

Requested Action:

Review and comment on the Amendment 3 working draft Organization Chart, updated objectives and timeline being used to prepare the work plan.

Detailed Description/Background:

The Board reviewed the proposed objectives for Amendment 3 work plan at the March 2021 meeting and the input received has been incorporated along with other changes to clarify the scope of work to be accomplished. The attached updated objectives reflect the current work plan goals and objectives which align with the Board approved 2020 Strategic Plan.

The resources needed to accomplish these goals and objectives has been assessed and are reflected in the attached working draft organization chart. The most significant changes from the current structure include:

- Creation of a new fourth Agent position with responsibilities for engineering/construction. As the project evolves into final design and construction, the scope in this area of project will grow and getting a person into this position at the start of Amendment 3 brings added focus to this area among the leadership team. Also, this person will gain the needed project experience to play a bigger role in the next work phase.
- Integration leads continue to support the leadership team in the management of key consultants. These consultants operate as technical resources to the Agents and they coordinate the work across the functional areas, similar to staff support managing consultants at a water agency. Integration lead additions are noted and the level of effort needed is not necessarily full time for each new position. For clarification, risk management functions involve project delivery evaluation and contracting.
- There are several service provider additions planned (highlighted as “new”) which are needed to provide specialized technical work. An area that requires further review is that the project has 28 service providers planned for the next work period. The leadership team will be looking at possible consolidation to reduce the number of consultants and will bring recommendations when the key consultant task order contracts are presented for approval.

A final element requiring Reservoir Committee/Authority Board (RC/AB) discussion is the Amendment 3 planned duration. A column has been added to the goals and

objectives with an 18-month and 36-month duration identified. The leadership team is considering two schedule options for the Amendment 3 work period as follows:

- 18-month Schedule – all objectives completed within 18 months in accordance with the overall Project Schedule reviewed by the RC/AB in November 2020. This schedule aligns with the estimated total \$350/af cash call previously discussed.
- 36-month Schedule with annual cash calls – all objectives completed within 36 months with critical activities completed within 18 months. The critical activities would include the water right permit, the CDFW incidental take permit, and the Federal Biological Opinion. All other activities would be “stretched” to 36 months. Extending the work period increases the cash call total to approximately \$400/af due to extending fixed costs 18 additional months. However, stretching the work means a lower annualized cash call amount. There is some risk that WSIP final award could be delayed beyond 18-months depending on the interpretation of the Prop 1 requirement for secured permits and approvals. With the completion of critical activities, the RC/AB may choose to initiate bank financing at the 18-month point. It is possible that this approach extends the overall completion date of the project beyond 2030 which increases cost due to inflation and interest expense.

Feedback on the Amendment 3 planned duration at this time would help ensure the development of the work plan meets the needs of the participants.

Prior Action:

March 2021: Received a report on the strategic planning progress and reporting and provide input on the proposed work plan objectives for the next work period.

Fiscal Impact/Funding Source:

There are sufficient funds to cover preparation of the Amendment 3 work plan. The attached table illustrates the cash call difference and other factors to consider in considering the two duration options being evaluated.

Staff Contact:

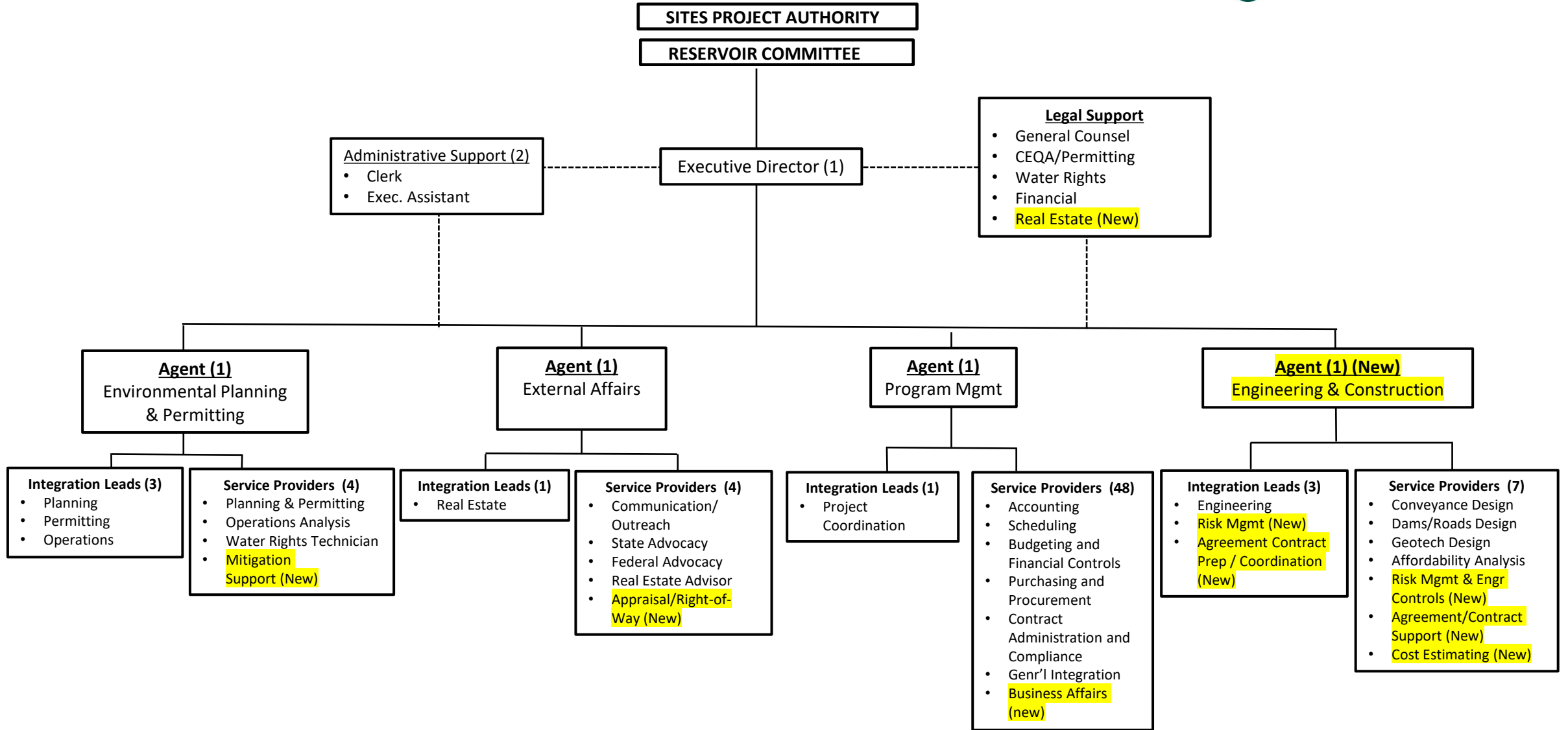
Jerry Brown

Attachments:

Attachment A - Amendment 3 Resource Needs

Attachment B - Updated Table Showing Objectives in Each Strategic Plan Goal Area and Optional Duration

Attachment C - Table comparing 18-month and 36-month Work Period Duration



Proposed Next Work Period Goals and Objectives

<i>Strategic Plan Goal Area</i>	<i>Work Period Objective</i>	<i>Optional Duration of activity (months)</i>
1. Affordability	a. Secure a final funding agreement with California Water Commission for the remainder of the MCED.	18 (assuming "lite" final approvals and permits)
	b. Execute final operations agreements with facility partners, federal and state agencies.	36
	c. Secure federal funding from the WIIN Act and other sources. Receive final federal commitments for project construction and execute Water Storage and Supply Services Contract with Reclamation.	18
	d. Complete loan applications including WIFIA, USDA Loan, and bank financing and related activities to immediately initiate bank financing at the start of the next phase.	18
	e. Complete and execute Water Supply and Storage Services Contracts with each Local Agency participating in the Project.	36
	f. Continue to refine affordability analysis based on updated capital and operating cost estimate, cost of capital, cost allocation and benefits analysis, and conduct value engineering studies, independent review boards, and design engineering constructability reviews as necessary.	36
2. Permittability	a. Complete Final EIR/EIS, Authority approves the Project, certifies the Final EIR, adopts the MMRP and issues the Notice of Determination, and Reclamation executes the Record of Decision.	18
	b. Complete and obtain all key environmental permits for WSIP final award and initiate secondary permits for construction and operations.	18 (key) 36 (secondary)
	c. Receive water right Order and Permit from the SWRCB.	18
	d. Develop draft and/or final all plans, as appropriate, identified in the EIR/EIS (such as the recreation management plan, traffic management plan, land management plan, operations plan, etc).	36

Proposed Next Work Period Goals and Objectives

	e. Complete and obtain local agency agreements and permits along with any required city or county actions necessary to support long lead activities necessary for the next Phase.	36
	f. Complete and execute benefit contracts with DWR (flood control and recreation benefits) and CDFW (environmental benefits) for public benefits.	18
	g. Develop a mitigation acquisition master plan and approach for mitigating the Project effects. Begin biological and cultural resources surveys to refine impacts and mitigation obligations on properties where willing land access can be obtained.	18 (related to key permits) 36 (for all other work)
	h. Initiate application for approval of permit to construct from DSOD for all jurisdictional facilities (dams) within the Project.	18 (for work related to WSIP final award) 36 (for all other work)
	i. Continue evaluation of operations parameters and support development of final operating agreements.	36
3. Buildability	a. Complete engineering design to 30% level and provide updated construction and operations cost estimates. Complete further facility designs as needed to get key permits and approvals required for WSIP funding.	18 (related to key permits) 36 (for all other work)
	b. Evaluate alternative project delivery methods, determine risks for project variances and recommended risk management strategies, finalize construction bid packages, and determine overall Project schedule.	36
	c. Develop land acquisition master plan and rights of way manual. Conduct preliminary landowner negotiations with willing sellers for potential acquisition of key parcels via options or fee title.	18 (for land acquisition master plan and ROW manual)

Proposed Next Work Period Goals and Objectives

		36 (for all other work)
	d. Perform geotechnical evaluations of all “willing seller” properties related to long-lead Project facilities (including permitting and monitoring).	18 (related to key permits)
		36 (for all other work)
	e. Continue coordination with local community organizations and agencies to address Project effects during construction and operations.	36
4. Effectiveness	a. Develop and define the organizational culture, values and management approaches.	36
	b. Prepare Project controls and processes to ensure continued transparency and efficient operations through detailed design and construction.	36
	c. Determine the organization structure, insurance and organizational risk management approaches for the remainder of the Project and create the basic infrastructure to effectuate these changes at the start of the next work period.	18

Comparison of 18-month and 36-month schedule duration for Amendment 3 Work Plan

Option	Total Est'd Cash Call	Anticipated # of Cash Calls	Approximate Amt Due Per Cash Call	Rebalance Opportunity (yes or no)	Holds 2030 Completion Date?
18-month schedule	\$350/af	2	Jan 22 - \$150/af Jan 23 - \$200/af	Yes No	Yes
36-month schedule w/annual cash calls	\$400/af	3	Jan 22- \$100/af Jan 23 - \$100/af Jan 24 - \$200/af (or possible bank financing)	Yes Yes Yes	Not likely

Notes:

1. Cash call estimates and timing based on very early working estimates that could change as more information becomes available.
2. WSIP final award is "best case" in 18 months but depends on CWC review of approvals and permits.