



Topic: **Reservoir Committee Agenda Item 2.3**

2021 January 21

Subject: **Funding Credit and Reimbursement Policy Implementation**

Requested Action:

Consider approval of the disbursement of funds resulting from increased participation to repay contributed credit.

Detailed Description/Background:

The Reservoir Committee holds a Contributed Credit Policy. Reductions in participation during Phase 2 were converted to Contributed Credit. The reduction in participation from Phase 2 increased liabilities by \$2,920,062.00. These amounts are booked as a liability with reductions and participant withdrawal from Phase 1. This total obligation is to eventually be repaid assuming the project continues and when sufficient funding exists that such reimbursements will not have an adverse impact on the financial viability or overall implementation of the Project. With the reduction of Phase 2 participation, the current liability for contributed credit is \$8,984,714.68. With revenue from increased participation, the Sites Reservoir Project has \$178,050.00 that can be utilized to repay contributed credit balances in accordance with the Contributed Credit Policy. Staff has developed and evaluated options:

- Option 1: Repaying all participants owed a refund based on the percentage of contributed credit each participant is owed.
- Option 2: Foregoing current repayment but allowing contributed credit to be applied to future payments for current participants.
- Option 3: Repaying fully withdrawn participants based on the percentage of contributed credit held by withdrawn participants.

Utilizing the available funds would reduce the liability for contributed credit to \$8,806,664.68.

At their January 13, 2021 meeting, the Budget and Finance Committee considered the above options and recommended Options 1 and 2 with each current Participant deciding which of the two option works best for them.

Prior Action:

August 26, 2020: The Board approved an updated Funding Credit and Reimbursement policy.

August 26, 2019: The Board approved the correction of credits and balanced contributions as a result of the Phase 1 unspent funds disbursement.

May 20, 2019: The Board approved the disbursement of the Reservoir Committee's Phase 1 unspent funds and associated revision to the remaining balance of contributed credit.

March 22, 2019: The Board delegated the responsibility to the Treasurer and successor Budget and Finance Work Group the responsibility to close the Phase 1 accounts.

August 20, 2018: Board approved Funding Credit and Reimbursement Policy, section 13 – Fair Share Funding Study – requiring a summary by participant of retirement of Class 2 and true up of Class 1 costs at end of Phase 1.

Fiscal Impact/Funding Source:

The current liability for contributed credit is \$8,984,714.68. The revenue from new participants and increased participation from existing participants during Phase 2 totals \$178,050.00. This revenue is the only funding source for the implementation of the Contributed Credit Policy. Reimbursing contributed credit will reduce financial liabilities to \$8,806,664.68. If Option 1 is selected, current participants will elect to receive reimbursement in the form of a check, reducing the liability for Contributed Credit with the issuance of the check. If a participant selects Option 2, the reimbursement will be applied as credit in future payments, reducing the liability for Contributed Credit on the due date of said future payment. Phase 2 Cash Call 2 will be due April 1, 2021.

Staff Contact:

Joe Trapasso

Attachments:

Attachment A - All Participant Summary and Voluntary Changes

Attachment B – Proposed Options 1 and 3 for Contributed Credit Reimbursement

Participant: SUMMARY OF ALL

Participation Transaction History								
Phase 1								
Billing Status	Description	Key Date	Class 1 (\$48.50)		Class 2 (\$24.25)		Totals	
			Qty	\$\$	Qty	\$\$	Qty	\$\$
Paid			250,000	\$ 12,125,000.00	154,411	\$ 3,744,466.75	404,411	\$ 15,869,466.75
Participation Variance	Voluntary Changes - (Credit of \$48.50)	2/26/19	-116,946	\$ (5,671,881.00)	-94,803	\$ (2,298,972.75)	-211,749	\$ (7,970,853.75)
	Conversion (Class 2 to Class 1)	2/26/19	59,608	\$ 2,890,988.00	-59,608	\$ (1,445,494.00)	0	\$ 1,445,494.00
Paid	Voluntary Changes - Phase 1 True-up @ \$48.50	3/22/19	230	\$ 11,155.00	0	\$ -	230	\$ 11,155.00
Participation Level at end of Phase 1			192,892	\$ 9,355,262.00	0	\$ -	192,892	\$ 9,355,262.00
Phase 2A								
Billing Status	Description	Key Date	Phase 2A (\$60.00)				Totals	
			Qty	\$\$			Qty	\$\$
Paid	Phase 2A (\$60/AF)		192,892	\$ 11,573,520.00	0	0	192,892	\$ 11,573,520.00
			0	0	0	0	0	\$ -
Participation Level at end of Phase 2A			192,892	\$ 11,573,520.00			192,892	\$ 11,573,520.00
Phase 2B								
Billing Status	Description	Key Date	Phase 2B (\$100.00)				Totals	
			Qty	\$\$			Qty	\$\$
Participation Variance	Voluntary Changes - (Credit of \$108.50/AF)	9/1/20	-27,027	\$ (2,932,429.50)			-27,027	\$ (2,932,429.50)
Application of Credit	Phase 1 Adjustments (True-Up @ \$48.50/AF)	11/1/20	255	\$ 12,367.50			255	\$ 12,367.50
Paid/To Be Billed	Phase 1 Adjustments (True-Up @ \$48.50/AF)	11/1/20	1,500	\$ 72,750.00			1,500	\$ 72,750.00
Paid/To Be Billed	Phase 2A Adjustments (True-Up @ \$60.00/AF)	11/1/20	1,755	\$ 105,300.00			1,755	\$ 105,300.00
Paid	County of Colusa PrePaid (\$15/AF)	7/17/20	10,000	\$ 150,000.00			10,000	\$ 150,000.00
To Be Billed	Phase 2B - First Billing (\$60/AF)	11/1/20	157,620	\$ 9,457,200.00			157,620	\$ 9,457,200.00
To Be Billed	County of Colusa (\$50/AF)	11/1/20	10,000	\$ 500,000.00			10,000	\$ 500,000.00
To Be Billed	Phase 2B - Second Billing (\$40/AF)	4/1/21	157,620	\$ 6,304,800.00			157,620	\$ 6,304,800.00
To Be Billed	County of Colusa (\$35/AF)	4/1/20	10,000	\$ 350,000.00			10,000	\$ 350,000.00
Participation Level at end of Phase 2B			167,620	\$ 16,762,000.00			167,620	\$ 16,762,000.00

\$ 48.50

\$ 60.00

\$ 100.00

	Qty	Per AF	\$\$
Paid to Date:	165,865	\$ 108.50	\$ 17,996,352.50
Application of Credit for Phase 1 True-Up:	255	\$ 48.50	\$ 12,367.50
Phase 1 Current Billing:	1,500	\$ 48.50	\$ 72,750.00
Phase 2A Current Billing:	1,755	\$ 60.00	\$ 105,300.00
County of Colusa Paid:	10,000	\$ 15.00	\$ 150,000.00
Current Invoice:	157,620	\$ 60.00	\$ 9,457,200.00
County of Colusa:	10,000	\$ 50.00	\$ 500,000.00
To be Billed:	157,620	\$ 40.00	\$ 6,304,800.00
To be Billed to County of Colusa:	10,000	\$ 35.00	\$ 350,000.00
TOTAL COMMITTED CONTRIBUTION TO SITES	167,620	\$ 208.50	\$ 34,948,770.00

Total Contributed Credit Summary				
Phase 1 Adjustment	Voluntary Reduction	2/26/19	-211,749	\$ (7,970,853.75)
Paid Refund	Retired CR Policy (partial refund per policy)	4/1/2019	0	\$ 1,572,135.38
Paid Refund	Release of Phase 1 Unspent Funds	8/22/2019	0	\$ 334,065.69
Phase 2B Adjustment	Voluntary Changes - (Credit of \$108.50)	9/1/20	-27,027	\$ (2,932,429.50)
Phase 2B Adjustment	Application of Credit for Phase 1 True-Up (\$48.50)	11/1/2020	255	\$ 12,367.50
Adjusted Remaining Contributed Credit			(238,521.00)	\$ (8,984,714.68)

Participant Summary Phase 2 Contributed Credit and Reimbursement

Participant	Remaining Voluntary Change Credit (From Phase 1)	Voluntary Changes (Contributed Credit From Phase 2)	Total Contributed Credit Balances	Phase 1 & 2 True-up Revenue	Refund to All Participants with Credit Balance		Refund to Withdrawn Participants Only	
				New/Increased Participation	Refund Based on Contributed Credit %	Remaining Contributed Credit Balance	Refund based on Contributed Credit %	Remaining Contributed Credit Balance
American Canyon, City of	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Antelope Valley-East Kern Water Agency	\$ (45,172.67)	\$ -	\$ (45,172.67)	\$ -	895.19	(44,277.48)	-	(45,172.67)
California Water Service	\$ (663,428.57)	\$ -	\$ (663,428.57)	\$ -	13,147.16	(650,281.41)	55,148.23	(608,280.34)
Carter MWC	\$ (13,019.16)	\$ -	\$ (13,019.16)	\$ -	258.00	(12,761.16)	-	(13,019.16)
Coachella Valley Water District	\$ (464,945.97)	\$ -	\$ (464,945.97)	\$ -	9,213.83	(455,732.14)	-	(464,945.97)
Colusa County	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Colusa County Water District	\$ (746,614.46)	\$ (206,367.00)	\$ (952,981.46)	\$ -	18,885.22	(934,096.24)	-	(952,981.46)
Dept of Water Resources	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Desert Water Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Garden Highway MWC	\$ (75,820.41)	\$ -	\$ (75,820.41)	\$ -	1,502.53	(74,317.88)	6,302.65	(69,517.75)
Glenn-Colusa Irrigation District	\$ (560,339.38)	\$ -	\$ (560,339.38)	\$ -	11,104.24	(549,235.14)	-	(560,339.38)
Irvine Ranch Water District	\$ -	\$ -	\$ -	\$ 108,500.00	-	-	-	-
Metropolitan Water District of S. CA	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Orland-Artois Water District	\$ (758,204.07)	\$ -	\$ (758,204.07)	\$ -	15,025.32	(743,178.75)	63,026.55	(695,177.53)
Pacific Resources MWC	\$ (379,102.04)	\$ -	\$ (379,102.04)	\$ -	7,512.66	(371,589.38)	31,513.27	(347,588.76)
Reclamation District 108	\$ (599,912.32)	\$ -	\$ (599,912.32)	\$ -	11,888.46	(588,023.87)	-	(599,912.32)
Rosedale-Rio Bravo Water Storage District	\$ -	\$ -	\$ -	\$ 54,250.00	-	-	-	-
San Bernardino Valley Municipal Water District	\$ (127,488.24)	\$ -	\$ (127,488.24)	\$ -	2,526.43	(124,961.80)	-	(127,488.24)
San Geronio Pass Water Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Santa Clara Valley Water District	\$ (146,323.65)	\$ (1,681,750.00)	\$ (1,828,073.65)	\$ -	36,226.92	(1,791,846.74)	-	(1,828,073.65)
Santa Clarita Valley Water Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	-
TC6: 4M Water District	\$ (18,955.10)	\$ -	\$ (18,955.10)	\$ -	375.63	(18,579.47)	1,575.66	(17,379.44)
TC6: Cortina Water District	\$ -	\$ -	\$ -	\$ -	-	-	-	-
TC6: Davis Water District	\$ -	\$ -	\$ -	\$ -	-	-	-	-
TC6: Dunnigan Water District	\$ (82,031.35)	\$ 12,367.50	\$ (69,663.85)	\$ 15,300.00	1,380.53	(68,283.32)	-	(69,663.85)
TC6: LaGrande Water District	\$ -	\$ -	\$ -	\$ -	-	-	-	-
TC6: Proberta Water District	\$ (113,730.61)	\$ -	\$ (113,730.61)	\$ -	2,253.80	(111,476.81)	9,453.98	(104,276.63)
Tehama-Colusa Canal Assoc	\$ -	\$ -	\$ -	\$ -	-	-	-	-
US Bureau of Reclamation	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Western Canal Water District	\$ (132,685.71)	\$ -	\$ (132,685.71)	\$ -	2,629.43	(130,056.28)	11,029.65	(121,656.07)
Westside Water District	\$ (354,161.03)	\$ (1,044,312.50)	\$ (1,398,473.53)	\$ -	27,713.54	(1,370,759.99)	-	(1,398,473.53)
Wheeler Ridge-Maricopa Water Storage District	\$ (528,874.93)	\$ -	\$ (528,874.93)	\$ -	10,480.71	(518,394.22)	-	(528,874.93)
Yolo County Flood Control and Water Conservation District	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Zone 7 Water Agency	\$ (253,843.01)	\$ -	\$ (253,843.01)	\$ -	5,030.40	(248,812.61)	-	(253,843.01)
Totals	\$ (6,064,652.68)	\$ (2,920,062.00)	\$ (8,984,714.68)	\$ 178,050.00	178,050.00	(8,806,664.68)	178,050.00	(8,806,664.68)

Blue Highlight=Withdrawn Participant

Orange Highlight=New Participant

Total Agencies Owed 19.00
Withdrawn Agencies Owed 7.00

Dunnigan WD Applied Credit for Phase 1 True-Up for 255 AF increase (255 AF * \$48.50/AF)

Contributed Credit from Phase 2B Reductions Prior to Dunnigan's Application \$ (2,932,429.50)

Percent of Credit held by Withdrawn Agencies: 23.839672%