



Topic: **Reservoir Committee Agenda Item 4-3** **2020 February 21**

Subject: **Forward-Looking Work Plan to Support Amendment 1B**

Requested Action:

Discussion and possible direction to staff regarding the forward-looking work plan associated with extending the time of the current Participation Agreement from January 1 through August 31, 2020 as Amendment 1B Work Plan.

Background:

The Reservoir Committee approved a forward-looking work plan that proposes to allocate unspent funds associated with the current Phase 2 (2019) Participation Agreement to work to be performed starting January 1, 2020 through August 31, 2020, which coincides with the amended end date for the current participation agreement (aka Amendment 1B). This forward-looking work plan was based on preliminary input from key consultants (i.e. "top-down" estimates) and was approved on January 17th, 2020, in part, for the purpose of developing detailed consultant task orders (i.e. "bottoms-up" estimates). This staff report provides an update to the Amendment 1B Work Plan and a summary of the key consultant task orders developed as part of the work plan. Key consultant task orders are being considered for approval under Items 4.3.1 through 4.3.8.

Phase 2 (2019) Participation Agreement Forward-looking Work Plan (aka Amendment 1B)

Based on direction received at the January meeting, staff has worked with service area providers and other key consultants to develop "bottoms-up" cost estimates to support the proposed task order amendments. Additionally, receipt of vendor invoices for work performed and actual financial information through December 31, 2019 has resulted in an increase in the amount of available funds totaling \$9,930,000, which represents an increase of \$583,000 (refer to Table 1). Table 2 shows the updated unallocated funds, \$1,330,000, representing an increase of \$353,000 from the approved work plan.

Management of these funds will continue to utilize the same processes that are in place to ensure a positive cash flow and that funds are assigned to the highest priority work. This includes task order amendments based on partial assignments and making budget adjustments between tasks so long as the task order maximum remains less than or equal to the Reservoir Committee authorized not-to-exceed amount. And, periodic reassessment of how to best utilize the amount of unallocated funds - how much to keep as a reserve vs. either assign to the highest priority work or apply towards the rebalancing process. Currently, a reassessment under this work plan is proposed for late April or early May to

address work to be performed through August 31, 2020, which coincides with the end of the current participation agreement¹.

Table 1: Estimated Available Funds

Reservoir Committee cash on hand as of Dec 31, 2019	\$6,830,000
WSIP payments received in Jan, 2020	\$3,350,000
Estimated Cost of Remaining 2019 services, invoices pending	(\$250,000)
Res Comm budget Available Jan 1 through Aug 31, 2020	\$9,930,000

Table 2: Estimate of Unallocated Funds

Res Comm budget Available Jan 1 through Aug 31, 2020	\$9,930,000
Approved Work Plan from Jan 1 through Aug 31, 2020	(\$8,370,000)
Additional scope items (Key Consultant Task Order Variance, Table 3, below)	(\$230,000)
Estimate of Unallocated funds	\$1,330,000

Key Consultant Task Orders:

Staff has developed task order amendments for key consultants (i.e., service areas). Based on task budgets, the task orders allocate budget to the subject areas as shown in Figure 1.

Figure 1 – Allocation by Subject

¹ NOTE: At the end of the Phase 1 Participation Agreement, unspent funds, as of March 31, 2019, which was the agreements' end date, were proportionately refunded to each Reservoir Committee participant. In addition, the rebalancing process resulted in the creation of contributed credit to those who elected to either reduce their level of participation or to withdraw from the Reservoir Committee. The work plan for the current Phase 2 (2019) Participation Agreement included a budgeted amount that was used to proportionately reduce the amount of contributed credit.

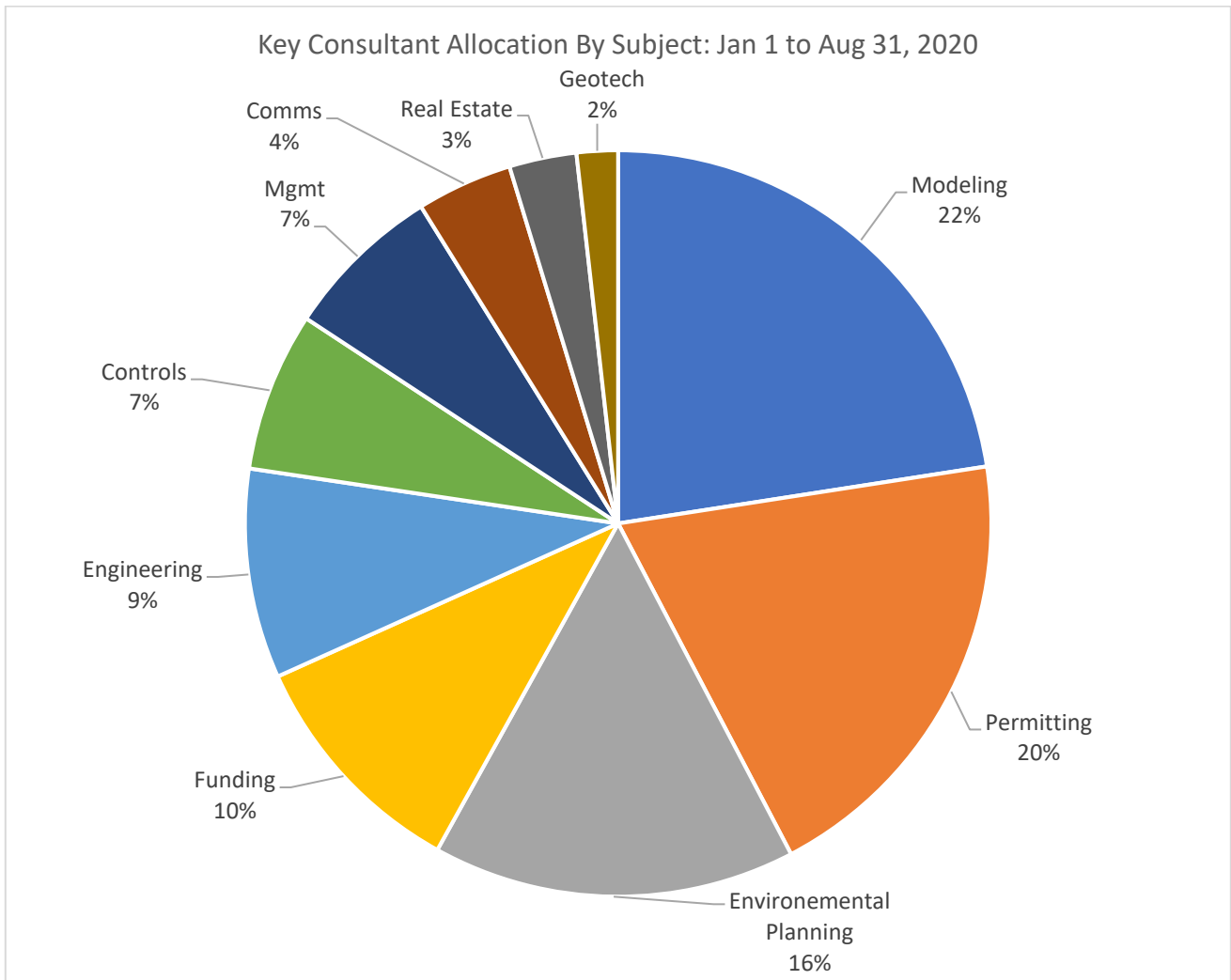


Table 3 provides a comparison of the task order budgets against the approved forward-looking work plan. A justification has been provided where task order budgets exceed the approved work plan resource budget.

Changes may be needed to the below key consultant task order amounts during the Amendment 1B period of performance (January 1, 2020 through August 31, 2020) to address changing Sites Reservoir Project priorities and requirement. These changes will be documented in amended consultant task orders.

Table 3 - Key Consultant Task Orders

Service Area	Work Plan Resource Budget (as approved)	Task Order Budget, Jan 1 to Aug 31	Variance	Justification
A - Project Integration	\$1,226,732	\$1,499,864	+\$273,132	Increased involvement in Operations with operations Integration Lead and coordination with Reclamation. Increased level of effort for environmental permitting and value planning. Additional real

Service Area	Work Plan Resource Budget (as approved)	Task Order Budget, Jan 1 to Aug 31	Variance	Justification
				estate support for value planning, environmental and landowner outreach support
B - Project Controls	\$899,323	\$899,156	-\$167	
C - Comms	\$200,000	\$199,930	-\$70	
D - Operations Simulation Modeling	\$893,107	\$993,000	+\$99,893	Increased level of effort to (a) model ranges of Reclamation participation, (b) changes in participant demand patterns, (c) to support updated environmental and permitting analyses and (d) develop operational criteria and support the development of an updated operations plan.
E - Environmental Planning	\$428,000	\$428,000	\$0	
F - Permitting and Agreements	\$708,300	\$708,300	\$0	
G - Real Estate	\$185,999	\$762	-\$185,237	
I - Geotechnical	\$50,000	\$85,995	+\$35,995	Fugro supported the planning and permitting of the geotechnical exploration for the 2019 federal program to support Reclamation's feasibility study. Based on their experience, it was agreed that additional funding would be required to support the planning and permitting of the geotechnical investigation for the Authority's feasibility study.
Total	\$4,591,461	\$4,815,007	\$223,546	

Prior Actions:

January 17, 2020: The Reservoir Committee approved the Work Plan for the period of January 1, 2020 through August 31, 2019 (aka Amendment 1B) as part of the no cost time extension to the current participation agreement for the following uses:

1. Amending existing key consultant contract task orders and developing new task orders as needed, including the engineering service areas HC and HR.
2. Developing a revised Exhibit B to the Phase 2 (2019) Participation Agreement through Aug 31, 2020 (aka Amendment 1B).

NOTE: The approved work plan did not include any budget to reduce the current amount of contributed credit or should there be any further reductions in participation associated with the planned rebalancing process.

December 19, 2019: The Reservoir Committee reviewed deliverables related primarily to work through April 2020 and provided feedback to staff that also included extending the participation agreement's end date from June 30, 2020 to August 31, 2020 (aka amendment 1B).

November 21, 2019: The Reservoir Committee provided input to staff to aid in development of a work plan through June 30, 2020.

October 18, 2019: The Reservoir Committee directed staff to extend the Phase 2 (2019) work plan by "180 days" with no additional funding provided by the Reservoir Committee. The revised completion date was proposed to be changed from December 31, 2019 to June 30, 2020.

September 20, 2019: The Reservoir Committee approved the extension of the Phase 2 (2019) Participation Agreement by three months at no additional cost to Participants and directed staff to develop a work plan to accommodate this extension.

June 20, 2019: The Reservoir Committee approved their portion of the reduced, revised work plan and Exhibit B for inclusion in the Phase 2 (2019) Participation Agreement.

May 20, 2019: The Reservoir Committee considered approval of a reduced work plan based on revised revenue assumptions for Phase 2 (2019) and deferred approval of the revised plan back to the Budget and Finance Work Group for further evaluation.

November 19, 2018: The Authority Board approved the Final Work Plan and Budget.

November 16, 2018: The Reservoir Committee approved their portion of the work plan and Exhibit B for inclusion in the Participation Agreement.

July 16, 2018: The Authority Board approved the "Workplan and Monthly Cashflow Analysis for Phase 2 for 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:

None. Unallocated funds will continue to serve as a reserve to ensure positive cash flow

Staff Contact:

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Attachments:

None