



Topic: **Authority Board Agenda Item 2-3**

2017 Nov 20

Subject: **Fiscal Year 2018 Budget**

Requested Action:

Consider approving the Authority Board’s portion of the fiscal year 2018 budget as presented in Attachment 2-3.

Detailed Description/Background:

Attachment 2-3 incorporates input from the joint meeting of the Authority’s Finance & Budget Committee and Reservoir Committee’s Finance & Economics Work Group, which was held on November 3, 2017.

Prior Authority Board Action:

2017 September 18, approval of the amended Phase 1 budget target

Fiscal Impact/Funding Source:

None. This budget does not change the approved participation rates of \$48.50/acre-foot of Class 1 and \$24.25/acre-feet of Class 2.

Staff Contact:

Jim Watson

Attachments:

Attachment 2-3: Budget assumptions and line-item details for both the Authority and Reservoir Committee

Topic: **Sites Project**

2017 Nov 05

Subject: **2018 Budget Assumptions**

Purpose: Summarize key assumptions used to prepare the FY 2018 budget for the Authority & Reservoir Committee.

Common:

- The fiscal year budget is based on a January 1 through December 31 calendar for both the Authority and Reservoir Committee.
- For the Reservoir Committee, the budget remains within the \$48/50/acre-foot in Class 1 (and \$24.25/acre-foot in Class 2). This FY 2018 budget is based on the Amended Phase 1 Budget Target that was approved by the Authority on September 17, 2017 and Reservoir Committee on September 21, 2017. Attachment 5-3 to the Reservoir Committee’s agenda package includes additional details regarding the development of the Amended Phase 1 Budget Target.
- The Phase 1 Budget is based on committed costs with an estimated spending by month. As such, unspent budget dollars from the prior year roll into the current year’s budget. In Phase 2, a more-robust budget and cost tracking system will be developed.
- Since there are no employees, staff labor rates are based on billing rates that include their respective business and overhead costs (e.g. insurance, & healthcare).
- All contracts include a 30-day termination clause. And, services contracts are being managed using a 3-month rolling forecast of expenditures.
- Costs for General Manager and part-time administrative are split 80% Reservoir Committee and 20% Authority.
- Budgeted costs for legal counsel, accounting, and office are assigned 100% to the Authority. This allocation should be revisited in conjunction with developing the Phase 2 Work Plan and Budget.
- Costs for special legal counsel (e.g. NEPA/CEQA, water rights) and outreach (only those activities that are in direct support of the draft EIR/S) are assigned to the Reservoir Committee.

Authority:

- The FY 2018 budget results in \$60,000/board set.
- 12-month duration with 12 Board seats.
- Includes \$60,000 contingency that would become available for use should the 13th seat be filled.

Reservoir Committee:

- This FY 2018 budget plus the sum of prior years' budgets does not exceed the Reservoir Committee's approved participation of \$48.50/acre foot in Class 1 and \$ 24.25/acre foot in Class 2.
- The currently approved end of Phase 1 is June 30, 2018. The FY 2018 budget extends beyond this date as follows:
 - a. 12-month duration for staff costs (General Manager, EPP Manager, Program Operations Manager, Business & Community Manager, and both the part-time and proposed full-time administrative support function).
 - b. Financial advisory services extend through December 2018
 - c. 9-months for all other services (i.e. assumes Phase 1 ends on September 30, 2018)¹.

Should the revenue exceed the projection used to develop the Amended Phase 1 Budget Target², this amount could be used to extend the duration of these services or to fund work that was deferred until phase 2 (e.g. grid interconnection).

- Contingency used to develop the Amended Phase 1 Budget Target is proposed to be allocated to specific functions (see details).

¹ Should phase 1 end as currently planned to occur on June 30, 2018, these three months of budget should be used to jump-start phase 2.

² Based on executed Reservoir Project Agreements and approved \$48.50/acre-ft of Class 1 water, the amount of revenue is estimated to be \$340,000. above the assumed revenue needed to fund Phase 1. This amount was established as part of an overall risk management strategy.

Sites Reservoir Project FY 2018

Proposed Fiscal Year Budget (Based on Sept 21 Amended Work Plan) - Expense Table

Working Draft: 11/2/2017

Grouping	(Multiple Items)
Expense (-)	Expense
Category	(Multiple Items)
Function	(All)
Name	(All)

Proposed 2018 Budget: Authority

Sum of Total 2018						
Cost Center	WIP	Action	Work Status	File Number	Description	Total
Authority	AMD-2	No Change	In Progress	10	General Manager, Expenses	\$ (7,680)
					General Manager, Services	\$ (77,921)
					Administrative Support to GM (part-time)	\$ (2,400)
				10.4	PIO/Mgr (Public Engagement & Outreach Team)	\$ (180,000)
				10.7	Financial Audit	\$ (10,000)
					Accounting & Taxes, TBD	\$ (60,000)
				10.753	Postage and Shipping Expense	\$ (2,000)
					Misc Office Supplies	\$ (2,400)
					Publications & Print	\$ (120)
				10.9	Board Insurance (10/1/x thru 9/30/x+1)	\$ (2,183)
				11.5	Update Website & Data Access/Storage	\$ (1,200)
					Internet Technology (IT) Support	\$ (6,000)
				13	Legal Services, Conant	\$ (60,000)
					Augment Legal Services, Conant	\$ (60,000)
				17	Accelerated Engagement Support	\$ (200,000)
	Mod	Reduced	In Progress	10	Owner-Controlled Contingency: Administrative	\$ (60,000)
				11.5	Computers & Peripherals	\$ (1,400)
	NEW	New	In Progress	11.5	Production Printer	\$ (8,000)
				17	Misc. Graphics Support for local & community meetings	\$ (8,400)
Authority Total						\$ (749,704)
Region	AMD-2	No Change	In Progress	24	Preservation of Cultural Heritage (Input to Website & EIR/S)	\$ (24,000)
			On Hold	40	Develop Land Acquisition Policies & Draft Procedures	\$ -
Region Total						\$ (24,000)
Grand Total						\$ (773,704)

Deduct Contingency:	\$ 60,000
	<u>\$ (713,704)</u>
Board Seats:	12
Cost/Seat:	\$ (59,475.32)

Sites Reservoir Project FY 2018

Proposed Fiscal Year Budget (Based on Sept 21 Amended Work Plan) - Expense Table

Working Draft: 11/2/2017

Grouping	(Multiple Items)
Expense (-)	Expense
Category	(Multiple Items)
Function	(All)
Name	(All)

Proposed 2018 Budget: Reservoir Committee

Sum of Total 2018						
Cost Center	WIP	Action	Work Status	File Number	Description	Total
Operatio	AMD-2	No Change	In Progress	12.211	Ch2m TO#4-Task 4: Operations of S. of Delta Demand (CalSim) for Rebalancing	\$ (85,000)
				13	Water Rights Legal Counsel	\$ (15,000)
				42	Water Rights Next Steps	\$ (38,080)
			Earlier Start	12.211	Ch2m TO#4-Task 1: CalSim Alt D w/ CA WaterFix for Supplemental Info & Rebalancing	\$ (100,000)
		Reduced	Operations	25	Owner-Controlled Contingency: Ops & CalSim	\$ (115,000)
Operations Total						\$ (353,080)
Power	AMD-2	No Change	Pending	13	Legal Services, Hyropower	\$ (40,000)
				30	Understanding of Regulatory Changes	\$ (10,000)
					Market Research/Interest	\$ (10,000)
			On Hold	30	Initial Grid Interconnection Study (Holthouse) - WAPA	\$ -
					Initial Grid Interconnection Study (Holthouse) - PG&E	\$ -
					Initial Grid Interconnection Study (Delevann) - WAPA	\$ -
					Initial Grid Interconnection Study (Delevann) - PG&E	\$ -
					Consultant Support & Oversight Grid Interconnections	\$ -
Power Total						\$ (60,000)
Water	AMD-2	No Change	Deferred	10.4	Land & ROW (Temporary Access) MOVED TO PHASE 2	\$ -
			In Progress	10	General Manager, Expenses	\$ (30,720)
					General Manager, Services	\$ (311,683)
					Administrative Support to GM (part-time)	\$ (9,600)
					Administrative Support to GM (Full-time)	\$ (190,500)
					Task 16: Res Comm. Note Taking	\$ (5,400)
					Project Ops Manager, Services	\$ (333,200)
					Project Ops Manager, Expenses	\$ (21,600)
					Business/Community Ops Manager, Services	\$ (201,600)
					Business/Community Ops Manager, Expenses	\$ (24,000)
				10.4	Advance EIR/S Beyond Draft	\$ -
				10.7	Cost Development Model (Grant Management & Administration Services)	\$ (119,979)
					Task 24: Analysis of Repayment Cost Scenarios	\$ (15,000)
				10.9	Insurance (Commercial & General L & Professional L)	\$ (7,500)
				13	Augment Special Legal Council (CEQA/NEPA) Services	\$ (100,000)
				20	EPP Manager, Services	\$ (495,040)
					EPP Manager, Expenses	\$ (72,000)
					EPP Manager (Staff Support)	\$ -
					EPP Manager (Staff Support)(Task 2B: WSIP)	\$ (9,520)
					EPP Manager (Staff Support)(Task 3B: Early Permit Consultation)	\$ (214,200)
					EPP Manager (Staff Support)(Task 4B: Support to Authority & Res. Comm)	\$ (14,280)
				25	Public Engagement & Outreach During Public Review of EIR/S	\$ -
					Ch2m TO#4-Task 2B: Historic Hydrographs	\$ (120,000)
					Ch2m TO#4-Task 3B: Side-channel/Floodplain Areas for Seasonal Habitat	\$ (60,000)
				32	Task 17: Delevan Intake & Pipeline Enlargement (to 3,000	\$ (45,000)

Sites Reservoir Project FY 2018

Proposed Fiscal Year Budget (Based on Sept 21 Amended Work Plan) - Expense Table

Sum of Total 2018						
Water	AMD-2	No Change	In Progress			
				32	Task 20: Relocation of Sites Pumping/Generating Plant	\$ (27,000)
					Task 21: Evaluation of Emergency Release Concepts	\$ (20,000)
			Planned	10	PMO Consultant's Project Manager	\$ (194,367)
					PMO Support Services Staff	\$ (94,407)
				10.6	PMO Project Scheduler	\$ (161,047)
				10.7	Financial Advisory Services (Bond Strategy Development)	\$ (199,920)
					Bond Counsel (Phase 2 Financing)	\$ (116,620)
					PMO Cost Analysts	\$ (149,940)
				10.9	Task 12: Expanded Risk Assessment	\$ (72,000)
					Task 12: Design & Construction Risk	\$ (18,570)
				11	PMO Document Controls Manager & Support	\$ (138,833)
				12.211	DSS for Rebalancing, Initial iteration	\$ (50,000)
					DSS for Rebalancing, Second iteration	\$ (50,000)
					DSS for Rebalancing, Final iteration	\$ (50,000)
				13	Administrative Record Support/Compile	\$ (80,000)
				25.06	TO#2-MOD 2(E)/Task 6.4 - CEQA Lead Agency Coordination Support (including AB52 Compliance)	\$ (150,000)
				25.12	TO#2-Mod 1/Task 12: Review of Public Comments/Proposed Response Approach	\$ (50,000)
				25.13	TO#2-Mod 1/Task 13: Permits and Environmental Compliance Plan	\$ (180,000)
				30	EPC Manager, Services	\$ (190,400)
					EPC Manager, Expenses	\$ (12,000)
	Reduced Assigned		Planned WSIP	10.8	Technical Advisory Committee	\$ (40,000)
				19.01	WSIP Contingency (Additional Analysis)	\$ -
				22	Prepare Prop 1, Chapter 8 Solicitation (WSIP Contingency)	\$ -
				32	Owner-Controlled Contingency: WSIP	\$ (50,000)
			Engineering	10	Owner-Controlled Contingency: Non-Ch2m or AECOM Work	\$ -
				32	Owner-Controlled Contingency: Engineering	\$ (100,000)
	Exp Scope		Proposed	10.5	Detailed Phase 2 Work Plan	\$ (150,000)
				10.9	Risk Workshop & Register	\$ (125,000)
				12.211	Rebalancng: Scenario Development (Operations Analysis)	\$ (150,000)
					Rebalancng Scenario Development (Cost & Schedule)	\$ (90,000)
				19.01	Task 23: Engineering Support During CWC Negotiations	\$ (100,000)
					WSIP: Operations (Annualized Yield) Support During CWC Negotiations	\$ (100,000)
				25	Operations Support to Op POA & Permit Agency Coord.	\$ (160,000)
	NEW	New	Proposed	10.4	Prepare Eng Design Manager Technical specifications	\$ (125,000)
Water Total						\$ (5,595,926)
Grand Total						\$ (6,009,006)

Notes:

- This fiscal year budget is based on a January 1 through December 31 calendar. See Budget Assumptions for details.
- This FY 2018 budget plus the sum of prior years' budgets does not exceed the Reservoir Committee's approved participation of \$48.50/acre foot in Class 1 and \$ 24.25/acre foot in Class 2.