



<b>Water Storage Investment Program: Proposed Pathway for Uncommitted Funds</b>
---

### **Introduction**

The California Water Commission (Commission) administers the Water Storage Investment Program (WSIP) to fund the public benefits associated with water storage projects. These projects use funds from Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), codified at Water Code section 79750 et seq, and supplemented by funds from Proposition 4, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clear Air Bond Act of 2024 (Proposition 4). Currently, the Commission has approximately \$638 million of uncommitted funding available to support the public benefits associated with existing WSIP projects. At its August meeting, the Commission directed staff to explore options for how to use the remaining WSIP funds. At this meeting, Commission staff will present a proposed pathway for using uncommitted funds via a modification to the regulations governing WSIP.

WSIP is governed by regulations that were adopted by the Commission in 2016 and codified in 2017, at the start of the program. The regulations direct the Commission on how to award funding to Water Storage Investment Program projects. The WSIP regulations specify that a project be assigned a maximum conditional eligibility determination (MCED), described as “a ‘not to exceed’ amount of potential funding, contingent on the applicant meeting the conditions of section 6013 [requirements for final funding] necessary for the commission to make a funding allocation” (California Code of Regulations, Division 23, Title 7, Section 6011). The WSIP regulations do not describe a process for modifying a project’s MCED, awarding final funding that exceeds a project’s MCED, or otherwise re-committing funds that have been returned by the withdrawal of projects. At this time, to adjust an MCED, the Commission is limited to considering pro rata ministerial increases to all projects’ MCEDs, as it has done several times to account for inflation.

In 2025, the Commission assessed the viability of all existing approved WSIP projects, considering each project’s progress toward meeting the WSIP final funding requirements and its ability to deliver WSIP-required public benefits. The Commission expressed a desire to administer WSIP funds as quickly as possible within the statutory limitations of the program, before costs escalate further, to maximize the public benefits that California is getting for their investment. This stated desire echoes the will of the legislature and the voters, who, with the passage of Proposition 4 in 2024, specified that priority for Proposition 4 funds “and any funds returned to the commission shall be to support *timely completion of existing approved projects* by providing supplemental grants to reflect the increase in costs due to inflation since the original grant applications and any increase in public benefits” (Public Resources Code, Division 50, Chapter 2, Section 91015) (emphasis added).

To support timely completion of existing approved projects and maximize the public benefits of these projects for all Californians, Commission staff propose modifying the WSIP regulations to allow the Commission to consider increasing the amount of WSIP funding committed to a project on a case-by-case basis, as projects approach a final funding hearing, to account for inflation and increased benefits.

Should the Commission direct staff to modify the WSIP regulations, staff will determine the appropriate rulemaking process, prepare the proposed regulation text and supporting documentation, open a public comment period, and submit documentation to the Office of Administrative Law. At the close of the public comment period, staff would bring the final regulations to the Commission for approval. Staff estimates that this would occur in late 2025 to early 2026.

### **Background**

Through WSIP, the Commission will invest \$2.6 billion in the public benefits of water storage projects. The Commission made MCEDs in July 2018, which set the amount of Proposition 1 funding potentially available to each project based on the value of that project's public benefits. Final funding awards for WSIP projects will be used for the construction of the water storage project, but this funding is an investment in the public benefits the project will provide over the life of the project.

Currently, there are five projects that are eligible to receive WSIP funding. One project received a final award at the June 2023 Commission meeting. The remaining WSIP applicants successfully met Proposition 1 interim requirements, which required that they be found feasible by the deadline of January 1, 2022. The Commission cannot solicit new projects that did not meet the January 1, 2022, feasibility deadline.

Four WSIP projects are working to complete the statutory requirements necessary to secure WSIP final funding. Each project proponent drives their own project schedule: they are the lead agencies responsible for completing statutory requirements, which include obtaining permits and completing environmental documents, executing contracts for the administration of public benefits, and completing contracts for non-public benefit cost share. The Commission only has the authority to administer funding through the Water Storage Investment Program and cannot seek additional funding to support WSIP-eligible projects.

When the applicant completes the WSIP statutory requirements, it will return to the Commission for a final award hearing, at which the Commission will decide whether to award final funding. As currently written, WSIP regulations give the Commission discretion to award less than the project's MCED, but not more than the MCED.

Over the past year, the passage of Proposition 4 (\$72.6 million), and the withdrawal of the Los Vaqueros Reservoir Expansion Project (\$453.6 million) and Pacheco Reservoir Expansion Project (\$479.9 million) from WSIP resulted in \$1,006.1 million of WSIP funding for potential use for the

remaining WSIP projects. In March 2025, the Commission awarded an additional \$73 million to the Harvest Water Program's final funding award for inflationary increases. In August 2025, the Commission committed an additional \$295.1 million to the Sites Project's, Chino Basin Program's, and Kern Fan Groundwater Storage Project's MCEDs for inflationary increases. With these commitments, \$638 million of uncommitted funding is available for existing projects.

**Table 1. Total Available WSIP Funding**

Funding Source	Amount
Proposition 1	\$2,581,601,000
Proposition 4	\$72,638,000
Subtotal	\$2,654,239,000

**Table 2. Existing Committed Funds**

Projects	Amount
Harvest Water (Final Funding Award with inflation increase)	\$364,844,199
Sites (MCED with inflation increase)	\$1,094,373,507
Chino Basin (MCED with inflation increase)	\$269,113,244
Kern Fan Groundwater Storage (MCED with inflation increase)	\$111,417,305
Willow Springs Water Bank Conjunctive Use (MCED)	\$128,274,876
Los Vaqueros Reservoir Expansion (Early Funding Spent)	\$23,877,917
Pacheco Reservoir Expansion (Early Funding Spent)	\$24,200,000
Subtotal	\$2,016,101,048
<b>Uncommitted Funding</b>	<b>\$638,137,952</b>

This agenda item is related to Goal One of the [Commission's Strategic Plan](#), which calls on the Commission to implement the WSIP to achieve public benefits.

### Meeting Overview

At the October meeting, Sarah Lesmeister, Assistant Executive Officer for the Commission, will provide a proposed pathway for awarding uncommitted WSIP funding. Following her remarks, the Commission will hear Tribal and public comment and discuss the information presented.

This is an informational item.

### Contact

Sarah Lesmeister  
Assistant Executive Officer  
California Water Commission  
(916) 450-8402