



Meeting: **Joint Reservoir Committee & Authority Board    September 22, 2021**  
**Agenda Item 2.4**

Subject: **Final WSIP Feasibility Report and Prop 1 Eligibility Conditions**

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**Requested Action:**

Consider authorization for the Executive Director to submit the Final WSIP Feasibility Report to California Water Commission (CWC) to comply with Prop 1 conditions and receive a status update on the other conditions required for project advancement and continued eligibility of WSIP funds.

**Detailed Description/Background:**

The three requirements that must be satisfied by January 1, 2022 to remain eligible for Prop 1 funding include: (1) Completion of Feasibility Studies and Draft Environmental documentation issued for public review; (2) CWC finds that the project is feasible; and (3) Demonstrate funding commitment for 75% of the non-public (i.e., non- Prop 1) cost share. The following describes progress on the WSIP Feasibility Report and the 75% non-public cost share commitment. A separate report within this meeting agenda addresses the status of the environmental documentation.

All of the materials required to comply with the Prop 1 deadline are on track and will be completed within the required time.

**Final WSIP Feasibility Report**

The Final WSIP Feasibility Report serves as a primary source of information the Commission will use to make its feasibility determination. Commission staff plans to bring consideration of feasibility for the Sites Project to the Dec 15, 2021 meeting.

Since the 2018 conditional award by the CWC, the Project has been rightsized and the proposed feasibility analysis shows continued feasibility of the project using the state required criteria. Other significant findings to be included in the report are:

- Continued capability to deliver the Prop. 1 public benefits categories and supporting the conditional award amount (\$816M).
- There is potential for greater public benefits within the awarded categories (up to \$928M) with the rightsized project should additional WSIP funds become available.
- If the CWC decides to recognize additional categories of public benefits, then even greater amounts of benefits could be allocated if funds were

available. The benefits agreements required before final award will be the place that final public benefit commitments are made.

- The benefit cost ratio for the project and the public benefits exceeds 1.0 and the share of ecosystem benefits is in excess of the 50% minimum.

These findings align with the prior 2020 determination by the Secretary of Interior that the project warrants federal investment and qualifies for federal funding under the WIIN storage account.

There is some work needed to finalize the report before submission, but the Project team will continue to work with CWC staff to ensure the final product is fully compliant and meets the needs for the feasibility determination. The Final Feasibility Report is anticipated to be completed in October 2021 and will be transmitted with the materials demonstrating the 75% non-public cost share commitment.

### **75% Non-Public Cost Share Commitment**

The Reservoir Committee and Authority Board adopted a Financing Action Plan in September of 2020 which outlined the Authority's approach to meeting the Prop 1 75% non-public cost share commitment requirement by January 1, 2022. The approach included answering "three big questions" for participants by developing 2021 Draft Guiding Principles and a 2021 Draft Plan of Finance. The "three big questions" are:

- What do we get?
- What does it cost us?
- How do we pay for it?

Starting in February, a series of workshops were conducted to begin to answer these questions for Reservoir Committee Participants and for Authority Board members. The workshop series concluded with the September 2, 2021 Project Financing Action Plan Progress Review and Next Steps workshop. Staff presented an overview of and received feedback on the:

- Third Amendment to 2019 Reservoir Project Agreement
- 2021 Draft Guiding Principles and Preliminary Terms
- 2021 Draft Plan of Finance
- Confirming 75% commitment

These materials were also shared with CWC staff in August for comment. Comments from both CWC staff and participants were requested by September 13, 2021, with some participants requesting more time.

Based on the feedback received to date, staff plans to bring forward the 75% Non-Public Cost Share Commitment materials for approval in October 2021. This additional time allows staff to continue to coordinate with CWC staff and to integrate pending participant comments into the documents.

This schedule change does not impact the target delivery of the 75% Non-Public Cost Share Commitment materials to the CWC in October 2021 to coincide with the submittal of the Final WSIP Feasibility Report.

**Prior Action:**

May 26, 2021: Reviewed and commented on the contents and timing for the California Water Commission Proposition 1 Water Storage Investment Program (WSIP) Feasibility Report submittal.

October 21, 2020: Project Financing Action Plan approved by the Authority Board.

**Fiscal Impact/Funding Source:**

None.

**Staff Contact:**

Henry Luu/JP Robinette

**Primary Service Provider:**

HDR

Brown and Caldwell

**Attachments:**

None.