



Meeting: **Joint Reservoir Committee & Authority Board**  
**Agenda Item 3.4**

**March 17, 2023**

Subject: **Joint Ad Hoc Governance Committee Update**

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**Requested Action:**

Receive an update on the current thinking of the Governance Ad Hoc Committee with regard to governance adjustments to be implemented at the initiation of Phases 3 and 4.

**Detailed Description/Background:**

The Governance workgroup was formed in July 2022 and is charged with providing advice, input and specific proposals to the Reservoir Committee (RC) and Authority Board (AB) in their evaluation of project governance changes that may be necessary as the Project progresses through future phases of work. The primary goal of this effort is to arrive at governance conditions that will be described in the Benefits and Obligations Contract and other documents acceptable to each participant's home board for moving to the next phase of work and to make their investment commitment.

Board members will recall that during the December 2022 update on the ad hoc committee's progress the following three areas were identified as warranting further discussion: 1) cost and schedule management, 2) risk management, and 3) beneficiary representation.

Over the course of Q1 2023 the ad hoc committee evaluated two governance models having similarities to the Sites Project. Upon review of these examples and considering the specific needs of this Project, the ad hoc committee has arrived at a skeleton structure that needs further refinement but is felt to put the key decision-making responsibilities for Phases 3 and 4 in the appropriate board purview to meet the needs of this project. Please refer to attachment A for the proposed structure.

Fundamentally, the proposed structure looks at that which should be within the sole purview of the Reservoir Committee as delegated by the Authority Board, that which should remain within sole purview of the Authority Board, and that which should be agreed upon by both Boards. This approach aligns with the direction of the Board that we want to build on the current structure as opposed to starting anew. The proposed structure relates to Phases 3 and 4 work only. Further discussion will occur during Q2 2023 regarding Phase 5. It is acknowledged by the ad hoc committee that the governance structure determined for the B&O contract needs to encompass Phase 3, 4, and 5. Other aspects requiring further consideration are board makeup, board seats, board voting procedures and weighting.

**Prior Action:**

December 2022 – Receive an update on the progress being made by the ad hoc Governance Joint Committee and provide input on the governance issues for refinement in 2023.

July 2022 – Approve the forming of the ad hoc Governance Joint Committee charter.

**Fiscal Impact/Funding Source:**

None.

**Staff Contact:**

Jerry Brown (Governance)

**Attachments:**

Attachment A: Diagram Showing Committee Thinking for Overarching Phase 3 and 4 Governance Structure

# Phases 3 & 4 Governance Concept

(for discussion purposes only, based on prior discussions of the ad hoc group, not a staff recommendation)

## Authority Board

### Project Obligations

#### Legal Compliance

- Mitigation, water right, and permits

#### Project Finance

- Debt obligations and payments
- Participant payments
- Auditing and accounting

#### Local Community Relations

## Reservoir Committee

### Design & Construction

Managing design and construction

- Budget and activities
- Contractor selection
- Change orders and disputes

Managing commitments in Federal and State Agreements

Statewide outreach, legislative affairs, and public relations

Developing operations plans

Delegation

### Shared Decision-making

Local agreements, land acquisition and land management

Significant changes to permit requirements

Changes in local participation percentage

Shared facility agreements

Recreation management

Risk management

Litigation