



**Water Storage Investment Program: Request to Increase Early Funding Award Amount
(Action Item)**

Introduction

The California Water Commission (Commission) administers the Water Storage Investment Program (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. Currently, seven projects have a WSIP maximum conditional eligibility determination (MCED), which is the amount of Proposition 1 funding potentially available to a given project. These projects are actively working to secure a formal WSIP award amount.

In January 2021 and March 2022, the Commission adjusted the MCEDs of the projects in the WSIP with 2.5% and 1.5% inflation increases, respectively. 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 MCED.

CCWD is requesting the Commission increase the early funding amount for the Los Vaqueros Reservoir Expansion (LVE) project to five percent of the revised MCED, as allowed under WSIP regulations.

Staff Analysis

CCWD’s current early funding award is \$22,950,000. With the recent inflation adjustments to all existing WSIP projects’ MCEDs, the current MCED amount for the LVE is \$477,558,343. Five percent of this adjusted MCED is \$23,877,917 which is \$927,917 more than the current early funding award, as shown in Table 1 below. To date, CCWD has been reimbursed approximately \$13 million in early funding, which is about 57% of its early funding award. CCWD submits invoices on a monthly basis and provides a 50% cost share, which means that over \$26M has been spent on costs related to early funding so far.

Table 1. Los Vaqueros Funding Summary

Current Early Funding Award	Current MCED	5% of Current MCED	Additional Early Funding Request
\$22,950,000	\$477,558,343	\$23,877,917	\$927,917

Early funding is a portion of the overall MCED. If the Commission decides not to increase the early funding amount, CCWD can be reimbursed for costs after a final funding award is made.

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While staff has not previously made recommendations for early funding awards, and this decision is the Commission's discretion, staff does not have any objections to the request.

Commission Decision

There are two options available to the Commission:

1. Increase the Award for Early Funding. If the Commission increases the early funding amount for the Los Vaqueros Reservoir Expansion Project, the maximum amount would be \$23,877,917. The Commission needs to determine if the need exists for the funds and how much to increase the early funding amount. The Commission's decision would be documented in a resolution. Staff would then amend the existing early funding agreement.
2. Keep Early Funding at Current Amount. If the Commission denies the request to increase the early funding, no further action would be taken. CCWD would continue to invoice for work under the current funding agreement and would be able to request reimbursement for funds in excess of the current early funding amount after a final funding award is made.

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

Background

Through the WSIP, the 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 MCEDs, decisions that set the amount of Proposition 1 funding potentially available to a given project. Since then, one applicant withdrew from the program. In early 2021, the Commission decided to adjust two project MCEDs to their initially requested amounts. Additionally, the Commission made a 2.5% and, later, a 1.5% inflation adjustment to all seven project MCEDs. The seven remaining applicants are working to complete the Proposition 1 requirements, which include obtaining permits and final environmental documents, contracts for the administration of public benefits, and contracts for non-public benefit cost share 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

At the May meeting, WSIP Program Manager Amy Young will introduce this agenda item and Maureen Martin, Special Projects Manager for CCWD, will present the request for an increased early funding award.

This is an action item.

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Contact

Amy Young

Program Manager

California Water Commission

(916) 902-6664