



**Requested Action:**

Review allocations of Storage space and proportionate shares of diverted water for Participants based on conditional state and Federal Participation.

**Detailed Description/Background:**

In April and July of 2021, the Board's considered materials focused on transitioning from a 'yield' based participation in the project to 'storage' based participation. The transition to Storage-based participation is necessary for the contracting for benefits and obligations in the Sites Reservoir as cost allocation needs to be based on physical capacity attributes of the facilities. Recall that prior planning costs have been allocated using a value for "yield" considerations. Capacity Interest assignment and cost allocation starting in Phase 3 will be Storage-based. This report is intended to refresh the Board's understanding of this prior work and provide updated calculations based on current information. The attached Table 1 represents the updated calculations.

The following key updates are considered in arriving at the Storage Allocation for each Storage Partner:

- Over the past few months, discussions around Federal participation have led to an assumed storage allocation of 128 TAF (~9%) for Reclamation. This is short of their requested 16% but greater than the previous assumption of 7% and reflects the net adjustment resulting from dead pool and survey data information.
- The State's participation continues to be assumed to be 244 TAF which reflects the information in the feasibility report accepted by the CWC in December 2021.

The updated calculation of allocation of storage is consistent with the methodology approved in April 2021, which continues to be a sound approach. This methodology considered equitable treatment between local participants, confirming that neither the State nor Reclamation receive disproportionate benefits compared to local participants, and considerations for the Credit Reimbursement Policy. The preliminary outcome using the approved methodology was the following conversion based on a 1.5 million-acre-foot reservoir:

Existing participation x 6.234 = Storage Allocation

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

This preliminary result was applied to the Amendment 3 Participation which established the local Partner combined allocation of 1.038 MAF above. Table 1 summarizes the current allocation of Available Storage based on the assumptions above.

Staff intends to seek Board approval of these Preliminary Final Storage Allocations in May 2023. These figures are intended to establish the basis for the pro-forma cost tables that are being prepared to provide updated cost information for the 'soft call'. Participant responses to the soft call process this summer are expected to be reported in the form of storage space.

There is likely to be a further update of the figures at the time of 'investor commitment' which will be the final call to Participants for their desired storage capacity in the project.

**Prior Action:**

April 2021: Approved methodology for allocating storage space in Sites Reservoir to local Storage Partners using the approach of 1 acre-foot participation to 6.234 acre-feet of storage space.

July 2021: Review of value creation from ownership in Sites Reservoir storage allocation.

**Fiscal Impact/Funding Source:**

None.

**Staff Contact:**

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**Attachments:**

Attachment A: Table 1 – Updated “Preliminary Final” Storage Amounts by Participant

Table 1. Proposed Allocation of Sites Reservoir Available Storage

Participant Name	Amendment 3 Participation Level	Amendment 3 Storage Allocation	% Available Storage <sup>1, 2, 3</sup>
Antelope Valley-East Kern WA	500	3,117	0.2%
City of American Canyon	4,000	24,936	1.8%
Coachella Valley WD	10,000	62,340	4.4%
Colusa County	10,000	62,340	4.4%
Colusa County WD	9,256	57,702	4.1%
Cortina WD	450	2,805	0.2%
Davis WD	2,000	12,468	0.9%
Desert WA	6,500	40,521	2.9%
Dunnigan WD	2,972	18,527	1.3%
Glenn-Colusa ID	5,000	31,170	2.2%
Irvine Ranch WD	1,000	6,234	0.4%
LaGrande WD	1,000	6,234	0.4%
Metropolitan Water District of SC	50,000	311,700	22.1%
Reclamation District 108	4,000	24,936	1.8%
Rosedale-Rio Bravo WD	500	3,117	0.2%
San Bernardino Valley Municipal WD	21,400	133,408	9.5%
San Geronio Pass WA	14,000	87,276	6.2%
Santa Clara Valley WD	500	3,117	0.2%
Santa Clarita Valley WA	5,000	31,170	2.2%
Westside WD	5,375	33,508	2.4%
Wheeler Ridge - Maricopa WSD	3,050	19,014	1.3%
Zone 7 WA	10,000	62,340	4.4%
State of California - Total	n/a	244,000	17.3%
Reclamation	n/a	128,020	9.1%
<b>Available Storage Total</b>	<b>166,503</b>	<b>1,410,000</b>	<b>100.0%</b>

Note:

1. Percent Available Storage equals Capacity Interest in Base Facilities for Participants, a term to be defined in the Benefits and Obligation Contracts (Contract) to represent the granting of capacity in Sites Owned Base Facilities to Participants by the Authority. Base Facilities will be defined in the Contract.
2. Capacity Interest in Sites Owned Downstream Facilities, including the Dunnigan Pipeline, will be allocated amongst Participants using Downstream Facilities to convey water to their Secondary Point of Delivery based on their Storage Allocation. Downstream Facilities will be defined in the Contract.
3. This is the proportionate share of water diverted that would be made available to the Participant.