



# Water Storage Investment Program

Sites Project Consideration of  
Supplemental Funding Determination

# Agenda/Overview

- Sites Project Authority (Authority) request for supplemental funding determination
- Background on Sites MCED, new benefit, inflation increases, and WSIP regulations
- Changes to Sites Project and status
- Staff analysis and recommendation
- Commission considerations regarding supplemental funding
- Commission decision options

# Background

- Sites Project received an MCED for public benefits related to Ecosystem (refuge supply and Yolo Bypass), Recreation and Flood Control Benefits
- Authority worked with DWR and added emergency response benefit to draft public benefit contract
- Authority made request on May 15, 2026, for supplemental funding determination related to inflation and for new emergency response benefit

# Background

- Inflation has increased which also increases value of benefits
- With most recent project withdrawal, uncommitted funds exceed sum of current award and MCED amounts
- Recent modifications to WSIP regulations allow for Supplemental Funding Determinations when uncommitted funds are available
  - Allows for increases due to inflation and new public benefits
  - Allows Commission to make determinations on a case-by-case basis

# Sites Project Status

- WSIP MCED: \$1,094,373,507; Early Funding: \$54,718,675 (93% spent)
- Project progress:
  - 30% design complete
  - Environmental documents complete
  - Applications submitted for all permits required to begin construction. Some major permits obtained; other permits and agreements finishing up by December
  - Draft public benefit contracts available now; anticipated completion by December
  - Non-public benefit contracts (non-Program funding) by December

# Inflation Increases and Water Values

- In 2017 original applications required to use 2015 dollars for cost estimates
- Project inflation assessed using Reclamation Construction Cost Index (RCCI)
  - As of April 2026, inflation increased 66.7%
- Water unit values updated based on recent drought information
  - Also adjusted using the RCCI index for April 2026

# New Emergency Response Benefit

- Provides drought emergency water in critical year types
- DWR has accepted emergency response as an additional benefit and incorporated into draft public benefit contract
- The value of the benefit over a 35-year contract term using latest water values and inflation is \$199.2M

# Flood Control and Recreation Benefit

- Flood reduction benefit in Colusa County
- Recreation benefit includes recreational areas and boat ramp at the new reservoir
- No change to physical benefits for both flood control and recreation from time of Maximum Conditional Eligibility Determination (MCED)
- Both public benefits provided over a 75-year contract term
- Value of benefit including inflation and latest water value is
  - \$66.5M for Flood Control
  - \$291M for Recreation

# Ecosystem Benefit

- Provides water to refuges north and south of the Delta
- Contract term of 70 years
- Value of benefit including some conveyance costs, inflation and latest water values is \$806.4M

# Staff Recommendation

- Increase Sites Project conditional amount by \$268.9M for a total conditional amount of \$1.36B
  - Uses the Reclamation Construction Cost Index
  - Incorporates new emergency response benefit

Sites Project Current MCED	Recommended Supplemental Amount	Resulting Conditional Amount
\$1,094,373,507	\$268,904,043	\$1,363,277,550

# Commission Considerations

- Changes to the project since MCED made
- Project progress in meeting WSIP requirements
- Contributes to the advancement and achievement of Program goals
- Supplemental funding determination will support timely completion of the project
- Reserving uncommitted funds does not outweigh the need for supplemental funding

Available Uncommitted Funds	Recommended Supplemental Funding Amount	Remaining Uncommitted Funds
\$587,443,747	\$268,904,043	\$318,539,704

# Commission Considerations

- Decision made at this meeting is for a conditional amount
  - Final statutory items will need to be completed before final award hearing
  - Final water right decision could affect the benefit values
- Commission will revisit the public benefits and the values at the Final Funding Hearing

# Commission Decision Options

## The Commission Decision:

- Approve supplemental funding determination of \$268.9M
- Approve supplemental funding determination in an amount less than \$268.9M
- Deny request for supplemental funding determination
- Delay decision