



Project Progress and Commission Discretion in the Water Storage Investment Program

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, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1). All WSIP projects met an interim statutory deadline to establish feasibility before January 1, 2022 (feasibility deadline). The feasibility deadline ensured that projects made progress to meet the statutory requirements up to that date. Since then, projects continue to work to complete the remaining statutory requirements for a final funding hearing, essentially becoming “shovel ready.” Each project is on its own timeline. The WSIP regulations give the Commission discretion to determine if an applicant is making sufficient progress toward completing the statutory requirements for final funding. If the Commission determines a project is not making substantial progress, the Commission may also determine the project is no longer eligible for funding through the WSIP, pursuant to California Code of Regulations, title 23, section 6013, subdivision (f)(1).

Commission staff update the Commission on the status of each project at each regularly scheduled Commission meeting. The Commission also invites projects to give briefings at Commission meetings. These briefings began after the January 1, 2022 feasibility deadline, and ensure the Commission receives updated information about the projects’ progress now that all formal deadlines have passed. The briefings help the Commission evaluate whether to exercise its discretion to find a project is not making substantial progress toward completing the remaining statutory requirements, and whether to determine a project is no longer eligible for funding. At its November 2023 meeting, the Commission requested staff present more information about how the Commission may exercise the discretion granted to it through the WSIP regulations.

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 Maximum Conditional Eligibility Determination (MCED), decisions that set the amount of Proposition 1 funding potentially available to each project. One project received a final award at the June 2023 Commission meeting. The six remaining WSIP applicants successfully met the Proposition 1, Chapter 8 interim requirements by the deadline of January 1, 2022 and are working to complete the

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remaining statutory requirements. These include obtaining permits and completed environmental documents, executing contracts for the administration of public benefits, and completing contracts for non-public benefit cost share. Once these requirements are complete, each remaining 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 the WSIP.

Meeting Overview

At the meeting, Holly Geneva Stout, Attorney IV for the Commission, will provide an overview of factors the Commission considered in 2018, the parameters of the Commission's examination of the status of WSIP projects, and the discretion contained in the WSIP regulations. This is an informational item.

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