



Meeting: **Joint Reservoir Committee & Authority Board** **September 22, 2023**
Agenda Item 3.2

Subject: **Amendment 3 Work Plan Update in Preparation for FY24 and FY25**
Budget Review

Requested Action:

Review and comment on the following updates related to the Amendment 3 Work Plan:

- a) Amendment 3 Work Plan scope updates.
- b) Extension of Amendment 3 to December 31, 2025.
- c) Draft FY24 and FY25 Cash Call Amount.
- d) Draft FY24 and FY25 Annual Budget

Detailed Description/Background:

The Sites Project Authority Amendment 3 Work Plan was approved in September 2021 and included a total scope of work with projected expenditures and revenues necessary to support completing the scope within 36 months beginning January 1, 2022, and extending through December 31, 2024. The approved work plan included annual review and approvals of changes to the plan including scope updates and an annual budget, including cash call amounts. The Board must approve changes to the work plan and the 2024 annual budget before January 1, 2024. This report is intended to obtain feedback on the draft Amendment 3 Work Plan scope updates, extension to the A3 schedule, draft 2024 cash call amount, and Draft 2024 annual budget before seeking final approval next month.

In July 2023, Staff presented a draft optimized Phase 3/4 Project Schedule for Board review and comment as a progress check leading up to the Amendment 3 Work Plan update and the associated effort to reprioritize the remaining Amendment 3 activities to achieve an approx. 2-year shorter overall schedule. As a reminder, the project schedule can dramatically impact affordability and additional years added to the project duration could have a significant impact on total project cost.

Staff, with input from the Operations and Engineering Workgroup, have developed an optimized schedule with the following priorities for the proposed revised Amendment 3 Work Plan:

- Complete required permits, agreements, and cost estimates to support signing the Benefits and Obligations Contracts and financing by the end of 2025. The focus is on the 'conditions precedent' that have been reviewed with the Board and are now progress reported on a quarterly basis.

- Hire Reservoir Package CMAR and Mitigation Contractor early 2025.
- Acquire property for Golden Gate Dam Foundation, Sites Dam Foundation, and Sites Lodoga Detour sub-projects.
- Complete programmatic pre-construction requirements.
- Breakdown the major packages into prioritized modules and initiate the following highest priority areas including:
 - Golden Gate Dam Foundation sub-project with major geotech exploration starting January 2024.
 - Sites Dam Foundation and Lodoga Detour with major Geotech exploration starting as soon as funding allows.

Based on the anticipated need for additional time to complete key predecessors to the signing of the Benefits and Obligations Contracts, Staff will be requesting an extension to the current Amendment 3 work period to a new end date of December 31, 2025. Amendment time extensions have occurred upon RC and AB approval in the past and we would expect this one to be the same.

Staff has reviewed the proposed revised Amendment 3 priority activities and developed a combined 2024 and 2025 estimate of approximately \$96M to complete the proposed work plan. This is due to a combination of the fixed administrative costs of extending Amendment 3 another year (approximately \$4M) and the reprioritizing of direct planning and engineering work which adds to the total scope planned for Amendment 3 but, importantly, can accelerate the overall schedule and improve affordability. A similar estimate was developed for anticipated funds available during the same 2-year period, resulting in approximately \$77M. The estimated \$77M in available funds comes from a combination of funds carried over from previous years (\$25M) and new revenue from continued Federal WIIN Act and IJIA reimbursements (\$20M) as well as Participant cash calls (\$32M). State early awarded funds will have been fully received in 2023 and it is assumed that no further state funds will be available until the final funding award. Anticipated cash calls include \$160/AF in 2024 and \$40/AF in 2025, not exceeding the total \$400/AF amount initially approved by participant home boards at the start of Amendment 3.

Since estimated expenses exceed our currently anticipated funding for the remainder of Amendment 3, staff recommends a delay in Geotechnical and Design work for the Sites Dam and Sites Lodoga Rd Reroute. By delaying these two activities, estimated expenses for the remaining priority activities result in approximately \$77M, matching expected available funds. An intermediate work plan check-in would be planned for mid-2024 to review work plan status and determine if funds allow for the two delayed activities to begin. Another option could be voluntary contributions by willing agencies.

Its important to note, that while the reprioritization of planning and engineering work to a more concentrated focus on critical path activities provides an opportunity for an earlier project completion, and therefore cost savings, new risks must be considered. The proposed plan represents a deferral of geotechnical investigation for many non-critical path features resulting in limited data available for the cost estimate. This is a key policy consideration that the Board is making with this decision. The Staff and consultant expertise working on the project have carefully evaluated this consideration and have come to the conclusion that reprioritizing is the course best suited to result in the lowest overall cost of the project from a sequencing perspective.

Attachment A provides a comparison of the current Amendment 3 expense and revenue budget status compared to the draft proposed budget for the remainder of Amendment 3. A breakdown by year (FY24 and FY25) expense and revenue budget will be considered for approval at the October 2023 Board meeting along with authorizing the Executive Director to execute changes to consultant contracts in alignment with the scope outlined in the revised Amendment 3 Work Plan.

Prior Action:

July 2023 - Review and comment on updated Project schedule development findings and recommendations for Amendment 3 work plan update.

Fiscal Impact/Funding Source:

Assuming the Board concurs next month, Staff will authorize the consultants for the approved subject area amounts in the 2024 budget (less contingency).

Staff Contact:

Marcus Maltby/Joe Trapasso

Primary Service Provider:

Brown and Caldwell

Attachments:

Attachment A – Draft Proposed Budget for Remainder of Amendment 3

Attachment A: Draft Proposed Budget for Remainder of Amendment 3

Table 1: Draft Proposed Revised Work Plan vs Budget Status as of 2022 Closeout

From 2022 Closeout

Work Plan Summary	2022	2023	2024	2025	Total
Expense	\$24.7M	\$65.9M	\$31.8M	--	\$122.4M
Revenue*	\$36.3M	\$54.0M	\$64.5M	--	\$154.8M

*For cash flow purposes, includes carryover from previous periods

Draft Proposed Budget for Remainder of Amendment 3 (Preliminary)

Work Plan Summary	2022	2023	2024	2025	Total
Expense	\$24.7M	\$40.1M	\$77.2M		\$142.0M
Revenue*	\$36.3M	\$52.0M	\$39.6	\$14.1M	\$142.0M

*For cash flow purposes, includes carryover from previous periods