



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

Regular Meeting
September 26, 2022 – 10:00 a.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 Interim Clerk by 4:00 p.m. on the business day prior to the meeting for the Interim 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 Interim Clerk at rperea@lagerlof.com by 4:00 p.m. on September 23, 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
Linda J. LeZotte – 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 25, 2022 Finance Committee Meeting Summary**
- 1.2 Review of Interim Funding Agreement**
- 1.3 Discussion of WIFIA Loan Credit Rating**
- 1.4 Draft Treasurer’s Report – Month Ended August 31, 2022**

FUTURE AGENDA ITEMS

ADJOURNMENT

ITEM 1.1: AUGUST 25, 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 August 25, 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 August 25, 2022 Finance Committee meeting



SUMMARY OF REGULAR MEETING OF FINANCE COMMITTEE

August 25, 2022 – 1:00 p.m.

Present at the meeting were Chair Anthea Hansen and Committee Member Linda J. LeZotte. Vice Chair Paul Sethy listened in on the meeting but could not participate due to technical difficulties. Committee Member John Coleman was absent.

1.1 June 23, 2022 Finance Committee Meeting Summary. The draft summary of the June 23, 2022 Finance Committee meeting was presented for the Committee’s information. Interim General Counsel Jim Ciampa stated this summary was previously included in the materials at the August 10 Board of Directors’ meeting, but a few minor, non-substantive revisions were made to this version.

1.2 Discussion of Draft WIFIA Letter of Interest. Maggie Dutton, Contra Costa Water District’s (CCWD’s) Grants Specialist, presented an overview of the WIFIA Letter of Interest (“LOI”) requirements, the key information included in the draft LOI, and next steps in the WIFIA process. David Moore of Clean Energy Capital provided additional information in answer to Committee Members’ questions regarding the applicable interest rate and loan structure issue.

1.3 Discussion of Interim Funding Agreement. Deputy Interim Administrator Maureen Martin reviewed the Interim Funding Agreement concept and explained the Interim Funding Agreement will be entered into by the Authority and its Members. That agreement will take the place of the previous Cost Share Agreement executed prior to Authority formation (referred to as the Multiparty Agreement), as amended, until such time as the Authority will obtain its revenues through the Service Agreements after the Project is in operation. The Committee asked various questions regarding the draft Interim Funding Agreement included in the meeting materials and regarding the mechanics of transitioning from the current structure to the new structure contemplated by the Interim Funding Agreement. The Committee expressed a desire to have the revised Interim Funding Agreement, including its exhibits, return to the Committee for review and discussion at its September meeting.

1.4 Discussion of CCWD Technical Services Agreement. Deputy Interim Administrator Martin provided an overview of the Technical Services Agreement, which will specify CCWD’s responsibilities with respect to the Authority and Project and describe how it will be paid for those services. Deputy Interim Administrator Martin summarized the next steps in the

agreement development process and answered questions posed by the Committee Members. Interim Administrator Marguerite Patil provided additional information and addressed questions posed by the Committee Members, particularly regarding budget issues.

1.5 Draft Treasurer’s Report – Month Ended July 31, 2022. The Draft Treasurer’s Report for July 2022 was presented by Interim Administrator Patil for the Committee’s review and discussion. The Committee discussed the reference to federal funding in that report and asked for clarification on the pre-construction funding provided by the Bureau of Reclamation.

FUTURE AGENDA ITEMS:

- Review of the revised Interim Funding Agreement;
- Update on Facilities Usage Agreement development; and
- WIFIA loan credit rating

Also, the date of the September Committee meeting was discussed, as Committee Chair Hansen, Interim Administrator Patil and Deputy Interim Administrator Martin will all be traveling back from Washington, D.C. on September 22, which is the scheduled date for that meeting. Interim General Counsel Ciampa will poll the Committee Members and staff to determine availability for a revised Committee meeting date.

The meeting adjourned at 2:42 p.m.

James D. Ciampa

James D. Ciampa
Interim General Counsel

ITEM 1.2: REVIEW OF INTERIM FUNDING AGREEMENT

RESPONSIBLE/LEAD STAFF MEMBER:

Maureen Martin, Deputy Interim Administrator

DISCUSSION:

The Finance Committee previously reviewed the draft Interim Funding Agreement at its August 25 meeting and requested that an updated draft be presented at a subsequent Finance Committee meeting. The revised draft Interim Funding Agreement, including Exhibits A and B, has been prepared and was provided to the Members' finance staffs on September 9 for their review and comments, which have been requested by September 30. Deputy Interim Administrator Maureen Martin will review the current draft version and exhibits with the Committee and obtain any feedback.

ALTERNATIVES:

For discussion purposes

FISCAL ANALYSIS:

Fiscal impact is to be determined

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

Draft Interim Funding Agreement, including exhibits

**LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY
DRAFT INTERIM FUNDING AGREEMENT**

This Interim Funding Agreement (“Agreement”) is entered into among the Los Vaqueros Reservoir Joint Powers Authority (the “Authority”) and its Members, consisting of Alameda County Flood Control and Water Conservation District, Zone 7 (“Zone 7”), Alameda County Water District (“ACWD”), Contra Costa Water District (“CCWD”), East Bay Municipal Utility District (“EBMUD”), Grassland Water District (“GWD”), San Francisco Public Utilities Commission (“SFPUC”), San Luis & Delta-Mendota Water Authority (“SLDMWA”) and Santa Clara Valley Water District (“Valley Water”) (collectively, “Members”). The Members and the Authority may be individually referred to herein as a “Party” or jointly as “Parties”.

RECITALS

WHEREAS, CCWD owns and operates the Los Vaqueros Reservoir in Contra Costa County (the “Reservoir”); and

WHEREAS, CCWD and the other Members have been working over the past years on the Phase 2 Expansion of the Reservoir and the design and construction of related facilities (collectively, the “Project”) in order to provide regional water supplies for environmental water management, to improve regional water supply reliability, and to improve regional water quality, while maintaining the existing benefits of the Reservoir for CCWD’s customers; and

WHEREAS, CCWD and the other Members have previously entered into the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning dated April 30, 2019 (the “Cost Share Agreement”), and subsequent amendments thereto, under which the Members and CCWD agreed to the division of various tasks and allocation of costs related to the development of the Project; and

WHEREAS, CCWD and the other Members are in the process of entering into Amendment No. 4 to the Cost Share Agreement (“Amendment No. 4”) to provide for the allocation of Project costs as between CCWD and the other Members; and

WHEREAS, the Members formed the Authority in October 2021 through their approval and execution of the Los Vaqueros Reservoir Joint Exercise of Powers Agreement (the “JPA Agreement”); and

WHEREAS, the JPA Agreement, in Section 1.1.21, contemplates that an Interim Funding Agreement will be entered into by the Authority and Members after formation of the Authority to provide an interim source of funding for Project development costs prior to the time where a permanent source of funding is in place through the contemplated Service Agreements that will be entered into between the Authority and each Member; and

WHEREAS, on January 11, 2022 CCWD and the JPA executed an Administrative Agreement that memorializes CCWD’s role as Interim Administrator; and

WHEREAS, it is contemplated by the Authority, CCWD and the other Members that once

the Authority is adequately staffed and has in place an organized financial structure, including banking, invoicing and collection services, that the Authority will take over the billing and collection of Project costs from the Members, including CCWD, and Amendment No. 4 would then be terminated; and

WHEREAS, the Authority has now engaged an Executive Director and has in place various financial systems; and

WHEREAS, the Members and the Authority now wish to enter into this Interim Funding Agreement to provide an interim source of funding for the Project until such time as a permanent source of funding is in place under the Service Agreements referenced above.

NOW, THEREFORE, the Members and the Authority agree that the above recitals are incorporated in and made part of the Agreement, and hereby agree as follows:

1. Term. Unless earlier terminated by the Members and the Authority, this Agreement shall take effect on January 1, 2023 and terminate on the date the last Service Agreement between a Member and the Authority is executed. The Parties will reasonably cooperate in the transition from the Cost Share Agreement and its Amendment No. 4 to this Interim Funding Agreement, with the understanding that certain tasks not yet completed under the Cost Share Agreement, as amended, will be transitioned to this Agreement and included in the scope of work set forth in Exhibit A hereto.

2. Costs and Payment. The Authority and the Members intend through this Agreement to provide sufficient funding to cover the Authority's ongoing costs in accomplishing the purposes specified in the Cost Share Agreement, as amended, including, but not limited to, consultant expenses, payments to the Executive Director and Program Manager; fees for the Interim General Counsel; fees for the Clerk to the Board of Directors; accountant, auditor and financial advisor fees; insurance premiums; credit rating costs; state and federal funding administrative support; and fees payable to CCWD for services and labor provided. A detailed scope of work and budget for those activities are attached hereto as Exhibits A and B, respectively. That budget sets forth costs estimated at \$13,250,000 for the January 1, 2023 through December 31, 2023 calendar year. For purposes of this Agreement, the Members' collective total share of those costs shall not exceed \$7,658,000 ("Total Interim Funding"); provided that the Total Interim Funding amount is subject to adjustment based upon any funds that CCWD transfers to the Authority representing monies the Members have previously paid with respect to the Project under the Cost Share Agreement and the amendments thereto.

a) Notwithstanding anything to the contrary in this Agreement, the Members, excluding GWD, shall be responsible for providing the Total Interim Funding, based upon Exhibit B, to the Authority, provided that in no event shall any Party's individual share of the Total Interim Funding exceed \$1,094,000 (but subject to adjustment as specified in in preceding paragraph for any transfers to the Authority from CCWD), excluding GWD. Timing and quantity of payment for each Member shall not vary from what is put forth in Exhibit B unless the Members voluntarily agree to any modifications. The Total Interim Funding described herein is exclusive of any joint defense or litigation cost share amounts which may be determined in a subsequent written agreement entered into with respect to such litigation.

b) SFPUC's payments are subject to and contingent upon the budget and fiscal provisions of the City and County of San Francisco's Charter and the budget decisions of its Mayor and Board of Supervisors. No SFPUC funds will be available hereunder until prior written authorization is certified by the City's Controller. The Controller cannot authorize payments unless funds have been certified as available in the budget or in a supplemental appropriation. This Agreement shall automatically terminate, without liability to the City, if funds are not properly appropriated by the Mayor and Board of Supervisors or certified by the Controller. The SFPUC's obligations hereunder shall never exceed the amount certified by the Controller for the purpose and period stated in such certification. The SFPUC, its employees and officers are not authorized to request services that are beyond the scope of those expressly described herein, unless a written amendment is approved as required by law. As to the SFPUC only, this Section 2(b) controls against any conflicting provision of this Agreement.

c) The Members will split the Total Interim Funding equally over two payments. The Authority will invoice each of the Members for their respective shares of the Total Cost Share on or about January 3, 2023 and July 1, 2023.

d) Payment from the Members shall be remitted within sixty (60) days after invoice submittal.

e) Funds contributed by the Members shall be expended by the Authority only for work required to further the purposes of the Authority, as specified in the scope of work attached hereto as Exhibit A.

f) If a sufficient number of Parties withdraw from the Authority or fail to execute this Agreement such that the Members' individual cost shares change substantially, or the individual cost shares approach or exceed the maximum financial responsibility for each Party (determined herein as \$1,094,000), each remaining Member, at its sole shall determine whether to withdraw from the Agreement. Any Members who do not choose to withdraw will work together to develop an amendment that substantially conforms to this Agreement. If no mutually agreeable amendment can be developed, the remaining Members will terminate this Agreement.

g) If a new Member is added to this Agreement in connection with that new Member joining the Authority, each subsequent invoice for each Member will be adjusted to reflect the cost share of the new Member and the total number of Members. The adjustments contemplated herein shall reflect any "catch-up" contribution required of the newly added Member in addition to the contributions to be made on a prospective basis, as may be required pursuant to Section 10.3 of the JPA Agreement.

h) If funds remain after work under this Agreement is completed or this Agreement is otherwise to be terminated, each Member will determine whether its pro-rata share of the remaining funds shall be returned or retained by the Authority to be credited to the particular Member in connection with that Member's Service Agreement. Each Member will advise the Authority of its determination within sixty (60) days of receiving notice from the Authority of the completion of the work or impending termination of this Agreement, or the remaining funds shall automatically be retained by the Authority for credit to the respective Member.

In-kind services may include labor costs and overhead costs for staff who are providing in-kind services for Project activities under this Agreement, including but not limited to data collection, document review, communications, stakeholder outreach, management of third-party consultant contracts, and attending Project meetings. In-kind services are contributed at the discretion of each Member, with no minimum or maximum in-kind contribution limits.

3. Reporting

a) The Authority will act as the fiscal agent and receive funds from the Members, maintain accounting records of expenditures, and prepare quarterly summaries of expenditures and in-kind services from all Members. The Authority will provide the summaries to the Members and any applicable state or federal agency as necessary to document Member cost share.

b) Each Member will maintain an accounting of the value of its in-kind services including labor hours and overhead costs reported by all staff members participating in the Project and provide that accounting to the Authority within sixty (60) days following the completion of each quarter. The accounting will include sufficient detail for the Authority to provide this information to CCWD, who will then provide that information to the United States Department of the Interior, Bureau of Reclamation (“Reclamation”) and the California Water Commission, together with other necessary CCWD information.

c) The value of the in-kind services may be used as the non-State funding match or may be eligible for reimbursement from the California Water Commission and will be used to demonstrate the Non-Federal match required the Memorandum of Agreement for the Preconstruction Phase of the Phase 2 Los Vaqueros Reservoir Expansion Project and Sharing of Costs.

4. Federal Funding. CCWD has executed an Assistance Agreement for the provision of up to \$7.2 million in federal funding for pre-construction activities. If additional federal funding for the Project is appropriated by Congress, Reclamation would receive the requested funding and the funds would support ongoing work on the Project. A portion of the federal funds will be directly applied to the scope of work contained in Exhibit A.

5. Indemnity. In performance of this Agreement, each Party and its agents, employees, and contractors shall act in an independent capacity and not as officers, employees, or agents of any other Party. Except as otherwise declared herein, no Party assumes any liability for the activities of any other Party in performance of this Agreement. Each Party is responsible in proportion to its fault for liability, including but not limited to personal injury or property damage that may arise out of this Agreement, except to the extent such injury, damage, or loss was caused by the negligence or willful misconduct of any other Party, or its directors, officers, agents, or employees. Each Party expressly agrees to defend, indemnify, and hold harmless any other Party and its directors, officers, agents and employees from and against any and all loss, liability, expense, claims, suits, and damages, including attorneys’ fees, arising out of or resulting from the first Party’s, its directors’, officers’, agents’, and employees’ negligent acts, errors or omissions, or willful misconduct, in its performance under this Agreement.

Each Party shall be responsible for any adverse impacts to its own customers that may result from the operation or performance of this Agreement, except as arising out of or resulting from the negligent acts, errors or omissions, or willful misconduct of any other Party, its directors, officers, agents, and employees.

Each Party shall exercise reasonable care in the performance of its obligations and rights under this Agreement, particularly with regard to facilities, operations, water rights, entitlements, and contracts of other Parties to this Agreement.

6. Dispute Resolution. Should any dispute arise concerning any provisions of this Agreement or breach thereof, or the Parties' rights and obligations thereunder, the disputing Parties shall meet and confer in an attempt to resolve the dispute. Prior to commencing legal action, the disputing Party or Parties shall provide to the other Party or Parties thirty (30) days written notice of the intent to take such action and the basis for the action. Within fifteen (15) days of delivery of the notice, the Parties shall meet and confer in an attempt to resolve the dispute. Each Party will designate a member of that Party's executive management to attend the meeting and to conduct the negotiation in good faith.

The Parties shall make good faith efforts to resolve all disputes related to this Agreement at the lowest possible cost, subject to the approval of the Parties' respective governing bodies. If the Parties cannot resolve the dispute through the meet and confer process, the Members or the Authority in dispute shall proceed to non-binding mediation of the dispute in front of an independent, neutral mediator agreed to by those Members and the Authority, unless they both agree to waive that mediation. If the Members or the Authority involved in the dispute cannot agree upon a mediator, the mediation service selected shall choose the mediator. The Members or the Authority in dispute shall equally divide and pay the mediation costs. Other than for the division of mediation costs, each Party shall bear its own attorneys' fees and costs in all aspects of dispute resolution, including litigation

7. Governing Law and Venue. This Agreement, its construction, and all work performed under it shall be governed by the laws of the State of California, without giving effect to conflict of law provisions. Any judicial action or proceeding between or among any or all of the Parties to this Agreement shall be initially brought in Contra Costa County Superior Court and will be transferred to a neutral venue. The litigants shall attempt to stipulate to a mutually agreeable neutral venue, and if unable to agree will resolve any venue dispute through a motion to transfer brought pursuant to California Code of Civil Procedure Section 394. The Parties will support transfer to a neutral venue and will not object to transfer to a neutral venue.

8. Severability. If any provision of this Agreement, or the application thereof, is held invalid or unenforceable by a court of competent jurisdiction, all other provisions of this Agreement, and application thereof, shall remain valid and enforceable and will be construed in such a manner so as to affect the original intent of the Parties to the maximum extent possible.

9. Amendment. No amendment of this Agreement shall be valid unless made in writing and signed by all Parties to this Agreement except those Parties, if any, who have withdrawn from the Agreement before the amendment is made.

10. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns, and those member agencies of the SLDMWA that enter into an activity agreement with the SLDMWA pursuant to this Agreement, any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

11. Entire Agreement. This Agreement, together with the attachments hereto, constitutes the complete agreement between the Parties and supersedes any prior written or oral communications between the Parties.

12. Successors and Assigns. This Agreement and all of its provisions shall apply to and bind the successors and assigns of each and every Party to this Agreement.

13. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts each of which shall be deemed to be an original but all of which taken together shall constitute one and the same Agreement. Any signature hereto may be transmitted electronically, including by e-mail, PDF, DocuSign or other electronic means, and any such electronically transmitted signature shall be as valid as an original signature.

14. Notices. Any notice under this Agreement may be sent by electronic mail, USPS mail, or overnight mail to the designated persons identified below.

15. Waiver. No waiver of any kind pursuant to this Agreement will constitute a continuing waiver unless so stated in a writing signed by the waiving Party.

Ed Stevenson, General Manager
Alameda County Water District

Date

TBD, General Manager
Contra Costa Water District

Date

Clifford C. Chan, General Manager
East Bay Municipal Utility District

Date

Ricardo Ortega, General Manager
Grassland Water District

Date

Approved as to Form
Ellen L. Wehr, General Counsel

Date

Dennis Herrera, Manager
San Francisco Public Utilities Commission

Date

Approved as to Form
Deputy City Attorney San Francisco

Date

Federico Barajas, Executive Director
San Luis & Delta-Mendota Water Authority

Date

Rick L. Callender, Esq.,
Chief Executive Officer
Santa Clara Valley Water District

Date

Valerie Pryor, General Manager
Zone 7 Water Agency

Date

Exhibit A

Scope of Work

The following tasks describe the work efforts by JPA members, services procured by the JPA, Contra Costa Water District (CCWD) labor, consultants procured by CCWD. During FY23 the following milestones are anticipated:

- Complete recruitment and selection process and execute contract with an Executive Director
- Competitively procure Program Management Consultant Team
- Procure banking and other financial services
- Transition administration services from CCWD to the JPA
- Execute an Interim Funding Agreement between the JPA and its Members
- Execute a Technical Services Agreement with CCWD
- Execute a Service Agreement between the JPA and its Members
- Apply for a Water Infrastructure Finance and Innovation Act (WIFIA) Loan
- Complete permitting of the Project
- Continue design of key Project facilities
- Prepare for California Water Commission (CWC) final funding award hearing

It is anticipated that this scope will be amended to match the adopted FY24 JPA budget.

Task 1 - JPA Services

Task 1.1 - Executive Director

The JPA Executive Director will report to the Board and administer this Agreement. The Executive Director responsibilities include but are not limited to the following tasks. Lead efforts to procure additional services that are included in the adopted JPA budget. Oversee and manage any consultants retained by the JPA. Develop board meeting packet materials, communications with board members, updates to the major policy calendar. Develop and update the budget. Perform outreach activities to educate and inform the media, elected officials, communities in the Los Vaqueros JPA service area, environmental organizations, and regional and statewide interests about the purpose, objectives, and results of the technical studies. Respond to routine stakeholder comments. Post responses as appropriate to the JPA hosted project website at losvaquerosjpa.com or share with stakeholders in informal meetings.

Task 1.2 - Program Management Consultant Team

Executive Director is expected to lead procurement of a Program Management Consultant Team. The Program Management Consultant Team will report to the Executive Director. It is anticipated that the services provided by the Program Management Consultant Team will include but are not limited to the following tasks. Administrative support to the Executive Director, review of cost and engineering estimates provided by CCWD and EBMUD consistent with future Design and Construction Agreements, budgeting, scheduling, procure sub-consultants and technical services, review submittals, invoice JPA members, hold meetings and conference calls, maintain the JPA website, and fulfill reporting requirements as required in various funding agreements.

Task 1.3 - Financial

Financial Advisor

It is anticipated that Clean Energy Capital will remain as the financial advisor to the Project. The contract will be transferred from CCWD to the JPA this fiscal year. Clean Energy Capital will assist with obtaining an indicative credit rating for the JPA, develop a WIFIA loan package, and assist in development of the service agreements.

Auditor

Audit services will be procured once the JPA has established the ability to request and/or receive payments.

Accounting

Accounting services will be procured by the JPA. It is possible this service could be performed by the Program Management Consultant Team. The JPA accounting system for accounts payable, accounts receivable, and to support audits will be developed. Additional services may be needed to coordinate the JPA accounting system with those in place at CCWD and EBMUD.

Insurance

Insurance will be procured by the JPA. The extent of the coverage needed has yet to be determined.

Task 1.4 - JPA Legal

General counsel will work with the legal workgroup to develop all agreements that the JPA will enter into, including but not limited to interim funding agreement, service agreements, state and federal funding agreements, contracts to procure services, contracts for administration of public benefits with CDFW and DWR, design and construction agreements with CCWD and EBMUD, facility usage agreements with CCWD and EBMUD, operations and maintenance agreements with CCWD and EBMUD.

Task 2 - CCWD Services and Labor

Task 2.1 - Project Management

Administer the Early Funding Agreement executed by CCWD and the California Water Commission (CWC). Provide financial statements and other supporting documentation as requested by the CWC staff pertaining to the Early Funding Agreement.

Administer the Assistance Agreement executed by CCWD and Reclamation, including meeting reporting and invoicing requirements of the Assistance Agreement, and coordination with Reclamation staff as needed to respond to questions, data requests, or other inquiries.

Prepare monthly invoices meeting the invoice content terms of the Early Funding Agreement, the Cost Share MOA with Reclamation, and the Assistance Agreement, including relevant supporting documentation for submittal to the CWC and Reclamation. Coordinate with consultants and Local Agency Partners to prepare and submit sufficient backup documentation to support claimed costs.

Task 2.2 - Environmental

Develop new or modify existing modeling tools so that operations or limitations of various operational priorities can be evaluated in terms of benefits to partners. Refine the model to track terms and requirements of various water rights.

Prepare documentation of environmental regulatory compliance including the Clean Water Act (CWA) Section 404(b)(1), CWA Section 401, the Federal Endangered Species Act (Section 7), the California Endangered Species Act, Section 1602 of the California Fish and Game Code, the National Historic Preservation Act (NHPA Section 106), and the Fish and Wildlife Coordination Act (FWCA).

Prepare petitions for change for CCWD's water right permit and assist Reclamation, DWR, and Local Agency Partners with preparation of additional change petitions. Coordinate with Reclamation, the Department of Water Resources (DWR), Local Agency Partners, and the State Water Resources Control Board (State Water Board) regarding changes to existing water rights.

Task 2.3 - Engineering

Design

Complete design of the Los Vaqueros Dam raise. Complete design of Pumping Plant No.1 Replacement. Advance design of the Transfer-Bethany pipeline. Advance design of recreation facilities.

Construction

Inspect the existing Los Vaqueros Pipeline, the Transfer Pipeline, and the Contra Costa Canal between Pumping Plant No. 2 and Pumping Plant No. 4 to confirm condition, reliability, and capacity to operate consistent with the planned operations. Develop facility impact plans to coordinate CCWD operations, shutdowns and draining.

Task 2.4 - CCWD Legal

Legal counsel will work with the legal workgroup and JPA general counsel to develop all agreements that the JPA will enter into with CCWD including but not limited to interim funding agreement, service agreements, contracts to procure services, design and construction agreements, facility usage agreements, and operations and maintenance agreements. CCWD legal services are also required to review permit conditions and acquire land.

Exhibit B

Budget and Cost Share

The budget for the Agreement covers JPA services, CCWD services and labor, and Contingency. The total cost to complete the scope of work listed in Exhibit A that is covered in this Amendment is \$13,222,000 as shown in Table 1.

Table 1. Use of Funds

| Use of Funds | Jan 2023 -Jun 2023 |
|--------------------------------|-----------------------|
| JPA Services | |
| Executive Director | \$361,000 |
| Program Management | \$150,000 |
| Financial | \$440,000 |
| JPA Legal | \$80,000 |
| Subtotal | \$1,031,000 |
| CCWD Services and Labor | |
| Project Management | \$377,000 |
| Environmental | \$4,462,000 |
| Engineering | \$6,306,000 |
| CCWD Legal | \$360,000 |
| Subtotal | \$11,505,000 |
| Contingency | \$714,000 |
| | |
| Total | \$13,250,000 |

The total cost to complete the scope of work, \$13,250,000, will be paid through a combination of reimbursement from Reclamation, reimbursement from the California Water Commission (CWC), and contributions from CCWD and the JPA Members, excluding Grassland Water District. To calculate the amount owed by CCWD and the JPA Members, the total cost is reduced by reimbursements from the CWC and Reclamation and the projected carryover of unspent funds from the prior Cost Share Agreement as amended. The costs remaining after accounting for contributions from CWC, Reclamation, and carryover funding is \$7,658,000 as shown in Table 2. This is equal to the Total Cost share defined in Section 2 of the Agreement and will be split equally among JPA members, excluding Grassland Water District which will provide in-kind services only. One invoice is proposed over the term of the Agreement.

Table 2. Source of Funds

| Source of Funds | Jan 23-Jun23 |
|---------------------|--------------------|
| CWC Early Funding | \$1,333,000 |
| Reclamation Funding | \$3,009,000 |
| Carryover FY22 | \$1,250,000 |
| IFA Total | \$7,658,000 |

Table 3 shows the invoice schedule and the total costs per agency. For purposes of calculating the amount to be invoiced, the total number of agencies participating is equal to the total number of parties signatory to this Agreement but excluding Grassland Water District and further excluding any signatory party which has completed its withdrawal from the Agreement prior to the time for payment.

Table 3. Cost per Agency and Invoice Schedule

| | | |
|---|------------------------------|---------------------|
| | | Invoice #1 |
| | Total Cost Per Agency | January 2023 |
| Individual Cost Share (7 way even split) | \$1,094,000 | \$1,094,000 |

ITEM 1.3: DISCUSSION OF WIFIA LOAN CREDIT RATING

RESPONSIBLE/LEAD STAFF MEMBER:

Marguerite Patil, Interim Administrator

DISCUSSION:

The Authority has submitted to the U.S. Environmental Protection Agency (USEPA) a WIFIA Letter of Interest (LOI), which is currently under review by USEPA. If the Authority's LOI is accepted by the USEPA, the Authority will then need to prepare the application for the WIFIA loan and will need to obtain a credit rating. The Project's financial advisor, David Moore of Clean Energy Capital, will discuss the necessary actions for the Authority to obtain that credit rating.

ALTERNATIVES:

For discussion purposes

FISCAL ANALYSIS:

Fiscal impact is to be determined

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

Slide deck to be presented at meeting

ITEM 1.4: DRAFT TREASURER’S REPORT – MONTH ENDED AUGUST 31, 2022

RESPONSIBLE/LEAD STAFF MEMBER:

Marguerite Patil, Interim Administrator

DISCUSSION:

The draft Treasurer’s Report for August 2022 will be presented for the Committee’s review and discussion and posted to the Authority’s website following the meeting.

ALTERNATIVES:

For discussion purposes

FISCAL ANALYSIS:

None

ENVIRONMENTAL REQUIREMENTS:

Not applicable

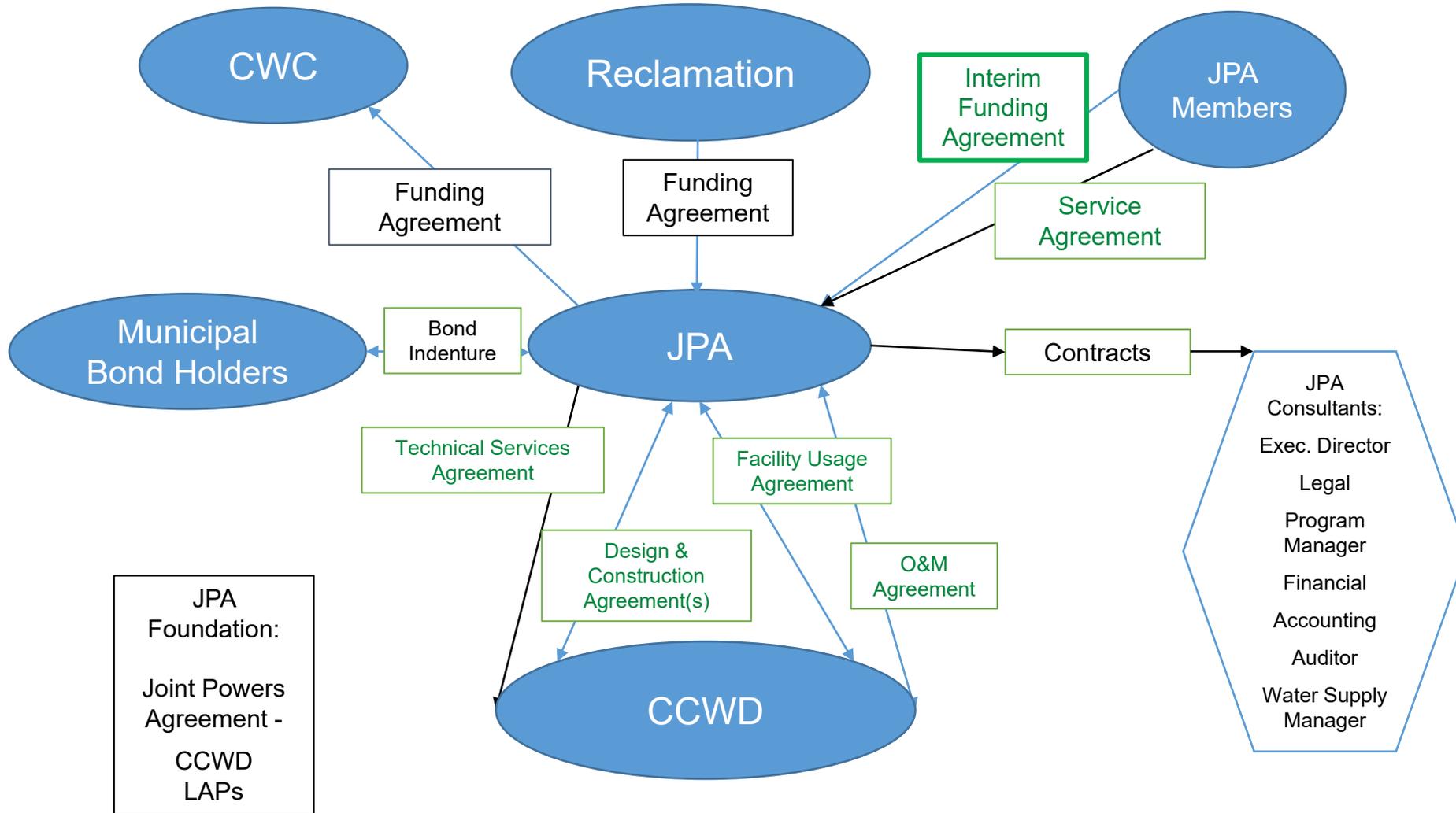
EXHIBITS/ATTACHMENTS:

Draft Treasurer’s Report for Month Ended August 31, 2022 will be presented at meeting.

A wide-angle landscape photograph of the Los Vaqueros Reservoir. The reservoir is a large body of water in the center, surrounded by rolling green hills. In the background, several wind turbines are visible on the ridges. The sky is blue with scattered white clouds. The text is overlaid in white with a slight shadow for readability.

**Los Vaqueros Reservoir
Joint Powers Authority
Finance Committee
Agenda Item 1.2
Interim Funding Agreement
September 26, 2022**

Spider Diagram



Interim Funding Agreement

- Cover JPA costs that are not provided by State and Federal Funding and Local Funding ahead of Service Agreement Execution
 - Costs currently included match Multiparty Agreement No.4
 - Multiparty Agreement No.4 costs cover Jan-Jun 2023
- Term of the agreement is January 1, 2023 through June 30, 2024
 - Term overlaps with Multiparty Agreement No.4
- Scope of work & budget would be updated to coincide with JPA adoption of JPA FY24 budget
 - FY24 costs have not been included in current version



Staff Comments on Interim Funding Agreement

- Staff have raised concerns that the term of the IFA and the scope of work & budget do not match
 - Scope of work & budget are Jan-Jun 23 whereas term of IFA is thru FY24
- Concerns that the scopes of work in IFA and Multiparty Agreement Amendment No.4 don't match
- Staff have suggested that IFA is not needed at this time
 - MPA Amendment No.4 will cover Jan-Jun 23
 - IFA could cover FY24 expenses
 - Assume JPA will be capable of establishing banking services by FY24



Estimated Costs for Interim Funding Agreement & MPA No. 4 Jan-Jun 2023

| | Aug | Sept | Change |
|--|---------|---------|---------|
| MPA No. 4/Interim Funding Agreement Total (rounded) | \$7,880 | \$7,658 | (\$222) |
| Individual Member Cost Share (rounded) | \$1,130 | \$1,094 | (\$36) |

Potential FY23 Budget Adjustment: Use of Funds

| JPA Services | Adopted FY23 Total | July Changes to FY23 Budget | July Working Budget | Proposed Changes to FY23 Budget | Proposed Working Budget |
|----------------------------|--------------------|-----------------------------|---------------------|---------------------------------|-------------------------|
| | Thousand \$ | Thousand \$ | Thousand \$ | Thousand \$ | Thousand \$ |
| Executive Director | \$150 | 0 | \$150 | \$211 | \$361 |
| Program Management | \$400 | 0 | \$400 | 0 | \$400 |
| Credit Rating | \$100 | 0 | \$100 | 0 | \$100 |
| WIFIA Loan Application Fee | \$100 | 0 | \$100 | 0 | \$100 |
| Insurance | \$30 | 0 | \$30 | 0 | \$30 |
| Financial Advisor | \$350 | 0 | \$350 | 0 | \$350 |
| CPA/Auditor | \$120 | 0 | \$120 | 0 | \$120 |
| Legal Counsel | \$140 | 0 | \$140 | 0 | \$140 |
| JPA Services | \$1,390 | | \$1,390 | \$211 | \$1,601 |
| CCWD Services | \$13,400 | \$260 | \$13,660 | \$641 | \$14,301 |
| CCWD Labor | \$6,400 | 0 | \$6,400 | (\$832) | \$5,568 |
| Contingency | \$1,340 | -\$260 | \$1,080 | (\$20) | \$1,060 |
| Total | \$22,530 | 0 | \$22,530 | 0 | \$22,530 |



Next Steps

- **Members must approve MPA Amendment No.4 by end of December**
 - **JPA could become party to MPA Amendment No.4**
 - **MPA Amendment No. 4 could include JPA responsibilities**
- **Bring MPA No.4 to Finance Committee in October**
- **Bring MPA No.4 to JPA Board for adoption November**
- **Seek Board approval of budget adjustment in December**

Presentation to Finance Committee of the Los Vaqueros Reservoir JPA



WIFIA Credit Rating: Requirements and Process

September 26, 2022

WIFIA Credit Rating Requirements

For submitting an Application:

- A preliminary rating opinion from a rating agency that the senior obligations of the project have the potential to achieve an investment-grade rating
- Called an “Indicative Rating”
- Based on a set of assumptions provided by the JPA

For closing a Loan Agreement:

- A final rating from a rating agency* that the senior obligations of the project are investment-grade
- Called a “Final Rating”
- Reflects the specific credit terms of the transaction
- Requires executed Service Agreements

*We note the change from prior-year requirements for two final ratings

Indicative Rating

Key Assumption:

- 100% of the JPA's costs will be allocated to Members through the Service Agreements

Target Indicative Rating in the “Single-A” category:

- Based on a “weak-link” credit analysis that focuses on the lowest-rated Member

Member Ratings (as of Jan. 2022)

| Member | Moody's | S&P | Fitch |
|--------------|---------|-----|-------|
| ACWD | Aa1 | AAA | -- |
| CCWD | Aa2 | AA+ | AA |
| EBMUD | Aa1 | AAA | AA+ |
| SFPUC | Aa2 | AA | AA- |
| SLDMWA | A2 | -- | -- |
| Valley Water | Aa1 | -- | AA+ |
| Zone 7 | -- | AA+ | AA+ |

Investment-Grade Ratings

| Moody's | Fitch | S&P |
|-----------|----------|----------|
| Aaa | AAA | AAA |
| Aa1 | AA+ | AA+ |
| Aa2 | AA+ | AA+ |
| Aa3 | AA- | AA- |
| A1 | A+ | A+ |
| A2 | A | A |
| A3 | A- | A- |
| Baa1 | BBB+ | BBB+ |
| Baa2 | BBB | BBB |
| Baa3 | BBB- | BBB- |



Indicative Timeline

| Activity | Date |
|---|----------|
| Solicit fee proposals* from rating agencies | Oct 2022 |
| Possible timing for EPA's invitation to apply | Oct 2022 |
| Select and engage rating agency(s) | Nov 2022 |
| Submit materials (JPA agmt, financials, etc.) | Dec 2022 |
| Rating presentation / follow-up questions | Jan 2023 |
| Receive Indicative Rating** | Feb 2023 |

*Estimates fees:

- \$50,000 - \$100,000 for an Indicative Rating
- \$75,000 - \$150,000 additional for a Final Rating (after fee crediting)
- \$125,000 - \$250,000 total

**The rating can be kept confidential or publicly released

- This determination would typically be made by the JPA after a confidential Indicative Rating has been received