



Topic: **Reservoir Committee Agenda Item 3-3** **2018 Nov 16**

Subject: **Reprioritized Phase 1 Budget and Work Plan**

Requested Action:

Consider approval of the Work Plan and Budget.

1. Consider approval of the proposed reprioritized Phase 1 Budget and Work Plan for project activities from December 1, 2018 through March 31, 2019 which also facilitates the transition to the critical work being proposed for the remainder of 2019.
2. Consider approval of the proposed 2019 Budget and Work Plan for project activities from April 1, 2019 through December 31, 2019. Once approved, this plan will supersede the 2019 portion of the previously approved Work Plan (refer to prior action taken on July 20, 2018) and will become an Exhibit in the 2019 Reservoir Project Agreement.

Detailed Description/Background:

On November 7, 2018, the Authority’s Ad Hoc Finance & Budget Committee and the Reservoir Committee’s Ad Hoc Finance & Economics Work Group met to review draft budgets for both the Authority (January through December 2019) and Reservoir Committee (which is a combination of reprioritizing currently-approved budget for December through March 2019 and a new budget for April through December 2019).

Both the reprioritized budget for December through March (which aligns with the duration of the Phase 1 Reservoir Project Agreement) and the new budget for April 1 through December 2019 (which aligns with the duration of the 2019 Reservoir Project Agreement) incorporate direction provided by the Reservoir Committee at the October 18, 2018 meeting; where critical tasks were identified to support a minimum investment (Plan B, with \$9.7 million provided by those participants executing the 2019 Reservoir Project Agreement) and additional tasks to minimize risks yet could be funded using cash calls that will enable the need for any interim financing to be deferred (Plan C, with \$15.0 million provided by those participants executing the 2019 Reservoir Project Agreement). A summary of the results presented at the October 18, 2018 meeting is provided as Figure 1.

Further, in 2019, additional sources of funding will include cost-sharing for activities eligible under state’s 2014 Proposition 1, chapter 8 (WSIP) and funds appropriated by Congress under the WIIN Act. The WSIP funds are limited to \$40.8 million using a concurrent drawdown method and the WIIN Act funding is subject to annual appropriations to Reclamation. These three funding sources are shown in Figure 2.

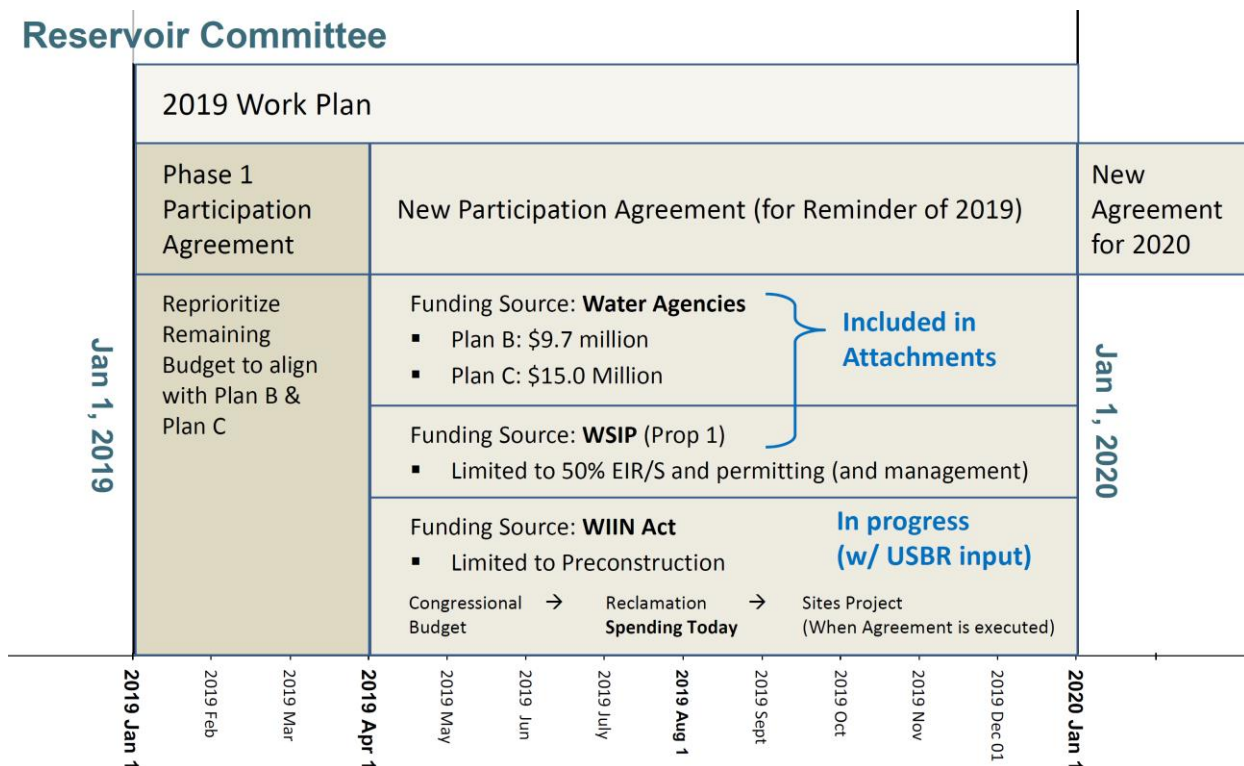
Figure 1: October 18, 2018 presentation, summary and comparison of funding for each plan

Considerations for Changes to Work Plan - Cost Comparison							
S in Millions	2019	2020	2021	2022	2023	TOTAL	Relative Risk
Plan A	85.4	98.6	110.3	83.6		377.8 *	Lowest
Participants	34.4	72.0	88.2	66.9		261.5	
WIIN	17.1	19.7	22.0	16.7		75.6	
WSIP	33.9	6.9				40.8	
Plan B	23.2	98.0	217.7	43.9		382.7	Highest
Participants	9.7	46.4	174.1	35.1		265.4	
WIIN	4.6	19.6	43.5	8.8		76.5	
WSIP	8.8	32.0				40.8	
Plan C	40.2	103.7	180.7	43.5		368.1	Moderate
Participants	15.0	59.3	144.6	34.8		253.7	
WIIN	8.0	20.7	36.1	8.7		73.6	
WSIP	17.2	23.6				40.8	
Plan D	24.2	97.3	147.6	79.1	152.5	500.6	
Participants	10.0	46.4	118.0	63.3	122.0	359.7	
WIIN	4.8	19.5	25.5	15.8	30.5	100.1	
WSIP	9.3	31.5				40.8	

NOTE: State and Federal cost-share amounts shown are to conservatively estimate Participants' cost-share. Should additional funding become available, the work plan amounts could be increased.

* \$ 420 million is provided in the Sept 7 financial package. This included funds to keep the Project moving forward until construction financing is in place, which is the difference equal to \$ 42.2 million.

Figure 2: Funding sources available to advance the Sites Project



Prior Reservoir Committee Action:

July 20, 2018: The Reservoir Committee approved the "Workplan and Monthly Cashflow Analysis for Phase 2 of the Sites Reservoir Project" with its release solely for the following uses:

1. Development of the Phase 2 Finance Plan
2. Developing an Exhibit to include in the Phase 2 Reservoir Project Agreement.
3. Developing an Exhibit to include in the Phase 2 Procurement Request for Qualifications.
4. Developing the FY2019 budget.

Fiscal Impact/Funding Source:

This change does not require any additional revenue. It is deemed to be revenue-neutral relative to the currently approved budget. This change reprioritizes some of the remaining budget to support the transition to the critical tasks identified and that plan to start once the 2019 Reservoir Project Agreement has been executed.

Staff Contact:

Jim Watson

Attachments:

Attachment A: Reservoir Committee-funded activities for FY2019

Category	(Multiple Items)
Action	(Multiple Items)
Funding Source	(Multiple Items)
Work Manager	(All)
Priority	(All)

Report: **Reservoir Committee 2019 Work Plan & Budget**
 Report Date: 2018 Nov 12

Expense (-) or Revenue (+)	Cost Center	Task	Resource	Reprioritize	Proposed Budget
				Currently Approved Budget	Authority= 12 mon Res. Comm= 9 mon
				Sum of Total End of Phase 1	Sum of Total 2019
Expense	C.R. Policy			\$ -	\$ (2,067,094)
	Engagement			\$ -	\$ (135,000)
	Operations	Contingency		\$ -	\$ -
		Env Interests		\$ (44,936)	\$ (120,552)
		Exchange		\$ -	\$ (75,550)
		Modeling		\$ (325,000)	\$ (998,480)
		Op POA		\$ (59,488)	\$ (61,040)
		Staff+		\$ (69,705)	\$ (417,555)
		Storage		\$ (17,824)	\$ (136,300)
		Water Rights		\$ (29,712)	\$ (204,264)
		Water Rights+		\$ (29,712)	\$ (119,892)
	Operations Total			\$ (576,377)	\$ (2,133,633)
	Power	Grid Interconn+		\$ -	\$ (1,097,880)
		H2oPower+		\$ -	\$ (668,453)
		Staff Aug+		\$ -	\$ (632,880)
		Staff+		\$ -	\$ -
	Power Total			\$ -	\$ (2,399,213)
	Res. Comm. O	Advisory		\$ (43,200)	\$ (82,565)
		Office		\$ -	\$ (133,100)
		Participation		\$ (109,800)	\$ (210,600)
		PROCURE		\$ -	\$ (80,240)
		PROCURE-2		\$ -	\$ -
		Rebalance		\$ (8,400)	\$ (134,070)
		Staff		\$ (6,000)	\$ (1,739,573)
		Staff Aug		\$ -	\$ (4,237,495)
		Staff Aug+		\$ -	\$ (225,990)
		Staff+		\$ -	\$ -
		Support		\$ (26,925)	\$ (107,678)
		Technology		\$ (3,330)	\$ (13,280)
		USDA-1		\$ (10,000)	\$ (10,800)
		WSIP-1		\$ (51,440)	\$ (81,960)
	Res. Comm. OH Total			\$ (259,095)	\$ (7,057,351)
	Water	Dam Design		\$ -	\$ (8,776,500)
		Economics+		\$ -	\$ (329,880)
		EIR-EIS		\$ (165,000)	\$ (2,371,767)
		Field Studies		\$ (200,000)	\$ (887,876)
		Field Surveys		\$ -	\$ (91,980)
		Permit Coord		\$ (590,000)	\$ (8,095,900)
		Rights of Entry		\$ (306,000)	\$ (600,119)
	Water Total			\$ (1,261,000)	\$ (21,154,022)
Expense Total				\$ (2,096,472)	\$ (34,946,312)

Reprioritize
 Currently Approved
 Budget

Proposed Budget
 Authority= 12 mon
 Res. Comm= 9 mon

Expense (-) or Revenue (+)	Cost Center	Task	Resource	Sum of Total End of Phase 1	Sum of Total 2019
Revenue	Conversion			\$ -	\$ 2,067,094
	WIIN			\$ -	\$ 8,776,500
	WSIP			\$ 821,603	\$ 10,077,760
	Res. Comm.			\$ -	\$ 14,044,440
Revenue Total				\$ 821,603	\$ 34,965,795
Grand Total				\$ (1,274,870)	\$ 19,482