



Water Storage Investment Program

Harvest Water Program

Consideration of Supplemental Funding Determination

Agenda/Overview

- Sacramento Area Sewer District (SacSewer) request for supplemental funding determination
- Background on Harvest Water Program funding, calculating inflation increases, and WSIP regulations
- Update on Harvest Water Program project status
- Staff recommendation and Commission considerations regarding supplemental funding
- Commission decision options

Background

- Harvest Water Program awarded funding in 2023
 - Economists used Consumer Price Index and USDA crop land average values to bring public benefits up to 2022 values
 - Public benefit values exceeded the project's MCED
- Pro-rata inflationary increases to Harvest Water Program
 - Increase did not fully bring award amount for Harvest Water Program to fully inflated value of benefits

Background

- Past pro-rata inflation increases to projects' MCEs justified using a construction and land cost index based on Reclamation Construction Cost Trends
 - Economists recommend using this index as it is a water project-specific index
 - Higher rate than CPI
- With most recent project withdrawal, uncommitted funds exceed sum of current award and MCE amounts

Background

- Recent modifications to WSIP regulations allow for Supplemental Funding Determinations when uncommitted funds are available
 - Allows for increases due to inflation and new public benefits
 - Allows Commission to make determinations on a case-by-case basis
 - For projects with final awards, allows 12-month window for a Commission decision

Harvest Water Program Status

- WSIP Funding: Total Award: \$364,844,199; \$203.1M spent – 56% of total award
- Construction progress:
 - 41.3 miles of pipeline (completed in 2025)
 - Harvest Water Pumping Station (mid 2027)
 - On-Farm Connections Assemblies (mid 2027)
 - Groundwater monitoring wells (late 2026)
- Outreach continues on recycled water delivery and EcoPlan landowner agreements
- Completion of testing, start-up, and commissioning of Harvest Water Program facilities expected in mid 2027
- Project has experienced inflation increases. SacSewer made request for supplemental funding determination related to inflation.

Staff Recommendation

- Increase Harvest Water Program award by \$52.1M for a total award amount of \$416.9M
 - Utilizes the recommended construction and land cost index
 - Applies inflation increases up until time of final funding award

Harvest Water Award in 2023	Pro-rata Increase in 2025	Recommended Inflation Increase	Total Award Amount
\$291,841,209	\$73,002,990	\$52,119,205	\$416,963,404

Commission Considerations

Considerations:

- Uncommitted funds currently total \$639.5M
- Reserving uncommitted funds does not outweigh the need for supplemental funding
- SacSewer is showing progress in completing project on schedule
- Supplemental funding will support timely completion of the project
- Substantial uncommitted funds remain for other projects
- Contributes to the advancement and achievement of Program goals

Commission Decision Options

The Commission Decision:

- Award supplemental funding of \$52.1M
- Award supplemental funding in an amount less than \$52.1M
- Deny request for supplemental funding
- Delay decision