



**LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY  
JOINT FINANCE COMMITTEE AND OPERATIONS AND  
ENGINEERING COMMITTEE AGENDA**

January 31, 2023 – 2:00 p.m.

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**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 Meeting/Webinar:**

**<https://lagerlof.zoom.us/j/83423859986?pwd=ZzdVMGhTWGE3c3FSRVZVdkvTmNSQT09>**

**Webinar ID: 834-2385-9986**

**Passcode: 228572**

**Or One tap mobile:**

**US: +16694449171,,83423859986#,,, \*228572#**

**or Telephone: 1-669-444-9171**

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](mailto:rperea@lagerlof.com) by 4:00 p.m. on January 30, 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](http://www.losvaquerosjpa.com/board-meetings).*

## **CALL TO ORDER**

### **ROLL CALL OF COMMITTEE MEMBERS**

#### **Finance Committee:**

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

Paul Sethy – Vice Chair, Alameda County Water District

John Coleman – East Bay Municipal Utility District

#### **Operations and Engineering Committee:**

Jose Gutierrez – Chair, San Luis & Delta-Mendota Water Authority

Jonathan Wunderlich – Alameda County Water District

Antonio Martinez – Contra Costa Water District

Steve Ritchie – San Francisco Public Utilities Commission

### **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 Draft Treasurer’s Report – Month Ended December 31, 2022**

**1.2 Discussion of Bridge Financing Alternatives to Supplement Authority Outside Funding**

### **FUTURE AGENDA ITEMS**

### **ADJOURNMENT**

**ITEM 1.3: DRAFT TREASURER’S REPORT – MONTH ENDED DECEMBER 31, 2022**

**RESPONSIBLE/LEAD STAFF MEMBER:**

Taryn Ravazzini, Executive Director

**DISCUSSION:**

The draft Treasurer’s Report for December 2022 will be presented for the Finance 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 December 31, 2022



## 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.

**JANUARY 29, 2023**

### UPCOMING ACTIVITIES

January 31 at 2:00 p.m. – Joint Finance and O&E Committee Meeting via Zoom

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

February 23 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

### 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

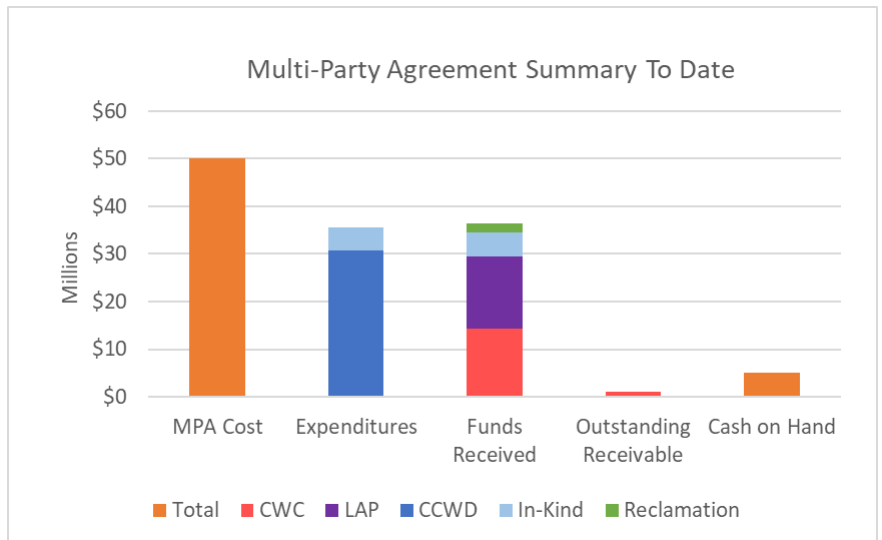
MPA – Multi-party Cost Share Agreement

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 December 31, 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.



### MPA Summary to Date:

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

#### Expenditures:

CCWD: \$30,670,196 (includes consultants and legal services)

LAP: \$4,969,066 (in-kind services)

Total: \$35,639,262

#### Funds Received:

CWC: \$14,316,985

Reclamation: \$2,022,209

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

LAP: \$4,969,066 (in-kind services)

Total: \$36,503,102

#### Outstanding Receivable:

CWC: \$1,029,323

Reclamation: \$0

LAP: \$0

Cash on Hand: \$5,121,075

## **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.

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:	\$30,618,901 (64% spent to date)
Total Amount Remaining:	\$17,136,933
Total Retention To Date:	\$660,742
Outstanding Invoices:	\$1,029,323

**ITEM 1.2: DISCUSSION OF BRIDGE FINANCING ALTERNATIVES TO SUPPLEMENT AUTHORITY OUTSIDE FINANCING**

**RESPONSIBLE/LEAD STAFF MEMBER:**

Taryn Ravazzini, Executive Director

**DISCUSSION:**

The subject of bridge financing has been raised in prior meetings of the Finance Committee, Operations and Engineering Committee and full Board. The primary concept relates to securing outside debt financing to cover short-term intervals between the time Project expenses are incurred and when grant or WIFIA loan funds are received. That concept may apply in two possible scenarios, (1) to provide funding prior to execution of the Service Agreement; and/or (2) to cover Project costs after the Service Agreement is in place to cover Project costs until grant or loan monies are received.

The Authority's financial consultant, Clean Energy Capital, will review various issues relating to bridge financing to provide the Committees with an overview of the potential use of such financing and related costs and benefits. The Joint Committee meeting design is to support broad discussion among Directors and to assist staff in consideration of options to present to the full Board at the appropriate time.

**ALTERNATIVES:**

For discussion purposes

**FISCAL ANALYSIS:**

Financial impact will be dependent upon numerous variables, including, but not limited to, the nature of the financing used, the financing alternative selected and timing of financing.

**ENVIRONMENTAL REQUIREMENTS:**

Not applicable

**EXHIBITS/ATTACHMENTS:**

Slide deck regarding bridge financing alternatives



**Los Vaqueros Reservoir JPA**  
**Joint Finance / O&E Committee Meeting**  
Bridge Financing Overview

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January 31, 2023



# JPA Bridge Financing – Executive Summary

## ■ Two options for Bridge Financing:

### 1. Bridge Financing prior to Service Agreement

- “Bridging” from date of JPA expenditure to Service Agreement closing date
- Fund JPA admin and development costs
- Reduce or eliminate future Pay-Go contributions from Members

### 2. Bridge Financing after Service Agreement closing

- “Bridging” from design/construction expenditure to date of reimbursement
- Fund the 1-2 month lag between outflow and reimbursement
- Potentially reduce overall borrowing cost, if short-term interest rates are favorable

Service Agreement Closing



## JPA Bridge Financing – Executive Summary

- This presentation summarizes the two options
- Subject to Board feedback, staff's preliminary recommendation:
  - Plan for and implement a Bridge Financing facility for use after Service Agreement closing
  - Not pursue a Bridge Financing facility for use prior to Service Agreement closing
- This presentation reflects input from the Financing Workgroup at last week's workshop

## Bridge Financing Prior to Service Agreement

- Cashflow needs:
  - Monthly JPA expenditures of approx. \$600k – \$1.2 million per month
  
- Currently funded “pay-as-you-go” by Members, pursuant to the Multiparty Agreement
  - Future amendments to the Multiparty Agreement could extend pay-go financing if necessary
  
- Bridge Financing Instrument: A drawable credit facility, to be repaid:
  - From proceeds of the WIFIA Loan, or
  - By JPA Members, in the event that the WIFIA Loan fails to close
  - Lenders would not typically take WIFIA closing risk

## Bridge Financing Prior to Service Agreement (cont.)

- Documentation Requirements
  - Credit Facility / Loan Agreement between the JPA and the Lender
  - Lender may not accept Member obligation to JPA only, and may require additional payment commitment/guarantee from underlying Members
  
- Implementation Timeframe – 3 to 5 months
  - Facility terms / Market Solicitation            2 – 3 months
  - Award / documentation / closing                1 – 2 months

## Bridge Financing Prior to Service Agreement (cont.)

### ■ Advantages

- Would replace Pay -Go with funds provided by a third -party Lender
- Advantages depend on the timing of Service Agreement execution

### ■ Disadvantages

- Effort required for implementation may exceed benefits to Members
- Implementation process could reduce focus on development of other Project agreements including the Service Agreements
- Borrowing interest rate may not be sufficiently attractive
- Credit support subject to negotiations among LAPs, may be complicated by any backstop requirements

## Bridge Financing After Service Agreement

- Cashflow needs:
  - Monthly JPA expenditures plus design/development costs totaling between \$7.0 million – \$24.3 million per month
  - Bridge financing would cover cash flow timing issues between expenditure and reimbursement via WSIP, WIIN Act, WIFIA, etc.
  - Bridge Financing may also be used through Construction period in lieu of WIFIA draws to take advantage of potential interest savings
  
- Bridge Financing Instrument: A drawable credit facility, commercial paper program, or bond anticipation note (BAN), to be repaid:
  - From proceeds of the WIFIA Loan and public benefits funding drawdowns, or
  - By JPA Members through the Service Agreement
  - This security structure would be investment grade
  - WIFIA Loan programs frequently employ bridge financing

## Bridge Financing After Service Agreement (cont.)

- Documentation Requirements
  - Credit Facility / Loan Agreement between the JPA and the Lender
  - The Service Agreement
  
- Implementation Timeframe – 4 to 5 months
  - Facility terms / Market Solicitation      2 – 3 months
  - Award / documentation / closing      1 – 2 months
  - The above implementation timeframe would mean commencing implementation efforts in Spring 2023
  
- The primary alternative to Bridge Financing for design/ construction expenditures would be a Working Capital Fund funded with WIFIA Loan proceeds or Member contributions

## Bridge Financing After Service Agreement (cont.)

### ■ Advantages

- An investment -grade bridge loan facility would likely have an attractive (short-term) borrowing interest rate
  - Some WIFIA borrowers have used bridge financing for the entire construction period in order to lower overall interest cost
- May preserve WIFIA loan option to renegotiate the loan rate (min. 50 bps decrease required)
- Alternatives may be unattractive

### ■ Disadvantages

- Effort required for implementation and ongoing administration
- Transaction costs (\$100,000 to \$250,000) and ongoing credit facility fees

## Summary / Discussion

1. Bridge Financing prior to Service Agreement execution, “bridging” from date of JPA expenditure to Service Agreement / financial closing date
2. Bridge financing following Service Agreement execution “bridging” from design/construction expenditure to reimbursement