



**LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY
FINANCE COMMITTEE
AGENDA
Regular Meeting
February 23, 2023 – 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 February 22, 2023 to inform the Authority of your needs and to determine if accommodation is feasible. Each item on the Agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item. Materials related to items on this Agenda are available for public review at: www.losvaquerosjpa.com/board-meetings.

CALL TO ORDER

ROLL CALL OF COMMITTEE MEMBERS

Anthea Hansen – Chair, San Luis & Delta-Mendota Water Authority

Paul Sethy – Vice Chair, Alameda County Water District

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 December 22, 2022 Finance Committee Meeting Summary**
- 1.2 Overview of Current Financial Processes and Procedures**
- 1.3 Draft Treasurer’s Report – Month Ended January 31, 2023**

FUTURE AGENDA ITEMS

ADJOURNMENT

ITEM 1.1: DECEMBER 22, 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 December 22, 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 December 22, 2022 Finance Committee meeting



SUMMARY OF REGULAR MEETING OF FINANCE COMMITTEE

December 22, 2022 – 1:00 p.m.

Present at the meeting were Chair, Anthea Hansen, Vice Chair, Paul Sethy, and Committee member John Coleman. Staff and 11 others also attended the meeting.

1.1 November 16, 2022 Finance Committee Meeting Summary. The draft summary of the November 16, 2022 Finance Committee meeting was presented for the Committee’s information. General Counsel James Ciampa stated this summary was previously included in the materials at the December 14, 2022 Board of Directors’ meeting. No changes were made by the Committee.

1.2 Draft Fiscal Year 2023-24 Budget. Marguerite Patil, Interim Administrator, advised the Executive Director would not be attending the meeting due to illness and that Ms. Patil would be presenting the draft Fiscal Year 2023-24 Budget (“FY24 Budget”) for discussion. She advised that the Los Vaqueros Reservoir Joint Exercise of Powers Agreement (“JPA Agreement”) requires the Board of Directors to adopt a budget prior to the start of each Fiscal Year, which may be a single year or two-year budget, in the Board of Directors’ discretion. The JPA Agreement also requires that a draft of the capital budget is presented six months in advance of the fiscal year in December. 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.

The FY24 Budget will cover the period from July 1, 2023 through June 30, 2024. Interim Administrator Patil and Chris Hentz, CCWD’s Los Vaqueros Reservoir Expansion Project Engineering Manager, jointly presented the draft FY24 Budget for initial discussion.

Vice Chair Sethy inquired about the structure and timing of the Service Agreements. Interim Administrator Patil advised there will likely be one master Service Agreement, with appended schedules for the participating members. The goal is to have the Service Agreements completed by September 2023 to allow the final award hearing with the California Water Commission to occur in October 2023. Committee Member Coleman remarked that is important for the FY24 Budget to include alternatives in the event funding under the WIFIA loan is not secured and/or if the final award hearing is delayed. Interim Administrator Patil stated the FY24 Budget will include alternative funding scenarios.

Chris Hentz reviewed the sources and uses of funds to be included in the FY24 Budget. The sources of funds include local funding from the members under the Multi-Party Agreement (and likely an Amendment No. 5 to that agreement), state funding through the Early Funding Agreement with the California Water Commission and final award from the Commission, and federal funding from the U.S. Bureau of Reclamation under several programs. The baseline draft FY 24 Budget, without construction costs, is \$19,601,000.

The uses of funds include JPA services, CCWD services (i.e., services contracted by CCWD in support of the Project), CCWD labor, reserves, as required by the JPA Agreement, and contingency. Also, potential design and construction costs for Pumping Plant No. 1 are estimated to be \$21,306,000 and will be included as an appendix to the FY24 Budget.

Committee Member Sethy asked whether the Transfer-Bethany Pipeline's capacity could be increased. Mr. Hentz responded that pipeline is designed with a capacity of 300 cfs but can convey up to 400 cfs in times of emergency; however, the Expanded Transfer Facility pump station is also designed to convey a capacity of 300 cfs and could be damaged if used at higher flow for an extended period. Committee Member Sethy also asked if all JPA members will share in the cost of Pumping Plant No. 1. Mr. Hentz responded the proportional cost for that facility will be shared by all members as determined in the Service Agreement. Committee Member Sethy also recommended a further breakdown of CCWD's labor costs by component, such as salary, benefits and overhead, be included in the FY24 Budget.

The Committee expressed its appreciation and compliments to Ms. Patil, Mr. Hentz and CCWD staff for the thorough presentation.

1.3 Draft Treasurer's Report – Month Ended November 30, 2022. Interim Administrator Patil presented the draft Treasurer's Report for November 2022 for the Committee's review and discussion and noted the JPA remains in a good position from a cash flow perspective.

FUTURE AGENDA ITEMS:

- General Counsel Ciampa stated the Executive Director may convene a joint meeting between the Finance Committee and Operations and Engineering Committee in February to discuss bridge funding.

The meeting adjourned at 2:26 p.m.

James D. Ciampa

James D. Ciampa
General Counsel

ITEM 1.2: OVERVIEW OF CURRENT FINANCIAL PROCESSES AND PROCEDURES

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

DISCUSSION:

Since the formation of the Authority, Contra Costa Water District (“CCWD”) has acted as the Authority’s “bank,” handling all accounting and financial reporting, the receipt and deposit of all Authority monies and the processing of all Authority payments. In the coming months, as the Program Manager and an accounting firm are engaged and commence their respective functions, we contemplate those financial functions will mostly be transferred to the Authority.

However, we believe it is prudent for the Committee to be provided with information concerning how CCWD is currently handling the above-referenced financial functions. Marguerite Patil of CCWD and David Moore of Clean Energy Capital, the Authority’s financial consultant will provide an overview of those functions, along with discussing how the transition of those functions to the Authority will occur.

ALTERNATIVES:

For discussion purposes

FISCAL ANALYSIS:

None

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

Slide deck to be provided in advance of the meeting.



**Los Vaqueros Reservoir JPA
Finance Committee Meeting
JPA Financial Administration**

February 23, 2023



JPA Financial Administration

- This presentation summarizes the controls in place at the JPA, through CCWD's support, to ensure accountability over public funds and compliance with state and federal laws and the requirements of Members
 - Our primary focus is on current administrative procedures, and the role of CCWD in supporting the JPA
 - We will also address the general plan and timing for transitioning to independent financial administration of the JPA
- Topics for today include:
 - Cashflow management
 - Monitoring and Record Keeping
 - Financial audit
 - Financial transition plan

Cashflow Management

- CCWD currently manages all cashflow for the LVE Project and the JPA
- Fund 60 – LVE Project
 - Developed prior to JPA formation to track LVE revenue and expenditures
 - Supports transparent financial reporting to JPA, CCWD, California Water Commission (CWC), and Reclamation
 - Currently holds all funds collected from Members, CWC and Reclamation
- Banking
 - CCWD banks with Westamerica Bank
 - Fund 60 cash are held in standalone Westamerica account

Cashflow Management (cont.)

- Billing and collections
 - CCWD staff prepare invoices and collect revenue for Fund 60
 - Invoices are sent to JPA members in accordance with the terms of the Multi-party Agreement between the JPA and JPA Members
 - Invoices are sent to the CWC in accordance with the terms of the Early Funding Agreement between CWC and CCWD
 - Monthly invoices and retention invoices upon completion of significant milestones
 - CWC pays 50% of eligible costs less 10% retention
 - Invoices are sent to Reclamation in accordance with the terms of the Assistance Agreement between Reclamation and CCWD
 - Reclamation pays 24% of eligible costs

Cashflow Management (cont.)

- Management of funds
 - CCWD accounting system of record is Finance Enterprise (Central Square)
 - All LVE Project expenditures are tracked by Capital Project accounting codes
 - CCWD staff maintain additional Excel spreadsheets for tracking and to support preparation of JPA Treasurer's Report and other LVE Project financial status summaries
 - LVE Financial Summary – overview of budget, revenue, expenditures and cash on hand is updated monthly
 - Fund 60 Cashflow Tool – projects monthly revenue and expenditures to support budget development and cashflow management
 - FY23 Budget Summary – detailed breakdown of JPA Budget

Monitoring and Record Keeping

- Accounting and reporting procedures
 - CCWD follows standard accounting procedures and prepares monthly, quarterly, and annual financial reports
 - Multi-party Agreement status reports are provided to Member agency staff each month and included in Treasurer's Report
- Tracking of Member Contributions
 - Financial contributions and in-kind services are tracked for each Member
- Tracking cash balances
 - Funds are used to pay for LVE Project expenditures
 - Costs allocated based on established cost share
 - Closely tracked to maintain positive cash flow in Fund 60 and ensure compliance with JPA Reserve Policy

Monitoring and Record Keeping (cont.)

- Audit Support
 - Annual audit prepared for CCWD
 - Federal Single Audit prepared annually when conditions are met
 - Currently required due to Reclamation Assistance Agreement

Financial Audit Requirement

- JPA's Audit Requirements (From JPA Agreement)
 - In accordance with Sections 6505 through 6505.6 of the Government Code, the Treasurer shall cause an annual audit of the accounts and records of the Authority to be made and reported.
 - The audit shall be conducted by an independent certified public accountant or public accountant.
 - The audit shall conform to generally accepted auditing standards.
 - Such report shall be filed with the State Controller within twelve (12) months of the end of the Fiscal Year under examination.

Financial Audit Procedures

- CCWD Management of Audit
 - CCWD's independent auditor, Maze & Associates, is additionally developing an audit of Fund 60 and the JPA
 - FY22 Audit plus the Federal Single Audit are currently available

- JPA staff are exploring the JPA's independent requirements
 - Management letter from Maze & Associates to the JPA
 - Maze & Associates presentation to the JPA

- Staff seeks input from the Finance Committee regarding JPA requirements for acceptance and filing of audit

Financial Transition Plan

- With the support of CCWD, the JPA is moving to transition to independent financial management
 - June 30, 2023 has been established as a target date

- To support this timing objective, JPA staff intend to:
 - Work with CCWD to craft and release and RFP for accounting & financial management services
 - Establish a commercial banking relationship
 - Select the accountant/financial manager
 - Transition the Fund 60 balance to the JPA

- Staff seeks input from the Finance Committee regarding bank selection and transition plan

ITEM 1.3: DRAFT TREASURER’S REPORT – MONTH ENDED JANUARY 31, 2023

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

DISCUSSION:

The draft Treasurer’s Report for January 2023 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 January 31, 2023



DRAFT TREASURER’S MONTHLY REPORT

MULTI-PARTY AGREEMENT STATUS

Amendment No. 4 to the Multi-party Cost Share Agreement (MPA) was fully executed and an invoice for \$1,094,00 per agency was sent out in January 2023.

FEBRUARY 16, 2023

UPCOMING ACTIVITIES

February/March (various) – Finance workgroup and subgroup meetings (Draft Term Sheet and Service Agreement Development)

February 23 at 1:00 p.m. – Finance Committee Meeting via Zoom

March 23 at 1:00 p.m. – Finance Committee Meeting via Zoom

Finance Committee Members:

Chair: Anthea Hansen, SLDMWA

Vice-Chair: Paul Sathy, ACWD

Rebecca Eisenberg, SCVWD

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

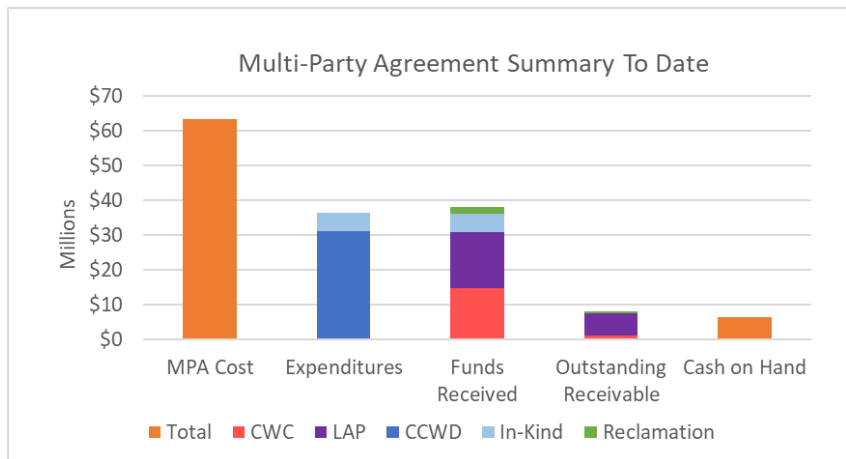
MPA – Multi-party Cost Share Agreement

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

The following chart provides an overview of the MPA expenditures through January 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 Summary to Date:

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

Expenditures:

CCWD: \$31,242,532 (includes consultants and legal services)

LAP: \$5,139,675 (in-kind services)

Total: \$36,382,208

Funds Received:

CWC: \$14,648,708

Reclamation: \$2,022,209

LAP: \$16,288,842 (cash contributions)

LAP: \$5,139,675 (in-kind services)

Total: \$38,099,434

Outstanding Receivable:

CWC: \$1,023,088

Reclamation: \$398,018

LAP: \$6,564,000

Cash on Hand: \$6,282,503

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 initial invoice and a second invoice has been sent.

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:	\$31,343,592 (66% spent to date)
Total Amount Remaining:	\$16,412,242
Total Retention To Date:	\$36,235
Outstanding Invoices:	\$362,345