



Topic: **Reservoir Committee Agenda Item 2.9**

2020 October 16

Subject: **Amendment 2 Participation Approvals and Invoices**

Requested Action:

Authorize execution of the project agreement and amendments with new participants including Irvine Ranch Water District and Rosedale-Rio Bravo Water Storage District. Authorize invoicing these agencies upon completion, approximately December 1, 2020. This action requires a 75% weighted approval.

Detailed Description/Background:

Existing Participation Update

All of the participating members have received Board approval for their continued participation for capacity with the exception of MWDSC (50,000af scheduled for 10/13) and Valley Water (7,800af scheduled for ??). The subscription amount of approved capacity shares plus the amount if these two agencies approve what is recommended by staff is 172,195af based on a total available of 192,892af. This leaves approximately 20,697af of available capacity shares unsubscribed. It should be noted that Reclamation is evaluating participation as an investor in amounts that could be all or some of this unsubscribed amount. However, Reclamation's timeline for making a decision about participation is 12-18 months in the future.

New Participation

New participants have gone to their Boards and received authority to express interest in participating in the project including Irvine Ranch Water District (IRWD) participating at 1,000 acre-feet and Rosedale Rio-Bravo Water Storage District (RRBWSD) participating at 500 acre-feet. Both expressions of interest are subject to reaching agreement on terms of participation, although it has been communicated to both agencies that the project agreement plus amendments constitutes the agreement terms and the payment required is \$108.50/af for past costs and up to \$100/af for new costs through December 31, 2021.

Limited due diligence has been conducted on these agencies and it has been determined that their participation creates no new conflict issues or project requirements. These agencies recently formed a JPA to implement the Kern Fan Water Banking project which is a Prop 1 south of delta storage project. They anticipate synergistic operation of Kern Fan with Sites. The amount being requested is less than 10% of available unsubscribed capacity shares and can be accommodated without any impact on existing participants.

It is expected that agreements would be signed in November 2020 and invoices would go out in December 2020. IRWD and RRBWSD first participation in the Reservoir Committee would be December.

New participants must be approved for admission according to Section 10 of the Participation Agreement, which includes a 75% weighted approval at the Reservoir Committee and 75% of Authority Board director approval as well as other requirements.

Participation Invoices Issued

Invoices have been issued to participants with payments due on November 1st for the first cash call and any adjustments necessary based on participation levels. Attachment A shows the current assumed participation levels based on either formal approvals or agency staff feedback and the amount due on the November invoice.

Outreach and Rebalancing:

Staff has completed all steps of the outreach process (priorities 1-4) and anticipate no further changes to participation levels at this time.

Schedule:

The following items will be considered at the Reservoir Committee and Authority Board at their monthly meetings:

- October: Authorization for new member agreements, invoices sent for payment, due November 1, 2020.
- November: Finalize agreements with current and new participants and provide an updated Exhibit A (participation levels) to the participation agreement. Invoice new participants.
- December: Consideration of funds received during rebalancing for past costs.

Prior Action:

August 26, 2020: The Reservoir Committee approved releasing invoices to be due November 1, 2020 and received status update on preliminary participation levels, outreach efforts related to maintaining project subscription in Second Amendment to 2019 Reservoir Project Agreement (Amendment 2) and the process of rebalancing participation.

July 22, 2020: The Reservoir Committee received a status update on preliminary participation levels, outreach efforts related to maintaining project subscription in Second Amendment to 2019 Reservoir Project Agreement (Amendment 2) and the process of rebalancing participation. Staff notified the Reservoir Committee that outreach was proceeding to priorities two and three.

June 18, 2020: The Reservoir Committee received a status update on preliminary participation levels, outreach efforts related to maintaining project subscription in Second Amendment to 2019 Reservoir Project Agreement (Amendment 2) and the process of rebalancing participation.

May 21, 2020: The Reservoir Committee accepted Exhibit B (2020 and 2021 budget) to the Second Amendment to 2019 Reservoir Project Agreement and directed staff to begin outreach to potential participants based on the proposed priority system to explore interest in Sites capacity, if available.

May 5, 2020: At a Reservoir Committee workshop, staff provided information on changes to the cash call process and schedule in light of potential economic impacts of the COVID-19 natural disaster on participating member agencies. A two-step cash call process including a "Soft Call" and a "Hard Call" will be used to better plan for changes in participation. The due date of the first cash call of

\$60/AF will be moved two months out to November 1, 2020. The due date of the second cash call will be moved two months out to April 1, 2021 and will be up to \$40/AF. The Amendment 2 work will still begin on September 1, 2020.

Fiscal Impact/Funding Source:

The total cash call remains unchanged from the approved Amendment 2 work plan in the total amount of \$100/AF. The second cash call is currently projected at \$40/AF and will be evaluated in February 2021 based on actual and projected revenues and expenditures at that time.

Staff Contact:

JP Robinette/Jerry Brown

Attachments:

Attachment A – Amendment 2 Participation Invoice Table.

Preliminary Amendment 2 Participation Table Invoice Values

Invoices due November 1, 2020: \$60

Participant	Participation Level (AF) to Invoice	Participation Level (\$) due Nov 1, 2020
Antelope Valley East Kern WA	500	\$ 30,000
Carter Mutual Water Company	300	\$ 18,000
City of American Canyon	4,000	\$ 240,000
Coachella Valley Water District	10,000	\$ 600,000
County of Colusa**	10,000	\$ 500,000
Colusa County WD	10,073	\$ 604,380
Cortina WD	450	\$ 27,000
Davis Water District	2,000	\$ 120,000
Dunnigan WD***	2,947	\$ 190,620
Desert WA	6,500	\$ 390,000
Glenn Colusa Irrigation District	5,000	\$ 300,000
LaGrande water district	1,000	\$ 60,000
Metropolitan Water District of Southern California	50,000	\$ 3,000,000
RD-108	4,000	\$ 240,000
San Bernardino Valley Municipal Water District	21,400	\$ 1,284,000
San Geronio Pass Water Agency	14,000	\$ 840,000
Santa Clara Valley WD***	7,800	\$ 468,000
Santa Clarita Valley Water Agency	5,000	\$ 300,000
Westside W.D.	4,175	\$ 250,500
Zone 7 Water Agency	10,000	\$ 600,000
Wheeler Ridge-Maricopa WSD	3,050	\$ 183,000
<i>Irvine Ranch Water District*</i>	<i>1,000</i>	<i>\$ 168,500</i>
<i>Rosedale-Rio Bravo Water District*</i>	<i>500</i>	<i>\$ 84,250</i>
Total	173,695	\$ 10,498,250

***Includes 230 additional AF paying prior commitments of \$60/AF

**Custom payment plan, board approved

**No invoice, new participant not yet approved, includes prior commitments*