



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

**February 17, 2023**

Subject: **Fourth Quarter 2022 Financial Report**

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**Requested Action:**

Reservoir Committee and Authority Board consider acceptance of the Sites Project Authority's Q4 2022 Budget Year Quarterly Financial Report.

**Detailed Description/Background:**

This report covers the Q4 2022 budget year quarterly financial report that meets the Authority's Budget Policy requirement for a quarterly financial update report to the Reservoir Committee and Authority Board.

Attachment A is the Authority's Fourth Quarterly 2022 Financial Report.

Key takeaways of this report include:

- Revenues received in Q4 2022 were approximately \$1.0M more than plan; however, year-to-date revenues were approximately \$10M under plan. This was primarily due to a reduction in actual year-to-date expenses affecting state and federal reimbursements to be received in 2022.
- Expenses in Q4 2022 were approximately \$2.9M less than plan. This is primarily due to scheduled activities being pushed further into the work plan. The most significant scheduled work being delayed to later in the work plan is engineering and geotech activities but also includes activities related to the final EIR/EIS and Water Right. Actual expenses through Q4 2022 show current expenses \$18.6M below planned expenses. This represents primarily work that still needs to be done but will not occur until later in the work period due to changing conditions.
- There were six instances of allocating unrestricted contingency funds this period withdrawing from the Permitting, Engineering, Planning and Program Operation subject areas totaling \$299,778. The unrestricted contingency balance at the end of Q4 is approximately \$2.74M. Staff is allocating contingency to supplement budget for new work scope.
- There were six new contracts issued during this period, of which three required the use of unrestricted contingency. There were two task order amendments requiring the use of unrestricted contingency and four task order amendments resulting in no budget change (i.e., schedule adjustments or reallocation of task budgets within approved task order budget). Finally, there were seventeen revisions to the consulting service agreements or, in the case of legal firms, a legal service addendum.

Revisions to the consulting service agreements and legal service addendums were performed as part of a periodic review of consultant terms and conditions.

In November 2022, the Board adopted a 2023 budget based on actual and projected revenue and expenses. With the Q4 2022 financial report, a comparison of actual and projected expense figures to actuals for the entire year has resulted in \$3.5M of reduced actual expenses compared to figures used for the development of the 2023 budget. This additional \$3.5M represents funds outside of the approved work plan scope and budget. At a later date and where needed, a separate Board action will be taken prior to allocating the additional \$3.5M in currently unallocated funds carried over from the 2022 budget. Keep in mind that some of these funds represent unfinished work that may occur in 2023 or later and could be funded by either these funds or the unrestricted contingency that is included in the budget already. As a reminder, Staff keeps the Board updated on the use of unrestricted contingency in the quarterly financial reports.

**Prior Authority Board Action:**

November 2022 – Approved the Q3 2022 Financial Report.

**Fiscal Impact/Funding Source:**

No fiscal impact as financial reporting is included in the approved Amendment 3 Work Plan and the total work plan budget is still within 10% of the approved 3-year plan.

**Staff Contact:**

Joe Trapasso/Marcus Maltby

**Primary Service Provider:**

Brown and Caldwell

**Attachments:**

Attachment A – Fourth Quarter 2022 Financial Report

Attachment B – Highlights and Funding Excerpt of Draft 2022 Annual Report



# Quarterly Financial Report

## Fiscal Year 2022 – Fourth Quarter Financial Report

### Revenue Activity (figures rounded to the nearest \$1,000)

Funding Source	Q1	Q2	Q3	Q4	FY to Date	FY Projected
Authority Board Membership <sup>1</sup>	450	55	0	0	505	505
Federal WIIN Act Funding	1,226	532	487	743	2,988	10,000
Interest Income <sup>2</sup>	9	15	44	19	88	-
Reservoir Committee Cash Calls	1,400	15,180	1,270	0	17,850	16,762
State Prop 1 (WSIP)	2,673	2,363	0 <sup>3</sup>	3,429 <sup>3</sup>	8,465	16,300
<b>Revenue Total</b>	<b>5,758</b>	<b>18,145</b>	<b>1,801</b>	<b>4,191</b>	<b>29,896</b>	<b>43,567</b>

<sup>1</sup> Correction made to Q1 timing of AB membership dues received

<sup>2</sup> Updated Q1 bank account interest received

<sup>3</sup> Income figure moved to Q4 for better representation of timing

### Expense Activity (figures rounded to the nearest \$1,000)

Late Invoices received after publishing this report will be applied to proper period on next Quarterly Report.

Subject Area	Q1	Q2	Q3	Q4	FY to Date	FY22 Budget	% Spent
Communications	116	126	111	78	431	583	74%
Engineering	933	999	1,733	3,687	7,352	16,512	45%
External Affairs	78	78	78	85	319	322	99%
General Project Activities	202	183	118	103	606	750	81%
Permitting	1,157	1,888	1,138	1,083	5,266	8,708	60%
Planning	741	1,147	1,167	993	4,048	6,429	63%
Program Ops	1,267	1,487	1,665	1,708	6,127	8,580	71%
Real Estate	96	155	165	184	600	1,470	41%
<b>Total Expenses</b>	<b>4,590</b>	<b>6,062</b>	<b>6,174</b>	<b>7,921</b>	<b>24,747</b>	<b>43,351</b>	<b>57%</b>

<sup>1</sup> Adjustments made to prior history based upon updated information / Expenses include projections for late invoices

FY2022 Q4 Net Income | Revenue - Expenses = -\$3,730 | FYTD = \$5,149

### Unrestricted Contingency Balance & Reserve (figures rounded to the nearest \$1,000)

Subject Area	Work Plan Budget	Unrestricted Contingency Changes per Subject Area				Current Balance
		Q1	Q2	Q3	Q4	
Communications	47	-	-	-	-	47
Engineering	1,859	-	-	-301	-31	1,527
External Affairs	-	-	-	-	-	-
General Project Activities	36	-	-34	-	-	2
Permitting	998	-	-167	-361	-430	40
Planning	509	-	-	-177	-64	268
Program Ops	671	-	-	-96	-25	550
Real Estate	57	-	-	-	-	57
<b>Total Unrestricted</b>	<b>4,177</b>		<b>-201</b>	<b>-935</b>	<b>-550</b>	<b>2,491</b>

Approval by | ED = Executive Director  
| AB = Authority Board

Unrestricted Contingency Releases During Q4 Period

	Subject Area	Date	Description of Change	\$ Authorized
ED	Engineering	10/14/22	AEC-hr TO 3.1 – Feasibility Analysis and As Needed Support	30,587
ED	Permitting	10/27/2022	CDFW-P PRF – Endangered Species Act Incidental Permit Application	40,350
ED	Program Operations	11/4/2022	BGT 1.0 – New Independent Contractor agreement	20,000
ED	Planning	11/22/2022	MBK-o TO 1.0 – Operations Modeling	64,400
ED	Program Operations	12/31/22	TFG TO 4.2 - Water and Power Law Group	5,000
AB	Permitting	11/8/2022	HDR-m TO 1.0 – Mitigation Services	139,441
AB	Permitting	11/21/2022	PCL TO 2.1 – Legal Representation	250,000

FY2022 YTD Unrestricted Contingency Balance | Initial = \$3,041, Ending = \$2,741

New Contracts and Amendments

New = New Contract | AM = Amendment  
UNC = Unrestricted Contingency

Contract Changes During Q4 Period

Contracted Party	Authorization Date	Scope of Work Description	\$ Authorized	Funding Source
AECOM (Reservoir)	10/5/2022	New Services Agreement	-	New <sup>1</sup>
CH2M Hill Engineers (Conveyance)	10/5/2022	New Services Agreement	-	New <sup>1</sup>
Fugro	10/5/2022	New Services Agreement	-	New <sup>1</sup>
Somach, Simmons & Dunn	10/5/2022	Legal Services Addendum	-	New <sup>1</sup>
The Catalyst Group	10/5/2022	New Services Agreement	-	New <sup>1</sup>
AECOM (Reservoir)	10/7/2022	TO 3.1 – Feasibility Analysis and Support	30,587	UNC/AM
Colliers Valuation & Advisory Services	10/8/2022	Appraiser Services	-	New <sup>1</sup>
Kidder Mathews	10/8/2022	Appraiser Services	-	New <sup>1</sup>
CH2M Hill Engineers (Operations)	10/9/2022	New Services Agreement	-	New <sup>1</sup>
Dunn Consulting	10/9/2022	New Services Agreement	-	New <sup>1</sup>
Fugro	10/9/2022	TO 3.1 – Reallocation within approved budget	0	AM
Stradling, Yocca, Carlson & Rauth	10/9/2022	Legal Services Addendum	-	New <sup>1</sup>
Young Wooldridge, Law Offices, LLC	10/9/2022	Legal Services Addendum	-	New <sup>1</sup>
Brown and Caldwell	10/11/2022	New Services Agreement	-	New <sup>1</sup>
Integra Realty Resources	10/11/2022	Appraiser Services	-	New <sup>1</sup>
Larsen Wurzel & Associates, Inc	10/11/2022	New Services Agreement	-	New <sup>1</sup>
Katz & Associates	10/14/2022	New Services Agreement	-	New <sup>1</sup>
Montague, Derose & Associates, LLC	10/18/2022	Legal Services Addendum	-	New <sup>1</sup>
Nossaman, LLP	10/18/2022	Legal Services Addendum	-	New <sup>1</sup>
The Ferguson Group	10/18/2022	New Services Agreement	-	New <sup>1</sup>
ICF Jones & Stokes, Inc. (Permitting)	10/28/2022	New Services Agreement	-	New <sup>1</sup>
Brian G. Thomas Consulting, LLC	11/4/2022	TO 1.0 - Financial Leadership	100,000	UNC/New <sup>1</sup>
HDR (Mitigation)	11/8/2022	TO 1.0 - Environmental Mitigation Planning Svcs	300,000	UNC/New <sup>1</sup>
PCL ( Perkins Coie)	11/21/2022	TO 2.1 – Legal Representation	250,000	UNC
MBK (Operations)	11/22/2022	TO 1.0 – Operations Modelling	493,000	UNC/New <sup>1</sup>
MBK (Operations)	11/22/2022	New Services Agreement	-	New <sup>1</sup>
Yocha Dehe Wintun Nation	12/8/2022	Amended agreement language	0	AM
AECOM (Reservoir)	12/14/2022	TO 3.2 - Reallocation	0	AM
MBK (Operations)	12/23/2022	TO 1.1 – FY23 Authorization	0	AM <sup>1</sup>
The Ferguson Group	12/31/2022	TO 4.2 - Water and Power Law Group	5,000	UNC/AM

<sup>1</sup> New agreements reflect work as approved in the November 2022 Authority Board adopted 2023 budget

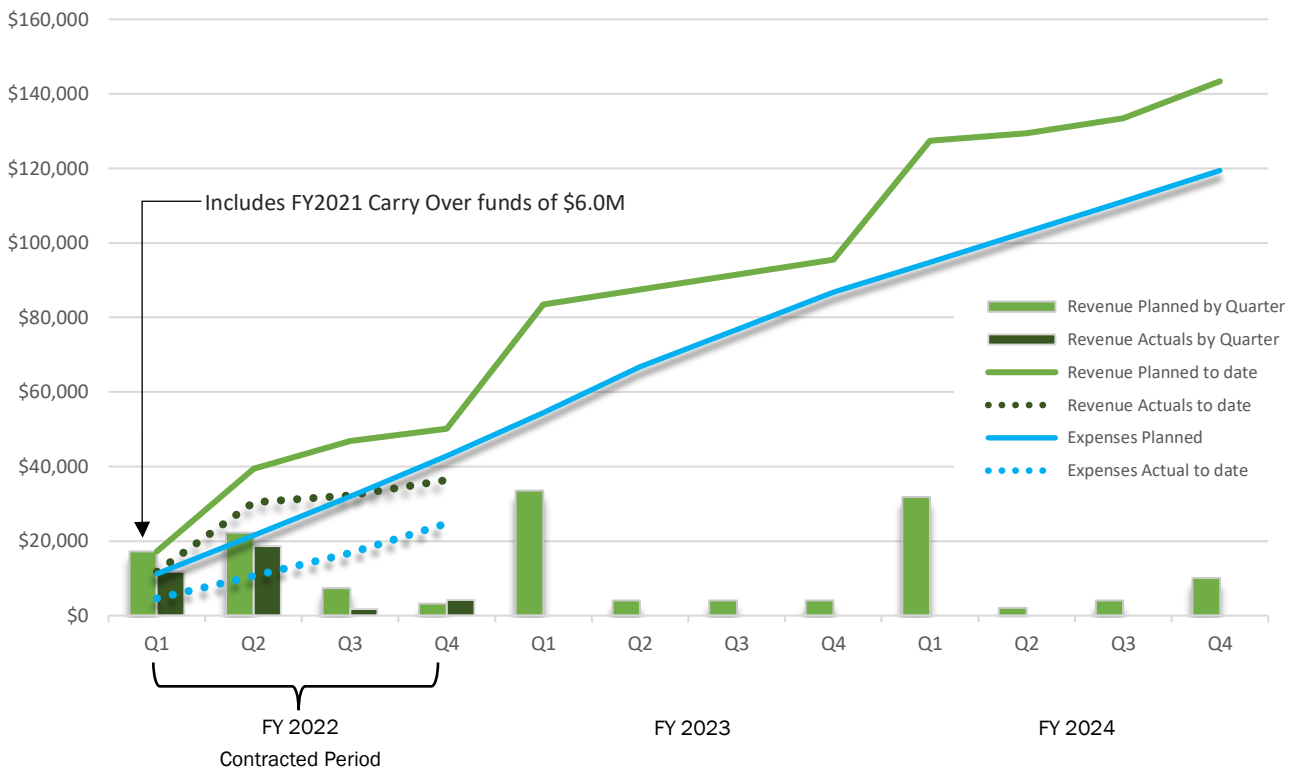
Subject Area	Initially Contract ed	Contract Changes During FY22				Currently Contracted
		Q1	Q2	Q3	Q4	
Communications	533	-	-	-		533
Engineering	11,723	-	-	301	31	12,055
External Affairs	312	-	-	5	5	322
General Project Activities	543	-	5	39	-	587
Permitting	7,649	77	167	307	550	8,750
Planning	5,920	-	-	232	493	6,645
Program Ops	7,247	320	195	-	100	7,862
Real Estate	522	-	120	57	-	699
<b>Total Contract Changes</b>	<b>34,449</b>	<b>397</b>	<b>487</b>	<b>941</b>	<b>1,179</b>	<b>37,453</b>

### Closed Contracts

Contracted Party	Task Order Closure Date	Task Order ID	Task Order Description	Contract Agreements Closed during FY22	
				\$ Authorized	\$ Spent
-- None --					

### Cash Flow - Amendment 3 (figures in \$1000's)

Graph does not include pending budget adjustments for updated Work Plan.



Based upon 6/17/2022 Board decision, \$2M in budget from previously undesignated A2 Carryover Funds has been applied to support Real Estate Option Agreements in this manner:

- FY2022 - \$0.5M
- FY2023 - \$1.0M
- FY2024 - \$0.5M

## 2022 Highlights and Milestones

Remarkable achievements keep Sites Reservoir affordable, permittable, and buildable for all partners as the Sites Authority advances as an effective organization.

2022 was a year marked with crucial progress and enhanced collaboration with project partners—keeping the Sites Authority in alignment with its mission, vision, and values as it charts down the path to success both now and in the future.

### AFFORDABLE

#### Obtained Substantial Federal Funding

Leveraging ongoing relationships with federal partners, the Sites Authority secured significant federal appropriations through two programs: \$30 million from the Infrastructure Investment and Jobs Act (IIJA) and an additional \$80 million from the Water Infrastructure Investments for the Nation (WIIN) Act. **OUTCOME:** With the allocation of these funds, the Sites Authority has now received roughly \$214 million in federal funding to date from the Bureau of Reclamation.

#### Increased the State Funding Award by \$39 million

Following the California Water Commission's (CWC) determination of feasibility, the Sites Authority worked with the CWC to increase the conditional Proposition 1 award by \$39 million. **OUTCOME:** The Sites Authority is working with state partners to secure the \$875 million of state funding to advance toward construction.

#### Enhanced Project Financing Action Plan

Building on the initial Financing Action Plan executed in 2020 and 2021, the Sites Authority conducted four public workshops and two series of one-on-one check-ins with Participants focused on the "three big questions" related to financing the project: "What do we get?", "What does it cost?", and "How do we pay for it?". This culminated in the adoption of the Final Guiding Principles and Preliminary Terms and other financial documents to support the Indicative Credit Rating for the Sites Authority's WIFIA Loan application. **OUTCOME:** A financing approach that works for all participants.

### PERMITTABLE

#### Advanced Final EIR/EIS

Working jointly with Reclamation, the Sites Authority began development of master and individual responses to comments on the 2021 Revised Draft EIR/EIS while also advancing the administrative Final EIR/EIS. **OUTCOME:** The Sites Authority is on track to complete final environmental documentation in partnership with state, federal, and local agencies.

#### Progressing Key Permit Applications

In conjunction with state and federal partners, the Sites Authority is advancing key permit applications including the Operations Incidental Take Permit and Biological Assessment. **OUTCOME:** The Sites Authority's advancement of permitting elements is providing greater certainty to participants and improving understanding of the Sites Reservoir Project with resource agencies.

#### Submitted Water Right Application

Submitting the water right application is a key step in advancing the Sites Reservoir Project. The Sites Authority submitted the application in May 2022, which was accepted by the State Water Board in August 2022. In early January 2023, the Sites Authority also responded to additional information requests from the State Water Board. **OUTCOME:** The Sites Authority continues its commitment to partnering with the state to work through the water right process.

### BUILDABLE

#### Conducted Construction Contractor Open House

In partnership with contractors throughout the nation, the Sites Authority hosted a Construction Contractor open house to seek input on the delivery of the Sites Reservoir Project. Following the open house, additional meetings were held to inform the project construction packages. In July 2022, the Sites Authority adopted its Contracting Strategy consisting of nine construction packages of varying sizes with delivery methods best suited to the facilities and schedule. **OUTCOME:** The Contracting Strategy sets the stage for the Sites Authority to develop a program baseline schedule to inform delivery of nearly \$4 billion of critical infrastructure for California.

#### Strengthened Geotechnical Program

The Sites Authority enhanced the project's geotechnical program by coordinating with the Department of Water Resources Division of Safety of Dams (DSOD) to identify exploration activities required to advance the reservoir design. Initial investigations in 2022 resulted in data supporting designs for the Terminal Regulating Reservoir, Sites Dam, and construction roads. **OUTCOME:** Together, the Sites Authority and DSOD are allocating resources to continually improve the buildability of Sites Reservoir.

### EFFECTIVE ORGANIZATION

#### Aligned Potential Future Participants

With California's drought crisis, the Sites Authority experienced an unprecedented increase in requests from agencies throughout the state of California to participate in the Sites Reservoir Project. Staff hosted informational sessions to inform these interested parties of project progress. **OUTCOME:** Sites Reservoir is a solution for California communities to strengthen their water supply resiliency in the face of extreme weather.

#### Conducted Outreach and Tours for Project Partners and Interested Parties

Throughout 2022, Sites Authority staff hosted outreach and project tours for state, federal, and local partners including permitting, funding, and governmental interests. **OUTCOME:** The Sites Authority continues its commitment to keep its partners informed of project progress.



### HIGHLIGHT OF THE YEAR

## Sites Authority Invited to Apply for WIFIA Loan

**In March 2022, the US EPA invited the Sites Authority to apply for a low-interest loan through WIFIA program for 49 percent of eligible project costs (currently estimated as \$2.2 billion).**

Administered by the US EPA, WIFIA is a federal loan program with a robust statutorily required review process. WIFIA's aim is to accelerate investment in the nation's water infrastructure by providing long-term, low-cost federal loans for regionally and nationally significant projects. A loan through the WIFIA program could dramatically reduce the costs to participants in the Sites Reservoir Project, making it more affordable for cities, farms, and resource managers to have access to more water in dry years. With the expression of loan commitment, US EPA concluded that the Sites Reservoir Project will generate substantial benefits to California and that the Sites Authority's structure demonstrates a commitment to collaboration and local leadership.

A WIFIA loan would bring Sites Reservoir significantly closer to construction and completion.