

AUTHORITY BOARD MEETING

NOVEMBER 23, 2020

**Agenda Item 4.3:
Preliminary Project Schedule Through
Construction**



Master, Cost-loaded Schedule Development

- Master project schedule being developed to:
 - Outline timing and sequencing of activities through construction
 - Think through, sequence and plan out all of the steps for final permitting, design, acquisition, and construction
 - Cost load and provide annual cost projections



Project Delivery Assumptions in Master Schedule

- Project activities, sequencing and activity duration are generally based on experience of staff and the consultant teams on other construction projects
- Alternative delivery procurement methods were not considered during this exercise, but there is time in the schedule to consider these in the future



Cost Assumptions in Master Schedule

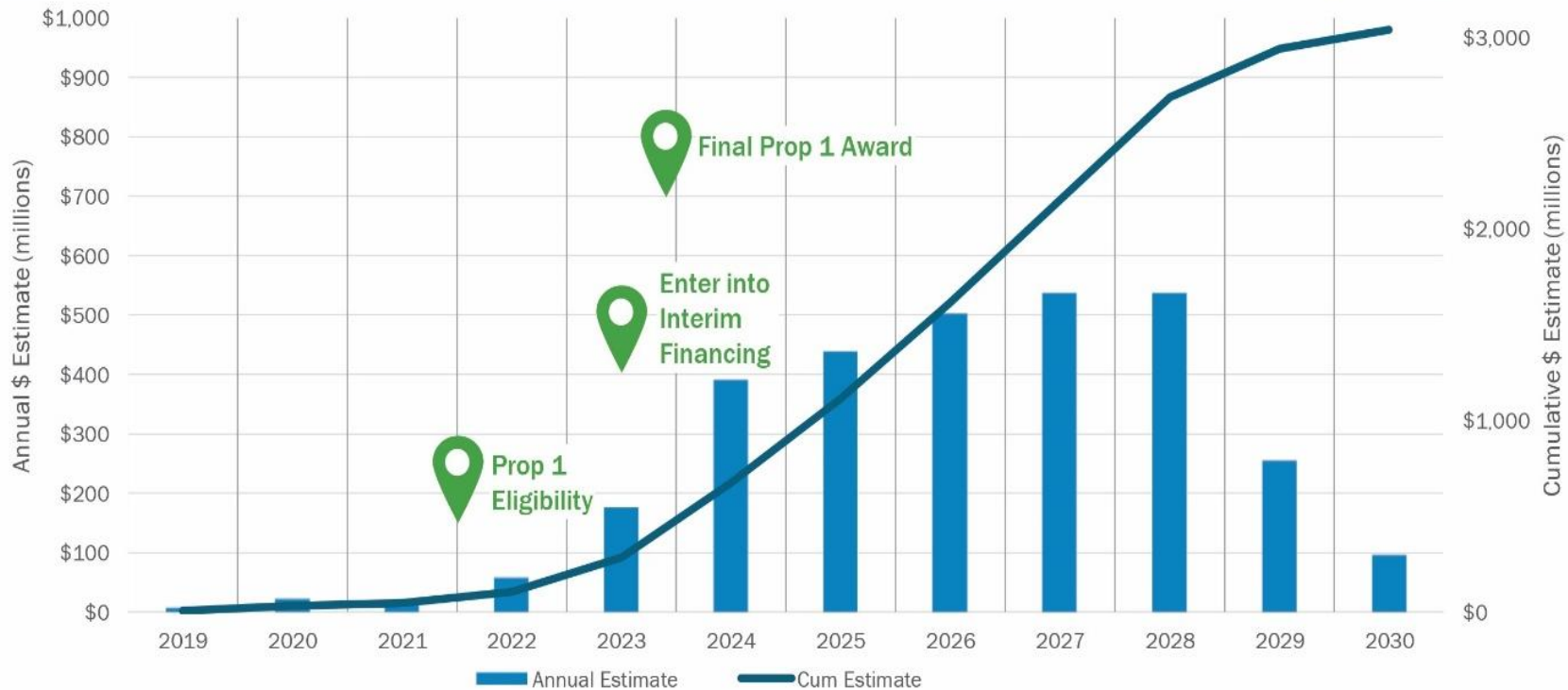
- Based on the construction cost estimate in the April 2020 Value Planning Report for VP-7 (2019 dollars)
- Grouped into four categories, non-contract, construction, mitigation and contingency – cost curve was then applied to each group to spread costs over the expected period of activity
- Activities in 2022 and 2023 were assumed limited by funding:

	2022	2023
Cash Call*	\$150/AF	\$200/AF
Interim Financing*	\$0	\$100 million
WSIP Funding	\$19 million	\$0 million
WIIN Act	\$15 million	\$22 million
Total	\$60 million	\$157 million

- Financing and WSIP construction funding assumed after obtaining water right permit (mid-2023)

**This does not preclude the Reservoir Committee and Authority Board from initiating bank financing earlier, however it is unclear how early this could occur until progress is made on the Plan of Finance.*

Sites Reservoir Project Cash Flow to Construction Completion



Costs shown are in 2019 dollars



Outcomes from this Early Effort

- WSIP early funding will be exhausted in 2022
- WSIP construction funding is expected in mid-2023 (after obtaining water right permit)
- Limiting activities to the assumed funding amounts in 2022 and 2023 allows for additional time to secure project financing
- Obtaining financing after mid-2023 is likely to delay property acquisition and construction actions
- An increase in WIIN Act funding is needed in 2022 and 2023 (\$15 million and \$22 million, respectively)
- Completion constraint of Jan 2030 will receive further review
- Rapid completion of the project is important but needs to be balanced with cost impacts and other considerations



Next Steps

- Incorporate updated construction schedule and cost estimates, both of which will be available in spring 2021
- Seek to optimize activities
- Updated master project schedule and cost loading in spring 2021
- Continue to implement project financing action plan and the permitting action plan



QUESTIONS?

