



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

Regular Meeting  
April 27, 2023 – 1:00 p.m.

Directors participating telephonically:

Anthea Hansen - 17840 Ward Avenue, Patterson, California 95363

Paul Sethy - 46961 Zapotec Drive, Fremont, California 94539

Rebecca Eisenberg - 2345 Waverly Street, Palo Alto, California 94301

Michael Tognolini - EBMUD Administration Building, 375 Eleventh Street, Oakland, California 94607

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This meeting will be conducted remotely and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Zoom link below without otherwise complying with the Brown Act's teleconference requirements.

**Please click the link below to join the webinar:**

**<https://lagerlof.zoom.us/j/81912208202?pwd=dG9hdGFyOWp6L1BERktwK0MyUHVRZz09>**

**Passcode: 484186**

**Or One tap mobile:**

**US: +16694449171,,81912208202#,,, \*484186#**

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

**Meeting ID: 819-1220-8202**

**Passcode: 484186**

Any member of the public wishing to make any comments to the Committee may do so by accessing the above-referenced link where they may select the option to join via webcam or teleconference. Members of the public may also submit written comments to the Clerk by 4:00 p.m. on the business day prior to the meeting for the Clerk to read into the record (subject to three-minute limitation). The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making their comment. Members of the public will be disconnected from the meeting prior to any Closed Session, if applicable.

NOTE: *To comply with the Americans with Disabilities Act, if you need special assistance to participate in this Committee meeting, please contact the Authority's Clerk at [rperea@lagerlof.com](mailto:rperea@lagerlof.com) by 4:00 p.m. on April 26, 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**

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

Paul Sethy – Vice Chair, Alameda County Water District

Michael Tognolini – East Bay Municipal Utility District

Rebecca Eisenberg – Santa Clara Valley Water District

### **PUBLIC COMMENT ON NON-AGENDA ITEMS**

*Any member of the public wishing to address the Finance Committee regarding items not on the Agenda should do so at this time. The Committee welcomes your comments and requests that speakers present their remarks within established time limits and on issues that directly affect the Authority or are within the jurisdiction of the Authority.*

### **DISCUSSION ITEMS (may include action to recommend forwarding items to Board of Directors for adoption or approval)**

- 1.1 April 23, 2023 Finance Committee Meeting Summary**
- 1.2 Discussion of 2023-24 Fiscal Year Budget, draft Budget Book and Cost Sharing Agreement Amendment No. 5**
- 1.3 Draft Treasurer's Report – Month Ended March 31, 2023**

### **FUTURE AGENDA ITEMS**

### **ADJOURNMENT**

**ITEM 1.1: MARCH 23, 2023 FINANCE COMMITTEE MEETING SUMMARY**

**RESPONSIBLE/LEAD STAFF MEMBER:**

James Ciampa, General Counsel

**DISCUSSION:**

Attached for the Committee's information is the summary prepared for the March 23, 2023 Finance Committee meeting.

**ALTERNATIVES:**

Any suggested revisions to the attached summary will be considered.

**FISCAL ANALYSIS:**

Not applicable

**ENVIRONMENTAL REQUIREMENTS:**

Not applicable

**EXHIBITS/ATTACHMENTS:**

Summary from March 23, 2023 Finance Committee meeting.



## SUMMARY OF REGULAR MEETING OF FINANCE COMMITTEE

March 23, 2023 – 1:00 p.m.

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Participating Telephonically:

Chair Anthea Hansen  
Committee Member Rebecca Eisenberg  
Committee Member Michael Tognolini

Absent:

Vice Chair Paul Sethy

Staff and 16 others also attended the meeting.

**1.1 February 23, 2023 Finance Committee Meeting Summary.** The draft summary of the February 23, 2023 Finance Committee meeting was presented for the Committee's review and discussion. The draft summary was approved by the Committee, as presented.

**1.2 Status Update of Audit and Accounting Services Requests for Proposals.** Executive Director Taryn Ravazzini noted that at the March 8, 2023 Board of Directors' meeting the issuance of requests for proposals for audit services and accounting services was discussed. The Board directed that the request for proposal for audit services be sent to various audit firms for audits of the Authority's 2022-23 and 2023-24 fiscal years, with an option for an agreed upon procedures review of the 2021-22 fiscal year. Staff is in the process of preparing that request for proposal. Also, with respect to the 2021-22 fiscal year, Maze & Associates will prepare that audit due to the need to have that audit completed by June 30, 2023. The engagement letter with Maze & Associates for that work is awaiting execution. The Special District Financial Transactions Report for the 2021-22 fiscal year was prepared and was timely filed.

With respect to the accounting services request for proposal, staff is working with Contra Costa Water District staff on that RFP and anticipates finalizing and distributing that RFP by the end of the month. The proposed scope of work includes tasks related to General Financial Transition Services, Program Controls and Reporting, Funding Agreement Administration Support, Accounting Services, and supplemental services as needed. The proposed schedule offers a 30-day advertising period, followed by Authority proposal review and consultant selection, and contract discussions. Authority Board action for contract approval is anticipated at the June 14, 2023 Authority Board meeting.

Committee Member Tognolini inquired as to the outreach efforts in connection with the accounting services RFP and was advised that comments from the Finance Work Group will be solicited to provide input on possible proposing entities. Chair Anthea Hansen emphasized the importance of a firm's familiarity with administering grant funding agreements. Maureen Martin, Contra Costa Water District, advised that CCWD is putting in place robust funding administration processes in connection with the financial transition process.

### **1.3 Discussion of Proposals for Authority Insurance Coverage**

Executive Director Ravazzini informed the Committee that over the past several months, staff has investigated various alternatives from which to procure general liability and errors and omission insurance coverage. Those efforts have included discussing coverage issues and requesting quotes for coverage from various public agency insurance pools, including ACWA-JPIA, Special Districts Risk Management Authority (SDRMA) and the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA). Unfortunately, ACWA-JPIA and SDRMA and others have not been willing to provide quotes.

The Los Vaqueros Reservoir Phase 2 Expansion is a unique and complex project and the work of the JPA will evolve over the coming years. Staff, in working with Mike Waltz, an insurance broker with InterWest Insurance Services, has aimed for the baseline for coverage of risk to be established in as comprehensive and flexible a manner as possible. Staff's objective was to receive quotes for Public Officials and Management Liability insurance. Two providers, CalMutuals JPRIMA and Socius, were responsive. Each proposing entity has offered different policies and different coverage limits.

Summaries of the quotes and associated coverage were provided in the table included with the meeting packet. Those quotes reflect an annual cost of coverage from \$43,000 to \$75,000, depending on which proposal is accepted.

Mr. Waltz then reviewed and compared the two proposals. Committee Member Eisenberg inquired regarding the most significant risks the Authority faces for which coverage is needed. He responded that given the Authority's newness, have broader coverage is more beneficial and JPRIMA offers wider and more comprehensive coverage, which also includes the capacity for growth with the Authority. Also, Mr. Waltz stated JPRIMA is a carrier that is familiar with water district exposures and risks. Based on those factors, he recommends JPRIMA's coverage. Committee Member Tognolini commented that the insurance coverage should be as expansive as possible and inquired as to any liabilities that are not covered and what would happen if coverage limits were exceeded. General Counsel James Ciampa stated that any liability not covered by the insurance would be a liability of the Authority, which the Board of Directors would need to determine how to handle and could ultimately be satisfied through member contributions. The Committee reached consensus on recommending to the Board of Directors the coverage that would be provided by JPRIMA.

General Counsel Ciampa, as a matter of full disclosure, advised that he is also general counsel to JPRIMA and there could be a potential conflict of interest based on his representation of both entities. He further stated his representation of JPRIMA focuses on governance and administrative issues and not insurance coverage decisions, which are handled by JPRIMA's insurance administrator and the underlying insurance companies. Committee Member Eisenberg stated the Authority needs to be transparent regarding that potential conflict of interest.

Committee Member Eisenberg also inquired about the possibility of obtaining a rider from the carriers of the individual member agencies to provide additional coverage for the members and regarding the possibility of increasing coverage limits as the Authority grows and more activities are undertaken. Mr. Waltz commented that as the Authority grows and develops, endorsements and adjustments can be made.

Chair Anthea Hansen stated she appreciated the thorough review provided and suggested this matter be taken to the Board level for approval. Executive Director Ravazzini advised that this matter will be included in an upcoming Board agenda.

#### **1.4 Overview of 2023-24 Fiscal Year Budget**

Executive Director Ravazzini advised that 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. She has been working with Contra Costa Water District's staff, led by Maureen Martin, on developing that budget.

Ms. Martin then gave a presentation that provided an overview of the budget at this stage of development. That presentation included the assumptions that have been made regarding the budget, including that the Service Agreement will not be executed until March 2024, funding will be paid to the Authority through Multi-Party Agreement Amendment No. 5, to cover July 1, 2023 through June 30, 2024 and no construction activities will take place in Fiscal Year 2024. Updates to that budget will be provided as the Authority's needs are more clearly determined over the next few months. Ms. Martin also reviewed the uses of funds that comprise the overall budget figures.

Committee Member Tognolini asked whether there will be sufficient monies to cover all Authority expenses, and Ms. Martin confirmed there are sufficient funds to cover all expenses. Mr. Tognolini asked that an informational appendix regarding anticipated construction costs be included for illustrative purposes and Chair Hansen agreed that this would make things clearer for the reader. Ms. Martin concurred with that request and stated it would be helpful with long-term planning for each member agency. She noted the Multi-Party Agreement Amendment No. 5 will be asking for additional payments for FY 2023-2024, which will be evenly split seven ways between the member agencies, other than Grassland Water District.

Executive Director Ravazzini advised that adjustments to Program Management will be made in anticipation of what is coming up next year. Chair Anthea Hansen mentioned that she would like more detail for each line item in the JPA services category. Ms. Martin advised that a full spreadsheet showing greater detail will be provided at the April Committee meeting. Committee Member Tognolini inquired as to the process for review and approval of CCWD invoices and Ms. Martin explained the system of controls and processes CCWD uses regarding its expenses and that Executive Director Ravazzini reviews the invoices for the JPA.

**1.5 Draft Treasurer's Report – Month Ended February 28, 2023.** Executive Director Ravazzini presented the Draft Treasurer's Report for the month ended February 28, 2023.

#### **FUTURE AGENDA ITEMS:**

- Further review of draft FY 24 Budget
- Discuss Multi-Party Agreement, Amendment No. 5
- Discuss status of the Service agreement

The meeting adjourned at 2:49 p.m.

*James D. Ciampa*

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James D. Ciampa  
General Counsel

**ITEM 1.2: DISCUSSION OF 2023-24 FISCAL YEAR BUDGET, DRAFT BUDGET BOOK AND COST SHARING AGREEMENT AMENDMENT NO. 5**

**RESPONSIBLE/LEAD STAFF MEMBER:**

Taryn Ravazzini, Executive Director

**DISCUSSION:**

As previously presented to the Finance Committee and to the Board of Directors, JPA staff along with CCWD's staff have been working to develop the Authority's 2023-24 Fiscal Year Budget. In connection with the budget development, Amendment No. 5 to the Multi-Party Cost Share Agreement has been drafted and distributed to members' respective staffs for review and comment.

Today's presentation by Maureen Martin will review the draft Budget Book for the FY 2023-24 Budget. The draft Budget includes sources and uses of funds totaling \$19,073,000, with \$8,673,000 to be contributed by the Authority's members under Amendment No. 5. The Budget Book also reviews the Authority's accomplishments in FY 23 and looks forward to various milestones to be accomplished in FY 24.

**ALTERNATIVES:**

For discussion purposes

**FISCAL ANALYSIS:**

The current version of the FY 24 Budget calls for total expenditures of \$19,073,000.

**ENVIRONMENTAL REQUIREMENTS:**

Not applicable

**EXHIBITS/ATTACHMENTS:**

Draft FY 2023-24 Budget Book



# Los Vaqueros Reservoir Joint Powers Authority



## **FY24 Budget**

(July 1, 2023 – June 30, 2024)

Adopted ###

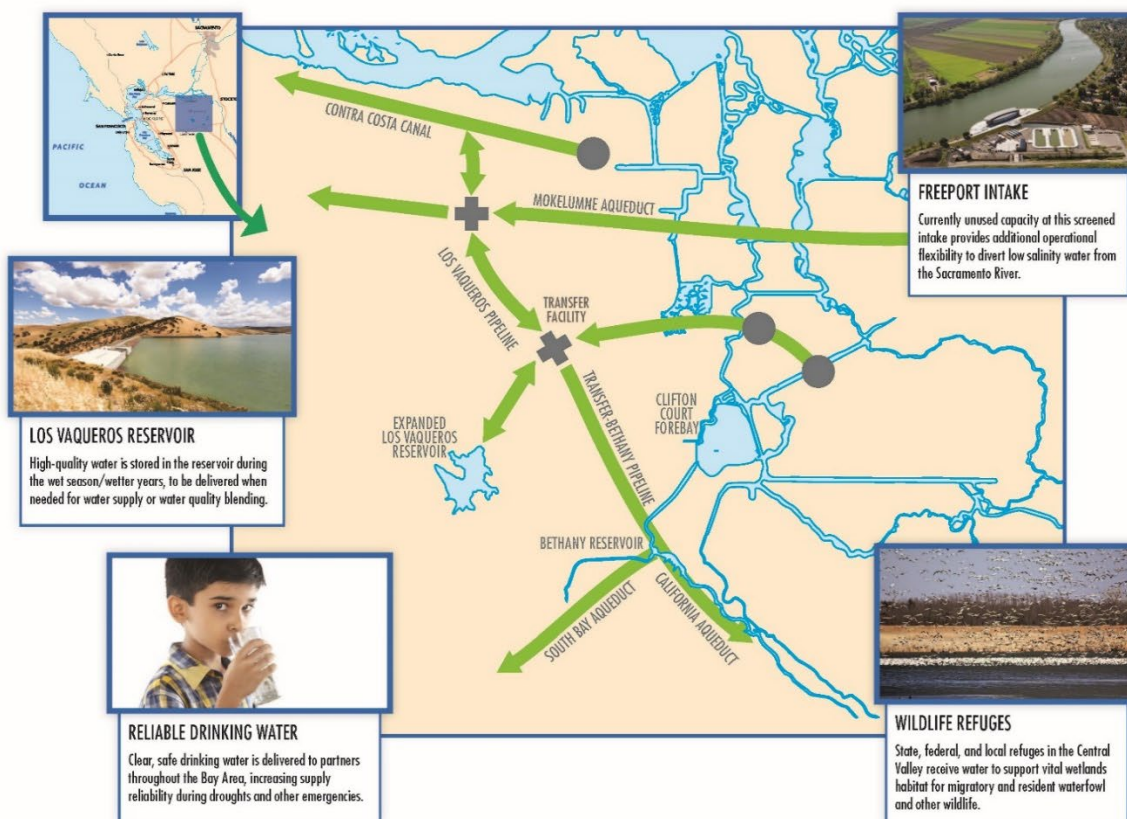


# Background Information

The Los Vaqueros Reservoir Joint Powers Authority (JPA) was formed in October 2021 to provide governance of the Phase 2 Los Vaqueros Reservoir Expansion Project (Project). The eight agencies which make up the JPA include: Alameda County Water District, Contra Costa Water District, East Bay Municipal Utility District, Grassland Water District, San Francisco Public Utilities Commission, San Luis & Delta-Mendota Water Authority, Santa Clara Valley Water District, and Zone 7 Water Agency. The main purposes of the JPA are to ensure sufficient stable funding for the Project, including local cost shares, to ensure costs are reasonable, and to ensure cost allocations are equitable and transparent.

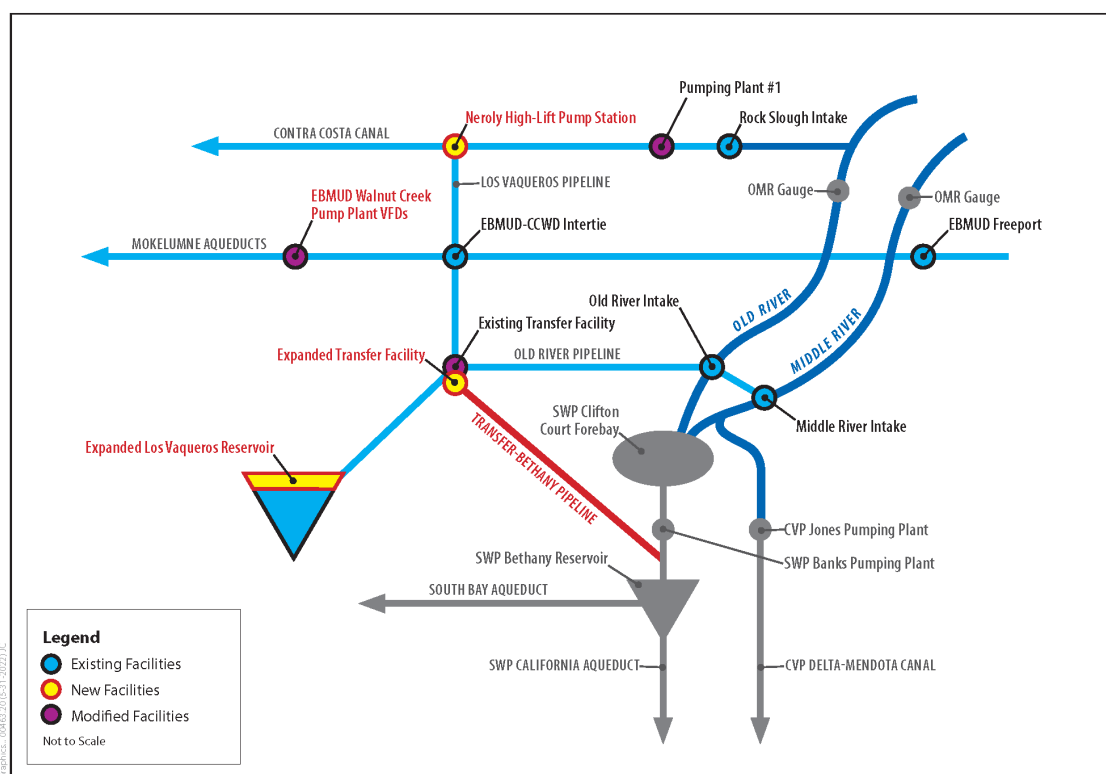
## THE PROJECT

The Project will enhance Bay Area and Central Valley water supply reliability, develop water supplies for wildlife refuges, and improve water quality while protecting Delta fisheries and providing additional Delta ecosystem benefits. Figure 1 shows a map of the Project location and benefits. When completed, it will increase the Los Vaqueros Reservoir's capacity from 160,000 acre-feet to 275,000 acre-feet and add new and modified conveyance facilities to provide environmental, water supply reliability, operational flexibility, water quality, and recreational benefits. Figure 2 shows a schematic of existing, modified, and new facilities that comprise the Project.



**Figure 1 Location of Phase 2 Los Vaqueros Reservoir Expansion Project and Benefits**

In FY23 the JPA hired Taryn Ravazzini as the Executive Director. In FY24 Contra Costa Water District (CCWD) will transition out of its role as the Interim Administrator of the JPA as the JPA procures more services in FY24. CCWD will continue to provide technical services to the JPA as required and specified in Amendment No.5 to Multiparty Agreement.



Existing, Modified and New Facilities of Los Vaqueros Reservoir Expansion Project



**Figure 2 Schematic of Phase 2 Los Vaqueros Reservoir Expansion Project Facilities**

Activities currently underway include permitting, facilities design, and agreement development, while also pursuing additional funding for the Project. The Project has been conditionally awarded approximately \$477 million of Proposition 1 funds from the California Water Commission and has received a total of \$164 million in federal appropriations to date. The remainder of the project costs will be covered by additional federal funding, JPA Member contributions, and financing. Construction may begin as early as calendar year 2024, pending necessary reviews, approvals, and funding, and is anticipated to continue through 2030. Additional information is available at [losvaquerosjpa.com](http://losvaquerosjpa.com).

The Board Members, officers, contractors, and anticipated contractors to the JPA (JPA services) are summarized below.

## Board Members

### **Alameda County Water District Director**

Paul Sethy, Treasurer

### **Alternate Director**

Jonathan Wunderlich

### **Contra Costa Water District Director**

Ernesto Avila

### **Alternate Director**

Antonio Martinez

### **East Bay Municipal Utility District Director**

Mike Tognolini

### **Alternate Director**

Lesa McIntosh

### **Grassland Water District Director**

Ellen Wehr, Secretary

### **Alternate Director**

Ricardo Ortega

### **San Francisco Public Utilities Commission**

### **Director**

Dennis Herrera

### **Alternate Director**

Steve Ritchie

### **San Luis & Delta-Mendota Water Authority**

### **Director**

Anthea Hansen, Vice Chair  
(Del Puerto Water District)

### **Alternate Director**

Jose Gutierrez  
(Westlands Water District)

### **Santa Clara Valley Water District Director**

Rebecca Eisenberg

### **Alternate Director**

Richard Santos

### **Zone 7 Water Agency Director**

Angela Ramirez Holmes, Chair

### **Alternate Director**

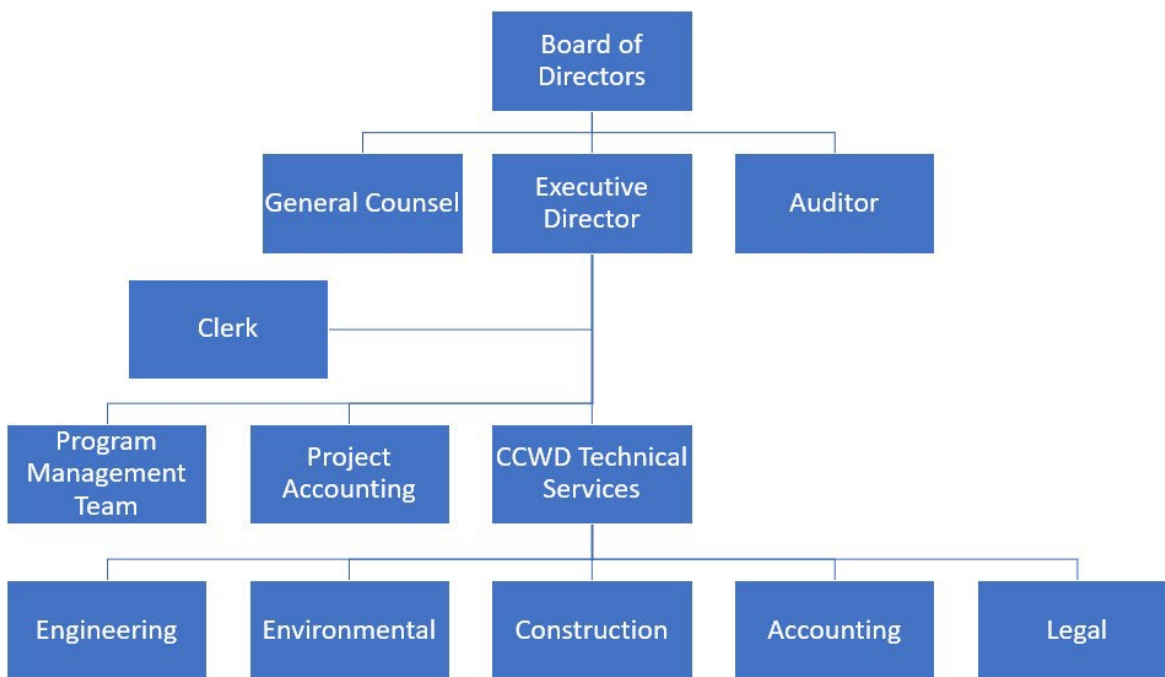
Sandy Figuers

### **Department of Water Resources**

Ex-Officio

**Department of Water Resources (DWR) is anticipated to appoint a non-voting member, pursuant to Water Code Section 79759(b)).**

# Organizational Chart



\*Note that the org chart will be updated for the final budget book.

## JPA Administration

Taryn Ravazzini – Executive Director  
 Jim Ciampa – General Counsel  
 Rose Perea – Clerk to the Board  
 Norma Alley – Assistant Clerk to the Board

## Key Milestones

In FY23, its first full fiscal year, the JPA achieved many significant milestones. The key accomplishments are listed below:

- Strengthened foundational governance structure of the JPA by adopting necessary fiscal and administrative policies and procedures
- Contracted with T. Ravazzini Consulting to serve as Executive Director
- Retained Jim Ciampa as General Counsel and Rosemarie Perea as Board Clerk, who had previously had served as Interim General Counsel and Interim Board Clerk, respectively
- Retained Clean Energy Capital as financial advisor to the JPA
- Retained S&P to provide an indicative credit rating for the JPA in connection with the contemplated WIFIA Loan
- Competitively procured Program Management Consultant
- Procured banking and other financial services
- Procured insurance
- Transitioned administration services from CCWD to the JPA
- Convened regular monthly JPA Board meetings as well as Finance, Communications and Outreach, and Operations and Engineering Committees
- Convened workshops with Reclamation to evaluate federal investment and benefits
- Developed and strengthened relationships with legislative representatives in Washington D.C. and in Sacramento
- Convened work groups to begin the Service Agreement drafting process

During FY24, the following additional milestones are anticipated:

- Complete permitting of the Project
- Execute Contracts for Administration of Public Benefits
- Execute a Design and Construction Agreement with CCWD
- Execute a Facility Usage Agreement with CCWD and EBMUD
- Execute a Service Agreement between the JPA and its Members
- Apply for a Water Infrastructure Finance and Innovation Act (WIFIA) Loan
- Hold the California Water Commission (CWC) final funding award hearing

## Source of Funds

Approximately \$19.1 million of state, federal, and local funding is expected in FY24, including \$6.3 million carryover from FY23. This total excludes construction funding, which, if construction proceeds, will require a revision and supplement to this budget. Table 1 below shows a summary of the sources of funds. Figure 3 shows the relative contribution of the various sources of funds anticipated in FY24.

### STATE FUNDING

The Project is qualified for up to \$477.5 million of state funding through the Water Storage Investment Program administered by the California Water Commission (CWC). In 2018, CCWD executed an Early Funding Agreement with the CWC that provides for a state cost share of 50 percent of eligible costs, up to a maximum of \$23.9 million through December 31, 2023. It is anticipated that the \$2.0 million remaining from the Early Funding Agreement will be provided by the CWC in FY24. The non-state cost share is provided by federal and local funding. The CWC is invoiced monthly, and payments are made in arrears. CCWD will collect state funds until the term of the Early Funding Agreement expires.

### FEDERAL FUNDING

Although over \$164 million has been appropriated by Congress for construction of the Project, it is assumed that only funding for pre-construction activities will be available in FY24. In 2022, CCWD executed an Assistance Agreement with Reclamation to fund a portion of pre-construction activities. The Assistance Agreement provides for a federal cost share of 24 percent of eligible costs through December 31, 2023. The budget of the Assistance Agreement is approximately \$30 million, including \$7.2 million in Reclamation cost share (24%) and \$22.8 million in non-Federal cost share (76%). Non-Federal cost share is provided by state and local funding. Reclamation is invoiced quarterly, and payments are made in arrears. It is anticipated that approximately \$2.1 million will be provided by Reclamation in FY23. CCWD will collect federal funds in FY24 until the term of the Assistance Agreement expires, or until such time that the JPA enters into a new Assistance Agreement with Reclamation.

**\*Note that staff are looking into a possible amendment to extend term and increase total amount of federal funding to be provided for planning.**



## **JPA DEBT FINANCE**

The JPA anticipates applying for a Water Infrastructure Finance and Innovation Act (WIFIA) loan in FY24 for up to \$675 million; if the application is accepted, it is anticipated that the loan could close in FY24, after JPA members enter into the required Service Agreement. This budget does not assume that WIFIA will be available in FY24 to ensure sufficient local funding is collected. If the WIFIA loan closes and is drawn down in FY24, it could replace some or all of the local source of funds.

**\*Note that the JPA could adjust the budget at the time of closing.**

## **LOCAL FUNDING**

The JPA Members have been contributing funds to the Project since 2017 through a series of local cost share agreements between CCWD and other JPA Members. The Multiparty Cost Share Agreement was executed in 2019 and has been amended multiple times. Amendment No. 5 is in the process of being executed and the scope of work and budget align with the FY24 budget included here. It is anticipated that JPA Members will collectively contribute \$8.6 million in FY24. JPA Members will be invoiced in September 2023 and January 2024 for the FY24 Project costs. The timing of the invoices is intended to allow for flexibility for JPA members, other than CCWD, to authorize execution of Amendment No. 5 of the Multiparty Agreement. The JPA will invoice members and JPA will remit payment to CCWD for work performed by CCWD.

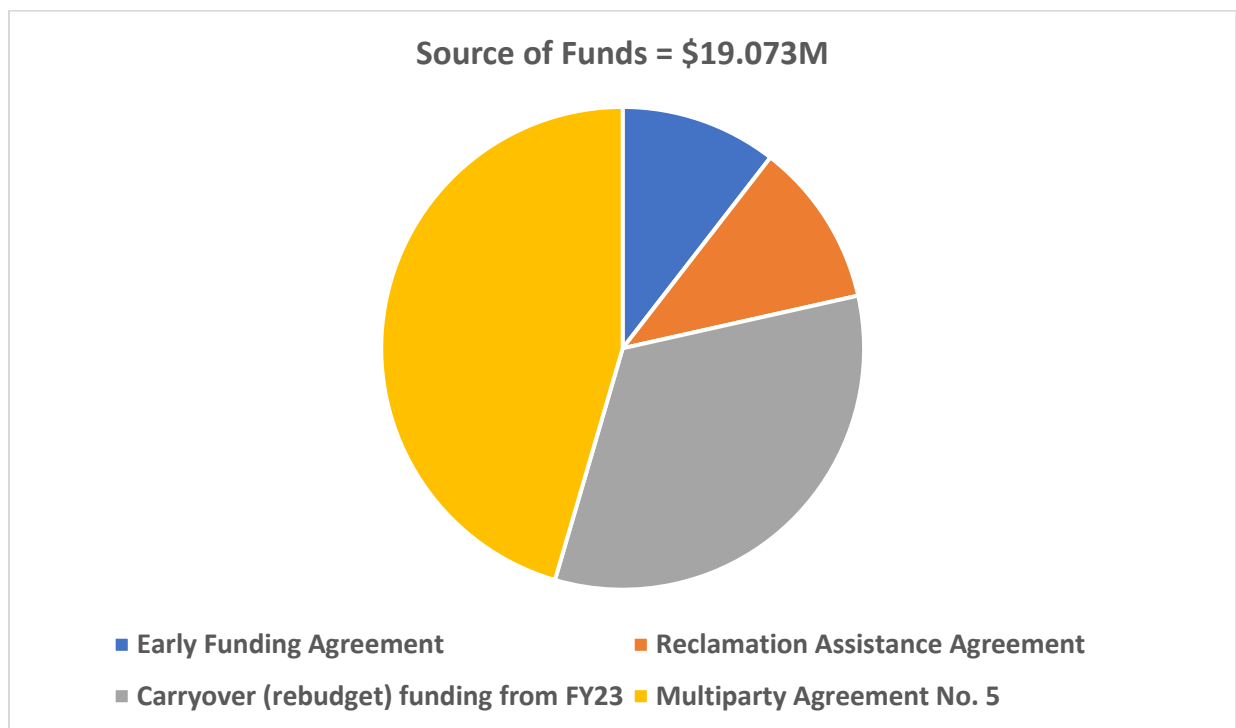
**\*Note that member agencies are currently reviewing Amendment No. 5 and local cost share and the FY24 budget will be updated pending comments from member agencies.**

## **RE-BUDGET CARRYOVER FROM FY23**

A portion of funds that have been collected by CCWD for the Project in the previous fiscal years from state, federal, and local sources remain unspent, due to conservative budgeting and typical ramping-up of project activities. The unspent funding collected for the Project will be re-budgeted into FY24. Approximately \$6.3 million is anticipated to be re-budgeted. CCWD will transfer \$XX within 10 days of the effective date of Amendment No. 5 to the Multiparty Agreement so that the JPA can pay its contractors until such time as it receives payments from members.

**Table 1 Source of Funds in FY24 (values in thousands of dollars)**

<b>Source</b>	<b>FY24</b>
State	\$2,000
Federal	\$2,100
Local	\$8,673
Carryover (re-budget) funding from FY23	\$6,300
<b>Total</b>	<b>\$19,073</b>



**Figure 3 – Source of Funds in FY23 (values in thousands of dollars)**

## Use of Funds

Approximately \$19.1 million in expenditures are expected in FY24. The use of funds includes services procured by the JPA (JPA Services), services procured and managed by CCWD (CCWD Services), CCWD Labor, and contingency. Table 2 below shows a summary of the use of funds. Figure 4 below shows the relative contribution of the various use of funds anticipated in FY24.

### JPA SERVICES

In FY24, the JPA will continue the existing services procured in FY23 and seek new services. Expenditures for management services include the Executive Director and Program Management consultants. Expenditures for administration services include clerk to the board, and expenses associated with in-person meetings. Expenditures for financial services include financial advisor, fees associated with the WIFIA loan application, accounting, banking, and auditor. Expenditures for external affairs includes state and federal government relations, and the JPA may elect to secure new contracts and service providers in FY24. Expenditures for legal include general counsel, bond counsel, and other specialized counsel to review service agreements and WIFIA loan agreements. Development and execution of the Service Agreement to finalize the allocation of Project benefits and costs to the JPA Members is also anticipated in FY24. The JPA anticipates applying for a WIFIA loan in FY24 for up to \$675 million; the terms of WIFIA repayment are not known at this time and are not included in the FY24 budget. Total expenditures in FY24 for JPA services are anticipated to be \$3.5 million.

**\*Note that staff are currently working with EPA and legal counsel to determine timing and level of effort required in FY24 associated with closing a WIFIA loan and these numbers will be updated in the next version of the budget.**

### CCWD SERVICES AND LABOR

CCWD is responsible for the planning, permitting, design and construction of all facilities built and operated by CCWD described in Exhibit B of the JPA Agreement. CCWD has and will continue to hire consultants and staff to advance the Project, consistent with CCWD's procurement and hiring process. Permit applications have been submitted, and it is anticipated that permits will be issued in FY24. Design will continue to advance for the Pumping Plant No. 1 Replacement and Transfer-Bethany Pipeline in FY24. It is anticipated that dam design will be completed in early FY24. CCWD will

continue to use CCWD's legal counsel to review key permits and contracts held by CCWD (i.e., water rights, etc.). It is anticipated that \$9.8 million will be expended on CCWD Services in FY24, excluding possible construction costs.

The budget for CCWD staff managing services, conducting technical work, and advancing the Project in FY24 is \$4.4 million. CCWD employees direct bill hours to the Project. Taxes, benefits, and indirect costs are applied to direct billed hours.

## **CONTINGENCY**

A contingency amount of \$1.3 million is included in the budget for FY24. This represents approximately 10 percent of CCWD's services and JPA services. Contingency will be used to address changes to the Project while continuing to meet key milestones and could be applied to JPA Services, CCWD Services or CCWD Labor.

## **RESERVES**

### **Capital Project Fund Reserve**

The purpose of the Capital Project Fund Reserve is to provide sufficient working capital for authorized capital expenditures in the upcoming year. The reserve target is set at 17% (2 months / 12 months) of the annual capital budget. The FY24 reserve funding target is \$3.2 million based on the FY24 capital budget of \$19,073 million.

**\*Note that staff are seeking input from the Finance Committee on compliance with reserve policy and management of contingency.**

	<b>FY 24</b>
<b>JPA Services</b>	
Management	\$1,456
Administration	\$235
Financial	\$590
External Affairs	\$810
Legal	\$365
<i>Subtotal</i>	\$3,456
<b>CCWD Services</b>	
Management	\$75
Environmental Planning	\$1,446
Design	\$6,264
Construction	\$0
Legal	\$1,090
Fees	\$974
<i>Subtotal</i>	\$9,849
<b>CCWD Labor</b>	
Management	\$203
Environmental Planning	\$1,726
Design	\$2,509
Construction	\$0
<i>Subtotal</i>	\$4,437
<b>Contingency</b>	\$1,331
<b>Total</b>	<b>\$19,073</b>

**Table 2 Use of Funds in FY24 (values in thousands of dollars)**

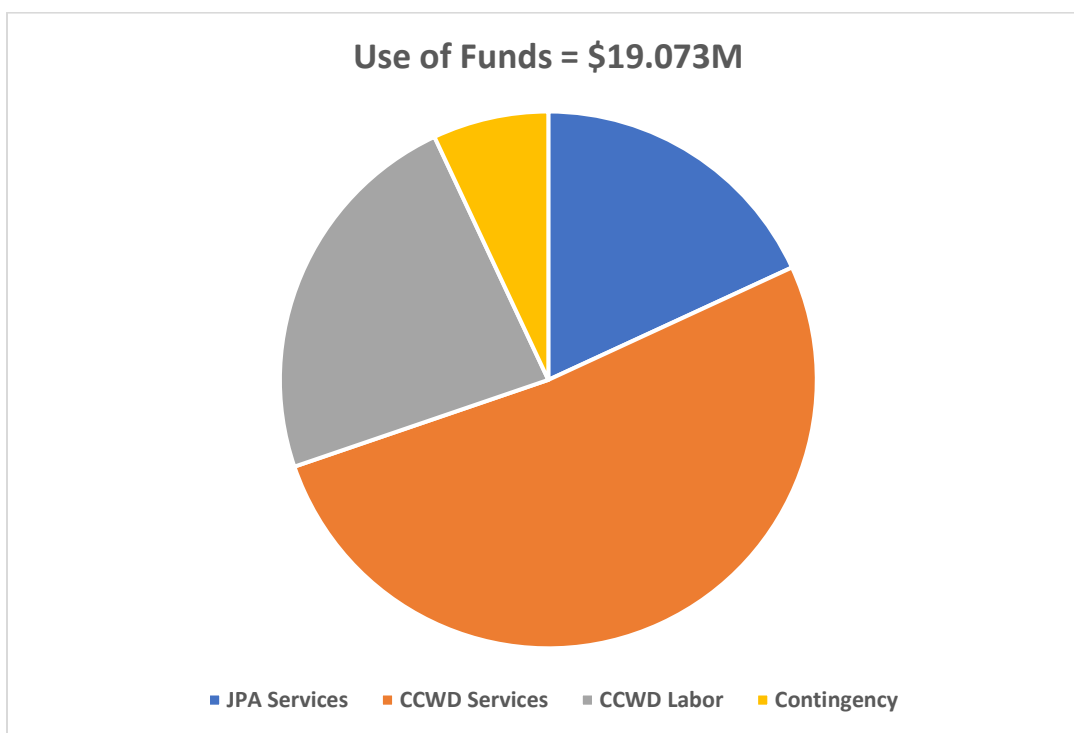


Figure 4 - Use of Funds in FY24 (values in thousands of dollars)

# Capital

All costs for development of the Project are currently identified as capital costs through FY24. Project development expenditures will be categorized as capital until the Project become operational. It is anticipated that the development phase will continue through FY24. Construction is expected to begin as early as the summer of calendar year 2024 and likely to begin by FY25. Partial operation of the Project is not expected to commence until 2027 at the earliest. Until such time that the Project becomes operational, all development and construction expenses, and JPA administrative services are considered capital expenditures. Table 3 below summarizes the capital budget in FY24. Figure 5 shows the preliminary schedule of pre-construction activities leading up to the CWC final award hearing. Figure 6 shows the preliminary construction schedule of the project facilities.

**Table 3 Capital Budget (values in thousands of dollars)**

<b>Capital Budget</b>	<b>FY24 Total</b>
JPA Services	\$3,456
CCWD Services	\$9,849
CCWD Labor	\$4,437
Contingency	\$1,331
<b>Total</b>	<b>\$19,073</b>

\*Need to update with latest showing FY24

**Figure 5 Preliminary Pre-Construction Schedule Phase 2 Los Vaqueros Reservoir Expansion Project**

\*Need to update with latest showing FY24

**Figure 6 Preliminary Construction Schedule of the Phase 2 Los Vaqueros Reservoir Expansion Project**



## **Operating**

It is anticipated that the development phase will continue through FY24. Construction is expected to begin in FY2025. Partial operation of the Project is not expected to commence until 2027 at the earliest. Until such time that the Project becomes operational and begins to deliver water to JPA Members, expenses will be capitalized and there will be no operating expenses of the JPA.

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

**RESPONSIBLE/LEAD STAFF MEMBER:**

Taryn Ravazzini, Executive Director

**DISCUSSION:**

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



## DRAFT TREASURER’S MONTHLY REPORT

### MULTI-PARTY AGREEMENT STATUS

Amendment No. 4 to the Multi-party Cost Share Agreement (MPA) was previously executed and payment of \$1,094,00 per agency has been received by all JPA Member agencies. Amendment No. 5 has been drafted and sent to Member agency staff for review.

APRIL 27, 2023

#### Upcoming Activities

April 27 at 1:00 p.m. – Finance Committee Meeting via Zoom

May 2 at 2:30 p.m. – Finance workgroup and subgroup meetings (Draft Term sheet and Service Agreement Development )

May 25 at 1:00 p.m. – Finance Committee Meeting via Zoom

Finance Committee Members:

Chair: Anthea Hansen, SLDMWA

Vice-Chair: Paul Sethy, ACWD

Rebecca Eisenberg - SCVWD

Michael Tognolini, EBMUD

#### Acronym key

ACWD – Alameda County Water District

CCWD – Contra Costa Water District

CWC – California Water Commission

EBMUD – East Bay Municipal Utility District

LAP – Local Agency Partners

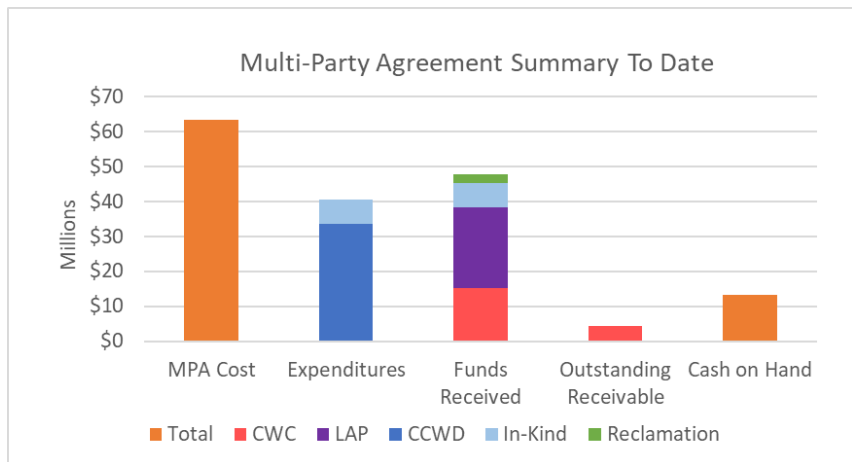
MPA – Multi-party Cost Share Agreement

SCVWD – Santa Clara Valley Water District (Valley Water)

SLDMWA – San Luis & Delta-Mendota Water Authority

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

The following chart provides an overview of the MPA expenditures through March 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: \$33,413,550 (includes consultants and legal services)

In-kind: \$7,104,718 (LAPs and Reclamation)

Total: \$40,518,269

#### Funds Received:

CWC: \$15,309,450

Reclamation: \$2,420,227

LAP: \$22,853,077 (cash contributions)

In-kind: \$7,104,718 (LAPs and Reclamation)

Total: \$47,687,472

#### Outstanding Receivable:

CWC: \$4,235,822

Reclamation: \$0

LAP: \$0

Cash on Hand: \$13,138,626

## **FEDERAL FUNDING STATUS**

A total of \$82 million was allocated to the Project in the Bipartisan Infrastructure Law FY22 Spend Plan and Reclamation recommended \$18 million of Water Infrastructure Improvements for the Nation (WIIN) Act to be allocated in FY23. Previous awards of Federal funding during FY21 and FY22 include \$10 million in pre-construction funding and \$54 million in construction funding. CCWD executed an assistance agreement with Reclamation for a total of \$7.2 million in federal funding for permitting, design, and other pre-construction activities and Reclamation has paid the first two invoices. Staff are working with Reclamation to explore a potential amendment.

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:	\$39,090,545 (82% spent to date)
Total Amount Remaining:	\$8,665,289
Total Retention To Date:	\$423,582
Outstanding Invoices:	\$4,235,822