



**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 (Proposition 1). 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. The Sites Project, proposed by Sites Project Authority, is one of the seven WSIP projects actively working to secure a formal WSIP award amount. As currently proposed, the Sites Project will create a 1.5 million acre-foot off-stream storage reservoir in Colusa County. The project will provide ecosystem improvements by providing refuge supply and flows into the Yolo Bypass. The project will also provide recreation and flood control benefits. Currently, the applicant is working toward finalizing the recirculated EIR and obtaining permits to move the project towards construction.

In January 2021, the Commission adjusted the MCED for the Sites Project to the requested amount and adjusted the MCEDs of all projects in the WSIP by 2.5% for inflation. In March 2022, the Commission made an additional inflation adjustment to the WSIP projects of another 1.5%. 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. Staff received a request from Sites Project Authority requesting the Commission increase the early funding amount for the Sites Project to five percent of the revised MCED.

**Staff Analysis**

Sites Project's current early funding award is \$40,818,884. With the adjustments to the Sites Project MCED, the current MCED is \$875,396,369. Five percent of this adjusted MCED is \$43,769,818 which is \$2,950,934 more than the current early funding award, as shown in Table 1. To date, Sites Project Authority has requested early funding reimbursements of approximately \$36.9 million which is more than 90% of its early funding award. Sites Project Authority submits invoices on a quarterly basis and provides a 50% cost share, which means that, to date, more than \$73.8 million has been spent on costs related to completion of

environmental documents and obtaining permits. Overall, staff has not experienced any issues with the early funding agreement.

**Table 1. Sites Project Funding Summary**

Current Early Funding Award	Current MCED	5% of Current MCED	Additional Early Funding Request
\$40,818,884	\$875,396,369	\$43,769,818	\$2,950,934

Early funding is a portion of the overall MCED. If the Commission decides not to increase the early funding amount, Sites Project Authority can be reimbursed for costs after a final funding award is made. Staff typically does not make recommendations for early funding awards as this decision is the Commission’s discretion, however, 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 Sites Project, the maximum increase would be \$2,950,934, bringing the total early funding award to \$43,769,818. 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. Sites Project Authority would continue to invoice for work under the current funding agreement. Sites Project Authority could make another request in the future to increase their early funding award or would be able to request reimbursement for funds in excess of the current early funding amount after a final funding award is made and the final award agreement is executed.

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, Chapter 8. In July 2018, the Commission made MCEDs, decisions that set the amount of Proposition 1 funding potentially available to a given project. The seven WSIP applicants have successfully met the Proposition 1, Chapter 8 interim requirements and are working to complete the remaining statutory requirements, which include obtaining permits and completed environmental documents, executing contracts for the administration of public benefits, and contracts for non-public

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benefit cost share. Once these requirements are complete, each WSIP applicant will return 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 WSIP.

**Meeting Overview**

At the May meeting, the Executive Director for Sites Project, Jerry Brown, will present the request for an increased early funding award.

This is an action item.

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