



Meeting: **Reservoir Committee & Authority Board**
Agenda Item 3.1

January 17, 2025

Subject: **Updated Total Project Cost Estimate**

Requested Action:

Review and comment on the process of providing input as the updated Total Project Cost Estimate is being developed.

Detailed Description/Background:

The updated Total Project Cost Estimate (Cost Estimate) is a key piece of information for the following elements: 1) this is the Cost Estimate that will be provided for investor commitment, 2) it will feed into the updated Plan of Finance to inform debt service and O&M obligations, and 3) it will be part of the Program Baseline Report (PBR). The most recent update of the Cost Estimate was in June 2021. This update will cover cost escalation effects and advancements made in the project planning and design since 2021. As a reminder, Attachment A describes sequence and scheduling for activities over the next 18 months – the Cost Estimate is a key piece of information for this plan and is noted under the “how much does it cost?” line item.

The updated Cost Estimate will be reviewed with the Operations & Engineering Workgroup including reconvening the Value Planning Ad-hoc Subcommittee to validate assumptions and ensure completeness for the following key considerations:

- General Cost estimating techniques and standards
- Value engineering evaluations
- Appropriate contingencies and risk considerations
- Completeness for getting Home Board authorization to proceed with signing the Contract Documents

Additionally, involvement of an independent cost estimator is part of the update process.

The next Operations & Engineering Workgroup is scheduled for March 12, 2025; the Value Planning Ad-hoc Subcommittee will convene in February and March of 2025. An updated Cost Estimate will be brought to the RC & AB for consideration

in April 2025. Please notify the Operations & Engineering Workgroup lead and staff if there are desires to provide input and participate in development of this updated Cost Estimate.

The tentative schedule for reviewing elements associated with the updated Total Project Cost Estimate:

- February 2025 – review Reservoir design and updated cost estimate considerations with the Value Planning Ad-hoc Subcommittee
- March 2025 – review Conveyance design and updated cost estimate considerations with the Value Planning Ad-hoc Subcommittee
- March 12, 2025 – review preliminary updated Total Project Cost Estimate and considerations with the Operations & Engineering Workgroup
- April 18, 2025 – review the updated Total Project Cost Estimate with the RC & AB

Fiscal Impact/Funding Source:

This work is budgeted within the current Work Plan and no additional fiscal impacts are anticipated.

Prior Action:

October 2024: Reviewed and commented on the process, assumptions and other considerations that are key to the development of the 2024 Program Cost Forecast representing to Storage Partners the anticipated total project cost and annual costs of construction and operations to consider during investor commitment.

Staff Contact:

JP Robinette

Primary Service Provider:

HDR

Attachments:

Attachment A: Last 18 months of Phase 2 (note this is same slide as presented last month for Agenda Item 3.1 Draft B&O Contract and Financing Document Development)

ATTACHMENT A: Last 18 months of Phase 2 (Planning) of the Sites Reservoir Project

