



Los Vaqueros Reservoir Expansion Updates

Board of Directors

August 27, 2024

Agenda

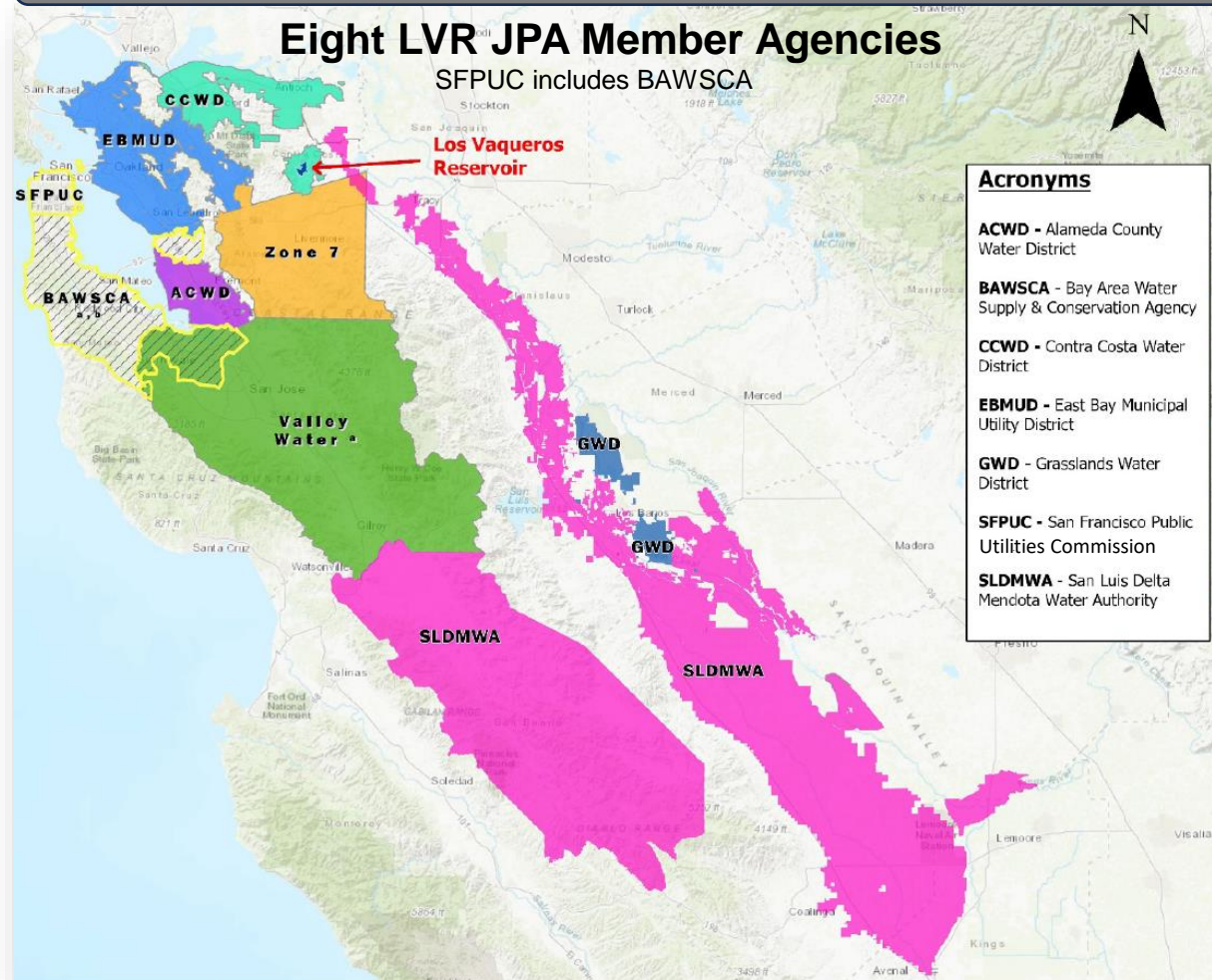
- Los Vaqueros Expansion (LVE) Background
- Supplemental Water Supply Need, Alternatives, Dry Year Unit Costs, and Project Agreement Status
- LVE Project Participation Options and Recommendations

LVE Background



Background

LVE Project: Increase capacity from 160 TAF to 275 TAF



Potential Project Benefits for the District

- Up to 30 TAF dedicated storage west of Delta
- Supply for droughts and emergencies
- \$24 million grant for facility upgrade
- Recovery of Freeport sunk costs
- Ability to use CCWD intakes
- Regional water supply benefits

Ecosystem Benefits

- Improves water supply for wildlife refuges by addressing unmet mandate
- Provides storage access to optimize delivery of water supplies
- Rehabilitates lost wildlife refuges by adding ~9,000 acres of wetlands
- Supports 14 shorebird species nearing extinction
- Improves survival of salmonids migrating through Delta

*JPA: Joint Powers Authority
LVR: Los Vaqueros Reservoir
TAF: thousand acre-feet*

JPA Member Agencies Status and Storage Requests

Member Agency	Status	Potential Storage Request (TAF)
ACWD	Updated its Board on business case to date (not yet final) on August 8	10
CCWD	Staff to develop options on LVE based on member agencies' responses to its policy questions and discuss with its Board on September 18	0
EBMUD	Planning to go to its full Board on August 27 with business case	Up to 30
Grasslands	Providing project updates to its Board, but business case has not been scheduled	10
SFPUC	Providing project updates to its Commission, but business case has not been scheduled	20
SLDMWA	Providing project updates to its Board, but business case has not been scheduled	15
Valley Water	Planning to go to its full Board on September 10 with business case	30
Zone 7	Discussed LVE conveyance with its full Board on August 7, but business case has not been scheduled	10

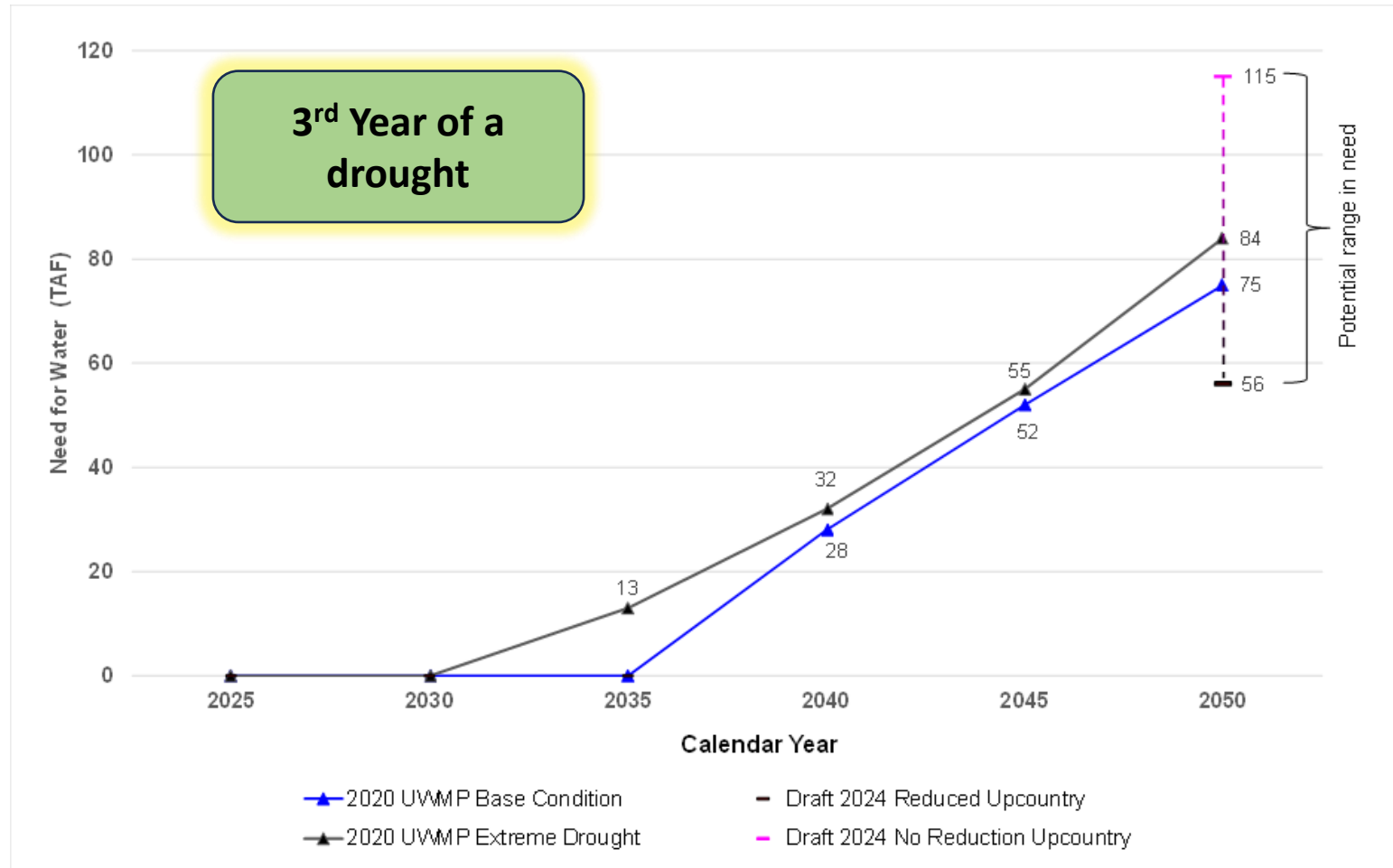
Total requested 125
Total available 115

Supplemental Water Supply Need, Alternatives, Dry Year Unit Costs, and Project Agreement Status



Need for Water

2020 UWMP and Draft 2024 Update



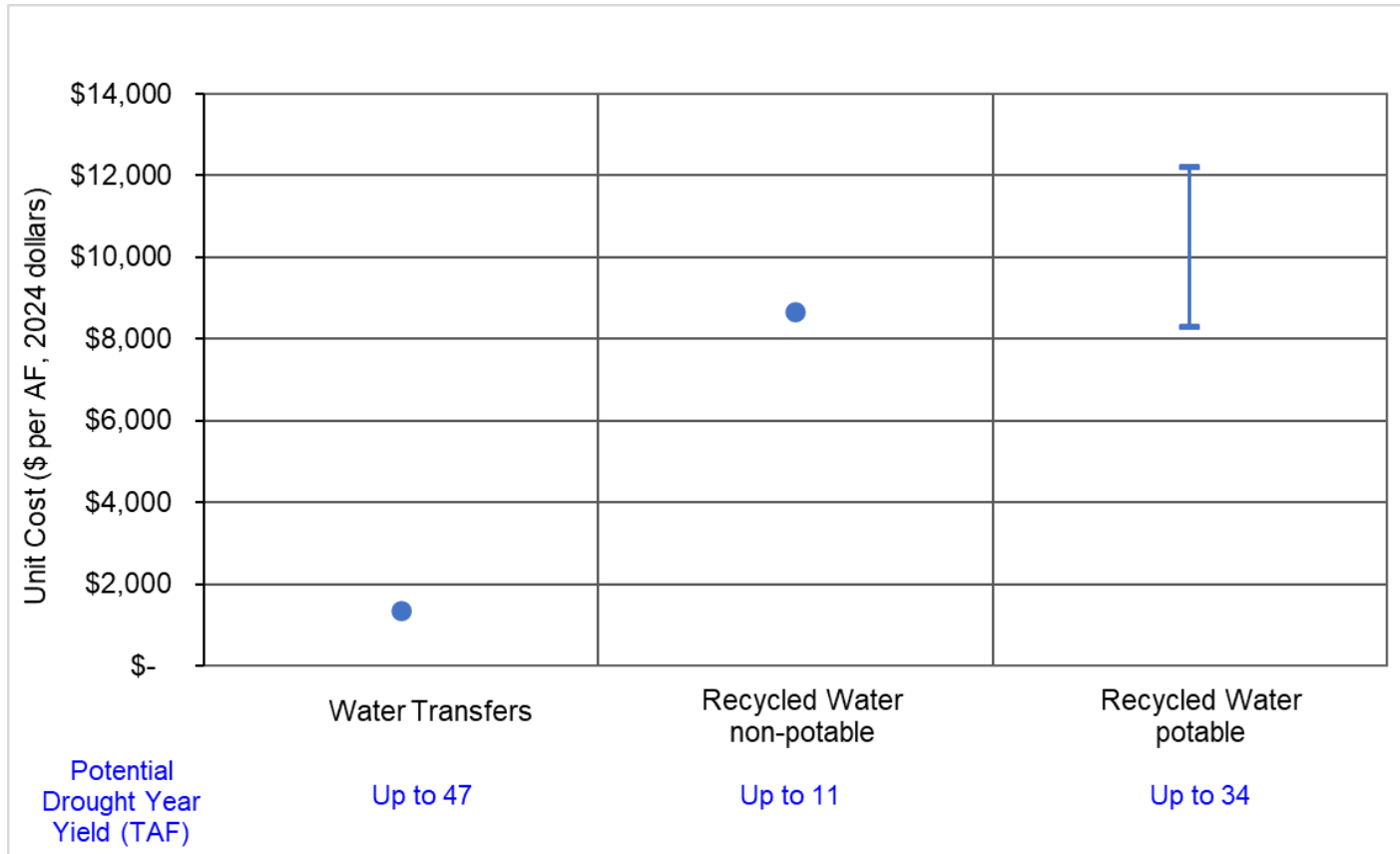
- Accounts for conservation, recycling, and 15% rationing
- Draft 2024 update:
 - Reduced District demands
 - Reduced CVP supply based on recent allocations
 - Accounts for upcountry demand uncertainty with 2 scenarios: with and without reduced demands
 - Will be refined as the 2025 UWMP is developed

Potential Future Supplemental Supply Sources

Supply Alternatives	Dry Year	Yield (TAF)	Key Considerations
Water Transfers	1, 2, 3	10 to 47 TAF per year when available	Quantities variable; market transfers less reliable as drought deepens. Healthy Rivers and Landscapes Program relies on transfers, so future market will be tighter.
Future Non-potable Reuse	1, 2, 3	Up to 11 TAF	Included in the need for water analysis (to be updated in Recycled Water Strategic Plan)
Potable Reuse	1, 2, 3	TBD (9 to 34 TAF preliminary draft)	Long lead time for education and outreach and to develop project; complex permitting and operations
LVR Expansion	3	20 TAF	Can be more resilient to provide water in year 3 and beyond; project risks
San Joaquin County (SJC) Groundwater Banking	3	TBD (Up to 20 TAF)	Permits, wells, and blending ratios in aqueducts may limit extraction capacity and require spreading over multiple years to achieve yield
Bayside	3	TBD (Up to 5 TAF)	Community outreach to address community concerns.

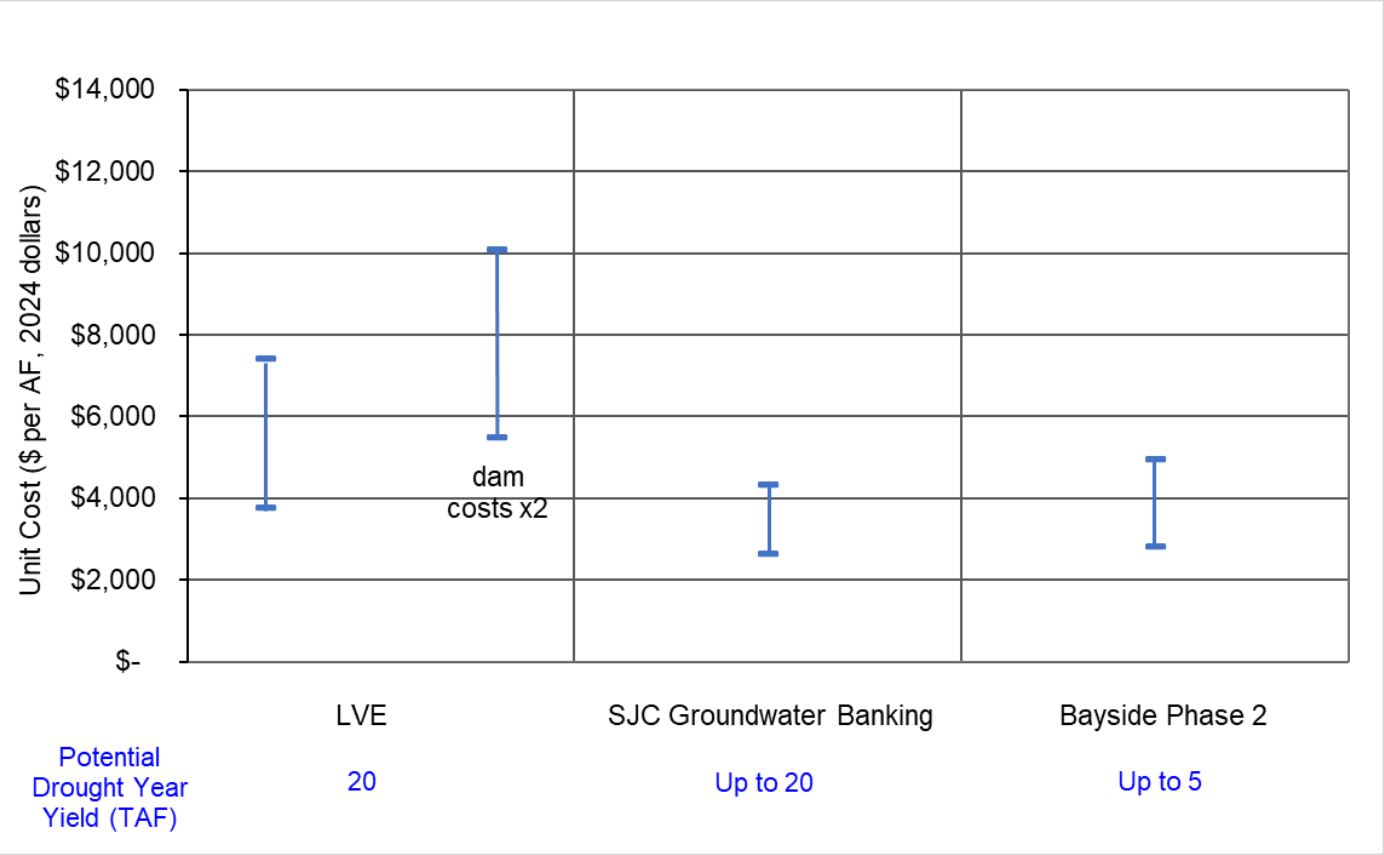
TBD: to be determined

Dry Year Unit Costs: Every Dry Year Alternatives



- Water transfers
 - Based on actual operations, maintenance, and supply costs
 - In general, reliability decreases and cost increases as drought deepens
- Recycled water
 - Non-potable cost escalated from 2019 Recycled Water Strategic Plan
 - Draft potable costs from 2024 Update
 - Assumes yield is 3 dry years out of 10

Dry Year Unit Costs: Third Drought Year Alternatives



- Range in costs represent bookends of potential drought use frequency
 - 1 in 8 years to 1 in 15 years
- LVE unit cost includes if dam cost doubles
- SJC GW banking costs are based on preliminary concepts with NSJWCD and SEWD
- Bayside costs are based on WSMP 2040 and re-calculated
- LVE is the most expensive third drought year alternative

NSJWCD: North San Joaquin Water Conservation District
 SEWD: Stockton East Water District
 WSMP: Water Supply Management Program

Qualitative Assessment of Supply Alternatives

Supply Alternatives	Outcome Control	Implementability	Supply Assurance	Unit Cost
Water Transfers	2	1	2	1
Future Non-potable Reuse	1	1	1	3
Potable Reuse	2	3	1	4
LVR Expansion	4	3	3	3
SJC Groundwater Banking	2	2	2	2
Bayside	1	3	1	2

Legend	
1	Most favorable
2	
3	
4	Least favorable

- Overall, LVE is the least favorable option
- If LVE dam cost doubles, dry year unit costs become comparable to potable reuse which has greater yield reliability

Supplemental Supply Options to Meet Need for Water

- With reduced upcountry demand, future need for water could be met without LVE if water transfers and SJC groundwater banking are available
- To account for uncertainties in future need without LVE, the District will need to plan for other supplemental supply options and additional transfer opportunities and/or potable reuse projects

LVE Agreements Status

- Key issues remain after multiple efforts by the District, other member agencies, and JPA to resolve them
- In June, CCWD sent a letter to the member agencies requesting consideration of policy questions to clarify commitment level
 - Indicates CCWD's firm position on key outstanding issues
 - CCWD would like participation decisions by September 2024, but project schedule calls for project commitments by April 2025
- Staff does not recommend the District accept the current terms of the agreements

Agreement Issues

- Creates cost and construction liability risks by limiting JPA controls
 - CCWD does not consider itself a beneficiary of dam enlargement
 - CCWD has overall decision-making authority during construction
 - District and other member agencies assume all financial and liability risks for the dam construction
- Creates risk of not receiving expected supplies
 - CCWD will not guarantee delivery of water to partners because it must serve CCWD customers first
- CCWD proposed an amendment to the JPA Agreement to include a term that gives them veto rights over the JPA

LVE Participation Options and Recommendations



Participation Options and Considerations

Option	Description	Considerations
1	District does not participate as a JPA member	<ul style="list-style-type: none">• May be excluded from participating in the project in the future
2	District participates at its original storage request of 30 TAF or less	<ul style="list-style-type: none">• District's share of the up-front costs is at least \$200M• Potential for financial and construction risks for the dam and not receiving expected supplies• JPA Agreement issues
3	District remains as a JPA member without any allocated storage	<ul style="list-style-type: none">• No cost share but may have to pay JPA administration fees• District could later pursue a temporary or permanent assignment of available storage capacity and conveyance rights from another JPA member

JPA may reallocate \$23.7 million of grant funding for Walnut Creek Pumping Plant upgrades to other Project facilities, particularly under Options 1 & 3

Recommendation Actions

- Remain as a JPA member without allocated storage (Option 3)
- Participate by conveying water when capacity is available for the JPA member agencies including supporting CCWD during backstop with full reimbursement to the District
- Planning Committee unanimously supported staff's recommendation

Questions?





Fiscal Year 2025 Financing Plan

Board of Directors

August 27, 2024

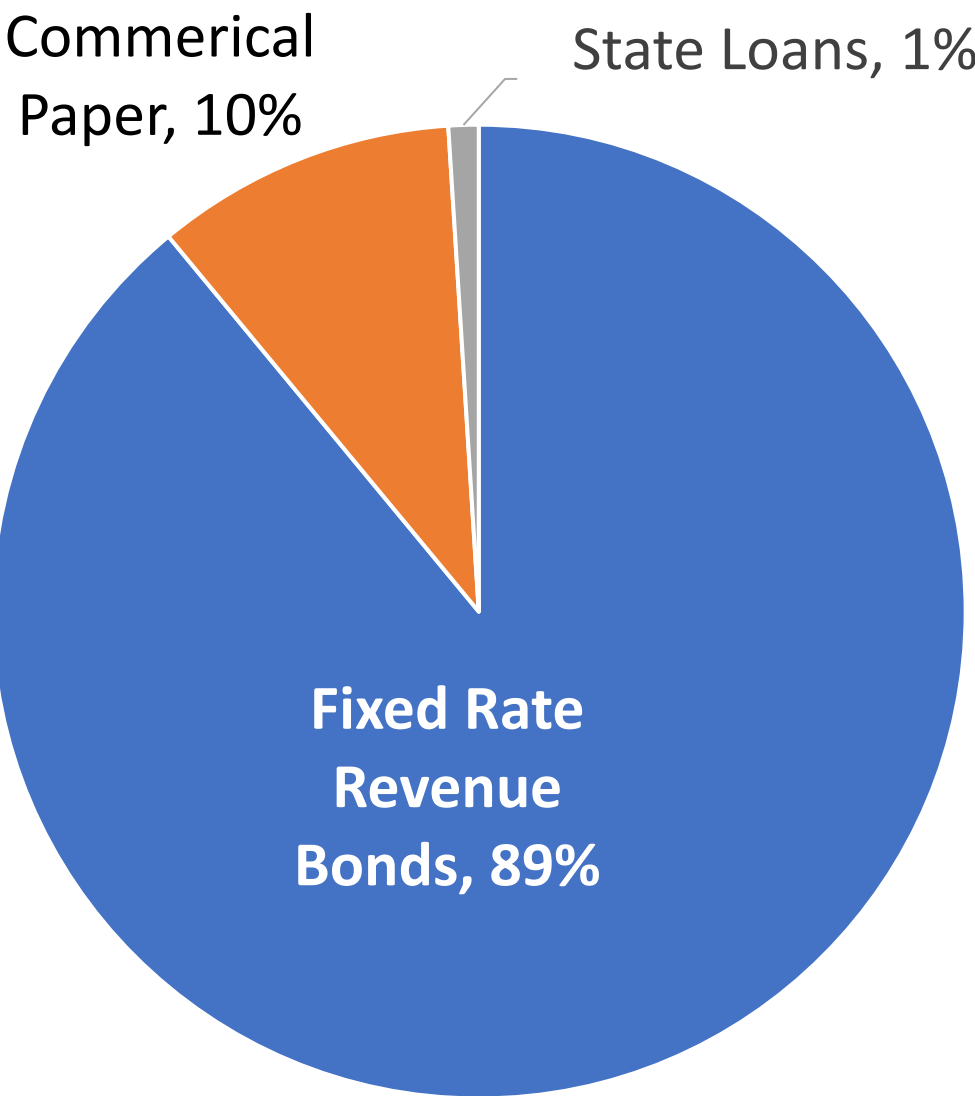
Agenda

- Debt Overview
- Additional Bond Authorization
- Fiscal Year (FY) 2024 Financing Activity
- FY 2025 Proposed Financing Plan
- Recommendations

Debt Overview (as of June 30, 2024)

Water System

\$2.7 billion in debt outstanding



Water System

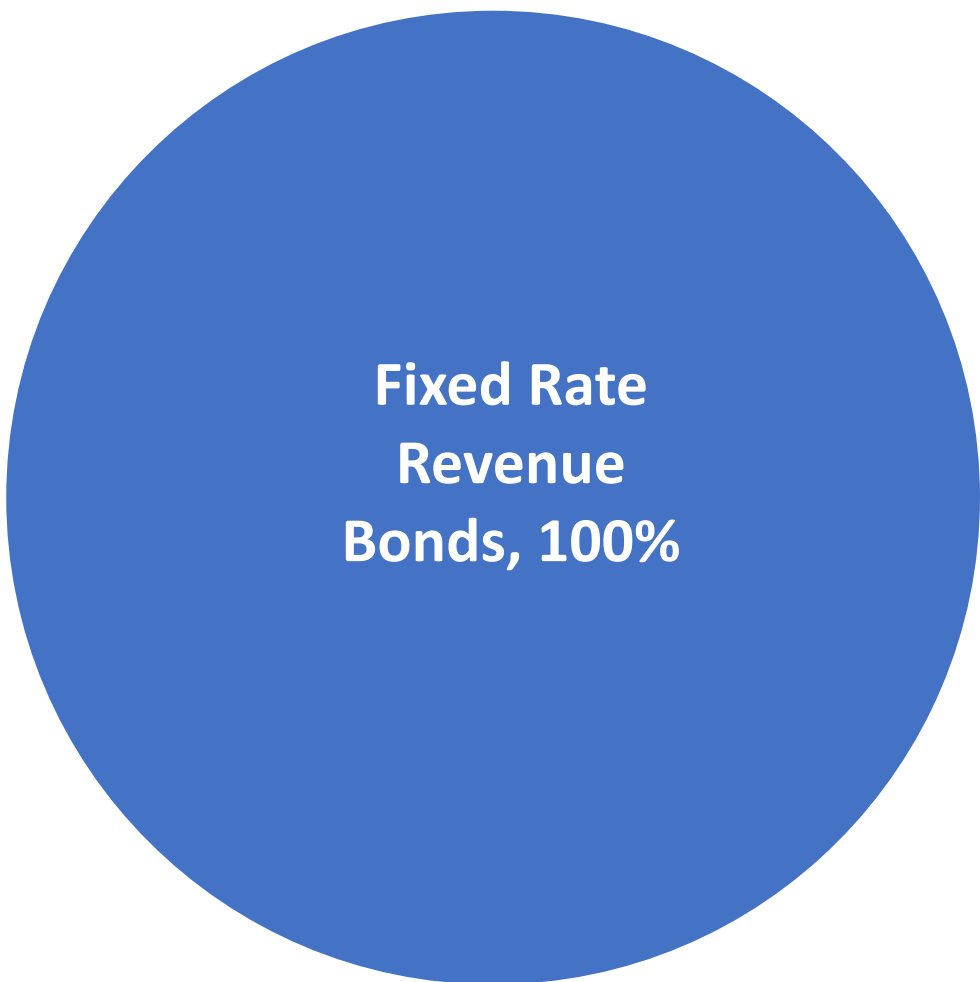
Rating Agency	Long-term Rating
S&P	AAA
Moody's	Aaa
Fitch	AA+

Wastewater System

Rating Agency	Long-term Rating
S&P	AAA
Moody's	Aa1
Fitch	AA+

Wastewater System

\$348 million in debt outstanding



Declaring Additional Water Bonds

- A preliminary resolution **declaring the intention to authorize the issuance of bonds** is required per the Municipal Utility District (MUD) Act
- Proposed resolution for \$970 million in additional Water bonds provides for capital improvement program (CIP) funding through FY 2028, a reserve for redeeming commercial paper and funds to address unforeseen changes
 - Refunding bonds are not counted against this authority
- Adopted resolution must be published twice and is subject to a 60-day right of referendum period before becoming effective
- As funding is needed, staff will return to the Board for authorization to issue and sell each bond series

Proposed Financing Authorization Request

	\$Millions
Budgeted Forecast CIP Need for FY 2025-2028 New Bonds & Loans	875
Reserved Amount for Redeeming Water Commercial Paper (CP) with Fixed Rate Bonds, if Needed	261
Contingency for Unforeseen Changes (~5%)	57
Total Financing Authorization Request	1,193
Less: Unissued Existing Authorization (per 2015 Resolution)	-223
Proposed Financing Authorization Request	970

Note: The Financing Plan calls for Refunding Bonds which do not require new authorization

FY 2024 Financing Activity

Date of Action	Debt Activity
March 2024	<ul style="list-style-type: none">Issued \$245.3 million of Water bonds (with premium) to provide \$275.0 million in CIP funding for Green projects.
March 2024	<ul style="list-style-type: none">Issued \$180.7 million of Water bonds (with premium) to refund \$213.3 in outstanding bonds for debt service savings.
March 2024	<ul style="list-style-type: none">Issued \$25.0 million of Wastewater bonds (with premium) to provide \$27.5 million in CIP funding for Green projects.
April 2024	<ul style="list-style-type: none">Executed extensions of liquidity agreements with two banks to provide required support for Series A-1 and A-2 Commercial Paper (Water Series)
May 2024	<ul style="list-style-type: none">Paid down \$20 million in Water System Commercial Paper.

FY 2025 Proposed Financing Plan - Water

Category	Description
New Money <i>March 2025</i>	<ul style="list-style-type: none">• Estimated \$275 million Water bond issuance per the FY 2025 Budget.• Bonds labeled “Green” to fund qualified CIP projects per the District’s Guidance for Issuing Green Bonds.• Selected underwriters for the issuance are Wells Fargo, Bank of America, Morgan Stanley and Ramirez.
Refunding <i>March 2025</i>	<ul style="list-style-type: none">• Planned refunding of up to \$528.4 million in outstanding Water System 2015ABC bonds for debt service savings.• Monitor market for other refunding opportunities.
Refunding/De-Risking <i>Quarter (Q)3-Q4 FY 2025</i>	<ul style="list-style-type: none">• Evaluate refunding of up to \$400 million in outstanding Water System 2010B Build America Bonds for de-risking.
CP Paydown <i>Q4 FY 2025</i>	<ul style="list-style-type: none">• Pay down at least \$10 million in Water System commercial paper per FY 2025 Budget.

FY 2025 Proposed Financing Plan - Wastewater

Category	Description
New Money <i>March 2025</i>	<ul style="list-style-type: none">• Estimated \$30 million Wastewater bond issuance per the FY 2025 Budget.• Bonds labeled “Green” to fund qualified CIP projects per the District’s Guidance for Issuing Green Bonds.• Selected underwriters for the issuance are Siebert, Barclays and Academy.
Refunding <i>March 2025</i>	<ul style="list-style-type: none">• Planned refunding of up to \$54.8 million in outstanding Wastewater System 2015A-1 bonds for debt service savings.• Monitor market for other refunding opportunities.
Refunding/De-Risking <i>Q3-Q4 FY 2025</i>	<ul style="list-style-type: none">• Evaluate refunding of up to \$150 million in outstanding Wastewater System 2010B Build America Bonds for de-risking.

Estimated Debt Outstanding FY 2025 Year End

Estimates	Water (\$Mil)	Wastewater (\$Mil)
Starting Debt Outstanding (as of 7/1/2024)	2,713	348
Plus: 2025 New Money Bonds	275	30
Less: Principal Payments in June 2025	-85	-15
Less: Commercial Paper Paydowns in June 2025	-10	-
Less: Principal Reduction due to Refunding	TBD	TBD
Year End Debt Outstanding (as of 6/30/2025)	~2,893	~364

Recommended Actions

- Approve declaration of intention to authorize Additional Water System Revenue Bonds (Agenda Item 10)
- Approve FY 2025 Financing Plan (Agenda Item 11)

Questions?

