



Water Storage Investment Program: Chino Basin Program Request to Increase Early Funding Award Amount (Action Item)

Introduction

The California Water Commission (Commission) administers the Water Storage Investment Program (WSIP) to fund the public benefits associated with water storage projects using funds from the Proposition 1 Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1). Currently, six projects have a WSIP maximum conditional eligibility determination (MCED), which is the amount of Proposition 1 funding potentially available to a given project. The Chino Basin Program (CBP), proposed by the Inland Empire Utilities Agency (IEUA), is one of the six WSIP projects working to secure a WSIP award amount. As currently proposed, the CBP is a conjunctive use project that will develop an advanced water purification facility and aquifer replenishing wells that will store water in the Chino Basin in San Bernardino County. The project will provide ecosystem improvements by utilizing exchange water to provide pulse flows on the Feather River. The project will also provide water quality and emergency response benefits.

In May 2021, IEUA requested and received an early funding award for \$8,919,000, which equaled 4% of the then-current MCED. In 2022, the Commission adjusted the MCED for all WSIP projects by 1.5% for inflation. Water Code 79755(c) and WSIP regulations section 6010 allow the Commission to award early funding for work related to the completion of environmental documentation and obtaining permits. The regulations require that a project’s early funding award be capped at 5% of its MCED. Staff received a correspondence from IEUA on July 20, 2023, requesting an increase to the early funding amount for CBP to the full 5% of the MCED.

Staff Analysis

CBP’s current early funding award is \$8,919,000. With the 2022 adjustment to the CBP MCED, the current MCED is \$215,265,405. Five percent of this adjusted MCED is \$10,763,270 which is \$1,844,270 more than the current early funding award, as shown in Table 1. To date, IEUA has requested early funding reimbursements of \$8,919,000, which is the entirety of the funding award. IEUA submits invoices on a quarterly basis and has no cost share requirement, because Proposition 1 exempted conjunctive use projects from providing a 50% cost share. Overall, staff has not experienced any issues with the early funding agreement.

Table 1. CBP Funding Summary

Current Early Funding Award	Current MCED	5% of Current MCED	Additional Early Funding Request
\$8,919,000	\$215,265,405	\$10,763,270	\$1,844,270

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Early funding is a portion of the overall MCED. If the Commission decides not to increase the early funding amount, IEUA can be reimbursed for costs after a final funding award is made. Staff typically does not make recommendations for early funding awards as this decision is the Commission's discretion, however, staff does not have any objections to the request.

Commission Decision

There are two options available to the Commission:

1. Increase the Award for Early Funding. If the Commission increases the early funding amount for the CBP, the maximum increase would be \$1,844,270, bringing the total early funding award to \$10,763,270. The Commission needs to determine if the need exists for the funds and how much to increase the early funding amount. The Commission's decision would be documented in a resolution. Staff would then amend the existing early funding agreement.
2. Keep Early Funding at Current Amount. If the Commission denies the request to increase early funding, no further action would be taken. Staff would work with IEUA to close out the early funding agreement and IEUA would continue to work towards a final funding award.

The Commission can pursue one of these options or defer its decision to a future meeting.

Background

Through the WSIP, the Commission will invest nearly \$2.6 billion in the public benefits of water storage projects, consistent with the requirements of Proposition 1, Chapter 8. The six remaining WSIP applicants have successfully met the Proposition 1, Chapter 8 interim requirements and are working to complete the remaining statutory requirements, which include obtaining permits and completed environmental documents, and executing contracts for the administration of public benefits and contracts for non-public benefit cost share. Once these requirements are complete, each WSIP applicant will return to the Commission for a final award hearing. One project received a final award from the Commission in June 2023.

This agenda item implements Goal Four of the Commission's Strategic Plan, which calls on the Commission to carry out its statutory responsibilities for WSIP.

Meeting Overview

At the November meeting, staff will introduce this agenda item and Elizabeth Hurst, Chino Basin Program Manager, and Christiana Daisy, Deputy General Manager, from IEUA will present the request for an increased early funding award.

This is an action item.

Contact

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