



Meeting: **Reservoir Committee & Authority Board's
Benefits & Obligations Contract Workshop**

May 08, 2026

Subject: **Issue Paper #4 – Partner Facilities**

Staff Recommendation:

Staff recommends that B&O terms be revised to further clarify the Sites Authority's obligation to Participants to enter into, maintain, and ensure compliance with Facility Use Agreements ("FUAs") with Partner Agencies that would ensure best efforts, consistent with Good Industry Practice, to maximize Project benefits while adhering to technical and legal constraints.

Background:

The Project relies on certain existing infrastructure ("Partner Facilities") which are owned and operated by agencies other than the Sites Authority. The Sites Authority is negotiating FUAs with GCID and TCCA, and an excess capacity agreement with Reclamation (the "Facility Partners") which would allow Sites Water to be conveyed through the Partner Facilities.

Importantly, today's B&O workshop does not serve as a negotiation of the FUAs themselves. Negotiations for specific facility agreements are separate, ongoing processes led by a Sites Authority-appointed lead negotiator. These negotiations follow the Sites Authority's established agreement preparation process, which includes negotiating parameters being provided by the AB and the Reservoir Committee to the lead negotiator. Comments regarding specific assurances or performance metrics from Facility Partners must be addressed within those separate negotiations. In the interest of not putting any Sites Authority Board or Reservoir Committee members in a potentially conflicted position, Board and Reservoir Committee members should refrain from addressing these topics outside of a duly noticed meeting of the Sites Authority Board and/or Reservoir Committee.

Another potentially relevant consideration in today's discussion is Section 2.5 of the JPA (and 2.6 in the proposed JPA amendments, which is expanded to include RD108), which reads:

GCID and TCCA Operations: The Authority Members anticipate that the Sites Reservoir Project will be within or adjacent to GCID and/or TCCA districts with at least a portion of the conveyance of water into the reservoir to be accomplished by wheeling water through GCID's Main Canal and/or the

Tehama-Colusa Canal. The Authority shall not have the power, except with the express written consent of GCID and/or TCCA, depending on which facilities are at issue, to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of GCID and/or TCCA (and, in the case of TCCA, the water agencies it serves) or the operations of their facilities or any facilities they operate under contract.

Summary of Related Participant Comments:

Staff's understanding is that Participant comments express a need for the Sites Authority to take formal responsibility for Project-wide operational continuity within the B&O. They seek clear contractual obligations for the Sites Authority to enter into, manage, and ensure compliance with the necessary Facilities Use Agreements. The core concern appears to be that without such contractual commitment and accountability, the Participants ability to achieve its delivery expectations—and thereby realize the Project's modeled benefits—remains uncertain due to the Sites Authority's interface points with third-party systems on behalf of Participants.

Rationale for Staff Recommendation:

Staff's recommendation for revisions to the B&O Contract provides the assurances Project Participants desire for Sites Authority agreements needed to reasonably assure Project benefits are delivered while keeping within the limits to which the Sites Authority can reasonably commit to attain operations of facilities owned and operated by others.

The Sites Authority already commits in the B&O Contract:

- To operating the Project to a standard of Good Industry Practice. This performance standard would apply to the administration of Facility Use Agreements and the operations of the Sites Owned Facilities (see section 4.1.1);
- Protect the Sites Water Right and manage, control and protect Sites Water in accordance with Good Industry Practice (see section 4.1.2); and
- Together with the Participants to take reasonable steps to optimize the diversion and beneficial use of Sites Water (see section 4.1.2).
- In addition, consistent with the Bylaws and JPA Agreement, and as further described below no new or amended FUA's may be entered without Reservoir Management Board and Sites Authority Board approval (see Bylaws Sections 12.3.2 and 12.3.4).

In addition to these existing provisions, Staff recommends additions to the B&O Contract including:

Revise Section 4.13 of the B&O Contract to read as follows:

A. Maintenance and Compliance with Partner Agreements

The Sites Authority shall (i) enter into, (ii) maintain, and (iii) ensure compliance with, each applicable Partner Agreement necessary for the operation of the Project in accordance with this Contract, the Operations Plan and Good Industry Practice. In performing its obligations under this Contract, the Sites Authority shall ensure terms of the Partner Agreements are complied with.

Staff also recommends including provisions in the B&O Contract that clarify that where deemed reasonable and necessary by the RMB, the Sites Authority shall develop and execute a plan approved by the RMB to proceed with alternative conveyance should such action be deemed necessary at any point in the future.

In addition to the proposed B&O changes, Staff feels it may be helpful to remind all Board members that governance of the project affords Reservoir Committee and Sites Authority Board members active involvement in decision making related to development and implementation of all Sites Authority agreements Participants are relying upon for the delivery of Project benefits as follows:

- **Agreement Negotiation Process:** Agreement terms are developed through a process where the lead negotiator receives negotiating parameters from the whole Board. This ensures that those who fund the Project have a voice in setting the terms for agreements entered into by the Sites Authority, and this gets balanced against those that are representing local needs and concerns.
- **Agreement Implementation:** Per Section 10 of the proposed amended Bylaws, the RMB is to be delegated full authority to plan and oversee Project operations and to direct staff in implementation of agreements, subject only to the Sites Authority Board's determination that an RMB decision related to agreement implementation would be contrary to law or would violate a contract. If that were to occur and result in a dispute between the Sites Authority Board and a Participant or group of Participants, the dispute resolution terms of Section 13 would control.
- **Agreement Changes:** The agreements related to this issue can only be amended as a Shared Decisions under Section 12.3.2 and 12.3.4 of the

Bylaws, requiring a 75% affirmative vote from both the Board and the RMB. Neither Board is able to amend agreements without the concurrence of the other Board.

Contract and Section Affected:

Section 4.13 of the B&O Contract

Attachments:

Attachment A: Authority Obligations to Participants for All Agreements

Authority Obligations to Participants for All Agreements

