

Requested Action:

Receive an update and provide feedback on materials developed to further inform participants on the value created from owning storage allocation in Sites Reservoir.

Detailed Description/Background:

The methodology for allocating storage and the preliminary storage allocation based on Amendment 2 participation and assumptions for state and federal involvement was approved by the Reservoir Committee (RC) and Authority Board (AB) in April 2021. At that time, several RC and AB members requested a slide deck with high-level information related to using storage allocation (in contrast to annual reservoir yield requests).

A slide deck was developed to illustrate the benefits of owning and managing storage space in Sites Reservoir and to provide some guidance in evaluating individual participant storage needs. General benefits of storage space in Sites Reservoir include the following:

- **Reliability/Certainty:** The amount of storage in each participants' storage account is known at all times. Each participant has equal access to the storage in any year type (dependent on system capacity). Local conveyance involves cooperation with local agencies that are stakeholders in the project. Delta delivery capability exists in dry and critically dry years and the ability to time the release from storage to availability of export pumping capacity helps to circumvent potential bottlenecks and losses.
- **Flexibility:** In any year, a participant can decide to hold their water in storage, take water for agency use, lease storage, sell water, or any combination thereof.
- **Local Control:** Each participant has the ability to manage and use its storage allocation in the manner best suited to its local conditions.
- **Equality Among All Participants:** The requirements and opportunities for holding, using, leasing, and selling water and storage space are the same regardless of water user. Costs are shared equitably and benefits are paid for by the beneficiary. Participant stake or purpose of use is not a factor in determining who gets what and when. Everyone has an equal seat at

the table in determining operating conditions, including state and federal participation.

Evaluating storage needs is highly dependent on the participant, including water supply portfolio, use of water, and variation in demands by year type. However, each participant should consider the likelihood of needing supply over multiple dry years (when diversions will be minimal), opportunities for the sale of water and lease of storage space (per the Principles of Storage), and future uncertainty (e.g., climate change, SGMA restrictions, etc.).

The slide deck is intended to be at a level needed for participant boards and landowners. It will be revised based on the feedback received from participants and a final version will be provided. Putting these materials together with the materials being provided at the July 23 Affordability Workshop is expected to provide sufficient information to allow participant representatives the information needed to educate agency senior staff, boards and constituents on the “what do you get” and “how much does it cost” questions.

Prior Action:

April 2021: Approved the recommended methodology for allocating storage space in Sites Reservoir to each local Storage Partner using the final proposed formulaic approach of 1 acre-foot Amendment 2 participation to 6.234 acre-feet of storage space.

Fiscal Impact/Funding Source:

All of the materials provided were completed within the existing budget of the Amendment 2 work plan.

Staff Contact:

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Attachments:

None.