



Reservoir Committee & Authority Board

September 20, 2024

Authority Board Chair:	Fritz Durst (Reclamation District 108)
Authority Board Vice Chair:	Jeff Sutton (Tehama-Colusa Canal Authority)
Reservoir Committee Chair:	Mike Azevedo (Colusa County)
Reservoir Committee Vice-Chair:	Robert Kunde (Wheeler Ridge-Maricopa Water SD)
Treasurer:	Jamie Traynham (Davis Water District)

MINUTES

CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Vice Chair Sutton called the Joint Authority Board (AB) and Reservoir Committee (RC) Meeting to order at the hour of 9:02 a.m., followed by Roll Call and the Pledge of Allegiance.

ROLL CALL/ATTENDANCE:

Authority Board: 6 members in attendance, resulting in a quorum.

Reservoir Committee: 18 representatives (87.65%) in attendance, resulting in a quorum.

INTRODUCTIONS:

The Sites staff, consultants and members of the public introduced themselves.

AGENDA APPROVAL:

ACTION RC: Moved by Pryor, seconded by Navarrot, to approve the September 20, 2024, meeting agenda. **Motion carried unanimously.**

ACTION AB: Moved by Director Vanderwaal, seconded by Director Evans, to approve the September 20, 2024, meeting agenda. **Motion Carried: All Directors present voted yes.**

ANNOUNCEMENT OF CLOSED SESSION:

General Counsel (GC) Doud announced the Authority Board of Directors, and the Reservoir Committee Members would consider Closed Session matters 5.1 through 5.5.

PERIOD FOR PUBLIC COMMENT:

Vice Chair Sutton called for a period of public comment.

One member of the public, Richard Cruz of Nor Cal Carpenters Union, made comments related to the importance of utilizing responsible labor and contractors who offer benefits. Hearing no other comments, Vice Chair Sutton closed the public comment period.

1. CONSENT AGENDA:

Vice Chair Sutton and Chair Azevedo time to consider consent agenda items 1.1 through 1.4 as follows:

- 1.1 Reservoir Committee and Authority Board consider approval of August 16, 2024, Reservoir Committee and Authority Board Meeting Minutes.
- 1.2 Reservoir Committee and Authority Board consider acceptance of the Sites Project Authority Treasurer’s Report.
- 1.3 Reservoir Committee and Authority Board consider approval of the Sites Project Authority Payment of Claims.
- 1.4 Reservoir Committee and Authority Board consider approval of:
 - a) A task order amendment with Somach, Simmons & Dunn for additional scope of work for water right legal services in the amount of \$925,000 bringing the not to exceed total task order amount to \$3,589,471 for the period of January 1, 2022 through December 31, 2025.
 - b) FY24 budget adjustment to the permitting subject area with funds being reallocated from the engineering subject area.
- 1.5 Reservoir Committee and Authority Board consider adjusting the meeting schedule by moving the previously scheduled, November 22, 2024, board meeting to November 15, 2024.

ACTION RC: Ms. Traynham moved, seconded by Vice-Chair Kunde, to approve Consent Agenda Items 1.1, 1.2, 1.3, 1.4 and 1.5 for the Reservoir Committee and recommend approval to the Authority Board. The motion carried unanimously.

ACTION AB: Director Kaplan moved, seconded by Director Vanderwaal to approve Consent Agenda items 1.1 through 1.4 for the Authority Board. Motion carried: All Directors present voted yes.

2. ACTION ITEMS:

- 2.1 Reservoir Committee and Authority Board consider approval of the Sites 2023 Financial Audit Report which includes a Federal Single Audit.

Joe Trapasso introduced Scott A. German, CPA of Fechter & Company, who is the Authority's auditor.

Mr. German made a presentation, highlighting the steps and communications used as part of the audit process. He defined that a financial statement audit is intended to make certain that statements tell a true and materially accurate story of the entity's financial position and results of operation, and to form an opinion based on what is presented by staff and the board. He explained the audit does not relieve a board of responsibility to make certain that statements are proper and accurate. He gave an overview of the work which includes auditing financial statements, implementation of a system of internal controls, and complying with the requirements of receiving federal funds.

Mr. German presented on the scope components, including the financial statement audit and the Single Audit of SEFA, and the associated opinions. There is a clean opinion on financial statements, and no opinion on required supplementary information. Mr. German further reviewed the balance sheet assets, payables, net position, revenues and expenditures. He spoke about issues related to a financial adjustment due to a grant receipt.

Mr. German reviewed the single audit, which is required when there is an expenditure in excess of \$750k. There was one finding. He stated that overall, Authority staff have done a great job and that future ramp-up of the project will require that systems be able to handle a significant volume of activity. He said he anticipates next year to be even better with, likely, no findings.

The Board thanked Mr. German.

ACTION RC: It was moved by Mr. Urkov, seconded by Ms. Pryor, to recommend approval of agenda item 2.1 to the Authority Board. **Motion carried unanimously.**

ACTION AB: It was moved by Director Vanderwall, seconded by Director Kaplan to approve agenda item 2.1. **Motion carried: All Directors present voted yes.**

- 2.2 Reservoir Committee and Authority Board consider approval for the Executive Director to authorize submittal of a reservoir construction application and accompanying, non-refundable, initial deposit of \$2,890,623 with the Division of Safety of Dams to initiate reviews, oversight, and approval of design and construction of project features.

Henry Luu reported that the Safety of Dams (SOD) state regulatory agency's purpose is to prevent dam failures, safeguard life and protect properties. Thus, the item is to consider a reservoir construction application to facilitate design reviews and oversight which will lead to approval for construction and operations of the project jurisdictional facility. He explained that the application requires the first of three payments, which is non-refundable and is accommodated in the budget.

Mr. Luu explained that the SOD review can validate design assumptions and can be lengthy, so initiating the process early reduces schedule risk. This may allow the SOD to provide a "no red flag" acknowledgment of the design progression. In turn, this acknowledgment could substantiate the Water Commission's Prop One final award determination and future commitments. He noted this item was brought to the Operations & Engineering work group on September 11, who in turn recommended staff proceed. Vice-Chair Kunde noted that the presentation to the work group was very detailed related to a potential true-up if the cost estimate is under budget, where monies would be owed to the SOD. Adjustments to the estimate can be made in installments. Director Vanderwall asked if the SOD review covers all the dams; it was confirmed that it does. Mr. Luu confirmed that subsequent payments are anticipated to be commensurate with the design progression, at the 60% and 90% marks.

ACTION RC: It was moved by Vice-Chair Kunde, seconded by Ms. Pryor, to recommend approval of agenda item 2.2 to the Authority Board. **Motion carried unanimously.**

ACTION AB: It was moved by Director Vanderwaal, seconded by Director Doherty to approve agenda item 2.2. **Motion carried: All Directors present voted yes.**

3. **DISCUSSION AND INFORMATION ITEMS:**

- 3.1 Review and comment on the next steps for financing and transitioning from Phase 2 to Phases 3 and 4.

Executive Director Brown introduced the item and stated the importance of the Board and Committee's roles in considering and understanding the steps and initiating conversations at the various home boards to support the steps sequentially and effectively. He emphasized the importance of members letting staff know of any adjustments that need to be made.

ED Brown said that comments on the draft B&O Contract, Bylaws, and Joint Powers Agreement are due to staff by October 1.

JP Robinette reported on the Sites phases eventually moving from planning to delivery, with "planning" consisting of making commitment, and "delivery" consisting of keeping commitments. He stated the project is still in the planning phase, and beginning to overlap into the delivery phase. He reviewed the activities thus far in planning, that allow for the contemplation of delivery steps. He noted it is important to make sure the project has the funding needed for construction via the B&O Contract that secure financing.

Mr. Robinette explained that significant variables would be related to any rebalancing that may occur, or any changes in participation that may occur, or if the current waitlist becoming activated. He asked members to be certain to notify staff if they see any changes on the horizon from their home boards.

Mr. Robinette explained the impacts of rebalancing as the project transitions from Phase 2 to Phases 3, 4, or 5. He noted the financial impact of bringing on new participants. He reported on the interim financing measures, the component of the WIFIA loan, and generally, on the dynamic variables of the market. Mr. Robinette noted the negotiation of a master agreement based on prior policy that informed the B&O contract development, and the master resolution the Board has adopted. He said the WIFIA ad hoc committee will be reviewing final details of the master agreement before a response is formed back to the EPA.

In response to a question about the liability of the accrued funds of nine million, staff noted the Authority has adopted a funding and credit reimbursement policy that contemplated that early participants either reducing participation or dropping out being able to be reimbursed costs – thus, over the last six years, the project has accrued liability. Staff explained that this liability will move to zero, as the guiding policy sunsets and participants who've signed the B&O contract will have a right to sell their capacity interest.

Staff reviewed options related to the Board considering whether to use capitalized interest or deferring members' interest payments, and various considerations related to multiple approaches.

ED Brown answered a question about the impact of a delay in the State Board action and stated that if that were to occur, the home boards would need to make determinations about obtaining more money or ceasing. He reiterated that this message keeps being communicated to the State Board.

Hearing no further comments or questions, the Board and Committee moved on to Item 3.2.

- 3.2 Review and comment on the progress report for approach and timing for updating the Strategic Plan for the next project phases.

Executive Director Brown reviewed the process of implementing the Strategic Plan, which was drafted almost four years prior. The Plan has been a good guide to help focus on affordability, permit-ability, and buildability. The plan includes goals, objectives, and definitions of the vision, mission, and values of the organization.

ED Brown presented information to illustrate some of the activities moving from planning to delivery. He asked if anyone had different opinions on the Strategic Plan as relates to these activities so that they can begin to be integrated.

Vice-Chair Kunde noted that the Governance ad hoc work group has been contemplating how agencies can make rapid decisions that are critical to construction. He said that splitting up responsibilities may be helpful. Ms. Traynham pointed out that it would be very important to have clear policies and guidelines regarding what is delegated to staff for expedience, in terms of approving change orders.

Hearing no other comments or questions, the meeting moved to Reports.

4. REPORTS:

4.1 Chairpersons' Reports:

Chair Azevedo reported there was a community meeting in Maxwell on September 12 that had good turnout and was successful. Director Sutton was present and gave an opening statement on behalf of the Board. ED Brown also reported that there was a local community working group meeting where information about jobs sales tax, and hiring were discussed.

Director Sutton also commented that the September 12 meeting was successful.

4.1 Committee & Workgroup Chairs' Reports:

Operations & Engineering: Vice-Chair Kunde noted that JP Robinette made a presentation regarding project workforce and sought policy guidance and feedback from the work group. Vice-Chair Kunde noted that while there is no field work at the moment, the access agreement has been finalized.

Legislation & Outreach: Staff reported that the California Special District Association was given a tour with legislators; there were about 40 staffers in attendance.

Local Community Working Group: Chair Azevedo noted that comments were previously made about the community meeting during the Chair's Report.

4.3 Authority Board & Reservoir Committee Participant Reports:

None.

4.4 Executive Director's Reports:

Executive Director Brown spoke to the following:

The Water Rights hearing process is proceeding. New hearing dates have been identified. The case in chief is nearly complete, including cross examination of the participants. Chair Azevedo noted the hearings are available for viewing on YouTube.

The Los Vaqueros Reservoir expansion project will be shut down due to direction from Contra Costa Water's Board of Directors' direction to staff.

Vice Chair Sutton declared a recess at 10:30 a.m. and convened into Closed Session.

5. CLOSED SESSION:

- 5.1 Conference with legal counsel regarding existing litigation (Gov. Code §§54956.9(d)).

Friends of the River, et al. v. Sites Project Authority, et al., Yolo County Superior Court, Case No. CV2023-2626

- 5.2 Negotiations concerning water right permit terms and conditions (Govt. Code §54956.9(c) and §54956.9(d)(4)).

- 5.3 Public Employee Performance Evaluation, Executive Director (Govt. Code §§54957).

- 5.4 Conference with Real Property Negotiators (Gov. Code § 54956.8).

Property: [Colusa County] APNs 011-150-004, 011-150-023, 011-190-019, -021, 011-200-013, -014, 011-210-016, 011-210-017, 011-210-023, 011-210-024, 011-210-025, 011-210-026, 011-210-027

Agency negotiators: Jerry Brown, Kevin Spesert

Negotiating parties: Red Stick Farms

Under negotiation: Price and terms of payment

- 5.5 Conference with Real Property Negotiators (Govt. Code §§54956.8)

Property: Lands comprising the Lower Colusa Basin Drain System and associated easements and rights of way.

Agency Negotiator: Jerry Brown, JP Robinette, Kevin Spesert

Negotiating parties: RD 108, Department of Water Resources

Under Negotiation: Price and terms of payment

Vice-Chair Sutton adjourned Closed Session at 12:13 p.m. and reconvened into Open Session.

6. REPORT FROM CLOSED SESSION:

GC Doud stated that no reportable action was taken on Closed Session matters.

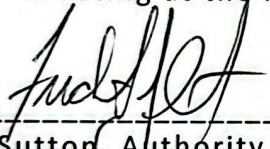
7. RECAP: None.

7.1 Suggested Future Agenda Items.

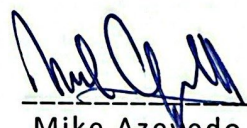
7.2 Upcoming Meetings:

Reservoir Committee & Authority Board
Friday, October 18, 2024 (9:00 a.m. – 12:00 p.m.)
Maxwell Project Office & Virtual

Vice-Chair Sutton adjourned the Reservoir Committee and Authority Board Meeting at the hour of 11:57 a.m.



Jeff Sutton, Authority Board Vice-Chair



Mike Azevedo, Reservoir Committee

Chair Durst for



MJ Brown, Board Clerk