

Contract Conversion Allocated Construction Costs Issues

Updated 01.18.21

ISSUE NO. 1: OVERPAYMENT OF THE ALLOCATED CONSTRUCTION COSTS ASSIGNED TO DPWD

Per Exhibit C to 10/1/2020 Repayment Contract
Per 2020 Final Ratebook Schedules

	Unpaid Cost	
Construction Cost	\$ 16,545,438	
2019 Repayment (WY 2019)	\$ 3,370,196	Confirmed as Final
Adjusted Construction Cost	\$ 13,175,242	
Intertie Construction Cost	\$ 1,588,962	
Total	\$ 14,764,204	

Per 2021 FINAL Ratebook Schedules

	Unpaid Cost	
Construction Cost	\$ 10,831,822	
2019 Repayment	incl	
Adjusted Construction Cost	\$ 10,831,822	Difference
Intertie Construction Cost	\$ 1,260,160	
Total	\$ 12,091,982	\$ 2,672,222

Notes:

1. Repayment Contract specifies use of 2020 Ratebook Schedules for Allocated Construction Payoff.
2. Repayment Contract has provisions for overpayment of final Construction Obligation as referenced in Section 4011B of the WIIN Act, which reads: *"In the event that the final cost allocation indicates that costs properly assignable to the Contractor are less than what the Contractor has paid, the Contracting Officer shall credit such overpayment as an offset against any outstanding or future obligations of the Contractor, with the exception of Restoration Fund Charges pursuant to Section 3407(d) of Pub. L. 102-175."*

Current Status:

Staff has confirmed that as of the October 1, 2020 effective date of the Repayment Contract, the District is eligible to utilize "overpayment credits" to offset its obligation. Although an agreed upon mechanism to track the use of the credits has yet to be finalized, the District has ceased remitting funds under its Repayment contract, with the exception of the required Restoration Fund payments on water delivered.

Fiscal Implications for the District:

The District intentionally utilized General Fund reserves to fund the portion of its Construction Obligation that was known at the time to be an "overpayment". At the now reduced USBR Cost of Service rate of approximately \$27/AF, it will take delivery of over 98,000 AF of CVP supplies for the District to recover the overpayment and replenish its reserve fund. Under normal circumstances this could be up to two years, however if 2021 has an allocation of less than 35%, use of the credits could take up to 3 years or more.

CERBT Valuation Packet Certification of Funding Policy (1 of 2)

Del Puerto Water District

Employer Name

02/29/2020

Valuation Date

CERBT Asset Allocation Strategy Selection

As the employer, I certify that my agency chooses the following CERBT asset allocation strategy:

CERBT Asset Allocation Strategy	Long-Term Expected Rate of Return	Expected Volatility (Standard Deviation)
<input type="checkbox"/> Strategy 1	7.59%	11.83%
<input checked="" type="checkbox"/> Strategy 2	7.01%	9.24%
<input type="checkbox"/> Strategy 3	6.22%	7.28%

Funding Method

As the employer, I certify that our OPEB funding method and intent for the period covered by our current OPEB valuation or AMM report is to contribute consistently an amount that is equal to:

- ADC funding method: 100 % of the Actuarially Determined Contribution (ADC) as determined in our OPEB valuation or AMM report.
- Other funding method: We will contribute to the trust using an approach not directly related to the ADC. Please describe in the comment section below.

If applicable, please provide ADC amounts and periods covered as determined in the report:

<u>First Fiscal Year-End :</u>	<u>02/28/2022</u> MM/DD/YYYY	<u>\$ 34,493</u> ADC Amount
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<u>Second Fiscal Year-End:</u>	<u>02/28/2023</u> MM/DD/YYYY	<u>\$ 36,031</u> ADC Amount
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Comments

ADC's were developed at a 6.45% discount rate and based off of results as of February 29, 2020.

CERBT Valuation Packet
Certification of Funding Policy (2 of 2)

Contribution and Reimbursement Method

As the employer, I certify that we intend to make CERBT contributions and request eligible reimbursements in the following manner:

- Contribute full ADC payments to the trust and seek reimbursements for pay-go costs.
- Contribute ADC payments to the CERBT net of pay-go costs and not seek reimbursement (ADC minus pay-go = Trust Contribution).
- Other contribution and/or reimbursement method, e.g. initial/ ad hoc lump sum contribution. Please describe in the comment section below.

Comments

Employer Certification

As the employer, we understand that we must obtain an OPEB valuation or AMM report on at least a biennial basis.

We understand that we will be asked to provide accounting information to CalPERS as required to facilitate CalPERS compliance with Governmental Accounting Standards Board (GASB) Statements for Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans (OPEB Standards) reporting requirements and we agree to make any information requested available to CalPERS on a timely basis.

We understand that CalPERS will provide us the Schedule of Changes in Fiduciary Net Position by Employer, which can be used to prepare our GASB OPEB Standards reporting. CalPERS will report information pertaining to GASB OPEB Standards for Agent OPEB Plans.

Del Puerto Water District

Employer Name

02/29/2020

Valuation Date

Anthea G. Hansen

General Manager

Name

Title

Anthea G. Hansen

1/15/2021

Signature

Date

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CERBT Valuation Packet
Summary of Actuarial Information (1 of 2)

Del Puerto Water District

Employer Name

02/29/2020

Valuation Date

Actuarial Firm Contact Information

J. Kevin Watts, FSA, FCA, MAAA	MacLeod Watts, Inc
Actuary/Contact Name	Actuarial Firm
kwatts@macleodwatts.com	503-419-0465
Email	Phone Number

Person Completing this Form

Raegann Conner	MacLeod Watts, Inc
Contact Name	Organization
rconner@macleodwatts.com	503-419-0464
Email	Phone Number

If using a GASB 75 accounting valuation or AMM report, complete sections I, II, IV, and V. If using a funding valuation, complete sections I, III, IV, and V. If using a blended valuation, complete all sections, as applicable.

Section I: Actuarial Data

1. Valuation type (Accounting, Funding, or both)	<u>Both</u>
2. Valuation frequency (Annual or Biennial)	<u>Biennial</u>
3. Total Present Value of Future Benefits (PVFB)	<u>\$ 965,487.00</u>
i. Date PVFB was calculated as of	<u>02/29/2020</u>

Section II: GASB 75 Accounting Valuation or AMM (complete if using a GASB 75 accounting valuation or AMM)

4. Measurement Date	<u>02/29/2020</u>
5. Total OPEB Liability (TOL)	<u>\$ 544,705.00</u>
6. Fiduciary Net Position (FNP) at Measurement Date	<u>\$ 750,640.00</u>
7. Net OPEB Liability (TOL-FNP)	<u>-\$ 205,935.00</u>
8. This report provides financial reporting data for the following period:	
Fiscal Year-End for your GASB 75 reporting	<u>02/28/2021</u> MM/DD/YYYY

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CERBT Valuation Packet Summary of Actuarial Information (2 of 2)

Section III: Funding Valuation (complete if using a funding valuation)

9. Actuarial Accrued Liability (AAL)	\$ 552,623.00
10. Actuarial Value of Assets (AVA)	\$ 750,640.00
11. Unfunded Actuarial Accrued Liability (AAL-AVA)	-\$ 198,017.00

Section IV: Demographic Data (as of valuation date)

12. Number of active plan members	6
13. Number of inactive plan members currently receiving benefit payments	2
14. Number of inactive plan members entitled to but not yet receiving benefit payments	0

Section V: Benefit Payment Data

	Year ending date of projected benefit payments (MM/DD/YYYY)	Projected employer paid retiree premium payments (Do not include implicit rate subsidy)	Projected implicit rate subsidy payments
Year 1	02/28/2021	\$ 10,417.00	\$ 69.00
Year 2	02/28/2022	\$ 11,966.00	\$ 178.00
Year 3	02/28/2023	\$ 14,473.00	\$ 577.00
Year 4	02/28/2024	\$ 16,991.00	\$ 1,064.00

Comments

GASB 75 (accounting) liabilities were developed using a 6.55% assumed discount rate/ROA.

Plan funding (ADC) results were developed using a 6.45% assumed discount rate/ROA, reflecting an additional 10 basis point trust administrative fee.

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CERBT Valuation Packet

Certification of Actuarial Information (1 of 1)

As Actuary of the plan, I certify that the Other Post-Employment Benefits (OPEB) actuarial valuation upon which the enclosed summary of actuarial information is based meets the following criteria:

- The valuation has been prepared and signed by a Fellow or Associate of the Society of Actuaries, or an Enrolled Actuary of the Joint Board for the Enrollment of Actuaries, and a Member of the American Academy of Actuaries.¹
- The valuation has been prepared in accordance with the Actuarial Standards of Practice.
- If the valuation is an accounting valuation, then it has been prepared in accordance with the requirements set forth in Governmental Accounting Standards Board (GASB) Statements related to OPEB reporting.
- If employer assets to pre-fund other post-employment benefits are invested in an irrevocable OPEB trust other than the CERBT, the liabilities associated with those assets are not included in the summary of actuarial information.

I further certify that the discount rate is consistent with the anticipated level of funding pursuant to the relevant sections in GASB and ASOP, and the employer's certification.

Del Puerto Water District

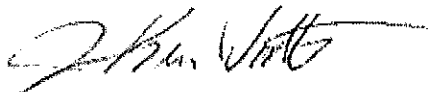
Employer Name

02/29/2020

Valuation Date

J. Kevin Watts, FSA, FCA, MAAA

Printed Name of Actuary and Designation



Signature

01/14/2021

Date

¹ In cases where the actuary performing the work does not meet these criteria, the valuation may be acceptable if the person has equivalent qualifications that are acceptable to the CalPERS Board. Please provide the qualifications of the actuary performing the valuation.

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CERBT Valuation Packet

Instructions and Considerations

Certification of Funding Policy

Your agency may want to consider the following points when preparing a Funding Policy:

- Will OPEB liabilities increase or decrease over time?
- When will the OPEB costs reach their peak?
- Funding status goals.
- How much do unfunded liabilities matter?
- How is your agency measuring performance?

CERBT Asset Allocation Strategy Selection

Your CERBT assets will be invested using the asset allocation strategy checked upon your selection. Each strategy has a different assumed long-term expected rate of return and risk profile.

The following table shows the expected time-weighted compound return for the 1-10 year period, 11-60 year period, the long-term expected rate of return, and the expected volatility (standard deviation) for each strategy. Please note the CERBT fund is intended to be a long-term investment vehicle.

CERBT Asset Allocation Strategy	Expected Compound Return (1-10 Years)	Expected Compound Return (11-60 Years)	Long-Term Expected Rate of Return	Expected Volatility (Standard Deviation)
Strategy 1	5.85%	8.07%	7.59%	11.83%
Strategy 2	5.22%	7.49%	7.01%	9.24%
Strategy 3	4.41%	6.71%	6.22%	7.28%

Funding Method

- If your agency's intent is to fund based on an ADC, indicate the ADC percentage funding as well as the ADC amount(s).
- If your contributions are not tied specifically to the ADC, then indicate how you expect to contribute. For example, if you intend to make unreimbursed pay-go payments plus a fixed dollar amount to the trust, then describe this in the comments space provided.
- *Optional:* If using a funding valuation, please identify the periods to which your entity will use the renewal valuation report for funding purposes.

Contribution and Reimbursement Method

Here we ask you to indicate how you expect to make contributions to, and seek reimbursement from, the trust. All contributions are voluntary and never required.

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Employer Certification

Please certify as the employer you understand you must obtain a renewal valuation on at least a biennial basis.

Summary of Actuarial Information

This form may be completed by your actuary or you and is a summary of data from your actuarial valuation. If using a GASB 75 accounting valuation or AMM report, complete sections I, II, IV, and V. If using a funding valuation, complete sections I, III, IV, and V. If using a blended valuation, complete all sections, as applicable.

If certain elements in this form are not found in the actuarial valuation report itself (such as PVFB in section I or projected benefit payment data in section V), please work with your consulting actuary to obtain this data. CERBT staff are available to assist if needed.

Certification of Actuarial Information

This form needs to be signed by your consulting actuary.

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Privacy Notice

The privacy of personal information is of the utmost importance to CalPERS. The following information is provided to you in compliance with the Information Practices Act of 1977 and the Federal Privacy Act of 1974.

Information Purpose

The information requested is collected pursuant to the Government Code (sections 20000 et seq.) and will be used for administration of Board duties under the Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to comply may result in CalPERS being unable to perform its functions regarding your status.

Please do not include information that is not requested.

Social Security Numbers

Social Security numbers are collected on a mandatory and voluntary basis. If this is CalPERS' first request for disclosure of your Social Security number, then disclosure is mandatory. If your Social Security number has already been provided, disclosure is voluntary. Due to the use of Social Security numbers by other agencies for identification purposes, we may be unable to verify eligibility for benefits without the number.

Social Security numbers are used for the following purposes:

1. Enrollee identification
2. Payroll deduction/state contributions
3. Billing of contracting agencies for employee/ employer contributions
4. Reports to CalPERS and other state agencies
5. Coordination of benefits among carriers
6. Resolving member appeals, complaints, or grievances with health plan carriers

Information Disclosure

Portions of this information may be transferred to other state agencies (such as your employer), physicians, and insurance carriers, but only in strict accordance with current statutes regarding confidentiality.

Your Rights

You have the right to review your membership files maintained by the System. For questions about this notice, our Privacy Policy, or your rights, please write to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811 or call us at 888 CalPERS (or 888-225-7377).

CERBT Valuation Packet

The California Employers' Retiree Benefit Trust (CERBT) Fund is an Internal Revenue Code Section 115, multiple-employer OPEB trust fund and has a fiduciary responsibility for financial reporting in accordance to the Governmental Accounting Standards Statement No. 74. As such, we request all participating employers to submit a renewal OPEB Valuation or AMM Report at least every two years, along with this valuation packet consisting of the Certification of Funding Policy, the Summary of Actuarial Information, and the Certification of Actuarial Information. The information provided in the OPEB valuation or AMM report is essential to the accuracy of the administration and reporting of the CERBT Fund.

Del Puerto Water District

Employer Name

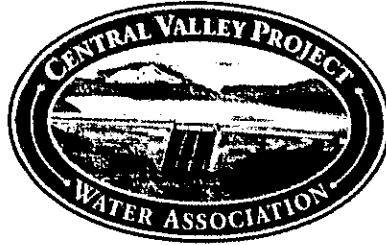
02/29/2020

Valuation Date

Renewal Valuation Checklist

Please email a copy of your agency's final OPEB valuation or AMM report, along with this completed packet to CERBT4U@calpers.ca.gov. If you have any questions, contact us at CERBT4U@calpers.ca.gov.

- OPEB Valuation or AMM Report (Final version)
- Certification of Funding Policy (pages 2-3, completed and signed)
- Summary of Actuarial Information (pages 4-5, completed)
- Certification of Actuarial Information (page 6, completed and signed)



**Financial Affairs Committee (FAC) Meeting Agenda
January 15, 2021**

The meeting begins at 10:00 a.m. and will be conducted via Microsoft Teams due to the ongoing COVID-19 pandemic.

1. Opening Business

- Introduction of Kevin Kasberg (Incoming CVPWA Executive Director)
- January 2021 Mid-Pacific Water Users Conference
- The Next Scheduled Meetings are as follows:
 - February 19, 2021 (10:00 - 11:30 p.m.) – FAC Contractors Only Conference Call
 - March 19, 2021 (10:00-11:30 p.m.) – *tentatively scheduled for* Room C-1001/1002 at 2800 Cottage Way in Sacramento, CA
- Comments on the November 20, 2020 Draft Meeting Notes – *Attachment 1*

2. Report on Executive Committee Meeting

- EC Members to Provide Status Update

3. Follow-up Action Items

- Larry to finalize September 18, 2020 FAC meeting notes. Action Item completed.
- Reclamation's Rescheduled Water Payment Policy. Reclamation to schedule a meeting with interested contractors to discuss why a contractor would have to pay for this water when they end up not taking it and it's delivered and sold to another contractor. *Action Item. Reclamation will work on setting this meeting up.*

- Trinity PUD assessment schedules. Reclamation has completed its true-up showing payments and charges through Fiscal Year 2018, but had to put the project on hold to work on WDR and revenue report. **Action Item. Reclamation to complete draft and send to FAC for review and comment.**

4. **2021 CVP Irrigation and M&I Water Rates**

- Reclamation to Provide Status Update

5. **CVPIA**

- Reclamation to Provide Status Update

6. **Finalization of CVP M&I Water Ratesetting Policy**

- Reclamation to Provide Status Update

7. **Aging Infrastructure**

- Reclamation to Provide Status Update

8. **Contracting & Charging for Non-Project Use of Excess Capacity in Reclamation Project Facilities**

- Reclamation to Provide Status Update

9. **BOR-WORKS**

- Reclamation to Provide Status Update

10. **Other**

CVPWA Financial Affairs Committee and Executive Committee Meetings

Notes – November 20th, 2020 – Ansel Lundberg

Executive Committee – 9am

- Attendance
 - Jesus Reynoso, Sabir Ahmad, Michelle Williams, Ann Lubas-Williams
 - Dana Jacobson, Ansel Lundberg, Anthea Hansen
- Conference Rooms
 - Next year – reservations are being placed for when we do actually go back
- Hiring
 - Offers out accepted to 3 candidates in accounting
 - Internal candidate moving into accounting
 - One on ratesetting, one on WAT, one backfilling Mel Gibson
 - Starting this month
 - Still recruiting for 2 more - economist (student)
 - Other positions
 - Filled regional liaison positions (2) - Scott Taylor, and one "in waiting" - Angkor Bottichari (replacing Mary Lee Knecht)
 - Openings coming in budget group
 - Retirements - none on horizon. Possibly in December
 - Replacement for Larry coming onboard before EOY, hopefully
 - Steve Melavic - no info from hydropower strategic plan staffing goal, but implementation plan still being developed.
- Reclassification of CVP costs
 - Still working on this - working w/ WAPA
 - Working on definitions
 - "Replacements" (capital, XO&M - accrues interest for M&I AND Ag) to be recategorized as "OM&R"
 - Communications/rollout - working on plan
- M&I Ratesetting Policy
 - Incorporated Denver's comments - signoff coming... thought it was already in DC. Now it is in DC (this week)
- Rescheduled water
 - Jesus - talked to Area Offices - voluntary program - mentioned that rates will probably not change
 - Contractors requested meeting with Michael Jackson (SCCAO) to discuss fees for water that isn't taken. Not trying to reopen guidelines
- Excess capacity / nonproject water
 - How revenues applied
 - Clarification: revenues will stay w/in region
 - CGB asked to include this in the D&S - Denver agreed
 - Basis of charges... under consideration
- San Luis joint use O&M - DWR said they'd send a revised proposal
 - Talking w/ CVO, SCCAO, & Finance to review proposal (sent Monday)
 - Why was Dos Amigos not included before? Some implications regarding power generation... has never been included as a part of balancing O&M / Joint use costs... has always just been O'Neill & San Luis
 - RFP is out from SLDMWA for 600MW South to North capacity

- Statements of accounts being sent Dec first week
 - Need to include language about changes happening Jan 1 2021 due to Cost Allocation Study
 - Statement sent 9/30/2019 is with old CAS... need to include similar footnote
- Note...
 - Discussions around construction obligation re: WIIN act / repayment agreements

Financial Affairs Committee – 10am

- Attendance
 - Ansel Lundberg
 - Sabir Ahmad
 - Anthea Hansen
 - Jon Bauer
 - Cyndi Calvillo
 - Heather Casillas
 - Dana Jacobson
 - Henry McLaughlin
 - Angelique Hinesley
 - Lisa Holm
 - Juan Vega
 - Lizz Cook
 - Ann Lubas-Williams
 - Steve Melavic
 - Minnie Moreno
 - Nicole Branum
 - Steve Pavich
 - Regina Rieger
 - Jesus Reynoso
 - Robert Harvie
 - Lindy Rollo
 - Shelly Murphy
 - Skye Grass
 - Cori Stewart
 - Ana Ulloa
 - Spencer Walden
 - Michelle Williams
- Reviewed executive committee meeting activities – Ansel Lundberg
- 2021 Rates - draft on website now - Jesus
 - Still working on 508 compliance
 - Still working through some schedules
 - Mid-December ready to go, posted around Christmas
 - Close to January 1, 2021
- CVPIA - Heather Casillas
 - Correction to item in October FAC notes - Megan Cook's position has technically been vacant for 3 years (science coordinator)
 - Matt Dekar - Heather Casillas
 - 2021 draft work plan being worked through with Reclamation & FWS
 - Wanted to have stakeholder meeting before October... some delays
 - Anticipating release in next month or two. Internal reviews and briefings take awhile

- Jumping into 2022 obligation plan right away afterward. Information already compiled
 - Note - includes charters with out-year funding (beyond current year).
 - BiOps
 - Dave Mooney planning to have a stakeholder meeting on biological opinions task
 - True-up - haven't signed off on BPGs. Reviews delaying. Was planning to release that a month ago. Hoping next couple of months
 - \$40 million award for Sac River Salmon Habitat Improvements (press release) - W&RR funds, Restoration funds as well. Dependent on appropriations from Congress. Using mix of authorities
 - Regina Rieger asked for clarification - is this additional above 2020 funding plan? Heather stated: that's part of 2020 obligation plan and four years ahead (it was a 5 year funding agreement)
 - All @ 37.5% reimbursability. That's lower than expected
- Aging infrastructure - Lisa Holm
 - No updates on this as of now, still working
- BOR-WORKS - Jesus
 - Early December - work with area offices
 - Sending water statements randomly to 10 contractors
 - Jesus - we should probably be sending water statements... that will take a lot of work to redo. Is it necessary?
 - IT group transitioning from reporting to different process
 - 2019 financial statements will be posted on website

