



# MEMORANDUM

TO: SLDMWA Finance & Administration Committee Members, Alternates  
 SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer  
 Ray Tarka, Director of Finance

DATE: May 1, 2023

RE: Update on Status of Reserve / EO&M Funds

## BACKGROUND

The Water Authority’s water rates include components for various reserve funds; Extraordinary Operations & Maintenance (EO&M) and Capital Improvement Projects (CIP) are funded through separate reserve rate components. The EO&M and Emergency Reserves are funded through the general reserve component.

CIP funding through self-funding and external credit facilities are identified as separate reserve components in the water rates. The CIP reserve components for the funding of the JPP Rewind Project commenced in 2018. They consist of a self-funding component for Unit 2, and debt service for a Bond Issue for Units 1 & 3 and BOR Financing for Units 5 & 6.

## ANALYSIS

Staff has analyzed the reserve activity for the above reserve components to determine positions as to any amount of under-funding or over-funding.

The result of our analysis follows:

	Balance of Reserves 02/28/23	Committed Funds to Open/Ongoing Projects, Emergency Reserves, and Debt Service	Over/Under Funded
General Reserve	\$ 10,117,296	\$ (10,106,685)	\$ 10,611
Emergency Reserves	\$ 2,206,779	\$ (2,206,779)	\$ -
Unit #2 Rewind (Self-Funded)	\$ -	\$ -	\$ -
Unit #6 Rewind Reserve	\$ 118,549	\$ -	\$ 118,549
Unit #5 Rewind Reserve	\$ (14,610)	\$ -	\$ (14,610)
Series 2021 A Bond Debt Service	\$ (1,221)	\$ -	\$ (1,221)

Preliminary and Unaudited

Memo to SLDMWA Finance & Administration Committee, Board of Directors  
May 1, 2023  
Page 2 of 2

Based on our review, the reserve components are not materially over-funded.

**ATTACHMENTS**

Handout – Reserve Funding Status



**SAN LUIS DELTA-MENDOTA WATER AUTHORITY**  
**FUND 26 EOM RESERVE FUNDING STATUS @ 02/28/2023**  
**FAC 05.01.23 BOD 05.04.23**

FUND 26  
3/1/98 - 2/28/23      Estimated Cumulative E O&M Reserve Funding \$    53,099,959.00

Estimated Cumulative E O&M Reserve Funding Interest  
Earnings/Other \$    1,180,423.58  
Total Estimated Cumulative Reserve Funding \$    54,280,382.58



**Total Estimated Cumulative Reserve Funding \$    54,280,382.58 +**

Less Estimated Amount Allocated to Emergency Reserve through 2/28/23 \$    (2,206,779.10) -



**Estimated Reserve Funding Available for E O&M Project Expense through 2/28/23 \$    52,073,603.48 =**

Cumulative E O&M Project Expense through 2/28/23 \$    (41,149,620.58) -  
Estimated Remaining Expense for Open EO&M Projects through completion \$    (10,913,371.86) -



**\*Estimated Excess Cumulative Reserve Funding Available @ 2/28/23 \$    10,611.04 =**

\*Estimated Excess Collections to Levelize Future Reserve Funding Obligations

Updated 4/23/23  
R Tarka



**SAN LUIS DELTA-MENDOTA WATER AUTHORITY**  
**FUND 26 OPEN EOM FUNDED PROJECTS @ 02/28/2023**  
**REMAINING FUNDING**  
**FAC 05.01.23 BOD 05.04.23**

Fund 26	Project Description	FY18 Budget Remaining	FY19 Budget Remaining	FY20 Budget Remaining	FY21 Budget Remaining	FY22 Budget Remaining	FY23 Budget Remaining	Total Amount Budgeted FY1997-FY2023 Remaining
							PREVIOUS OVERSPEND	\$ (806,707)
D0	Replacement Computer/Network Comm. Equip		11,461	79,050	113,000	68,250	149,200	420,961
D1	Replacement Vehicles					197,678	128,400	326,078
D2	Purchase New Heavy Equipment					335,469	249,300	584,769
D3	ALL-Facility Infrastructure Replacement		102,671	137,000	170,000	202,000	47,000	658,671
E1	TFO/LBFO/DCI Arc Flash Study					100,477		100,477
E6	DMC O&M Road Maintenance Program					53,123		53,123
F4	JPP Unit Rewind (Rotor & Stator) (Unit 2 Labor Only)				858,512			858,512
F9	Excitation Cabinet & Control Panel Refurbishment (\$500K to be reallocated)	209,770						209,770
G3	Main Transformer Rehabilitation					1,457,623	2,100,000	3,557,623
H0	JPP Domestic Water Treatment Plant Replacement			311,466				311,466
H3	DCI Fire Protection System Assessment			3,856				3,856
H4	JPP Fire Protection System Assessment			16,268				16,268
H5	ONP Fire Protection System Assessment			17,524				17,524
I3	DMC Subsidence Correction Preliminary Assessment						173,174	173,174
I4	DMC Bridge Abutment Repair at MP 92.73				183,500			183,500
I6	DMC Turnout Flowmeter Upgrade					23,392	261,200	284,592
J1	JPP Purchase Wear Rings					326,400		326,400
J2	ONP Pump Bowl Replacement (Design)					125,093	1,796,000	1,921,093
J4	ONP Penstock Cathodic Protection System					27,343		27,343
J5	ONP UPS Battery Charging System					101,900		101,900
K0	ONP Station Service Backup Battery System Replacement						129,700	129,700
K1	JPP Concrete Slab by Trashrake Dumpster						466,600	466,600
K2	DCI HVAC System Rehab/Replacement						99,400	99,400
K5	SCADA System Evaluation						74,740	74,740
K6	ONP Accusonic Flowmeter Console Upgrades						5,833	5,833
		\$ 209,770	\$ 114,132	\$ 565,163	\$ 1,325,012	\$ 3,018,748	\$ 5,680,547	\$ 10,106,665



**SAN LUIS DELTA-MENDOTA WATER AUTHORITY  
REWIND RESERVE ACCOUNTS AT 02/28/23  
FAC 05.01.23 BOD 05.04.23**

**UNIT #2 REWIND -SELF-FUNDING**

<u>WY</u>	<u>FYE</u>	<u>Actual/ Projected Collections / AR</u>	<u>Unit 2 Rewind Amount Expended</u>	<u>Balance</u>
2019	2020	\$ 5,364,289	\$ (6,095,532)	<u>\$ (731,243)</u>

**UNIT #6 BOR REPAYMENT AGREEMENT**

<u>WY</u>	<u>FYE</u>	<u>Actual/ Projected Collections / AR</u>	<u>Expended on Debt Service</u>	<u>BALANCE</u>
2019	2020	\$ 500,000	\$ (400,128)	\$ 99,872
2020	2021	\$ 400,000	\$ (380,441)	\$ 119,431
2021	2022	\$ 380,000	\$ (380,441)	\$ 118,990
2022	2023	\$ 380,000	\$ (380,441)	<u>\$ 118,549</u>

**UNIT #5 BOR REPAYMENT AGREEMENT**

<u>WY</u>	<u>FYE</u>	<u>Actual/ Projected Collections / AR</u>	<u>Expended on Debt Service</u>	<u>Balance</u>
2021	2022	\$ 300,000	\$ (282,305)	\$ 17,695
2022	2023	\$ 250,000	\$ (282,305)	<u>\$ (14,610)</u>

**SERIES 2021 A DEBT SERVICE**

<u>WY</u>	<u>FYE</u>	<u>Actual/ Projected Collections / AR</u>	<u>Expended on Debt Service in March</u>	<u>Expended on Debt Service in September</u>	<u>BALANCE</u>
2021	2022	\$ 450,000	\$ (345,904)	\$ (103,954)	\$ 142
2022	2023	\$ 450,000	\$ (348,954)	\$ (102,410)	<u>\$ (1,221)</u>