



Requested Action:

Receive report on process and timing for the cash call associated with the recently approved Phase 2 work plan.

Detailed Description/Background:

The Reservoir Committee requested that Staff clarify the timing and process for the upcoming cash call related to the approved Phase 2 work plan in light of potential economic impacts of the COVID-19 natural disaster on participating member agencies. Also, the Reservoir Committee identified that the cash call process needs to accommodate potential capacity adjustments by each participating member for the phase 2 work. Staff have developed a two-step approach, as follows, that meets both of these conditions and can be accomplished without impact on the project schedule:

- Step 1 "Soft Call" – A web-based survey tool was sent to representatives of each participating agency on April 29 with a return due date of May 15. The survey results will inform overall participation in Phase 2 on a preliminary basis and individual agency decision timing. Each agency needs to identify its expected Phase 2 participation as accurately as possible. The survey results will be reviewed at the May 21 Reservoir Committee meeting.
- Step 2 "Hard Call" – This step depends on decisions by the Reservoir Committee but generally involves either a June 1 - Sept 1 or a July 1 – Oct 1 approval and invoicing period for finalizing Phase 2 participation.

After reviewing the actual and current projected spending in Phase 1B, carryover funds are projected to be sufficient to allow the Phase 2 work to commence on September 1 as long as the requested Phase 2 funds are received no later than November 1.

Prior Action:

April 17, 2020: The Reservoir Committee approved the Amendment 2 Work Plan for the purposes of planning cash calls for participants totaling \$100/AF, producing a draft budget exhibit to the participation agreement, and developing consultant task orders.

March 30, 2020: At a joint workshop, staff provided information that included a process overview of task order development; an updated project schedule; cash flows for Reservoir Committee and Authority Board; and preliminary task budgets including assigned resources.

March 19, 2020: Staff provided information on the goals, schedule, cash flow, and preliminary budget allocation by subject assuming a cash call of \$100/AF.

Staff provided a preliminary cash call schedule of \$60/AF due September 1, 2020 and \$40 due February 1, 2021.

February 21, 2020: Staff provided information on three possible revenue scenarios and a task list for Amendment 2 (September 1, 2020 and ending December 31, 2021). Staff received direction to continue to develop the \$100/AF revenue scenario.

January 17, 2020: Staff provided information regarding the proposed process for developing a work plan. This work plan proposes to focus on improving certainty related to project operations, permitting, and affordability, and to meeting the January 1, 2022 Prop 1 (WSIP) milestone to remain eligible to receive funding.

Fiscal Impact/Funding Source:

The total cash call remains unchanged from the approved Phase 2 work plan in the total amount of \$100/AF. With the Phase 1B carryover funds it may be possible to reduce the total cash call. However, Staff proposes to keep the first call at \$60/AF and reassess the second call currently projected at \$40/AF midway through the Phase 2 work. At that time, any adjustments to the second call can be considered based on the then current projections. Participating members can consider the second call to be an "up to" amount since the Phase 1B carryover represents previously unanticipated funds for the Phase 2 work plan.

Staff Contact:

Jerry Brown

Attachments:

None.