

**MEMORANDUM OF UNDERSTANDING
BETWEEN WESTERN CANAL WATER DISTRICT
AND SITES PROJECT AUTHORITY
REGARDING CONVEYANCE OF SITES PROP 1 WATER**

This Memorandum of Understanding (“**MOU**”) is entered into and effective this 30th day of April, 2026 by and between the SITES PROJECT AUTHORITY (the “**Authority**”) and WESTERN CANAL WATER DISTRICT (“**District**”) (each a “**Party**” and collectively, the “**Parties**”).

Recitals

WHEREAS, the Authority was created for the purposes of building and operating the Sites Reservoir Project (“**Project**”), a proposed 1.5 million acre-foot off-stream reservoir located approximately 10 miles west of the town of Maxwell, California; and

WHEREAS, to carry out the Project, the Authority is working with the State of California to execute a Contract for Administration of Ecosystem Public Benefits (“**CAPB**”); and

WHEREAS, the CAPB includes providing ecosystem benefits to wildlife areas in the Upper Butte Basin, among other refuges; and

WHEREAS, the District formed on December 18, 1984, as a California Water District, and currently encompasses a land area of approximately 67,500 acres, of which approximately 59,000 acres are irrigable, including owning and operating the Western Canal water system (“**Western Canal**”); and

WHEREAS, the Western Canal may, at certain times, have available and physically feasible capacity to convey up to 2,800 acre-feet of water in drier years that the Authority appropriates pursuant to a permit issued by the State Water Resources Control Board (“**Sites Water**”) to the Upper Butte Basin Wildlife Area, and the District is willing to consider making such available capacity for assisting in the conveyance and delivery of Sites Prop 1 Water for ecosystem public benefit purposes pursuant to the CAPB.

WHEREAS, the Authority has secured CDFW concurrence to use Sites Prop 1 Water at any of the units within the Upper Butte Basin Wildlife Area and the District may receive mutual benefit from deliveries of Sites Prop 1 Water.

NOW, THEREFORE, the Parties agree as follows:

1. **Term.** This MOU shall be effective on the date of the last signature herein and shall remain in effect until execution of the Wheeling Agreement described in Paragraph 2.
2. **Wheeling Agreement.** The Parties acknowledge that the Authority has the responsibility to secure reliable conveyance capacity for ecosystem public benefit water is a material component of the CAPB and the Authority’s commitment to the State of California. Accordingly, the Parties agree to negotiate in good faith to attempt to develop a capacity development and water wheeling agreement (the “**Wheeling Agreement**”) and enter into

the Wheeling Agreement within five years of execution of the CAPB. The Wheeling Agreement will contain the terms and conditions under which available capacity in the Western Canal will be developed and/or used for conveyance and delivery of Sites Prop 1 Water to the Upper Butte Basin Wildlife Area, which terms and conditions shall include, at minimum, the following binding provisions.

(a). Term. Consistent with term of the CAPB, subject to extension upon mutual agreement.

(b). Source of Supply. The Authority will provide up to 2,800 acre-feet, long term annual average of Sites Prop 1 Water, in drier years from the total volume identified in Attachment A, likely through exchange with the Department of Water Resources, for wheeling by the District through the Western Canal to Llano Secco Unit of the Upper Butte Basin Wildlife Area.

(c). Capacity Affirmation. The District will affirm its capability to wheel up to 2,800 acre-feet annually in drier years through existing or developed conveyance capacity within Western Canal for Sites Prop 1 Water to assist the Authority in achieving the intended ecosystem benefits under the CAPB.

(d). Place of Use and Point(s) of Delivery. The Wheeling Agreement will identify the: wildlife area lands, available canals and capacity, respective point(s) of delivery, and any other special conditions determined by the District, see Attachment B.

(e). Scheduling. The District and Authority will develop real-time operational coordination procedures to allow deliveries to align with biological timing windows, including flexibility to adjust timing and volume consistent with adaptive management under the CAPB.

(f). Measurement, and Reporting. The District and Authority will ensure measurement and reporting within the capabilities of existing measuring devices, of all deliveries of Sites Prop 1 Water to determine payment and allow for development of necessary records for the Authority. The District and Authority will agree on appropriate conveyance and system losses for the delivery of Sites Prop1 Water.

(g). Costs. The District shall identify all applicable and reasonable costs for (i) the development of capacity; and (ii) delivery of the Sites Prop1 Water, on a per acre-foot basis, and the process for payment by the Authority. The Parties agree that the Wildlife Area is an existing out of district customer.

(h). Delivery Commitment. The Authority commits to deliver Sites Prop 1 Water to the Llano Seco Unit in dry years.

(i). No Injury. The Agreement will include provisions to ensure that the District and its primary landowners and customers are not injured through implementation of the Agreement, including through diminution of water available to such parties, water quality impacts, or subsidizing in any manner the delivery of Sites Prop 1 Water. The no injury

provision will extend to other existing District obligations, including to then-existing secondary water users and contract water delivery obligations to the Butte Sink.

3. **Authority.** The Board of Directors of each Party have approved this MOU and authorized the development of the Wheeling Agreement described in Paragraph 2, consistent with the terms herein. Each signatory of this MOU represents they are authorized to execute this MOU on behalf of the Party for which they sign. Each Party represents that it has legal authority to enter into this MOU and to perform all obligations under this MOU.
4. **Amendment.** This MOU may be amended or modified only by a written instrument executed by each of the Parties.
5. **Counterparts.** This MOU may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.
6. **Entire Agreement.** This instrument constitutes the entire understanding between the Parties with respect to the subject matters hereof, and supersedes and replaces any prior understandings, whether oral or written, by and between them with respect to such matters.

IN WITNESS WHEREOF, the parties hereto have entered into this instrument as of the Effective Date set forth above.

WESTERN CANAL WATER DISTRICT

By: 
Title: General Manager

SITES PROJECT AUTHORITY

By: _____
Title: Executive Director

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WESTERN CANAL WATER DISTRICT

By: _____

Title: _____

SITES PROJECT AUTHORITY

By:  _____

Title: Executive Director _____

Attachment A

Sites Prop 1 Water

Upper Butte Basin Wildlife Area - Water demand by month and habitat type. All values are in acre-feet (AF).

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Irrigated Seasonal Wetland	573	573	1,146	2,292	1,000	3,084	500	1,000	3,584	2,292	1,719	573	18,336
Semi-Perm. Wetland	62.5	62.5	125	250	375	500	500	0	0	500	187.5	62.5	2,625
Total¹	635.5	635.5	1,271	2,542	1,375	3,584	1,000	1,000	3,584	2,792	1,906.5	635.5	20,961

¹ In drier years, up to 2,800 acre-feet of this amount may be delivered by Western Canal Water District to the Llano Secco Unit.

Attachment B

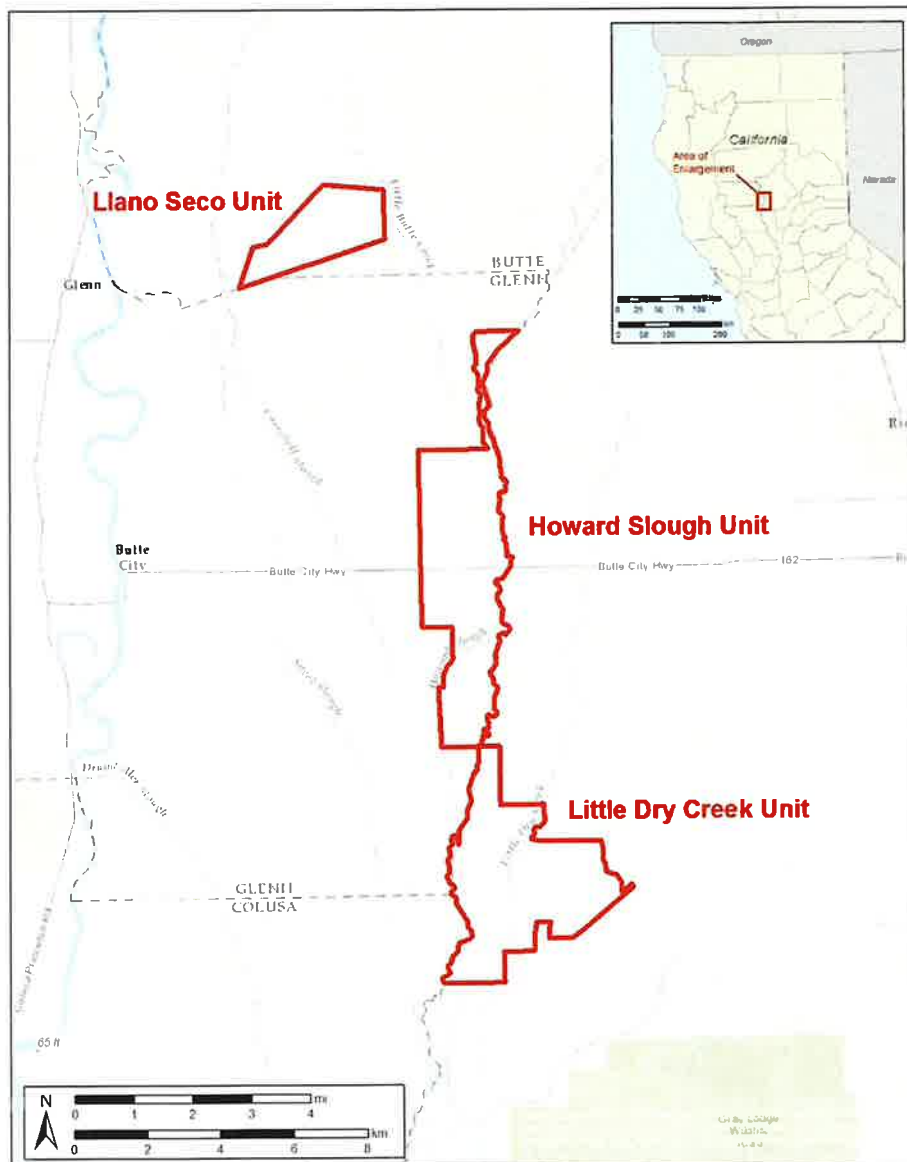


Figure 1. Location of Upper Butte Basin Wildlife Area's Llano Seco, Howard Slough, and Little Dry Creek Units.