



Requested Action:

Review and comment on the allocation of storage space in the reservoir to each Storage Partner based on Amendment 2 participation using the final proposed formulaic approach of 1 acre-foot capacity share to 6.234 acre-feet of storage space.

Detailed Description/Background:

An important component of the Storage Policy, and a foundational principle of the Sites Project is that each Storage Partner has allocated storage space in Sites Reservoir (termed “Storage Allocation” in the draft revisions to the Storage Policy discussed in Item 3.1 of today’s agenda). This Storage Allocation is managed by the Storage Partner to optimize the benefits received from the Sites Project and is used to determine the proportion of diverted water provided to each Storage Partner.

If approved, allocated storage space will be the basis for local cost allocation in future cash calls and will be incorporated into Successor Participation Agreements, the Plan of Finance, and the Water Storage and Supply Services Contract term sheets. The approval of the storage allocation should occur coincident with the final Storage Policy document.

In February 2021, staff reviewed principles and objectives of allocating reservoir storage with the Reservoir Committee and Authority Board. Principles included equitable treatment between local participants, confirming neither the State nor Reclamation receive disproportionate benefits when compared to local participants, and considerations of the Credit Reimbursement Policy.

The proposed allocation for reservoir storage, based on a 1.5 million acre-foot reservoir, is shown in Table 1 below.

Table 1. Summary of Storage Allocation for Local, State and Federal Storage Partners

Storage Type	Storage Allocation (thousand acre-feet)	Percent Active Storage
Dead Pool	120	N/A
State – CDFW	244	17.7%
Federal - Reclamation (low end of range)	91	6.6%
Local Storage Partners	1,045	75.7%
Total	1,500	100%

The State’s storage account is estimated based on the amount of storage required to meet ecosystem benefits awarded through Proposition 1 which is to be “trued up” later this year through the State’s feasibility evaluation.

The Federal storage account is based on assumptions consistent with Alternative 1B, the Authority’s preferred alternative in the RDEIR/SDEIS. Up to 25% cost share was found to be feasible by the Secretary of Interior and could be accommodated with voluntary reductions in the local agency participation per Alternative 3 if funding is available. Increasing the reservoir size is not being contemplated at this time.

A recommended methodology for allocating storage to local Storage Partners was provided in February 2021 and remains unchanged. The recommended method is the following mathematical conversion based on a 1.5 million-acre-foot reservoir:

$$\text{Existing participation} \times 6.234 = \text{Storage Allocation}$$

Example: 1,000 acre-feet per year Amendment 2 participation = 6,234 acre-feet Storage Allocation

The recommended methodology allocates all available storage based on existing participation and after accounting for estimated storage for the State, Federal, and dead pool. The State and Federal estimates are expected to be finalized over the next six to nine months. The final State and Federal numbers can affect the local storage amounts but the proportionate shares of the local storage among the participants would remain unchanged. Similarly, using the Alternative 2 reservoir size of 1.3 million-acre-feet would have an effect on the local storage amount. The recommended methodology was reviewed by the Storage Policy Small Group and the Ad Hoc Reservoir Operations and Engineering Workgroup.

This methodology would be used in the Successor Participation Agreements, the Plan of Finance, and the Water Storage and Supply Services Contract term sheets. The recommended method would convert participants from the current subscription-based participation to a storage-based participation for future cost allocation purposes.

Prior Action:

February 19, 2021: Reviewed and commented on the approach for allocating storage space in the reservoir.

Fiscal Impact/Funding Source:

None.

Staff Contact:

Ali Forsythe

Attachments:

Attachment A - Storage Allocation Based on Amendment 2 Participation

Storage Allocation Based on Amendment 2 Participation Levels

Participant Name	Storage (AF)	% Active Storage
Antelope Valley-East Kern WA	3,117	0.2%
Carter MWC	1,870	0.1%
City of American Canyon	24,937	1.8%
Coachella Valley WD	62,343	4.5%
Colusa County	62,343	4.5%
Colusa County WD	62,799	4.6%
Cortina WD	2,805	0.2%
Davis WD	12,469	0.9%
Desert WA	40,523	2.9%
Dunnigan WD	18,528	1.3%
Glenn-Colusa ID	31,172	2.3%
Irvine Ranch WD	6,234	0.5%
LaGrande WD	6,234	0.5%
Metropolitan Water District of SC	311,717	22.6%
Reclamation District 108	24,937	1.8%
Rosedale-Rio Bravo WD	3,117	0.2%
San Bernardino Valley Municipal WD	133,415	9.7%
San Geronio Pass WA	87,281	6.3%
Santa Clara Valley WD	3,117	0.2%
Santa Clarita Valley WA	31,172	2.3%
Westside WD	33,510	2.4%
Wheeler Ridge - Maricopa WSD	19,015	1.4%
Zone 7 WA	62,343	4.5%
Reclamation	91,000	6.6%
State of California - Ecosystem	244,000	17.7%
State of California - Flood & Recreation	0	0%
State of California - Total	244,000	18%
Dead Pool	120,000	N/A
Total	1,500,000	100%