



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

**May 08, 2026**

Subject: **Issue Paper #5 – Release of Water/Point of Delivery**

---

**Staff Recommendation:**

Staff recommends that the Points of Delivery remain as either Funks Reservoir or the Terminal Regulating Reservoir with key changes proposed to the Contract to address concerns. See also staff recommendations related to Issue Paper 4 regarding use of and commitments regarding Partner Facilities and Facilities Use Agreements.

**Background:**

Consistent with the Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water recommended by the Reservoir Committee and adopted by the Authority Board at its April 2021 meeting (see attachment, and specifically Paragraph 17), the Benefits & Obligations Contract (Contract) has consistently contemplated that the Delivery Point for Water would be either Funks Reservoir or the Terminal Regulating Reservoir. Under the current Contract, the Sites Authority is obligated to convey released Water through Project Facilities, but is not primarily responsible for conveying Water to the Secondary Delivery Points specified by each Storage Partners (see Contract Section 4.6.2). Any costs (monetary or otherwise) due to a shortfall or reduction in Water between the Delivery Point and the Secondary Delivery Points is currently the risk of Participants.

**Summary of Related Participant Comments:**

Several Participants have requested that the "Delivery Point" to be redefined to be the confluence with the Sacramento River for South of Delta (SOD) participants; specifically, Participants want the Sites Authority to commit to take responsibility and to facilitate Sites Water deliveries to the Sacramento River or to the South Delta facilities according to Good Industry Practice. Some Participants have proposed that the Contract include language that allows each Participant to choose the Delivery Point.

**Rationale for Staff Recommendation:**

The initial understanding of the Project, including the original Storage Policy and subsequent Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water contemplated the Funks Reservoir and Terminal Regulating Reservoir as the Delivery Point. It is staff's understanding that this approach was taken for several reasons, including:

1. Avoiding placing the risk of conveyance of Water on other Participants, and especially on NOD Participants. As the Authority has no other source of revenue or water to bear these risks, any losses, costs or risks arising from a delivery other than Funks Reservoir and TRR brings into question who is responsible for losses, costs, and the risks that may be associated with conveyance. It is staff's understanding that the Primary Delivery Point of Funks and TRR was chosen to make sure these risks were born by the respective Participant and not the Authority as a whole, potentially affecting other Participants who do not have the same risks (as they take water in the TC Canal or from the GCID Canal).
2. Avoid placing any costs (operational or otherwise) of conveyance of Water on other Participants who do not need these conveyance routes.

At the current stage of the Project, this would be a substantial change and would require significant contract changes as follows:

1. Ensuring Participants desiring this change of Delivery Point and the costs, losses, and associated risks are appropriately accounted for and crafting new/revised provisions to ensure costs and risks are not borne by other Participants;
2. Consideration of components around conveyance of Other Water through Downstream Facilities and if limitations and constraints are needed to ensure conveyance of this water does not affect the Authority's ability to convey Sites Water through these same facilities; and,
3. Whether additional infrastructure changes (such as extension of the Dunnigan pipeline) is preferable to best manage risks and control costs.

Instead of changing the point of delivery, Staff recommends the following changes to the B&O Contract to address the concerns:

- Section 4.6.2 – Staff recommends that the text in these sections be changed from “Sites Operations Plan” to “provisions of this Contract.” While the Operations Plan is an important document, it merely operationalizes the Contract. The Authority shall convey Water released through Project Facilities in accordance with the rights granted to the Participants in this Contract.
- Section 4.6.3 – For the same reasons above, staff recommends that the text in these sections be changed from “Sites Operations Plan” to “provisions of this Contract.”
- Section 4.6.2 – In addition, this section is proposed to be changed to read “The Sites Authority *shall* take “best efforts” to convey Sites Water to a Participant's Secondary Delivery Point(s).” This change provides assurances that the Authority will take the necessary actions for Storage Partners in moving their

Sites Water from the Delivery Point to a Secondary Delivery Point, if requested, provided such costs and risk of loss remain with the requesting Participants. Also, it should be noted that the RMB is delegated powers to oversee operations so the Authority staff will be taking direction from the Participants in this regard, unless such direction is in violation of an agreement or the law.

- Section 4.3.5 and 4.3.6 – Further explanation of first and second priority have been added to these sections as reads:
  - Section 4.3.5: Storage Partners who hold a Downstream Facilities Capacity Share have first priority to use Downstream Facilities, including use of Available Downstream Capacity, with available Downstream Facilities Capacity Interest apportioned pro rata based on the relative Downstream Facilities Capacity Interest. Note that the current B&O Contract includes the concept of “unused capacity”. Sites Authority staff recommend replacing this concept with a defined term of “Available Downstream Capacity” that would better recognize ownership of this capacity by Participants. It is intended this definition would reflect Downstream Capacity Interest that is not utilized by a Participant and is approved to be made available to other Storage Partners subject to certain conditions (such approval not to be unreasonably withheld or delayed); and
  - Section 4.3.6: Storage Partners who do not hold a Downstream Facilities Capacity Share shall have second priority access to use of the Downstream Facilities.

**Contract and Section Affected:** Contract Sections 4.1.3, 4.6, 4.11.3

**Attachments:**

Attachment A – Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water (Including Staff Report for Agenda Item 2.1 of the Authority Board’s April 21, 2021 meeting)

Attachment B – Point of Delivery Diagram



Topic: **Authority Board Meeting Agenda Item 2.1**

**2021 April 21**

Subject: **Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water (formerly referred to as the Storage Policy)**

---

**Requested Action:**

Consider approval of the Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water (formerly referred to as the Storage Policy).

**Detailed Description/Background:**

In March 2021, staff provided an update on revisions to the Storage Policy to the Reservoir Committee and Authority Board. At that time, additional work was needed to resolve member comments and requested any remaining comments, questions or concerns on the document. All remaining comments from members (including Legal group review) have now been addressed and resolved. A proposed final version of the “Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water” (Storage Principles) is provided in Attachment A. Changes made since the last meeting are shown in redline/strikeout in Attachment B.

The most significant changes to the document since the last meeting are as follows:

- Changed title from Storage Policy to “Principles for the Storage, Delivery, and Sale of Sites Reservoir Project Water”. This change in title is intended to reflect a more flexible document, recognizing that there are a number of Project approaches and agreements in development.
- Added text in Paragraph 2 on the purpose and scope of the Storage Principles. This text was added to recognize that that Storage Principles serve as the basic framework for the development of additional agreements, policies, and procedures for the Project.
- Shortened some paragraphs by removing redundant or repetitive text and/or simplifying descriptions and explanations.
- Moved the remaining cost items to the Plan of Finance.

These changes are consistent with the approach to the revisions previously discussed with the Reservoir Committee and Authority Board and staff does not believe that these changes result in substantial changes in the content of the document.

The Authority Board and Reservoir Committee, at their February 2021 joint meeting, also requested that items removed from the 2019 version of the Storage Policy for further development in other documents be listed for tracking purposes. These items are provided in Attachment C, which has been updated to reflect additional items added since the March 2021 Reservoir Committee and Authority Board meetings.

The Storage Principles have been reviewed and recommended for approval by the Storage Policy Small Group and the Ad Hoc Reservoir Operations and Engineering Workgroup. Staff believes that the Storage Principles set a strong foundation for the development of additional or more formal agreements, policies and procedures related to the storage, delivery and sale of Sites Project water and recommends that the Reservoir Committee approve the Storage Principles.

**Prior Action:**

March Meetings & February 19, 2021: Reviewed and commented on updates to the Water Storage Policy.

July 16, 2020: Reviewed and commented on the conditionally approved August 2019 Water Storage Policy and consideration of updates to align with Value Planning. Recognize the Storage Policy serves as the foundational document to 2021 key milestones of creating a Plan of Finance and Operations Plan and refer consideration of updates to the Ad Hoc Reservoir Operations and Engineering Workgroup.

**Fiscal Impact/Funding Source:** None.

**Staff Contact:** Ali Forsythe

**Attachments:**

Attachment A – Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water

Attachment B – Principles for the Storage, Delivery and Sale of Sites Reservoir Project Water with redline/strikeout of changes made since the March 2021 review of the document

Attachment C – Tracking List of Items Removed from 2019 Storage Policy to be Addressed in Other Documents

PRINCIPLES FOR THE STORAGE, DELIVERY AND SALE  
OF SITES RESERVOIR PROJECT WATER

**APPLICABILITY**

(1) These Principles For The Storage, Delivery And Sale of Sites Reservoir Project Water ("Principles") adopted by the Sites Project Authority ("Authority") on \_\_\_\_\_, 2021, supersede the Storage Policy adopted by the Authority on August 26, 2019.

**PURPOSE AND SCOPE**

(2) These Principles are intended to guide and assist the Authority as it moves forward with the Sites Reservoir Project ("Project"). To that end, these Principles will serve as the basic framework for development, adoption and/or execution of additional or more formal agreements, policies and procedures related to the storage, delivery and sale of Sites Project water, as needed.

**DEFINITIONS**

(3) **Authority** – For the purposes of these Principles, the term Authority collectively refers to the Sites Project Authority and its standing Reservoir Committee. The final roles and responsibilities of the Authority and the Reservoir Committee in the day-to-day operations of Sites Reservoir have not yet been defined and the term Authority is used to refer to both entities collectively.

(4) **Available Storage** – That portion of Sites Reservoir that can be filled, minus dead storage and any storage space intentionally left unfilled at the direction of the Storage Partner who has contracted for that storage space.

(5) **Beneficiary Pays Principle** – The principle for allocating all costs associated with delivering certain Project benefits, including public and non-public benefits, to the party receiving such benefits.

(6) **OM&R** – Those costs associated with the operation, maintenance and repair/replacement of Project facilities. These can be broken down into: (a) Fixed OM&R costs that are more predictable year-to-year and that are not significantly influenced by varying diversions or releases of water; and (b) Variable OM&R costs that vary based on actual operations each year, including costs associated with water transfers or exchanges.

(7) **Sites Reservoir Project (Project)** – Sites Reservoir and associated diversion and conveyance facilities.

(8) **Sites Water** – Water that is appropriated under the Authority's water right.

(9) **Storage Allocation** – The amount of storage space (storage volume) in Sites Reservoir allocated to a Storage Partner, as agreed upon in that Storage Partner's Water Storage and Supply Services Contract and the amount of storage space shared or leased, if any, pursuant to Paragraph 25 of these Principles. Dead storage is not allocated to any Storage Partner.

(10) **Storage Partners** – The governmental agencies, water organizations and others who have funded and received a Storage Allocation in Sites Reservoir and the resulting water supply or water supply related environmental benefits from the Project. Storage Partners could include local agencies, the State of California, and the Federal Government.

Proposed Final Document  
April 16, 2021

**(11) Water Storage and Supply Services Contract** – That agreement, by whatever name, between the Authority and a Storage Partner that provides for the Storage Partner to obtain the Primary Benefits of the Project provided the Storage Partner meets the funding and other obligations of that agreement.

**PRIORITY OF OPERATION**

**(12)** Sites Reservoir will provide water supply and water supply related environmental benefits, including water quality benefits ("Primary Benefits"), as well as flood control, recreation, and power generation benefits ("Secondary Benefits"). Sites Reservoir will be operated so as to maximize the Primary Benefits for the Storage Partners. Secondary Benefits are considered incidental to the Project and will be subordinate to the provision of Primary Benefits.

**ROLES**

**(13) Authority** - The Authority will develop, own, operate, and maintain the Project. The Authority will obtain and comply with all permits, approvals and agreements needed to construct, operate and maintain the Project. The Authority will oversee the planning, permitting, and day-to-day operations and accounting of Sites Reservoir storage, releases and losses and related activities, including coordination with each Storage Partner. This will be done in a way that is open and transparent to all Storage Partners.

**(14) Storage Partners** – The Storage Partners are responsible for managing their Storage Allocation and for paying their allocated capital, fixed OM&R, and variable OM&R costs.

**WATER STORAGE AND SUPPLY SERVICES CONTRACTS**

**(15)** The Authority will enter into Water Storage and Supply Services Contracts with individual Storage Partners for the use of Project facilities. Each Water Storage and Supply Services Contract will be based on a Storage Partner's Storage Allocation.

**WATER RIGHT AND POINT OF DELIVERY**

**(16)** The Authority will apply for and hold the water right for the Project. In developing the Project and its operations, the Authority will divert water to maximize beneficial use and perfect the water right. The Authority will be responsible for compliance with the terms and conditions in the water right and any other permits, approvals, and agreements that control diversion of water to storage for the Project. The Storage Partners will be responsible for using Sites Water within the terms and conditions allowed in the Authority's water right and for providing the Authority with any information it may need to comply with reporting or other requirements. To the extent permitted by applicable law and with the cooperation of the Storage Partners, the Authority will undertake all reasonable measures to manage, control and protect Sites Water, including initiating any appropriate enforcement proceedings to prevent unlawful diversion of or interference with Sites Water.

**(17)** The Authority will manage Sites Water from the points of diversion to the primary point of delivery. The primary point of delivery for each Storage Partner will be Funks Reservoir or the Terminal Regulating Reservoir. For Sites Water delivered to Storage Partners not served by the Tehama-Colusa Canal or the Glenn Colusa Irrigation District's distribution system, the Authority may retain control of Sites Water to a secondary point of delivery, as agreed upon by the Authority and the Storage Partner in the respective Water Storage and Supply Services Contract. Storage Partners will be responsible for all losses after the primary point of delivery.

Proposed Final Document  
April 16, 2021

**STORAGE OF WATER BY DIVERSION**

**(18)** The Authority will take all actions practicable to maximize the diversion of water into Available Storage consistent with regulatory requirements, physical and operational constraints, and hydrologic conditions. Water diverted will be allocated to each Storage Partner's contractual storage space proportional to its Storage Allocation.<sup>1</sup> If a Storage Partner's Storage Allocation is not available, the available water will be allocated to the remaining Storage Partners who have available Storage Allocation space proportional to their Storage Allocation.

**(19)** The Authority will establish a process, including schedule, that allows for a Storage Partner to determine the maximum amount of water allocated to the Storage Partner's Storage Allocation each year along with a process to make changes to this amount. A Storage Partner may opt out of having water allocated to their Storage Allocation if they so inform the Authority through the process established by the Authority.

**(20)** The diversion of water to storage will take priority over the release of stored water. The diversion of Sites Water to storage will take priority over the diversion of water from other sources to storage.

**STORAGE OF WATER FROM OTHER SOURCES**

**(21)** Storage Partners may request that the Authority place water from sources other than Sites Water into storage and allocate that water to their Storage Allocation. The Authority will take all reasonable steps to facilitate these requests, subject to the Beneficiary Pays Principle. Placing water into storage from other sources must not negatively impact other Storage Partners, Project operations or financing.

**(22)** If there is a conflict between placing water into storage in Sites Reservoir from other sources of water and the release of water from Sites Reservoir at the same time, the Authority will prioritize diversions but take reasonable measures to accommodate both Storage Partners' requests.

**ACCOUNTING FOR LOSSES**

**(23)** Losses of water held in Sites Reservoir storage – including but not limited to evaporation, seepage, and any releases for dam safety or emergency conditions – will be allocated proportionally to each Storage Partner based on the amount of its water in storage.

**SHARING OR LEASING OF STORAGE ALLOCATION**

**(24)** Storage Partners are allowed to share or lease their Storage Allocation with other Storage Partners or other entities. The terms of sharing or leasing are at the discretion of the Storage Partners who are parties to a storage or lease agreement but must not negatively impact other Storage Partners, Project operations or financing. Any sharing or leasing of Storage Allocation must

---

<sup>1</sup> For example, if 275,000 acre-feet of water is able to be diverted to Sites Reservoir in any one year, this represents 20% of the total allocated storage space in Sites Reservoir (275,000/1.38 million acre-feet = 20%). In that year, each Storage Partner would receive an amount of water equal to 20% of their Storage Allocation, unless the Storage Partner has opted out of having water allocated to their Storage Allocation or their Storage Allocation is full. This example assumes a 1.5 million acre-foot reservoir with about 120,000 acre-feet allocated to dead pool.

**Proposed Final Document**  
**April 16, 2021**

be coordinated with the Authority. A Storage Partner may not transfer or assign any of its rights or obligations as part of any sharing or leasing agreement.

**SALE OF SITES WATER**

**(25)** Storage Partners are allowed to sell water held in their Storage Allocation to other Storage Partners or other entities. The terms of sales of water held in a Storage Allocation are at the discretion of the Storage Partners who are parties to the sale but must not negatively impact other Storage Partners, Project operations or financing. Any sale of water held in a Storage Allocation must be coordinated with the Authority. A Storage Partner may not transfer or assign any of its rights or obligations as part of any sale of water. The receiving Storage Partner or other entity must have sufficient available Storage Allocation to store the water or release the water upon purchase.

**RELEASES OF WATER FROM STORAGE**

**(26)** To the extent allowed by the Project's permits, approvals and agreements and its physical and operational capabilities, Storage Partners have total discretion on the amount of water held in their Storage Allocation that they request to be scheduled for release for their use, and will have control over the use of their Storage Allocation space based on the conditions set forth in these Principles.

**(27)** Each year, the Authority will make a water storage forecast for each Storage Partner. Each Storage Partner will provide the schedule and amounts of the water they wish to be released in that year. The Authority will establish a process, including schedule, that allows for the Storage Partner to make changes to its water schedule and amounts for release throughout the year.

**(28)** The Authority will work with each Storage Partner, the State Water Project, Central Valley Project, Tehama Colusa Canal Authority, the Glenn Colusa Irrigation District, entities along the Colusa Basin Drain, and regulatory agencies and make all reasonable efforts to satisfy the water release schedules requested by each Storage Partner. If there is a release constraint affecting the ability of the Authority to meet the requested water release schedules, the Authority will work with those conflicted Storage Partners to see if accommodations can be made. If the conflict cannot be resolved, releases will be made in proportion to the Storage Allocation attributable to the conflicted Storage Partners.

**UNIFORM STANDARDS FOR ALL STORAGE PARTNERS**

**(29)** All Storage Partners are subject to uniform standards in the operation of the Project. Uniform standards include, but are not limited to, priority of diversions, storage, releases, and conveyance of Sites Water through Project facilities and utilization of their respective Storage Allocation.

**CONFLICT RESOLUTION**

**(30)** The Authority will develop a conflict resolution mechanism to resolve conflicts that may arise in Project operations. This conflict resolution process will be included in the Water Storage and Supply Services Contract.

**FUTURE CHANGES**

Proposed Final Document  
April 16, 2021

**(31)** It is anticipated that these Principles will evolve and change as the Project develops and as permits, approvals, and agreements are obtained and executed. These Principles may be modified in the future by the Authority.

DATE

\_\_\_\_\_, 2021

PRINCIPLES FOR THE STORAGE, DELIVERY AND SALE  
OF SITES RESERVOIR PROJECT WATER WATER STORAGE POLICY PRINCIPLES OF AGREEMENT  
BY  
THE SITES PROJECT AUTHORITY

**APPLICABILITY**

**(1)** ~~These Principles For The Storage, Delivery And Sale of Sites Reservoir Project Water ("Principles") adopted by the Sites Project Authority ("Authority") on \_\_\_\_\_, 2021, supersede This A-the Storage Policy was adopted by the Sites Project Authority (Authority) on on 26th day of August 26, 2019. This Water Storage Principles of Agreement (Principles) was adopted by the Authority and amended on \_\_\_\_\_ 2021 to assist in the development and operation of the Sites Reservoir Project (Project) by the Authority and the Sites Storage Partners. These Principles supersede the 2019 Storage Policy.~~

**PURPOSE AND SCOPE**

**(2)** ~~The purpose of this Policy~~~~these These Principles are intended to is to guide and identify the principles parameters assist the Authority as it moves forward with the will adhere to during Sites Reservoir Project ("Project"). To that end, these Principles will serve as the basic framework for development, adoption and/or execution of additional or more formal agreements, policies and procedures related to the Project development and operations as they relate to participation in the Project as well as diversions, storage, and delivery and sale of Sites releases of water from the Project water, as needed.~~

**DEFINITIONS**

**(3) Authority** – For the purposes of ~~this Policy~~~~these Principles~~, the term Authority collectively refers to the Sites Project Authority and its standing Reservoir Committee. The final roles and responsibilities of the Authority and the Reservoir Committee in the day-to-day operations of Sites Reservoir have not yet been defined and ~~thus~~ the term Authority is used to refer to both entities collectively.

**(4) Available Storage** – That portion of Sites Reservoir that can be filled, ~~less minus~~ dead storage and any storage space intentionally left unfilled at the direction of the Storage Partner who has contracted for that storage space.

**(5) Beneficiary Pays Principle** – The principle for allocating all costs associated with delivering certain Project benefits, including public and non-public benefits, to the party receiving ~~said such~~ benefits ~~(beneficiary)~~.

**(6) ~~Operations, Maintenance and Replacement (O&M) or (OM&R)~~** – Those costs associated with the operation, ~~maintenances and repair/replacement~~ of ~~the~~ Project ~~facilities~~. These can be broken down into: (a) Fixed ~~operations and maintenance and replacement~~ ~~OM&R~~ costs that are more predictable year-to-year and that are not significantly influenced by varying diversions or releases of water; and (b) Variable ~~operations and maintenance~~ ~~O&M&R~~ costs that ~~reflect annual operations and maintenance costs that~~ vary based on actual operations each year, including ~~operations and maintenance~~ costs associated with water transfers or exchanges.

**(7) Sites Reservoir Project (Project)** – Sites Reservoir and associated diversion and conveyance facilities.

Proposed Final Document  
April 16, 2021

**(8) Sites Water** – Water that is appropriated under the Authority's water right.

**(9) Storage Allocation** – The amount of storage space (storage volume) in Sites Reservoir allocated to a Storage Partner, as agreed upon in that Storage Partner's Water Storage and Supply Services Contract and the amount of storage space shared or leased, if any, pursuant to Paragraph 25 of ~~this Policy~~these Principles. Dead storage is not allocated to any Storage Partner.

**(10) Storage Partners** – The governmental agencies, water organizations and others who have funded and received a Storage Allocation in Sites Reservoir and the resulting water supply or water supply related environmental benefits from the Project. Storage Partners could include local agencies, the State of California, and the Federal Government.

**(11) Water Storage and Supply Services Contract** – That agreement, by whatever name, between the Authority and a Storage Partner that provides for the Storage Partner to obtain the Primary Benefits of the Project provided the Storage Partner meets the funding and other obligations of that agreement.

#### **PRIORITY OF OPERATION**

**(12)** Sites Reservoir will provide water supply and water supply related environmental benefits, ~~(including water quality benefits ("Primary Benefits"), as well as along with flood control, recreation, and power generation benefits ("Secondary Benefits"). Sites Reservoir will be operated for so as to maximize the Primary Benefits water supply and water supply related environmental benefits that accrue to for the Storage Partners. Flood control benefits are inherent and will accrue regardless of the other benefits. Recreation and power generation benefits are incidental to the operations of Sites Reservoir for water supply and water supply related environmental benefits. Secondary Benefits are considered incidental to the Project and will be subordinate to the provision of Primary Benefits.~~

#### **ROLES**

**(13) Authority** - The Authority will develop, own, operate, and maintain the Project. The Authority will obtain and comply with all ~~applicable~~ permits, ~~and~~ approvals and agreements needed to construct, operate and maintain the Project. The Authority will oversee the planning, permitting, and day-to-day operations and accounting of Sites Reservoir storage, releases and losses and related activities, including coordination with each ~~of the~~ Storage Partners. This will be done in a way that is open and transparent to all ~~the~~ Storage Partners.

**(14) Storage Partners** – The Storage Partners are responsible for managing their Storage Allocation ~~to realize water supply and water supply related environmental benefits~~ and for paying their allocated capital, fixed O&M&R, and variable O&M&R costs.

#### **WATER STORAGE AND SUPPLY SERVICES CONTRACTS**

**(15)** The Authority will enter into Water Storage and Supply Services Contracts with individual Storage Partners for the use of Project facilities. Each Water Storage and Supply Services Contract will be based on a Storage Partner's Storage Allocation.

#### **WATER RIGHTS AND POINT OF DELIVERY**

Proposed Final Document  
April 16, 2021

(16) The Authority will apply for and hold the water right for the Project. In developing the Project and its operations, the Authority will divert water to maximize beneficial use and perfect the water right. The Authority will be responsible for compliance with the terms and conditions in the water right and any other permits, and approvals, and agreements that control ~~the~~ diversion of water to storage for the Project. The Storage Partners will be responsible for using Sites Water within the parameters, terms and conditions allowed in the Authority's water right and for timely reporting to providing the Authority with any requested information it may need to comply with necessary for the Authority to complete any required reporting, or other requirements. To the extent permitted by applicable law and with the cooperation of the Storage Partners, the Authority will undertake all reasonable measures to manage, control and protect Sites Water, up to the primary or secondary point of delivery, as applicable, including initiating any appropriate enforcement proceedings to prevent unlawful diversion of or interference with Sites Water.

(17) The Authority will manage Sites Water from the points of diversion to the primary point of delivery. The primary point of delivery for each Storage Partner will be Funks Reservoir or the Terminal Regulating Reservoir. For Sites Water delivered to Storage Partners not served by the Tehama-Colusa Canal or the Glenn Colusa Irrigation District's distribution system, the Authority may retain control of Sites Water to a secondary point of delivery, as agreed upon by the Authority and the Storage Partner in the respective Water Storage and Supply Services Contract. ~~The~~ Storage Partners will be responsible for all ~~costs and losses between the~~after the primary and secondary point of delivery.

#### STORAGE OF WATER BY DIVERSION

(18) The Authority will take all actions practicable to maximize the diversion of water into Available Storage consistent with regulatory requirements, physical and operational constraints, and hydrologic conditions. Water diverted will be allocated to each Storage Partner's contractual storage space proportional to its Storage Allocation.<sup>1</sup> If a Storage Partner's Storage Allocation is not available, the available water will be allocated to the remaining Storage Partners who have available Storage Allocation space proportional to their Storage Allocation.

(19) The Authority will establish a process, including schedule, that allows for a Storage Partner to determine the maximum amount of water allocated to the Storage Partner's Storage Allocation each year along with a process to make changes to this amount. A Storage Partner may opt out of having water allocated to their Storage Allocation if they so inform the Authority through the process established by the Authority.

~~(19) If a Storage Partner's Storage Allocation is not available (whether due to that Storage Partner's Storage Allocation being fully utilized, a Storage Partner opting out of filling for the season, or any other reason), the available water will be allocated to the remaining Storage Partners who have available Storage Allocation space. The water will be used to proportionally fill the other Storage Partners' Storage Allocations until all Storage Partners' Storage Allocations are filled up to each Storage Partner's requested amount of fill within that Storage Partner's space.~~

---

<sup>1</sup> For example, if 275,000 acre-feet of water is able to be diverted to Sites Reservoir in any one year, this represents 20% of the total allocated storage space in Sites Reservoir (275,000/1.38 million acre-feet = 20%). In that year, each Storage Partner would receive an amount of water equal to 20% of their Storage Allocation, unless the Storage Partner has opted out of having water allocated to their Storage Allocation or their Storage Allocation is full. This example assumes a 1.5 million acre-foot reservoir with about 120,000 acre-feet allocated to dead pool.

Proposed Final Document  
April 16, 2021

(20) The diversion of water to storage will take priority over the release of stored water. The diversion of Sites Water to storage will take priority over the diversion of water from other sources to storage.

#### STORAGE OF WATER FROM OTHER SOURCES

(21) Storage Partners may request that the Authority place water from sources other than Sites Water into storage and allocate that water to their Storage Allocation. ~~These other sources could include among other sources: the re-diversion of previously stored water, water transfers, exchanges between Storage Partners, and exchanges with other entities.~~ The Authority will take all reasonable steps to facilitate these requests, ~~subject to the~~ Beneficiary Pays Principles ~~shall will apply~~. Placing water into storage from other sources ~~shall must not negatively impact other Storage Partners, Project operations or financing~~ ~~not negatively impact other Storage Partners or negatively impact overall Project operations~~.

(22) If there is a conflict between placing water into storage in Sites Reservoir from other sources of water and the release of water from Sites Reservoir at the same time, the Authority will prioritize diversions but take reasonable measures to accommodate both Storage Partners' requests.

#### ACCOUNTING FOR LOSSES

(23) Losses of water held in Sites Reservoir storage – including but not limited to evaporation, seepage, and any releases for dam safety or emergency conditions – will be allocated proportionally to each Storage Partner based on the amount of its water in storage.

~~(24) Losses, if any, incurred after the primary point of delivery, including carriage costs through the Sacramento-San Joaquin Delta, are the responsibility of the receiving Storage Partner. Losses, if any, for Storage Partners that divert from the Sacramento River and receive Sites Water by exchange with other entities shall be determined in the applicable exchange agreement and are the responsibility of the receiving Storage Partner.~~

#### SHARING OR LEASING OF STORAGE ALLOCATION

(24) Storage Partners are allowed to share or lease their Storage Allocation with other Storage Partners or other entities. The terms of sharing or leasing are at the discretion of the Storage Partners who are parties to a storage or lease agreement but must not negatively impact other Storage Partners, Project operations or financing. Any sharing or leasing of Storage Allocation ~~shall must~~ be coordinated with the Authority ~~so that proper Project operations and water accounting can be maintained~~. A Storage Partner may not transfer or assign any of its rights or obligations as part of any sharing or leasing agreement.

#### SALE OF SITES WATER

(25) Storage Partners are allowed to sell water held in their Storage Allocation to other Storage Partners or other entities. The terms of sales of water held in a Storage Allocation are at the discretion of the Storage Partners who are parties to the sale but must not negatively impact other Storage Partners, Project operations or financing. Any sale of water held in a Storage Allocation ~~shall must~~ be coordinated with the Authority ~~so that proper Project operations and water accounting can be maintained~~. A Storage Partner may not transfer or assign any of its rights or obligations as part of any sale of water. The receiving Storage Partner or other entity must have sufficient available Storage Allocation to store the water or release the water upon purchase.

Proposed Final Document  
April 16, 2021

**RELEASES OF WATER FROM STORAGE**

~~(26) To the extent allowed by the Project's permits, approvals and agreements water rights, purpose and place of use, permit requirements and its physical and operational capabilities of the Project, Storage Partners have total discretion on the amount of water held in their Storage Allocation that they request to be scheduled for release for their use, and will have control over the use of their Storage Allocation space based on the conditions set forth in this these PrinciplesPolicy.~~

~~(27) Each year, the Authority will make a water storage forecast for each Storage Partner. Each Storage Partner will provide the schedule and amounts of the water they wish to be released in that year. The Authority will establish a process, including schedule, that allows for the Storage Partner to make changes to its water schedule and amounts for release throughout the year.~~

~~(28) The Authority will work with each Storage Partner, the State Water Project, Central Valley Project, Tehama Colusa Canal Authority, the Glenn Colusa Irrigation District, entities along the Colusa Basin Drain, and regulatory agencies and make all reasonable efforts to satisfy the water release schedules requested by each Storage Partner. If there is a Sites Reservoir release constraint affecting the ability of the Authority to meet the requested water release schedules from Sites Reservoir, the Authority will first work with those conflicted Storage Partners to see if accommodations can be made. If the conflict cannot be resolved, releases will be made in proportion to the Storage Allocation attributable to the conflicted Storage Partners.~~

**UNIFORM STANDARDS FOR ALL STORAGE PARTNERS**

~~(29) All Storage Partners, including local, State, and Federal partners, are subject to uniform standards in the operation of the Project. Uniform standards include, but are not limited to, priority of diversions, storage, releases, and conveyance of Sites Water through Project facilities and utilization of their respective Storage Allocation in Sites Reservoir.~~

**OPERATION, MAINTENANCE AND REPLACEMENT**

~~(31) Operation and Maintenance (O&M) costs will be divided into fixed O&M&R and variable O&M.~~

~~(a) Fixed O&M&R will cover those O&M&R costs that are generally stable from year to year such as monitoring costs, routine maintenance, Authority staff and consulting costs, repair funds, replacement of equipment funds, and similar. They will be allocated to all the Storage Partners in the same manner as the capital costs in accordance with the principles of beneficiary pays.~~

~~(b) Variable O&M costs include pumping costs to divert and convey water into storage, other costs related to the placement of water into storage and the costs, if any, of releasing water from storage. These cost for pumping will be assessed to each Storage Partner based on the amount of water allocated to their Storage Allocation that year and the cost for releases will be assessed based on the amount of water released from their Storage Allocation that year. Variable O&M costs of activities that benefit one or a specific group of Storage Partners, such as pumping water from other sources, including transfers and exchanges, shall will be borne by that Storage Partner(s).~~

~~(32) The allocation of power revenues, if any are generated, is not addressed in this Storage Policy.~~

Proposed Final Document  
April 16, 2021

**CONFLICT RESOLUTION**

(30) The Authority will develop a conflict resolution mechanism to resolve conflicts that may arise in Project operations. This conflict resolution process will be included in the Water Storage and Supply Services Contract ~~between the Authority and the individual Storage Partner.~~

**FUTURE ~~STORAGE POLICY~~ CHANGES**

(31) ~~It is anticipated that This Policy~~ ~~These these Principles will will likely~~ evolve and change as the Project develops and as permits, approvals, and Project agreements are obtained and executed. ~~These Principles This Policy~~ may be modified in the future by the Authority.

DATE

~~August 26, 2019~~ \_\_\_\_\_, ~~2021~~

**2021 Principles for the Storage, Delivery and Sale of  
 Sites Reservoir Project Water  
 Tracking List of Items Removed from the 2019 Storage Policy  
 to be Addressed in Other Documents**

Table 1 list the key items removed from the 2019 Storage Policy along with the document in which they will ultimately be included.

**Table 1. Key Items Removed from 2019 Storage Policy and  
 Document Item will be Move To**

| <b>Item</b>  | <b>Document that Item will be Moved To</b>                  |
|--|---|
| Specifics on the agreement between Storage Partners and the Authority  | Water Supply and Storage Services Contract                  |
| Specifics on payment for leasing storage to other entities (either Sites Storage Partners or others)                       | Water Supply and Storage Services Contract                  |
| Specifics on the annual scheduling of releases from the reservoir  | Operations Plan   |
| Specifics on the method of determining losses from storage and conveyance  | Operations Plan   |
| Detailed breakdown of reservoir storage and dead pool  | Operations Plan   |
| Details of water rights parameters   | Water Rights Application and Permit                         |
| Differentiation of roles and responsibilities of the Reservoir Committee and the Authority Board during project operations | Future changes to governance documents and operating bylaws |
| Responsibilities for costs after the primary point of delivery   | Plan of Finance   |
| Details of operations, maintenance and replacement cost categories and responsibilities for these costs                    | Plan of Finance   |

