

San Luis & Delta-Mendota Water Authority



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June 25, 2019

Delivery Via Email

Mr. Ernest Conant
Regional Director, Mid-Pacific Region
United States Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825-1898

Re: Agreement to Transfer the Operations, Maintenance, and Replacement and Certain Financial and Administration Activities Related to the San Luis and Delta-Mendota Canals, Tracy Pumping Plant and O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works-Amendatory Contract No. 8-07-20-X0354 (Transfer Agreement)

Dear Mr. Conant:

Please consider this request from the San Luis & Delta-Mendota Water Authority ("Water Authority") to begin negotiations on an early renewal of the subject Transfer Agreement. The current agreement term ends on March 1, 2023. However, the Water Authority has a need to complete a renewed Transfer Agreement by December, 2019.

The Water Authority is seeking funding for infrastructure improvement related to the Jones Pumping Plant (JPP) Unit Motor Rehabilitation Project (Project). There are a total of six units that require rehabilitation for a total Project cost of \$35.7M. The U.S. Bureau of Reclamation (Reclamation) funded rehabilitation of the first unit and the Water Authority is funding the second unit. The Water Authority is seeking funding for the remaining four units and is submitting a Letter of Interest (LOI) for the Water Infrastructure and Innovation Act (WIFIA) loan administered by the U.S. Environmental Protection Agency (EPA). This WIFIA financing is expected to be secured by a pledge of net revenue collection from Operations & Maintenance (O&M) rates provided under the Transfer Agreement. Therefore, to secure the WIFIA loan, the Water Authority must have a Transfer Agreement in place for the term of the loan. The WIFIA loan term can be up to 35 years.

The Water Authority will be submitting the LOI to EPA on July 2, 2019. EPA will notify all successful applicants by October, 2019. Successful applicants will then be invited to submit an application for loan funding. In order to meet the deadlines associated with receiving funds for the third unit by April, 2020,

the Water Authority must submit the WIFIA application to EPA by December 31, 2019. To be competitive for the WIFIA funding, this will require a renewed Transfer Agreement to be in place by the time the application is submitted in December, 2019.

We respectfully request that Reclamation provide a letter to the Water Authority no later than Friday, June 28, 2019 that states Reclamation's intent to renew the Transfer Agreement by December, 2019 for a term no less than 30 years, preferably for 35 years. We intend to include this letter in our LOI submittal and to have an executed renewed Transfer Agreement prior to application submittal in December, 2019.

This request is of utmost importance to assist the Water Authority in securing additional financing for the critical JPP infrastructure rehabilitation needs. WIFIA financing may also reduce the need for future Reclamation financing for the Project. Thank you in advance for your consideration.

Regards,

A handwritten signature in blue ink, reading "Frances Mizuno". The signature is fluid and cursive, with the first name "Frances" and last name "Mizuno" clearly legible.

Frances Mizuno, Assistant Executive Director
San Luis & Delta-Mendota Water Authority

cc: Richard Welsh
Donald Bader
Michael Jackson