



Water Storage Investment Program: Options for Available Funding

Introduction

At the October 2020 Commission meeting, the Temperance Flat Reservoir Authority (TFRA) presented an update on its project, the Temperance Flat Reservoir. TFRA indicated that the project will not be able to meet the eligibility deadline outlined in Proposition 1, Chapter 8 under the Water Storage Investment Program (WSIP). TFRA has since submitted a resolution from its Board withdrawing its application for funding under the WSIP. As a result of the withdrawal, the Maximum Conditional Eligible Determination (MCED) amount of \$171,330,000 is available. The Commission will determine how this funding will be utilized within the WSIP

At the March 2019 Commission Meeting, the Commission passed a resolution explaining the Commission's preferences for the use of additional funding if WSIP funds became available. The Commission's first preference was to adjust the MCEDs for the Rank 3 projects. The Commission adjusted these projects' MCEDs below applicants' requests due to a funding shortfall during the MCED phase of the application evaluation. If funds remain after fully funding Rank 3 projects, the resolution suggests adjusting MCEDs to projects that requested less than their eligible amounts. Finally, the Commission recommended conducting an expedited solicitation for new projects.

The Commission will hear about possible options for using the newly available funds, as well as any other funds that may become available in the future. The options include various ways to apply funding to projects currently in the WSIP, and a potential path for considering new projects. Considering new projects could involve a screening process that allows the Commission to receive conceptual submittals before the statutory deadline of January 1, 2022. The screening process would provide prospective projects an opportunity to establish eligibility in the Program before the January 2022 deadline. The Commission could then decide to perform any needed rulemaking to open a second solicitation in the future.

Background

Through the WSIP, the California Water Commission will invest nearly \$2.6 billion in the public benefits of water storage projects, consistent with the requirements of Proposition 1 (the Water Quality, Supply, and Infrastructure Improvement Act of 2014), Chapter 8. In July 2018, the Commission made Maximum Conditional Eligibility Determinations, decisions that set the amount of Proposition 1 funding available to a given project, for eight projects that will create more than four million acre-feet of storage capacity. Since then, applicants have been working

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to complete the Proposition 1 requirements, which include obtaining permits and environmental documents, contracts for the administration of public benefits, and contracts for non-Proposition 1 funding before returning to the Commission for a final award hearing.

This agenda item implements Goal Four of the Commission's Strategic Plan, which calls on the Commission to carry out its statutory responsibilities for the Proposition 1 Water Storage Investment Program.

Meeting Overview

Commission staff will present an overview of the Commission's options for utilizing available funding, including a review of the March 2019 resolution regarding preferences for the use of future available funding and further information about possible steps to explore new projects. This is an informational item.

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