



**Requested Action:**

Consider approval of the fiscal year 2022 Annual Budget for revenues and expenses in the amount of \$42,851,000 for the period of performance of January 1, 2022 through December 31, 2022.

**Detailed Description/Background:**

The Sites Project Authority Amendment 3 Work Plan was approved in September 2021 and included scope and budget for a period of 36-months beginning January 1, 2022. A total expense budget of \$119.6M was approved in the Amendment 3 Work Plan. The approved work plan also includes annual check-in points to review scope and budget on an annual basis and provide authorization for each year's expenses.

The first annual budget for Amendment 3 is for fiscal year 2022. A slight change (~1% overall) is proposed from the preliminary annual budgets presented in the Amendment 3 Work Plan. Changes to the annual budget are due to a general refinement of scope and resources through the task order process and adjustments to key deliverables in the late 2021 (Amendment 2) and early 2022 (Amendment 3) time range. The expenses and revenues for the proposed 2022 annual budget are summarized as follows:

The expense budget for 2022 is \$42.9M, of which, \$4.2M is allocated as an unrestricted reserve. Budget allocation by subject area (which includes unrestricted reserves) is A table showing expenses and revenue, including Authority Board and Reservoir Committee shares, is included in Attachment A and the expense budgets are summarized as follows:

- Communications - \$583k
- Engineering - \$16.5M
- External Affairs - \$312k
- General Project Activities - \$711k
- Permitting - \$8.8M
- Planning - \$6.4M
- Program Ops - \$8.7M
- Real Estate - \$913k
- Unrestricted Reserve - \$4.2M (included in the above subject area budgets)

Unrestricted Reserves are funds intended to cover unanticipated project expenses, including additional scopes of work. Unrestricted Reserves are assigned to the above subject areas and will be utilized according to the Budget Policy approved in July 2021. The Executive Director may appropriate up to \$100,000 of the Unrestricted Reserve fund per occurrence as the need arises. The assignment of Unrestricted Reserves by the Executive Director will be reported on as part of the quarterly financial report. Assignment of Unrestricted Reserves in excess of \$100,000 per occurrence requires Reservoir Committee and Authority Board approval.

The revenue budget for 2022 is \$49.6M based on the latest revenue assumptions. A summary of assumed revenue by category is as follows:

- Carry-over Funds - \$6.0M
- Reservoir Committee Cash Calls - \$16.8M
- Authority Board Seat Dues - \$505k
- Federal WIIN Act Funding - \$10.0M
- State (Prop 1 [WSIP]) Funding - \$16.3M (fully exhausts early funding)

It is anticipated that additional funds will be available with the closeout of Amendment 2. An estimated \$8.6M in additional funds has been forecasted to be available as a result of additional revenue and decreased expense actuals when compared to the Amendment 2 Work Plan. Excess funds will be re-addressed after the completion of the Amendment 2 financial closeout which is set to occur in the first or second quarter of 2022.

Annual Budgets for fiscal years 2023 and 2024 will be developed and reviewed with the Authority Board and Reservoir Committee in Q4 of 2022 and 2023, respectively. At that time, planned budgets outlined in the Amendment 3 Work Plan will be reviewed and updated based on the latest Project progress and information. Unused unrestricted reserve, changes in revenue assumptions, changes in scope, and the previous year's budget status will be considered when providing a recommendation for the following year's cash call, not to exceed the amounts provided in the work plan.

**Prior Authority Board Action:**

September 2021: Approved the Amendment 3 Project Agreement and Work Plan with a period of performance of January 1, 2022 to December 31, 2024 for the purpose of initiating Participant home board review, deliberation and execution of the agreement.

**Fiscal Impact/Funding Source:**

Sufficient funds are included in the 2022 annual budget to cover expenses related to the scope of work outlined in the Amendment 3 Work Plan and

consultant task orders. Expenses will be monitored closely to ensure a positive cash balance is maintained throughout 2022. Annual budgets for fiscal years 2023 and 2024 will be developed and reviewed in Q4 2022 and 2023, respectively.

**Staff Contact:**

Joe Trapasso/Marcus Maltby

**Primary Service Provider:**

Brown and Caldwell

**Attachments:**

Attachment A: Sites Project FY 2022 Annual Budget Summary Table