



**LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY
FINANCE COMMITTEE
AGENDA**

Regular Meeting
July 27, 2023 – 1:00 p.m.

Directors participating telephonically:

Anthea Hansen	17840 Ward Avenue, Patterson, California 95363
Paul Sethy	46961 Zapotec Drive, Fremont, California 94539
Rebecca Eisenberg	2345 Waverly Street, Palo Alto, California 94301
Michael Tognolini	375 Eleventh Street, Oakland, California 94607

This meeting will be conducted remotely and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Zoom link below without otherwise complying with the Brown Act's teleconference requirements.

Please click the link below to join the webinar:

<https://lagerlof.zoom.us/j/81912208202?pwd=dG9hdGFyOWp6L1BERktwK0MyUHVRZz09>

Passcode: 484186

Or One tap mobile:

US: +16694449171,,81912208202#,,,*484186#

or Telephone: 1-669-444-9171

Meeting ID: 819-1220-8202

Passcode: 484186

Any member of the public wishing to make any comments to the Committee may do so by accessing the above-referenced link where they may select the option to join via webcam or teleconference. Members of the public may also submit written comments to the Clerk by 4:00 p.m. on the business day prior to the meeting for the Clerk to read into the record (subject to three-minute limitation). The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making their comment. Members of the public will be disconnected from the meeting prior to any Closed Session, if applicable.

NOTE: *To comply with the Americans with Disabilities Act, if you need special assistance to participate in this Committee meeting, please contact the Authority's Clerk at rperea@lagerlof.com by 4:00 p.m. on July 26, 2023 to inform the Authority of your needs and to determine if accommodation is feasible. Each item on the Agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item. Materials related to items on this Agenda are available for public review at: www.losvaquerosjpa.com/board-meetings.*

CALL TO ORDER

ROLL CALL OF COMMITTEE MEMBERS

Anthea Hansen – Chair, San Luis & Delta-Mendota Water Authority
Paul Sethy – Vice Chair, Alameda County Water District
Michael Tognolini – East Bay Municipal Utility District
Rebecca Eisenberg – Santa Clara Valley Water District

PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Finance Committee regarding items not on the Agenda should do so at this time. The Committee welcomes your comments and requests that speakers present their remarks within established time limits and on issues that directly affect the Authority or are within the jurisdiction of the Authority.

DISCUSSION ITEMS (may include action to recommend forwarding items to Board of Directors for adoption or approval)

- 1.1 July 11, 2023 Finance Committee Meeting Summary**
- 1.2 Audit Request for Proposals Approach**
- 1.3 Financial Transition Updates**
- 1.4 Draft Treasurer's Report – Month Ended June 30, 2023**

FUTURE AGENDA ITEMS

ADJOURNMENT

ITEM 1.1: JULY 11, 2023 FINANCE COMMITTEE MEETING SUMMARY

RESPONSIBLE/LEAD STAFF MEMBER:

James Ciampa, General Counsel

DISCUSSION:

Attached for the Committee's information is the summary prepared for the July 11, 2023 Finance Committee meeting.

ALTERNATIVES:

Any suggested revisions to the attached summary will be considered.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Summary from July 11, 2023 Finance Committee meeting.



SUMMARY OF REGULAR MEETING OF FINANCE COMMITTEE

July 11, 2023 – 7:30 a.m.

Participating Telephonically:

Chair Anthea Hansen

Vice Chair Paul Sethy

Committee Member Rebecca Eisenberg (joined the meeting at 7:36 a.m.)

Committee Member Michael Tognolini

Chair Hansen called the meeting to order at 7:31 a.m. Authority staff and approximately 14 members of the public attended the meeting.

Chair Anthea Hansen called for public comments on non-agenda items; none were received.

1.1 May 25, 2023 Finance Committee Meeting Summary. The draft summary of the May 25, 2023 Finance Committee meeting was presented for the Committee’s review and discussion. The draft summary was approved by the Committee, as presented.

1.2 Review of Draft Audit Policy. Executive Director Taryn Ravazzini stated that in connection with the Board of Directors’ action to engage the Authority’s auditor for the 2022 Fiscal Year audit, the Board discussed establishing an Audit Policy for future years. General Counsel Ciampa prepared a draft Audit Policy for the Committee’s review and comment.

The draft Audit Policy provides an overview of audit tasks, as well as setting forth the timing, criteria and process in selecting the Authority’s auditor. The draft policy also explains the Finance Committee’s role and responsibilities in the audit process. Auditors are limited to serving for five years under this policy, in conformance with Government Code Section 12410.6(b).

The Committee discussed the draft Audit Policy and recommended the following three changes be made to the Audit Policy to be presented to the Board of Directors at the July 12 Board meeting: (i) adding language to C(1)(d) to reflect inclusion of preparation of a single audit in the potential audit scope of work; (ii) revising the timing in section C(3) to require that the audit must be completed within one (1) month in advance of any continuing disclosure requirements for debt issued by the Authority, but no later than March 31 of the year following the year under audit in advance of any action to be taken; and (iii) changing the required waiting time in Section C(6)(c) from five years to one year.

General Counsel Ciampa stated he would make those redlined revisions and distribute the proposed revisions to the Board of Directors later in the day, provided that he will confirm whether a one-year waiting period is permissible under Government Code Section 12410.6.

Chair Anthea Hansen called for public comments; none were received. Committee Member Sethy then moved, and Committee Member Eisenberg seconded, that the Finance Committee recommend adoption of the Authority’s Audit Policy in the form presented, with the revisions discussed above. The motion was unanimously approved as follows:

- AYES:** Chair Anthea Hansen
Vice Chair Paul Sethy
Committee Member Rebecca Eisenberg
Committee Member Michael Tognolini
- NOES:** None
- ABSENT:** None
- ABSTAIN:** None

The motion passed with a 4-0 vote.

1.3 Review and Discussion regarding Clean Energy Capital Invoices. Executive Director Ravazzini provided the Committee with a summary of the outstanding invoices from Clean Energy Capital Securities, LLC (“Clean Energy Capital”), as was discussed at the June 14 Board of Directors’ meeting. Those invoices relate to two issues:

The first issue relates to services Clean Energy Capital has provided to the Authority that are beyond Clean Energy Capital’s agreed upon scope work in its contract with the Authority. Those services were directed by the Executive Director since early 2023 to assist with leadership support and membership coordination concerning the Service Agreement development and key financial transition services, including work with the auditor for the Fiscal Year 2022 audit, banking services procurement, and development and coordination of the accounting and financial management services request for proposals and evaluation process. On April 5, 2023, Clean Energy Capital requested an amendment for out-of-scope services to add \$211,561 to the not-to-exceed amount of its contract with the Authority. A written amendment was not provided. On June 9, 2023, Clean Energy Capital invoiced the Authority for May services in the amount of \$66,687.23 which exceeded the NTE by \$54,624.75. Clean Energy Capital has also provided its invoice for June services and the total contract overage amount is \$124,536 for services performed through June 30, 2023, the end of the 2023 Fiscal Year.

The other issue relates to an unpaid invoice from Clean Energy Capital to Contra Costa Water District (CCWD) in the amount of \$136,776.60 for services rendered to the Authority from August 25, 2022 to December 4, 2022. At that time, CCWD transferred the direction of Clean Energy Capital’s work to the Authority while retaining management of the contract. The invoiced amount for that work scope exceeded the not-to-exceed amount of Clean Energy Capital’s contract with CCWD by \$136,776.60.

Executive Director Ravazzini reviewed the Board of Directors’ June 14 request that the Finance Committee review these issues and make a formal recommendation to the Board regarding approach to the Clean Energy Capital contract and outstanding invoices. Executive Director Ravazzini presented several alternatives for the Committee’s consideration and proposed the staff recommendation to authorize payment from Fiscal Year 2023 contingency amounts to Clean Energy Capital for services rendered in the following manner: (i) to revise the start date of the

Authority’s contract with Clean Energy Capital to August 25, 2022, (ii) to direct staff to negotiate a reduction in cost with Clean Energy Capital for the overages, and (iii) to increase the Authority’s contract amount to cover the negotiated amount. Executive Director Ravazzini stated there are contingency funds available in the Fiscal Year 2023 budget to cover those overage amounts.

The Committee then discussed the situation and the alternatives presented by Executive Director Ravazzini. Committee Member Eisenberg stated her preference for negotiations to take place with Clean Energy Capital. Committee Member Tognolini inquired why no written amendment was entered into with Clean Energy Capital and Executive Director Ravazzini stated the Authority was not able to get the amendment done before the exceedance occurred. Vice Chair Sethy stated his support for the alternative described above, referred to as “Option 2.”

Chair Hansen called for public comments; none were received.

Chair Hansen then moved, and Vice Chair Sethy seconded, the Committee recommend Option 2 for approval by the Board of Directors, with the addition to the second point that the negotiation with Clean Energy Capital “may or may not lead to a reduction.” The motion was unanimously approved as follows:

AYES: Chair Anthea Hansen
Vice Chair Paul Sethy
Committee Member Rebecca Eisenberg
Committee Member Michael Tognolini

NOES: None

ABSENT: None

ABSTAIN: None

The motion passed with a 4-0 vote.

1.4 Draft Treasurer’s Report – Month Ended May 31, 2023. Executive Director Ravazzini presented the Draft Treasurer’s Report for the month ended May 31, 2023 for review and discussion. Chair Hansen inquired about the Authority’s accounts payable and the large amount of cash on hand reflected in the Treasurer’s Report. Marguerite Patil and Herman Williams of CCWD explained the accounts payable are shown in the expenditures category.

Chair Hansen called for public comments; none were received.

After discussion and upon motion by Committee Member Tognolini, seconded by Committee Member Eisenberg, the Draft Treasurer’s Report for the month ended May 31, 2023 was unanimously approved as follows:

AYES: Chair Anthea Hansen
Vice Chair Paul Sethy
Committee Member Rebecca Eisenberg
Committee Member Michael Tognolini

NOES: None

ABSENT: None

ABSTAIN: None

The motion passed with a 4-0 vote.

FUTURE AGENDA ITEMS:

- Report on financial transition
- Discuss Audit RFP
- Review WIFIA loan process

The meeting adjourned at 8:50 a.m.

James D. Ciampa

James D. Ciampa
General Counsel

ITEM 1.2: AUDIT REQUEST FOR PROPOSALS APPROACH

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

DISCUSSION:

To ensure compliance with Resolution No. 7-23-01 of the Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority (JPA) Establishing the Audit Policy, the JPA will solicit a request for proposals in 2023 for auditing services. Staff has prepared a draft procurement schedule for review and discussion with the Finance Committee. The proposed approach will include a selection committee of JPA staff and agency representatives. The intent of the overall schedule contemplates onboarding of the audit firm as early as September 2023.

Chuck Gardner, LVE Program Manager, will provide additional context and support the discussion.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

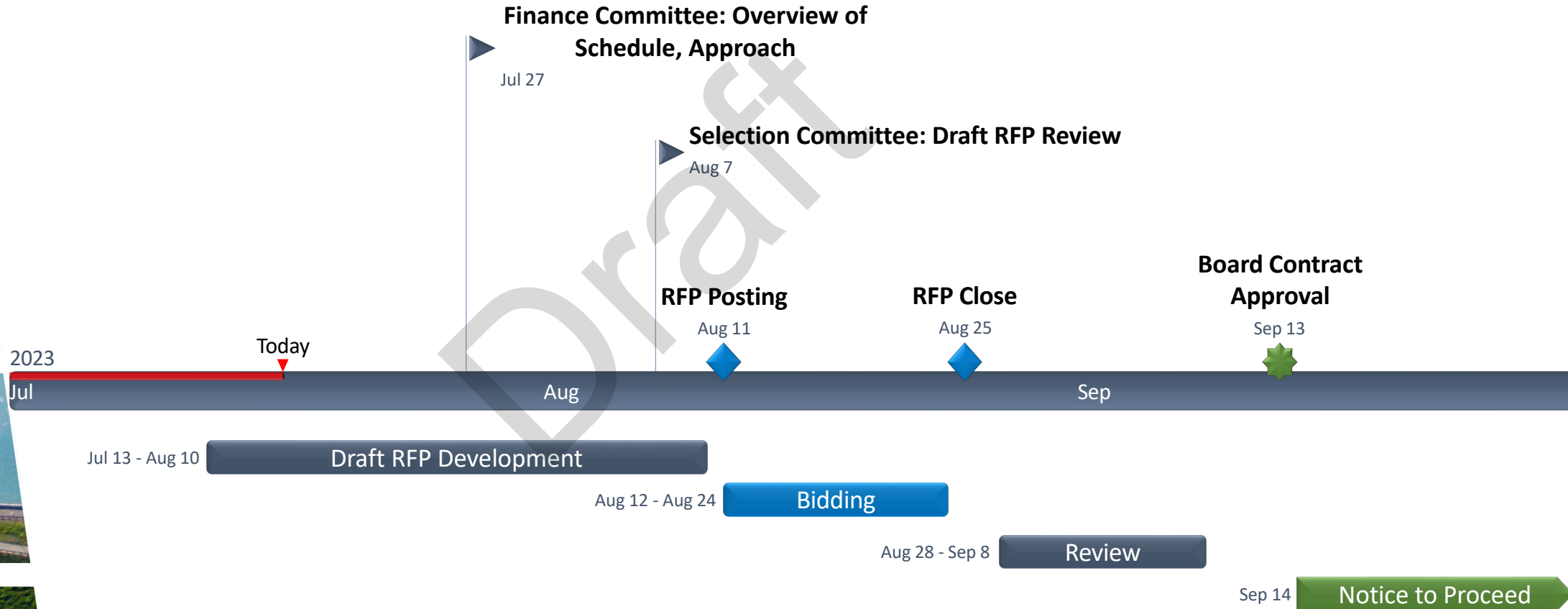
EXHIBITS/ATTACHMENTS:

Proposed draft procurement schedule for JPA Audit Services.

Los Vaqueros Expansion JPA

Audit Services RFP Schedule

July 2023



ITEM 1.3: FINANCIAL TRANSITION UPDATES

RESPONSIBLE/LEAD STAFF MEMBER:

Chuck Gardner, Program Manager

DISCUSSION:

In May 2023, Chuck Gardner and the Hallmark Group team were competitively selected and onboarded to provide program management services to the JPA. A significant portion of their scope is related to Program Controls, Reporting, and Contract Administration. Their team has been coordinating closely with Contra Costa Water District to transition financial management efforts to the JPA which has most recently included onboarding of the JPA accounting team, selection of JPA accounting software, and management of invoice review and payment.

This item will be an update to the Finance Committee on the progress of those efforts.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

None.

ITEM 1.4: DRAFT TREASURER’S REPORT – MONTH ENDED JUNE 30, 2023

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

DISCUSSION:

The draft Treasurer’s Report for June 2023 will be presented for the Committee’s review and discussion.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Draft Treasurer’s Report for June 2023.



JULY 24, 2023

UPCOMING ACTIVITIES

July 27 at 1:00 p.m. – Finance Committee Meeting via Zoom

August (TBD) – Finance workgroup and subgroup meetings (Draft Term sheet and Service Agreement Development)

August 24 at 1:00 p.m. – Finance Committee Meeting via Zoom

Finance Committee Members:

Chair: Anthea Hansen, SLDMWA

Vice-Chair: Paul Sethy, ACWD

Rebecca Eisenberg, SCVWD

Michael Tognolini, EBMUD

ACRONYM KEY

ACWD – Alameda County Water District

CCWD – Contra Costa Water District

CWC – California Water Commission

EBMUD – East Bay Municipal Utility District

LAP – Local Agency Partners

MPA – Multi-party Cost Share Agreement

SCVWD – Santa Clara Valley Water District (Valley Water)

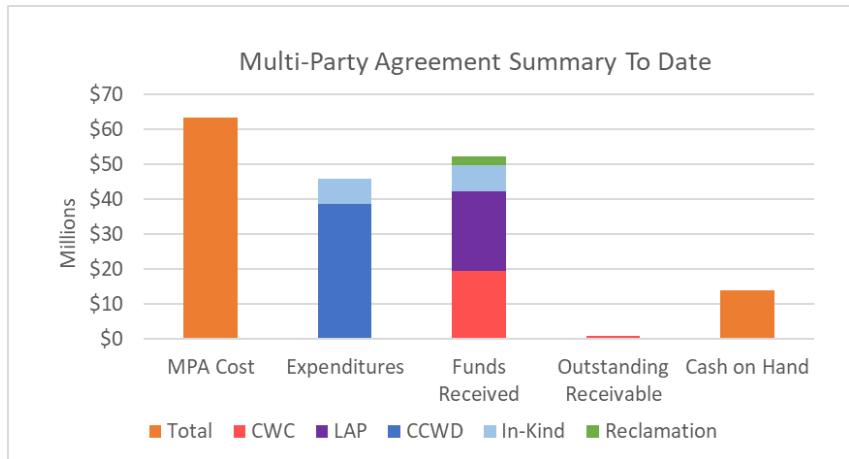
SLDMWA – San Luis & Delta-Mendota Water Authority

DRAFT TREASURER’S MONTHLY REPORT

MULTI-PARTY AGREEMENT STATUS

Amendment No. 5 to the Multi-party Cost Share Agreement (MPA) was previously executed by the JPA and CCWD and is being routed electronically to each JPA Member following their approval. The first invoice of \$619,500 per agency will be sent to JPA Member agencies in September.

The following chart provides an overview of the MPA expenditures through June 30, 2023 in addition to in-kind services, funds received, outstanding receivable, and cash on hand. All LAPs remain in good standing and the Project cash on hand remains positive.



MPA Summary to Date (subject to revision following FY23 close):

MPA Cost: \$63,437,864 (total through Amendment No. 4)

Expenditures:
 CCWD: \$38,566,924 (includes consultants and legal services)
 In-kind: \$7,385,018 (LAPs and Reclamation)
 Total: \$45,951,942

Funds Received:
 CWC: \$19,520,639
 Reclamation: \$2,420,227
 LAP: \$22,853,077 (cash contributions)
 In-kind: \$7,385,018 (LAPs and Reclamation)
 Total: \$52,178,960

Outstanding Receivable:
 CWC: \$791,969 (invoices and retention)
 Reclamation: \$0
 LAP: \$0

Cash on Hand: \$13,760,790

FEDERAL FUNDING STATUS

A total of \$82 million was allocated to the Project in the Bipartisan Infrastructure Law FY22 Spend Plan and Reclamation recommended \$18 million of Water Infrastructure Improvements for the Nation (WIIN) Act to be allocated in FY23. Previous awards of Federal funding during FY21 and FY22 include \$10 million in pre-construction funding and \$54 million in construction funding. CCWD executed an assistance agreement with Reclamation for a total of \$7.2 million in federal funding for permitting, design, and other pre-construction activities and Reclamation has paid the first two invoices. Staff are working with Reclamation to develop an amendment to allocate approximately \$800,000 in additional pre-construction funding.

Future Federal funding requests include the remainder of the requested federal share of 21 percent of the total project cost (approximately \$49 million).

STATE FUNDING STATUS

The Project qualified for funding under the Water Storage Investment Program and received an adjusted Maximum Conditional Eligibility Determination of \$477,558,343 from the California Water Commission (CWC) on March 16, 2022. This amount reflects an additional inflation adjustment of 1.5 percent and an increase in over \$7 million from the previous award.

The Early Funding Agreement with the CWC provides for a cost share of 50 percent of eligible costs during pre-construction. An amendment was executed in November 2022 that extends the agreement through December 31, 2023 and included \$927,917 in additional early funding that is now available as a result of the inflation adjustments to the total award amount. The summary below reflects the Total Budget and other budget status information of the amended Early Funding Agreement.

Early Funding Agreement Summary to Date:

Total Budget:	\$47,755,834
Total Program Funding:	\$23,877,917 (50 percent cost share)
Total Billed To Date:	\$41,560,982 (87% spent to date)
Total Amount Remaining:	\$6,194,852
Total Retention To Date:	\$79,197
Outstanding Invoices:	\$791,969