

# ROSEDALE BANKING AND SITES RESERVOIR UPDATES

Water Resources and Watershed Committee

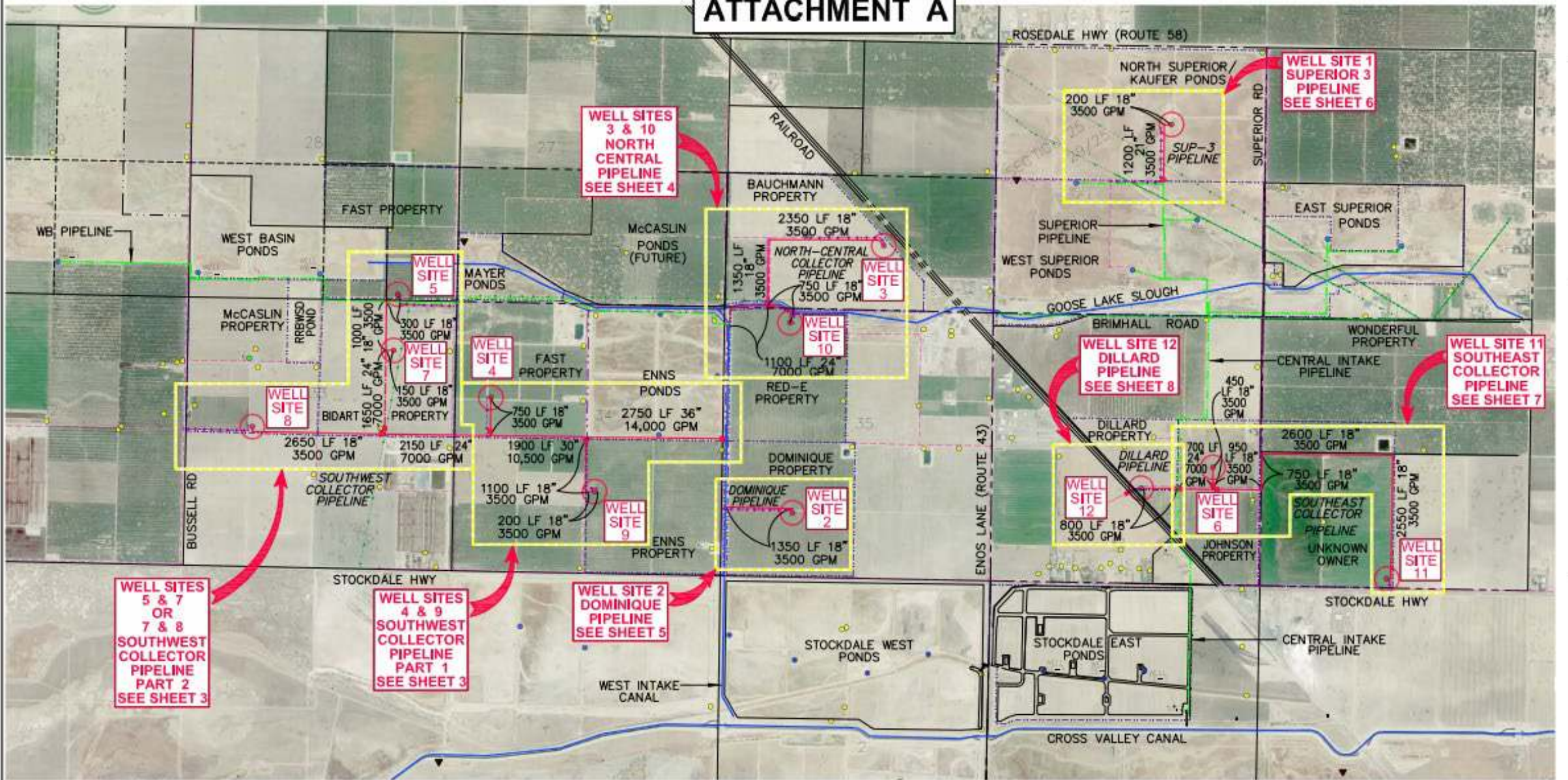
July 14, 2021

Item 2.1

# ROSEDALE WELL SITING REPORT

- Option to construct up to four additional wells
- Potential wells located to connect to West Canal or Central Intake Pipeline
- 12 Sites Investigated and screened for
  - Proximity to adjacent wells
  - Arsenic of surrounding wells
- Well and conveyance construction costs (w/o land acquisition)
  - \$9 Million (could be broken up into phases)
  - Based on Superior Well Field costs
  - Current bidding climate not ideal for drilling wells

# ATTACHMENT A



WELL SITES 3 & 10  
NORTH CENTRAL PIPELINE  
SEE SHEET 4

WELL SITE 1  
SUPERIOR 3 PIPELINE  
SEE SHEET 6

WELL SITE 5

WELL SITE 3

WELL SITE 8

WELL SITE 7

WELL SITE 10

WELL SITE 12  
DILLARD PIPELINE  
SEE SHEET 8

WELL SITE 11  
SOUTHEAST COLLECTOR PIPELINE  
SEE SHEET 7

WELL SITES 5 & 7 OR 7 & 8  
SOUTHWEST COLLECTOR PIPELINE PART 2  
SEE SHEET 3

WELL SITES 4 & 9  
SOUTHWEST COLLECTOR PIPELINE PART 1  
SEE SHEET 3

WELL SITE 2  
DOMINIQUE PIPELINE  
SEE SHEET 5

WELL SITE 11

WELL SITE 12

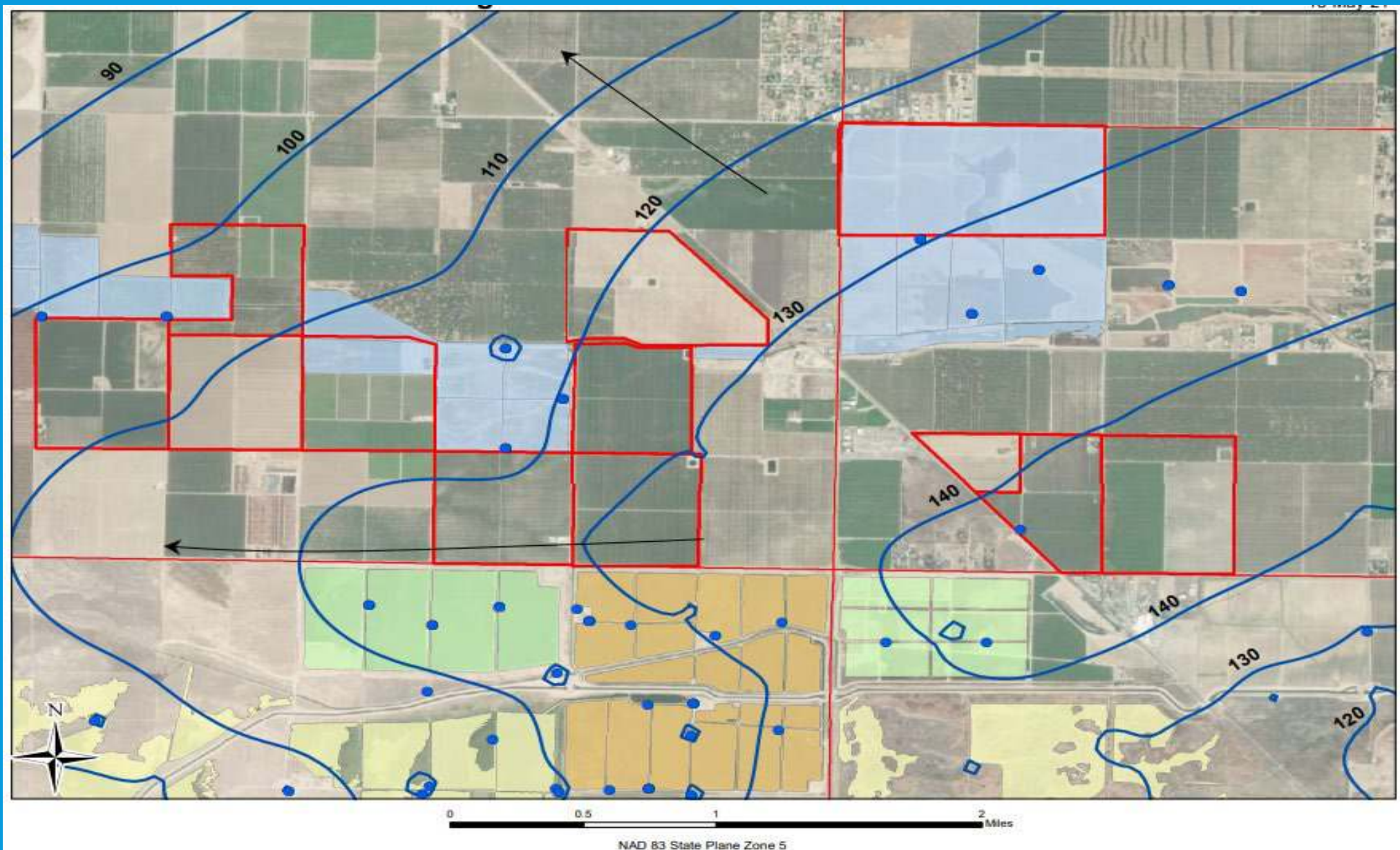
WELL SITE 6

WELL SITE 9

WELL SITE 2

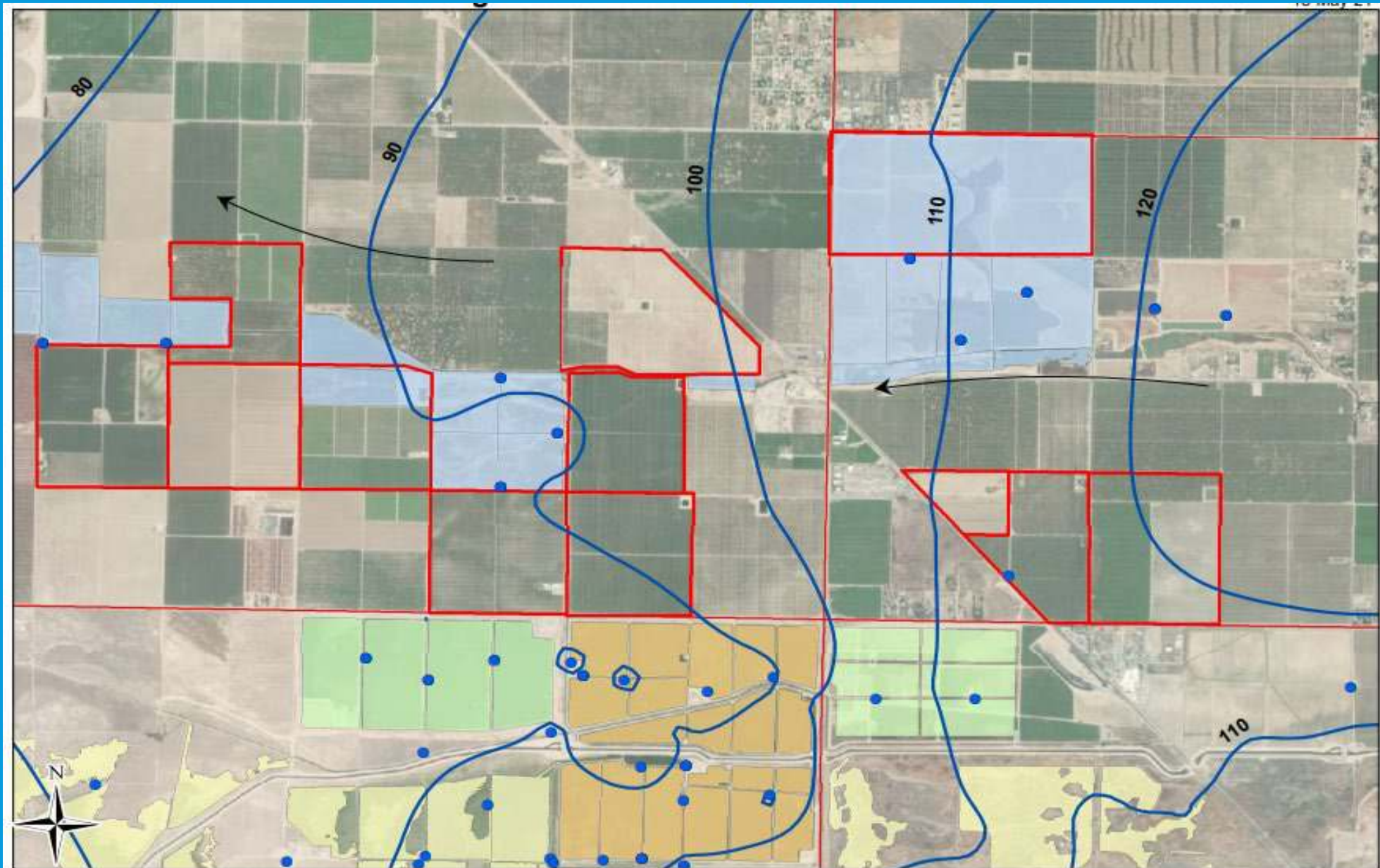


# Current Groundwater Surface Elevations – Intermediate Aquifer





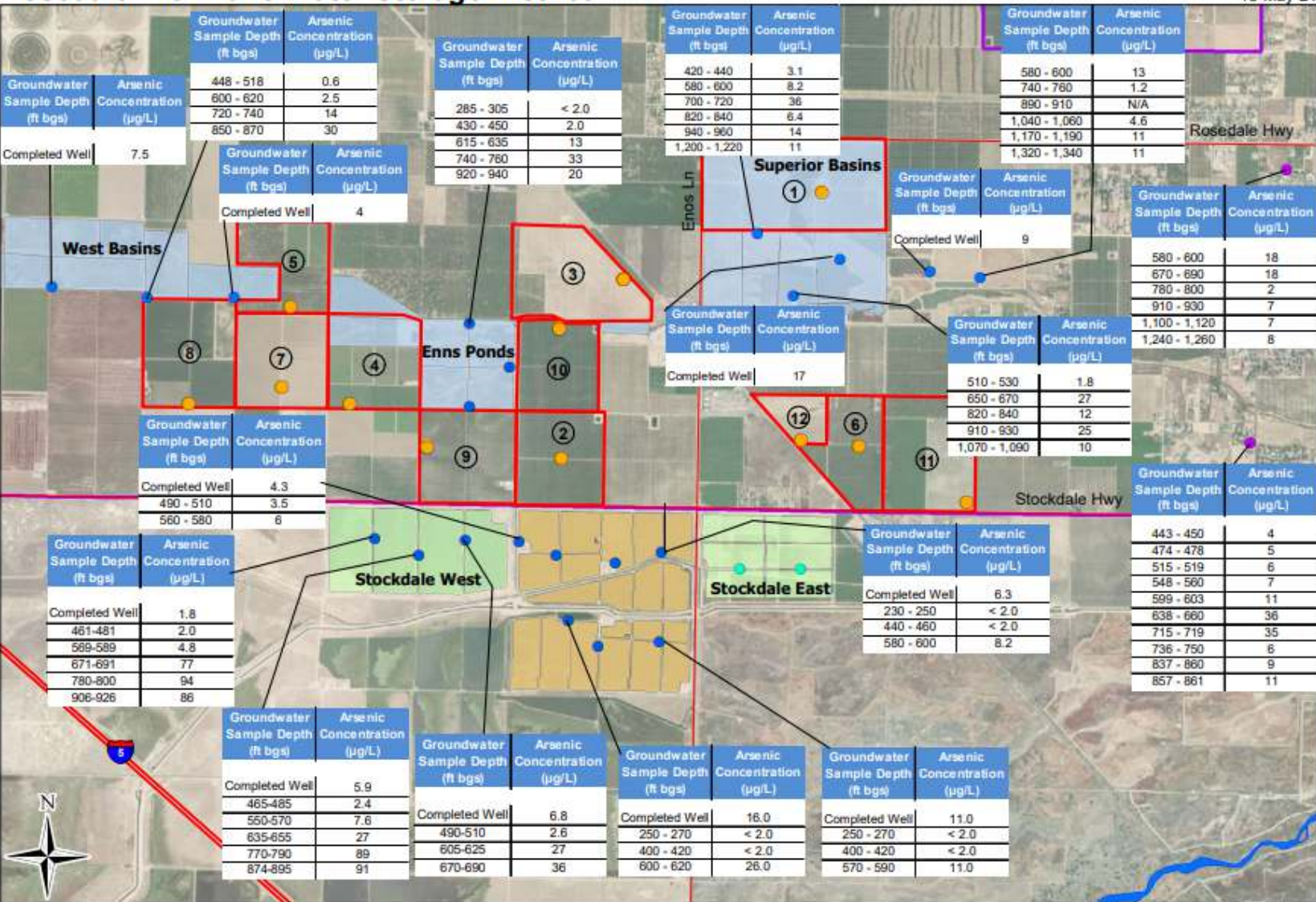
# Current Groundwater Surface Elevations – Deep Aquifer





Rosedale-Rio Bravo Water Storage District

18-May-21



**Map Features**

- Proposed SCVWA Well
- Vaughn Water Company Well
- Existing Project Well
- Stockdale East Well
- RRBWSD Recharge Basin
- Proposed SCVWA Well Site
- Stockdale Recharge Basin
- Strand Ranch Recharge Basin
- Rosedale-Rio Bravo Water Storage District
- Highway/Road

Note: µg/L = micrograms/liter  
gpm = gallons per minute

Arsenic Maximum Contaminant Level = 10 µg/L

Data from BC Laboratories, Inc.  
Strand Ranch Wellfield Optimization TM  
and Rosedale-Rio Bravo Water Storage District.

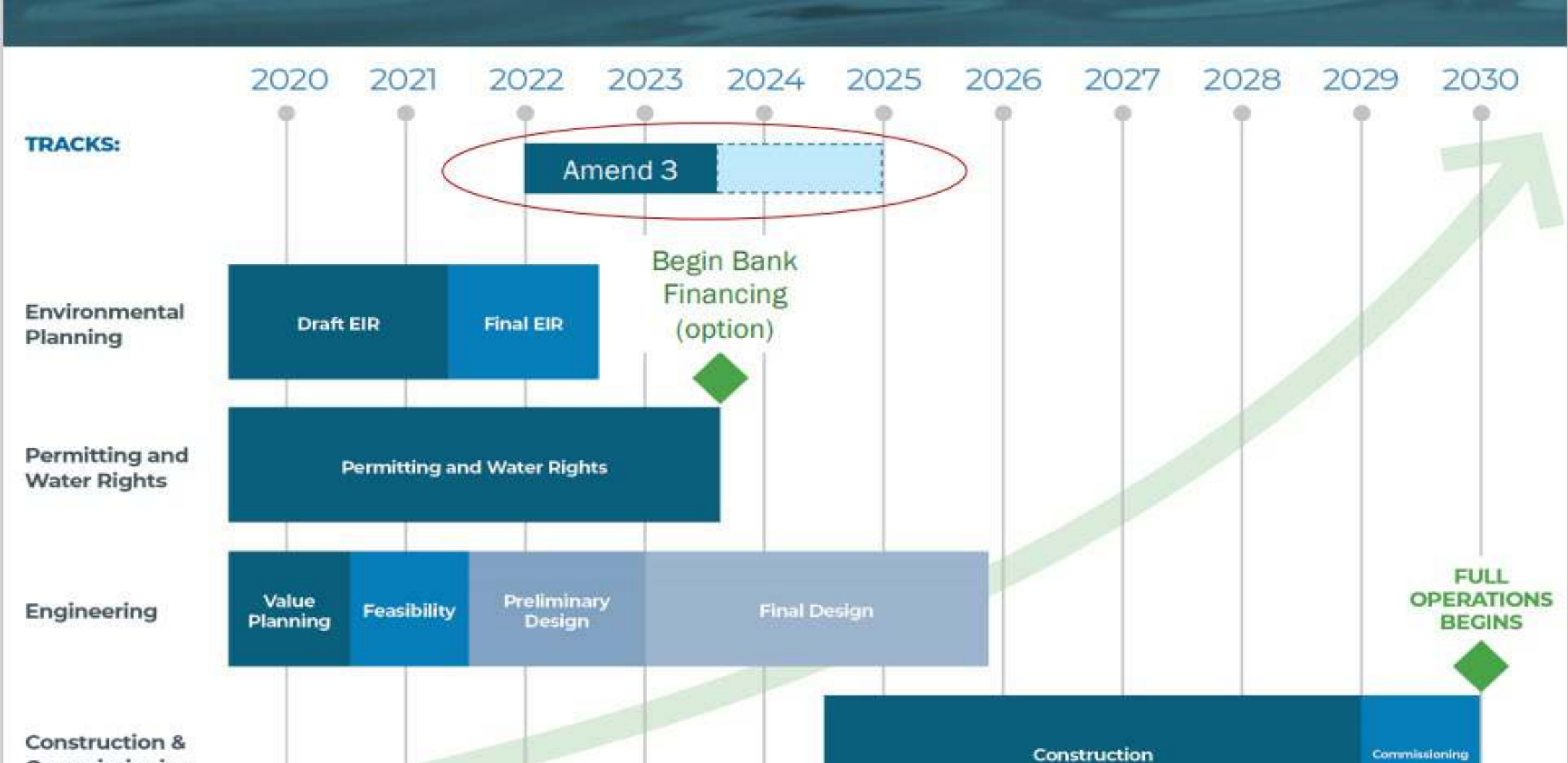
# ROSEDALE RIO-BRAVO WATER BANK NEXT STEPS

- Review status with Board
  - Timing
- Request RRB Management to initiate land acquisition negotiations

# SITES RESERVOIR UPDATE

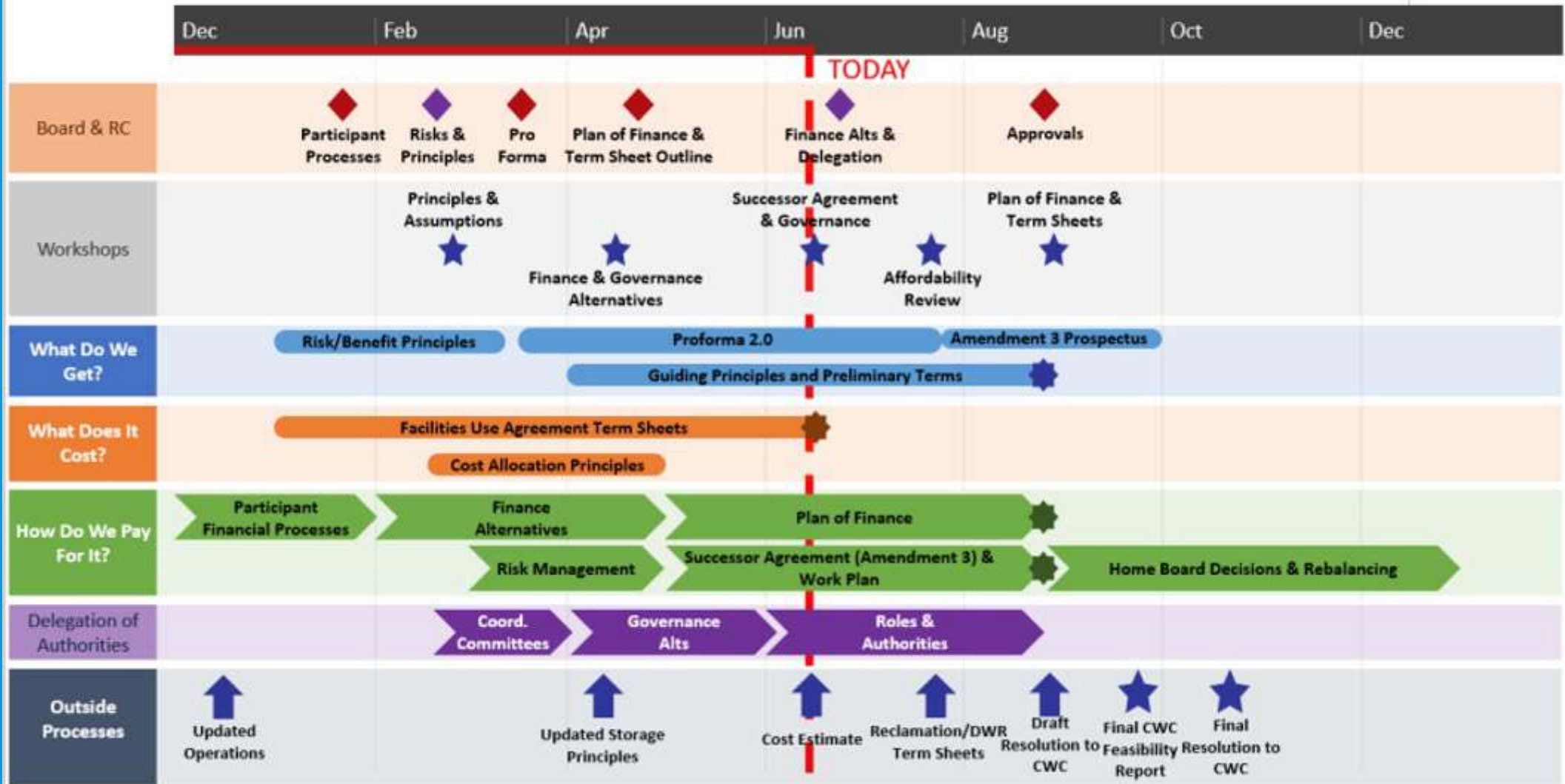


# Schedule Overview



# Plan of Finance & Participation Agreements

Prop 1 Eligibility Deadline

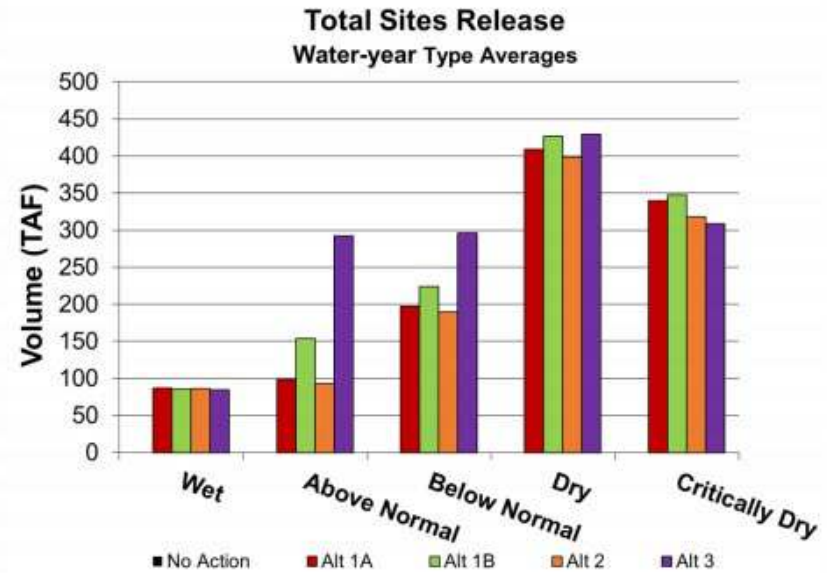
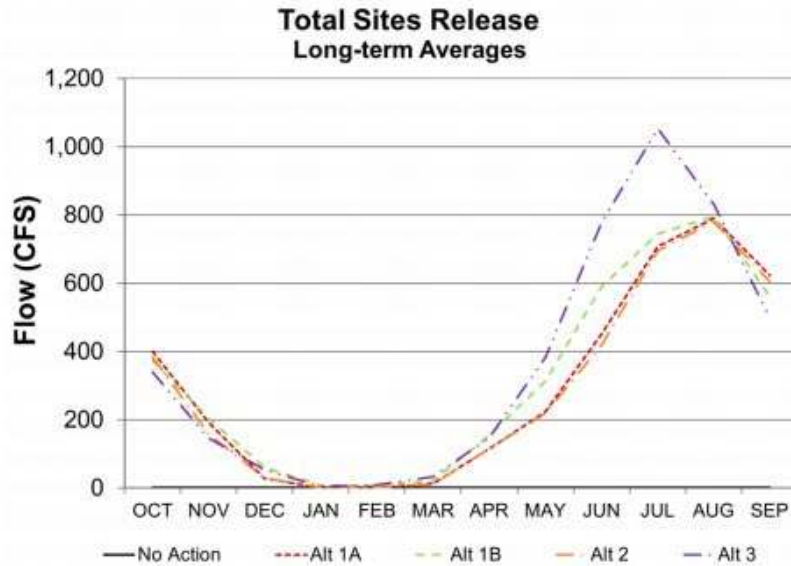




# WHAT DO WE GET?

- Reservoir Size 1.5-1.3 MAF
  - 40% for Environmental 60% for Water Supply
- SCVWA share of water supply approximately 3%
- Project Yield for SCVWA (analysis subject to revisions)
  - Average Dry-Year 10.4 – 9.8
  - Average Critical Year 8.8 – 8.5 TAF
- Operating Agreement Principles under development
  - Moving to a modeling cost and benefits based on proportionate share of reservoir storage

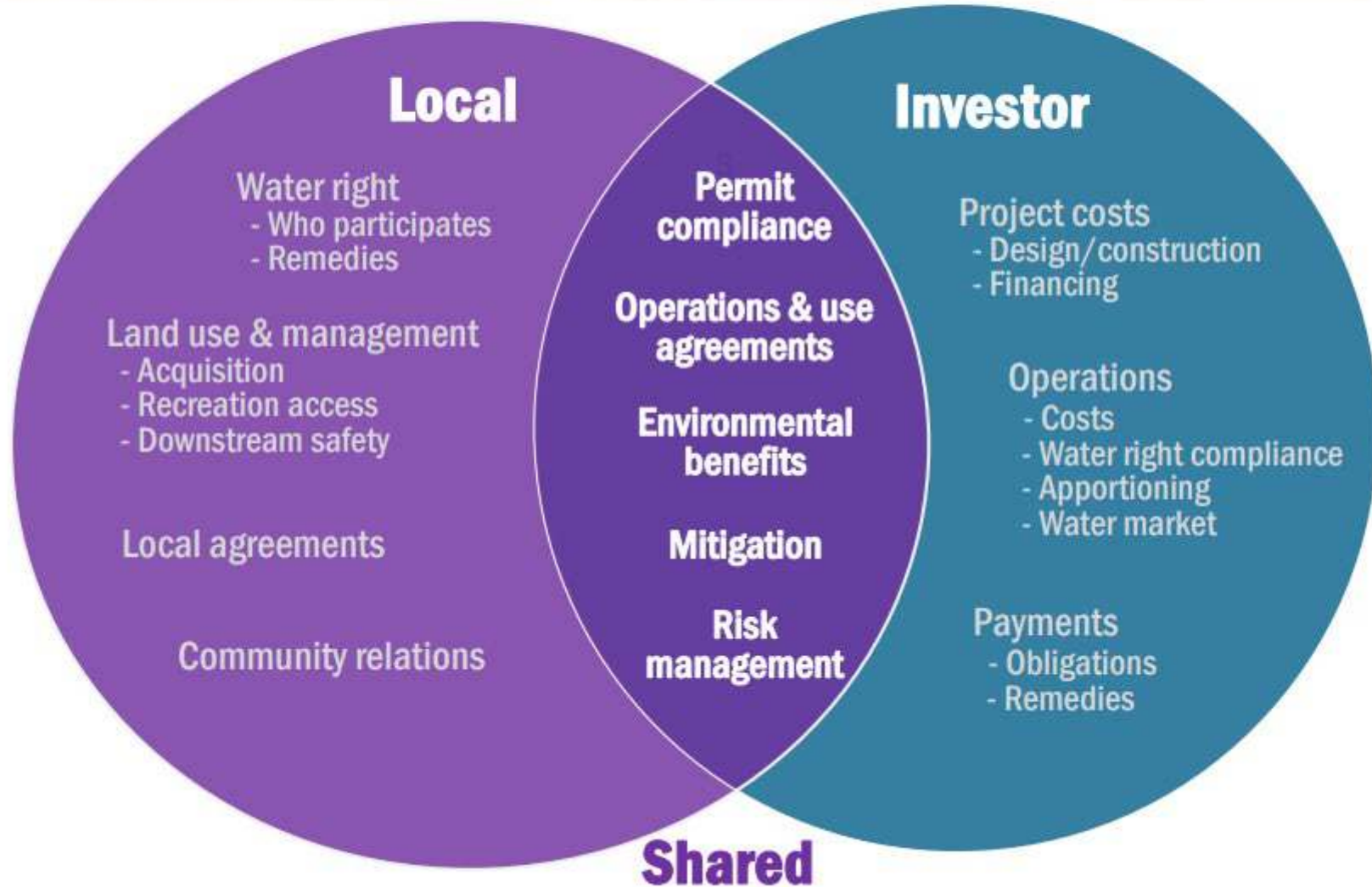
# Results: Releases



Total Sites Release	Alt 1A	Alt 1B	Alt 2	Alt 3
Long-term Average (TAF)	217	234	209	260
Dry and Critical Average (TAF)	402	404	374	383



# Governance Interests



# Which guiding principles are we focusing on developing?

## Roles and Responsibilities

- Risk management

## Project Assets and Ownership

- Conditions for disposition of the asset rights

## Beneficiary Pays

- Use of facilities
- Ongoing: State/Federal O&M and cost overrun coverage

## Financing

- Group financing and pay-go
- Sufficiency pledge

## Leasing of Storage and Sales of Water

- Consistent with storage principles, important for offsetting costs

## Minimum Contract Term, Successor Agreements, and Changes

- Term will coincide with length of financing agreement

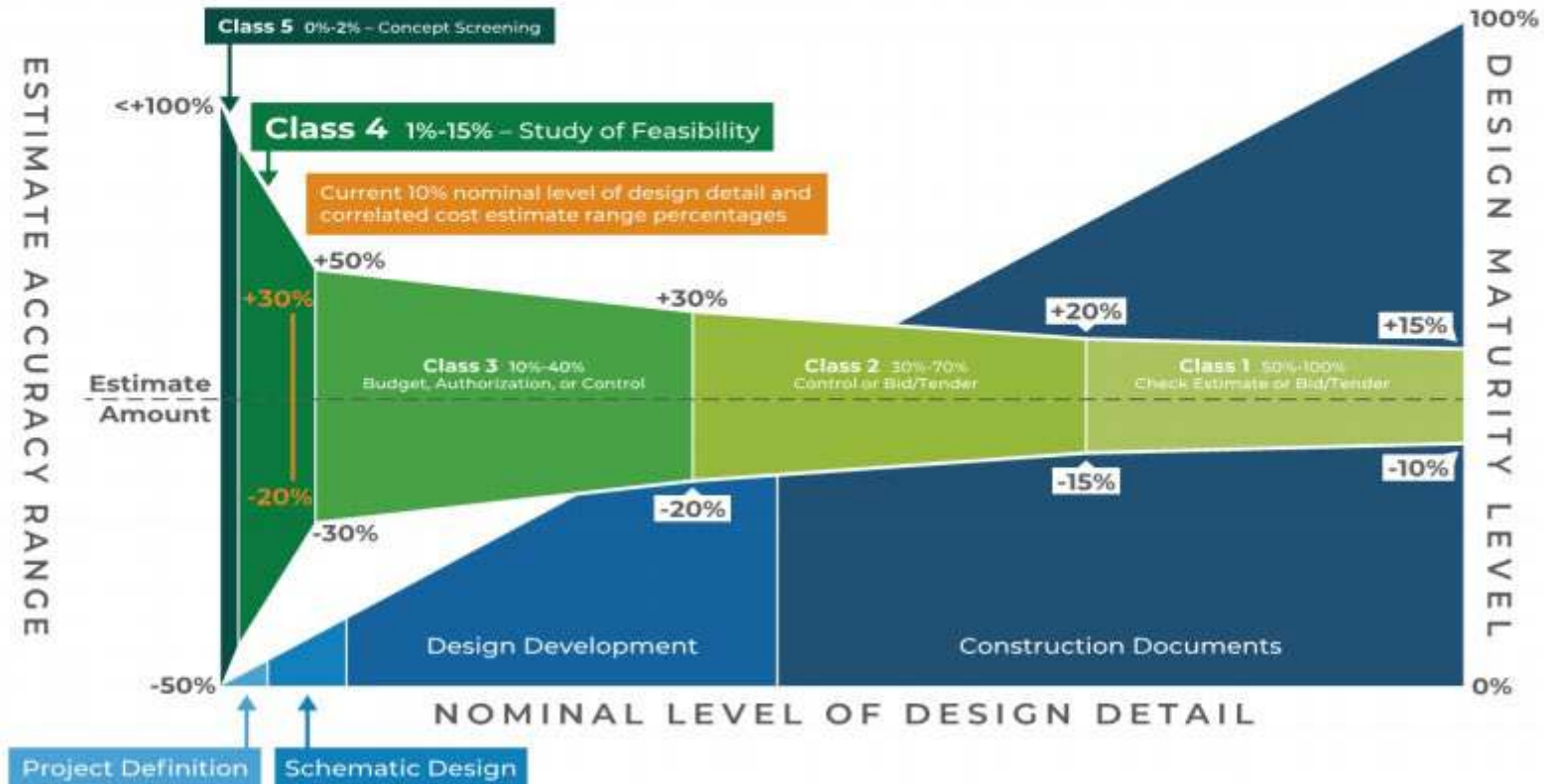
## Other???



## What Does It Cost? - Background

1. In 2019 the Authority initiated a comprehensive Value Planning process to identify the “right size” project
  - a) Affordable
  - b) Buildable
  - c) Permittable
2. The process was documented in the April 2020 Sites Project Value Planning Alternatives Appraisal Report
  - a) Recommended Alternative VP7: 1.5 MAF Reservoir
  - b) Alternative options VP5 and VP6: 1.3 MAF Reservoir
  - c) Conceptual screening cost estimate (AACE Class 5) of

# AACE Cost Estimate Classification System



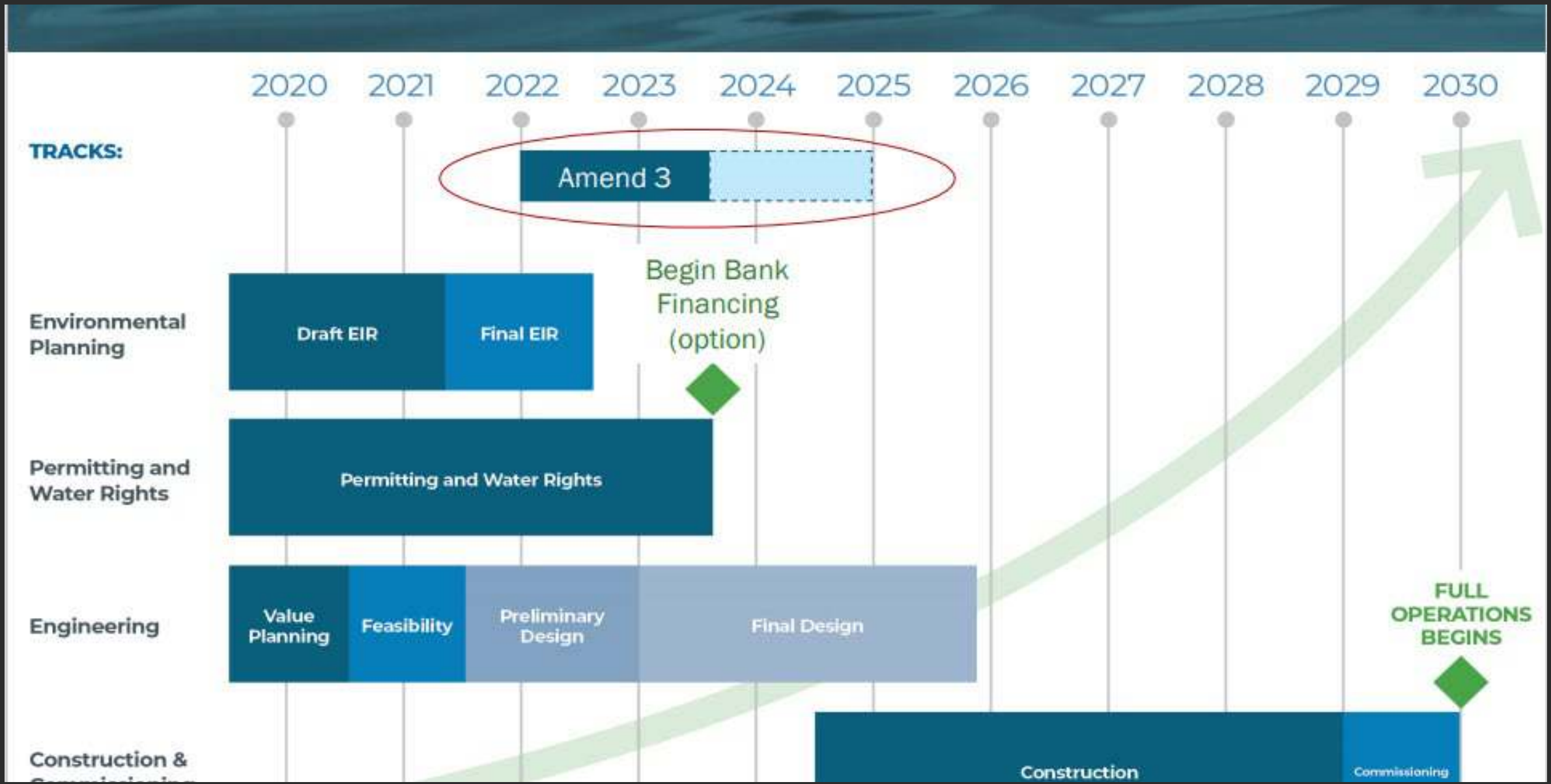
# Feasibility Cost Estimate

1. Provides a higher level of accuracy (AACE Class 4)
  - a) Considered results from Feasibility Design
  - b) Bottom-up approach
2. Provides investors with a higher degree of certainty in project affordability
3. About a 30% cost increase compared to Value Planning estimates (AACE Class 4 vs. Class 5 cost estimates)
  - a) Alternative 1: **\$3.93 billion** (2021 dollars)
  - b) Alternative 2: **\$3.87 billion** (2021 dollars)



# Next Steps

1. The Feasibility Cost Estimate is **not a final estimate**
  - a) Used in preparation of the WSIP Feasibility Report to meet CWC Prop 1 requirement
  - b) Inform project funding and affordability analysis
2. Next phase of design development
  - a) Continue to collect additional technical data
  - b) Refine project analysis and design
  - c) Evaluate potential cost saving opportunities
  - d) Focused on controlling project costs and continue to be transparent with information needed to support decision making
    - Prepare AACE Class 3 Cost Estimates for even greater cost accuracy and certainty



# FINANCING OVERVIEW

- Planning and Permitting
  - Participant Cash Calls
  - WSIP
  - FDA Loan
  - Short-term Line of Credit
    - After Water Rights
  - WIFIA Loan
- Construction Financing
  - WIFIA Loan
  - USDA Rural Development Loan
  - Long-Term Municipal Bonds



# PLANNING AND PERMITTING

Option	Total Est'd Cash Call	Anticipated # of Cash Calls	Approximate Amt Due Per Cash Call	Holds 2030 Date?
<b>18-month schedule</b>	\$350/af	2	Jan 22 - \$150/af Jan 23 - \$200/af	Yes
<b>36-month schedule w/annual cash calls</b>	\$400/af	3	Jan 22- \$100/af Jan 23 - \$140/af* Jan 24 - \$160/af*  <i>*or possible bank financing</i>	Challenging

*Cash calls are based on current, yield-based subscription levels*

# Estimated Borrowing Costs

Type of Debt	Current Estimated Borrowing Cost	Modeling Assumption
Short-Term Bank Line of Credit	1.50% - 1.75%	3.00%
WIFIA Loan	2.38%	3.50%
USDA Rural Development Loan	2.25%	3.875%
Long-Term Municipal Bonds	3.50%	5.00%

## Plan of Finance Issue Tracking

Area	Question	RC/AB/Workshop	Deliverable(s)
<b>Long-term Considerations</b>			
<i>What do we get?</i>			
<b>Benefits</b>	What is the amount of the two primary benefits of the project, new water supply and storage capacity each participant receives?	July Workshop	Proforma 2.0, Amendment 3 Prospectus Workbook
<b>Obligations</b>	How are project risks and obligations shared amongst the participants and the other agreements?	September Workshop	GPPT, Other Agreements and Roles and Responsibilities Section
<b>Asset Definition</b>	What are the options and constraints for selling/leasing storage capacity, and selling/leasing water supply?	July Workshop	GPPT, Project Assets and Ownership and Leasing of Storage and Sales of Water Sections
<b>Roles and Responsibilities</b>	How might the governance of the project change as the project progresses and what are the milestones that trigger these changes?	June Workshop	GPPT, Roles and Responsibilities Section
<i>How much does it cost?</i>			
<b>Capital Cost</b>	What is each participant's share of the project's updated capital cost estimate?	June RC/AB	Feasibility Capital Cost Estimate
<b>O&amp;M Cost</b>	What is each participant's share of the updated cost estimates for variable and fixed O&M costs?	June RC/AB	Feasibility O&M Cost Estimate, Facilities Use Agreement Term Sheets
<i>How do we pay for it?</i>			
<b>Cost of Capital</b>	What is the range of cost of capital based on the financing options being considered and what is the resulting range of annual debt service obligations for each participant?	July Workshop	Proforma 2.0, Amendment 3 Prospectus Workbook
<b>Securing Revenue</b>	When will costs occur (cash flow) and will each participant be ready with secure revenue to cover its share of project debt service and OM&R costs?	July Workshop	Proforma 2.0, Amendment 3 Participation Agreement, Plan of Finance
<b>Risk of Default</b>	How much exposure does each participant assume in the event of participant default(s) and what are the steps available to prevent or mitigate this risk?	September Workshop	Plan of Finance, GPPT Project Assets and Ownership and Leasing of Storage and Sales of Water Sections
<b>Near-term Considerations</b>			
<b>Work Plan</b>	Is the right scope, schedule, and budget being considered for the next phase and what is each participant's share of the cost and timing of the cash calls?	June Workshop	Amendment 3 Participation Agreement and Work Plan
<b>Rebalancing</b>	What is the impact of participants adjusting their level of investment and what impact does the basis of participation converting from yield to storage have, if any?	June Workshop	Amendment 3 Participation Agreement and Work Plan
<b>State and Federal Participation</b>	Is the project on-track to remain eligible for Prop 1 funding and what is the timing for the federal participation/appropriation to be finalized?	September Workshop, September RC/AB	75% Local Cost Share Commitment Authority Board Resolution

GPPT= Sites Project Benefits and Obligations Contract Guiding Principles and Preliminary Terms



QUESTIONS?