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Action Item: Water Storage Investment Program (WSIP) Validation of Completeness and Basic Eligibility

BACKGROUND

The Water Storage Investment Program (WSIP) regulations (Cal. Code Regs. tit. 23, § 6000 *et seq.*) (regulations) govern program implementation. The Commission adopted the regulations after extensive stakeholder input. The regulations became effective on March 7, 2017 after approval by the Office of Administrative Law. The WSIP application period opened March 14, 2017 and closed August 14, 2017. Applications and review-related materials are posted on the Commission's project review portal (<https://cwc.ca.gov/Pages/WSIP.aspx>). Staff reviewed the applications for completeness and basic eligibility pursuant to section 6006 of the regulations (attached at the end of this staff report). The Commission sent letters to applicants on August 31, requesting specific items staff identified as missing and that could be requested according to the completeness and basic eligibility provisions of the regulations. Staff reviewed the materials submitted in response to the letters, and is adding only that material which was specifically requested in the letters.

The regulations do not call for Commission actions at this stage, application completeness and basic eligibility, beyond making eligibility determinations per section 6006 if staff identifies basic eligibility issues. As part of the staff's monthly briefing on the status of the WSIP program, staff will present the results of the completeness and basic eligibility review and subsequent request for information. Staff will be requesting that the Commission act to validate staff's findings of completeness and basic eligibility on each application.

COMMISSION ACTIONS

Staff will summarize the completeness and basic eligibility review results and the applicant's response for each application. If there are no issues, staff will ask for the Commission's concurrence with staff findings. Staff will also describe a basic eligibility concern for the San Joaquin River & Tributaries Conjunctive Use Project. The Commission will need to consider, discuss, and make an eligibility determination for that project. Additionally, in its response to the completeness and basic eligibility letter, the Temperance Flat Reservoir Project submitted two pieces of information that staff did not request. Both pieces of information should have

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been part of the original application submittal. However, because of restrictions in the regulations, staff did not request this information in the completeness and basic eligibility letter. The Commission will need to direct staff as to whether they should add these two pieces of information to the application.

LIMITATIONS

This agenda item only addresses completeness and basic eligibility of applications as described in sections 6006(c)(1) and 6006(c)(3) of the regulations. In the future, staff may identify additional eligibility items (in section 6006(c)(2)) as the review process continues. (Section 6006 is attached to this staff report.) The timing of the review may require these additional eligibility items be incorporated as part of the public benefit ratio (PBR) release in January.

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WSIP REGULATIONS SECTION 6006. ELIGIBILITY AND COMPLETENESS

(a) Staff shall review each application for completeness and basic eligibility within 45 days of the end of the solicitation period.

(b) If any completeness or basic eligibility deficiencies are identified, Staff shall notify the applicant in writing at the email address provided in the application and provide a list of the identified deficiencies.

(c) The applicant shall be provided a 14-day period to submit the required information that addresses the identified deficiencies to Staff. Staff shall inform the Commission of any project which may have failed completeness or basic eligibility. The Commission shall determine if the project is ineligible based on Staff's recommendation and in compliance with these regulations.

(1) Basic Eligibility

(A) Staff shall review the following information to determine the basic eligibility of the application:

1. The project must meet the criteria in the following Water Code sections:

- a. Water Code sections 79712 or 79759; and
- b. Water Code section 79751.

2. The Program cost share is less than or equal to 50 percent of the proposed project's total capital costs, unless the project is a conjunctive use or reservoir reoperation project; and

3. The monetized ecosystem improvement benefits comprise at least 50 percent of the monetized public benefits for which funding is requested from the Program.

(2) Additional Eligibility. Once basic eligibility is established under subsection 6006(c)(1), as part of the technical review, Staff shall review information contained in the application to identify the project's additional eligibility for Commission consideration. If a project does not meet the following criteria, the Commission shall determine if the project is ineligible:

(A) Does not adversely affect, including its free-flowing character, any river afforded protection pursuant to the California Wild and Scenic Rivers Act, Public Resources Code section 5093 et seq., or the Federal Wild and Scenic Rivers Act pursuant to 16 U.S.C. §1271 et seq., as required by Water code sections 79711(e) and 79751(a);

(B) Provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta. If a project is not within the watershed of the Delta, Staff shall review and evaluate the information regarding assurances to provide ecosystem improvement benefits described in the application;

(C) Improves the operation of the state water system;

(D) Is cost effective;

(E) Provides a net improvement in ecosystem and water quality conditions; and

(F) Advances the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(3) Completeness.

(A) The application shall be considered complete if it includes all of the following:

1. Project description and location;
2. Contact information;
3. Signed resolution or intent to pass resolution from the authority of the submitting entity;
4. Program funding request, total capital costs, total project cost, benefit and cost analysis, and cost allocation;
5. Estimated project schedule;
6. Environmental documentation;
7. Urban water supplier or agricultural water supplier requirements, if applicable;
8. Groundwater requirements, if applicable;
9. Preliminary operations plan;
10. Description of claimed ecosystem and water quality priorities and accompanying data and information;
11. Physical and Economic Benefits Summary tables;
12. Analytical methods and results used to quantify public benefits;
13. Permits list, status, and schedule; and
14. Feasibility study components.

NOTE: Authority cited: Water Code section 79705, 79711, 79750, 79751, 79752, 79753, 79754, 79755, 79756, and 79757.

Completeness and Basic Eligibility Summary

Project	Applicant	Requested WSIP Funding	Completeness & Eligibility (C&E) Requested Items	C&E Letter Response	Staff C&E Findings
Centennial Water Supply Project	Nevada Irrigation District	\$11,950,000.00	<u>6 Completeness Items:</u> 1) Referenced report for cost estimate 2) Environmental document 3) HEC-ResSim model 4) Regression model and data for water transfer price 5) Supporting information for recreation user fee 6) Feasibility study components	Responsive to request for information.	Application complete; meets basic eligibility requirements.
Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program	Inland Empire Utilities Agency	\$480,000,000.00	<u>4 Completeness Items:</u> 1) Support of costs 2) CalSim II model 3) Emergency response water analysis 4) source or calculations for TDS removal benefit value	Responsive to request for information.	Application complete; meets basic eligibility requirements.
Kern Fan Groundwater Storage Project	Irvine Ranch Water District/Rosedale Rio-Bravo Water Storage District	\$85,660,930.00	<u>1 Completeness Item:</u> DPM Model	Responsive to request for information.	Application complete; meets basic eligibility requirements.
Los Vaqueros Reservoir Expansion Project	Contra Costa Water District	\$434,000,000.00	<u>1 Completeness Item:</u> Regression model and data for water transfer price	Responsive to request for information.	Application complete; meets basic eligibility requirements.
Pacheco Reservoir Expansion Project	Santa Clara Valley Water District	\$484,500,000.00	<u>6 Completeness Items:</u> 1) WEAP model 2) Steelhead habitat suitability model 3) Habitat suitability GW model 4) H&H analysis 5) Emergency response water analysis 6) Regression model and data for water transfer price	Responsive to request for information.	Application complete; meets basic eligibility requirements.
Pure Water San Diego Program North City Phase 1	City of San Diego - Public Utilities Department	\$219,310,000.00	<u>7 Completeness Items:</u> 1) Resolution 2) Referenced report for cost estimate 3) Worksheets for ecosystem priorities claimed 4) DSM2 model 5) Emergency response water analysis 6) Explanation of monetization	Responsive to request for information.	Application complete; meets basic eligibility requirements.

Completeness and Basic Eligibility Summary

Project	Applicant	Requested WSIP Funding	Completeness & Eligibility (C&E) Requested Items	C&E Letter Response	Staff C&E Findings
San Joaquin River & Tributaries Conjunctive Use	River Partners	\$22,085,000.00	<p><u>1 Basic Eligibility Item:</u> Explain Planned and Coordinated management elements of the claimed Conjunctive Use or how the project fits another project type</p> <p><u>7 Completeness Items:</u> 1) Support for Costs 2) Clarify how Environmental Document complies with CEQA 3) Need the General worksheet for Ecosystem priorities 4) Need the General Table for WQ priorities 5) Need separate Table for WQ priorities claimed 6) Rationale for monetizing method 7) Supporting info for quantified physical public benefits (calcs/models).</p>	<p>Responsive to request for information. The applicant provided an explanation that reiterated its eligibility as stated in the application, which claims the project is a conjunctive use project.</p>	<p>Application complete but the project does not meet the basic eligibility requirement for project type. Based on the explanation provided and information submitted in the application, staff determined that the project does not meet the requirements of a conjunctive use project as defined in the regulations (Section 6001(a)(15)). Staff requests a Commission determination that the project is ineligible.</p>
Sites Project	Sites Project Authority	\$1,662,000,000.00	<p><u>8 Completeness Items:</u> 1) CalSim II model 2) DSM2 model 3) SalMod model 4) HEC-5Q 5) CEQUAL W2 6) USRDOM 7) Hydrology & Hydraulics analysis</p>	<p>Responsive to request for information.</p>	<p>Application complete; meets basic eligibility requirements.</p>
South Sacramento County Agriculture & Habitat Lands Recycled Water, Groundwater Storage, and Conjunctive Use Program (South County Ag Program)	Sacramento Regional County Sanitation District (Regional San)	\$304,024,500.00	<p><u>3 Completeness Items:</u> 1) DSM2 model 2) FLOWMOD model 3) LDM model</p>	<p>Responsive to request for information.</p>	<p>Application complete; meets basic eligibility requirements.</p>

Completeness and Basic Eligibility Summary

Project	Applicant	Requested WSIP Funding	Completeness & Eligibility (C&E) Requested Items	C&E Letter Response	Staff C&E Findings
Temperance Flat Reservoir Project	San Joaquin Valley Water Infrastructure Authority	\$1,330,350,000.00	<u>1 Basic Eligibility Item:</u> Copy of Notice filed with Secretary of State for JPA formation. <u>15 Completeness Items:</u> 1) Cost Benefit Analysis 2) Cost Allocation 3) Physical and Economic Benefit Summary Table 4) CalSim II model 5) Gaming Tool model 6) Routing Tool model 7) Daily Operations model 8) Hec-ResSim model 9) SJR Hec-5Q 10) CE-QUAL-W2 11) San Joaquin Ecosystem Diagnosis and Treatment model 12) HEC-FDA model 13) UNET 14) Regression model and data used to estimate future water transfer prices 15) Feasibility study components	Responsive to the request for information. Applicant supplied JPA formation documentation.	Application complete; meets basic eligibility requirements. Applicant provided additional items that were not requested, the executive summary and uncertainty analysis. Staff seeks Commission direction on what should happen to the Executive Summary and Uncertainty Analysis.
The Tulare Lake Storage and Floodwater Protection Project	Semitropic Water Storage District	\$452,159,000.00	<u>4 Completeness Items:</u> 1) Ecosystem Benefits model 2) Hydrology & Hydraulics analysis 3) Emergency response water analysis 4) Data and values used for alternative cost of water for ecosystem	Responsive to request for information.	Application complete; meets basic eligibility requirements.
Willow Springs Water Bank Conjunctive Use Project	Southern California Water Bank Authority	\$305,793,000.00	<u>1 Basic Eligibility Item:</u> Copy of Notice filed with Sec of State for JPA formation. <u>3 Completeness Items:</u> 1) Referenced Map missing 2) CalSim II model 3) DSM2 model	Responsive to request for information. Applicant supplied a JPA formation document.	Application complete; meets basic eligibility requirements.
Totals		\$5,791,832,430.00			