Sites Project 2021 Draft Plan of Finance

I. Executive Summary

The purpose of this memorandum is to provide the Authority and Reservoir Committee with a draft Project Plan of Finance for their consideration and comment. While the Plan of Finance may evolve with the passage of time and with more clarity regarding key Project critical path events, much has been accomplished in 2021 in terms of the evaluation of financing and security options for the Project. This plan provides the Authority and Reservoir Committee with the Project Financing Team's current recommendations regarding critical path activities and decisions and key credit structuring components. This 2021 draft Plan of Finance will be integrated into and will ultimately be superseded by the Sites Reservoir Benefits and Obligations Contracts ("SRBO Contracts") with participants, as well as superseded by individual loan agreements and does not represent a participant commitment of any kind.

Financing Credit Pool – The mix of participants in the Project is very diverse in terms of geography and the nature of their customer bases. This diversity is both a strength and a weakness. The involvement of participants from northern California and southern California demonstrates the importance of the Project to the entire state. The inclusion of agricultural and urban water agencies again shows the importance of the Project to all classes of water users in the state, but the inclusion of smaller agricultural agencies will also get scrutiny from future lenders who will be concerned about the perceived weaker credit quality of the agricultural participants who do not have credit ratings from the national credit rating agencies.

Financing Requirements – While the Authority has been successful in securing a significant portion of the funding for Project planning and capital costs including State Proposition 1 funds, a USDA loan and ongoing Federal funding, the majority of the financing for the Project is yet to be secured. The balance of Project pre-construction costs is expected to be paid primarily through participant cash calls with a portion possibly being funded by an interim bank line of credit or the proceeds of a federal WIFIA loan (discussed in detail in Section V). A large share of Project construction costs is expected to be funded from a variety of external sources including long-term tax-exempt bonds, WIFIA loans and additional Federal monies, if they become available. The Authority plans to select financing vehicles with the goal of creating the lowest overall cost of borrowing without undue restrictions on financing terms or onerous construction requirements.

Pay-Go and Group Financing - A number of Project participants have expressed a preference to meet their ongoing Project development obligations on a "pay-go" basis with their share of Project costs being paid from available funds on hand or by arranging their own financing. The Authority plans to provide the ability for participants that have sufficient financial resources to use this financing approach. The Authority will also arrange group financing for those participants desiring to borrow as a pool. Participants not joining in the group financing will be required to have their share of project costs on deposit with the Authority well ahead of each planned group borrowing.

Securing Revenue Sources – Participants will have three potential sources of funds that can be used to meet the anticipated future financial obligations relating to the Project: 1) include the costs of the Project on the participant's DWR State Water Project Annual Statement of Charges; 2) levy benefit assessments or other land-based charges on land located within a participant's boundaries; or 3) incorporate the costs into current water rates and charges. It will likely take 12 to 18 months to put in place any of these sources of funding. Therefore, participants should begin planning now so that their required processes are complete in time to satisfy potential lenders (e.g., banks, EPA/WIFIA, bond investors and rating agencies) and before revenues need to be collected. To be prepared for the earliest possible external financing possibility, participants should plan to have all revenue collection processes in place by the time permits and water rights are expected to be secured (mid-2023).

Borrowing Security Provisions – Banks or external agencies (e.g., the EPA) that lend to the Authority, the credit rating agencies and bond investors will all require strong security pledges from the Authority before agreeing to lend or buy bonds to finance the Project. It is likely that a key provision of the Project credit will be the commitment of all participants to a "Project sufficiency pledge" which will ensure that funds will be available to cover any shortfall in Project operating expenses or debt service and ensure the Project's continued viability should a Project participant be unable to pay its share of Project costs. This commitment can be met through the funding of a "liquidity reserve" or possibly by participants pledging to cover shortfalls with cash as they occur. The Project sufficiency pledge would be required of all participants whether they borrow as a group or self-finance.

Take-or-Pay Contracts - The Authority will structure its Project agreements based on the "take-or-pay" principal. The take-or-pay principal is the concept that each Project participant has a contractual obligation to pay for its predetermined share of the Project's capital costs (i.e., bond debt service and other related costs) regardless of Project performance (i.e., amount of water actually stored or availability of water for delivery).

Participation Off-Ramps - Once the Authority secures either interim or long-term external financing, Participation off-ramps will not be possible and participants will not be able to terminate or withdraw from the Project agreements, without finding an acceptable party as a replacement. This is because lenders and investors will want certainty regarding the participants and their participation levels before committing to lend or invest.

Audited Financial Statements – In order to be prepared to secure external financing, all Project participants must provide the Authority with audited financial statements (preferably for the last 3 years). Without audited financial statements, potential lenders and the rating agencies will have no way to assess the key credit characteristics of each participant. If participants do not currently have audited financial statements prepared each year, they should engage a reputable CPA firm to prepare their financial statements going forward. It is understood that those participants planning to form improvement districts that do not include all of the customers of their agency will only be able to provide audited financials for the agency as a whole.

II. Sites Reservoir Project

The Sites Project Authority (the "Authority") was formed in 2010 to facilitate the development, construction and operation of the Sites Reservoir (the "Project"). Since the formation of the Authority, significant progress has been made, including the securing of State funding as well as a USDA loan for a significant portion of Project costs.

Projected Cost – In 2018, the Project underwent a value planning exercise that reduced the size of the Project and simplified its engineering and construction requirements. The result was a significantly less expensive project and potentially a shorter construction period. Authority staff and consultants have recently updated Project cost estimates that reflect the current planned project configuration as well as updated permitting, design, engineering and construction cost estimates. These updated cost estimates were presented to the Authority Board and Reservoir Committee in June 2021 and show a total estimated project cost of $3.9 billion in 2021 dollars. These updated cost estimates have been used in all subsequent pro forma financial modeling.

Planning and Construction Schedule – The Project construction schedule will be driven primarily by the time required to secure environmental permits and water rights. Based on current planning estimates, permits and water rights should be secured by mid-2023 and Project construction should begin in approximately mid- to late-2024. Project completion and the beginning of operations is projected by 2030. Should there be delays in securing permits or water rights, the Project construction schedule will need to be adjusted accordingly.

III. Project Participants

The participants in the Project constitute the Reservoir Committee (the "Participants" or "Reservoir Committee Members"). The Reservoir Committee is diverse and includes small agricultural districts as well as large urban water wholesalers. The agricultural participants are primarily located in the Sacramento Valley ("North of Delta") while the urban participants are downstream and south of the Sacramento-San Joaquin Delta ("South of Delta"). Each Participant has subscribed for a portion of reservoir capacity based on its projected long-term needs ("Project Subscription" or "Project Participation").

The North of Delta Participants are generally small and have not incurred public debt and are, therefore, not rated by any of the nationally-recognized credit rating agencies. Some are very small and have such limited customer bases that they are likely not ratable. North of Delta Participants currently comprise 43% of the Reservoir Committee Members and 25% of total public water agency Project Subscriptions.

The South of Delta Participants are generally larger, urban and rated by one or more of the rating agencies. The South of Delta Participants comprise 57% of Reservoir Committee Members and 75% of total Project Subscriptions.

The following table provides information regarding the current participation levels and credit ratings of the Reservoir Committee Members. Participants with credit ratings are highlighted in blue.

Sites Participants	Credit Ratings (Moody's/S&P/Fitch)	Acre Foot Participation	Percentage Participation
Antelope Valley-East Kern WA	A1/AA/NR	500	0.3%
Carter MWC		300	0.2%
City of American Canyon	NR/AA/NR	4,000	2.4%
Coachella Valley WD	NR/AA+/AAA	10,000	6.0%
Colusa County		10,000	6.0%
Colusa County WD		10,073	6.0%
Cortina WD		450	0.3%
Davis WD		2,000	1.2%
Desert WA	NR/AA/NR	6,500	3.9%
Dunnigan WD		2,972	1.8%
Glenn-Colusa ID		5,000	3.0%
Irvine Ranch WD	Aa1/AAA/AAA	1,000	0.6%
La Grande WD		1,000	0.6%
Metropolitan Water District of SC	Aa1/AAA/AA+	50,000	29.8%
Reclamation District 108		4,000	2.4%
Rosedale-Rio Bravo WD	NR/A/NR	500	0.3%
San Bernardino Valley MWD	NR/AAA/NR	21,400	12.8%
San Gorgonio Pass WA		14,000	8.4%
Santa Clara Valley WD	Aa1/AA/AA+	500	0.3%
Santa Clarita Valley WA	NR/AA/AA-	5,000	3.0%
Westside WD		5,375	3.2%
Wheeler Ridge - Maricopa WSD		3,050	1.8%
Zone 7 WA	NR/AA+/AA+	10,000	6.0%
Total		**167,620**	**100.00%**

From a credit perspective, 48% of Reservoir Committee Members have credit ratings and these Participants account for 65% of total Project Subscriptions. The two Participants with the largest Project Subscriptions, the Metropolitan Water District of Southern California and the San Bernardino Valley Municipal Water District, both have credit ratings and together account for 43% of total Project Subscriptions. We will discuss later the strengths and challenges presented by the composition of the Project credit pool.

Given the large number of unrated Participants, it may be beneficial for unrated Participants that may be able to secure an “A” rating from one of the credit rating agencies to begin exploring the process for requesting an underlying issuer rating from a rating agency. If more Participants are rated, it may improve the likelihood of securing favorable interim and permanent financing for the Project.

IV. Funding Secured

The Authority has made meaningful progress in securing funding for a significant portion of Project costs and currently pays a portion of Project development costs with funding from both State and federal sources.

State Proposition 1 – The Authority aggressively pursued, and in 2018 was awarded, State Proposition 1 (“Prop 1”) funding for the Project from the California Water Commission. The initial Prop 1 award from the Water Commission was for $816 million, some of which (approximately $20 million) has already been used for planning and permitting costs. With the withdrawal of other projects that received Prop 1 awards, the Authority has received a commitment from the State for an additional $20 million in Prop 1 monies bringing the total award amount to $836 million. The majority of the Prop 1 funding will be available for general Project design and construction costs, once permitting and water rights are secured.

USDA Rural Development Loan – In 2018, the Authority pursued and received approval for a USDA Rural Development Community Facilities loan to be used for the construction of the Project's canal intertie facilities. This type of USDA loan is only available to communities with populations of less than 20,000 and the Project's eligibility is therefore tied to the participation of the smaller, rural Project Participants. The loan can be used for the reimbursement of up to $449 million of qualified facility construction costs including the refinancing of short-term canal intertie construction debt once the intertie is completed.

Other Federal Funding – While the Authority has not yet received a commitment of federal Water Infrastructure Improvements for the Nation Act ("WIIN Act") monies, it continues to receive modest funding from the U.S. Bureau of Reclamation ("Reclamation") for Project-related studies (e.g., Congressional appropriations totaling $6 million and $13.7 million in Fiscal Years 2020 and 2021, respectively). Congress has appropriated $80 million for the Sites Reservoir Project for Fiscal Year 2022. The Authority is continuing its discussions with Reclamation regarding future WIIN Act commitments and other forms of federal funding.

V. Funding Needed

Cash Calls - While progress has been made in securing some State and federal funding commitments for the Project, the majority of this funding will not be available until the Project is permitted and has secured water rights. Until this occurs (currently projected to be mid-2023), it is expected that Project Participants will continue to be responsible for funding Project development costs from internal sources or "cash calls". The Authority and Reservoir Committee have recently made the decision to proceed with annual cash calls through the end of 2024. The most recent estimate of the cash calls needed are $100 per acre-foot of Project Subscription for 2022, up to $140 per acre-foot for 2023 and up to $160 per acre-foot for 2024.

Interim Financing - Once Project permits and water rights are secured, the Authority and the Participants will have the option of continuing to fund the balance of pre-construction costs through cash calls or to secure external financing for these costs. Assuming the Participants decide to pursue external borrowing for the balance of pre-construction costs, the Authority will plan to secure either a direct line of credit with a commercial bank or utilize the proceeds of a federal Water Infrastructure Finance and Innovation Act ("WIFIA") loan to pay these Project costs (assuming that the Project be selected for a WIFIA loan).

Bank Line of Credit - Given the inherent complexity involved with educating potential lenders or investors regarding a pooled credit of the Project's nature with dozens of participants, the majority of whom are not rated, we recommend pursuing a direct or private placement of debt for interim financing rather than a public sale of securities that would require educating a large number of investors as well as the rating agencies. Assuming the Authority is able to answer the key credit questions regarding the Project (e.g., permitting, water rights, composition of the borrower pool, sources of repayment etc.) the level of bank interest should be sufficient to secure multiple bank offers for a line of credit. We have continued to brief several key banks on the progress of the Project to maintain their interest and generate a feeling of "ownership" in the Project's success. A bank line of credit in the current market would cost approximately 1.50%-1.75%, based on recent discussions with banks potentially interested in lending to the Authority. Given that the Authority is some time away from formally soliciting bank proposals, current modelling projections incorporate a conservative assumption of 3% for the cost of a bank line.

WIFIA Loan for Interim Costs – While a bank line of credit may be the most conventional source of financing for Project costs once cash calls have ended but before Project construction begins, it may also be possible to use the proceeds of a federal WIFIA loan to finance these costs. In July 2021, the Authority submitted a Letter of Interest for a $600 million WIFIA loan and expects a decision in October or November whether the Project has been accepted to apply for and negotiate a WIFIA loan. We will provide more details regarding WIFIA loans below in our discussion of long-term financing options.

Regardless of which form of external funding is selected to pay for the balance of pre-construction costs, the commitments with lenders entered into by Project Participants will be binding. Because lenders will want to understand and evaluate the mix of credits involved in the Project pool of borrowers before making a lending decision, they will require a level of certainty regarding which Participants will be obligated for the loan. Bank lenders will also be evaluating the likelihood of the Authority securing long-term financing to pay off the bank line of credit. Therefore, Participants executing Project Agreements that will be in effect during the interim lending period will be obligated to continue with the Project through completion. Participants will only be able reduce their participation or exit the Project in the future if there is another current Participant, or a new participant that is approved by both the Authority and lending bank, that is willing to assume the exiting Participant's interim financing obligations.

Long-Term Financing – After all permitting, planning and design is complete but before Project construction contracts can be awarded, the Authority will need to identify the sources of funding for construction. Some of the funding will come from already identified State and federal sources such as Prop 1 funds, USDA loan proceeds and potentially WIFIA loan proceeds. The Authority plans to prioritize the use of available funding based on the cost of borrowing, taking advantage of the lowest cost of funds first. However, if a funding source has as a condition or any covenant that will increase the overall cost of the Project (e.g., construction material limitations or wage requirements), the Authority will take these increased costs into consideration when comparing the overall cost of borrowing of different sources.

> **WIFIA Loans** – Assuming the Authority is invited to submit an application and negotiate a loan agreement for the $600 million WIFIA loan for which it recently submitted a Letter of Interest, the WIFIA loan may well provide the Authority with its lowest cost of long-term financing and may, therefore, be the first form of external long-term financing used.
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> In 2014, Congress enacted the Water Infrastructure Finance and Innovation Act which established a low-cost loan funding program to be administered by the United States Environmental Protection Agency ("EPA"). WIFIA authorizes the EPA to issue long-term, low-interest loans or loan guarantees to a wide variety of water and wastewater infrastructure projects. WIFIA financing is broadly available to public, private, and mixed public-private entities and the EPA can enter into loans to fund qualifying projects for up to 49% of the total cost of the project. Previously selected projects demonstrate that the WIFIA Program can finance a broad range of projects, including wastewater, drinking water, stormwater, and water recycling projects.
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> The WIFIA Program offers loans with low, fixed interest rates and flexible financial terms which can provide savings to borrowers and their customers. Importantly, a single, fixed, interest rate is established at closing for the loan. This means that a borrower may receive multiple disbursements over several years at the same fixed interest rate which is locked at loan closing. This functionality can allow borrowers to utilize a WIFIA loan as an interest rate hedge in a rising interest rate environment and as such, provides borrowers with diversity and flexibility in their funding source as they contemplate future capital projects.
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> Moreover, another key benefit of a WIFIA loan is that the interest rate locked at loan closing is not impacted by the borrower's credit or loan structure. All borrowers benefit from borrowing at a rate based on the US Treasury yields, regardless of whether they are rated AA or BBB, and the WIFIA Program does not charge an interest rate dependent on specific financial terms or covenants.

Eligible project costs include development-phase activities (i.e., planning, feasibility analysis, environmental review, permitting, and preliminary engineering and design work); construction, reconstruction, rehabilitation, and replacement activities; acquisition of real property; environmental mitigation; construction contingencies; equipment; capitalized interest necessary to meet market requirements; reasonably required reserve funds; capital issuance expenses; carrying costs during construction and WIFIA application and credit processing fees. Further, prospective borrowers may request that costs incurred prior to receipt of the WIFIA loan be included as part of eligible project costs. Previously incurred costs must be directly related to the development or execution of the project including preliminary design, right-of-way acquisition, and NEPA compliance related costs. The WIFIA Program approves such requests on a case-by-case basis.

The WIFIA loan program has the following key program features:

- Minimum project size of $20 million for large communities
- Minimum project size of $5 million for small communities (population of 25,000 or less)
- Maximum portion of eligible project costs that WIFIA can fund is 49%
- Subject to EPA approval, costs incurred, and in-kind contributions made prior to receipt of a WIFIA loan, may count toward the 51% of project costs to be funded by non-WIFIA dollars
- Total federal assistance may not exceed 80% of a project's eligible costs
- WIFIA and SRF funding can be used to co-finance a project
- Maximum final maturity date is 35 years from "substantial completion" of a project
- Maximum time that repayment may be deferred after substantial completion of the project is five years

The interest rate on WIFIA loans will be equal to the U.S. treasury rate of a similar maturity. The WIFIA Program estimates the yield on a comparable Treasury security by adding one basis point (.01%) to the State and Local Government Series (SLGS) daily rate with a maturity that is equal or greater than the weighted average life of the WIFIA loan. Use of the weighted average life means that the interest rate on a WIFIA loan will be lower than the 30-year SLGS rate in most cases. This rate is locked in at loan closing, even if loan disbursement is deferred until later in the process of project implementation. A WIFIA loan with a weighted average life of 22 years would have a rate of 1.88%, based on current market rates. For purposes of modeling, we have used a 3.50% assumed rate for WIFIA loans.

WIFIA funding offers several meaningful benefits for the Project, primarily its flexibility with regards to structure, repayment timing, drawdown flexibility and the reduced rate risk resulting from the Authority's ability to lock-in an interest rate at the time the WIFIA loan closes. Moreover, the ability to use WIFIA funds for planning, permitting, and design costs, as well as for previously incurred project costs would be valuable to the Authority. If an interim bank line of credit is used for some preconstruction costs, the WIFIA loan could likely be used to refinance the bank loan. It may also be possible to lower near-term borrowing costs by issuing short-term "loan anticipation notes" at short-term rates and then refinance the short-term notes with the proceeds of the long-term WIFIA loan when drawn upon.

The Authority will be notified in October/November if it has been selected to submit a full WIFIA loan application for its requested $600 million loan, and it has a year from its date of invitation to complete a full loan application (it typically takes new borrowers at least 6 months to complete a full application). Once the application is submitted, it takes the EPA an average of 6 months to conduct due diligence, develop loan documentation, and execute a WIFIA loan. Based on the Financing Team's experience with other clients that submitted Letters of Interest and were invited to apply in previous WIFIA rounds, the process to apply and then close a WIFIA loan can range from 12-18 months or more, depending on the borrower and the complexity of the project.

Given the limited amount of federal funding for the WIFIA Program each year, many projects are not selected to proceed with the WIFIA loan process on their first attempt. If the Authority is not successful in securing a WIFIA loan based on its recent Letter of Interest submission, it can apply again next July for the next round of funding. There is a favorable history of projects being selected on their second attempt. The Authority may also apply for additional WIFIA loans in the future subject to the 49% of eligible project cost limitation for WIFIA funding and 80% of eligible cost limit for total federal assistance.

USDA Rural Development Loan – As discussed in Section IV, the Authority was successful in securing approval for a USDA Rural Development Community Facilities loan to be used for the construction of the Project's canal intertie facilities. This type of USDA loan is only available to communities with populations of less than 20,000 and the Project's eligibility is therefore tied to the participation of the smaller, rural Project Participants. The loan is expected be used for the reimbursement of up to $449 million of qualified facility construction costs including the refinancing of short-term canal intertie construction debt once the intertie is completed. The loan, if utilized, will have an interest rate that is the lesser of 3.875% or the USDA loan rate determined at the time of the closing of the loan. The current published USDA loan rate is 2.125%. The USDA also leaves open the possibility of refinancing the loan in the future, if interest rates decline after the loan closing. The loan can have a term of up to 40 years. The USDA loan has a requirement that in the event of a Participant default on loan payments, the remaining Participants will be required to make up the debt service shortfalls, subject to a limit of 25% of each Participant's own debt service obligation. With the 2019 reconfiguration of the Project, the location and cost of the canal intertie facilities has changed but it is anticipated that the Authority will still be able to utilize the majority of the available loan amount, if it is advantageous to do so.

Fixed Rate Bonds – While a WIFIA loan and the USDA loan may cover construction costs for the first several years, eventually the Authority will need to secure additional long-term financing from the capital markets. The most common form of long-term borrowing for projects such as the Sites Project is the public sale of long-term tax-exempt municipal bonds.

Fixed rate bonds pay interest semi-annually at a fixed interest rate and would be structured with annual maturities beginning after the projected Project completion date to provide Participants with level annual debt service. Participants will be required to remit their share of semi-annual debt service payments to the Authority six months or more ahead of the date that the Authority makes its debt service payments to bond investors or interim lenders (i.e., if the Authority has to make a debt service payment to bond investors/lenders annually on December 1st, Participants will be required to remit their share of that December 1st payment six months in advance on June 1st each year). The fact that the interest rate on the bonds does not change makes all future annual debt service obligations known and will aid Participants in budgeting and setting future rates and charges. The final maturity of long-term bonds is customarily 30 years but could be as long as 40 or more years. Interest accrues on the total amount of bonds issued even if the proceeds of the borrowing are not spent for several years. However, unspent bond proceeds can be invested until needed (for up to 3 years without adverse tax consequences), thereby partially offsetting the impact of the interest being paid on the bonds. The Authority's current modeling projections assume a fixed rate bonds cost of 5%, whereas current rates are closer to 3.5%.

The Authority may also use the proceeds of a long-term bonds to repay an interim bank line of credit, if used.

In order for the Authority's bonds to be tax-exempt, the Authority must comply with IRS rules that limit the time that the Authority will have to spend bond proceeds on Project costs (in general, 85% of bond proceeds are to be spent within 3 years, though this can be extended to 5 years for certain construction projects). This will need to be factored into the plan of finance along with other factors to determine the most efficient borrowing plan.

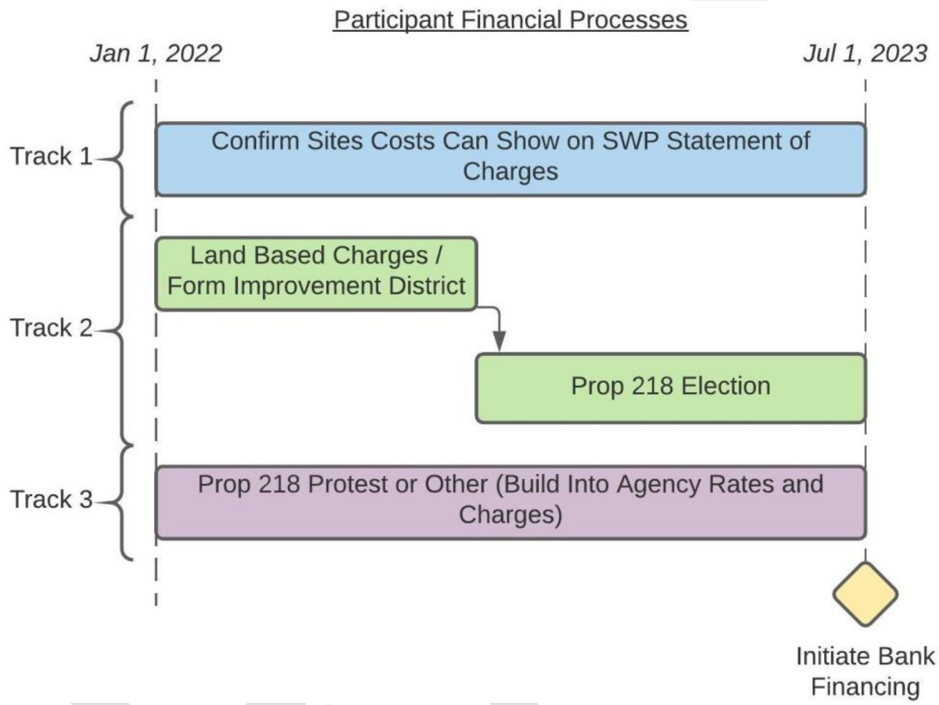
Other long-term financing vehicles, including variable rate securities, will also be available to the Authority and may be utilized to meet specific objectives but at this time are not included in the Plan of Finance.

At the appropriate time, Project staff and its financial consultants will also evaluate the economics of purchasing municipal bond insurance for long-term bonds sold for the Project. Municipal bond insurers provide insurance that guarantees the timely payment of bond principal and interest on bonds in the event the borrower fails to make timely payment. The decision whether to purchase bond insurance will depend on whether the reduction in the Authority's borrowing cost that results from having the insurance is greater than to the cost of the bond insurance. We would note that in recent years the use of bond insurance has been relatively limited, and generally is only cost effective for "BBB" rated credits and some "A" rated credits that investors perceive as having higher credit risk or reduced secondary market liquidity.

VI. Securing Revenue Streams for Future Project Costs

The three potential Participant sources of funds that can be used to meet the anticipated future financial obligations relating to the Project are:

(1) include the costs of the Project on the Participant's DWR State Water Project Annual Statement of Charges (Track 1);
(2) levy benefit assessments or other land-based charges on land located within a Participant's boundaries (Track 2); or
(3) incorporate the costs into current water rates and charges (Track 3).



The sources of funds available to a specific Participant will depend on the legal organization and powers of the agency, the nature of its customer base (wholesale vs. retail) and whether all customers of the agency will be participating in the Project or only a subset. We believe most Participants will have at least one of these sources of funding available to them, with the implementation of each funding approach having its own legal requirements, timing requirements and critical path. We also believe that most Participants will be able to treat their Project debt service obligations as an operating expense (similar to the State Water Project and Central Valley Project contracts). This is generally the highest priority of payment obligations for the Participants [which is an important factor in the perceived credit quality of the Authority's debt].

It will likely take 12 to 18 months to put in place any of these sources of funding. Participants should begin planning now so that their required processes are complete in time to satisfy potential lenders (e.g., banks, EPA/WIFIA, bond investors and rating agencies) and before revenues need to be collected. To be prepared for the earliest possible external financing possibility, Participants should plan to have all revenue collection processes in place by the time permits and water rights are expected to be secured. The process for each Participant will start with identifying its approach to securing revenue in the Project Payment Annex included in the Third Amendment to the 2019 Reservoir Project Agreement.

As noted earlier, Participants will also need to plan so that payments for debt service obligations can be remitted to the Authority at least 6 months before the Authority's debt service payments are due to lenders and/or bond investors.

Funding Through State Water Project Statement of Charges – Track 1

A number of Project Participants that are also participants in the State Water Project have indicated a desire to have their share of Project costs billed and collected through their DWR State Water Project Annual Statement of Charges. Monies collected by DWR on behalf of the Project through a Participant's Statement of Charges would then be transferred to the Authority for payment of the respective Participant's Project obligations. Discussions between DWR and the State Water Contractors regarding the process for including Project costs in DWR's Statements of Charges are in progress.

If the Statement of Charges approach to securing revenues does not end up being possible, Participants that have been planning on this approach will need to assess their position and determine if one of the other revenue-raising approaches outlined below is workable for them.

Funding Through Special Benefit Assessments – Track 2

A second option for financing the costs of the Project is to levy special benefit assessments or other land-based charges on parcels of land located within a Participant's boundaries. This option may appeal to Participants that wish to have Project costs billed and collected through the property tax roll and secured by the real property of customers or those Participants that have less than all the customers in their service area participating in the Project.

Participants interested in this approach will need to comply with Article XIIID of the California Constitution. Article XIIID provides substantive and procedural requirements on the increase of any "fee" or "charge" levied by a local government upon a parcel of real property or upon a person as an incident of property ownership, including specific procedural requirements applicable to special benefit assessments. Under Article XIIID, an assessment for special benefits requires the preparation of an engineer's report, notice and the distribution of ballots to the public, a public hearing and an affirmative vote of a majority of the votes received (counted and weighted in accordance with Proposition 218) before the assessment can be imposed.

In addition, an assessment is only permitted to be imposed if there is a "special benefit" to the property that is over and above the benefits conferred upon the general public at large. General enhancement of property value, by itself, does not constitute a special benefit. Any assessment must be proportional to the benefit actually received by a parcel and the assessment may not exceed the proportional benefit.

The specific procedural requirements of Article XIIID need to be taken into consideration by a Participant when developing a financing plan and timeline if the Participant decides to fund its costs through a special benefit assessment. Article XIIID requires that the proposed assessment be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California. The engineer's report must identify the parcels to be assessed, distinguish between general benefits and special benefits (only special benefits are assessable), and apportion the costs of the project to each specially benefitted parcel according to the proportionate special benefit of each parcel. Generally, these reports take 6 to 9 months to prepare including procuring an assessment engineer, so the time and costs involved must be considered by the Participant.

Participants will be required to mail notice to the recorded owner of each parcel subject to the proposed assessment at least 45 days prior to the mandatory public hearing regarding such proposed assessment. The notice must include specific information including the reason for the assessment, the basis upon which the amount of the proposed assessment was calculated, the duration of payments, the time, place and date of the public hearing to consider objections and protests to the proposed assessment, among other requirements. The notice must also include the assessment ballot, which is the ballot used by property owners to favor or oppose the proposed assessment. The ballots are counted at the public hearing, and the proposed assessment cannot be imposed unless the assessment ballots favoring the assessments exceed the assessment ballots opposing the assessment. The weight of a ballot is determined according to the proportional financial obligation of the property owner.

It should be noted that the preceding is a general summary of the Proposition 218 procedural requirements relating to the imposition of a special benefit assessment. Proposition 218 does not provide independent authority to levy an assessment. Such authority must be granted elsewhere in the California Code. As a result, there may be procedural requirements associated with approving an assessment that are not summarized above. Each Participant planning to impose special benefit assessments should, therefore, work with legal counsel to confirm the procedures and requirements for its specific situation.

If less than all of the property within a Participant's boundaries will participate in the Project, it may be advisable to create an improvement district for purposes of imposing the land-based charge. While each Participant's formation statute will vary, typically either a petition process or election process is necessary to create an improvement district. The terms and requirements of such creation will need to be incorporated into the Participant's financing timeline.

Funding Through Current Water Rates and Charges – Track 3

Certain Participants may decide to meet the planned annual debt service obligations of the Project through increases in the current rates and charges they apply to their water users. Similar to the funding through special benefit assessments described earlier, for Participants that provide retail water to their water users, any rate increases to existing water rates or charges will need to comply with the protest provisions of Proposition 218, specifically Article XIIID. As noted previously, Article XIIID provides substantive and procedural requirements on the increase of any "fee" or "charge" levied by a local government upon a parcel of real property or upon a person as an incident of property ownership. As a result, the Participant providing retail water will need to provide written notice of the proposed increase to the record owner of each identified parcel upon which the increased rate or charge is to be imposed and hold a public hearing regarding the potential increase. The public hearing must be held at least 45 calendar days after the mailing of the notice. The increase will be subject to the majority protest provisions of Article XIIID, meaning that if a majority of owners of the identified parcels file written protests against the proposed increase, the increased rate or charge cannot be imposed.

Rates and charges charged by Participants that provide wholesale water to their customers are not subject to the provisions of Article XIIID because such rates and charges constitute the price charged by the wholesaler to retail suppliers for the water provided, and not charges to persons or properties as an incident of property ownership. However, wholesale Participants may have other statutory rate setting requirements applicable to them.

For Participants considering this option, their governing boards must be briefed on Project progress, educated regarding the benefits of the Project and the near-term and long-term financial obligations the agency will be undertaking and ultimately, the board must take formal action approving each new funding agreement for the Project. In addition, Participants should consider whether increased rates or charges are a palatable option for their customers.

VII. Credit Drivers

Before the Authority can access a WIFIA loan or the credit markets for either interim or long-term Project financing, there are several key credit structuring decisions that will need to be made. These decisions will not only affect the cost of borrowing for the Project but may, in some cases, affect the universe of lenders and investors that will be interested in investing in the Project. The decisions will be memorialized in the Sites Reservoir Benefits and Obligations Contracts ("SRBOCs") with participants and will be an important part of the credit package evaluated by lenders.

While the credit and security requirements of lenders and long-term debt holders will not be known until the Authority actually undertakes a bank solicitation, negotiates a WIFIA loan or prepares for a bond offering, we have received some informal feedback from potential bank lenders regarding their likely requirements for providing the Authority with an interim financing line of credit. This feedback has informed our recommendations regarding the following key credit issues.

Who Will be Obligated to Repay Debt

The diversity in size and financial strength of the members of the Reservoir Committee (i.e., the Participants), as well as the sheer number of agencies involved, creates both opportunities and challenges in structuring a marketable credit for the Project. At least one of the rating agencies views pooled credits with 20 or more participants, such as the Project, as stronger than smaller pools, due to the credit diversification. However, given that 12 of the 23 water districts involved in the Project do not have credit ratings from any of the three primary rating agencies (Standard & Poor's, Moody's Investors Service and Fitch Ratings), investors will be uncomfortable purchasing the Project's securities unless a reasonable number of the rated Project Participants are obligated for a significant portion of the Project debt. This being said, the Authority plans to provide Project Participants with two options for meeting their ongoing Project development obligations:

1) Participants will be able to join together to complete group financings; or

2) Participants with sufficient financial resources will be able to "pay-go" or arrange their own financing.

> **Group Financing –** The strongest credit that the Authority can present to the capital markets is one in which all Participants participate together in each financing. It would provide the Authority with the least complex approach to coordinating borrowing activities for the Project and would provide the unrated Participants with the fewest obstacles to accessing the capital markets. Under this approach, the Authority would be responsible for issuing all debt for the Project on a schedule to accommodate initial construction as well as necessary repairs and replacements and future capital improvements.
>
> If less than all of the Participants participate in group financing there will still be significant benefits, the greatest being the value of having rated credits combined in the credit pool with smaller, unrated Participants.
>
> For those Participants using group financing, the Authority debt would be secured by provisions included in SRBOCs executed with Participants once Project permits and water rights have been secured. Amounts owed by the Reservoir Committee Members under the SRBOCs would include fixed and variable operation and maintenance expenses, repairs and replacements, capital improvements and Authority debt service with some level of debt service coverage (e.g., an additional coverage amount equal to up to 20% of total annual debt service, which, subject to agreed-upon covenants, will be returned to the Participants annually, if not needed).

As discussed earlier, amounts owed by Participants under the SRBOCs would likely be considered as an operation and maintenance expense of each Participant's water system and would therefore, be high priority payments for each agency.

The SRBOCs would provide some limited level of sufficiency pledge to protect the Authority and Authority debt holders from defaults by Participants (similar to the State Water Project contracts). The sufficiency pledge concept is discussed in more detail in the next section ("What Happens If There are Project Shortfalls").

All Participants will agree to participate in the Authority's group financings unless they opt for the "Pay-Go" approach described below.

Pay-Go - Under the Pay-Go approach, a Participant with sufficient financial resources could opt out of Authority's group financings and would instead agree to provide to the Authority its pro-rata share of capital costs allocable to the Participant under the SRBOC in order to maintain the Project construction schedule.

Payments for these capital costs would be due prior to the date the Authority posts a preliminary offering document or executes a debt financing agreement for each Authority debt issue for initial construction costs. If payment is not received, the SRBOC would authorize the Authority to include the Participant's share of the capital costs in the Authority's debt issue (that is, increase the amount of debt borrowed to cover that Participant's share) to eliminate the risk that not all construction funding will be available when needed. In this case, the Participant would be obligated to pay the debt service associated with its share of the capital cost.

Amounts owed by a pay-go Participant over time under the SRBOC would include fixed and variable operation and maintenance expenses, repairs and replacement and capital improvement and Authority debt service for repairs and replacements and capital improvements other than initial construction costs.

As with group financing, amounts owed by the pay-go Participant under its SRBOC would be payable to the Authority as an operation and maintenance expense.

SRBOC sufficiency pledge provisions related to Authority debt would also apply to pay-go Participants.

Is the Project Affordable

Banks, rating agencies and investors will be assessing the affordability of the Project for each of the Participants. This is less of an issue for the urban Participants with their broader customer bases and generally higher water costs but will be looked at closely in connection with the Project's agricultural Participants. The Project Financing Team has developed preliminary Project cost estimates for each of the Participants for their use in their internal planning exercises. Samples of these Participant cost reports were presented to a Joint Authority Board and Reservoir Committee Financing Workshop in July 2021 and updated versions are found in the Appendix to this report.

What Happens If There are Project Shortfalls

As stated in the Joint Exercise of Powers Agreement, the Authority's primary purpose is to pursue the development and construction of the Project in order to increase and develop water supplies, to improve the operation of the State's water system, and to improve the environment. The Authority has established central values which guide its mission, including the principle of shared responsibility for shared benefits. A unique aspect of the Project is the level of partnership and the spirit of collaboration demonstrated by the broad coalition of Participants and stakeholders to advance this vital project. This partnership culture must inform how the Authority can address a Participant's shortfall in fulfilling its share of financial obligations related to the Project. The Authority's provisions for addressing a Participant's failure to fund its debt service obligation in a timely manner will be a very important consideration for banks and the federal government considering lending to the Authority, as well as for investors evaluating the Authority's long-term bonds.

Project Sufficiency Pledge - Whether Participants choose to participate in the group financing or pay-go their share of obligations, it is likely that a key provision of the Project credit will be the commitment of all Participants to a "Project sufficiency pledge" which will ensure that funds are made available to cover any shortfall in Project debt service and ensure the Project's continued viability should a Participant be unable to make their share of debt service payments. Participants have agreed that the Project's ongoing viability is paramount and committing to a Project sufficiency pledge will help ensure the Project's long-term future.

Moreover, this type of commitment will give investors comfort that in the event that a Participant is unable to meet its financial obligations for some reason, there is a process for the remaining Participants to meet their obligations for them. Participants could meet their sufficiency pledge by participating in a liquidity reserve that would be established to ensure there are funds on hand to cover any shortfalls. Subject to input from lenders and the rating agencies, the liquidity reserve could be funded by some or all Participants in proportion to their Subscription percentage at the outset of the Project (perhaps using accumulated and unused debt service coverage amounts) with an agreement that liquidity reserve Participants will replenish the reserve if it is ever drawn upon. Funds on deposit in the liquidity reserve would be invested and the interest earnings would be tracked and credited to the liquidity reserve Participants to serve as an offset to their debt or operating obligations.

Alternatively, subject to the approval of the rating agencies and lenders, it may be possible for Participants with strong credit ratings to meet their sufficiency pledge by committing to provide cash in the future if needed to cover shortfalls, in lieu of participating in the liquidity reserve. The commitment to fund a liquidity reserve upfront, and/or the commitment to a future contingent cash call, are two ways in which Participants can meet their sufficiency pledge and will also ensure the Project's long-term viability. In any event, if a Participant defaults, their share of entitlements are forfeited. The forfeited entitlements will be allocated based upon the manner in which the defaulting debt obligations are resolved.

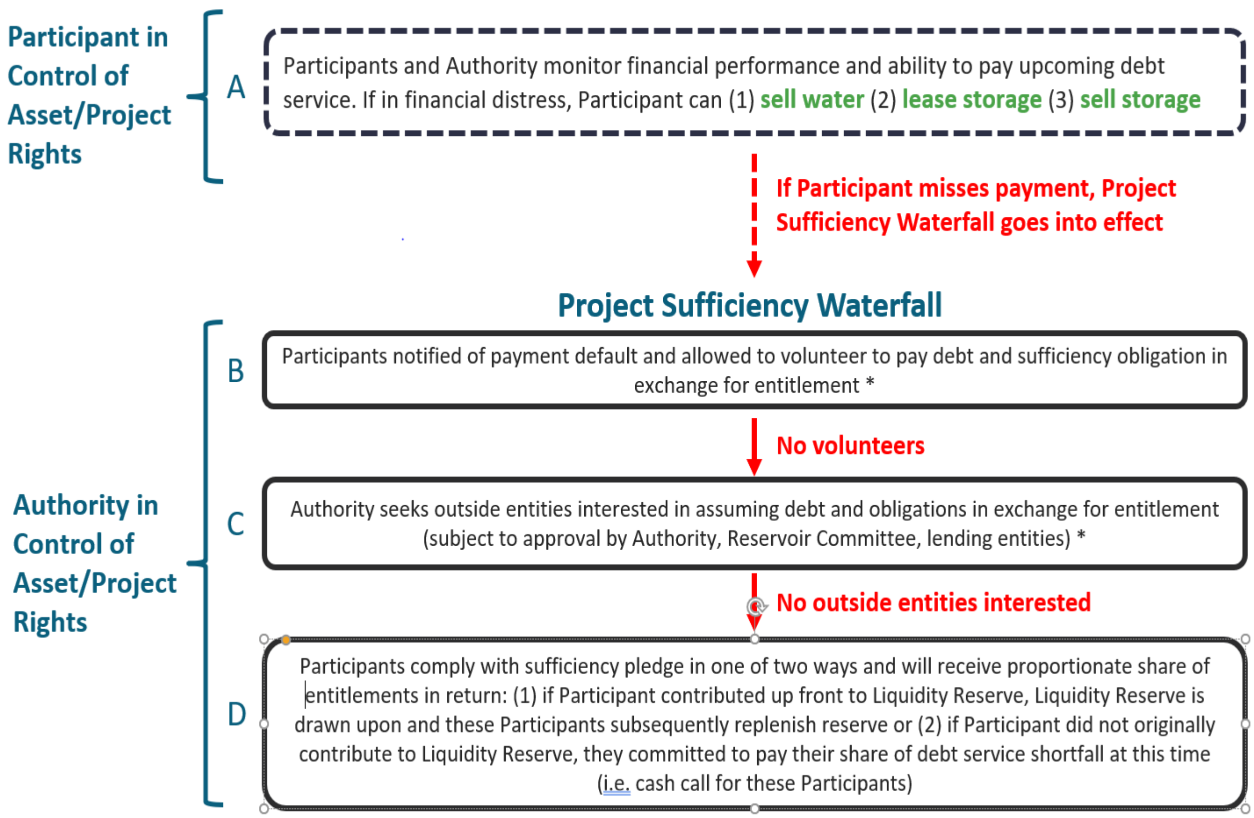
The sufficiency pledge options described above are subject to input from the rating agencies and potentially federal lending programs. As noted previously, the USDA loan has a requirement that in the event of a Participant default on loan payments, the remaining Participants will be required to make up the debt service shortfalls, subject to a limit of 25% of each Participant's own debt service obligation. A potential future WIFIA loan may have similar requirements given it is also a federal lending program, though we may be able to negotiate new terms with the USDA, given that there have been significant changes to the Project and improvement to the credit pool mix since the loan was approved in 2018.

Banks have indicated that under all circumstances a Project sufficiency pledge by Participants would be required and, as noted, that it would also be required of “pay-go” Participants. In other words, all Participants would be required to comply with sufficiency obligations/commitments to ensure Project durability in the event that there are Participants who fail to meet their obligations. Lack of a Project sufficiency pledge may also jeopardize the Authority’s ability to secure a WIFIA loan as the EPA may view it as a credit weakness.

Ongoing Credit Monitoring – Vigilant monitoring of the financial condition of each Project Participant will be key to maintaining lender and investor confidence in the plan of finance. This internal monitoring of financial health should be part of the management practices of each Participant. The Authority will also monitor Participant financial condition either directly or through the use of a financial oversight committee comprised of Authority and Reservoir Committee representatives. Early awareness of a Participant experiencing financial stress that could impact its ability to meet its Project-related financial obligations will allow the Participant to take remedial actions to avoid a debt service default and the forfeiture of Project entitlements. These actions may include the imposition of rate increases to address revenue shortfalls or the reduction or deferral of planned expenditures. It may also include the sale of Project water, the leasing of storage to another Participant or to an outside party, or even the sale of some or all of the Participant’s Project entitlements.

If a Participant fails to take corrective action and defaults on a scheduled debt service payment, it effectively forfeits its Project entitlements and a process we will call the “Project sufficiency waterfall” is triggered.

Project Sufficiency Waterfall – The SRBOCs would incorporate a “waterfall” of events that would be followed before Participants are asked to fulfill their Project sufficiency pledges. A basic schematic of this type of waterfall arrangement follows.



* Changes will require lender/rating agency notification and approval

Note: In all cases, a defaulting Participant would be removed from the Project and not entitled to any Project entitlements going forward.

Take-or-Pay - The Authority will structure its Project Agreements based on the “take-or-pay” principal. The take-or-pay principal is the concept that each Project Participant has a contractual obligation to pay for its predetermined share of the Project’s capital costs (i.e., bond debt service and other related costs) regardless of Project performance (i.e., amount of water actually stored or availability of water for delivery). This contrasts with the take-and-pay principal in which Project Participants’ payments would be contingent on Project performance (i.e., payment is for actual water storage or water delivered). Take-or-pay Project Agreements will be a cornerstone of the credit.

Participation Off-Ramps – In Project Agreements executed to date, Participants have had the ability to reduce their participation level in the Project or exit the Project completely (“off-ramps”) and, through “rebalancing” receive reimbursement for their past investments in the Project from the remaining Participants. While this rebalancing has been somewhat problematic, since the source of Project funding to date has been cash calls, this accommodation to downsizing or exiting Participants has been a policy matter for the Authority and the Reservoir Committee to resolve. However, once the Authority secures either interim or long-term external financing, these off-ramps will not be possible and Participants will not be able to terminate or withdraw from the Project Agreements. This is because lenders and investors will want certainty regarding the Participants and their participation levels before committing to lend or invest.

VIII. Feasibility Hurdles/Risks

As mentioned earlier, there are critical path milestones that must be met and decisions that must be made that will affect both the willingness of Project Participants to remain involved in the Project as well as the ability of the Project to secure external financing. These include but may not be limited to the following:

DWR Statements of Charges – If DWR and the Authority conclude that the Project's costs can be billed to participating State Water Contractors through DWR's annual Statement of Charges process, it may improve the credit characteristics of the participating State Water Contractors for Project purposes. However, several Participants have indicated that the ability to use the DWR billing process may be a "make or break" decision that could determine whether or not they are able to participate in the Project.

Federal Participation – As discussed earlier, in addition to State participation in the Project, it is unclear how much federal participation there may be or in what form it may come (e.g., grants, loans or delivered Project components). At this point, commitments for federal participation in the Project consist of the $449 million USDA Rural Development loan that was secured by the Authority in 2018 and $24 million of Bureau of Reclamation grants for Project-related studies. If there is a future federal commitment to participate, it is likely to require a "rebalancing" or reduction of the Project entitlements of the existing Participants, due to the smaller reservoir that is currently being contemplated. On balance, we believe that federal participation in the Project would be viewed by the credit markets as a positive. The Authority and its legal and financial advisors will work to assure that the potential tax and other consequences of federal participation in the Project are understood and that decisions made by the Authority regarding federal participation will be informed decisions.

Litigation – While joint powers authorities such as the Authority have broad authority under State law, the Authority will still need to determine with its legal advisors if the Authority should be validating its authority to sell Project-related debt. Legal validation of bonding authority is often a protracted process that affects project timelines. If there is any litigation outstanding related to the Project that has the potential to jeopardize project permitting, water rights, construction or financing, it will be very difficult to secure interim or permanent financing.

Delays – It should also be noted that, even if it is determined that no validation of Project debt is required or recommended by counsel, any sale of public debt will still be subject to the risk of litigation based on legal and environmental claims and could therefore be delayed by court action. These delays could impact the Authority's ability to proceed with the Project and to refinance any interim debt with long-term debt. The risk of delays will need to be carefully assessed and disclosed to potential interim and permanent lenders.

Permitting – If the Authority were to seek external financing prior to all environmental permits being in place, interim lenders would be concerned about lending to the Authority as this potentially transfers some of the permitting risk associated with the Project to the lenders themselves. This is not to say that lenders will not consider lending in these circumstances, but fewer banks would consider doing so and they would likely require higher interest rates and stricter lending terms. For this reason, the Authority does not plan to proceed with external financing until all key permits have been secured.

Water Rights - Securing water rights for the operation of the Project is obviously essential for Project feasibility. In 1977, DWR filed claims for surplus water rights on certain rivers in the State, thereby potentially giving the State a priority claim on the water rights. This reserve of water rights rests with the State (not DWR specifically) and is controlled by the State Water Resources Control Board. The Authority has petitioned the State Water Resources Control Board for a portion of these reserved water rights to supply the water needed for the operation of the Project. Project staff estimates that these water rights will be secured by mid-2023. Similar to assuming environmental and permitting risks discussed above, interim lenders would have difficulty lending prior to the securing of the needed water rights as it would require them to assume the risk that the water rights may not ultimately be secured. Therefore, Project permits, the Authority does not plan to proceed with external financing until water rights have been secured.

IX. Critical Future Actions

The following actions are in the near-term critical path for execution of this Plan of Finance.

Securing Participant Revenue Streams – One of the most significant logistical risks to the Plan of Finance is the action required by each Participant to: 1) identify its source of revenue to pay project costs when cash calls are replaced with external borrowing and 2) take all steps required to legally secure the revenue source. This will be particularly time and labor intensive for Participants planning to secure funding through special benefit assessments as the formation of improvement districts can take as long as 18 months once the decision to proceed is made. Failure of even one Participant to complete all legal requirements to secure its revenue stream will likely prevent or delay the Authority from securing external financing when it is needed.

Audited Financial Statements – In order to be prepared to secure external financing, all Participants must provide the Authority with audited financial statements (preferably for the last 3 years). Without audited financial statements, potential lenders and the rating agencies will have no way to assess the key credit characteristics of each Participant. If Participants do not currently have audited financial statements prepared each year, they should engage a reputable CPA firm to prepare their financial statements going forward. It is understood that those Participants planning to form improvement districts that do not include all of the customers of their agency will only be able to provide audited financials for the agency as a whole.

Participation in Pooled Financing – Those Participants considering the Pay-As-You-Go or self-financing approach to Project financing should notify the Project Financing Team as soon as possible so that the impact of removing them from the pooled financing can be assessed.

Appendix

Sites Project Cost Tables

(Updated as of October 5, 2021)

Sites Project
2021 Draft Plan of Finance
Cost Tables

The attached tables have been developed by the Sites Project Authority's municipal advisor, Montague DeRose and Associates, to supplement information in the 2021 Draft Plan of Finance. The first set of tables, labeled early ramp up work plan, are revised versions of the tables presented at the joint Authority Board and Reservoir Committee workshop on July 23, 2021. The second set of tables, labeled 3 Year Work Plan, were developed based on the Authority Board's and Reservoir Committee's approval of 36 month work plan for the Amendment 3 period. The tables were developed using the following source materials:

- Storage allocations are based on the methodology approved by the Reservoir Committee and Authority Board in April 2021
- Bifurcation of costs is based on direction received from the Reservoir Committee and Authority Board in March 2021 to develop a cost framework that accounts for which participants use which facilities
- Capital costs are based on the class 4 cost estimate for Alternative 1 approved by the Reservoir Committee and Authority Board in June 2021
- Annual fixed and variable cost estimates are based on technical memos provided by Jacobs and AECOM prepared in February through June 2021

Using this information, the following tables have been developed and are included in the following pages:

- Table 1: Water Yield and Storage Allocations

Early Ramp Up

- Table 2: Allocation of Construction Costs (Including Bifurcation)
- Table 3: Annual Bifurcated Debt Service (Post Construction)
- Table 4: Annual Operating Costs (Non-Debt Service)
- Table 5: Bifurcated Debt Service + Annual Operating Cost
- Table 6A: Financed Construction Costs by Participant
- Table 6B: Pay-Go Construction Costs by Participant

3 Year Work Plan

- Table 2: Allocation of Construction Costs (Including Bifurcation)
- Table 3: Annual Bifurcated Debt Service (Post Construction)
- Table 4: Annual Operating Costs (Non-Debt Service)
- Table 5: Bifurcated Debt Service + Annual Operating Cost
- Table 6A: Financed Construction Costs by Participant
- Table 6B: Pay-Go Construction Costs by Participant

Table 1

Water Yield and Storage Allocations				
Entity	**Yield Allocation**	**Yield Percentage Allocation**	**Storage Allocation**	**Storage Percentage Allocation**
	(AF)	(%)	(AF)	(%)
Antelope Valley-East Kern Water Agency	500	0.30%	3,117	0.2%
Carter Mutual Water Company	300	0.18%	1,870	0.1%
City of American Canyon	4,000	2.39%	24,937	1.8%
Coachella Valley Water District	10,000	5.97%	62,343	4.5%
Colusa County	10,000	5.97%	62,343	4.5%
Colusa County Water District	10,073	6.01%	62,799	4.6%
Cortina Water District	450	0.27%	2,805	0.2%
Davis Water District	2,000	1.19%	12,469	0.9%
Desert Water Agency	6,500	3.88%	40,523	2.9%
Dunnigan Water District	2,972	1.77%	18,528	1.3%
Glenn-Colusa Irrigation District	5,000	2.98%	31,172	2.3%
Irvine Ranch Water District	1,000	0.60%	6,234	0.5%
La Grande Water District	1,000	0.60%	6,234	0.5%
Metropolitan Water District of Southern California	50,000	29.83%	311,717	22.6%
Reclamation District 108	4,000	2.39%	24,937	1.8%
Rosedale-Rio Bravo Water Storage District	500	0.30%	3,117	0.2%
San Bernardino Valley Municipal Water District	21,400	12.77%	133,415	9.7%
San Gorgonio Pass Water Agency	14,000	8.35%	87,281	6.3%
Santa Clara Valley Water District	500	0.30%	3,117	0.2%
Santa Clarita Valley Water Agency	5,000	2.98%	31,172	2.3%
Westside Water District	5,375	3.21%	33,510	2.4%
Wheeler Ridge-Maricopa Water Storage District	3,050	1.82%	19,015	1.4%
Zone 7 Water Agency	10,000	5.97%	62,343	4.5%
Total	**167,620**	**100.00%**	**1,044,998**	**75.7%**
State			244,000	17.7%
Federal			91,000	6.6%
Total			**335,000**	**24.3%**
Grand Total	**167,620**	**100.0%**	**1,379,998**	**100.0%**

Notes:

1. Participation (AF of yield) is used primarily as the basis of local agency participation and allocation of local cost share of planning/development costs
2. The storage allocation for the State of California and Bureau of Reclamation are estimated as placeholders and will be determined at a later date. The storage allocations for local project participants are estimates until federal and state participation is finalized.

EARLY RAMP UP TABLES

Table 2

Early Ramp Up Work Plan

Allocation of Bifurcated Construction Cost ($1000s)

Entity	Total Const. Cost Prior to Bifurcation	Total Const. Cost Prior to Bifurcation	% of Costs for "Base Facilities"	"Base Facilities" Cost Allocation	Down-stream Storage Partner?	% of Costs for "Down-stream Facilities"	"Down-Stream Facilities" Cost Allocation	Share of Const. Costs	PWA Share of Const. Costs	Const. Costs per AF Storage	% Change Due to Bifurcation
	(2021$)	(future$)	(%)	(future$)		(%)	(future$)	(future$)	(%)	(fut$/AF-St)	(%)
Antelope Valley-East Kern Water Agency	8,659	9,604	0.2%	9,228	yes	0.3%	475	9,703	0.3%	3,113	1%
Carter Mutual Water Company	5,195	5,762	0.1%	5,536	no	-	-	5,536	0.2%	2,960	-4%
City of American Canyon	69,278	76,838	1.8%	73,824	yes	2.2%	3,799	77,623	2.4%	3,113	1%
Coachella Valley Water District	173,196	192,096	4.4%	184,562	yes	5.5%	9,498	194,060	6.0%	3,113	1%
Colusa County	173,196	192,096	4.4%	184,562	no	-	-	184,562	5.7%	2,960	-4%
Colusa County Water District	174,462	193,501	4.4%	185,912	no	-	-	185,912	5.8%	2,960	-4%
Cortina Water District	7,793	8,643	0.2%	8,304	no	-	-	8,304	0.3%	2,960	-4%
Davis Water District	34,640	38,420	0.9%	36,914	no	-	-	36,914	1.1%	2,960	-4%
Desert Water Agency	112,577	124,863	2.9%	119,965	yes	3.6%	6,174	126,139	3.9%	3,113	1%
Dunnigan Water District	51,473	57,090	1.3%	54,851	no	-	-	54,851	1.7%	2,960	-4%
Glenn-Colusa Irrigation District	86,599	96,050	2.2%	92,282	no	-	-	92,282	2.9%	2,960	-4%
Irvine Ranch Water District	17,319	19,209	0.4%	18,455	yes	0.6%	950	19,405	0.6%	3,113	1%
La Grande Water District	17,319	19,209	0.4%	18,455	no	-	-	18,455	0.6%	2,960	-4%
Metropolitan Water District of Southern California	865,984	960,487	22.0%	922,816	yes	27.7%	47,491	970,307	30.2%	3,113	1%
Reclamation District 108	69,278	76,838	1.8%	73,824	no	-	-	73,824	2.3%	2,960	-4%
Rosedale-Rio Bravo Water Storage District	8,659	9,604	0.2%	9,228	yes	0.3%	475	9,703	0.3%	3,113	1%
San Bernardino Valley Municipal Water District	370,641	411,089	9.4%	394,966	yes	11.9%	20,326	415,292	12.9%	3,113	1%
San Gorgonio Pass Water Agency	242,476	268,937	6.2%	258,389	yes	7.8%	13,298	271,687	8.5%	3,113	1%
Santa Clara Valley Water District	8,659	9,604	0.2%	9,228	yes	0.3%	475	9,703	0.3%	3,113	1%
Santa Clarita Valley Water Agency	86,599	96,050	2.2%	92,282	yes	2.8%	4,749	97,032	3.0%	3,113	1%
Westside Water District	93,094	103,254	2.4%	99,204	no	-	-	99,204	3.1%	2,960	-4%
Wheeler Ridge-Maricopa Water Storage District	52,826	58,591	1.3%	56,293	yes	1.7%	2,897	59,190	1.8%	3,113	1%
Zone 7 Water Agency	173,196	192,096	4.4%	184,562	yes	5.5%	9,498	194,060	6.0%	3,113	1%
Total	**2,903,118**	**3,219,932**	**73.8%**	**3,093,642**		**70.2%**	**120,105**	**3,213,747**	**100.0%**		
State	754,114	836,409	19.2%	803,604	yes	21.7%	37,174	840,779		3,446	1%
Federal	276,968	307,193	7.0%	295,144	yes	8.1%	13,864	309,008		3,396	1%
Total	**1,031,082**	**1,143,602**	**26.2%**	**1,098,749**		**29.8%**	**51,038**	**1,149,787**			
Grand Total	**3,934,200**	**4,363,534**	**100.0%**	**4,192,391**		**100.0%**	**171,143**	**4,363,534**			

notes

1. PWA is Participating Water Agencies

Table 3

Early Ramp Up Work Plan

Annual Bifurcated Debt Service (Post Construction) ($1000s)					
Entity	Case 1: Historical Average Rates (no WIFIA)	Case 2: Historical Average Rates with WIFIA	Case 3: Current Rates (no WIFIA)	Case 4: Current Rates with WIFIA	Case 5: Current Rates with Larger WIFIA Loan
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	403	389	355	343	328
Carter Mutual Water Company	230	221	202	195	187
City of American Canyon	3,228	3,109	2,841	2,747	2,624
Coachella Valley Water District	8,070	7,773	7,103	6,868	6,561
Colusa County	7,655	7,374	6,738	6,515	6,224
Colusa County Water District	7,711	7,428	6,788	6,563	6,270
Cortina Water District	344	332	303	293	280
Davis Water District	1,531	1,475	1,348	1,303	1,245
Desert Water Agency	5,245	5,052	4,617	4,464	4,265
Dunnigan Water District	2,275	2,191	2,003	1,936	1,850
Glenn-Colusa Irrigation District	3,828	3,687	3,369	3,258	3,112
Irvine Ranch Water District	807	777	710	687	656
La Grande Water District	766	737	674	651	622
Metropolitan Water District of Southern Californi	40,349	38,865	35,516	34,339	32,806
Reclamation District 108	3,062	2,950	2,695	2,606	2,490
Rosedale-Rio Bravo Water Storage District	403	389	355	343	328
San Bernardino Valley Municipal Water District	17,269	16,634	15,201	14,697	14,041
San Gorgonio Pass Water Agency	11,298	10,882	9,944	9,615	9,186
Santa Clara Valley Water District	403	389	355	343	328
Santa Clarita Valley Water Agency	4,035	3,887	3,552	3,434	3,281
Westside Water District	4,115	3,964	3,622	3,502	3,346
Wheeler Ridge-Maricopa Water Storage District	2,461	2,371	2,166	2,095	2,001
Zone 7 Water Agency	8,070	7,773	7,103	6,868	6,561
Total	133,559	128,647	117,562	113,666	108,591

Notes:
1. Case 2 and Case 4 assumes a WIFIA loan amount of $600 million.
2. Case 5 assumes $1.4 billion WIFIA loan. Maximum WIFIA is $2.2 billion equal to 49% of total project costs (not to exceed 80% of total Federal support)

Table 4

Early Ramp Up Work Plan

Annual Operating Costs ($1000s)							
Entity	Fixed Costs	Variable Costs	Total	Minimum Variable Costs	Maximum Variable Costs	Minimum Non-Debt Service Cost (Fixed + Variable)	Maximum Non-Debt Service Cost (Fixed + Variable)
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	38	9	46	(26)	100	12	137
Carter Mutual Water Company	21	5	27	(15)	60	6	81
City of American Canyon	301	69	370	(205)	799	96	1,100
Coachella Valley Water District	752	172	924	(512)	1,997	241	2,750
Colusa County	716	172	887	(512)	1,997	204	2,713
Colusa County Water District	721	173	894	(515)	2,012	206	2,733
Cortina Water District	32	8	40	(23)	90	9	122
Davis Water District	143	34	177	(102)	399	41	543
Desert Water Agency	489	112	601	(332)	1,298	157	1,787
Dunnigan Water District	213	51	264	(152)	594	61	806
Glenn-Colusa Irrigation District	358	86	444	(256)	999	102	1,356
Irvine Ranch Water District	75	17	92	(51)	200	24	275
La Grande Water District	72	17	89	(51)	200	20	271
Metropolitan Water District of Southern California	3,762	858	4,621	(2,558)	9,986	1,205	13,748
Reclamation District 108	286	69	355	(205)	799	82	1,085
Rosedale-Rio Bravo Water Storage District	38	9	46	(26)	100	12	137
San Bernardino Valley Municipal Water District	1,610	367	1,978	(1,095)	4,274	516	5,884
San Gorgonio Pass Water Agency	1,053	240	1,294	(716)	2,796	337	3,850
Santa Clara Valley Water District	38	9	46	(26)	100	12	137
Santa Clarita Valley Water Agency	376	86	462	(256)	999	120	1,375
Westside Water District	385	92	477	(275)	1,073	110	1,458
Wheeler Ridge-Maricopa Water Storage District	230	52	282	(156)	609	73	839
Zone 7 Water Agency	752	172	924	(512)	1,997	241	2,750
Total	12,462	2,877	15,338	(8,574)	33,476	3,887	45,938

Notes:
1. A&G and Fixed OM&R allocated by capital cost
2. Variable O&M could be zero due to Above Normal/Wet years resulting in full reservoir preceding a Dry/Critical Dry year resulting in releases but no filling
3. Assumes the State and Federal participants pay annual fixed and variable operating costs

Table 5

Early Ramp Up Work Plan

Bifurcated Debt Service + Annual Operating Cost (Average) ($1000s)					
Entity	Case 1: Historical Average Rates (no WIFIA)	Case 2: Historical Average Rates with WIFIA	Case 3: Current Rates (no WIFIA)	Case 4: Current Rates with WIFIA	Case 5: Current Rates with Larger WIFIA Loan
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	450	435	401	390	374
Carter Mutual Water Company	256	248	229	222	213
City of American Canyon	3,597	3,479	3,211	3,117	2,994
Coachella Valley Water District	8,994	8,697	8,027	7,792	7,485
Colusa County	8,543	8,261	7,626	7,402	7,112
Colusa County Water District	8,605	8,322	7,682	7,457	7,164
Cortina Water District	384	372	343	333	320
Davis Water District	1,709	1,652	1,525	1,481	1,422
Desert Water Agency	5,846	5,653	5,218	5,065	4,865
Dunnigan Water District	2,539	2,455	2,266	2,200	2,114
Glenn-Colusa Irrigation District	4,271	4,131	3,813	3,701	3,556
Irvine Ranch Water District	899	870	803	779	748
La Grande Water District	854	826	763	740	711
Metropolitan Water District of Southern California	44,969	43,485	40,136	38,960	37,426
Reclamation District 108	3,417	3,304	3,050	2,961	2,845
Rosedale-Rio Bravo Water Storage District	450	435	401	390	374
San Bernardino Valley Municipal Water District	19,247	18,612	17,178	16,675	16,018
San Gorgonio Pass Water Agency	12,591	12,176	11,238	10,909	10,479
Santa Clara Valley Water District	450	435	401	390	374
Santa Clarita Valley Water Agency	4,497	4,349	4,014	3,896	3,743
Westside Water District	4,592	4,440	4,099	3,979	3,823
Wheeler Ridge-Maricopa Water Storage District	2,743	2,653	2,448	2,377	2,283
Zone 7 Water Agency	8,994	8,697	8,027	7,792	7,485
Total	148,898	143,986	132,900	129,005	123,930

Table 6A

Early Ramp Up Work Plan

Financed Construction Costs by Participant ($1000s)											
Entity	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	51	71	107	185	338	433	518	541	557	538	3,339
Carter Mutual Water Company	29	40	61	106	193	247	296	309	318	307	1,905
City of American Canyon	405	567	858	1,482	2,705	3,466	4,144	4,331	4,453	4,303	26,715
Coachella Valley Water District	1,012	1,417	2,146	3,704	6,763	8,666	10,361	10,827	11,132	10,758	66,788
Colusa County	963	1,348	2,041	3,523	6,432	8,242	9,854	10,297	10,587	10,232	63,519
Colusa County Water District	970	1,358	2,056	3,549	6,479	8,302	9,926	10,373	10,665	10,307	63,983
Cortina Water District	43	61	92	159	289	371	443	463	476	460	2,858
Davis Water District	193	270	408	705	1,287	1,648	1,971	2,060	2,118	2,046	12,704
Desert Water Agency	658	921	1,395	2,408	4,396	5,633	6,735	7,038	7,236	6,993	43,412
Dunnigan Water District	286	401	606	1,047	1,912	2,450	2,929	3,060	3,146	3,041	18,877
Glenn-Colusa Irrigation District	481	674	1,020	1,761	3,216	4,121	4,927	5,149	5,294	5,116	31,760
Irvine Ranch Water District	101	142	215	370	676	867	1,036	1,083	1,113	1,076	6,678
La Grande Water District	96	135	204	352	643	824	985	1,030	1,059	1,023	6,352
Metropolitan Water District of Southern California	5,061	7,085	10,728	18,521	33,817	43,332	51,806	54,137	55,661	53,792	333,941
Reclamation District 108	385	539	816	1,409	2,573	3,297	3,942	4,119	4,235	4,093	25,407
Rosedale-Rio Bravo Water Storage District	51	71	107	185	338	433	518	541	557	538	3,339
San Bernardino Valley Municipal Water District	2,166	3,032	4,592	7,927	14,474	18,546	22,173	23,171	23,823	23,023	142,927
San Gorgonio Pass Water Agency	1,417	1,984	3,004	5,186	9,469	12,133	14,506	15,158	15,585	15,062	93,504
Santa Clara Valley Water District	51	71	107	185	338	433	518	541	557	538	3,339
Santa Clarita Valley Water Agency	506	709	1,073	1,852	3,382	4,333	5,181	5,414	5,566	5,379	33,394
Westside Water District	517	724	1,097	1,894	3,457	4,430	5,297	5,535	5,691	5,500	34,142
Wheeler Ridge-Maricopa Water Storage District	309	432	654	1,130	2,063	2,643	3,160	3,302	3,395	3,281	20,371
Zone 7 Water Agency	1,012	1,417	2,146	3,704	6,763	8,666	10,361	10,827	11,132	10,758	66,788
Total	16,762	23,467	35,533	61,344	112,004	143,519	171,587	179,308	184,354	178,165	1,106,043

Notes:
1. Case 1 Displayed: historical average rates, no WIFIA
2. 2022-2024 are cash calls with financing beginning in July 2024

Table 6B

Early Ramp Up Work Plan

Pay-Go Construction Costs ($1000s)											
Entity	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	51	71	826	1,616	2,129	2,069	1,286	335	188	-	8,570
Carter Mutual Water Company	29	40	471	922	1,215	1,181	734	191	107	-	4,890
City of American Canyon	405	567	6,606	12,931	17,031	16,555	10,288	2,682	1,500	-	68,565
Coachella Valley Water District	1,012	1,417	16,514	32,329	42,578	41,387	25,720	6,704	3,751	-	171,414
Colusa County	963	1,348	15,706	30,747	40,494	39,362	24,461	6,376	3,567	-	163,024
Colusa County Water District	970	1,358	15,821	30,972	40,790	39,649	24,640	6,423	3,593	-	164,216
Cortina Water District	43	61	707	1,383	1,822	1,771	1,101	287	161	-	7,335
Davis Water District	193	270	3,141	6,150	8,099	7,873	4,892	1,275	713	-	32,606
Desert Water Agency	658	921	10,734	21,014	27,676	26,902	16,718	4,358	2,438	-	111,419
Dunnigan Water District	286	401	4,668	9,138	12,035	11,698	7,270	1,895	1,060	-	48,450
Glenn-Colusa Irrigation District	481	674	7,853	15,374	20,247	19,681	12,231	3,188	1,784	-	81,513
Irvine Ranch Water District	101	142	1,651	3,233	4,258	4,139	2,572	670	375	-	17,141
La Grande Water District	96	135	1,571	3,075	4,049	3,936	2,446	638	357	-	16,302
Metropolitan Water District of Southern California	5,061	7,085	82,572	161,646	212,892	206,938	128,603	33,522	18,754	-	857,073
Reclamation District 108	385	539	6,282	12,299	16,198	15,745	9,785	2,550	1,427	-	65,209
Rosedale-Rio Bravo Water Storage District	51	71	826	1,616	2,129	2,069	1,286	335	188	-	8,570
San Bernardino Valley Municipal Water District	2,166	3,032	35,341	69,184	91,118	88,569	55,042	14,348	8,027	-	366,828
San Gorgonio Pass Water Agency	1,417	1,984	23,120	45,261	59,610	57,943	36,009	9,386	5,251	-	239,981
Santa Clara Valley Water District	51	71	826	1,616	2,129	2,069	1,286	335	188	-	8,570
Santa Clarita Valley Water Agency	506	709	8,257	16,165	21,289	20,694	12,860	3,352	1,875	-	85,708
Westside Water District	517	724	8,442	16,527	21,766	21,157	13,148	3,427	1,917	-	87,627
Wheeler Ridge-Maricopa Water Storage District	309	432	5,037	9,861	12,987	12,623	7,845	2,045	1,144	-	52,282
Zone 7 Water Agency	1,012	1,417	16,514	32,329	42,578	41,387	25,720	6,704	3,751	-	171,414
Total	16,762	23,467	273,487	535,386	705,118	685,397	425,944	111,029	62,116	-	2,838,705

Note:
1. 2022-2024 are cash calls with financing beginning in July 2024

3 YEAR WORK PLAN TABLES

Table 2

3 Year Work Plan

Allocation of Bifurcated Construction Cost ($1000s)

Entity	Total Const. Cost Prior to Bifurcation	Total Const. Cost Prior to Bifurcation	% of Costs for "Base Facilities"	"Base Facilities" Cost Allocation	Down-stream Storage Partner?	% of Costs for "Down-stream Facilities"	"Down-Stream Facilities" Cost Allocation	Share of Const. Costs	PWA Share of Const. Costs	Const. Costs per AF Storage	% Change Due to Bifurcation
	(2021$)	(future$)	(%)	(future$)		(%)	(future$)	(future$)	(%)	(fut$/AF-St)	(%)
Antelope Valley-East Kern Water Agency	8,725	9,967	0.2%	9,576	yes	0.3%	489	10,065	0.3%	3,229	1%
Carter Mutual Water Company	5,234	5,980	0.1%	5,745	no	-	-	5,745	0.2%	3,072	-4%
City of American Canyon	69,802	79,741	1.8%	76,612	yes	2.2%	3,914	80,527	2.4%	3,229	1%
Coachella Valley Water District	174,506	199,353	4.4%	191,532	yes	5.5%	9,785	201,318	6.0%	3,229	1%
Colusa County	174,506	199,353	4.4%	191,532	no	-	-	191,532	5.7%	3,072	-4%
Colusa County Water District	175,782	200,811	4.5%	192,933	no	-	-	192,933	5.8%	3,072	-4%
Cortina Water District	7,852	8,970	0.2%	8,618	no	-	-	8,618	0.3%	3,072	-4%
Davis Water District	34,902	39,872	0.9%	38,308	no	-	-	38,308	1.1%	3,072	-4%
Desert Water Agency	113,429	129,580	2.9%	124,496	yes	3.6%	6,361	130,857	3.9%	3,229	1%
Dunnigan Water District	51,862	59,247	1.3%	56,922	no	-	-	56,922	1.7%	3,072	-4%
Glenn-Colusa Irrigation District	87,254	99,678	2.2%	95,768	no	-	-	95,768	2.9%	3,072	-4%
Irvine Ranch Water District	17,450	19,934	0.4%	19,152	yes	0.6%	979	20,131	0.6%	3,229	1%
La Grande Water District	17,450	19,934	0.4%	19,152	no	-	-	19,152	0.6%	3,072	-4%
Metropolitan Water District of Southern California	872,533	996,773	22.2%	957,668	yes	27.7%	48,928	1,006,596	30.2%	3,229	1%
Reclamation District 108	69,802	79,741	1.8%	76,612	no	-	-	76,612	2.3%	3,072	-4%
Rosedale-Rio Bravo Water Storage District	8,725	9,967	0.2%	9,576	yes	0.3%	489	10,065	0.3%	3,229	1%
San Bernardino Valley Municipal Water District	373,445	426,619	9.5%	409,882	yes	11.9%	20,941	430,823	12.9%	3,229	1%
San Gorgonio Pass Water Agency	244,310	279,097	6.2%	268,148	yes	7.8%	13,700	281,848	8.5%	3,229	1%
Santa Clara Valley Water District	8,725	9,967	0.2%	9,576	yes	0.3%	489	10,065	0.3%	3,229	1%
Santa Clarita Valley Water Agency	87,254	99,678	2.2%	95,768	yes	2.8%	4,893	100,661	3.0%	3,229	1%
Westside Water District	93,799	107,154	2.4%	102,951	no	-	-	102,951	3.1%	3,072	-4%
Wheeler Ridge-Maricopa Water Storage District	53,225	60,804	1.4%	58,419	yes	1.7%	2,985	61,403	1.8%	3,229	1%
Zone 7 Water Agency	174,506	199,353	4.4%	191,532	yes	5.5%	9,785	201,318	6.0%	3,229	1%
Total	**2,925,074**	**3,341,574**	**74.3%**	**3,210,480**		**70.2%**	**123,738**	**3,334,218**	**100.0%**		
State	732,158	836,409	18.6%	803,596	yes	21.7%	38,299	841,895		3,450	1%
Federal	276,968	316,405	7.0%	303,992	yes	8.1%	14,284	318,276		3,498	1%
Total	**1,009,126**	**1,152,814**	**25.7%**	**1,107,588**		**29.8%**	**52,582**	**1,160,170**			
Grand Total	**3,934,200**	**4,494,389**	**100.0%**	**4,318,068**		**100.0%**	**176,321**	**4,494,389**			

notes
1. PWA is Participating Water Agencies

Table 3

3 Year Work Plan

Annual Bifurcated Debt Service (Post Construction) ($1000s)					
Entity	Case 1: Historical Average Rates (no WIFIA)	Case 2: Historical Average Rates with WIFIA	Case 3: Current Rates (no WIFIA)	Case 4: Current Rates with WIFIA	Case 5: Current Rates with Larger WIFIA Loan
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	407	394	356	345	331
Carter Mutual Water Company	232	224	202	197	189
City of American Canyon	3,258	3,148	2,847	2,764	2,651
Coachella Valley Water District	8,145	7,871	7,116	6,909	6,628
Colusa County	7,727	7,466	6,751	6,554	6,288
Colusa County Water District	7,783	7,521	6,800	6,602	6,334
Cortina Water District	348	336	304	295	283
Davis Water District	1,545	1,493	1,350	1,311	1,258
Desert Water Agency	5,294	5,116	4,626	4,491	4,308
Dunnigan Water District	2,296	2,219	2,006	1,948	1,869
Glenn-Colusa Irrigation District	3,863	3,733	3,376	3,277	3,144
Irvine Ranch Water District	814	787	712	691	663
La Grande Water District	773	747	675	655	629
Metropolitan Water District of Southern California	40,725	39,353	35,582	34,545	33,142
Reclamation District 108	3,091	2,987	2,700	2,622	2,515
Rosedale-Rio Bravo Water Storage District	407	394	356	345	331
San Bernardino Valley Municipal Water District	17,430	16,843	15,229	14,785	14,185
San Gorgonio Pass Water Agency	11,403	11,019	9,963	9,673	9,280
Santa Clara Valley Water District	407	394	356	345	331
Santa Clarita Valley Water Agency	4,073	3,935	3,558	3,455	3,314
Westside Water District	4,153	4,013	3,629	3,523	3,380
Wheeler Ridge-Maricopa Water Storage District	2,484	2,401	2,171	2,107	2,022
Zone 7 Water Agency	8,145	7,871	7,116	6,909	6,628
Total	134,805	130,263	117,781	114,347	109,705

Notes:
1. Case 2 and Case 4 assumes a WIFIA loan amount of $600 million.
2. Case 5 assumes $1.4 billion WIFIA loan. Maximum WIFIA is $2.2 billion equal to 49% of total project costs (not to exceed 80% of total Federal support)

Table 4

3 Year Work Plan

Entity	Fixed Costs (2021$)	Variable Costs (2021$)	Total (2021$)	Minimum Variable Costs (2021$)	Maximum Variable Costs (2021$)	Minimum Non-Debt Service Cost (Fixed + Variable) (2021$)	Maximum Non-Debt Service Cost (Fixed + Variable) (2021$)
Annual Operating Costs ($1000s)							
Antelope Valley-East Kern Water Agency	38	9	47	(26)	100	13	138
Carter Mutual Water Company	22	5	27	(15)	60	6	82
City of American Canyon	305	69	375	(205)	799	101	1,104
Coachella Valley Water District	763	173	937	(512)	1,997	252	2,761
Colusa County	726	173	900	(512)	1,997	215	2,723
Colusa County Water District	732	175	906	(515)	2,012	216	2,743
Cortina Water District	33	8	40	(23)	90	10	123
Davis Water District	145	35	180	(102)	399	43	545
Desert Water Agency	496	113	609	(332)	1,298	164	1,794
Dunnigan Water District	216	52	267	(152)	594	64	809
Glenn-Colusa Irrigation District	363	87	450	(256)	999	107	1,362
Irvine Ranch Water District	76	17	94	(51)	200	25	276
La Grande Water District	73	17	90	(51)	200	21	272
Metropolitan Water District of Southern California	3,817	867	4,685	(2,558)	9,986	1,259	13,803
Reclamation District 108	291	69	360	(205)	799	86	1,089
Rosedale-Rio Bravo Water Storage District	38	9	47	(26)	100	13	138
San Bernardino Valley Municipal Water District	1,634	371	2,005	(1,095)	4,274	539	5,908
San Gorgonio Pass Water Agency	1,069	243	1,312	(716)	2,796	353	3,865
Santa Clara Valley Water District	38	9	47	(26)	100	13	138
Santa Clarita Valley Water Agency	382	87	468	(256)	999	126	1,380
Westside Water District	390	93	484	(275)	1,073	115	1,464
Wheeler Ridge-Maricopa Water Storage District	233	53	286	(156)	609	77	842
Zone 7 Water Agency	763	173	937	(512)	1,997	252	2,761
Total	12,644	2,908	15,552	(8,574)	33,476	4,069	46,120

Notes:
1. A&G and Fixed OM&R allocated by capital cost
2. Variable O&M could be zero due to Above Normal/Wet years resulting in full reservoir preceding a Dry/Critically Dry year resulting in releases but no filling
3. Assumes the State and Federal participants pay annual fixed and variable operating costs

Table 5

3 Year Work Plan

Bifurcated Debt Service + Annual Operating Cost (Average) ($1000s)					
Entity	Case 1: Historical Average Rates (no WIFIA)	Case 2: Historical Average Rates with WIFIA	Case 3: Current Rates (no WIFIA)	Case 4: Current Rates with WIFIA	Case 5: Current Rates with Larger WIFIA Loan
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	454	440	403	392	378
Carter Mutual Water Company	259	251	229	224	216
City of American Canyon	3,633	3,523	3,221	3,138	3,026
Coachella Valley Water District	9,082	8,807	8,053	7,846	7,565
Colusa County	8,627	8,366	7,651	7,454	7,188
Colusa County Water District	8,690	8,427	7,707	7,508	7,240
Cortina Water District	388	376	344	335	323
Davis Water District	1,725	1,673	1,530	1,491	1,438
Desert Water Agency	5,903	5,725	5,235	5,100	4,917
Dunnigan Water District	2,564	2,486	2,274	2,215	2,136
Glenn-Colusa Irrigation District	4,313	4,183	3,825	3,727	3,594
Irvine Ranch Water District	908	881	805	785	756
La Grande Water District	863	837	765	745	719
Metropolitan Water District of Southern California	45,410	44,038	40,267	39,229	37,827
Reclamation District 108	3,451	3,346	3,060	2,982	2,875
Rosedale-Rio Bravo Water Storage District	454	440	403	392	378
San Bernardino Valley Municipal Water District	19,435	18,848	17,234	16,790	16,190
San Gorgonio Pass Water Agency	12,715	12,331	11,275	10,984	10,592
Santa Clara Valley Water District	454	440	403	392	378
Santa Clarita Valley Water Agency	4,541	4,404	4,027	3,923	3,783
Westside Water District	4,637	4,497	4,112	4,007	3,864
Wheeler Ridge-Maricopa Water Storage District	2,770	2,686	2,456	2,393	2,307
Zone 7 Water Agency	9,082	8,807	8,053	7,846	7,565
Total	150,357	145,815	133,332	129,899	125,256

Table 6A

3 Year Work Plan

Financed Construction Costs by Participant ($1000s)											
Entity	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	51	71	81	34	128	264	365	487	534	580	2,595
Carter Mutual Water Company	29	40	46	20	73	151	208	278	305	331	1,481
City of American Canyon	405	567	648	274	1,024	2,111	2,921	3,893	4,274	4,641	20,758
Coachella Valley Water District	1,012	1,417	1,619	685	2,561	5,278	7,303	9,732	10,684	11,603	51,894
Colusa County	963	1,348	1,541	652	2,436	5,021	6,948	9,259	10,165	11,039	49,372
Colusa County Water District	970	1,358	1,552	657	2,454	5,058	6,999	9,327	10,239	11,119	49,733
Cortina Water District	43	61	69	29	110	226	313	417	457	497	2,221
Davis Water District	193	270	308	130	487	1,004	1,390	1,852	2,033	2,208	9,875
Desert Water Agency	658	921	1,053	445	1,664	3,430	4,747	6,326	6,945	7,542	33,731
Dunnigan Water District	286	401	458	194	724	1,492	2,065	2,752	3,021	3,281	14,673
Glenn-Colusa Irrigation District	481	674	770	326	1,218	2,511	3,474	4,630	5,083	5,519	24,686
Irvine Ranch Water District	101	142	162	69	256	528	730	973	1,068	1,160	5,189
La Grande Water District	96	135	154	65	244	502	695	926	1,016	1,104	4,937
Metropolitan Water District of Southern California	5,060	7,085	8,097	3,426	12,803	26,388	36,515	48,662	53,423	58,014	259,473
Reclamation District 108	385	539	616	261	974	2,008	2,779	3,704	4,066	4,415	19,749
Rosedale-Rio Bravo Water Storage District	51	71	81	34	128	264	365	487	534	580	2,595
San Bernardino Valley Municipal Water District	2,166	3,032	3,465	1,466	5,480	11,294	15,629	20,827	22,865	24,830	111,054
San Gorgonio Pass Water Agency	1,417	1,984	2,267	959	3,585	7,389	10,224	13,625	14,958	16,244	72,653
Santa Clara Valley Water District	51	71	81	34	128	264	365	487	534	580	2,595
Santa Clarita Valley Water Agency	506	708	810	343	1,280	2,639	3,652	4,866	5,342	5,801	25,948
Westside Water District	518	725	828	350	1,309	2,699	3,735	4,977	5,464	5,933	26,538
Wheeler Ridge-Maricopa Water Storage District	309	432	494	209	781	1,610	2,227	2,968	3,259	3,539	15,828
Zone 7 Water Agency	1,012	1,417	1,619	685	2,561	5,278	7,303	9,732	10,684	11,603	51,894
Total	16,762	23,467	26,819	11,348	42,410	87,406	120,952	161,187	176,955	192,163	859,470

Notes:
1. Case 1 Displayed: historical average rates, no WIFIA
2. 2022-2024 are cash calls

Table 6B

3 Year Work Plan

Pay-Go Construction Costs ($1000s)											
Entity	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)	(2021$)
Antelope Valley-East Kern Water Agency	51	71	81	512	1,230	1,886	2,114	1,699	799	297	8,739
Carter Mutual Water Company	29	40	46	292	702	1,077	1,207	970	456	170	4,988
City of American Canyon	405	567	648	4,097	9,839	15,089	16,914	13,592	6,390	2,377	69,918
Coachella Valley Water District	1,012	1,417	1,619	10,243	24,597	37,723	42,285	33,980	15,976	5,944	174,797
Colusa County	963	1,348	1,541	9,745	23,402	35,889	40,229	32,328	15,200	5,655	166,300
Colusa County Water District	970	1,358	1,552	9,817	23,573	36,152	40,524	32,565	15,311	5,696	167,517
Cortina Water District	43	61	69	438	1,053	1,615	1,810	1,455	684	254	7,482
Davis Water District	193	270	308	1,949	4,681	7,178	8,046	6,466	3,040	1,131	33,261
Desert Water Agency	658	921	1,053	6,658	15,988	24,520	27,485	22,087	10,384	3,863	113,618
Dunnigan Water District	286	401	458	2,896	6,955	10,666	11,956	9,608	4,517	1,681	49,423
Glenn-Colusa Irrigation District	481	674	770	4,873	11,701	17,945	20,115	16,164	7,600	2,827	83,151
Irvine Ranch Water District	101	142	162	1,024	2,460	3,772	4,228	3,398	1,598	594	17,479
La Grande Water District	96	135	154	974	2,340	3,589	4,023	3,233	1,520	565	16,629
Metropolitan Water District of Southern California	5,060	7,085	8,097	51,216	122,988	188,616	211,425	169,901	79,881	29,719	873,988
Reclamation District 108	385	539	616	3,898	9,361	14,356	16,092	12,931	6,080	2,262	66,520
Rosedale-Rio Bravo Water Storage District	51	71	81	512	1,230	1,886	2,114	1,699	799	297	8,739
San Bernardino Valley Municipal Water District	2,166	3,032	3,465	21,921	52,639	80,728	90,490	72,718	34,189	12,720	374,067
San Gorgonio Pass Water Agency	1,417	1,984	2,267	14,341	34,437	52,813	59,199	47,572	22,367	8,321	244,717
Santa Clara Valley Water District	51	71	81	512	1,230	1,886	2,114	1,699	799	297	8,739
Santa Clarita Valley Water Agency	506	708	810	5,122	12,299	18,862	21,143	16,990	7,988	2,972	87,400
Westside Water District	518	725	828	5,238	12,579	19,291	21,624	17,377	8,170	3,040	89,388
Wheeler Ridge-Maricopa Water Storage District	309	432	494	3,124	7,502	11,506	12,897	10,364	4,873	1,813	53,314
Zone 7 Water Agency	1,012	1,417	1,619	10,243	24,597	37,723	42,285	33,980	15,976	5,944	174,797
Total	16,762	23,467	26,819	169,648	407,381	624,767	700,319	562,776	264,595	98,440	2,894,972

Note:
1. 2022-2024 are cash calls with financing beginning in July 2024