

Requested Action:

Receive status update on preliminary participation levels, outreach efforts related to maintaining project subscription in Second Amendment to 2019 Reservoir Project Agreement (Amendment 2) and the process of rebalancing participation.

Detailed Description/Background:**Preliminary Participation Levels:**

Soft call results have been updated and are included in Attachment A. In summary:

- All participants have responded and provided staff-recommended participation levels. Based on these results, full subscription can be achieved.
- Based on projected, reduced participation from Sacramento Valley, approximately 13,000 AF may be available. The Reservoir Committee and Authority Board in May 2020 requested that outreach be conducted to try to achieve the 25% goal for Sac Valley participation.
- Outside of the Sacramento Valley, current participants identified interest in 5,000 AF and prior participants expressed interest in 10,000 AF of additional capacity, if available.

Outreach and Rebalancing:

Staff has initiated outreach to existing and prior participants in the Sacramento Valley to determine interest in additional capacity. Outreach to potential new Sac Valley participants would occur later. This is consistent with the approved priority system:

1. The goal is total Sac Valley participation of ~25%. Priority is given to current, prior and new Sac Valley participants in that order.
2. Existing Reservoir Committee participating members (with sub-priorities by seniority)
3. Prior Reservoir Committee participating members (with sub-priorities by exit date)
4. Nonparticipants. Priority for new participants outside of Sac Valley.

The process for a participant securing a position in the participation queue involves the following steps:

- Participants submit a letter of intent for new or increased participation prior to September 10, 2020 to secure a position in the queue. The letter should acknowledge the potential financial commitment. Attachment B shows the remaining contributed credit that participants can apply to prior participant payments.
- Staff prioritizes requests based on the approved rebalancing priority system.
- At the September meetings, the Reservoir Committee and Authority Board direct staff to offer capacity to participants in the queue.

To date, the responses have been mixed; some are considering it and others are not interested. More time is needed for consideration and decision. As a reminder, new and returning participants must be approved for admission according to Section 10 of the Participation Agreement, which includes a 75% weighted approval at the Reservoir Committee and 75% of Authority Board director approval as well as other requirements.

Schedule:

The following items will be considered at the Reservoir Committee and Authority Board at their monthly meetings:

- July: Outreach update.
- August: Outreach update.
- September: Final participation levels for current members (executed agreements), approval of participation queue, vote to onboard new participants.
- October: Final participation levels for new members (executed agreements), approval of the final Exhibit A, invoices sent for payment.

Cash Call Timing:

The proposed cash call schedule is:

- \$60/AF due Nov 1, 2020.
- Up to \$40/AF due Apr 1, 2021.

Recall that payment plan alternatives were discussed in the May meetings. Staff was asked to consider an alternative payment plan for Colusa County based on their unique situation. The alternate payment plan proposed by the County was analyzed by the Project team and was determined to meet the spirit and intent of Amendment 2. The Project team determined that it is prudent and reasonable to accept the alternate payment plan and made a finding of equivalency for the reasons outlined in the attached letter which was sent on June 5, 2020 (Attachment C).

Prior Action:

May 21, 2020: The Reservoir Committee accepted Exhibit B (2020 and 2021 budget) to the Second Amendment to 2019 Reservoir Project Agreement and directed staff to begin outreach to potential participants based on the proposed priority system to explore interest in Sites capacity, if available.

May 5, 2020: At a Reservoir Committee workshop, staff provided information on changes to the cash call process and schedule in light of potential economic

impacts of the COVID-19 natural disaster on participating member agencies. A two-step cash call process including a "Soft Call" and a "Hard Call" will be used to better plan for changes in participation. The due date of the first cash call of \$60/AF will be moved two months out to November 1, 2020. The due date of the second cash call will be moved two months out to April 1, 2021 and will be up to \$40/AF. The Amendment 2 work will still begin on September 1, 2020.

April 17, 2020: The Reservoir Committee approved the Amendment 2 Work Plan for the purposes of planning cash calls for participants totaling \$100/AF, producing a draft budget exhibit to the participation agreement, and developing consultant task orders.

March 30, 2020: At a joint workshop, staff provided information that included a process overview of task order development; an updated project schedule; cash flows for Reservoir Committee and Authority Board; and preliminary task budgets including assigned resources.

March 19, 2020: Staff provided information on the goals, schedule, cash flow, and preliminary budget allocation by subject assuming a cash call of \$100/AF. Staff provided a preliminary cash call schedule of \$60/AF due September 1, 2020 and \$40 due February 1, 2021.

February 21, 2020: Staff provided information on three possible revenue scenarios and a task list for Amendment 2 (September 1, 2020 and ending December 31, 2021). Staff received direction to continue to develop the \$100/AF revenue scenario.

January 17, 2020: Staff provided information regarding the proposed process for developing a work plan. This work plan proposes to focus on improving certainty related to project operations, permitting, and affordability, and to meeting the January 1, 2022 Prop 1 (WSIP) milestone to remain eligible to receive funding.

Fiscal Impact/Funding Source:

The total cash call remains unchanged from the approved Amendment 2 work plan in the total amount of \$100/AF. With the Amendment 1B carryover funds it may be possible to reduce the total cash call. However, Staff proposes to keep the first call at \$60/AF and reassess the second call currently projected at \$40/AF midway through the Amendment 2 work. At that time, any adjustments to the second call can be considered based on the then current projections. Participating members can consider the second call to be an "up to" amount since the Amendment 1B carryover represents previously unanticipated funds for the Amendment 2 work plan.

Staff Contact:

Jerry Brown

Attachments:

Attachment A – Preliminary Amendment 2 Participation Table.

Attachment B – Participant Contributed Credit Balance.

Attachment C – Colusa County Payment Proposal Letter.

Preliminary Amendment 2 Participation Table Reservoir Committee

Based on preliminary soft call survey results as of 3pm Wednesday, 6/3/2020

Working Draft, Subject to Change

Participant	Phase 2 (2019) Participation Level (Ref, AF)	Participation Level (AF) Staff Recommendation	Variance (AF)	Participation Increase Interest (AF)
Antelope Valley East Kern WA	500	500	0	
Carter Mutual Water Company	300	300	0	
City of American Canyon	4,000	4,000	0	
Coachella Valley Water District	10,000	10,000	0	
Colusa County	10,000	10,000	0	
Colusa County WD**	11,975	11,000	-975	Possibly
Cortina WD	450	450	0	
Davis Water District	2,000	2,000	0	
Dunnigan WD	2,717	2,717	0	
Desert WA	6,500	6,500	0	
Glenn Colusa Irrigation District	5,000	5,000	0	
LaGrande water district	1,000	1,000	0	
Metropolitan Water District of Southern California	50,000	50,000	0	
RD-108	4,000	4,000	0	
San Bernardino Valley Municipal Water District	21,400	21,400	0	
San Geronio Pass Water Agency	14,000	14,000	0	
Santa Clara Valley WD	16,000	16,000	0	
Santa Clarita Valley Water Agency	5,000	5,000	0	5,000
Westside W.D.**	15,000	2,000	-13,000	
Zone 7 Water Agency	10,000	10,000	0	
Wheeler Ridge-Maricopa WSD	3,050	3,050	0	
Pacific Resources MWC*	0	0	0	10,000
Total	192,392	178,417	-13,975	15,000

*Phase 1 participant, no survey response received. Interest expressed by a responding Phase 2 participant.

**Indicated possibility for higher participation, lower projected participation level shown

All Participant Summary Phase 1 Conversion and Voluntary Changes Allocations

Participant	Total Paid	Conversion (Class 2 to Class 1)	Voluntary Changes	Partial Refund (Voluntary Changes)	Remaining Voluntary Change Credit (long term liability)	Refund Unspent Phase 1 Funds	8/31/19 Balance of Long term Liability
American Canyon, City of	\$ 145,500.00	\$ 48,500.00					\$ -
Antelope Valley-East Kern Water Agency	\$ 83,104.75		\$ (58,854.75)	\$ (10,832.99)	\$ (48,021.76)	\$ (2,849.09)	\$ (45,172.67)
California Water Service	\$ 848,750.00		\$ (848,750.00)	\$ (156,223.59)	\$ (692,526.41)	\$ (29,097.84)	\$ (663,428.57)
Carter MWC	\$ 24,250.00	\$ 7,275.00	\$ (16,975.00)	\$ (3,124.47)	\$ (13,850.53)	\$ (831.37)	\$ (13,019.16)
Coachella Valley Water District	\$ 1,101,095.50	\$ -	\$ (616,095.50)	\$ (113,400.48)	\$ (502,695.02)	\$ (37,749.05)	\$ (464,945.97)
Colusa County	\$ 485,000.00			\$ -	\$ -		\$ -
Colusa County Water District	\$ 1,557,383.50		\$ (980,476.00)	\$ (180,469.49)	\$ (800,006.51)	\$ (53,392.05)	\$ (746,614.46)
Dept of Water Resources				\$ -	\$ -		\$ -
Desert Water Agency	\$ 270,072.25	\$ 45,177.75		\$ -	\$ -		\$ -
Garden Highway MWC	\$ 97,000.00		\$ (97,000.00)	\$ (17,854.12)	\$ (79,145.88)	\$ (3,325.47)	\$ (75,820.41)
Glenn-Colusa Irrigation District	\$ 970,000.00		\$ (727,500.00)	\$ (133,905.94)	\$ (593,594.06)	\$ (33,254.68)	\$ (560,339.38)
Metropolitan Water District of S. CA	\$ 1,212,500.00	\$ 1,212,500.00		\$ -	\$ -		\$ -
Orland-Artois Water District	\$ 970,000.00		\$ (970,000.00)	\$ (178,541.25)	\$ (791,458.75)	\$ (33,254.68)	\$ (758,204.07)
Pacific Resources MWC	\$ 485,000.00		\$ (485,000.00)	\$ (89,270.62)	\$ (395,729.38)	\$ (16,627.34)	\$ (379,102.04)
Reclamation District 108	\$ 970,000.00		\$ (776,000.00)	\$ (142,833.00)	\$ (633,167.00)	\$ (33,254.68)	\$ (599,912.32)
San Bernardino Valley Municipal Water District	\$ 1,246,522.75		\$ (208,622.75)	\$ (38,399.76)	\$ (170,222.99)	\$ (42,734.75)	\$ (127,488.24)
San Geronio Pass Water Agency	\$ 581,709.00	\$ 97,291.00		\$ -	\$ -		\$ -
Santa Clara Valley Water District	\$ 997,232.75		\$ (221,232.75)	\$ (40,720.80)	\$ (180,511.95)	\$ (34,188.30)	\$ (146,323.65)
Santa Clarita Valley Water Agency	\$ 207,749.75	\$ 34,750.25		\$ -	\$ -		\$ -
TC6: 4M Water District	\$ 24,250.00		\$ (24,250.00)	\$ (4,463.53)	\$ (19,786.47)	\$ (831.37)	\$ (18,955.10)
TC6: Cortina Water District	\$ 14,550.00		\$ -	\$ -	\$ -		\$ -
TC6: Davis Water District	\$ 97,000.00		\$ -	\$ -	\$ -		\$ -
TC6: Dunnigan Water District	\$ 242,500.00		\$ (110,725.50)	\$ (20,380.48)	\$ (90,345.02)	\$ (8,313.67)	\$ (82,031.35)
TC6: LaGrande Water District	\$ 48,500.00		\$ -	\$ -	\$ -		\$ -
TC6: Proberta Water District	\$ 145,500.00		\$ (145,500.00)	\$ (26,781.19)	\$ (118,718.81)	\$ (4,988.20)	\$ (113,730.61)
Tehama-Colusa Canal Assoc				\$ -	\$ -		\$ -
US Bureau of Reclamation				\$ -	\$ -		\$ -
Western Canal Water District	\$ 169,750.00		\$ (169,750.00)	\$ (31,244.72)	\$ (138,505.28)	\$ (5,819.57)	\$ (132,685.71)
Westside Water District	\$ 1,212,500.00		\$ (485,000.00)	\$ (89,270.62)	\$ (395,729.38)	\$ (41,568.35)	\$ (354,161.03)
Wheeler Ridge-Maricopa Water Storage District	\$ 831,023.25		\$ (683,098.25)	\$ (125,733.21)	\$ (557,365.04)	\$ (28,490.11)	\$ (528,874.93)
Yolo County Flood Control and Water Conservation District				\$ -	\$ -		\$ -
Zone 7 Water Agency	\$ 831,023.25		\$ (346,023.25)	\$ (63,690.13)	\$ (282,333.12)	\$ (28,490.11)	\$ (253,843.01)
Totals	\$ 15,869,466.75	\$ 1,445,494.00	\$ (7,970,853.75)	\$ (1,467,140.40)	\$ (6,503,713.35)	\$ (439,060.68)	\$ (6,064,652.67)

*note conversion and refund totals changed due to calculation error on Coachella's invoice, a revised invoice was sent



Michael J. Azevedo
Director of Public Works, Colusa County
738 Market Street
Colusa, CA 95932

June 5, 2020

Dear Mr. Azevedo,

This is in response to our recent conversations regarding the ongoing and ever-changing conditions of the COVID-19 economic impacts on County finances. The implications of these unanticipated and significant circumstances are presenting challenges unique to the County¹. You have proposed an alternate payment plan for the County's continued participation in the Amendment No. 2 work plan that you wish to present to the Colusa County Supervisors when they consider the Second Amendment to 2019 Reservoir Project Agreement (Amendment) at their June 16, 2020 meeting.

The alternate payment plan proposed by the County (see attached) has been analyzed by the Project team and has been determined to meet the spirit and intent of the Amendment. The Project team finds that it is prudent and reasonable to accept the alternate payment plan and make a finding of equivalency for the following reasons:

- The same total dollars are to be paid and there is no lesser commitment as compared to any of the other participating members.
- The timing of the alternate payments is such that on a cash flow basis there is no redirected impacts on other participating members.
- The administrative burden of the alternate plan is offset by the proposed additional year of rent relief for the Authority's use of the Maxwell office building which is owned by the County.

A comparison of the standard payment plan and the proposed alternate payment plan is shown on the attached document.

Please do not hesitate to contact me if you have any questions.



Jerry Brown
Executive Director, Sites Project Authority

cc: Reservoir Committee
Authority Board

Attachment

1. Colusa County is the only participating member that generates 100% of its revenues to pay for participation in the project from taxes that do not involve water services.

**Comparison of Payment Plans for Colusa County Sites Reservoir Participation
Amendment No. 2 of the Project Agreement**

Payment ¹	Approx. Payment Date	Amendment No. 2 Payment Plan	Approx. Payment Date	Colusa County Proposed Alternate and Equal Payment Plan
early			June 30, 2020	\$150,000
1	Nov 1, 2020	\$600,000	Nov 1, 2020	\$500,000
2	April 1, 2021	up to \$400,000	July 1, 2021	up to \$350,000 ²

1) All payments assume continued County participation of 10,000 acre-feet

2) depends on the Authority's determination of required funding. Prior amounts contributed in excess of amendment no. 2 will be credited in determining the County's 3rd payment

Note: The County's proposal includes continuing to waive rent collection (estimate to be \$1,500/month) on the Maxwell project office through July 2021