

What is the status of the Sites Reservoir Project's water right application?

The Administrative Hearings Office (AHO) issued its initial Draft Decision and Draft Permit on March 20, 2026, and the first public comment period closed on May 22, 2026. After considering more than 50 comment letters, the AHO issued a **Revised Draft Decision and Draft Permit on September 3**. We are now in a 30-day public comment period where the State Board will consider written comments submitted by the October 5 deadline; the State Board will also take public comments at their November 4 Board meeting where they are expected to make a final decision.

Does the revised water right permit address the Authority's concerns?

We appreciate the revisions that were made and can see a path forward that allows the Project to advance. We recognize the substantial work undertaken by the AHO, and the Revised Draft presents the minimum necessary terms and conditions for the Project to remain viable. The revisions strike a better balance between competing beneficial uses of water, which better serves the public interest.

What are the primary areas of the permit revisions that the Authority finds most useful to the Project?

The revised draft permit improves several terms in the March 20 draft. Key areas of improvement include the following:

- **Approach to the Bay-Delta Plan Update now addresses the Sites Project like all other new water rights** – The revised draft permit now addresses the Project in the same way that all other new water rights are addressed in the anticipated Bay-Delta Plan Updates. This is important as the Project is no longer singled out to disproportionately bear additional and overly burdensome requirements – but is instead treated like all other new water right permits. This change also makes it clear that the Project can participate in the Healthy Rivers and Landscape Program, consistent with the process for onboarding new HRL parties in the Bay-Delta Plan Updates, in the future.
- **Diversions criteria adjustments balance beneficial uses** – The revised draft permit includes adjustments to the diversion criteria under which the Project can divert water from the Sacramento River. These adjustments strike an important balance between all of the beneficial uses of Sacramento River water and allow for the Project to divert water in high flow conditions while maintaining strong protections for fish, wildlife, and the Sacramento River and Delta.
- **Continued consideration of Funks and Stone Corral Creeks** – The revised draft order and associated Notice of Bifurcated Hearing now allow for the continued consideration of Funks and Stone Corral Creeks as sources of water for the Project. This establishes a near-term pathway for continued consideration of this local creek water for the benefit of local areas – a key component of the Project that is important to affordability for the Sacramento Valley.

What changed in the revised permit's operating conditions?

The revised draft permit improves several terms in the March 20 draft that would have unnecessarily limited when the Project could divert water—particularly during the wetter late-winter and spring months, when high flows are most often available. It also clarifies the rules governing diversions and adds flexibility to capture high flows when conditions allow, all while maintaining strong protections for fish, wildlife, and the Sacramento River and Delta. These revisions allow the Project to operate in a way that is protective of fish and wildlife while providing the benefits that are critically important to our Storage Partners, including ecosystem water and the state.

Why are the permit's operating conditions so important?

Sites Reservoir is an off-stream reservoir that will divert water from the Sacramento River to storage during wetter periods when flows are available for later use in drier periods. What makes the Project unique is not simply having a legal right to divert water but being able to divert large quantities over short periods of time only when high flow conditions allow for it. Restrictions that significantly limit those opportunities mean less water captured for dry times, which diminishes the Project economics.

Is the Project affordable with the revised draft permit terms?

Yes, and this question will need to be considered by each participating agency. The Authority has initiated its investor commitment period where the 22 participating water agencies, and the federal and state agencies, will be making their decisions whether to move forward with the Project into final design and construction. Affordability is one of many considerations that will be taken into account. The Sites Authority has provided a Project Baseline Report that describes a common understanding of the current status and projections for the Project.

What do the revisions mean for Stone Corral and Funks Creek?

The Authority is encouraged by the AHO's action to schedule a supplemental bifurcated hearing on the Authority's application to appropriate water from Stone Corral and Funks Creek as sources of supply for the Project. This remains a critical component of the Project for all, but it is especially important for the local counties where this water will be used. The continuance of the process as compared to the March 20 draft, which would have required a future, fresh start on this issue, saves time and resources, and allows the process to proceed expeditiously.

What does the revised permit mean for the Project's Proposition 1 environmental benefits?

These revisions now enable the Authority to demonstrate the feasibility of providing the statewide public benefits envisioned by the voters of California with their overwhelming support of Proposition 1 in 2014. The Project includes dedicated water for the environment, delivering first-of-a-kind ecosystem benefits as part of the public benefits Proposition 1 was intended to fund. There will also be recreation, local flood control, and drought emergency water supplies provided as public benefits by the Project. The Authority is the largest recipient of Prop 1 storage funds and is the only remaining surface storage project being funded for public benefits.

Is the Authority asking for additional changes to the revised permit?

The Authority sees the revised draft water right permit as a workable foundation—one that presents the minimum necessary terms and conditions for a viable project and strikes a better balance between competing beneficial uses of water, which better serves the public interest. Preserving the balance the revised draft has achieved is essential, and the Authority looks forward to working with the State Board to expeditiously adopt the permit.

What are the next steps?

The public comment process is the most important next step. Following the release of the AHO's Revised Draft Decision and Draft Permit in early September, a 30-day public comment period is now underway through October 5, 2026.

The State Board will also take public comments at its hearing on **November 4, 2026**, where it is expected to make its final decision.

The Authority will participate in this process and remains committed to working collaboratively toward final action in November.