



Topic: **Authority Board Agenda Item 3.4**

2021 March 24

Subject: **Financial Proforma Model Update 2.0**

Requested Action:

Review and comment on the development of the Sites Project Proforma 2.0, an updated project financial modeling tool for use by participants to evaluate long-term Project costs and benefits.

Detailed Description/Background:

The Reservoir Committee and Authority Board approved a Financing Action Plan in October 2020 that included the development of an updated financial model, to be referred to as Proforma 2.0. This work builds upon the prior modeling tool from the Value Planning analysis and is meant to assist the participants in evaluating their investment in the project.

It is anticipated that the Proforma will be utilized by participants to:

1. Support analysis of the long-term value of water storage and supply benefits from participation in the Sites Reservoir Project.
2. Evaluate project financing alternatives.
3. Evaluate storage account needs and plan for future investment level and cash flow.
4. Understand how information and deliverables being developed impact project benefits and costs.

Proforma 2.0 will incorporate significant changes in the financial modeling approach previously used by:

- A. Modeling storage, deliveries, costs, and revenues over ten years of hydrology.
- B. Allowing participants to input some key assumptions to understand impact on outputs for their particular situation (see Figure 1).
- C. Supporting decisions related to participation based on reservoir storage allocation.
- D. Presenting a range of cost of capital rather than costs with and without WIFIA.

Staff has developed a preliminary list of key inputs and outputs for Proforma 2.0 as shown in Figure 1. Staff is seeking input on additional inputs or outputs needed

to support home-board decision-making in late 2021. The Budget and Finance Committee reviewed this list and their feedback has been incorporated.

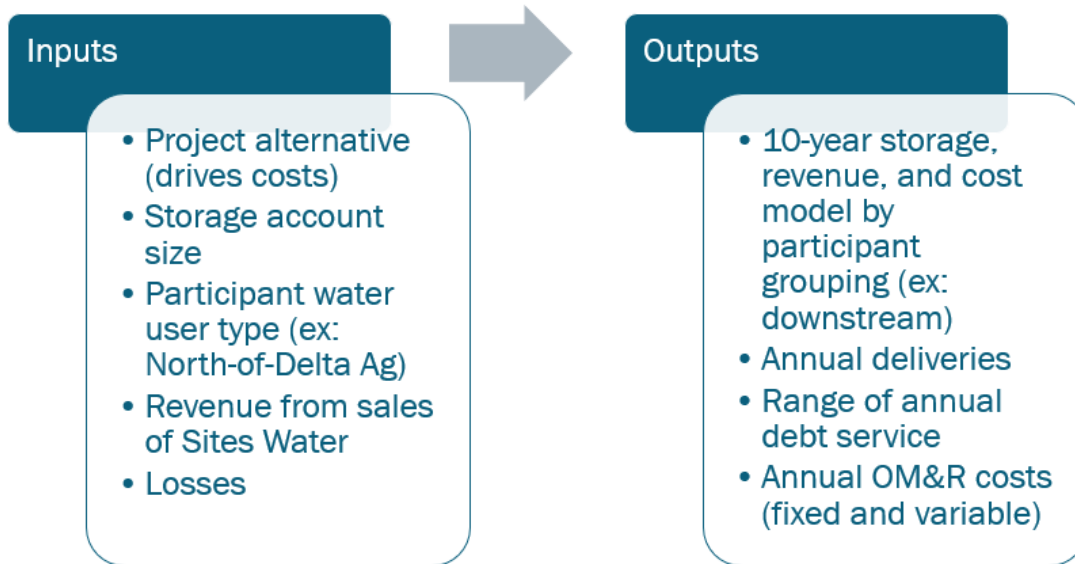


Figure 1 – Proforma 2.0 Key Inputs and Outputs

Proforma 2.0 is targeted for release to participants in June 2021. A workshop will be held in July 2021 to discuss project affordability and identify additional information needs to support evaluation of the Successor Agreement and work plan. Important building blocks feed into the development of Proforma 2.0 and impact timing of tool availability including those identified in Table 1. In addition, the tool will allow each of the three alternatives to be analyzed.

Proforma Building Block	Source	Date Available
Diversions and Deliveries of Sites Water	Operations Analysis for RDEIR/SDEIS and Operating Coordination Term Sheet with Reclamation and DWR	Feb 2021
Storage Space Allocations	Updated Storage Policy and Allocation of Storage Space	Mar 2021
Borrowing Cost	Finance Alternatives Analysis	Apr 2021
Capital Cost Shares	Cost Estimates based on feasibility level design	May 2021
Cost Allocation of Facilities and Operations	Draft Water Storage and Supply Services Contract Term Sheet	May 2021
OM&R Cost Shares	OM&R Analysis, Facilities Use Agreements Term Sheets	June 2021

Table 1 – Proforma 2.0 Building Blocks and Timing

Prior Action: None.

Fiscal Impact/Funding Source: None.

Staff Contact: JP Robinette

Attachments: None.