopted September 22, 2023; see Attachment A), which has provided a framework for our discussions on land use, easements, operations impacts, maintenance requirements, hydraulics, flood protection, permitting, and existing agreements. The Principles were also integrated into the *Term Sheet for the Knights Landing Outfall Gates Operations Agreement* between the Sites Authority and the California Department of Water Resources executed on March 21, 2025.

Under this LOMU, we jointly acknowledge the potential net benefits of the Project's use of the Lower CBD System to other users and the region. We are committed to working cooperatively in good faith to reasonably address remaining technical, institutional, financial, legal, and regulatory issues during the next phase of planning, design, and construction activities. These issues include, but are not limited to:

- timing and hydraulic effects (positive and negative) of Project operations,
- acquisition of property easements to establish legal rights the Sites Authority needs to secure in its use of the Lower CBD,
- coordination of construction activities to avoid and/or minimize impacts on existing uses of the CBD,

- long-term improvements, operations, and maintenance of the Lower CBD System, including financing and governance structure,
- development of mutually agreed to mitigation for Sites water impacts to farmer operations in the Lower CBD, and
- support for DWR’s ability to meet the terms of the Hershey Agreement.

Current plans for Project operations indicate that Project releases to the Sacramento River can generally be accommodated within the existing operational parameters of the KLOG, and no KLOG setpoint adjustments are needed. Ongoing hydraulic modeling refinements will address this issue.

Resolution of the issues above will ultimately be incorporated into Project agreements and the Sites Authority Operations Plan. To advance progress on these issues, the Sites Authority is finalizing an Operations Agreement with Reclamation District 108 (RD 108) for the future operations of Dunnigan Pipeline, in coordination with the Tehama Colusa Canal Authority, and the Lower CBD System on behalf of the Sites Authority. Operations activities include: monitoring of Lower CBD system physical conditions, hydraulic controls and management of releases from the Project, landowner coordination, emergency response, and routine maintenance. RD 108 has local presence, deep and longstanding relationships with many landowners and agencies in the region, experience with agricultural and water supply operations, and a vision for the CBD intended to provide regional benefits. Our continued work together will support the timely execution of the other agreements necessary for advancement of the Project’s implementation. Such agreements include the planned acquisition of Lower CBD System property easements and the execution of the KLOG Operations Agreement. The current Project schedule envisions completion of Lower CBD System planning studies by around December 2027, initiation of Project construction in October 2026, and the start of Project operations by December 2033.

The following signatures represent the good faith commitment of the parties to continue our cooperative partnership towards these future agreements.

Sincerely,

Jerry Brown
Sites Project Authority Executive Director

Name:

Organization:



**BEFORE THE BOARD OF DIRECTORS AND RESERVOIR COMMITTEE OF THE
SITES PROJECT AUTHORITY**

Resolution No. 2023-01

IN THE MATTER OF:

**RESOLUTION ADOPTING PRINCIPLES ESTABLISHING GUIDELINES FOR THE SITES PROJECT'S USE OF THE
LOWER COLUSA BASIN DRAIN (CBD) SYSTEM.**

WHEREAS, this Board has reviewed and determined that the principles, as outlined below, are aligned with the Authority's core values.

- **Existing operation and uses of the Lower CBD System:**
 - The Sites Authority will limit its operations to confine any and all potential effects to be within the geographical and operational extent defined as the Lower CBD System.
 - The Sites Authority acknowledges the priority of the existing operations and uses of the CBD and will avoid impacts to such existing users, unless mutually agreed to otherwise by affected parties and the Sites Authority. These commitments will be memorialized in future agreements.
- **Partnership with local partners:**
 - The Sites Authority will closely coordinate its Project engineering analysis and development with the local agencies with jurisdiction over the Lower CBD System. The Sites Authority values the knowledge, experience, and expertise of the local agencies with jurisdiction to inform Project planning and decisions.
 - The Sites Authority wishes to work cooperatively with the local agencies with jurisdiction to leverage the Project's investments in the Lower CBD System to the benefit of existing users of the Lower CBD System where feasible and cost-effective to the Project to do so. The Project operates under the beneficiary pays principle.
 - If desired by the local agencies with jurisdiction, the Sites Authority commits to providing a leadership role in the organizing and capacity building that would lead to betterment of the Lower CBD System in the long term.
- **Water rights and water accounting:**
 - The Sites Authority commits to, at all times, respect senior water rights in the watersheds affected by Project operations.
 - The Sites Authority will develop a Measurement and Monitoring Plan for Sites Reservoir Project water diversions and releases. Such Project-related data collection will be transparent and accessible to local agencies with jurisdiction.

Should there be any monitoring or reporting required by outside agencies on the Project for information not within the control of the Sites Authority, the local agency with jurisdiction will be consulted.

• **Maintenance and capital improvements:**

- The Sites Authority will contribute its fair and reasonable cost share in the future maintenance and improvement of infrastructure within the Lower CBD System proportional to the benefits received by Project.

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

1. The Board has reviewed the Principles Establishing Guidelines for the Sites Project's Use of the Lower Colusa Basin Drain System, and approves of the same.
2. Authority staff and consultants are directed to adhere to the guidelines outlined in the Principles during engagement with other entities and landowners within the Lower Colusa Basin Drain System and in the forming of agreements with other parties as needed.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Sites Project Authority this **22 of September 2023** by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

I, Fritz Durst, Chair of the Authority Board of the Sites Project Authority, do hereby certify that the resolution set forth above is a true and accurate copy of the resolution of the Sites Project Authority at a duly called meeting of the Board on the **22nd of September 2023** and that said resolution has not been rescinded, amended, or modified and is in full force and effect as of the date hereof.

In witness whereof, I have executed this certificate this 22nd of September 2023.



Fritz Durst, Authority Board Chair

ATTESTED



Valerie Pryor, Reservoir Committee Chair



Terri Boland, Board Clerk