



**LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY
FINANCE COMMITTEE
AGENDA
Regular Meeting
December 22, 2022 – 1:00 p.m.**

SPECIAL NOTICE OF TELECONFERENCE ACCESSIBILITY

Pursuant to the provisions of Government Code Section 54953(e), as amended by Assembly Bill 361, any Committee Member 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 December 21, 2022 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

John Coleman – East Bay Municipal Utility 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 November 16, 2022 Finance Committee Meeting Summary

1.2 Draft Fiscal Year 2023-24 Budget

1.3 Draft Treasurer’s Report – Month Ended November 30, 2022

FUTURE AGENDA ITEMS

ADJOURNMENT

ITEM 1.1: NOVEMBER 16, 2022 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 November 16, 2022 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 November 16, 2022 Finance Committee meeting



SUMMARY OF REGULAR MEETING OF FINANCE COMMITTEE

November 16, 2022 – 2:30 p.m.

Present at the meeting were Chair, Anthea Hansen, Vice Chair, Paul Sethy, and Committee members Linda J. LeZotte and John Coleman.

1.1 October 27, 2022 Finance Committee Meeting Summary. The draft summary of the October 27, 2022 Finance Committee meeting was presented for the Committee's information. General Counsel Jim Ciampa stated this summary was previously included in the materials at the November 9, 2022 Board of Directors' meeting. No changes were made by the Committee.

1.2 Review of Draft Principles related to the Design and Construction Agreement to be Entered into with CCWD. Taryn Ravazzini, Executive Director, introduced Chris Hentz, CCWD's Los Vaqueros Expansion Engineering Manager, who provided the Committee with the concepts and related issues that will be addressed in the Design and Construction Agreement (DCA) the Authority will enter into with CCWD. He noted that a separate Design and Construction Agreement will be needed between the Authority and East Bay Municipal Utility District (EBMUD) for improvements to EBMUD's Walnut Creek Pumping Plant. Committee members posed various questions regarding spending authority with respect to the construction of the facilities and the funding to be provided by the California Water Commission. Questions were also asked concerning the land acquisition process. Mr. Hentz advised that CCWD will develop a plan for land acquisition that will be provided to the Authority and will include the anticipated use of easements and acquisition of fee title, including possibly through eminent domain. Chair Hansen asked whether a risk register will be developed. Mr. Hentz advised a risk register will be developed and will be brought to the Authority's Board for discussion and approval.

Committee members Sethy and Coleman left the meeting at 3:00 p.m. due to scheduling conflicts.

1.3 Discussion of Future Committee Meeting Procedures and Attendance.

Executive Director Ravazzini advised that at the November 9, 2022 Board meeting the Board approved each Authority committee to determine how it will conduct its meetings after the current provisions of AB 361 are no longer available. General Counsel Ciampa noted that if the Committee meets virtually after the current provisions under AB 361 are no longer available, the address of each teleconference location must be included in the agenda, the agenda must be posted at each teleconference location and each teleconference location must be accessible to the public. Chair Hansen suggested that the Executive Director and General Counsel compile guidelines for the Committee members to inform them of the procedures to be followed with respect to such continuing virtual meetings.

1.4 Draft Treasurer’s Report – Month Ended October 31, 2022. The Draft Treasurer’s Report for October 31, 2022 was presented by Executive Director Ravazzini. After discussion, the Committee unanimously concurred to present the Treasurer’s Report, in the form presented, to the Board of Directors for approval at the December 14, 2022, Board meeting.

Committee member LeZotte advised the Board that she and Director Kremen will not be representing Santa Clara Valley Water District at the December Board meeting. Pending her retirement, this will be her final meeting. Marguerite Patil, Interim Administrator, advised the Committee that Board Chair Angela Ramirez Holmes will select the replacement for Committee member LeZotte on this committee.

Chair Hansen requested that the acronym for the San Luis & Delta-Mendota Water Authority be included in the Treasurer’s Report. Executive Director Ravazzini stated the oversight will be corrected.

FUTURE AGENDA ITEMS:

- The draft 2023-24 fiscal year Budget development
- General approach to service agreements
- WIFIA loan update
- Follow-up on bank services

Also, Executive Director Ravazzini will follow-up with Committee members to determine their availability for the December 22, 2022 Committee meeting or if selecting an alternate date will be necessary.

The meeting adjourned at 3:29 p.m.

James D. Ciampa

James D. Ciampa
General Counsel

ITEM 1.2: DRAFT FISCAL YEAR 2023-24 BUDGET

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

DISCUSSION:

The Los Vaqueros Reservoir Joint Exercise of Powers Agreement (JPA Agreement) requires that the Board of Directors adopt a budget prior to the start of each Fiscal Year. The Budget may be adopted on a single Fiscal Year or bi-annual basis, in the Board of Directors' discretion. Given the current uncertainty with respect to the timing of the commencement of Project construction activities, staff believes it is prudent to again proceed with development of a Budget for a single fiscal year. This Budget will be the Fiscal Year 2024 Budget ("FY24") to cover the period from July 1, 2023 through June 30, 2024. This item will provide the Committee with an overview of development of the FY24 Budget, including providing the contemplated capital components at least six months prior to the start of the fiscal year, as required by the JPA Agreement. JPA and CCWD staff will jointly present the draft FY 2023-24 budget for initial discussion.

ALTERNATIVES:

For discussion purposes

FISCAL ANALYSIS:

Fiscal impact is as shown in the initial Budget document prepared for the Finance Committee.

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

Due to the complexity in developing the Budget materials, including ascertaining and addressing the uncertainty at this stage of the Project, the draft Budget presentation will be provided to the Committee and posted on the Authority's website by the afternoon on Wednesday, December 21.

ITEM 1.3: DRAFT TREASURER’S REPORT – MONTH ENDED NOVEMBER 30, 2022

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

DISCUSSION:

The draft Treasurer’s Report for November 2022 will be presented for the Committee’s review and discussion.

ALTERNATIVES:

For discussion purposes

FISCAL ANALYSIS:

None

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

Draft Treasurer’s Report for month ended November 30, 2022



DRAFT TREASURER’S MONTHLY REPORT

MULTI-PARTY AGREEMENT STATUS

Amendment No. 4 to the Multi-party Cost Share Agreement (MPA) was approved by the JPA on November 9. Following approval and execution by the JPA Members an invoice for \$1,094,00 per agency will be sent out in January 2023.

DECEMBER 19, 2022

UPCOMING ACTIVITIES

December 22 at 1:00 p.m. – Finance Committee Meeting via Zoom

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

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

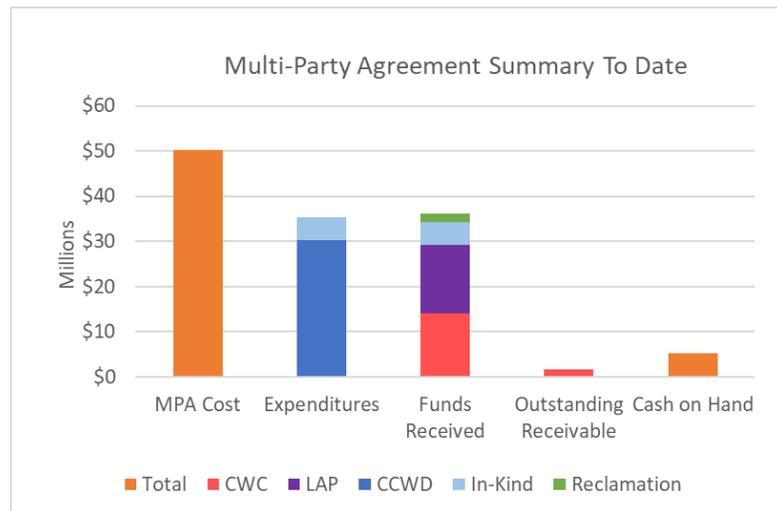
Finance Committee Members:

Chair: Anthea Hansen, SLDMWA

Vice-Chair: Paul Sethy, ACWD

John Coleman, EBMUD

The following chart provides an overview of the MPA expenditures through November 30, 2022 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.



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

WIFIA LOI – Water Infrastructure Finance and Innovation Act Letter of Interest

MPA Summary to Date:

MPA Cost: \$50,187,865 (total through Amendment No. 3)

Expenditures:

CCWD: \$30,298,843 (includes consultants and legal services)

LAP: \$4,962,107 (in-kind services)

Total: \$35,260,950

Funds Received:

CWC: \$14,015,691

Reclamation: \$2,022,209

LAP: \$15,194,842 (cash contributions)

LAP: \$4,962,107 (in-kind services)

Total: \$36,194,850

Outstanding Receivable:

CWC: \$1,729,043

Reclamation: \$0

LAP: \$0

Cash on Hand: \$5,153,384

FEDERAL FUNDING STATUS

A total of \$82 million was allocated to the Project in the Bipartisan Infrastructure Law FY22 Spend Plan. Previous awards of Federal funding during FY21 and FY22 include \$10 million in pre-construction funding and \$54 million in construction funding. An assistance agreement has been executed with Reclamation for a total of \$7.2 million in federal funding for permitting, design, and other pre-construction activities and the initial invoice has been paid.

Future Federal funding requests include the remainder of the requested federal share of 21 percent of the total project cost (approximately \$67 million). Some portion of the federal funding share may be available in the upcoming appropriations under the Water Infrastructure Improvements for the Nation (WIIN) Act.

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:	\$29,881,739 (63% spent to date)
Total Amount Remaining:	\$17,874,095
Total Retention To Date:	\$623,884
Outstanding Invoices:	\$1,105,159

**LVR Joint Powers Authority
Finance Committee
Agenda Item 1.2 Draft Fiscal Year
2023-24 Budget**

December 22, 2022

Agenda

Goals for Committee Meeting

FY24 Budget Overview

Key Assumptions

Budget Components

Next Steps



Goals for Committee Meeting

Goals for Committee Meeting

- Review and discuss budget development approach
- Review and discuss key assumptions & potential member agency cost share in FY24
- Review and discuss next steps



FY24 Budget Overview

JPA FY24 Budget Overview

- Proposing adoption of single year budget for FY24
- FY24 baseline budget is anticipated to include pre-construction and construction activities
- FY24 Budget is *highly* dependent on schedule & achieving key milestones required to initiate construction
 - Service Agreements
 - WIFIA loan closing
 - CWC Final Award Hearing

JPA FY24 Budget Overview (cont.)

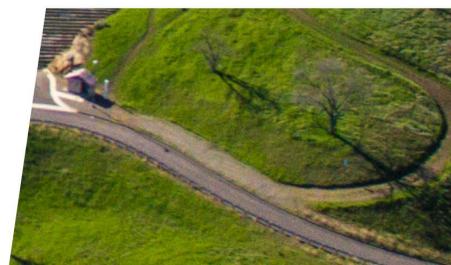
- Propose developing FY24 Budget for full 12 months, but only JPA administration and pre-construction costs would require approval in June 2023
- After completion of key milestones, the FY24 Budget would require adjustment approved by the Board for construction and land acquisition
- Committee feedback needed on key assumptions to determine local agency cost share so Members can budget accordingly

Proposed Format of FY24 Budget Book

- Agency Background
- Sources of Funds
- Use of Funds
- Appendix for FY24 construction costs
 - Included for illustrative purposes in the event the project advances to construction during FY24 and budget adjustment needed



Key Assumptions



Key Assumptions

- State Early Funding will be fully expended by early FY24
- Federal Planning Assistance Agreement will be fully expended in FY24
 - Amendment might be possible for up to \$3 million more
- FY23 carryover funds
 - CWC and Reclamation funding in excess of estimates
 - Lower JPA and CCWD spending than estimated
 - Unused FY23 contingency funds
 - Carryover estimates will be updated ahead of budget adoption



Key Assumptions (cont.)

- Prior to JPA receiving or distributing funds key contracts need to be in place:
 - Program management
 - Insurance
 - Banking services
 - CPA services
- JPA needs to maintain schedule to procure these services
- Service Agreements are required to:
 - Close WIFIA and receive initial drawdown
 - Secure bridge financing
 - Advance to CWC Award Hearing



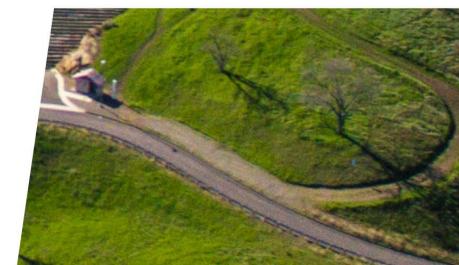
Key Assumptions (cont.)

Before Service Agreements (Jul-Dec)

- JPA Members fund July 2023-December 2023 expenditures
- Assume Service Agreements done September 2023
- Funds come thru Multi-Party Agreement

After Service Agreements (Jan-Jun)

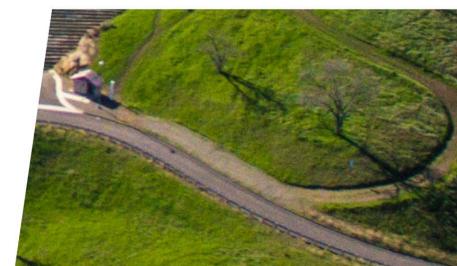
- Assume WIFIA loan could be drawn upon by January 2024
- Once WIFIA funding is available, could be used to fund:
 - Local cost share
 - JPA reserve accounts
 - True up of past “pay go” contributions by Members



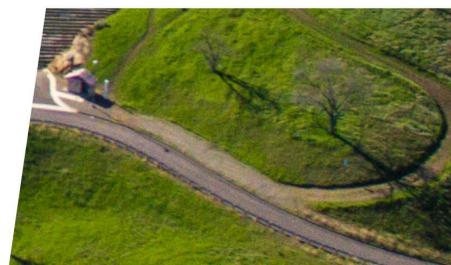
Key Assumptions (cont.)

Design & Construction Efforts: Dependent Upon Funding

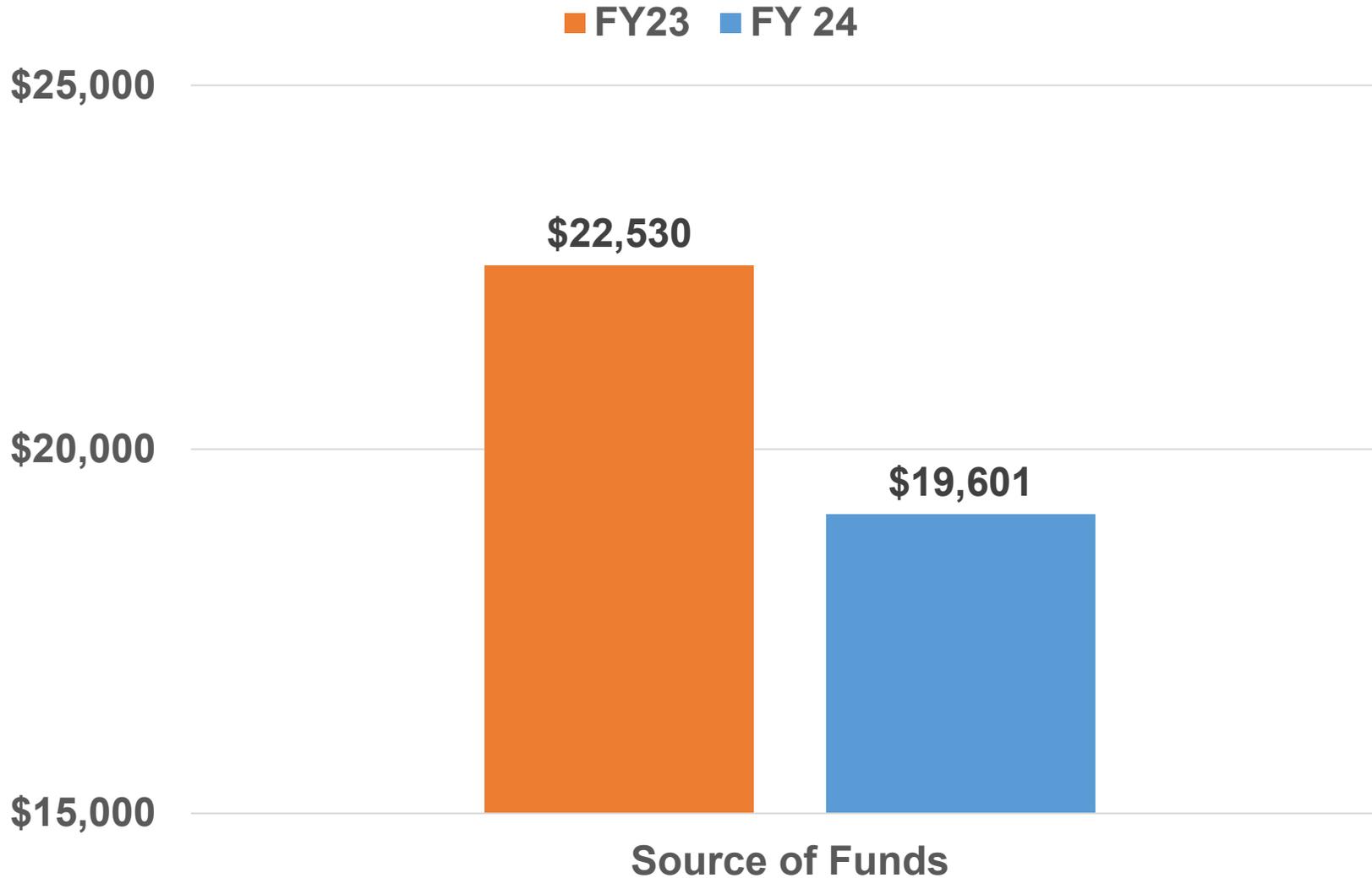
- Several efforts will commence only after funding deposits are available
- These adjustments will delay the overall LVE delivery schedule
 - Bidding of PP1 Replacement for construction
 - Start of new facilities designs (e.g. Neroly High Lift Pump Station, Transfer Upgrades and Expanded Transfer)
 - Pipeline right-of-way and mitigation land procurement



Budget Components



Draft Budget Overview (\$1000s)



Sources of Funds: Local

Multi-Party Agreement Amendment No. 5 (July 2023 – December 2023)

- Budget & Scope of Work match first half of JPA FY24 budget
- Assume 6 months of cash needed ~\$4M
- Assume second half of FY24 local funding would be paid by WIFIA loan



Sources of Funds: Local

WIFIA loan (January 2024 – June 2024)

- First draw could be up to ~\$50M based on past expenditures
- Assume drawdown ~\$4M to cover estimated Local expenditures
- JPA approval of a larger drawdown would be needed to fund additional activities not included in the budget:
 - Debt reserves
 - Financial actions associated with True-up
 - Initial deposit for construction of Pumping Plant No.1
 - Transfer-Bethany Pipeline right-of-way and mitigation land acquisition
 - Initiation of additional facility designs



Source of Funds: State

Early Funding Agreement (thru December 2023)

- Between CCWD and CWC
- Estimated amount available in FY24 ~ \$2M

Final funding award agreement (TBD)

- Between JPA and CWC
- Total amount ~\$454M over the whole project
- 50% reimbursement of eligible costs
- Contract will take time to execute after award hearing
- Will revise pending Final Award Hearing



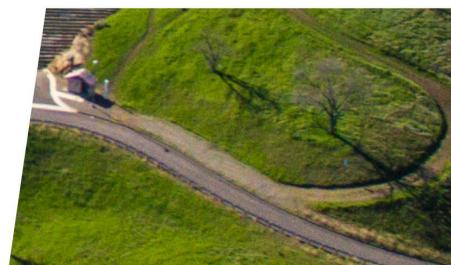
Source of Funds: Federal

Reclamation Planning Assistance Agreement (thru December 2023)

- Between CCWD and Reclamation
- 24% reimbursement
- Estimated available in FY24 ~\$2.1M
- Possible to amend to add up to \$3M more

Reclamation Construction Assistance Agreement (TBD)

- Between JPA and Reclamation
- \$136M appropriated to date



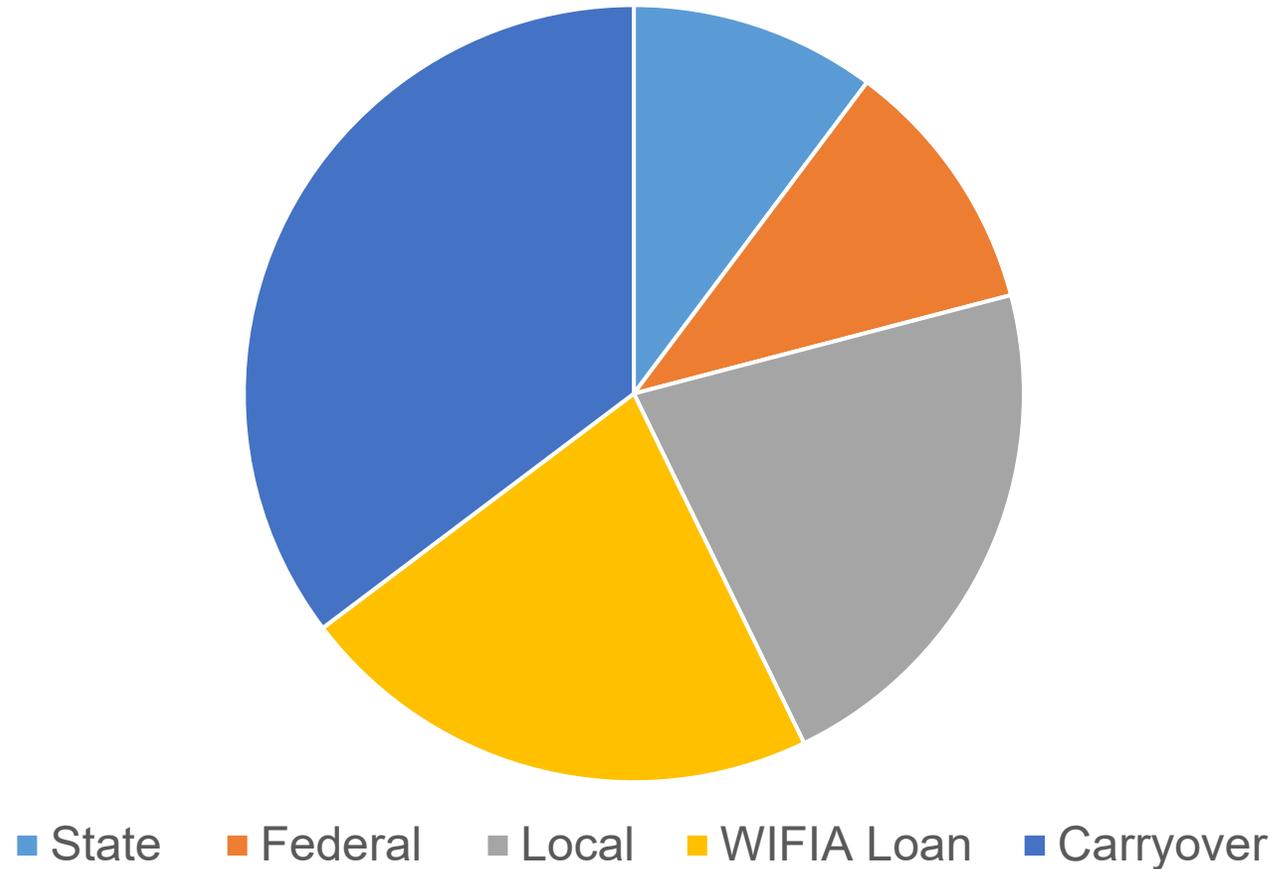
Source of Funds Summary

Source of Funds (1,000s)	Before Service Agreements (Jul-Dec)	After Service Agreements (Jan-Jun)	FY24 Total
State	\$2,000	0	\$2,000
Federal	\$2,100	0	\$2,100
Local	\$4,290	0	\$4,290
WIFIA Loan	0	\$4,290	\$4,290
Carryover	\$6,920	0	\$6,920
Total	\$15,062	\$4,290	\$19,601



Source of Funds Summary FY24

Source of Funds (\$1,000s) = \$19,601



Use of Funds: JPA Services

JPA Services	FY24 (\$1,000s)
Executive Director	\$436
Program Management	\$500
Insurance	\$60
Financial Advisor	\$400
CPA	\$120
Auditor	\$40
Government Affairs	\$150
General Legal Counsel	\$216
Additional Legal Support	\$120
Bond Counsel Review of WIFIA loan	\$15
JPA Services	\$2,057

Use of Funds: CCWD Services

CCWD Services	FY24 (\$1,000s)
Design	\$6,653
Construction* (included as an appendix)*	\$0
Other Consulting Services	\$1,240
Real Property	\$425
Legal	\$1,300
Total	\$9,618

Use of Funds: CCWD Labor

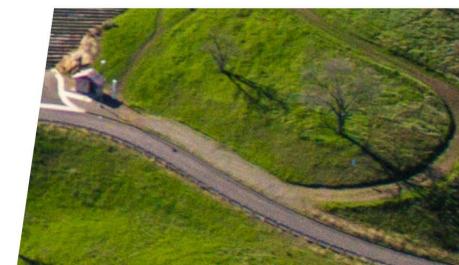
CCWD Department	FY24 (\$1,000s)
01 General Management	\$ 239
02 Public Affairs	\$ 20
03 Engineering	\$ 2,358
04 Operations & Maintenance	\$ 147
05 Planning	\$ 656
09 Watershed & Lands	\$ 141
11 Strategic Initiatives	\$ 843
15 Water Resources	\$ 778
Total	\$ 5,181

Use of Funds: Contingency

- FY24 Contingency assumed to be 10% of CCWD Services ~\$900k
- FY23 adopted budget included \$1.34M in contingency
- JPA used \$321k contingency in FY23 to date
- Approximately \$1M contingency remaining in FY23
- Half of remaining FY23 contingency assumed to carry over to FY24 (\$510k) to reduce Local funding

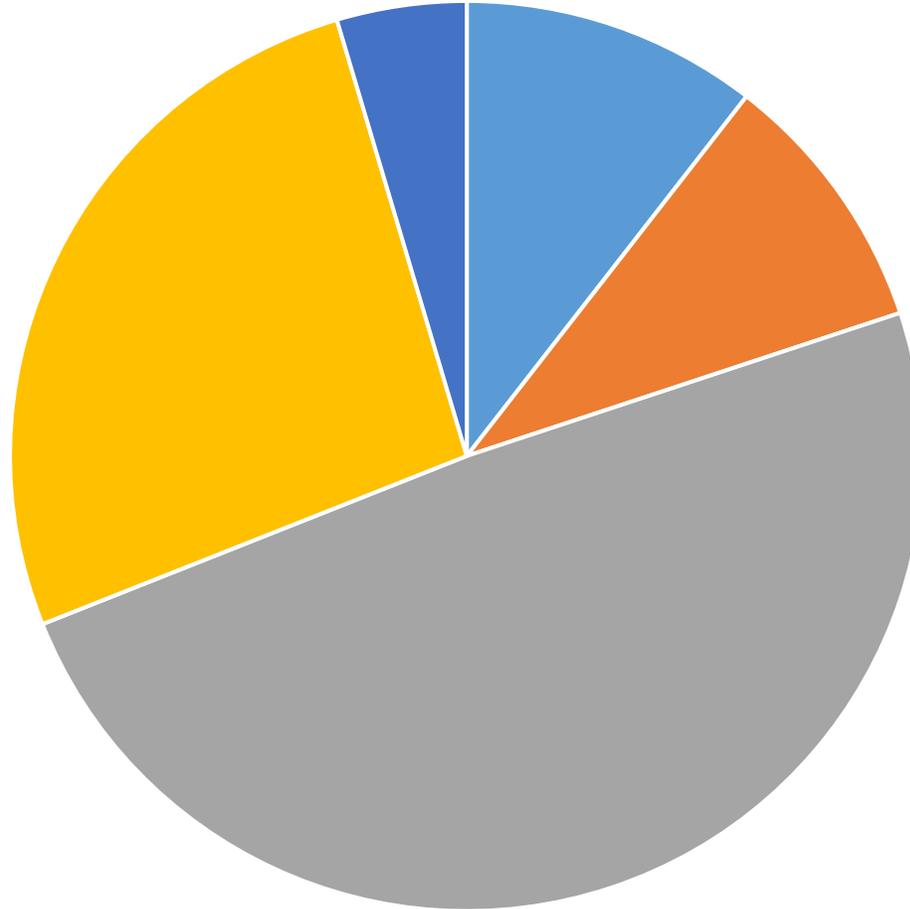
Use of Funds: Reserves

- No reserves collected in FY23
- Capital Project Fund Reserve
 - 17% of annual capital budget
 - Assumed in FY24 budget ~\$2.3M
- Debt Service Reserve
 - One year of maximum debt service
 - Would be funded by first drawdown from WIFIA
 - Could be up to \$8.5M if \$50M is drawn
- Admin/Operating Reserve
 - 17% of annual operating budget
 - Not included until project is operational



Use of Funds Summary

Use of Funds (\$1000's) = \$19,601

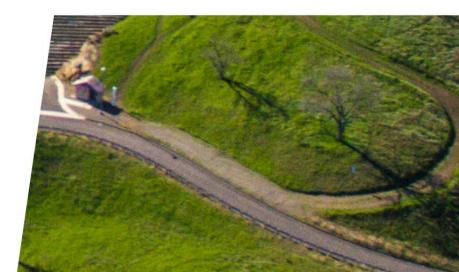


■ JPA Services ■ Capital Reserves ■ CCWD Services ■ CCWD Labor ■ Contingency



Potential FY24 Construction Deposit (Appendix)

Pumping Plant No.1	First Year Construction (\$1,000s)
Materials Testing	\$ 100
Construction Management Services	\$ 576
Construction	\$ 19,200
Project Labor Agreement Support	\$ 30
Design Services During Construction	\$ 1,100
Permit & Fees	\$ 300
Total	\$ 21,306



JPA Capital vs. Operating Budget

- Assume all budget is treated as capital in FY24
- No operating expenses in FY24
- In the future, after JPA Members are receiving benefits, operating budget would be adopted
- For example:
 - In FY24 Executive Director will be part of capital budget
 - In FY30 Executive Director will be part of operating budget

Next Steps



Next Steps

- February - Finance Committee FY24 Budget update
- March - JPA Board initial discussion on FY24 Budget approach
- April - Finance Committee Draft FY24 Budget Book
- May - JPA Board Draft FY24 Budget Book
- May - Finance Committee Preview Final FY24 Budget Book
- June - JPA Board consider adoption of FY24 Budget



Next Steps (cont.)

- FY24 Budget needed to make significant progress on:
 - Service Agreements
 - Closing WIFIA loan
 - CWC Award Hearing

