3.14.22

Summary of 2022 Water Year Initial District Data

Water Supply Remaining at February 28, 2022:

Total	19,216 AF
District Bank	136 AF
Customer Accts	19,080 AF

Carryover Charges Billed on February 28, 2022:

19,080 acre feet @ $9.93/acre foot $ 189,464.40

Water Availability Charges Billed on March 1, 2022:

41,177 acres + 1,334 SWPP acres + 1,206 District Bank acres = 43,717 acres @ $48.00/acre $ 2,098,416.00

Watershed Coalition Charges Billed on March 1, 2022:

38,977 acres @ $7.50/acre $ 292,327.50

Contract Conversion Assessment Billed on March 1, 2022:

41,177 acres - 5,750 Prepaid acres = 35,427 acres @ $25.00/acre $ 885,675.00

Sustainable Groundwater Management Act GSP Billed on March 1, 2022:

41,255 acres @ $8.13/acre $ 335,403.15

Del Puerto Water District

Fund Balance Report

Estimated as of 01.24.22

2021-22 FINAL (Estimate)

OTHER

Total of Cash & Investment Accounts

Capital Collections | Contingency Collections/Water Cost True -Ups | WAC True-Up

Jan/Feb Cash Outflow

Reserve for Liabilities

	Cash in OVCB	Money Markets	CD's	Local/Municipal Bonds	U.S. Govt. Securities	FYE 2.28.22 Actual	FYE 2.28.22 Actual	FYE 2.28.22 Actual		Total
General Reserve Fund	$ 1,399,579.00	$ 1,607,231.00	$ -	$ -	$ 1,499,994.00	$ (2,193,779.00)	$ (299,139.00)	$ 1,250,000.00	$ (1,744,401.00)	$ 1,519,485.00
Rate Stabilization Fund	$ -	$ 49,297.00	$ 1,009,593.00	$ 498,870.00	$ 1,599,402.00		$ 299,139.00	$ (1,250,000.00)		$ 2,206,301.00
CVP Capital Fund	$ -			$ -	$ -	$ 2,193,779.00				$ 2,193,779.00
	$ 1,399,579.00	$ 1,656,528.00	$ 1,009,593.00	$ 498,870.00	$ 3,099,396.00	$ -	$ -	$ -	$ (1,744,401.00)	$ 5,919,565.00

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2022 FAC Issues Matrix

2022 Priority Issues

1. Future Costs and Potential Rate Impacts
2. Remediation of CVP Costs
    a. PL 111-11 XM Rate
    b. Remediation of 2014-2019 costs (true-up)
    c. Recharacterization of Reimbursability of Costs (BGT 02-02)
3. CVPIA
    a. True-up and finalizing accounting BPG
    b. Finance Plan
    c. CVPIA Progress Activity Report (CPAR)
4. Annual Budget Review with Stakeholders
5. CVP Final Cost Allocation (FCA) true-up
6. Trinity PUD assessment collection

2022 Tracking Issues

1. PL 116-260 Aging Infrastructure Account
2. WIIN Act Section 4007 Storage Projects
    a. Cost recovery of Op-flex
3. Reclamation Manual Updates
4. BOR-Works Enhancements
5. Warren Act Rates for 2023
6. Ability-to-Pay Studies
7. San Luis Join Use O&M Cost Reallocation Study

2022 CVPWA Activities

1. Provide comments on draft rates
2. CVPIA 30-year Anniversary Financial Review

2022 FAC Priority Issues Information

1. Future Costs and Potential Rate Impacts

Reclamation and CVPWA would like to develop a spreadsheet of large upcoming costs, such as extraordinary maintenance, Safety of Dams (SOD), or WIIN Act projects, that may have CVP-wide cost recovery. For each project/program, the spreadsheet details the cost allocation, funding authority, beneficiaries, and other information that may help contractors understand potential rate impacts. Furthermore, for those projects that are in planning, it would be helpful to know if there is an opportunity for other contractors to engage or comment. The proposed spreadsheet may detail the timeline in a Gantt chart with a supporting document that includes the following information:

1) Project Name
2) Short/Long Description
3) Estimated Project Cost
4) Anticipated Funding Sources [State %, Nonfederal Project Sponsor(s) %, Federal %]
5) Authority (WIIN, PL XX)
6) Type of Project (SOD, XM, New Construction, etc.)
7) Project Benefits and Reimbursability – Summary from Feasibility Study - % by source and brief rationale (e.g. Fish and Wildlife Enhancement, Flood Control, etc.)
8) Current Project Status (Appraisal Level, Feasibility Study, 30% Design, etc.)
9) Project timeline (major milestones and dates)

An initial list of projects includes:

Safety of Dams Projects

- Folsom SOD – Construction completion and cost recovery are upcoming for this SOD project. The CVP-wide reimbursable share is 15% of project cost. Recovery of the 15% is expected to be part of the 2023 or 2024 rates. Project Website
- BF Sisk SOD – This project is going to contract soon, but the financial impact to CVP rates will not be until project completion, expected post 2030. The CVP-wide reimbursable share of 15% is to be shared with CA DWR, and those negotiations are in progress. Project Website

WIIN Act Storage Projects

For background on federal cost share eligibility through the WIIN Act, please refer to this CRS Report. WIIN Act provides up-front cost share for public, non-reimbursable benefits but may also contribute to reimbursable benefits that would be recovered through a

repayment contract. Currently, no project on the agenda today includes clearly defined reimbursable benefit and therefore we were not able to discuss the details of a repayment contract or ratesetting for CVP-wide cost recovery. The topic of reimbursable CVP-wide benefit was further complicated by a FAC member postulating CVP-wide recovery across water service contractors and those that have completed a WIIN Act conversion. The following projects are "eligible" for WIIN Act funding. BF Sisk Raise and Del Puerto Canyon are considered Federal Storage projects and therefore eligible for up to 50% federal cost share. LVE and Sites are considered "State-led" and eligible for up to 25% federal cost share.

- BF Sisk Raise – OMB required an addendum to clarify which operational plan will be selected. The feasibility study has a range of operational options and will need to narrow it down to a preferred alternative. Therefore, the cost allocation is in progress, with details of federal reimbursable versus non-reimbursable being evaluated Project Website
- Del Puerto Canyon – This project has federal non-reimbursable benefit and currently no reimbursable benefit identified Project Website
- Los Vaqueros Expansion –The final cost allocation is not complete, but there may be both reimbursable and non-reimbursable Federal cost-share. A JPA was formed in October 2021 as part of the project implementation. Project Website
- Sites –Currently, there is no reimbursable Federal share, but there may be an opportunity for increased reimbursable or some reimbursable benefit as the feasibility study is being updated per OMB request. Project Website

2. Remediation of CVP Costs

Three current issues relate to future or past funding and extended repayment of aging infrastructure. Issue (a) PL 11-11 XM Rate relates to the future funding of aging infrastructure. Issue (b) Remediation of 2014-2019 costs relates to remediating the past funding of aging infrastructure through a true-up of years 2014-2019 where extraordinary maintenance costs were treated as annual O&M. Issue (c) Recharacterization and Reimbursability of Costs (BGT 02-02) is a Reclamation Manual Directives and Standards (D&S) that is not an issue exclusive to extraordinary maintenance but is relevant to repayment. This D&S is in internal review and expected to go to public review in early 2022.

a. PL 111-11 XM Rate

Refurbishment and Replacement of facilities throughout the CVP is becoming more important each year. Issues before the FAC regarding these infrastructure concerns pertain to the financing of infrastructure improvements, the extended repayment period allowed and the projected delivery base to be used in calculating the rate for those costs in accordance with P.L. 111-11. Reclamation Manual D&S PEC 05-03 was

finalized on April 17, 2014 and was primarily written for repayment contracts requiring the MP Region to prepare a Basis of Negotiation (BON) and Approval Memorandum to allow for extended repayment of CVP costs recovered under water service contracts. The BON will ask for inclusion of extended repayment for all CVP XO&M costs through the CVP water ratesetting policies and exclude the requirement for a financial analysis for all CVP water service contracts. The BON is in review and expected to be a completed item in 2022.

b. Remediation of 2014-2019 costs (true-up)

The remediation of 2014-2019 capitalized OMR costs to extended repayment is still in progress and credits/underpayments not finalized. No significant impacts are expected for water or power, except for contractors that have not paid construction costs in the recent past. The first outreach will be to those contractors with impacts.

c. Recharacterization of Reimbursability of Costs (BGT 02-02)

This D&S was released in Fall of 2021 but pulled back into internal review. CVPWA is interested in commenting when the D&S is posted for public review. This D&S provides guidance on approvals when costs are recharacterized.

3. CVPIA

In 2022, it will be 30 years since the Central Valley Project Improvement Act (CVPIA) was passed and this milestone year prompts a review by the CVPWA. Three issues relate to CVPIA to include:

a. True-up and finalizing accounting BPG

The update to the CVPIA Accounting Practices BPG has been on pause since October 2020 and the FAC would like to see the finalization completed. The FAC sent a letter to the Commissioner earlier this year on the request for finalization but has not received any communication in return. The FAC discussed the benefit of scheduling a separate meeting with the Commissioner to communicate our interest in seeing the BPG finalized.

b. Finance Plan

The CVPIA Annual Obligation plan has been transformed into a Finance Plan that will look at spending over a longer period. The Bay-Delta Office took over the management of the CVPIA Finance Plan in 2020 and will be providing an update in 2022.

c. CVPIA Progress Activity Report (CPAR)

The last CVPIA Program Activities Report (CPAR) was completed in 2009 and provides a review of CVPIA activities. Due to the length of the last published CPAR and the 30th anniversary of CVPIA, the FAC may recommend the completion of a new CPAR in 2022. A CPAR report will help CVP contractors understand the status of the different requirements of CVPIA and will complement the Finance Plan expected to be released in 2022.

An updated CPAR may also help clarify the status of "completion" that is uncertain as of January 2021. No update on status of completion, other than the memo signed by former Secretary Bernhardt on January 19, 2021 that concluded certain elements were "complete" was rescinded by the DOI on June 11, 2021.

4. Annual Budget Review with Stakeholders

The Division of Financial Management held regional workshops on the Annual Budget. The last workshop was held around 2017 and the FAC is interested in getting the budget review process back on track in 2022. The purpose of these reviews is to provide Contractors with more insight into expenditures in the areas of classification, reimbursability and repayment periods. The FAC will continue to push for annual reviews and be involved in developing needs for current year data.

5. CVP Final Cost Allocation (FCA) true-up

The calculations of credits and overpayments due to the FCA are near complete and Reclamation will be engaging with contractors in February. Each contractor will determine how to apply a credit (if applicable) or make up the underpayment (if applicable). Credits due to overpayment cannot be refunded but can be moved to advanced accounts for future costs. Underpayments can be made in a lump sum, keep it in rates and pay off by 2030, or repayment contract amortized up to 10 years. The effort this year will remediate most of required the changes from CAS by 2030 except for IDC or IOI accounts.

6. Trinity PUD assessment collection

Reclamation seeks 2-3 contractors to volunteer to pre-pay the annual cost with credit applied toward annual rates. This will reduce administrative effort of Trinity PUD collections.

2022 FAC Tracking Issues Information

1. PL 116-260 Aging Infrastructure Account

On November 12, 2021, Reclamation Manual staff briefed stakeholders on the draft D&S PEC 05-03, Extended Repayment of Extraordinary Maintenance Costs. CVPWA provided comments on this update to clarify the policy to implement PL 116-260 Aging Infrastructure Account. These updates address PL 116-260 rules for extended repayment of extraordinary maintenance (XM) (a subset of OM, where OM is normally required to be repaid in the year the costs are incurred). In 2009 PL 111-11, allowed for extended repayment for eligible XM and advance funds for the same kind of work and has been funded through general appropriations. PL 116-260 created the Aging Infrastructure Account and H.R.3684 - Infrastructure Investment and Jobs Act put $3.2B in the account. Money will come into the account through repayment (revolving fund) back and annual appropriations. The revisions to PEC 05-03 reflect the authorization and the associated requirements of the Aging Infrastructure Account. One requirement is to establish and application process and requirements for applicants. This account allows for the funding of XM and advanced payment. Law requires Reclamation to declare funding plan (which projects were selected to be funded) within 90 days of closing of application period. That is why there is an application timeline and Reclamation will not be reviewing applications as they come. Projects need to also appear in the Major Rehabilitation and Replacement Database (MRR), which will be used to track the progress, along with shovel-readiness. Reclamation opened the application period on or around December 18, 2021 with applications due January 31, 2022.

2. WIIN Act Section 4007 Storage Projects

a. Cost recovery of Op-flex

There are two or three WIIN Act Storage project feasibility studies that include Op-flex as a Reclamation share of the facilities. The FAC is interested in the cost recovery of this allocable cost and the associated physical benefits. These projects include the Los Vaqueros Expansion, Sites Reservoir, and potentially the B.F. Sisk Dam Expansion.

3. Reclamation Manual Updates

The FAC is closely tracking Reclamation Manual Updates and will provide comments when appropriate.

4. BOR-Works Enhancements

On-going revisions to the Reclamation revenue and delivery accounting system are for two underlying purposes as follows: (1) getting the existing system functioning to the originally intended specifications (payments, accuracy of balance forward, rates etc.) and (2) refining

the system to meet new reporting requirements. The FAC will continue to include this on their agenda for 2022 FAC meetings with Reclamation.

5. Warren Act Rates for 2023

Contracting & Charging for Non-Project Use of Excess Capacity in Reclamation Project Facilities – Revenue collection prior to new 2023 rates. Special rates are still working on the "r" component of the rate.

6. Ability-to-Pay Studies

The FAC will continue in 2022 to monitor Reclamation's progress on these studies and will request updates from Reclamation at future FAC meetings. The 2022 Ag Rates Forward provides and update and has planned ATP studies to complete in 2022.

7. San Luis Join Use O&M Cost Reallocation Study

The original San Luis Joint Use Facilities O&M Agreement (JUFA – Contract No. 14-06-20-9755) specified a 45% (Federal) – 55% (State) cost share pending accumulation of relevant data to establish a long-term cost allocation. In 1986, Reclamation and DWR completed a reallocation study which resulted in a 44.09% (Federal) – 55.91% (State) cost share which was to be used for the five-year period 1986-1990. Even though JUFA required a new study every five-years, there wasn't another one completed until 2014 when CVP contractors initiated an action to update the study. That study resulted in a 1½ % reduction in the Federal share and DWR agreed to make an adjustment and reimburse CVP contractors for their overpayment. CVP contractors believe that they also overpaid in the prior four adjustment periods. However, Reclamation's Regional Director and Regional Solicitor decided that they would not go back and make adjustments for those prior periods. CVP contractors believe that they are facing financial harm if they don't go back and do these reallocations.

In addition, Reclamation has informed DWR that they are seeking a methodology change that would more equitably allocate Segment 1 costs between the two agencies. The FAC will continue to be involved in this effort.

Draft 2022 FAC Schedule and Presentations

The Draft 2022 FAC Schedule identifies a presenter from the Division of Financial Management to lead an educational 20-30 minute presentation at the FAC with Reclamation meetings. In alternate month FAC Contractors Only meetings, a presenter from outside of the Division of Financial Management will be invited and may include a presenter from the contractor community.

FAC with Reclamation	FAC Contractors Only	Presentations
Tuesday, January 18 2:00-4:00pm WUC/MS Teams		
	Friday, February 18 10:00-12:00pm MS Teams	**Discussion with Michelle and Ernest on 2022 FAC Priorities (pending)**
Friday, March 18 10:00-12:00pm MS Teams		**Ann Lubas-Williams:** **Annual Budget Process**
	Friday, April 15 10:00-12:00pm MS Teams	**Brooke White:** **CVPIA Finance**
Friday, May 20 10:00-12:00pm MS Teams		**Sabir Ahmad:** **Ratesetting 101**
	Friday, June 17 10:00-12:00pm MS Teams	**Richard Welsh on Planning (pending)**
Friday, July 15 10:00-12:00pm MS Teams		**Robert Ward:** **Future Costs with Potential Rate Impacts**
	Friday, August 19 10:00-12:00pm MS Teams	**TBD**
Friday, September 16 10:00-12:00pm MS Teams		**Christiane Washington:** **Revenues**
	Friday, October 21 10:00-12:00pm MS Teams	**TBD**
Friday, November 18 10:00-12:00pm MS Teams		**TBD; Reserved for Division of Financial Management**
	Friday, December 16 10:00-12:00pm MS Teams	**TBD**