

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
CALIFORNIA WATER COMMISSION

RESOLUTION NUMBER: 2022-01

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, the Sites Project Authority applied for funding for its water storage project, the Sites Project, pursuant to the terms of the regulations and submitted an application on or before August 14, 2017;

WHEREAS, the application from the Sites Project Authority is complete and the Project is 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 Sites Project Authority received a Maximum Conditional Eligibility Determination that was approximately \$100,242,314 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 approximately 25%;

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, applicants in the Water Storage Investment Program repeated these assertions at the February 16, 2022 Commission meeting;

WHEREAS, in 2021, the Commission found all seven projects in the Water Storage Investment Program are feasible and continue to be eligible for funding through the Water Storage Investment Program;

WHEREAS, the Commission previously adjusted each applicant's Maximum Conditional Eligibility Determination for inflation at the Commission's meeting on January 20, 2022 meeting by increasing the Maximum Conditional Eligibility Determination by 2.5%;

WHEREAS, the Sites Project Authority's adjusted Maximum Conditional Eligibility Determination, after the January 20, 2021 adjustment, is \$836,787,128;

WHEREAS, the Commission staff determined, that a 1.5% inflation adjustment to all projects' Maximum Conditional Eligibility Determinations would result in increases to the projects' Maximum Conditional Eligibility Determinations of \$38,291,372, and allow \$25,000,000 plus 2.5% to be awarded to the Sites Project, consistent with the Commission's treatment of the Kern Fan Project and Willow Springs Project in January 2021;

NOW, THEREFORE, BE IT RESOLVED, that the Commission directs staff to increase the Maximum Conditional Eligibility Determination for the Sites Project Authority by \$25,000,000;

BE IT FURTHER RESOLVED, that the Commission directs staff to include the previously adopted inflation adjustment of 2.5% to the additional MCED adjustment for the Sites Project Authority, resulting in a total of \$25,625,000 adjustment; 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 1.5%, consistent with Attachment A.

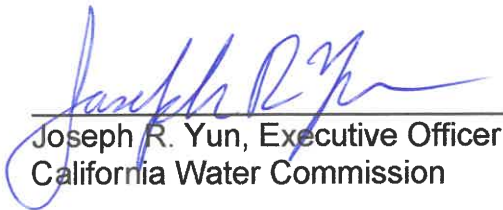
Signed:



Matthew Swanson, Vice Chair
California Water Commission

2/5/2022
Date

Attest:



Joseph R. Yun, Executive Officer
California Water Commission

4/7/2022
Date

Resolution 2022-1 Attachment A: Summary of Commission WSIP Actions, March 2022

Project	2021 MCED	Rank 3 Adjustment	1.5% Inflation Adjustment	2022 MCED
Chino Basin Program	\$212,072,500		\$3,192,905	\$215,265,405
Harvest Water Program	\$287,512,500		\$4,328,709	\$291,841,209
Kern Fan Project	\$87,801,500		\$1,321,915	\$89,123,415
Los Vaqueros Reservoir	\$470,475,000		\$7,083,343	\$477,558,343
Pacheco Reservoir	\$496,663,750		\$7,477,633	\$504,141,383
Sites Project	\$836,787,128	\$25,625,000	\$12,984,241	\$875,396,369
Willow Springs Water Bank	\$126,372,250		\$1,902,626	\$128,274,876
Totals	\$2,517,684,628	\$25,625,000	\$38,291,372	\$2,581,601,000