

Joint Reservoir Committee Authority Board Meeting

Agenda Item 3-2, Proposed Approach for
Allocating Storage Space in the Reservoir

February 19, 2021



Proposed Action

- Current approach - Based on average annual modeled releases or "theoretical yield"
- Proposed approach (reflected in updated Storage Policy) - Dedicates storage space to each participant:
 - Each Storage Partner "owns and operates" its storage space in the reservoir
 - Each Storage Partner has proportionate rights to its share of annual diverted water
 - Each Storage Partner can optimize its water and storage space (within the total limits of the Project and without injuring another Storage Partner)

Implications of Storage Allocation

- Each Storage Partner will be able to have control over their asset
 - Within conveyance limitations, permitting constraints
- Each Storage Partner will have the ability to evaluate their water supply needs, make decisions based on existing conditions
 - Storage available in each Storage Partner's account can be used at their discretion
 - Authority will not allocate water based on year type or hydrological conditions
 - Average releases over the long-term depend on how each participant would like to use their storage allocation

Objectives for Allocation of Storage Space

- Each participant is treated equitably
 - Continued equity among current participants for past investment
- Approach is simple, easily understandable
- Future cost allocations will be based on proportionate share of allocated space
 - Similar to current method

Assumptions for Allocation of Storage Space

- Deadpool 120,000 AF
 - Not allocated to any Storage Partner
- State's portion (244 TAF) is an estimate at this time
 - True-up process underway
- Federal portion (91 TAF) is an estimate based on Alternative 1
 - Can be re-evaluated as Reclamation's funding becomes clearer

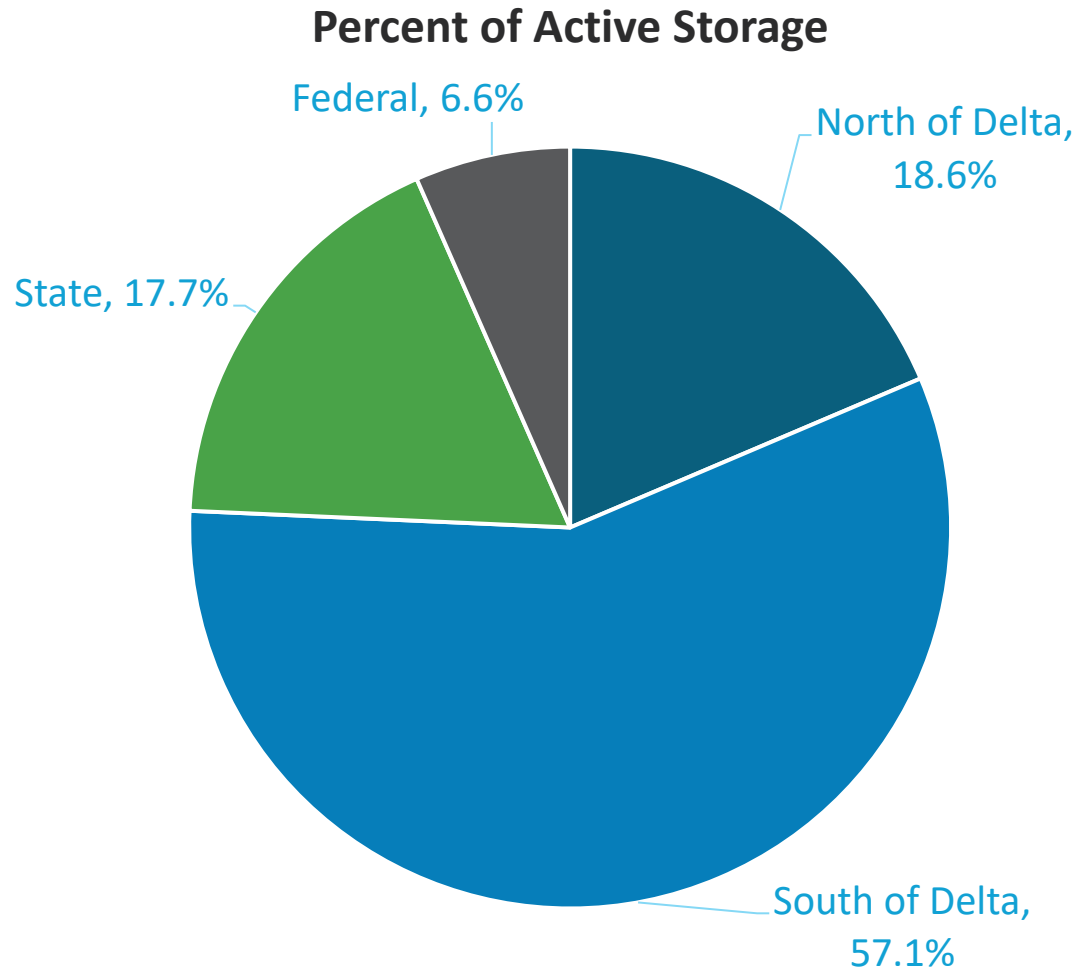
Recommended Approach

- Use a simple mathematical formula that translates participation to storage allocation:
 - Subtract deadpool, subtract State and Federal based on assumed investment
 - 1.045 MAF divided proportionally among existing investors:
$$1,045,000 \text{ acre-feet} \div 167,620 \text{ participation} = 6.234 \text{ acre-feet storage per acre-foot participation}$$

Existing participation (AFY) x 6.234 = Storage Allocation (AF)

Example:
1,000 AFY Amendment 2 Participation = 6,234 AF Allocated Storage
 - Verify State and Federal are not receiving more than their cost-share
 - Verify local participants are receiving at least their cost-share

Results: 1.5 MAF Example



Results (1 of 2): 1.5 MAF Example with Existing Participation Levels

Participant Name	Storage Allocation	% Active Storage	% Capital Cost*
Antelope Valley-East Kern WA	3,117	0.2%	0.2%
Carter MWC	1,870	0.1%	0.1%
City of American Canyon	24,937	1.8%	1.6%
Coachella Valley WD	62,343	4.5%	3.9%
Colusa County	62,343	4.5%	3.9%
Colusa County WD	62,799	4.6%	4.0%
Cortina WD	2,805	0.2%	0.2%
Davis WD	12,469	0.9%	0.8%
Desert WA	40,523	2.9%	2.6%
Dunnigan WD	18,528	1.3%	1.2%
Glenn-Colusa ID	31,172	2.3%	2.0%
Irvine Ranch WD	6,234	0.5%	0.4%
LaGrande WD	6,234	0.5%	0.4%

*Rebalancing of local participation and project cost estimates will shift percent capital cost. Percent capital cost is not equal to percent of cash call because of the State and Federal reimbursement process.

Results (1 of 2): 1.5 MAF Example with Existing Participation Levels

Participant Name	Storage Allocation	% Active Storage	% Capital Cost*
Metropolitan Water District of SC	311,717	22.6%	19.7%
Reclamation District 108	24,937	1.8%	1.6%
Rosedale-Rio Bravo WD	3,117	0.2%	0.2%
San Bernardino Valley Municipal WD	133,415	9.7%	8.4%
San Geronio Pass WA	87,281	6.3%	5.5%
Santa Clara Valley WD	3,117	0.2%	0.2%
Santa Clarita Valley WA	31,172	2.3%	2.0%
Westside WD	33,510	2.4%	2.1%
Wheeler Ridge - Maricopa WSD	19,015	1.4%	1.2%
Zone 7 WA	62,343	4.5%	3.9%

*Rebalancing of local participation and project cost estimates will shift percent capital cost. Percent capital cost is not equal to percent of cash call because of the State and Federal reimbursement process.

Next Steps

- Receive feedback on proposed allocation method
- Review with small group, Ad Hoc Operations & Engineering Workgroup, Budget and Finance Committee
- Ask for Reservoir Committee and Board Approval on methodology at March meetings
- Develop Successor Agreement, Plan of Finance, Water Storage and Supply Services Contract Term Sheet using storage

Questions?

