



Meeting: **Reservoir Committee & Authority Board  
Agenda Item 2.1**

**October 18, 2024**

Subject: **2025 Amendment 3 Work Plan Update**

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**Requested Action:**

Reservoir Committee and Authority Board consider the following actions related to the Amendment 3 Work Plan Update:

- a) Approval of Amendment 3 Work Plan update.
- b) Approval of an extension of Amendment 3 to June 30, 2026.
- c) Approval of FY25 Cash Call Amount.
- d) Approval of FY25 Annual Budget.

**Detailed Description/Background:**

The Sites Project Authority Amendment 3 Work Plan was approved in September 2021. The original work plan included a total scope of work with projected expenditures and revenues necessary to complete the scope within 36 months, beginning January 1, 2022, and extending through December 31, 2024. Annual budget approvals have occurred, and the proposed action today represents the Board's consideration of the FY25 Budget. Key to the budget preparation was a prioritization process that staff feels represents the biggest bang for the buck.

The dynamic nature of this project has required numerous changes to the original A3 work plan, mostly related to shifts for permitting approvals. However, the revenue has not changed significantly, which means less engineering scope can be accomplished. The Board is reminded that in October 2023, the Amendment 3 Work Plan was extended to a new end date of December 31, 2025, along with a refocus of engineering limited on project critical path elements of dams and roads. This proposed FY25 Budget continues to make these type of changes and holds revenues at original A3 plan levels (i.e., no new cash calls) while extending the schedule another six months to June 30, 2026. The Budget and Finance Committee has reviewed the proposed FY25 Budget.

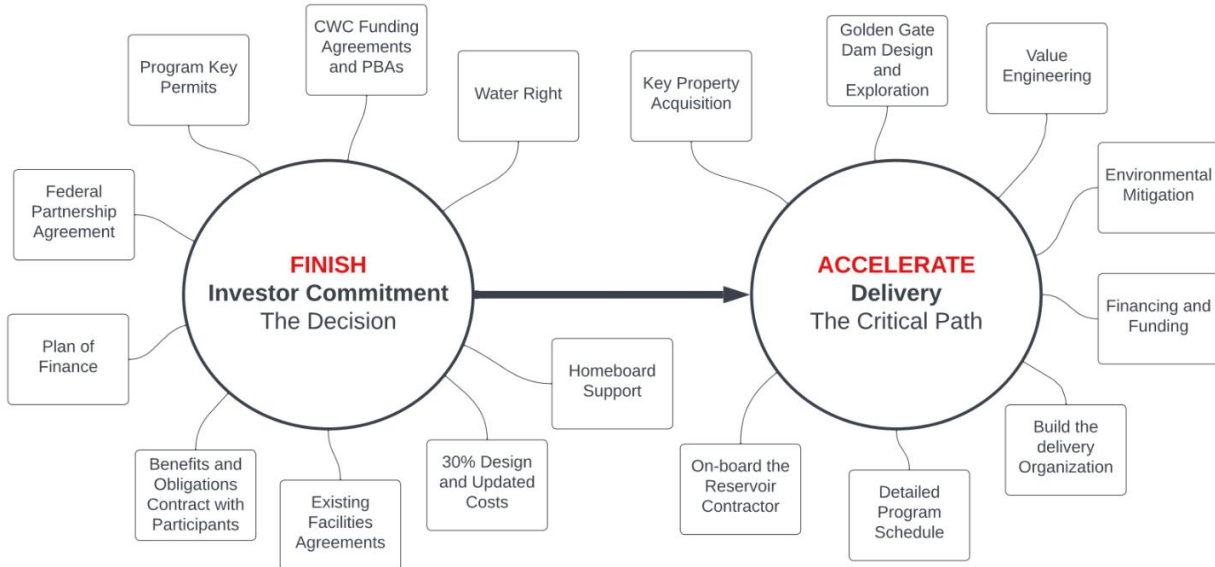
The primary focus of the FY25 Budget continues to be on the following:

- Completing Investor Commitment activities (including executing the Storage Partner Contracts) is top priority but has pushed out the schedule due to delays in the Water Right process. Latest anticipated completion date is now June 30, 2026 resulting in the need for Amendment 3 project funding to extend into 2026 as well.

- Key deliverables have been confirmed and added to ensure each is completed on a schedule to support executing the Storage Partner contracts. A table providing deliverable (new and original) status is shown in **Attachment B**.
- Proposed 2025 Revenue and Expenses budgets (see **Attachment A**), including the anticipated cash on hand at the end of 2024, provide sufficient funds for critical work activities in 2025 as well as 6 months into 2026.

**Determining Work Activities for Remaining Funds**

In the figure below, activities identified on the left “wagon wheel” represent highest priority scope items necessary for the completion of Phase 2. Staff has also identified activities that would prepare for efficient project delivery once Phase 3 is initiated. These activities are shown in the right wagon wheel below.



2024 - 2025  
A Two Part Work Plan

The proposed remaining Amendment 3 Work Plan includes an expected available funds of approximately \$44M through June 30, 2026. The left wagon wheel represents approximately \$33M of “highest priority” work and are fully funded in the proposed plan. The right wagon wheel represents approximately \$32M of critical work which will be partially funded with approximately \$11M in work plan remaining revenue.

To identify the activities to accomplish with the \$11M of funds, Staff applied the following criteria in evaluating potential scope items:

- Is this activity required for Investor Commitment or the Conditions Precedent?
- Is this activity tied to regulatory mandates?

- Does this activity manage significant financial, compliance/permitting, or schedule risks?
- Does this activity risk becoming overcome by events?
- Does this activity immediately support the preparation for breaking ground?

The activities determined to be priority for the \$11M of funds fall into the following broader focus areas:

- Continue acquiring Property with highest priority being areas of critical path work.
- Continue the Golden Gate Dam Design - field exploration, DSOD permitting, and early mitigation needs.
- On-board the Reservoir Construction Manager At Risk (CMAR) Contractor.
- Advance the Detailed Program Schedule.
- Advance the Building of the Delivery Organization including bringing on additional systems and personnel that would help prepare for and continue through to construction.

The remaining \$21M in currently unfunded activities represents activities that could be accomplished should additional funds become available, or cost savings realized. These activities would include:

- Acquiring additional strategic land parcels.
- Advancing larger scale environmental mitigation.
- Advancing select design with a focus on gaining a better understanding of cost uncertainty.

### **2025 Expense Budget**

The proposed expense budget for 2025 is \$39.5M. Budget allocation by subject area support completing the deliverables and are summarized as follows:

- Communications - \$0.5M
- Engineering - \$14.6M
- External Affairs - \$0.4M
- General Project Activities - \$0.9M
- Permitting - \$11.2M
- Planning - \$0.3M
- Program Operations - \$8.6M
- Real Estate - \$3.0M

The 2025 expense budget includes an unrestricted contingency of \$4.1M, captured within the above subject area budgets. Any unused FY 2025 unrestricted contingency will be evaluated at the end of 2025 when preparing the budget for the following year.

Some key scope activities for the largest 3 subject areas (making up ~87% of expenses) in the 2025 budget are:

### **Engineering Subject Area**

- Initiate Golden Gate Dam Geotech Exploration.
- On-board CMAR for Reservoir Package.
- Prepare construction site preparation and access construction package. (this is field work to occur in late 2026 and early 2027)
- Prepare Comprehensive Risk Register Update.
- Advancement of CAISO and PG&E Power Studies needed for establishing agreements with power entities.
- Determine Construction Water Needs and Sources.
- Perform Construction Traffic Study.

### **Permitting Subject Area**

- Secure Water Right Permit.
- Secure Project-level Operations BiOps and other critical permits for construction.
- Implement EIR, ITP, and anticipated Section 106 and Water Right. Conditions.
- Complete an Environmental Compliance Implementation System.
- Begin Greenhouse Gas Emissions Plan.
- Continue field surveys and monitoring.
- Advance Mitigation Contractor Procurement and support early mitigation purchases.

### **Program Operations Subject Area**

- Prepare Benefits and Obligations Contract for execution.
- Prepare Partnership Agreement for execution.
- Prepare State Public Benefits Agreements for execution.
- Complete Project Financing preparations.
- Purchase/implement delivery software tools (i.e. construction document management system, financial information system).
- Ongoing program costs/staffing to support Authority business functions.

Assuming all expense and revenues are incurred as proposed would leave \$2.5M to start 2026. Taking in account additional new revenue expected to be received in 2026, it is estimated that \$4M in 2026 expenses could be afforded within our current plan. While this is less than the estimated need of \$8M, staff is confident that active budget management throughout FY25 will ensure adequate funds are available to continue limited operations in 2026. However, it is unlikely excess funds would be available to continue operations beyond June 2026 and if needed, other measures would need to be taken including potentially a new cash call.

## **2025 Revenue Budget**

The proposed revenue budget for 2025 includes expected new revenue of \$16.3M and an estimated \$25.8M in cash to carryover from 2024. A summary of assumed revenue by source is as follows:

- **Estimated cash on hand to start 2025 - \$25.8M**, revenues exceeding expenses through the first several years of the work plan have resulted in additional cash to start the calendar year.
- **Reservoir Committee Cash Call - \$6.7M**, represents a \$40/AF cash call to be invoiced January 1, 2025, if approved during this Board action. This would bring the 4-yr Amendment 3 cash call total to \$400/AF, as was originally approved. No further cash calls are expected.
- **Authority Board Seat Dues - \$415k**, Authority Board dues are estimated to remain at \$45,000 per member and \$5,000 per associate member. There are currently 9 Authority Board members and 2 Associate members.
- **Federal (WIIN Act) Funding - \$8.5M**, Federal revenues are currently under contract with the Bureau of Reclamation and are provided on a reimbursement basis.
- **State (WSIP, Prop 1) Funding - \$0**, The project has exhausted its early funding agreement ceiling of \$43.8M or 5% of the Maximum Conditional Eligibility Determination.
- **Interest Income - \$750k**, estimated bank interest in 2025 based on current expenditure plan and assumed interest rates of 5% apr for the entire calendar year.

**Attachment A** summarizes the proposed 2025 expense and revenue budgets along with a current cash flow curve covering 2024 and 2025.

**Figure 2** in attachment A, provides a cash flow curve highlighting the scenario of the Amendment 3 period extending 6 months into 2026 because of delays in issuing a water right permit and subsequent execution of the benefits and obligations contracts. This curve estimates \$4M in 2026 expenses as well as approximately \$3.5M in new revenue resulting in an end of period available funds of nearly \$2.1M. While cumulative revenue exceeds cumulative expenses each quarter, it does provide a period in approximately Q1 2026 where available cash is expected to be as low as \$1M. The team will continue to monitor this plan and update the Board with updates semi-annually. There will be quarterly financial reporting in 2025 and a work plan update and 2026 budget will be brought forward to the Reservoir Committee and Authority Board in October 2025 for approval.

## **Prior Action:**

**December 2023** – Approval of revised FY 2024 expense budget and adjusted consultant contract authority.

October 2023 – Adoption of Program baseline schedule, approval of Amendment 3 Work Plan update, approval of an extension of Amendment 3 to December 31, 2025, approval of FY 2024 cash call amount, approval of FY 2024 annual budget.

**Fiscal Impact/Funding Source:**

Assuming the Board concurs, Staff will work with the consultants to identify Task Order contract limits for 2025 and bring these for Board consideration of approval at the November 2024 meeting. Additionally, with the approval of this recommendation, staff will invoice Reservoir Committee members \$40/AF January 1, 2025. This is final approved cash call for Amendment 3.

**Staff Contact:**

Marcus Maltby/Joe Trapasso

**Primary Service Provider:**

Brown and Caldwell

**Attachments:**

Attachment A – Annual Budget Summary Tables and Cash Flow Curves

Attachment B – Updated Amendment 3 Work Plan Deliverables

**Attachment A: Annual Budget Summary Tables and Cash Flow Curves**

**Table 1: Current A3 Budget Totals (as approved Oct 2023) vs Proposed Revised A3 Budget Totals**

Current Budget	2022	2023	2024	2025	Total
Expense	\$24.7M	\$40.5M	\$48.9M	\$28.1M	\$142.2M
Revenue	\$36.7M	\$53.0M	\$39.1M	\$14.1M	\$142.9M

Note: Budget includes actual and forecasted values. Amendment 2 carryover funds included as revenue.

Revised A3 Budget	2022	2023	2024	2025	Total
Expense	\$24.7M	\$42.7M	\$35.5M	\$39.5M	\$142.4M
Revenue	\$45.9M	\$44.6M	\$38.1M	\$16.3M	\$144.9M

Note: Budget includes actual and forecasted values. Amendment 2 carryover funds included as revenue.

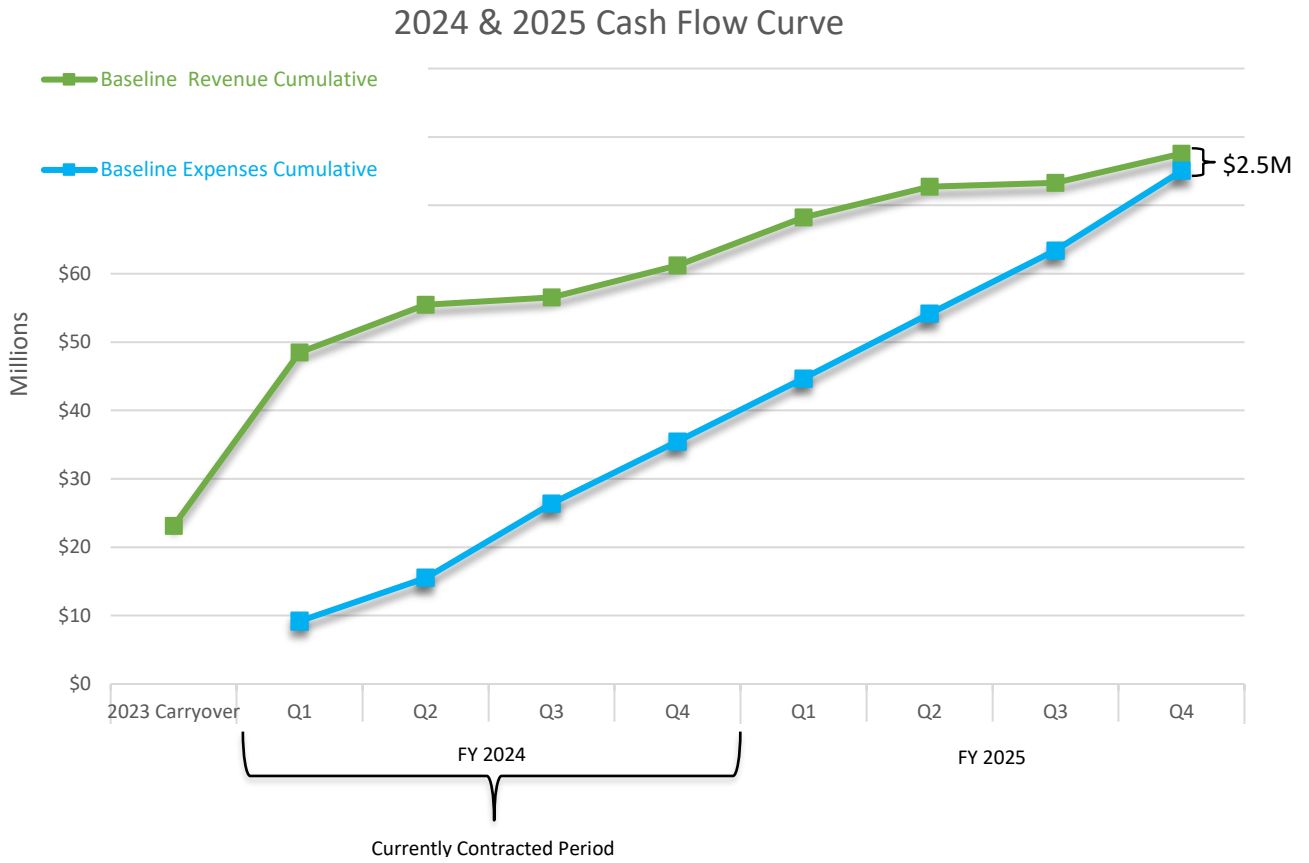
**Table 2: Proposed 2025 Expense Budget**

Proposed Expense Budget by Subject Area	Proposed 2025 Budget
Communications	\$0.5M
Engineering	\$14.6M
External Affairs	\$0.4M
General Project Activities	\$0.9M
Permitting	\$11.2M
Planning	\$0.3M
Program Ops	\$8.6M
Real Estate	\$3.0M
<b>Total</b>	<b>\$39.5M</b>

**Table 3: Proposed 2025 Revenue Budget**

Proposed Revenue Budget by Source	Proposed 2025 Budget
Reservoir Committee Cash Call	\$6.7M
Authority Board Seat Dues	\$0.4M
Federal (WIIN Act) Funding	\$8.5M
State (Prop 1 [WSIP])	--
Bank Interest	\$0.8M
<b>Revenue Total</b>	<b>\$16.3M</b>

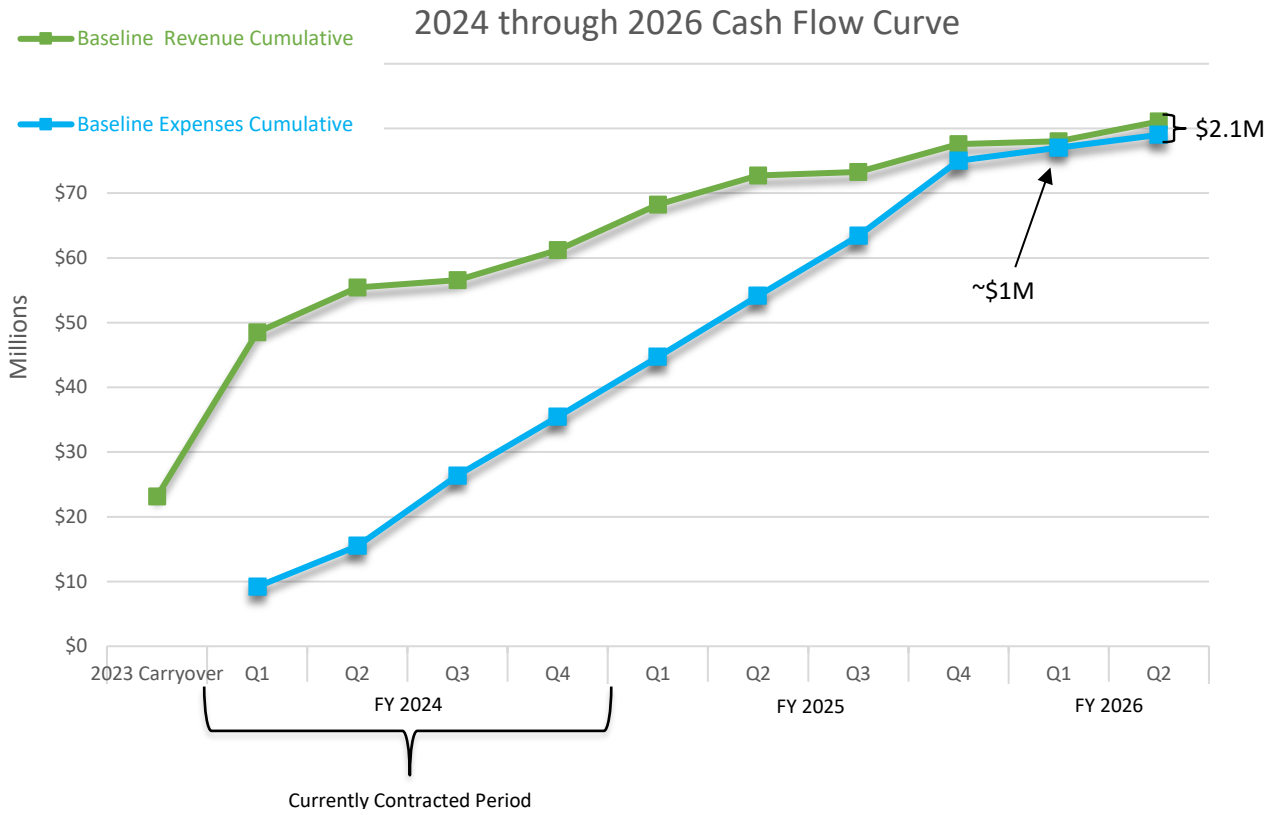
**Figure 1: 2024 & 2025 Cash Flow Curve**



**Note:** 2023 Carryover is not new revenue to 2024 or 2025 but is included in the above graph for budgeting purposes



**Figure 2: 2024 through 2026 Cash Flow Curve**



**Note:** 2023 Carryover is not new revenue to 2024 or 2025 but is included in the above graph for budgeting purposes

**Attachment B - Update to Amendment 3 Work Plan Key Deliverables**

<b>Deliverable</b>	<b>Done?</b>	<b>Target Completion</b>	<b>Notes</b>
Initiate Application for Permit to Construct from DSOD	✓	Q3 2024	
<del>Advance Engineering of Project Feature Encroachments to 65% Design Level in Support of Permitting</del>		N/A	Superseded by reprioritization effort
Determine Procurement and Delivery Strategy	✓	Q3 2022	
Determine Overall Project Schedule	✓	Q4 2023	
Preliminary Engineering (30% design level) and P1A/P1B Geotechnical Investigations	✓	Q2 2024	Geotechnical activities reprioritized
Execute Benefits Contracts with DWR and CDFW		Q1 2026	
Secure Final Funding with CWC		Q2 2026	
Execute Final Operations Agreement with Facility Partners, State and Federal Agencies		Q1 2025	
Secure Federal Funding		Q2 2026	
Complete Loan Applications	✓	Q1 2023	
Determine Organization Structure	✓	Q3 2024	
Execute Benefits and Obligations Contracts		Q2 2026	
Obtain Environmental Permits Required for WSIP Final Award		Q3 2025	
<del>Develop Mitigation Acquisition Master Plan</del> <b>Develop Draft Mitigation Strategic Master Plan</b>	✓	Q3 2023	
Receive Water Right Order and Permit		Q3 2025	
<del>Obtain Local Agency Agreements and Permits</del> <b>Developer Agreements with Counties</b>		Q4 2024	
Complete Final EIR/EIS	✓	Q4 2023	
Develop Land Acquisition Plan		Q3 2025	
Acquire Land (from willing sellers)	✓	Q4 2024	
<b>Procurement Plan</b>	✓	Q1 2024	
<b>Initial Contract Award - Reservoir CMAR</b>		Q3 2025	
<b>Begin Program Pre-Construction Requirements</b>		Q4 2025	
<b>Complete CAISO Phase I Studies</b>		Q4 2025	
<b>Initiate Golden Gate Dam Foundation Sub Project</b>	✓	Q1 2024	
<b>Prepare Construction Site Preparation and Access Construction Package</b>		Q2 2026	

**Attachment B - Update to Amendment 3 Work Plan Key Deliverables**

<b>Deliverable</b>	<b>Done?</b>	<b>Target Completion</b>	<b>Notes</b>
<b><i>Prepare Comprehensive Risk Register Update</i></b>		Q4 2025	
<b><i>Determine Construction Water Needs and Sources</i></b>		Q4 2025	
<b><i>Perform Construction Traffic Study</i></b>		Q1 2026	
<b><i>Secure Project-level Operations BiOps and other Critical Permits for Construction</i></b>		Q4 2025	
<b><i>Implement EIR, ITP, and anticipated Section 106 and Water Right Conditions</i></b>		Q4 2025	
<b><i>Begin Greenhouse Gas Emissions Plan</i></b>		Q4 2025	
<b><i>Complete Environmental Compliance Implementation System</i></b>		Q4 2025	

Note: Bold text represents new or modified deliverables from 2021 adoption of Amendment 3 Work Plan.