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| Water Storage Investment Program: Sites Project Early Funding Request (Action Item) |
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Introduction

At this meeting, the California Water Commission (Commission), will consider whether to award early funding to the Sites Project, one of the projects in the Water Storage Investment Program (WSIP). The Sites Project Authority has requested \$10,948,857 in early funding.

The Commission administers the WSIP to fund the public benefits associated with water storage projects using funds from the Proposition 1 Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), codified at Water Code section 79750 *et seq*, and supplemented by funds from Proposition 4, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clear Air Bond Act of 2024 (Proposition 4). One of the WSIP projects, the Sites Project, will create a 1.5-million acre-foot (MAF) off-stream water storage facility in Glenn and Colusa Counties. This storage facility will capture and store excess stormwater flows from the Sacramento River system for later use by storage partners, including federal, State, and local agencies from across the state. The project will provide ecosystem improvements by providing water to wildlife refuges north and south of the Delta. The project will also provide recreation and flood control benefits. The State, through WSIP, is investing in the ecosystem, recreation, and flood control benefits provided by the project.

Water Code 79755(c) and WSIP regulations section 6010 allow the Commission to award early funding for work related to the completion of environmental documentation and obtaining permits. The regulations require that a project's early funding award be capped at five percent of its Maximum Conditional Eligibility Determination or MCED, which is the amount of WSIP funding available to a given project. The Sites Project previously received early funding and fully expended those funds in 2023. In August 2025, the Commission provided inflationary adjustments to the Sites Project's MCED. With the increase in the MCED for the project, the project is now eligible for additional early funding.

On August 25, 2025, staff received a request from Sites Project Authority, the applicant for the Sites Project, for additional early funding that would bring the total early funding to the full five percent of the current MCED, as allowed under WSIP regulations. The proposed early funding increase would fund a mix of activities already performed since the exhaustion of the previous early funding and future activities to be performed over the next year.

At this meeting, the Commission will hear from representatives leading the Sites Project. This meeting will provide the Commission with information on the project's status and will help the Commission understand whether the project is making demonstrable progress and has viable public benefits.

Summary of Issues

With adjustments made to the Sites Project's MCED in August 2025, the project's current MCED is \$1,094,373,507. Five percent of this adjusted MCED is \$54,718,675, which is \$10,948,857 more than the early funding previously awarded for the Sites Project (\$43,769,818). The previous early funding agreement covered work up until mid-September 2023 and has been fully expended. The Sites Project Authority was required to provide a 50 percent cost share for the invoices, meaning that nearly \$84 million had been spent on early funding activities. Table 1 summarizes the early funding request amount related to the Sites Project.

Table 1. Sites Project Funding Summary

| Current MCED | 5% of Current MCED | Early Funding Already Awarded and Expended | Additional Early Funding Request |
|-----------------|--------------------|--|----------------------------------|
| \$1,094,373,507 | \$54,718,675 | \$43,769,818 | \$10,948,857 |

Early funding is a portion of the overall MCED. There are risks involved in awarding additional early funding, and should the Sites Project not move forward, this funding could become a sunk cost. If the Commission decides not to award the early funding, Sites Project Authority can be reimbursed for costs after a final funding award is made.

Commission Decision

There are two options available to the Commission:

1. Award additional early funding for the Sites Project. If the Commission awards additional early funding for the Sites Project, an amount of up to \$10,948,857 would be made available to the project. The Commission needs to determine if the need exists for the funds and how much early funding to award. The Commission's decision would be documented in a resolution. Staff would then work with the Sites Project Authority to develop a new funding agreement.
2. Deny the early funding request for the Sites Project. The Commission may choose to deny the request to increase the project's early funding, and no further action would be taken.

The Commission can pursue one of these options or defer its decision to a future meeting.

Staff Recommendation

Staff recommends awarding an additional \$10,948,857 in early funding for the Sites Project. The Sites Project Authority indicated in recent appearances at Commission meetings that funding for planning related activities will run out by mid-2026, which is close to the assumed final funding hearing date for the project. Assuming any permits or agreements take longer than expected, in particular the water right permit, the project could run into fiscal issues which could make it difficult to move towards a final funding hearing.

The Sites Authority would be able to enter into a funding agreement and resume reimbursements from the time the previous funding agreement ended, which was in September 2023. Staff recommends the Commission ask questions of the Sites Project Authority to understand what costs have been incurred since that time and how the funds will assist with progressing towards a final funding hearing.

Background

Through the WSIP, the Commission will invest \$2.6 billion in the public benefits of water storage projects, consistent with the requirements of Proposition 1, Chapter 8. The Commission made Maximum Conditional Eligibility Determinations in July 2018, which set the amount of WSIP funding potentially available to each project. One project received a final award at the June 2023 Commission meeting. The remaining WSIP applicants successfully met Proposition 1 interim requirements by the deadline of January 1, 2022, and are working to complete the remaining statutory requirements. These include obtaining permits and completing environmental documents, executing contracts for the administration of public benefits, and completing contracts for non-public benefit cost share. When the applicant completes these requirements, the applicant will return to the Commission for a final award hearing at which the Commission will decide whether to award final funding.

This agenda item is related to Goal One of the [Commission's Strategic Plan](#), which calls on the Commission to implement the WSIP to achieve public benefits.

Meeting Overview

At the September meeting, Jerry Brown, Executive Director for the Sites Project Authority, will present the request for additional early funding for the Sites Project. Following Jerry Brown's remarks, the Commission will hear Tribal and public comment and have an opportunity to discuss the information presented.

This is an action item.

Contact

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