

FINANCE COMMITTEE MEETING

MINUTES

REGULAR MEETING

Wednesday, May 21, 2025

3:30 p.m.

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Finance Committee was called to order in person, by teleconference, and remotely - Conference Access Information: Phone Number: (669) 444-9171, Code: 83417072234#, <https://dcdca-org.zoom.us/j/83417072234?from=addon> at 3:38 p.m.

2. ROLL CALL

Committee member in attendance from the DCA Boardroom was Gary Martin.

Committee members in attendance remotely were Sarah Palmer and Martin Milobar.

DCA staff members in attendance were Graham Bradner and Josh Nelson.

3. PUBLIC COMMENT

There were no public comment requests received.

4. APPROVAL OF MINUTES: April 17, 2025, Finance Committee Meeting

Recommendation: Approve the April 17, 2025, Finance Committee Meeting

Motion to Approve Minutes from April 17, 2025, as

Noted:	Martin
Second:	Palmer
Yeas:	Martin, Milobar, Palmer
Nays:	None
Abstains:	None
Recusals:	None
Absent:	None
Summary:	3 Yeas; 0 Nays; 0 Abstain; 0 Absent. (Motion passed as MO 25-05-01).

5. DISCUSSION ITEMS:

a) **Review Fiscal Year 25/26 Budget Summary and Detail**

Informational Item

DCA Executive Director Graham Bradner presented an overview of the agenda to the committee. He stated that it would open with a review of the project timeline to recap current progress, given the significant activity underway to complete Fiscal Year (FY) 24/25 and prepare for FY 25/26. The presentation would then proceed to a detailed review of the proposed scope and budget for FY 25/26, followed by time for questions and any other detail-related items.

Mr. Bradner pointed out that May 21 was the second Finance Committee meeting, at which the full details of the proposed budget were shared and discussed for the first time. He stated that the third Finance Committee meeting is scheduled for June 12. At that session, any revisions arising from today's discussion, as well as several anticipated changes, will be incorporated into the final revised budget. The Finance Committee will then consider recommending adoption to the full Board at the June 18 Board meeting. Although several steps remain, the process is progressing steadily.

Highlighting the scope of services, Mr. Bradner reviewed FY 24/25 accomplishments, emphasizing that support for Department of Water Resources (DWR) permitting, especially the major permit activities targeted for completion by the end of FY 25/26, remains a priority. He mentioned that an updated Class IV (4) cost estimate was released in May 2024, followed by extensive outreach through the remainder of FY 24/25. That significant outreach involved meetings with both direct participants and member agencies of Public Water Agencies (PWA), as well as other interested water agencies, to help stakeholders understand project costs and benefits.

Mr. Bradner noted that with the anticipated shift to Program Delivery (PD), preparations are underway to support ongoing efforts in design, construction, and contracting innovations aimed at refining project definition, improving constructability, minimizing impacts, and comprehensively addressing critical considerations. He highlighted internal organizational growth and transition, explaining that the previous structure primarily focused on permit support.

Mr. Bradner then reviewed communications activities, including the "Closer Look" series, Delta tours, translated fact sheets, and other materials designed to provide clear public information regarding project aspects. He described a recent initiative spanning late FY 23/24 into early calendar year 2025 to collaborate with all participating PWAs to articulate the work plan through FY 27/28 and secure funding. He reported that each PWA has committed to maintaining existing levels of participation, establishing a clear and funded scope of work that enables the DCA to meet its commitments on time.

Looking ahead to FY 25/26 priorities, Mr. Bradner stated that while permit support will continue, emphasis will shift toward engineering analyses and documentation for the system-wide Basis of Design Report (BODR), which will increase the overall design level from 10% or roughly 175 design sheets to 20%, approximately 1000 design sheets. This increase reflects the detail required to support a Class III (3) cost estimate. Cost estimating is scheduled to begin next Spring, with the BODR release, updated cost estimate, and financial feasibility analysis planned for FY 26/27. Early FY 25/26 will focus on advancing engineering work and initiating cost estimating in Spring 2026.

Mr. Bradner noted that environmental compliance efforts are intensifying. Historically, DCA served as the liaison between engineering contractors and DWR permitting teams, stating that the current phase requires detailed planning for roles, monitoring, and reporting. Additionally, it is noted that environmental compliance activities will increase in tandem with permitting and engineering work.

He explained that the environmental compliance phase must transition beyond liaison functions into comprehensive planning. The DCA must define roles and responsibilities, identify which entity will submit documentation to regulators, and address numerous compliance details. Thereby, developing a comprehensive compliance plan, followed by systems for monitoring, tracking, and reporting, represents a dual priority for the environmental team. Mr. Bradner emphasized the substantial effort needed to establish standards, procedures, and requirements. He underscored the importance of procuring designers and contractors within a system designed to attract quality bidders and position DCA as a preferred project partner.

He presented the summary of the proposed FY 25/26 budget of \$65M, compared to the current FY 24/25 budget of \$43.2M. He noted that several new tasks are embedded within the existing work breakdown structure (WBS) and may not be immediately apparent. For example, row 220, Project Management Office (PMO) Survey and Mapping, represents a new task, and row 410, PD Project Geotechnical (Geotech), now includes surveying and related subtasks. A side-by-side budget comparison provides insight into cost drivers and category variances, with PMO (including Executive Office, Community Engagement, Controls, Administration, Procurement, and Property Acquisition, et al.) reflecting the largest increase.

Mr. Bradner highlighted the PMO budget, which grows from just under \$20M to \$26.8M. The unallocated reserve has been shifted from PMO to PD, as those funds are primarily intended for Geotech work and surveying activities. Allocating the reserve within PD maintains flexibility for distribution throughout FY 25/26, rather than remaining unused in the PMO. Mr. Bradner noted that a side-by-side comparison highlights differences between the Program Initiation (PI) and PD budgets.

Moving to the vendor budget summary, Mr. Bradner compared FY 24/25 with FY 25/26. Pointing out the largest increase is for Jacobs, driven by the system-wide BODR effort, which will advance the project design level from 10% to 20%. He described the work as a heavy lift, expanding from roughly 175 design sheets to over 1,000 to support a Class III (3) cost estimate.

He then noted Parsons' increase, attributing it to onboarding new staff, filling vacancies, and adding program support resources, during the ramp-up phase. Conversely, AECOM's budget shows a significant decrease; Mr. Bradner explained that the \$5.1M funding is intended to maintain engagement through the FY and to support planning for a Spring 2026 program. Additionally, a significant unallocated reserve has been earmarked for potential additional Geotech work, should opportunities arise to expand beyond the current scope or if the Spring program becomes more substantial. These funds will be held in reserve to provide flexibility.

He moved on to discuss the reinstatement of Somas, the surveying contractor, whose contract had been dormant for several years. The proposed budget includes \$1.8M for critical-path survey work around the project site.

Mr. Bradner then addressed Lucas Public Affairs (LPA), the new communications support team. A task order is not included for LPA, as the scope and costs remain under finalization. The budget currently shows a placeholder amount based on past performance with VMA; this will be updated for the final budget.

Several reasonable expansions were noted such as information technology (IT) provider Launch, new equipment needs, and expansions in Metropolitan Water District (MWD).

Mr. Bradner reviewed placeholders for anticipated awards under the Executive Support Services master agreements. These include Deputy Director services and facilitation services as the first planned task orders for FY 25/26. Negotiations will continue over the coming months, with deputy and facilitation contracts targeted for Board of Directors consideration in June. Other categories may be accelerated through negotiations if deemed beneficial, and all placeholders will be either finalized or retained as line items before final budget adoption.

He then mentioned that the Finance Committee would now review the detailed budget organized by WBS. PMO tasks encompass activities that continue through all program phases. He then described the PI category, encompassing pre-delivery engineering and planning, including all Jacobs Engineering work and the BODR. He noted that fieldwork, previously linked to permit planning, has transitioned to PD following the selection of the final project alternative. This change ensures the accurate tracking of planning and delivery costs, preventing confusion in financial reporting.

Mr. Bradner continued to PD, where most of the expansion work will take place as the DCA moves into delivery. Early PD activities include Geotech, surveying, and monitoring necessary permits and compliance. PD activities are expected to grow significantly as the final design and construction procurement proceed.

He reviewed the detailed cost table for Executive Office tasks, which covered the Chief Engineer, General Counsel, Treasurer, Human Resources (HR), and other strategic leadership roles. He noted the undefined allowance line shows zero (0) dollars and explained that consolidating the undefined allowance within one (1) category, rather than distributing it across multiple WBS categories, simplifies budget management. He recommended maintaining the allowance within PD to accommodate anticipated Geotech and survey funds set aside for FY 25/26. Mr. Bradner finished that thought by reaffirming that strategic leadership, the BODR, organizational transition, innovation evaluation, and support for DWR permit efforts remain top priorities.

Regarding the Community Engagement budget line, Mr. Bradner said that VMAs costs appearing as a placeholder of \$900,000 is included for LPA under the Communications Manager task. Once the LPA task order is finalized, the placeholder will be allocated across subcategories, Communications Management, Print and Digital Assets, Strategic Planning, Template Development, Social Media, and Website Support, mirroring the current FY distribution. If task order details remain incomplete before the final budget adoption, the placeholder will remain unchanged.

Committee Chair Martin inquired whether Committee questions should be reserved until the end or addressed during the presentation.

Mr. Bradner welcomed questions at any time.

Committee Member Palmer noted that if questions are delayed, the thought behind them could be lost.

Director Martin commented that the Finance Committee has made substantial progress in understanding budget construction, particularly that most costs are tied to task orders. He recalled that some items are not based on task orders. He asked who determines the scope for those task orders.

Mr. Bradner responded that the scope is established through three (3) filters. First, each master agreement defines a scope of services, setting contractual boundaries. Second, the organizational chart is reviewed to determine which division should manage a service, ensuring functional alignment. He added that management is now schedule-driven. Instead of ranking priorities instinctively, the team begins with the master schedule, identifies required work to maintain progress, reviews existing contracts, assigns tasks to vendors, and constructs task order scopes and budgets accordingly. Third, the DCA works backward from the schedule, identifies required milestones, reviews available contracts,

assigns work to the appropriate vendor, and builds each task order's scope and budget accordingly.

Committee Chair Martin asked whether major consultants such as Jacobs and Parsons submit lists of anticipated tasks for the year, or whether DCA defines those tasks.

Mr. Bradner explained that the process is collaborative: all parties review the schedule, agree on high-level milestones, and develop task orders to meet those milestones. He elaborated that after agreeing on milestones, each consultant breaks them into smaller steps and estimates the required effort. DCA and the consultants then iterate on the task list, scope, and costs until consensus is reached. This ensures task orders accurately reflect the required work.

Committee Chair Martin thanked Mr. Bradner, noting that the task order list greatly aids the Finance Committee in understanding budget alignment with scopes of work.

Committee Member Palmer asked whether current processes ensure vendors communicate and align their tasks to avoid redundancy and improve efficiency.

Mr. Bradner confirmed that vendor coordination is integral to the task order development process, expressing that avoiding overlap and fostering efficient collaboration remain key objectives. He further explained that clear roles and responsibilities have been central to recent reorganization efforts. DCA's functional structure does not always align neatly with individual contracts, which can result in multiple contracts overlapping within a division. The restructuring focused on mapping functions to supporting contracts and establishing unmistakable ownership for every task to eliminate duplication and confusion about accountability. He emphasized that dual ownership hinders progress, so each issue requires a single designated owner.

Committee Member Sarah Palmer inquired whether vendor coordination is addressed within the process.

Mr. Bradner responded that vendor collaboration is essential. By clearly defining responsibilities and clarifying "who does what" in advance, the organization minimizes territorial disputes over work and encourages cooperation across contract teams. This proactive clarity positions DCA to manage the increased workload anticipated during ramp-up.

Committee Member Palmer emphasized that the structure should promote an attitude that all vendors work toward the same goal.

Committee Member Milobar expressed that the volume of costs presented in the tables is overwhelming, noting that there are hundreds of individual costs to consider. He emphasized the importance of avoiding duplication, stating that it is challenging to grasp

such a large number of costs fully. Committee Member Milobar suggested that some costs could potentially be reduced by 10% but acknowledged the complexity of evaluating such a broad scope, describing the situation as somewhat overwhelming.

Mr. Bradner offered to proceed either line by line through detailed slides or by navigating the consolidated budget table, pausing for questions on key points. He invited the Committee's preference.

Committee Chair Martin replied that the Finance Committee objective is not to re-audit every figure for redundancy but to understand the origin of each number, the scope it supports, and the consultant responsible. The Finance Committee is not equipped to validate every calculation but must link each budget line to its underlying task order.

Committee Member Milobar noted that the broader, more global perspective is where the Finance Committee should focus. He acknowledged that reviewing every individual cost line is neither feasible nor the Finance Committee's responsibility. However, he emphasized the importance of recognizing that the cumulative total represents a significant amount of funding. He suggested that focusing on the bigger picture analysis would be most beneficial for the Finance Committee's review.

Committee Member Palmer agreed, stating the Board's duty is to ensure overall budget accuracy and completeness, "dotting the i's and crossing the t's", without delving into day-to-day management details.

Committee Chair Martin added that effective oversight requires confirmation that every budget line is substantively supported by documentation.

Committee Member Palmer concurred, noting that Board members must be able to stand behind the numbers they approve confidently.

Mr. Bradner suggested reviewing each work breakdown line by highlighting changes and their reasons. He reminded the Finance Committee that in recent years, DCA consistently met or stayed under budget, with contingencies rarely used because of unpredictable workload. The annual budget historically served as a ceiling under which DCA maximized progress and efficiency.

He explained this approach must evolve as the DCA transitions from permit support to a schedule-driven model. When funds and schedule opportunities arise, resources must be redirected to advance the DCA and improve readiness. He anticipated FY 25/26 would be a transition year as DCA adjusts to this dynamic strategy.

Mr. Bradner proposed walking through each budget section, focusing on numerical differences and accounting for cost changes.

Committee Chair Martin expressed that he wanted the Finance Committee to understand the rationale behind each figure.

Before moving past Community Engagement, Mr. Bradner noted that top-level totals for the current and next FY are very similar. Slight increases reflect normal escalation. Differences mainly result from the absence of finalized task order details.

Committee Member Sarah Palmer asked whether the “Community Liaison” line in the Community Engagement budget indicated a search for a new liaison.

Mr. Bradner replied that the entry is a standing placeholder requested by DWR. It exists in case DCA needs to engage a specialist for the Community Benefits Program. To date, internal resources have been used, and the placeholder funds have not been utilized, but DWR has requested the funds remain available.

Committee Chair Martin inquired whether, behind each task order line, consultants provide a job hour estimate detailing staff assignments and billing rates, enabling DCA to perform a “sanity check” on labor and compensation.

Mr. Bradner explained that DCA provides a standard cost development template to each consultant to ensure consistent detail. Each template identifies personnel, hours, tasks, and approved billing rates, which are pulled from DCA’s rate database. DCA verifies those rates against invoices to ensure that billing aligns with agreed terms. Associated cost spreadsheets detail staff assigned to the program, whether half-time, full-time, or otherwise, by individual and deliverable, offering sufficient information for internal review.

Mr. Bradner reviewed the Program Controls budget, noting the current FY 24/25 allocation of approximately \$4.9M would increase to about \$6.7M in FY 25/26. The increase is primarily due to the addition of staff for cost management and support, including those responsible for vendor invoicing and financial control systems. He noted that Risk Management, previously housed under the Chief Engineer task in the Executive Office, now appears as a separate line in Program Controls; the dollars were reallocated with no new spending.

Mr. Bradner discussed the Cost Management and support staff, explaining that this team handles all vendor invoicing and develops the associated systems and processes for managing complex workflows. He noted the need to add new staff to this team due to the increasing workload. The budget increase reflected is directly attributable to these additional personnel. Mr. Bradner emphasized that the current team is overwhelmed by the volume of work, making it necessary to augment staff capacity.

Regarding Schedule Management, Mr. Bradner stated that only minor adjustments were made, also including new staff.

Turning to Administration, he explained that this task covers rent, furniture, utilities, information technology services, and software. The budget increases from roughly \$3.6M to about \$5.6M, driven by two factors: the addition of an Administrative Manager and increased project administration staff, as well as expanded IT needs, including new user licenses and office equipment replacement or refurbishing.

Mr. Bradner addressed procurement contract administration, noting that the primary change is the need to augment the procurement manager's support team. He explained that the current workload has reached the limits of the existing team, making it necessary to bring on additional staff.

Regarding the property acquisition team, he reported that over the past FY, the organization has been refined. The topline budget increased modestly from approximately \$1.02M to \$1.27M. The restructuring includes establishing Rebekah Green from Bender Rosenthal as the dedicated Property Acquisition Manager, with an appropriate budget and role within the program.

He also explained that vendor scopes have been distinctly separated to avoid conflicts. Bender Rosenthal, Hamner Jewel and Associates, and Associated Right-of-Way now have clearly defined, non-overlapping scopes of work. This separation addresses concerns related to contract management and conflict of interest. Ms. Green is positioned to manage these vendors effectively without conflict. Mr. Bradner explained that this section pertains to work involving temporary entry permits. It consists of negotiating with landowners to secure temporary entry permits. The budget also includes a line item for the payments made to landowners to support those temporary entries.

Explaining that court-ordered entry deposits must be placed in escrow whenever DCA enters a property under order. For FY 25/26, approximately \$500,000 is allocated for such property payments; the remainder of the Property budget supports the Property Manager and field right-of-way (ROW) consultants.

Moving to Permitting Management, Mr. Bradner highlighted a significant budget increase from approximately \$1.25M to nearly \$3M. Historically, this team acted primarily as a liaison between DCA engineering and DWR permitting staff. The expanded role now includes developing the environmental compliance plan, tools, and requirements. New personnel are being onboarded to support this enhanced compliance responsibility.

Mr. Bradner moved on to the Health and Safety, Quality Management, and Sustainability budget lines, which remain steady, with only minor adjustments reflecting current staff commitments.

He went on to say that Geotech Management and Survey Management cover DCA's in-house oversight of Geotech and survey work, which is budgeted within PD. Mr. Bradner explained that one person previously filled the Geotech management role; however, the

anticipated field program, particularly from FY 26/27 onward, requires additional staff and upgraded data systems. The current AECOM contract supports data collection and reporting through calendar year 2026. Beyond that, Geotech efforts are expected to expand significantly. The FY 25/26 allocation focuses on building systems to receive, quality control, and sharing future Geotech data with designers and contractors. Actual management costs will depend on the extent of Geotech fieldwork in the coming FY 25/26.

Mr. Bradner emphasized that much of the upcoming geotechnical work concentrates on developing processes and data systems to enable efficient information flow and accessibility for all users.

Committee Chair Martin expressed confidence in the direction of the scope of work and acknowledged DCA's benefit in having Mr. Bradner's technical expertise guiding the efforts.

Mr. Bradner then discussed Survey Management, a new budget line reflecting the activation of the surveying contract and establishment of a Survey Management role, underscoring its importance for future engineering and property surveys.

Regarding Engineering, he noted the budget allocation increased from approximately \$14M in FY 24/25 to \$26M in FY 25/26. Nearly \$20.5M of these total funds is the BODR, which will advance overall project design from 10% to 20%. The BODR accounts for roughly one-third ($\frac{1}{3}$) of the proposed budget and will be closely monitored for performance throughout the year. The DCA engineering team is developing a detailed implementation plan, including costs, milestones, and deliverables.

Committee Chair Martin asked whether DCA has a list of the number of reports and subject topics to be produced.

Mr. Bradner responded that each task order defines the list of reports and deliverables. He added that, unlike previous years, when Jacobs produced dozens of smaller work products, the upcoming task orders consolidate work into a single, larger BODR deliverable, reducing the overall number of individual documents. Additionally, the significant changes include discontinuing the conduct of multiple facility studies in the upcoming year. Project Definition Reports are no longer planned. The focus is pivoting to the BODR.

Mr. Bradner reiterated that the PI Fieldwork task will no longer receive funding in FY 25/26 and beyond, as all field investigations have shifted to PD.

Committee Chair Martin inquired whether unallocated allowances were included in this calculation.

Mr. Bradner clarified that unallocated allowances will be in PD. He explained that, of the three project phases, PI, specifically fieldwork, is no longer the phase that funds fieldwork activities.

Within PD, he identified two (2) line items. First, a spring fieldwork program is budgeted at approximately \$5M, reflecting a conservative allocation for Geotech and survey work. Second, an undefined allowance slightly exceeding \$5M is set aside for additional field activities, should circumstances permit Delta Conveyance Project (DCP) expansion during the FY 25/26. Placing the reserve in PD consolidates all field-related funds while allowing flexibility for reassignment as needed.

Mr. Bradner explained that figures will change slightly before the next Finance Committee meeting. He mentioned that the Board recently amended three (3) major contracts: Jacobs, Parsons, and AECOM. Amendments increased not-to-exceed amounts, standardized billing terms, and shifted DCA away from an “all-in” labor rate approach.

Historically, consultants have rolled anticipated travel and other direct expenses into their hourly billing rates. With more personnel reporting on-site in FY 25/26, DCA will separate these expenses from labor costs, listing them as distinct line items in each task order. Mr. Bradner said the overall FY 25/26 budget target is expected to remain at \$65M. Expressing how labor subtotals within task orders will decrease as expenses are separated, and total task order values may shift slightly due to refined assumptions. Any minor adjustments will be offset within the unallocated reserve to maintain the aggregate budget.

Committee Chair Martin asked whether updates based on today’s discussion will be presented at the June 12 Finance Committee meeting.

Mr. Bradner replied that updates are required; however, updated task order figures reflecting the new billing structure will be provided then. He confirmed he will send the Finance Committee a revised budget package before the next meeting. The goal is for the Finance Committee to recommend the revised budget on June 12, allowing time to address remaining questions before the Board considers approving on June 18.

Committee Member Palmer raised a question about whether the cost estimate scheduled to begin next Spring would cover the entire project.

Mr. Bradner confirmed it would produce an updated Class III (3) cost estimate for the entire project. The effort will start in Spring 2026 but will not be published until FY26/27 due to extensive internal and external review to ensure defensibility. The resulting figures will inform economic studies used by the PWA when deciding whether to proceed.

Committee Member Palmer noted that a journalist cited a “\$40B” figure for the project and sought to confirm the correct context.

Mr. Bradner explained that the widely quoted \$20B figure is expressed in 2023 dollars. Escalating costs without similarly escalating benefits presents only half the economic picture. The Benefit-Cost Analysis escalates both costs and benefits, and the forthcoming estimate will explicitly address this.

Committee Member Milobar commented that refining some of the numbers is essential, as it will better frame the total cost and provide more accurate figures. He expressed confidence that the Finance Committee is proceeding in the right direction and is considering the budget in the appropriate context. Stating he is satisfied that the process is on track and fulfilling its purpose.

No further comments or questions were received from the committee, nor were any public comment requests received.

6. REPORTS AND ANNOUNCEMENTS:

a. Verbal Reports

Committee Member Palmer commented to “keep up your enthusiastic selves.”

No further comments or questions were received from the committee, nor were any public comment requests received.

7. ADJOURNMENT:

Chair Martin adjourned the meeting at 4:33 p.m., in person, by teleconference, and remotely - Conference Access Information: Phone Number: (669) 444-9171, Code: 83417072234#, <https://dcdca-org.zoom.us/j/83417072234?from=addon>.