



Meeting: **Joint Reservoir Committee & Authority Board**
Agenda Item 1.4

January 20, 2023

Subject: **Reclamation Financial Assistance Agreement (FAA) #3 covering federal year FY22 appropriated funds**

Requested Action:

Reservoir Committee considers approval authorizing the Authority to enter into a Financial Assistance Agreement (FAA) with the United States Bureau of Reclamation (Reclamation) securing the FY22 \$80 million Water Infrastructure Improvements for the Nation Act (WIIN) storage funds allocated to the Sites Project.

Detailed Description/Background:

The 2022 federal budget appropriated \$80M in WIIN Act storage funds toward the Sites Reservoir Project costs. The Authority is developing a new FAA with Reclamation as a funding mechanism for the Project to access the FY22 appropriated funds. This will be the third FAA the Authority has entered with Reclamation.

In the prior FAAs, Reclamation required the federal funding dedicated to Sites expenses to be no more than 50 percent cost share which meant that the Authority had to demonstrate total expenditures that were double the assistance funds. The Authority can meet this cost share requirement if applied to this \$80M. However, it may be that given Reclamation's recent letter to participate in the project at a 16% cost share, the assistance requirements may change accordingly.

The recent FY23 appropriation of \$110M between WIIN and Infrastructure Investment and Jobs Act (Bipartisan Infrastructure Law) funds is expected to be contracted for construction starting in 2025 through a separate FAA. The Board will need a separate action to secure the FY23 and beyond funds which will occur prior to the end of 2024 to coincide with securing all of the Phase 3/4 Project funding sources.

Prior Action:

May 2021: Authorized the Executive Director to execute an amended Federal Financial Assistance Agreement with Reclamation, which increases the federal assistance to the project from \$6.3M to \$13.5M.

Fiscal Impact/Funding Source:

The approved Amendment 3 work plan includes federal funding in the amount of \$50M to advance the project. This was based on a 25% participation in the Project by Reclamation. To date, the Authority has received approx. \$3M of federal funds against A3 expenditures and there is approx. \$7.8M remaining in the two prior FAAs to be reimbursed for A3 expenditures.

If authorized to proceed, Staff will work with Reclamation to execute a new FAA that 1) secures the federal funding needed to support the A3 work plan and 2) ensures Reclamation is paying at least 16% cost share of the project. Any of the \$80M funds not committed to A3 scope will be retained for the project expenses after 2024. Depending on the outcome of the new FAA, there may need to be some adjustments made to the revenues/expenditures for completing the A3 work plan which would be reflected in the proposed FY24 Budget that will come to the Board later this year.

Staff Contact:

Cathy Westcot/Joe Trapasso

Primary Service Provider:

HDR Inc.

Attachment:

None.