STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
CALIFORNIA WATER COMMISSION

RESOLUTION NUMBER: 2026-06

APPROVING A SUPPLEMENTAL FUNDING DETERMINATION FOR THE SITES PROJECT TO ACCOUNT FOR ADDITIONAL INFLATIONARY INCREASES AND IN CONSIDERATION OF A NEW EMERGENCY RESPONSE PUBLIC BENEFIT

WHEREAS, the Water Storage Investment Program (“WSIP”) was created from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (“Proposition 1”), and further funded and refined by the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (“Proposition 4”);

WHEREAS, Proposition 1 appropriated $2.7 billion to the California Water Commission (“Commission”) to invest in public benefits associated with water storage projects “that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions” (Water Code section 79750);

WHEREAS, Proposition 4 provided an additional $75 million for projects under the WSIP and directed that “priority for these funds and any funds returned to the Commission shall be to support timely completion of existing approved projects by providing supplemental [funds] to reflect the increase in costs due to inflation ... and any increase in public benefits”;

WHEREAS, on December 14, 2016, the Commission adopted regulations governing the quantification and management of public benefits associated with water storage projects that meet the statutory criteria established for public investment (“WSIP Regulations”);

WHEREAS, the Sites Project is one of the five WSIP projects. It is an off-stream water storage facility located in Glenn and Colusa Counties, and 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;

WHEREAS, in 2018, the Sites Project received a maximum conditional eligibility determination (MCED) of $816,377,686;

WHEREAS, since that time, the Commission has approved three pro rata inflationary adjustments and a Rank 3 adjustment for the Sites Project, bringing its current MCED to $1,094,373,507;

WHEREAS, the current MCED for the Sites Project represents the value of the public benefits that will be provided by the Project, specifically ecosystem improvement, flood control, and recreational benefits;

WHEREAS, the final Program cost share is subject to change based on the public benefits provided by the Project as negotiated with the administering agencies;

WHEREAS, the funding committed to the Sites Project through the MCED and any subsequent supplemental funding determination the Commission may make is conditioned upon the Sites Project Authority satisfying all applicable statutory requirements;

WHEREAS, in November 2025, the Commission adopted a new regulation (23 CCR § 6020), pursuant to Proposition 4, governing the use of uncommitted funds, and authorizing the Commission to award supplemental funding to WSIP projects for additional public benefits and increases in costs due to inflation (Resolution No. 2025-08);

WHEREAS, under WSIP Regulation subsection 6020(b), the Commission may, for good cause, make a supplemental funding determination at or after the time the administering agency submits to the Commission a draft contract for the administration of public benefits (CAPB);

WHEREAS, under WSIP Regulation subsection 6020(d), the Commission will consider any changes that have occurred to the project since the maximum conditional eligibility determination was made, including but not limited to the availability of additional public benefits and increases in costs due to inflation;

WHEREAS, under WSIP Regulation subsection 6020(d), the Commission will consider a recipient's progress toward timely completing the project and the ability of the collective suite of projects to advance the Program goals and purposes described in Water Code, section 79750(b);

WHEREAS, under WSIP Regulation subsections 6020(e) and (g), the Commission may not make a supplemental funding award if uncommitted funds are unavailable, if the applicable administering agency does not agree to include the additional public benefits in the respective CAPB, if the Commission determines that reserving uncommitted funds for the other existing approved projects supports the goals of the Program and outweighs the need for supplemental funding, or if the Commission determines that the supplemental funding will not support the timely completion of the existing approved project;

WHEREAS, the California Department of Water Resources (DWR) administers emergency response benefits provided by WSIP projects and accepted emergency response benefit information provided by the Sites Project Authority;

WHEREAS, DWR developed a draft CAPB for provision of the emergency response benefit by the Sites Project, delivering up to 208,800-acre feet of captured water and creating a new water supply for use during drought emergency years depending on the nature of the emergency;

WHEREAS, the draft CAPB provides that the actual amount of water delivered, and the recipients will be dependent on the nature of the emergency;

WHEREAS, Commission economists monetized emergency response benefits for the Sites Project using updated unit water values, based on the alternative cost of providing the water from another source, and the present value of the emergency response benefit from the Project is $199,280,579;

WHEREAS, the WSIP projects' original MCEDs, which set the amount of WSIP funding potentially available to each project, were made in 2018 and based on cost estimates in 2015 dollars;

WHEREAS, the Commission recognizes that WSIP project costs have increased due to inflation since the original MCEDs were made and that the costs to provide the public benefits also increased due to inflation;

WHEREAS, Commission staff and economists recommend calculating inflation using a composite construction and land cost index based on Construction Cost Trends published by the United States Bureau of Reclamation, which is specific to water projects. This index is known as the Reclamation Construction Cost Index;

WHEREAS, under this Reclamation Construction Cost Index, the adjusted total value of the Sites Project public benefits, including the new emergency response benefit, as of April 2026, is $1,363,277,550, which is an increase of $268,904,043 over Sites Project Authority's current MCED;

WHEREAS, there is currently $587,443,747 available in WSIP "uncommitted funds" as defined in WSIP Regulation subsection 6020(a)(5);

WHEREAS, Sites Project Authority has made satisfactory progress toward timely completing the statutory and regulatory requirements necessary before receiving a final project award, and providing a supplemental award will further support the timely completion of the project;

WHEREAS, providing a supplemental award will help the Sites Project to advance the WSIP goals and purposes;

WHEREAS, declining to award supplemental funds to the Sites Project Authority to reserve that funding for other WSIP projects does not outweigh Sites Project Authority's need for supplemental funding;

WHEREAS, on May 15, 2026, the Sites Project Authority submitted a letter to the Commission requesting a supplemental funding determination to account for additional inflationary increases and to consider a new public benefit related to emergency response;

WHEREAS, at the Commission meeting on June 17, 2026, the California Department of Fish and Wildlife and the California Department of Water Resources presented their draft CAPBs for ecosystem improvement benefits and recreational, flood control, and emergency response benefits, respectively;

WHEREAS, Commission staff provided a report on the Sites Project Supplemental Funding Determination, which included information about the status of the Project, analysis on calculating the supplemental funding award based on inflation, and staff's recommendation;

WHEREAS, Commission staff recommend the Commission make a supplemental funding determination for the Sites Project in the amount of $268,904,043 to address the costs of inflation up to April 2026 and in consideration of new public benefits related to emergency response;

WHEREAS, at the publicly noticed June 17, 2026, Commission meeting, Sites Project Authority provided a presentation on the status of the project and Commission staff provided a presentation on the Sites requested supplemental funding determination; and

WHEREAS, at its June 17, 2026, Commission meeting, the Commission considered Sites Project Authority's request, public comment, and the Commission staff's report.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby finds that good cause exists for a supplemental funding determination for the Sites Project pursuant to 23 CCR § 6020(b); and

BE IT FURTHER RESOLVED, the Commission approves a supplemental funding determination in the amount of $268,904,043 to Sites Project Authority, pursuant to WSIP Regulation, section 6020, and consistent with the Commission staff's recommendation; and

BE IT FURTHER RESOLVED, the Commission directs the Executive Officer to undertake whatever actions necessary to carry out the Commission's approval.

Signed:

Fern Steiner

Fern Steiner, Chair
California Water Commission

7/21/2026

Date

Attest:

Laura Jensen

Laura Jensen, Executive Officer
California Water Commission

7/20/2026

Date