

**Requested Action:**

Receive a progress update on the development of a Water Storage and Supply Service Contract Term Sheet.

**Detailed Description/Background:**

The Project Financing Action Plan, approved in October, provides the scope and budget to prepare a Water Storage and Supply Services Contract (WSSSC) Term Sheet (Contract Term Sheet). The Contract Term Sheet will outline the eventual contract between the Authority and project participants, providing answers to the “three big questions” posed in the action plan:

- What do we get?
- What does it cost us?
- How do we pay for it?

A roadmap for developing the Contract Term Sheet is presented in Attachment A. The road map results in the development of a balanced term sheet for approval in August 2021 by:

- Developing terms related to four key areas:
  - Benefits to individual agencies
  - Allocating project costs for the benefits received
  - Financing the project
  - Ownership obligations and responsibilities
- Collaborating with agencies in four joint Authority Board and Reservoir Committee workshops, where key finance, legal, and decision-making staff from participating agencies should be invited.
- Exploring governance options and delegations of authority based on balancing participant benefits and risks with the obligations of ownership.

The Contract Term Sheet will be developed through the joint budget and finance committee. Along with an approved Plan of Finance and a signed Successor Agreement, an approved Contract Term Sheet represents the Authority’s approach to demonstrating 75% local cost share commitment by January 1, 2022, a requirement under Prop 1 (WSIP). These materials were reviewed with the Budget and Finance Committee and their input has been incorporated.

Given the breadth of topics covered by the Contract Term Sheet, staff is seeking input on the development of key terms, including priority terms and areas of concern related to the next funding decision.

The term sheet will be developed through the Budget and Finance Committee. A joint Authority Board and Reservoir Committee workshop is scheduled for February to discuss principles of allocation for benefits, costs, and risks, along with financing assumptions. Additional workshops are tentatively planned for April, June, and August. Participants are encouraged to invite key financial, legal, and other decision makers to these workshops.

**Prior Action:**

October 21, 2020: Project Financing Action Plan approved by the Authority Board.

**Fiscal Impact/Funding Source:**

Sufficient funds exist to cover the expense to prepare the Storage and Supply contract term sheet.

**Staff Contact:**

JP Robinette

**Attachments:**

Attachment A: Plan of Finance and Participation Agreements Road Map

# Plan of Finance & Participation Agreements

 Prop 1 Eligibility  
Deadline

