

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
CALIFORNIA WATER COMMISSION

RESOLUTION NUMBER: 2021-01

RESOLUTION TO ADJUST MAXIMUM CONDITIONAL ELIGIBILITY
DETERMINATIONS AND ADJUST FOR INFLATION

WHEREAS, on November 4, 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 ("Proposition 1");

WHEREAS, Proposition 1 contained Chapter 8, "Statewide Water System Operational Improvement and Drought Preparedness," ("Chapter 8") which appropriates \$2.7 billion to the California Water Commission ("Commission") to invest in public benefits associated with water storage projects "that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions" (Water Code section 79750);

WHEREAS, on December 14, 2016, the Commission adopted regulations governing the quantification and management of public benefits associated with water storage projects that meet the criteria established for public investment (the Water Storage Investment Program ("WSIP"));

WHEREAS, the regulations were approved by the Office of Administrative Law on March 7, 2017, and appear in the California Code of Regulations, title 23, section 6000 *et seq.* ("regulations");

WHEREAS, the Commission, pursuant to the terms of the regulations, began the application period for funds from the WSIP on March 15, 2017;

WHEREAS, Southern California Water Bank Authority applied for funding for its water storage project, the Willow Springs Water Bank Conjunctive Use Project pursuant to the terms of the regulations and submitted an application on or before August 14, 2017;

WHEREAS, Irvine Ranch Water District/Rosedale-Rio Bravo Water Storage District applied for funding for its water storage project, the Kern Fan Groundwater Storage Project pursuant to the terms of the regulations and submitted an application on or before August 14, 2017;

WHEREAS, the applications from Southern California Water Bank Authority and Irvine Ranch Water District/Rosedale-Rio Bravo Water Storage District (collectively, applicants) are complete and the Projects are eligible for funding from the WSIP;

WHEREAS, on July 24, 2018, the Commission considered the funding amounts requested by the Applicants;

WHEREAS, the Temperance Flat Reservoir Authority withdrew from the Water Storage Investment Program at the Commission's October 21, 2020 meeting;

WHEREAS, the Temperance Flat Reservoir Authority's decision to withdraw from the program resulted in \$171 million becoming available for potential funding to existing projects in the Water Storage Investment Program;

WHEREAS, the Southern California Water Bank Authority received a Maximum Conditional Eligibility Determination that was \$27,884,001 less than its total eligible amount;

WHEREAS, the Irvine Ranch Water District/Rosedale Rio Bravo Water Storage District received a Maximum Conditional Eligibility Determination that was \$18,122,685 less than its total eligible amount;

WHEREAS, the Maximum Conditional Eligibility Determinations for all projects in the Water Storage Investment Program used 2015 dollars to value the public benefits of the projects;

WHEREAS, the rate of inflation since 2015 is estimated to be 10%;

WHEREAS, applicants in the Water Storage Investment Program indicated to the Commission at its November 18, 2020 and December 16, 2020 meetings that adjusting Maximum Conditional Eligibility Determinations for inflation would be helpful to ensuring the projects remain viable given the change in economy from the COVID-19 downturn;

WHEREAS, Commission staff determined a 2.5% inflation adjustment to all projects' Maximum Conditional Eligibility Determinations would result in increases to the projects' Maximum Conditional Eligibility Determinations of \$63,916,372;

NOW, THEREFORE, BE IT RESOLVED, that the Commission directs staff to increase the Maximum Conditional Eligibility Determination for the Southern California Water Bank Authority by \$27,884,001;

BE IT FURTHER RESOLVED, that Commission directs staff to increase the Maximum Conditional Eligibility Determination for the Irvine Ranch Water District/Rosedale Rio Bravo Water Storage District by \$18,122,685; and

BE IT FURTHER RESOLVED, that, after the adjustments directed above are completed, Commission staff increase all current projects' Maximum Conditional Eligibility Determinations for inflation at a rate of 2.5%, consistent with Attachment A.

Signed:

Teresa Alvarado

Teresa Alvarado, Chair
California Water Commission

1/21/2021

Date

Attest:

Joseph Yun

Joseph R. Yun, Executive Officer
California Water Commission

1/22/2021

Date

Attachment A: Summary of Water Commission WSIP Actions, January 2021

Project	2018 MCED	Rank 3 adjustment	2.5% inflation adjustment	2021 MCED
Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program	\$206,900,000		\$5,172,500	\$212,072,500
Harvest Water Program	\$280,500,000		\$7,012,500	\$287,512,500
Kern Fan Groundwater Storage Project	\$67,537,315	\$18,122,685	\$2,141,500	\$87,801,500
Los Vaqueros Reservoir Expansion Project	\$459,000,000		\$11,475,000	\$470,475,000
Pacheco Reservoir Expansion Project	\$484,550,000		\$12,113,750	\$496,663,750
Sites Project	\$816,377,686		\$20,409,442	\$836,787,128
Willow Springs Water Bank Conjunctive Use	\$95,405,999	\$27,884,001	\$3,082,250	\$126,372,250
Subtotals	\$2,410,271,000	\$46,006,686	\$61,406,942	\$2,517,684,628
			Possible 2nd Solicitation	\$63,916,372
			Total	\$2,581,601,000