



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

Regular Meeting
September 18, 2023 – 2:00 p.m.

Directors participating telephonically:

Anthea Hansen	107 Cayuga, Santa Cruz, California 95063
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 the day prior 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 Sathy – 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 August 24, 2023 Finance Committee Meeting Summary**
- 1.2 Draft Treasurer's Report – Month Ended August 31, 2023**
- 1.3 Summary of Invoices – Month Ended August 31, 2023**
- 1.4 Interim Financing Update**
- 1.5 LVR JPA Financial Statement Audit Services**
- 1.6 JPA June FY23 Closeout Treasurer's Report**

FUTURE AGENDA ITEMS

ADJOURNMENT

ITEM 1.1: AUGUST 24, 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 August 24, 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 August 24, 2023 Finance Committee meeting.



**SUMMARY OF REGULAR MEETING OF
FINANCE COMMITTEE**

August 24, 2023 – 1:00 p.m.

Participating Telephonically:

Chair Anthea Hansen – 17840 Ward Avenue, Patterson, California 95363

Vice Chair Paul Sethy – 46961 Zapotec Drive, Fremont, California 94539

Committee Member Rebecca Eisenberg – 2345 Waverly Drive, Palo Alto, California 94301

Committee Member Michael Tognolini – 375 Eleventh Street, Oakland, California 94607

Chair Hansen called the meeting to order at 1:01 p.m. Authority staff and approximately 12 members of the public attended the meeting.

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

1.1 July 27, 2023 Finance Committee Meeting Summary. The draft summary of the July 27, 2023 Finance Committee meeting was presented for the Committee’s review and discussion. Vice Chair Sethy asked that a change be made on page 5, paragraph 1.3, third paragraph to delete the word “grant.” The draft summary was approved as revised by the Committee.

Chair Anthea Hansen called for public comments; none were received.

1.2 Draft Treasurer’s Report – Month Ended July 31, 2023. Jacqueline Harris, Program Controls Manager, presented the draft Treasurer’s Report for the month ended July 31, 2023. The Treasurer’s Report for the month ended July 31, 2023, was approved as presented.

Chair Anthea Hansen called for public comments; none were received.

1.3 Summary of Invoices – Month Ended July 31, 2023. Ms. Harris advised that at the request of the Authority’s Board of Directors, the Finance Committee will be provided a summary of the monthly invoices received and paid each month. The summary of invoices for July 2023 was presented for the Committee’s review and discussion.

Chair Anthea Hansen called for comments from members of the Committee and for public comments; none were received.

1.4 Procurement Updates. Jessica Alwan, Deputy Program Manager, advised that staff has been working to develop solicitations for audit services and for bond counsel. The Request for Proposals (RFP) for Audit Services was released on August 4 with proposals due on August 25. Staff anticipates bringing a recommendation and agreement for those services to the Board at its September meeting. The Bond Counsel RFP is in development and is anticipated to be released by the end of August.

Chair Anthea Hansen called for comments from members of the committee and for public comments; none were received.

1.5 September Finance Committee Reschedule Date. Executive Director Taryn Ravazzini discussed the need to reschedule the September Finance Committee meeting due to a scheduling conflict resulting from the planned Washington, D.C. federal advocacy trip. After a poll of Committee members' availability, September 18, 2023 at 2:00 pm has been determined to be an available date and time for that rescheduled meeting. Executive Director Ravazzini stated that meeting may be conducted as a joint meeting with the Operations and Engineering Committee, but that will be determined in the coming week. She will keep the Committee advised with any updates.

Chair Anthea Hansen called for comments from members of the Committee and for public comments; none were received.

FUTURE AGENDA ITEMS:

Vice Chair Sethy asked for confirmation that Executive Director Ravazzini would also be able to make a presentation to ACWD at their morning Board meeting on September 18 and she advised that she would be there to make the presentation. He also asked about a presentation on September 13 to the Contra Costa County and Alameda County Special Districts Associations. Executive Director Ravazzini advised that Jennifer Johnson, Permitting Lead, would make the September 13 presentation to those associations.

The meeting adjourned at 1:21 p.m.

James D. Ciampa

James D. Ciampa
General Counsel

ITEM 1.2: DRAFT TREASURER’S REPORT – MONTH ENDED AUGUST 31, 2023

RESPONSIBLE/LEAD STAFF MEMBER:

Jacqueline Harris, Program Controls Manager

DISCUSSION:

The draft Treasurer’s Report for August 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 August 2023



DRAFT TREASURER’S MONTHLY REPORT FOR THE PERIOD ENDED AUGUST 31, 2023

SEPTEMBER 18, 2023

UPCOMING ACTIVITIES

October 26 at 1:00 p.m. – Finance Committee Meeting via Zoom

FINANCE COMMITTEE

Chair: Anthea Hansen, SLDMWA
 Vice-Chair: Paul Sethy, ACWD
 Rebecca Eisenberg, SCVWD
 Michael Tognolini, EBMUD

ACRONYM KEY

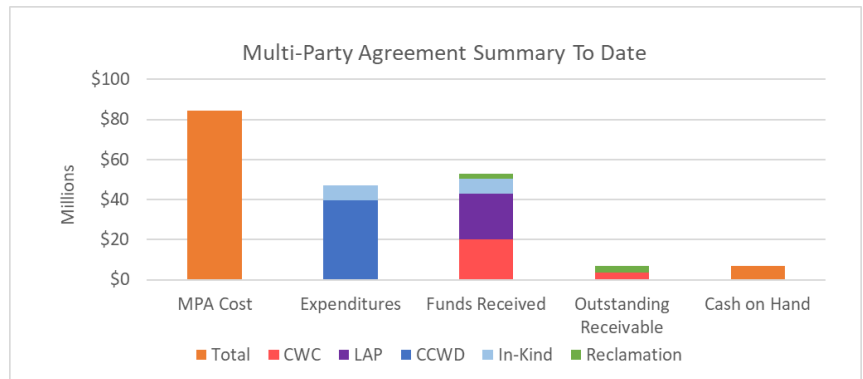
ACWD – Alameda County Water District
 CCWD – Contra Costa Water District
 CWC – California Water Commission
 EBMUD – East Bay Municipal Utility District
 LAP – Local Agency Partners
 MPA – Multi-party Cost Share Agreement
 SCVWD – Santa Clara Valley Water District (Valley Water)
 SLDMWA – San Luis & Delta-Mendota Water Authority

MULTI-PARTY AGREEMENT STATUS

Amendment No. 5 to the Multi-Party Cost Share Agreement (MPA) has been fully executed by the JPA, CCWD and all other JPA Members. The first invoice of \$619,500 was mailed to the seven participating member agencies on September 1, 2023.

MPA EXPENDITURES

The following chart provides an overview of the MPA expenditures through August 31, 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 Cost: \$84,610,865 (through Amendment No. 5)

Expenditures:
 CCWD: \$39,451,750
 LVRJPA: \$517,824 (Consultants and Legal)
 In-kind: \$7,703,368 (LAPs and Reclamation)
Total: \$47,672,942

Funds Received:
 CWC: \$19,944,222
 Reclamation: \$2,420,227
 LAP: \$22,853,077 (cash contributions)
 In-kind: \$7,703,368 (LAPs and Reclamation)
Total: \$52,920,894

Outstanding Receivables:
 CWC: \$3,648,020 (invoices and retention)
 Reclamation: \$3,025,702
 LVRJPA: \$4,336,500 (LAPs)

Cash on Hand:
 CCWD: \$7,035,669
 LVRJPA: \$1,425,000

FEDERAL FUNDING STATUS

On July 27, 2023, the Bureau of Reclamation announced an additional allocation of \$10M to the project increasing Federal funding under the Bipartisan Infrastructure Law to a total of \$92M.

A total of \$82 million was allocated to the Project in the Bipartisan Infrastructure Law FY22 Spend Plan. The Authority was allocated \$18 million in FY23 from the Water Infrastructure Improvements for the Nation (WIIN) Act. 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 \$39 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 extended the agreement through December 31, 2023 and added \$927,917 in additional early funding 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:	\$47,184,484 (99% spent to date)
Total Amount Remaining:	\$571,350
Total Retention To Date:	\$160,369
Outstanding Invoices:	\$3,648,020

ITEM 1.3: SUMMARY OF INVOICES – MONTH ENDED AUGUST 31, 2023

RESPONSIBLE/LEAD STAFF MEMBER:

Jacqueline Harris, Program Controls Manager

DISCUSSION:

At the request of the Authority Board of Directors, the Finance Committee will be provided a summary of the monthly invoices received. The Summary of Invoices for August 2023 will be presented for Committee discussion.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Summary of Invoices – Month Ended August 31, 2023.



**SUMMARY OF INVOICES
FOR THE MONTH ENDED AUGUST 31, 2023**

The invoices below have been reviewed and approved for payment.

Vendor/Consultant	Billing Period	Invoice Total
Association of California Water Agencies	Jun-Dec 2023	\$231.88
Clean Energy Capital	August 2023	\$44,878.75
Eide Bailly	August 2023	\$873.75
Hallmark Group	August 2023	\$140,305.76
J. Comm, Inc	August 2023	10,000.00
Lagerlof, LLP	August 2023	\$24,346.51
Natural Resources Results	August 2023	\$15,000.00
Regional Government Services	August 2023	\$2,313.71
T. Ravazzini Consulting, LLC	August 2023	\$39,017.02
Total Cost		\$276,967.38

The total cost above is included in the Expenditures section of the Treasurer’s Report. The JPA’s bank balance at J.P. Morgan Chase was \$1,425,000 as of August 31, 2023.

ITEM 1.4: INTERIM FINANCING UPDATE

RESPONSIBLE/LEAD STAFF MEMBER:

David Moore, Financial Consultant

DISCUSSION:

The JPA Board has directed staff to develop options for Interim Financing of Project costs to supplement anticipated funding through the WIFIA, WSIP and WIIN Act programs. The JPA is using the Plan of Finance sub-group, comprised of financial representatives of the Members, to review the pros and cons of alternative Interim Financing approaches and to develop a recommended path forward for the JPA. To support this evaluation process, Clean Energy Capital arranged for three industry-leading commercial/investment banks to give informational presentations to the Plan of Finance Sub-group. Each banking team was provided an information package containing a description of the JPA’s long-term plan of finance and interim financing needs as well as a series of preliminary, non-binding cashflows to allow the banks to understand the scale and timing of financing required. Banks have been informed that the selection or engagement financial counterparties to the JPA would be conducted subsequently, through competitive procurement.

The banks’ informational presentations to the Plan of Finance Sub-group have provided detailed descriptions of potential interim financing instruments, market pricing/rates, comparable transactions, bank qualifications, questions to the JPA, and other information. Meetings have additionally provided an opportunity for Q&A between Sub-group attendees and bank representatives. Following the presentations, the JPA’s Plan of Finance Sub-group met internally and discussed the recommendations and preferred interim financing strategies. JPA staff intends to present a recommended plan of finance for the Interim Financing to the Finance Committee in October and to the Board in November. Once an Interim Financing strategy has been defined, the JPA will use an RFP process to select one or more financing counterparties for execution.

In preparation for the banker presentations, the banks requested the JPA to provide an Independent Registered Municipal Advisor (“IRMA”) exemption letter to serve as written documentation that the JPA has engaged Clean Energy Capital as their Municipal Advisor pursuant to MSRB Rule G-42, and that the banks are relieved of any fiduciary obligation to the JPA. The JPA has developed and executed this letter which is now available upon request.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

None.

ITEM 1.5: LVR JPA FINANCIAL STATEMENT AUDIT SERVICES

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

RECOMMENDATION:

Authority staff and the audit selection committee recommend C.J Brown & Co. to audit the Authority's financial statements for the fiscal year end June 30, 2023. The audit selection committee further recommends that the Authority contract with C.J. Brown for a one-year period with an option to extend for two years.

DISCUSSION:

The Authority is required by law and under its Joint Exercise of Powers Agreement to conduct annual audits of its financial statements. The Authority Audit Policy was established and adopted by the Board in July 2023. This policy ensures compliance, establishes audit timing, and guides selection and ongoing engagement with a qualified auditing firm. In compliance with the Audit Policy, staff has coordinated with the Finance Committee on the request for proposals and received responses from prospective auditing firms before the policy deadline of August 31, 2023.

Proposals were reviewed by Authority staff and selection committee delegates of the Finance Committee. Staff and the selection committee have conducted interviews and client reference inquiries. The preferred candidate, C.J. Brown & Co., comes with considerable professional audit experience working with the public water sector. Two reference responses from current C.J. Brown clients have been received; both very positive. C.J. Brown & Co. provided their peer review report as requested in the Authority's request for proposals. The firm's peer review report identified certain deficiencies in their system of quality control. Additional due diligence was performed by Authority staff during and after the interview. To address any potential Committee concern around the peer review report, Authority staff recommend a one-year contract with C.J. Brown for audit services with an option to extend for two years. This will allow for a performance review while also offering the potential for a three-year total term as discussed with the Board and stated in the request for proposals.

Performance of the FY2023 audit will require the assistance of Contra Costa Water District as the former administrator of the Authority's financial transactions.

FISCAL ANALYSIS:

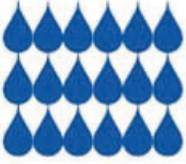
C.J. Brown quoted a \$6,250 all-inclusive maximum fee for the Authority's FY23 audit.

ALTERNATIVES:

The Finance Committee may recommend that the Board direct Authority staff to reissue the Financial Statement Audit Services Request for Proposals.

EXHIBITS/ATTACHMENTS:

C.J. Brown RFP response cover letter.



C.J. Brown & Company CPAs

An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

August 22, 2023

Los Vaqueros Reservoir Joint Powers Authority
RE: Financial Statement Audit Services
1331 Concord Avenue
Concord, CA 94520
ATTN: Ms. Jacqueline Harris, Administrator

Re: Request for Proposal for Financial Statement Audit Services

Dear Ms. Harris:

We appreciate the opportunity to submit our proposal to provide annual financial statement audit services for the Central Contra Costa Sanitary District (District) for the fiscal years ending June 30, 2023, through 2025, and two optional fiscal years ending 2026 and 2027.

In response to your inquiry of C.J. Brown & Company, CPAs – An Accountancy Corporation (Firm), we have prepared a proposal that reflects our understanding of the District audit service requirements and that demonstrates our capability and commitment to serve. Our goal is to build a strong partnership with the District and demonstrate the highest levels of client service.

We understand that you expect a timely audit service conducted in a professional manner in accordance with audit service standards specific to governmental entities such as yours. We are committed to meet all the requirements you have indicated, and we will issue the reports and meet the timing requirements you have requested. We believe we are uniquely qualified to provide the quality and scope of service that the District desires.

Focused on the Special District Industry

Our client service team members are specialists in the governmental special district sector. This means they each focus a substantial portion of their time serving special district governmental clients. We know and understand your organization and the climate within which you work.

Our Firm audits over 50 governmental special districts in the State of California; as a result, this enables our Firm to continuously be immersed in the governmental, financial, and operational issues related to special districts.

Organized to Serve

Our service approach ensures that the District will receive the highest quality, personalized service when and where you need it. By tailoring our approach, we guarantee that the District will receive timely and attentive service that forms the hallmark of our approach to serving clients. **Our governmental audit and consulting practice accounts for a substantial portion of our Firm's annual services.** Therefore, we have made a substantial commitment and investment to serve our governmental clients.

Ms. Jacqueline Harris, Administrator
Los Vaqueros Reservoir Joint Powers Authority
August 22, 2023
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Organized to Serve, continued

While our governmental experience is substantial, it is not the only factor that sets us apart from other firms; moreover, it is the commitment to utilize our resources and experience for the benefit of our clients.

Our approach to the engagement will be to establish a delivery system for providing a truly exceptional level of service. Each element of that system including staffing, audit approach, communication, and coordination will be examined and refined to fit the needs of the District. The hardest to quantify may be the relationship aspect of working with one professional service firm versus another. Because of the service delivery approach, we are recommending and our history of working with many special district governmental units like the District, we are confident that our Firm knows how to address the unique needs of the District.

Our staff members assigned to the District are experienced governmental professionals that have managed numerous audits and attest engagements. We have assisted in the initial preparation and successful submission of many clients' Annual Comprehensive Financial Reports for the GFOA Award Program. Each of our staff has extensive experience that allows for a new outlook with innovative suggestions to improve quality and efficiency. We believe that our references will show that we are the best selection for the District. The choice of an audit firm should be based upon several factors including, but not limited to, staff retention, training programs, proactively addressing governmental industry changes, and adherence to a strict quality control program.

We are confident that we will provide the Authority with consistent staffing over the contract period as the continuity of staff is as important to us as it is to the Authority. We will be committed to the Authority and believe that our audit engagement team is the best selection for the Authority.

Our proposal and fee schedule shall be valid and binding for 90 days following the proposal due date and will become part of the contract that is negotiated with the Authority.

C.J. Brown & Company, CPAs – An Accountancy Corporation

Address:	10805 Holder Street Suite 150 Cypress, CA 90630	5051 Canyon Crest Drive Suite 203 Riverside, CA 92507
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Website (in the process of being updated to C.J. Brown & Company, CPAs):
www.fedakbrownllp.com

Phone Number: (657) 214-2307

Email: chris@cjbrowncpa.com

You may contact, Jonathan Abadesco or Christopher Brown if you have any questions or need additional information. Christopher Brown will be your primary contact during the proposal evaluation period. He may be reached at (657) 214-2307, or by e-mail at chris@cjbrowncpa.com.

We look forward to hearing from you soon.

Cordially,



C.J. Brown & Company, CPAs – An Accountancy Corporation

ITEM 1.6: JPA JUNE FY23 CLOSEOUT TREASURER'S REPORT

RESPONSIBLE/LEAD STAFF MEMBER:

Jacqueline Harris, Program Controls Manager

DISCUSSION:

The closeout of the JPA's FY23 resulted in updated cost information that was not yet known at the time the June 2023 Treasurer's Report was originally issued. Since then, CCWD has completed the accounting and closeout of the JPA's FY23. As a result, the JPA has issued an updated June 2023 Treasurer's Report reflecting additional funding sources and expenditures that occurred on or before June 30, 2023.

Summary of updates to the June 2023 Treasurer's Report following the FY23 closeout:

- MPA Cost increased \$19M due to the execution of MPA 5.
- Expenditures increased \$454K due to additional costs reported by CCWD for consultants and labor and in-kind services from LAPs.
- Received funds increased \$269K from LAP in-kind services.
- Outstanding receivables increased due to draw requests submitted to Reclamation and CWC, \$3.3M and \$3M, respectively.
- Cash on hand decreased \$7M due to payment of outstanding FY23 invoices.
- Early Funding Agreement summary reflects additional draw requests submitted for final FY23 costs incurred June 30, 2023 and prior.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

None.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Updated June 2023 Treasurer's Report.
CCWD Summary Memo.
Closeout Presentation.



SEPTEMBER 18, 2023

UPCOMING ACTIVITIES

July 26 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)

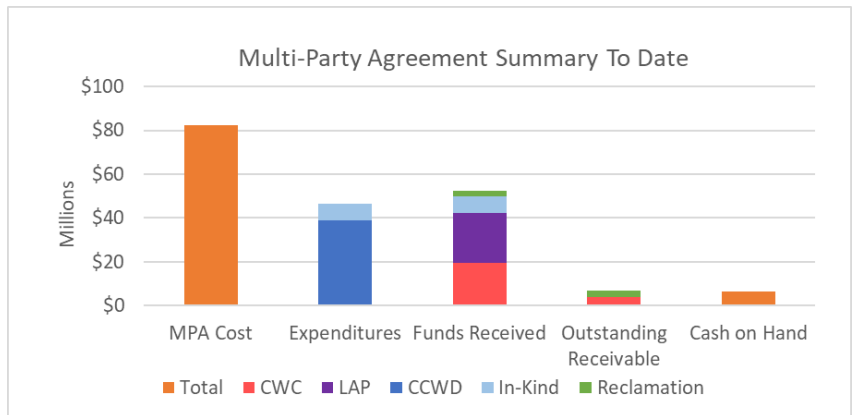
SLDMWA – San Luis & Delta-Mendota Water Authority

DRAFT TREASURER’S MONTHLY REPORT REVISED JUNE 2023 – FY2023 CLOSE-OUT

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 2023.

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



MPA Cost: \$82,510,865 (through Amendment No. 5)

Expenditures:
 CCWD: \$38,751,374 (Consultants and Legal)
 In-kind: \$7,654,368 (LAPs and Reclamation)
 Total: \$46,405,742

Funds Received:
 CWC: \$19,520,639
 Reclamation: \$2,420,227
 LAP: \$22,853,077 (cash contributions)
 In-kind: \$7,654,368 (LAPs and Reclamation)
 Total: \$52,448,311

Outstanding Receivables:
 CWC: \$4,071,603 (invoices and retention)
 Reclamation: \$3,025,702 (invoices and retention)
 LAP: \$0

Cash on Hand: \$6,612,085

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:	\$47,184,484 (99% spent to date)
Total Amount Remaining:	\$571,350
Total Retention To Date:	\$160,369
Outstanding Invoices:	\$3,603,693

CONTRACOSTA WATER DISTRICT

DATE: September 6, 2023
TO: Taryn Ravazzini
FROM: Maureen Martin
SUBJECT: Summary of CCWD Financial Administration for the Phase 2 Los Vaqueros Expansion Project in FY23

During Fiscal Year 2023 (FY23), CCWD administered funding agreements, consultant services contracts, and financial management activities in support of the Phase 2 Los Vaqueros Reservoir Expansion Project (Project) and the program objectives of the Los Vaqueros Reservoir Joint Powers Authority (JPA). This memorandum provides a summary of these activities to support the financial transition in FY24.

Funding Agreement Administration

CCWD administers two funding agreements that provide the State and Federal cost shares for pre-construction activities related to the Project. Both agreements include scopes of work, budgets, and schedules consistent with ongoing Project activities related to project management, environmental documentation, planning, design, and engineering costs. Table 1 provides a summary of both state and federal funding agreements.

Table 1. Funding Agreement Summary

Agreement ⁽¹⁾	Total	Funding Match	Agency Funding	Expiration
CWC Prop 1 WSIP, Early Funding Agreement	\$47,755,834	\$23,877,917	\$23,877,917	12/31/2023
Reclamation, Preconstruction Assistance Agreement	\$29,957,575	\$22,767,757	\$7,189,818	12/29/2023 ⁽²⁾

Notes: (1) CWC = California Water Commission, Prop = Proposition, WSIP = Water Storage Investment Program, Reclamation = U.S. Bureau of Reclamation; (2) An amendment will be prepared to request a time extension and additional funding under this agreement.

Administration of these funding agreements includes compilation of reporting and invoicing packages, including supporting documentation, in a format that meets the specifications of the funding agencies. During FY23, CCWD prepared and submitted twelve invoices for the State Funding Agreement and two invoices for the Federal Funding Agreement. Timing of report and invoice package submittal depends on the readiness of supporting documentation and approval processes/timelines of the funding agencies. Reports and invoice packages for the State Funding Agreement are compiled on a monthly basis, and packages for the Federal Funding Agreement are compiled on a quarterly basis. Table 2 provides a summary of state and federal invoicing in FY23.

Table 2. Funding Agreement Invoicing Status

Agreement	FY23 Only		Cumulative through FY23	
	No. Invoices Submitted	Agency Share Invoiced	Total Agency Share Invoiced	Total % Invoiced
CWC Prop 1 WSIP, Early Funding Agreement	12	\$6,536,470	\$20,249,386	85%
Reclamation, Preconstruction Assistance Agreement	2	\$2,420,227	\$2,420,227	34%

Other tasks related to funding agreement administration include general coordination with the funding agencies to respond to inquiries and to prepare amendments to the agreements, as necessary. During FY23, CCWD processed one amendment to the State agreement, which included a time extension, increased funding amount, and scope revisions.

Because of the timing and submittal of reports and invoice packages, CCWD will continue to submit requests for funding reimbursement of FY23 costs through the beginning of FY24. For the State agreement, CCWD expects to receive payment of approximately \$3.9M in State share of FY23 costs for consulting services, CCWD labor, and in-kind partner labor. For the Federal agreement, CCWD will expect to receive payment of approximately \$3.2M in Federal share of FY23 costs for consulting services and CCWD labor.

Local Funding Agreement Administration

In FY23, CCWD staff prepared and sent invoices to LAPs for each partner’s contribution amount in accordance with terms of the Multiparty Agreement Amendments. In FY24 this will be done by the JPA. Payments received from Local Agency Partners (LAPs) were deposited into the LVE2 Reserve Account. In FY24, cash transfers from the JPA to CCWD will be deposited into the LVE2 Reserve Account. Funds in the LVE2 Reserve Account are and will continue to be used to fund project expenditures.

Financial Administration

CCWD staff prepares financial summaries of LVE2 project budget, actual expenditures, funding received, outstanding receivables, and LVE2 Reserve Account balance monthly and quarterly.

Funding Allocation

Funding allocation assumptions are included in the following table and are used to allocate funding monthly and quarterly. A true-up adjustment is prepared once all claims for the fiscal year have been submitted and received. Any under/over funding from California Water Commission and/or Reclamation funding is offset with LAP contributions. CCWD in-kind labor is \$24,500 per month (\$294,000 annually). Table 3 shows a summary of the allocation of state, federal, and local funding in FY23.

Table 3. Project Funding Allocation

Agency	Allocation
California Water Commission (CWC)	50%
Reclamation	24%
Local Agency Partners	24%
CCWD in-kind	2%

Project costs to date are being capitalized in CCWD’s accounting records under Capital Assets – Construction in Progress. Revenues are recognized as grants revenue (CWC and Reclamation funding) and contributions in aid of construction (LAP funding) matching expenditures for the year.

Contracts

CCWD facilitated contract procurement, administration, review, and payments through FY23 ending on June 30, 2023, for the JPA’s consulting firms that work on the Project. As of July 1, 2023, the JPA assumed full administrative responsibilities for its contracts. Table 4 provides a summary of JPA contracts that CCWD administered in FY23.

Table 4. Summary of JPA Contracts in FY23

Vendor	Contract Date	Invoiced FY23
Natural Resource Results	1/15/2023	\$72,499
S&P Global Ratings	12/23/2022	\$50,000
Hallmark Group	5/22/2023	\$116,033
Smith Policy Group	1/30/2023	\$15,292
InterWest Insurance Service	5/30/23-4/1/24	\$62,261
T. Ravazzini Consulting	9/14/2022	\$353,421
Regional Government Services	3/8/2023	\$11,507
Khadam Consulting	4/26/2023	\$92,134
Lagerlof LLP	3/14/2022	\$235,759
Clean Energy Capital	8/25/2022	\$677,597
Total		\$1,686,503

Reserve Account

CCWD has maintained a separate account, LVE2 Reserve, since 2019 to manage expenditures and receivables for the Project. Project funding from the California Water Commission (CWC), Local Agency Partners (LAPs), Reclamation, and CCWD’s contribution are retained in a restricted reserve, Los Vaqueros Reservoir Expansion Phase 2 Reserve (LVE2 Reserve), to be used towards Project-related costs only. During FY23, deposits into the LVE2 Reserve included \$3.3 million from the CWC, \$2.4 million from Reclamation, and \$10.7 million from LAPs. CCWD managed expenditures (less CCWD in-kind services) are funded from the LVE2 Reserve. Withdrawals for Project related expenditures in FY23 include \$0.4 million for FY22 expenditures and \$13.5 million for FY23 expenditures. CCWD labor hours that are direct billed to the Project (salary, taxes, benefits, and overhead) are reimbursed from the LVE2 Reserve

account. As of June 30, 2023, the LVE2 Reserve balance was \$6.6 million. Table 5 shows a summary of withdrawals and deposits in FY23.

Table 5. Project Reserve Balance

Los Vaqueros Reservoir Expansion Phase 2 Reserve	FY23
Cash Reserves, beginning balance 7/1/2022	\$1,060,579
Received from California Water Commission (CWC)	6,308,813
Received from Reclamation	2,420,227
Received from Local Agency Partner Contributions	10,797,920
Total Cash Available	20,587,539
Project Expenditures FY22 ⁽¹⁾	(440,330)
Project Expenditures FY23 ⁽²⁾	(13,535,123)
Total Withdrawals	(13,975,453)
Cash Reserves, ending balance 6/30/2023	\$6,612,086

Notes: (1) A portion of FY22 expenditures were reimbursed from the project reserves in FY23 after CWC reimbursements were received. (2) FY23 project expenditures exclude \$294,000 CCWD in-kind services.

Actuals Compared to JPA's FY23 Budget

The JPA FY23 adopted budget included use of funds for JPA services, CCWD services, CCWD labor and contingency. The use of funds authorized by the JPA Board totaled \$22,530,000. Table 6 shows a comparison between the FY23 adopted budget and actual expenditures. Approximately \$296,503 of contingency was used to support JPA services contracts in excess of the adopted budget. CCWD expenditures for services and labor were significantly less than what was included in FY23 budget in part, because the first half of FY23 was a drought emergency and key staff and resources were redirected to respond to the emergency. Some CCWD work originally planned in FY23 will be performed in FY24.

Table 6. JPA FY23 Budget Comparison of Use of Funds

	JPA-Adopted FY23 Budget	FY23 Actuals
JPA Services	\$1,390,000	\$1,686,503*
CCWD Services	\$13,400,000	\$8,543,533
CCWD Labor	\$6,400,000	\$3,305,087
Contingency	\$1,340,000	*
Total	\$22,530,000	\$13,535,123

*\$296,503 of contingency was used to cover JPA services in FY23.

The JPA FY23 adopted budget included source of funds from the state, federal, local, and carryover. The source of funds authorized by the JPA Board totaled \$22,530,000. Table 7 shows a comparison

between the adopted FY23 source of funding and the FY23 actuals for funding received. Total funding received in FY23 was \$20,587,539. After accounting for the FY22 (\$440,330) and FY23 expenditures paid in FY23 (\$13,535,123), the difference between funding and expenditures in FY23 is equal to the cash reserve balance in the LVE2 Reserve account as of June 30, 2023 as shown in Table 5.

Table 7. JPAFY23 Budget Comparison of Source of Funds

	JPA-Adopted FY23 Budget	FY23 Actuals
State	\$4,100,000	\$6,308,813
Federal	\$5,100,000	\$2,420,227
Local	\$10,800,000	\$10,797,920
Carryover	\$2,530,000	\$1,060,579
Total	\$22,530,000	\$20,587,539



**LVR Joint Powers Authority
Finance Committee
CCWD Financial Administration Summary
for FY23 of the Phase 2 LVE Project**

September 18, 2023



Fiscal Year 2023 Closeout

- **CCWD Administered the JPA's FY23 Budget**
 - **State & Federal Funding Agreements**
 - **Accounting practices**
 - **Carryover/End of Year Fund Balance**
 - **Contracts**
- **JPA FY23 Fiscal Performance**
 - **Budget vs. Actual**



Federal and State Funding

- **Current Federal and State funding for planning will be fully expended in FY24**
- **Staff are working to amend and extend the federal funding agreement**
 - **24% cost share**
- **No possibility for extension with the State planning agreement (absent more program funding for the Project)**
 - **5% max achieved with Prop 1**

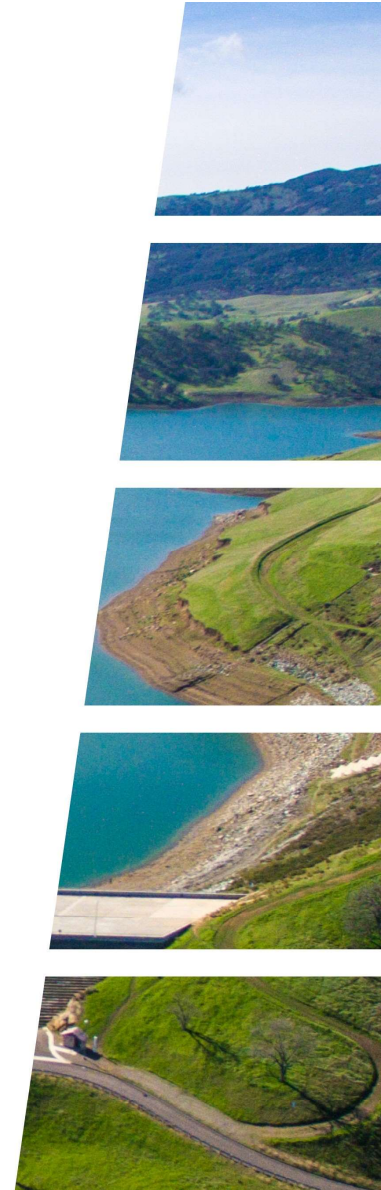


Accounting Practices

- **CCWD has maintained a reserve account for the LVE project revenues and expenditures since 2019**
- **Federal, State and LAP project funds are deposited into the reserve account**
- **Project expenditures are withdrawn from the reserve account**
 - **Withdrawals from the reserve account reimburse CCWD for payments made from CCWD non-project accounts**
 - **CCWD does not withdraw funds for ‘in-kind’ services**

FY23 Budget Carryover

- **The JPA adopted FY24 budget assumed \$6.3M in carryover funds from FY23**
- **Actual FY23 closeout cash reserve carryover was \$6.6M**
- **Cash reserve carryover ensures sufficient funding to achieve the JPA's FY24 objectives**

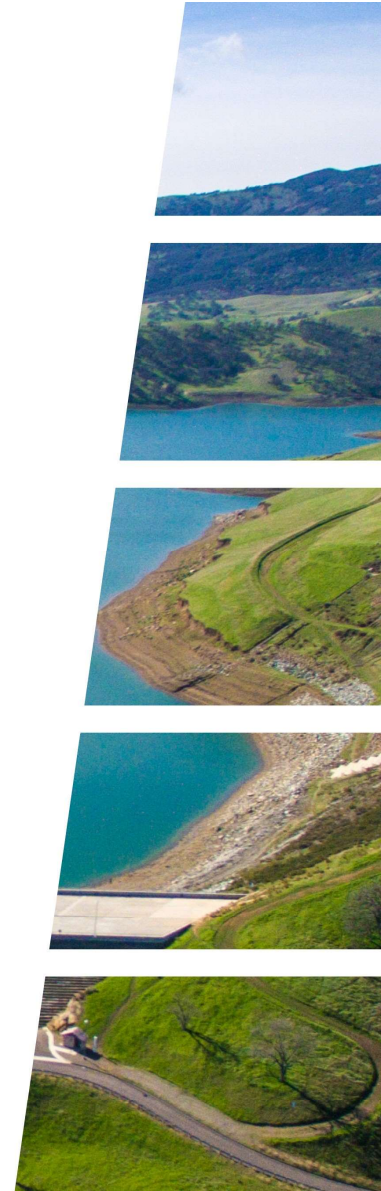




Project Reserve Balance

Los Vaqueros Reservoir Expansion Phase 2 Reserve	FY23
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Received from Reclamation	2,420,227
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Total Withdrawals	(13,975,453)
Cash Reserve Balance 6/30/2023	\$6,612,086

Notes: (1) A portion of FY22 expenditures were reimbursed from the project reserves in FY23 after CWC reimbursements were received. (2) FY23 project expenditures exclude \$294,000 CCWD in-kind services.



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Use of Funds

Budget vs. Actual

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Source of Funds Budget vs Actual

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