



Official Memorandum

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To: SLDMWA Board of Directors, Alternates
From: Pablo Arroyave, Chief Operating Officer
Rebecca L. Harms, Deputy General Counsel
Date: May 14, 2026
RE: Actions Related to North to South Water Transfers

Background

In September 2023, the San Luis & Delta-Mendota Water Authority (“Water Authority”) Board of Directors adopted Resolution No. 2023-516, which authorized execution of a North to South Water Transfers Activity Agreement (“Activity Agreement”) for Water Authority members who desired to participate in the north to south water transfers beginning in 2025. Nine Water Authority members joined the Activity Agreement and are current “Activity Agreement Members”: Eagle Field Water District, Mercy Springs Water District, Pacheco Water District, Panoche Water District, Patterson Irrigation District, San Benito County Water District, San Luis Water District, Santa Clara Valley Water District, and Westlands Water District.

The Revised Long-term Water Transfers Environmental Impact Statement/Environmental Impact Report (“Revised Long-term Water Transfers EIR”) analyzed a range of potential single-year north to south water transfers pursuant to the National Environmental Policy Act (“NEPA”) and California Environmental Quality Act (“CEQA”) to evaluate the potential effects of these transfers over time using a ten-year timeframe (2015-2024).

Transfers do not occur in all years, and there were no north to south transfers in 2025. Potential transfers in 2026 and 2027 are within the range and of the same type as those analyzed in the Revised Long-term Water Transfers EIR.

Initial Study and Addendum to Revised Long-term Water Transfers EIR for 2026-2027 Transfers:

In 2025, the U.S. Bureau of Reclamation (“Reclamation”) and the Water Authority prepared a joint Draft Environmental Assessment (pursuant to NEPA) / Initial Study (pursuant to CEQA) (“EA/IS”) evaluating a range of potential single-year water transfers for 2026 and 2027 of up to 250,000 acre-feet total per year from sellers primarily upstream of the Delta to buyers that primarily receive water conveyed through the Delta made available through groundwater substitution and reservoir release actions (“Proposed Project”). The Draft EA/IS, and an Addendum pursuant to CEQA, were released for a 30-day comment period in April 2025. All comments received during the public comment period were addressed in the Final EA/IS. In addition, all comments and responses thereto are included in Appendix L of the Final EA/IS.

2026 Water Purchase and Sale Agreements:

On February 26, 2026, Reclamation announced initial 2026 allocations for Central Valley Project (“CVP”) water users. Agricultural users received an initial allocation of 15% of their CVP contractual supply and municipal and industrial users received an initial allocation of 65% for the 2026 water year. On March 24, 2026, Reclamation updated those allocations by 5%, to 20% and 70% respectively. In order to facilitate potential north to south transfers in 2026, Water Authority staff has been negotiating with potential sellers to purchase water made available for transfer through groundwater substitution.



Letter Agreement with Reclamation for 2026 Water Transfers:

To assist the Water Authority with effectuating the 2026 north to south water transfers, Reclamation expects that it will incur costs for certain activities, including, but not limited to, review of the water transfer proposal (including assessment of the proposal's conformance with environmental documents), preparation of the consent letter, administration of the water transfers, review of final reports, and close out of water transfers. Reclamation has requested that the Water Authority enter into a letter agreement to provide funding of up to \$100,000 to cover these costs.

Issues for Decision

Whether the Board of Directors should authorize actions relating to north to south water transfers:

1. Adopt a resolution approving the Initial Study and adopt the Addendum to the Revised Long-term Water Transfers EIR for 2026-2027 North to South Water Transfers;
2. Adopt a resolution authorizing execution of 2026 Water Purchase and Sale Agreements pursuant to the Addendum and related actions; and
3. Authorize execution of Letter Agreement 26-WC-20-6425 for reimbursement of costs incurred by Reclamation for 2026 north to south water transfers.

Recommendations

Staff recommends that the Water Authority Board of Directors adopt and/or approve the above described resolutions and actions. North to South Water Transfers Activity Agreement Members also support this recommendation.

Analysis

Initial Study and Addendum to Revised Long-term Water Transfers EIR for 2026-2027 Transfers:

With respect to CEQA, the Final EA/IS, attached hereto as **Exhibit 1.a.**, evaluates whether the changes reflected in the Proposed Project and the circumstances in which it is undertaken result in new significant impacts or substantially more severe effects than had been previously analyzed in the Revised Long-term Water Transfers EIR, attached hereto as **Exhibit 1.b.** (Pub. Resources Code, § 21166; CEQA Guidelines, §§ 15162-15164.)

Based on the Initial Study and in light of the entire record, the Water Authority determined that the Revised Long-term Water Transfers EIR retains its informational value and the Proposed Project would not have any new or substantially more significant direct, indirect, or cumulative impact on the existing environment than had been previously analyzed in the Revised Long-term Water Transfers EIR. This conclusion is supported by the following findings:

1. The project would result in beneficial impacts related to water supply, geology and soils, air quality, noise, and agricultural land use in the Buyer Service Area.
2. The project would result in less than significant impacts related to water quality in the Seller Service Area and Buyer Service Area and less than significant impacts related to greenhouse gas emissions, noise and vibration, agricultural land use, visual resources, recreation, and energy in the Seller Service Area.
3. The project would result in less than significant impacts after mitigation related to surface water supply, groundwater resources, air quality, biological resources, and geology and soils.



(Exhibit 1.b., Addendum p. 1.) Based upon these findings and the Initial Study’s conclusions, the Water Authority developed an Addendum to the Revised Long-term Water Transfers EIR for 2026-2027 North to South Water Transfers, attached hereto as **Exhibit 1.c.**

Through adoption of the proposed resolution, the Board will be approving the Initial Study and adopting the Addendum in compliance with CEQA for the identified range of potential north to south transfers that may occur in 2026 or 2027.

With respect to NEPA, Reclamation approved the EA and adopted a Finding of No Significant Impact on March 16, 2026.

2026 Water Purchase and Sale Agreements:

Water Authority staff currently estimates that 2026 north to south single-year water transfers will involve transfer of up to approximately 32,000 acre-feet of water made available through groundwater substitution, at a price to be determined. Most terms have been agreed upon with the exception of the water purchase price.

Through adoption of the proposed resolution, the Board will (1) approve the template Water Purchase and Sale Agreement in substantial form, attached hereto as **Exhibit 2.a**, subject to a final water purchase pricing determination by the Activity Agreement Member(s) participating in the 2026 transfers, and (2) authorize execution of all other necessary agreements, including Water Transfer Approval Agreements with Reclamation and Conveyance Agreements with DWR.

Letter Agreement with Reclamation for 2026 Water Transfers:

To provide the requested funding to Reclamation, the Water Authority will need to enter into the “Letter Agreement 26-WC-20-6425 for Reimbursable Account for Assisting the San Luis & Delta-Mendota Water Authority and its Participating Members Effectuate Water Transfers in 2026” (**Exhibit 3**). The letter agreement with Reclamation requires an initial advance deposit of \$50,000 with subsequent billings as needed; the total not to exceed amount pursuant to the letter is \$100,000. All amounts owed pursuant to the letter agreement will be allocated to the Activity Agreement Member(s) participating in 2026 north to south water transfers. The Water Authority will collect payment from the participating member(s) and will make payment to Reclamation in accordance with the payment schedule included in the letter agreement.

Budget Implications

No direct budget impact due to the structure of the Activity Agreement whereby the cost for the Water Authority’s coordination of water transfer activities pursuant to the Activity Agreement, and any additional financial obligations and liabilities associated with the coordination of transfer activities or individual transfers, will be paid for by only the Activity Agreement Members.

Attachments

- **Exhibit 1:** Resolution No. 2026-XX Approving the Initial Study and Adopting the Addendum to the Revised Long-term Water Transfers EIR for 2026-2027 North to South Water Transfers
 - **Exhibit 1.a.** Environmental Assessment / Initial Study (available online at <https://sldmwa.org/water-transfers/>)
 - **Exhibit 1.b.** Revised Long-term Water Transfers EIR (available online at <https://sldmwa.org/water-transfers/>)
 - **Exhibit 1.c.** Addendum (attached and available online at <https://sldmwa.org/water-transfers/>)
 - **Exhibit 1.d.** Draft Notice of Determination (attached)



- **Exhibit 2:** Resolution No. 2026-XX Authorizing Execution of 2026 Water Purchase and Sale Agreements Pursuant to the Addendum to the Revised Long-term Water Transfers EIR for 2026-2027 North to South Water Transfers and Related Actions
 - **Exhibit 2.a.** Template Water Purchase and Sale Agreement (attached)
- **Exhibit 3:** Letter Agreement 26-WC-20-6425 for Reimbursable Account for Assisting the San Luis & Delta-Mendota Water Authority and its Participating Members Effectuate Water Transfers in 2026

Exhibit 1

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2026-

**RESOLUTION APPROVING THE INITIAL STUDY AND ADOPTING THE
ADDENDUM TO THE REVISED LONG-TERM WATER TRANSFERS EIR FOR 2026-
2027 NORTH TO SOUTH WATER TRANSFERS AND ACTIONS RELATED
THERE TO**

WHEREAS, the 2019 Revised Long-term Water Transfers Environmental Impact Statement/Environmental Impact Report (“Revised Long-term Water Transfers EIR”) analyzed a range of potential single-year north to south water transfers pursuant to the National Environmental Policy Act (“NEPA”) and California Environmental Quality Act (“CEQA”) to evaluate the potential effects of these transfers over time using a ten-year timeframe (2015-2024); and

WHEREAS, transfers do not occur in all years, and there were no north to south transfers facilitated by the San Luis & Delta-Mendota Water Authority (“Water Authority) in 2025; and

WHEREAS, in 2025, the U.S. Bureau of Reclamation (“Reclamation”) and the Water Authority prepared a joint Draft Environmental Assessment (pursuant to NEPA) / Initial Study (pursuant to CEQA) (“Initial Study”) evaluating a range of potential single-year water transfers for 2026 and 2027 of up to 250,000 acre-feet total per year from sellers primarily upstream of the Delta to buyers that primarily receive water conveyed through the Delta made available through groundwater substitution and reservoir release actions (“Proposed Project”); and

WHEREAS, potential north to south transfers that may be facilitated by the Water Authority in 2026 and 2027 are within the range and of the same type as those analyzed in the Revised Long-term Water Transfers EIR, which the Water Authority has determined, on the basis of substantial evidence in light of the entire record, retains its informational value; and

WHEREAS, with respect to CEQA, the Initial Study evaluates whether the changes reflected in the Proposed Project and the circumstances in which it is undertaken result in new significant impacts or substantially more severe effects than had been previously analyzed in the Revised Long-term Water Transfers EIR (Pub. Resources Code, § 21166; CEQA Guidelines, §§ 15162-15164); and

WHEREAS, based on the Initial Study and in light of the entire record, the Water Authority determined that the Proposed Project would not have any new or substantially more significant direct, indirect, or cumulative impact on the existing environment than had been previously analyzed in the Revised Long-term Water Transfers EIR, and

WHEREAS, the conclusion stated in the paragraph above is supported by the following findings:

1. The project would result in beneficial impacts related to water supply, geology and soils, air quality, noise, and agricultural land use in the Buyer Service Area.

2. The project would result in less than significant impacts related to water quality in the Seller Service Area and Buyer Service Area and less than significant impacts related to greenhouse gas emissions, noise and vibration, agricultural land use, visual resources, recreation, and energy in the Seller Service Area.
3. The project would result in less than significant impacts after mitigation related to surface water supply, groundwater resources, air quality, biological resources, and geology and soils.

WHEREAS, based upon these findings and the Initial Study’s conclusions, the Water Authority, pursuant to CEQA, developed an Addendum to the Revised Long-term Water Transfers EIR for 2026-2027 North to South Water Transfers (“Addendum”); and

WHEREAS, the Draft Initial Study, and the Addendum, were released for a 30-day comment period in April 2025; and

WHEREAS, all comments received on the Draft Initial Study and Addendum during the public comment period were carefully considered by the Water Authority and addressed in the Final Initial Study, and all comments and responses thereto are included in Appendix L of the Final Initial Study.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. The Board hereby approves the Initial Study.

Section 3. The Board hereby finds, determines, orders, and resolves as follows:

Section 3.1. Pursuant to 14 California Code of Regulations Section 15164 (being referred to as “CEQA Guidelines”), lead agencies are required to prepare an addendum to a previously certified EIR if some changes or additions to the project are necessary, but none of the conditions requiring preparation of a subsequent or supplemental EIR are present. The Water Authority has reviewed and considered the Revised Long-term Water Transfers EIR and Addendum and finds that those documents taken together contain a complete and accurate reporting of the environmental impacts associated with the modified Project. The Water Authority further finds that the Addendum has been completed in compliance with CEQA and that the EIR and Addendum, taken together, reflect the Water Authority’s independent judgment in reviewing that information prior to considering or acting upon this Resolution and prior to approval of the modified Project.

Section 3.2. The Water Authority hereby adopts and incorporates the conclusions of the Initial Study and Addendum, which set forth Findings of Fact in accordance with Section 21081 of the California Public Resources Code and Section 15091 of the CEQA Guidelines, including findings that, based on the whole record before the Water Authority, the Revised Long-term Water Transfers EIR retains its informational value and none of the conditions under CEQA Guidelines section 15162 or 15163 requiring subsequent or supplemental environmental review for the modified Project have occurred. Further, based

on substantial evidence in the record, including but not limited to the Revised Long-term Water Transfers EIR and Addendum, the Water Authority finds that the applicable mitigation measures identified in the Initial Study and Addendum have been incorporated into the Mitigation Monitoring and Reporting Program (“MMRP”) for the modified Project and would ensure that any potential environmental impacts would be reduced to less than significant levels.

Section 4. The Water Authority determines that the Addendum to the Revised Long-term Water Transfers EIR included in Exhibit 1.c. to this Resolution has been completed in accordance with CEQA.

Section 5. The Water Authority determines that the potential transfer activities described in the Revised Long-term Water Transfers EIR and modified as described in the Addendum, subject to the conditions, agreements, policies, or criteria established by the Board, may be implemented consistent with the terms of the Revised Long-term Water Transfers EIR and Addendum.

Section 6. The Water Authority shall be the custodian of the documents and materials that constitute the record of the proceeding, consisting of the documents and materials set forth in Public Resources Code section 21167.6(e), and the record shall be retained and available for review at the principal office of the Water Authority at 842 6th Street, Los Banos, California.

Section 7. A Notice of Determination substantially in the form of Exhibit 1.d. shall be filed with the County Clerks of the counties of Alameda; Butte; Colusa; El Dorado; Contra Costa; Fresno; Glenn; Kings; Merced; Nevada; Placer; Sacramento; San Benito; San Joaquin; Santa Clara; Shasta; Sierra; Solano; Stanislaus; Sutter; Tehama; Yolo; and Yuba within five (5) working days after the adoption of this Resolution approving modifications to the Project."

PASSED, APPROVED AND ADOPTED this 14th day of May, 2026, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chair

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

Federico Barajas, Secretary

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I hereby certify that the foregoing Resolution No. 2026- was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 14th day of May, 2026.

Federico Barajas, Secretary

Exhibit 1.a., the Environmental Assessment / Initial Study, and **Exhibit 1.b.**, the 2019 Revised Long-term Water Transfers EIR, are both available online at <https://sldmwa.org/water-transfers/>.

Exhibit 1.c.

ADDENDUM TO THE FINAL LONG-TERM WATER TRANSFERS EIR FOR EVALUATION OF 2026-2027 NORTH TO SOUTH WATER TRANSFERS

LEAD AGENCY: San Luis & Delta-Mendota Water Authority
842 6th St
Los Banos, CA, 93635

AVAILABILITY OF DOCUMENTS: The Initial Study for this Addendum to the 2019 Final Long-Term Water Transfers (LTWT) Environmental Impact Report (Final EIR) (SCH# 2011011010) is available for review at: <https://sldmwa.org/water-transfers/>.

Questions or comments regarding this Initial Study and Addendum may be addressed to:
San Luis & Delta-Mendota Water Authority
Attention: Pablo Arroyave
P.O. Box 2157
Los Banos, CA, 93635
E-mail: pablo.arroyave@sldmwa.org

Project Description: The San Luis & Delta-Mendota Water Authority (SLDMWA), its member agencies, Contra Costa Water District, and East Bay Municipal Utilities District (collectively referred to as the Buyers) may experience water shortages in 2026 and 2027 and are soliciting willing Sellers that may transfer surface water to them. The interested Buyers would negotiate with these interested Sellers to identify potential volumes of water that could be made available for transfer and the specifics of each transfer arrangement through single-year agreements for 2026 and 2027. Transfers of water would occur from Sellers primarily upstream of the Sacramento-San Joaquin Delta (Delta) to Buyers that primarily receive water conveyed through the Delta. The Proposed Project includes a range of potential single-year transfers of up to 250,000 acre-feet (AF) per year from Sellers to Buyers, made available from groundwater substitution and reservoir release actions.

Project Location: Proposed Project effects would occur within the Buyer Service Area and Seller Service Area and reservoirs used for reservoir release transfers. The transfers could originate from Sellers in Butte, Colusa, El Dorado, Glenn, Merced, Nevada, Placer, Sacramento, San Joaquin, Shasta, Sierra, Stanislaus, Sutter, Tehama, Yolo, and Yuba counties (**Figure 1**). The transfer Buyers could be in Alameda, Contra Costa, Fresno, Kings, Merced, San Benito, Santa Clara, and Stanislaus counties.

Findings: An Initial Study was prepared to evaluate whether the changes reflected in the Proposed Project and the circumstances in which it is undertaken result in new significant impacts or substantially more severe effects than have been previously analyzed. (Pub. Resources Code, § 21166; CEQA Guidelines, §§ 15162-15164.). Based on the Initial Study and in light of the entire record, SLDMWA has determined that the Final EIR retains its relevance and the Proposed Project would not have any new or substantially more severe significant direct, indirect, or cumulative impact on the existing environment. This conclusion is supported, without limitation, by the following findings:

- The project would result in beneficial impacts on water supply, geology and soils, air quality, noise, and agricultural land use in the Buyer Service Area.
- The project would result in less than significant impacts on water quality in the Seller Service Area and Buyer Service Area and less than significant impacts on greenhouse gas emissions, noise and vibration, agricultural land use, visual resources, recreation, and energy in the Seller Service Area.

- The project would result in less than significant impacts after mitigation to surface water supply, groundwater resources, air quality, biological resources, and geology and soils.

Mitigation Measures: The Initial Study identified the following mitigation measures:

Mitigation Measure WS-1: Streamflow Depletion Factor

The purpose of Mitigation Measure WS-1 is to address potential streamflow depletion effects to Central Valley Project (CVP) and State Water Project (SWP) water supply. Reclamation will apply a streamflow depletion factor to mitigate potential water supply impacts from the additional groundwater pumping due to groundwater substitution transfers. The streamflow depletion factor equates to a percentage of the total groundwater substitution transfer that will not physically be available for transfer to the Buyer (transferee) and is intended to offset the streamflow effects of the added groundwater pumping due to transfer.

As described in the impact analysis, the magnitude of the potential water supply impact depends on hydrologic conditions surrounding the transfer period (both before and after). The exact percentage of the streamflow depletion factor will be assessed and determined on a regular basis by Reclamation and California Department of Water Resources (DWR), in consultation with Buyers and Sellers, based on the best technical information available at that time. The percentage will be determined based on hydrologic conditions, groundwater and surface water modeling, monitoring information, and past transfer data. Application of the streamflow depletion factor will offset potential water supply effects and reduce them to a less than significant level. The streamflow depletion factor may not change every year but will be refined as new information becomes available. Analysis relied upon for this document was based on regional modeling; and more site-specific data, analysis, and groundwater modeling may result in different, local streamflow depletion factors. The streamflow depletion factor will be not less than 20 percent. However, this factor may be adjusted, either higher or lower, based on additional information on local conditions if new information indicates a substantial difference in local conditions that warrants a change.

Reclamation and DWR require the imposition of a streamflow depletion factor to ensure transfers do not violate the no injury rule (Water Code § 1702, 1706, and 1725), and other applicable laws, regulations and policies. This process to evaluate and determine the streamflow depletion factor will help verify that the factor reduces potential impacts to avoid injury to CVP or SWP water supplies and a substantial impact or injury.

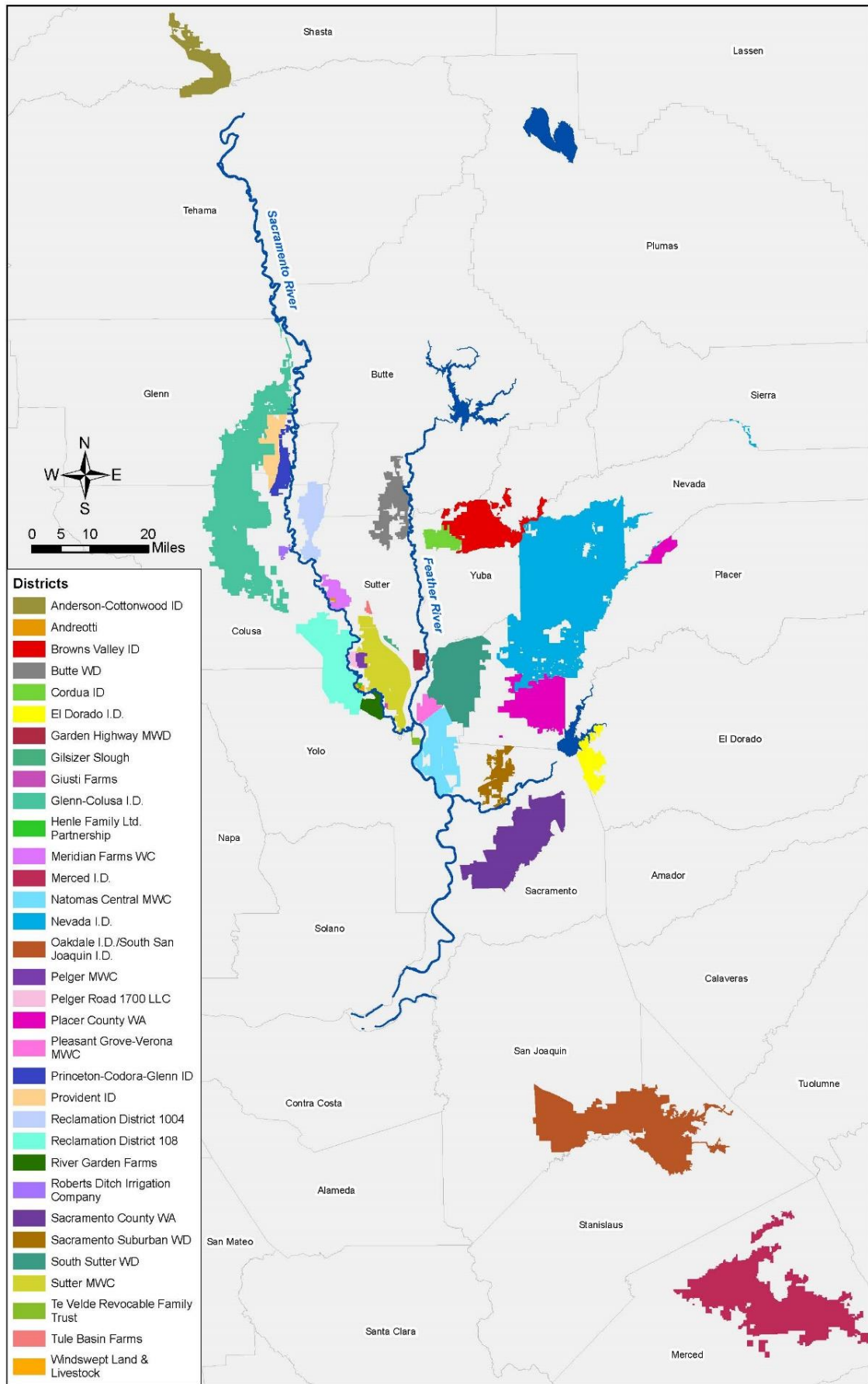


Figure 1. Potential Selling Entities

Mitigation Measure GW-1: Monitoring Program and Mitigation Plan

The objective of Mitigation Measure GW-1 is to avoid potentially significant adverse environmental effects from groundwater-level declines such as (1) impacts to other legal users of water; (2) land subsidence; (3) adverse effects to groundwater-dependent vegetation; or (4) migration of reduced quality groundwater. The measure accomplishes this by monitoring groundwater levels in the period during which groundwater is being pumped, in-lieu of diverting surface water, to cease groundwater pumping when the groundwater level reaches the established groundwater trigger. As described in the Mitigation Plan section below, the mitigation measure also requires prompt intervention, including the cessation of groundwater pumping, if groundwater level triggers are reached during transfer-related pumping or if, in the unlikely event, that a potential impact is detected to ensure it will be reduced to less than significant. Additionally, the mitigation measure requires preventative actions if monitoring shows that identified groundwater-level triggers are reached during transfer-related pumping. Potential Sellers are required to prepare a Monitoring Program and Mitigation Plan to address the required elements of the mitigation measure for review and approval by Reclamation prior to initiation of groundwater substitution pumping.

Sellers are required to submit monitoring reports to Reclamation and Reclamation will verify that participating Sellers implement the Monitoring Program and Mitigation Plan to avoid potentially significant adverse effects of transfer-related groundwater extraction. In addition, each entity making surface water available for transfer through groundwater substitution actions must confirm that the proposed groundwater pumping will be compatible with applicable state and local regulations and county groundwater management plans (GMPs), as well as GSPs. Most GSPs in the Seller Service Area have been reviewed and approved by DWR; and all of the GSAs are required to meet the sustainability objectives identified under SGMA, thus providing a regulatory backstop to prevent substantial adverse effects.

Well Review Process

Potential Sellers are required to prepare and submit a water transfer proposal to Reclamation a minimum of one month prior to the initiation of groundwater substitution pumping transfers. Potential Sellers are encouraged to electronically submit their water transfer proposal through DWR's online web application. Reclamation (in coordination with DWR) will review water transfer proposals and those groundwater substitution pumping transfers cannot start prior to Reclamation's approval. Water transfer proposals must include well data collected by potential Sellers consistent with the data requirements identified in the Water Transfers Information Checklist that is included in Reclamation and DWR's *Water Transfer White Paper*¹.

In the water transfer proposal, potential Sellers must also include subsidence information, which is available from DWR's InSAR data, best available subsidence information from their local DWR-approved GSP(s), or other available data relative to subsidence. Sellers must demonstrate that substantial land subsidence is not occurring within the area of a proposed participating transfer pumping well² in accordance with minimum thresholds identified in their local DWR approved GSP(s), subject to Reclamation's verification; and if it is occurring, the participating transfer pumping well would not be allowed to participate in groundwater substitution transfers, ensuring adverse effects of the Proposed Action would not occur in areas vulnerable to land subsidence.

¹ At the time of development of this EA/IS, the 2019 Water Transfers White Paper (Reclamation and DWR 2019) document governs the water transfers evaluated in this EA/IS. The Water Transfers White Paper is updated by Reclamation and DWR when necessary and the version of that governing document and the Water Transfers Information Checklist it includes shall be used by Sellers to develop their water transfer proposals. See Appendix E3 for the current Water Transfers Information Checklist (Reclamation and DWR 2019).

² A transfer pumping well is a production well used to pump groundwater as part of a groundwater substitution transfer under the Proposed Action.

Monitoring Program

Potential Sellers must complete and implement a monitoring program subject to Reclamation's approval (in coordination with DWR) that shall include, at a minimum, the following components:

Monitoring Well Network

The monitoring program, as determined by Reclamation, shall accurately characterize groundwater levels from the appropriate aquifers and their response in the area before, during, and after transfer-related substitution pumping takes place. Depending on local conditions, additional groundwater-level monitoring may be required near ecological resource areas such as areas with mapped groundwater dependent ecosystems. Sellers must identify, in the transfer proposal, suitable monitoring wells³ that meet the requirements below for review and approval by Reclamation (in coordination with DWR). If a suitable monitoring well(s) is not identified for a participating transfer pumping well, the well will not be allowed to participate in a water transfer until a suitable monitoring well(s) is identified, ensuring adverse effects of the Proposed Action are not occurring undetected.

The monitoring well network shall include the participating transfer pumping well and a suitable groundwater-level monitoring well(s) in the vicinity of the participating transfer pumping well(s). Suitable monitoring well(s) are required to: (1) be within a radius of between 500 feet and 2 miles from a Seller's groundwater substitution well; (2) be located within the same Bulletin 118⁴ subbasin as the groundwater substitution pumping well; and (3) have a screen depth(s) similar to the groundwater substitution pumping well(s). The suitable monitoring well may be established at a different radius if more well-specific data can be presented to Reclamation demonstrating a suitable monitoring well that is outside the radius established above. The request to use a different radius for the suitable monitoring well should be submitted with the water transfer proposal for review and approval by Reclamation (in coordination with DWR). If any SGMA representative monitoring sites (RMSs)⁵ meet the suitable monitoring well requirements presented above, then the RMS shall be included as the suitable monitoring well. At least one suitable monitoring well must be paired with a participating transfer pumping well. More than one participating transfer pumping well may be paired with a suitable monitoring well, provided the requirements above are met. Suitable monitoring wells with short historical records could be considered, but short records could limit the transfer because the measured historical low groundwater level (described below) may not reflect persistent drier conditions. In this situation, the lowest groundwater level for the short period of record would likely be higher than the historical low during a prior drought period. A groundwater level trigger (described below) based on the lowest groundwater level for a short period of record would be more restrictive than a trigger based on a historical low because the lowest groundwater level for the short period could be reached more quickly during transfer-related groundwater substitution pumping than the historically low groundwater level.

In addition to monitoring at the participating transfer pumping well and suitable monitoring well(s), Sellers must also identify all RMS wells within the Sellers' Service Area and within a two-mile radius of the service area boundary should be identified in their transfer proposal.

Groundwater Level Monitoring

³ A suitable monitoring well is used to monitor effects from groundwater substitution transfer pumping. A suitable monitoring well must meet the three requirements stated in the next paragraph.

⁴ Bulletin 118 is the State's official publication on the occurrence and nature of groundwater in California. DWR updated Bulletin 118 in 2020, the next update will be published in 2025.

⁵ A SGMA representative monitoring site (RMS) is a well identified in a GSP under SGMA for monitoring the sustainability indicator chronic lowering of groundwater levels. RMS wells include defined quantitative thresholds: minimum threshold and measurable objective.

Sellers will collect measurements of groundwater levels in the participating transfer pumping wells (those wells being used in-lieu of diverting surface water that is being made available for transfer) and the suitable monitoring well(s) in the monitoring network. Groundwater level measurements will be used to avoid both third-party impacts and inelastic (irreversible) subsidence based on the identified groundwater level triggers (described below). Measurements in the participating transfer pumping well(s) will be taken while the well is pumping in order to record the lowest levels reached. Measurements at the suitable monitoring well(s) will be static (non-pumping) groundwater levels. Groundwater-level monitoring will include measurements before, during, and after transfer-related substitution pumping. The Seller will measure groundwater levels as follows:

- Prior to transfer: Groundwater levels will be measured in all wells in the monitoring network, monthly from March in the year of the proposed transfer-related substitution pumping until the start of the transfer pumping. Monitoring will also be conducted on the day that the transfer pumping begins, prior to the pump being turned on.
- During transfer-related substitution pumping: Groundwater levels will be measured in all wells in the monitoring network, weekly throughout the pumping period unless the groundwater level threshold (described in the next subsection) is reached. Measurements will be required once every three days if a groundwater level threshold (described in the next subsection) is reached at the participating pumping well(s) or the suitable monitoring well(s).
- Post-transfer pumping: Groundwater levels will be measured in all wells in the monitoring well network, weekly for one month after the end of transfer-related pumping, after which groundwater levels will be measured monthly through March of the year following the end of the transfer pumping.

Groundwater Level Triggers and Thresholds

The primary criteria used to identify and avoid potentially significant impacts related to groundwater levels are the historical low groundwater levels for the participating transfer pumping wells and the suitable monitoring wells. Other criteria that may be used, if the RMS is selected as a suitable monitoring well and, therefore, the RMS meets the suitable monitoring well criteria presented above, are minimum thresholds for groundwater levels at RMSs set by GSAs and identified in the DWR approved GSPs. Sellers will manage groundwater levels to maintain them above the identified historical low groundwater level (trigger). Sellers will initiate the increased frequency of monitoring (discussed in a later subsection) if groundwater levels reach the threshold and will initiate the mitigation plan (discussed in a later subsection) if groundwater levels reach the trigger. Monitoring and operating to these groundwater level triggers and thresholds are the best available tools to avoid potential impacts to the environment as well as to third parties, and to avoid irreversible subsidence. The potential for irreversible subsidence would only occur when groundwater levels are below historic low levels (U.S. Geological Survey 2018); therefore, this measure would also avoid any potential irreversible (permanent) subsidence.

As part of a Seller's transfer proposal subject to Reclamation's (in coordination with DWR) review and approval, the Seller will need to identify a proposed groundwater level trigger for each pumping well and each suitable monitoring well (established through the historical low groundwater level for that well). The historical low groundwater level at a participating transfer pumping well will likely have occurred when the well was operating (e.g., pumping water level); and similarly, the historical low at a suitable monitoring well will likely have occurred when the associated participating transfer pumping well was operating. However, the identified trigger for a suitable monitoring well cannot be from a measurement made while the suitable monitoring well was operating. Any pumping taking place at the participating transfer pumping well at the time when the historical low groundwater level is identified must represent normal operations and not periods of heavy pumping for well development or testing.

Based on the groundwater level trigger, a groundwater level threshold for each pumping well and each suitable monitoring well is established at ten feet above the trigger. When groundwater monitoring at the frequency identified above (e.g., weekly during transfer pumping) indicates the groundwater level declined to or below the threshold, the frequency of groundwater-level monitoring shall increase to once every three days for that well (participating transfer pumping well or suitable monitoring well). The groundwater level threshold may be established at a different level if a more well specific threshold can be identified based on past groundwater level trends at the participating transfer pumping well or suitable monitoring well. The groundwater level trigger and threshold for each participating transfer pumping well and each suitable monitoring well is required in the water transfer proposal submitted to Reclamation (in coordination with DWR) for review and approval.

Groundwater level declines due to pumping occur initially at the pumping well and then propagate outward from that location. The magnitude of groundwater level decline caused by pumping also decreases with increasing distance from the pumping well. Therefore, groundwater level declines caused by transfer-related substitution pumping would be observed first at the pumping well and subsequently at the suitable monitoring well. The decline would be greatest at the participating transfer pumping well and lower at the suitable monitoring well. Therefore, it is likely that groundwater levels in the participating transfer pumping well would decline to the historical low groundwater level trigger or groundwater level threshold sooner than at the suitable monitoring well(s). The groundwater level measurements at the suitable monitoring well(s) would provide information surrounding the participating transfer pumping well to avoid potential significant or cumulative impacts.

Other Monitoring

Groundwater Quality. For municipal Sellers, the comprehensive water quality testing requirements of CCR Title 22, Chapter 15, Domestic Water Quality and Monitoring Regulations (SWRCB 2024) are considered sufficient for the water transfer monitoring program. Agricultural Sellers shall measure specific conductance in samples from each participating transfer pumping well. Samples shall be collected when the Seller first initiates pumping, monthly during the pumping period, and at the termination of transfer-related pumping. Sellers shall provide details such as sample location(s), sample well depth, sample well construction information, and distance from sample location(s) to the participating transfer pumping well.

Groundwater Pumping Measurements. All wells pumping groundwater to replace surface water made available for transfer shall be configured with a permanent instantaneous and totalizing flowmeter capable of accurately measuring well discharge rates and volumes. Flowmeters will be installed and calibrated in accordance with manufacturer's recommendations and the relevant documentation will be submitted by the Seller to Reclamation. Flowmeter readings will be recorded in a similar frequency as groundwater level monitoring, as follows:

- Prior to transfer: Readings will be recorded on the day that the transfer pumping begins, prior to the pump being turned on.
- During transfer-related substitution pumping: Flowmeter readings will be recorded weekly throughout the pumping period. If the measured groundwater levels meet or decline below the groundwater level threshold (described in the subsection above), flowmeter readings shall be recorded every three days.
- Post-transfer pumping: Flowmeter readings will be recorded immediately following cessation of transfer-related pumping.

Shallow Groundwater Level Monitoring for Groundwater Dependent Ecosystems (GDEs)⁶ supporting Shallow-Rooted and Deep-Rooted Vegetation. To avoid significant effects to GDEs and allow Sellers to modify actions before significant effects occur, Sellers will monitor groundwater level data to verify that significant adverse effects to GDEs with shallow-rooted or deep-rooted vegetation are avoided. This monitoring is only required in areas that have been identified as GDEs in the Nature Conservancy's Natural Communities Commonly Associated with Groundwater Dataset Version 2.0 (NCCAG 2.0) (The Nature Conservancy 2021) data set or by an approved GSP and either (1) contain shallow-rooted (i.e., groundwater dependent vegetation, such as riparian phreatophytes that have roots extending up to 30 feet deep) within a 0.5-mile radius of the participating transfer pumping well and areas where groundwater levels are less than 30 feet below ground surface prior to starting transfer-related pumping; or (2) contain deep-rooted vegetation (i.e., primarily valley oak trees that could have roots up to 80 feet deep) within a 0.5-mile radius of the participating transfer pumping well and areas where groundwater levels are less than 80 feet below ground surface prior to starting transfer-related pumping. This monitoring is not required in areas with no GDEs with shallow-rooted and/or deep-rooted vegetation within 0.5-mile of the participating transfer pumping well(s) or in areas where vegetation is located along waterways or irrigated fields that will continue to have water during the period of transfer.

In their transfer proposal, the Seller would be required to identify if monitoring for shallow-rooted and/or deep-rooted vegetation associated with a GDE is a requirement. Best available information such as the NCAAG 2.0, GDE Pulse 2.3 (<https://gde.codefornature.org/#/home>) or GSA⁷ collected data/information could be used to identify GDEs containing shallow and/or deep rooted vegetation near the participating transfer pumping well and to determine the health and maximum rooting depth of dominant vegetation in the GDE. The proposal would require the distance between participating transfer pumping well and the GDE, as well as the dominant vegetation type (e.g., shallow-rooted vegetation such as cottonwood, willows or deep-rooted vegetation such as valley oaks), and photographs from a pre-season vegetation assessment.

If a GDE comprised of shallow-rooted and/or deep-rooted vegetation is identified near the participating transfer pumping well, a groundwater level monitoring well with the following requirements would need to be identified and monitored: (1) monitoring well is within a 0.5-mile radius of the GDE containing shallow-rooted and/or deep-rooted vegetation; and (2) monitoring well would measure shallow groundwater level changes (typically less than 80 feet below ground surface). For each GDE monitoring well, a minimum groundwater threshold would be identified by the Seller using hydrologic data and expert opinion based on the ecological function and value of the GDE, and on the maximum rooting depth of its dominant vegetation type. If monitoring data at the monitoring well indicate that groundwater levels have dropped below the groundwater threshold within the GDE, the Seller must implement actions set forth in the mitigation plan. However, if a qualified plant ecologist/arborist determines that the GDE is in relatively healthy condition, and historical data show that groundwater levels in the area have typically fluctuated by more than this amount annually during the proposed transfer period, then the transfer may be allowed to proceed without any monitoring requirements. Prior to transfer pumping, the Seller must submit to Reclamation historical data showing groundwater fluctuations in the vicinity of the GDE.

If no monitoring wells with the requirements discussed in the previous paragraph exist, monitoring would be based on visual observations by a qualified plant ecologist/certified arborist of the health of these areas of shallow- or deep-rooted vegetation until it is feasible to obtain or

⁶ Groundwater dependent ecosystems (GDEs) are plant communities that solely or partially depend on the availability of groundwater to maintain their structure and function. Evaluation of impacts to GDEs from proposed action are discussed under Section 3.7, Biological Resources.

⁷ Groundwater sustainability agencies (GSAs) are local agencies required to form as a requirement of SGMA for high and medium priority basins and implement GSPs to avoid undesirable results and mitigate overdraft within groundwater basins (DWR 2024b).

install shallow groundwater monitoring. Monitoring of these areas would include a pre-pumping vegetation assessment of GDEs within a 0.5-mile radius of the pumping well followed by monthly assessments during transfers and assessment near the end of the pumping season but prior to fall/autumn leaf-drop. The assessment of post-pumping impacts on deep-rooted vegetation will be conducted by a qualified plant ecologist/arborist and will take into account the existing health conditions of the vegetation prior to pumping, species present, size-class of trees, and rainfall data from the previous WYs. Photographs from the assessment must be provided to Reclamation as part of the annual transfers reports. If the qualified plant ecologist/certified arborist determines, based on site-specific circumstances, that groundwater pumping has caused any loss of the shallow-rooted or deep-rooted vegetation the Seller must implement restoration actions set forth in the mitigation plan. Findings from the pre-pumping assessment, during transfers pumping assessment and post-pumping assessment will be reported to Reclamation in monthly transfers reports.

Coordination Plan

The monitoring program will include a plan to coordinate the collection and organization of monitoring data. This plan will describe how input from third party well owners will be incorporated into the monitoring program and will include a plan for communication with Reclamation as well as other decision makers and third parties.

Additionally, Reclamation and potential Seller(s) will coordinate closely with potentially affected third parties to collect and monitor groundwater data. If a third party expects that it may be affected by a proposed transfer, that party should contact Reclamation and the Seller with its concern. The burden of collecting groundwater data will be the Seller's responsibility with oversight by Reclamation. If warranted, additional groundwater-level monitoring to address the third party's concern may be incorporated into the monitoring and mitigation plans (which may include compensatory mitigation) required by Mitigation Measure GW-1. No significant adverse impacts to third parties are anticipated from implementation of the Proposed Action as mitigated because Mitigation Measure GW-1 is designed to avoid impacts related to groundwater pumping.

Evaluation and Reporting

The monitoring program will describe the method of reporting monitoring data.

- Potential Sellers are encouraged to prepare and submit a water transfers proposal by March 1 of transfers years for Reclamation (in coordination with DWR) review and approval.
- Sellers will provide monthly spreadsheets of data collected (such as groundwater levels at a participating transfer pumping well and suitable monitoring well, flowmeter readings at the participating well, and groundwater quality monitoring data at the participating transfer pumping well) and where applicable, photographs from the shallow-rooted or deep-rooted vegetation assessment, to Reclamation during transfers.
- If the groundwater level threshold is reached at the participating transfer pumping well(s) or suitable monitoring well(s), weekly reporting would be required for the well(s). If the groundwater level threshold is reached, then increased frequency of reporting will be required and summarized in the transfer proposal and subject to Reclamation (in coordination with DWR) review and approval.
- Post-transfer reporting will continue monthly through March of the year following the transfer.

Sellers will provide a final summary report to Reclamation evaluating the effects of the water transfer. The final report will identify transfer-related effects on groundwater and surface water (both during and after pumping), and the extent of effects, if any, on local groundwater users. It shall include hydrographs for each well in the monitoring network, showing pre-transfer

groundwater levels, groundwater levels at the end of the transfer period, and recovered groundwater levels in March of the year following the transfer. The final summary report shall also identify the extent of transfer-related effects, if any, to ecological resources such as fish, wildlife, and vegetation resources. The final summary report will be subject to Reclamation (in coordination with DWR) review and approval and will determine if the Seller (or one or more of the Seller's wells) would be allowed to participate in future transfers. Reclamation will consider the potential for adverse impacts to subsidence, third-party sellers or GDEs from future transfers pumping. Reclamation will coordinate with the Seller in order to obtain, review, and analyze any additional data to assess the removal of a well from a future transfer prior to making such a determination.

Mitigation Plan

Potential Sellers must complete and implement a mitigation plan to avoid groundwater-related adverse impacts and ensure prompt intervention to avoid unanticipated adverse effects. This plan must document the intended actions if the potential arises for unanticipated impacts to groundwater resources or groundwater-dependent vegetation. This plan must be submitted to Reclamation (in coordination with DWR) for review and approval as part of the water transfer proposal, prior to initiating groundwater substitution pumping.

Groundwater Resource Mitigation

If groundwater level triggers are reached at the participating transfer pumping well(s) or the associated suitable monitoring well (s) (established through the historical low groundwater levels), transfer-related pumping would stop from the participating transfer pumping well for which the trigger was reached. Transfer-related pumping could not continue from this well (in the same year or a future year) until groundwater levels recovered to above the groundwater level trigger. Any volume of water pumped at a participating transfer pumping well while a groundwater level is at or below a trigger, for that participating transfer pumping well or associated suitable monitoring well, would not be credited in the groundwater substitution transfer. If groundwater level thresholds (i.e., ten feet above the groundwater level trigger [identified historical low groundwater level]) are reached or exceeded at the participating transfer pumping well(s) or the associated suitable monitoring well(s), the monitoring frequency would increase in order to evaluate and predict the reduction in groundwater levels, and the transfer-related pumping would stop from the participating transfer pumping when the trigger is reached. Implementation of the mitigation plan thus avoids any potentially significant groundwater impacts. Other interventions that could be used in conjunction with stopping transfer-related pumping and that could assist in avoidance of potentially significant groundwater impacts could include:

- Sellers would be responsible for reimbursement to non-transferring third parties for significant increases in their groundwater pumping costs owing to the groundwater substitution pumping action, as compared with their costs absent the transfer
- Sellers would be responsible for reimbursement to non-transferring third parties for modifications to infrastructure that may be affected
- Other appropriate actions based on local conditions as proposed by the Sellers and subject to review/approval by Reclamation (in coordination with DWR).

GDE Shallow-Rooted and Deep-Rooted Vegetation Mitigation

If shallow groundwater-level monitoring indicates that groundwater levels at a GDE have dropped below the minimum threshold that was identified taking into account the maximum rooting depth of shallow-rooted or deep-rooted vegetation, the Seller must stop transfer-related pumping at the participating transfer pumping well and cannot resume pumping until groundwater levels have recovered to levels above the root zones. However, if historical data at the location indicate shallow groundwater levels typically declined during the transfer period and remained below the root zone then the transfer may be allowed to proceed.

In areas where visual monitoring is conducted to monitor health of shallow-rooted and deep-rooted vegetation, the Seller must stop transfer-related pumping at the participating transfer pumping well if the qualified plant ecologist/arborist, determines a loss or substantial risk of loss of vegetation.

If a loss of vegetation occurs, the Seller will perform restoration activities by replanting similar vegetation at a 1:1 ratio at the location where loss occurs (for every 1-inch diameter at breast height [dbh] lost, 1-inch dbh will be planted). For example, if 12-inch dbh of oak is lost, then the Seller would have to plant twelve 15-gallon oak saplings at around 1-inch dbh each. Therefore, the Seller would plant more trees than lost. The Seller will plant, irrigate, maintain, and monitor restoration of vegetation for three years to replace the loss(es). All plantings will be fitted with exclusion cages or other suitable protection from herbivores. Plantings will be irrigated for three years or until the survival criterion is met. If 75 percent of the plants survive at the end of the three-year monitoring period, the revegetation will be considered successful. If the survival criterion is not met at the end of the monitoring period, planting and monitoring will be repeated after mortality causes have been identified and corrected. Annual monitoring reports, prepared by a qualified plant ecologist/arborist, will document the status of the plantings and recommendations for remediation as necessary. The monitoring reports will be provided to the Seller and Reclamation by August 31 following each year of monitoring (generally beginning July 1 through June 30 of the following year) to allow time for additional planting activities, if necessary.

Transfer-related pumping could not continue at the subject well while vegetation restoration activities consistent with the requirements above are ongoing (i.e., three years or until the survival criterion is met). Transfer-related pumping at the subject well could not resume after restoration unless the Seller provides evidence that resuming pumping will not affect GDE vegetation (such as data from the installation of a new shallow groundwater-level monitoring well within a 0.5-mile radius of the vegetation that indicates stable shallow groundwater levels at less than the rooting depth of the dominant plant species that comprises the GDE).

Mitigation Measure AQ-1: Reduced Pumping

Selling agency would reduce pumping at diesel and propane wells to reduce emissions to below the thresholds. Agencies may also decide to replace old diesel wells with cleaner (i.e., higher emission tier) diesel pumps or electric wells to reduce emissions to below the thresholds. Any selling agency with potentially significant emissions, as determined by this EA/IS, will be required to submit information in the water transfer proposal, prior to making water available for transfer through groundwater substitution actions, that documents the wells that would be utilized to support those groundwater substitution actions to stay below the thresholds. The selling agency must also maintain recordkeeping logs that document the specific engine to be used for making water available for transfer through groundwater substitution actions, the power rating (hp), and applicable emission factors. Calculations for daily emissions will be completed for comparison to the significance thresholds determined for each selling agency. In the annual report, the selling agencies will be required to submit documentation specifying that the wells would only be pumped in accordance with the transfer proposals.

REFERENCES

Bureau of Reclamation and California Department of Water Resources (Reclamation and DWR). 2019. DRAFT Technical Information for Preparing Water Transfer Proposals (Water Transfer White Paper) Information for Parties Preparing Proposals for Water Transfers Requiring Department of Water Resources or Bureau of Reclamation Approval. December 2019. Available at: https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/State-Water-Project/Management/Water-Transfers/Files/Draft_2019WTWhitePaper-012324.pdf. [Accessed on August 21, 2024].

California Department of Water Resources (DWR). 2024. Sustainable Groundwater Management Act (SGMA). Available at: <https://water.ca.gov/Programs/Groundwater-Management/SGMA-Groundwater-Management#>. [Accessed on October 10, 2024].

State Water Resources Control Board (SWRCB). 2024. 2024. California Regulations Related to Drinking Water. October 2024. Available at: https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/lawbook/drinking-water-regulations-october-2024.pdf. [Accessed on November 5, 2024].

The Nature Conservancy. 2021. GDE Pulse v2.3. San Francisco, California. Available at: <https://gde.codefornature.org/#/home>. [Accessed on August 20, 2024].

Exhibit 1.d.

Notice of Determination**Appendix D****To:**

Office of Planning and Research
U.S. Mail: _____ *Street Address:* _____
 P.O. Box 3044 1400 Tenth St., Rm 113
 Sacramento, CA 95812-3044 Sacramento, CA 95814

County Clerk
 County of: _____
 Address: _____

From:

Public Agency: _____
 Address: _____

 Contact: _____
 Phone: _____

Lead Agency (if different from above): _____
 Address: _____

 Contact: _____
 Phone: _____

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): _____

Project Title: _____

Project Applicant: _____

Project Location (include county): _____

Project Description:

This is to advise that the _____ has approved the above
 (Lead Agency or Responsible Agency)

described project on _____ and has made the following determinations regarding the above
 (date)
 described project.

1. The project [will will not] have a significant effect on the environment.
2. An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
 A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures [were were not] made a condition of the approval of the project.
4. A mitigation reporting or monitoring plan [was was not] adopted for this project.
5. A statement of Overriding Considerations [was was not] adopted for this project.
6. Findings [were were not] made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses and record of project approval, or the negative Declaration, is available to the General Public at:

 Signature (Public Agency): _____ Title: _____

Date: _____ Date Received for filing at OPR: _____

County Clerks

Alameda County
1106 Madison Street
Oakland, CA 94607

Butte County
155 Nelson Ave
Oroville, CA 95965

Colusa County
546 Jay Street, Room 200
Colusa, CA 95932

Contra Costa County
555 Escobar Street
Martinez, CA 94553

El Dorado County
360 Fair Ln
Placerville, CA 95667

Fresno County
2220 Tulare Street, 1st Floor
Fresno, CA 93721

Glenn County
516 West Sycamore St, Suite 2
Willows, CA 95988

Kings County
1400 W. Lacey Blvd
Hanford, CA 93230

Merced County
2222 M Street
Merced, CA 95340

Nevada County
950 Maidu Avenue, Suite 210
Nevada City, CA 95959

Placer County
2954 Richardson Drive
Auburn, CA 95603

Sacramento County
3636 American River Dr, Suite 110
Sacramento, CA 95864

San Benito County
1601 Lana Way
Hollister, CA 95023

San Joaquin County
44 North San Joaquin Street, Room 260
Stockton, CA 95202

Santa Clara County
110 West Tasman Dr, 1st floor
San Jose, CA 95134

Shasta County
1450 Court St, Suite 108
Redding, CA 96001

Sierra County
100 Courthouse Sq, Room 11
Downieville, CA 95936

Solano County
675 Texas Street, Suite 6500
Fairfield, CA 94533

Stanislaus County
1021 I Street, Suite 101
Modesto, CA 95354

Sutter County
433 Second Street
Yuba City, CA 95991

Tehama County
633 Washington Street, Room 11
Red Bluff, CA 96080

Yolo County
625 Court Street, Room B01
Woodland, CA 95695

Yuba County
915 8th Street, Suite 107
Marysville, CA 95901

Exhibit 2

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2026-

RESOLUTION AUTHORIZING EXECUTION OF 2026 WATER PURCHASE AND SALE AGREEMENTS PURSUANT TO THE ADDENDUM AND ACTIONS RELATED THERETO

WHEREAS, in September 2023, the San Luis & Delta-Mendota Water Authority (“Water Authority”) Board of Directors adopted Resolution No. 2023-516 which authorized execution of a North to South Water Transfers Activity Agreement (“Activity Agreement”) for Water Authority members who desired to participate in the north to south water transfers beginning in 2025;

WHEREAS, on March 24, 2026, Water Authority agricultural water service contractor members received an allocation of twenty (20) percent of their full Central Valley Project contractual supply for irrigation for the 2026 water year, and current projections show that subsequent increases in allocations, if any, will be made later in the season and are expected to be minimal; and

WHEREAS, in order to facilitate potential north to south transfers in 2026, Water Authority staff and interested Activity Agreement members have been negotiating with potential sellers to purchase water made available for transfer through groundwater substitution and has initiated actions with the Bureau of Reclamation (“Reclamation”); and

WHEREAS, Water Authority staff currently estimates that 2026 north to south water transfers will involve transfer of up to approximately 32,000 acre-feet of water made available through groundwater substitution, at a price to be determined; and

WHEREAS, the Water Authority Board of Directors has considered the form of the template one-year 2026 Water Purchase and Sale Agreement, which sets forth the terms and conditions to be entered into with the sellers;

WHEREAS, the Water Authority Board has previously authorized the Activity Agreement, establishing the terms under which the benefits and obligations of the 2026 Water Purchase and Sale Agreements will be shared by the Activity Agreement members; and

WHEREAS, pursuant to the National Environmental Policy Act (“NEPA”), Reclamation acting as Federal lead agency, and pursuant to the California Environmental Quality Act (“CEQA”), the Water Authority acting as State lead agency, prepared a joint Environmental Assessment/Initial Study evaluating a range of potential single-year water transfers for 2026 and 2027 of up to 250,000 acre-feet total per year from sellers primarily upstream of the Delta to buyers that primarily receive water conveyed through the Delta made available through groundwater substitution, including those to be implemented through the 2026 Water Purchase and Sale Agreements; and

WHEREAS, pursuant to CEQA, on May 14, 2026, the Water Authority approved the Initial Study and adopted an Addendum to the 2019 Revised Long-term Water Transfers EIR for 2026-2027 North to South Water Transfers; and

WHEREAS, pursuant to NEPA, on March 16, 2026, Reclamation approved the EA and adopted a Finding of No Significant Impact.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. The Board hereby approves the proposed template 2026 Water Purchase and Sale Agreement in substantially the form that has been presented to the Board and subject to final water purchase pricing determination by the Activity Agreement member(s) participating in 2026 north to south transfers and to such revisions, modifications, additions or deletions as the executing officer may approve prior to execution, including but not limited to final pricing, call date, and any option payment terms.

Section 3. The authorizations conferred by this Resolution, and the documents executed in reliance upon it, shall be contingent upon the occurrence of the following actions: (1) the effects of the transfer having been analyzed in the applicable NEPA and CEQA documents; and (2) the written consent of at least one Activity Agreement member to purchase the water made available through the 2026 Water Purchase and Sale Agreements on the finally negotiated terms.

Section 4. In the event the contingencies described in Section 3 fail to occur, the authorization conferred by this Resolution is revoked *ab initio*, and any documents executed by the Water Authority in reliance upon this Resolution shall have no binding force or effect.

Section 5. The Executive Director, Chief Operating Officer, or such Water Authority employee or consultant, as either of such officers designate, are further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary to the completion of the activities authorized by this Resolution.

PASSED, APPROVED AND ADOPTED this 14th day of May, 2026, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chair

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

Federico Barajas, Secretary

.....

I hereby certify that the foregoing Resolution No. 2026- was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 14th day of May, 2026.

Federico Barajas, Secretary

Exhibit 2.a.

****Draft Template****

WATER PURCHASE AND SALE AGREEMENT
BY AND BETWEEN _____ AND THE SAN LUIS & DELTA MENDOTA
WATER AUTHORITY

This Agreement is entered into this ___ day of _____, 2026 by and between _____, hereinafter referred to as “**Seller**” or “_____,” and the SAN LUIS & DELTA-MENDOTA WATER AUTHORITY, hereinafter referred to as “**Buyer**” or “**Water Authority.**” _____ and the Water Authority may be referred to herein individually as a “**Party**” or jointly as “**Parties.**”

RECITALS

WHEREAS, _____ is a California irrigation district operating under and by virtue of Division 11 of the California Water Code and is empowered to sell and transfer water to Buyer as provided for in this Agreement; and

WHEREAS, Buyer is a California joint powers authority operating under and by virtue of Section 6500, et seq., of the California Government Code and is empowered to purchase water from Seller as provided for in this Agreement; and

WHEREAS, Buyer’s members are 27 public agencies representing approximately 1,100,000 acres of land within the western San Joaquin Valley, San Benito and Santa Clara Counties, 25 agencies of which obtain water from the United States Bureau of Reclamation (“**Reclamation**”) through the federal Central Valley Project (“**CVP**”) under water service or repayment, exchange/settlement, or refuge contracts; and

WHEREAS, Water Authority agricultural water service contractor members received an initial allocation of twenty (20) percent of their full contractual supply for irrigation for the 2026 water year, and current projections show that subsequent increases in allocations, if any, will be made later in the season and are expected to be minimal; and

WHEREAS, Seller holds a Sacramento River Settlement Contract with Reclamation (Contract No. _____), which governs Seller’s diversions of water from the Sacramento River and its tributaries for beneficial uses; and

WHEREAS, Seller is willing to make water available for sale and delivery to the Water Authority by certain forbearance action or by petition to the State Water Resources Control Board (“**SWRCB**”) under its water rights by increasing the quantity of groundwater pumped within Seller’s service area, thereby reducing the amount of surface water Seller diverts and uses for irrigation within its service area in 2026; and

WHEREAS, on behalf of Water Authority participating members (the “**Transfer Participants**”), Buyer intends by this Agreement to obtain a supplemental water supply for the Transfer Participants’ use for irrigation in 2026 to provide water required for reasonable and beneficial use given the anticipated reduction in deliveries of contract quantities from the CVP; and

Initials: _____

****Draft Template****

WHEREAS, Seller, Buyer, and Reclamation will execute a companion consent to transfer agreement (the “**Approval Agreement**”) for 2026 to set forth the terms and conditions under which Reclamation will facilitate Seller making water available to the Water Authority via Seller’s actions in 2026; and

WHEREAS, Seller, Buyer and the California Department of Water Resources (“**DWR**”) may execute a conveyance agreement (the “**DWR Conveyance Agreement**”) for 2026 to set forth the terms and conditions by which DWR will facilitate the conveyance of the Agreement-Water utilizing the Banks Pumping Plant and the California Aqueduct.

NOW, THEREFORE, Seller and Buyer, on the terms and conditions set forth herein, agree as follows:

AGREEMENT

1. DEFINITIONS: The following definitions shall govern this Agreement:

- a. “**Agreement-Water**” is the surface water transferred and made available to Buyer through this Agreement as a result of Seller’s actions through groundwater substitution in accordance with California Water Code Sections 380 et seq., 1745, et seq. and 22259.
- b. “**Point of Delivery**” means Seller’s primary point of diversion of surface water at the Seller’s point of diversion on the Sacramento River.
- c. “**Carriage Losses and Depletions**” mean water losses imposed on Agreement-Water by Reclamation or DWR. Carriage Losses and Depletions shall not, however, include the Assumed Depletion Loss defined in Paragraph 4.c.

2. TERM: This Agreement shall commence on the date set forth above and expire on December 31, 2026, unless terminated sooner by written agreement of the Parties pursuant to the provisions set forth herein; provided, however, that any obligations under this Agreement to be performed after December 31, 2026, shall survive the expiration of the term of this Agreement and shall be fully enforceable.

3. AGREEMENT TO SELL: Seller agrees to sell and make available at the Point of Delivery, and the Water Authority agrees to purchase, Agreement-Water during the term of this Agreement for the Transfer Participants’ reasonable and beneficial use, in the quantities described and subject to the terms and conditions of this Agreement.

- a. All Agreement-Water will be used within the boundaries of Buyer’s Transfer Participants.
- b. The Water Authority shall be solely responsible for determining the identities of its members who shall receive an allocation of the water acquired and the quantity allocated to each of them.

4. QUANTITY AND ADJUSTMENTS TO QUANTITY:

Initials: _____

****Draft Template****

- a. **Quantity.** Seller agrees to sell and make available at the Point of Delivery to Buyer up to 20,000 acre-feet of Agreement-Water through groundwater substitution, subject to Buyer's call on Agreement-Water pursuant to Paragraphs 6, and subject to the other terms and conditions of this Agreement.
- b. **Availability.** The quantity of Agreement-Water that Seller makes available for transfer through groundwater substitution during any month shall be as determined by Reclamation in accordance with the terms and conditions of the Approval Agreement. Following Seller's actions to make Agreement-Water available at the Point of Delivery, Reclamation shall determine and confirm the final amount of Agreement-Water made available during such month.
- c. **Groundwater Depletion.** Water pumped by Seller, if any, for use in place of the surface water made available to Buyer pursuant to this Agreement will be subject to an Assumed Depletion Loss of 20%, or an alternate amount of depletion losses as determined by Reclamation in accordance with the Final 2026-2027 North to South Water Transfers Environmental Assessment/Initial Study (EA/IS) or determined by the SWRCB Order approving Seller's petition(s) for transfers, if filed, for such Agreement-Water. Seller shall bear the cost of the Assumed Depletion Losses, and payment due to Seller is based on the net quantity of water made available to Buyer after Assumed Depletion Losses are applied. For purposes of this Agreement, "**Assumed Depletion Loss**" means the total reduction in stream flow assumed by Reclamation to result from additional groundwater pumping that may occur as a result of this Agreement. The Parties acknowledge that, as of the effective date of this Agreement, Seller does not concede that there are adequate data or analyses supporting the Assumed Depletion Loss. The Assumed Depletion Loss for this Agreement shall in no manner whatsoever constitute a precedent for any determination or allocation of depletion loss in connection with any future water transfer involving Seller, or in connection with any determinations by any regulatory agency regarding the classification of the water pumped by the Seller. Nothing in this Agreement constitutes an admission by Seller for purposes of future transfers that any regulatory requirements imposed on the transfer under this Agreement are required under applicable law.
- d. **Losses.** Buyer shall bear all other Carriage Losses and Depletions, including without limitation Delta carriage water loss and California Aqueduct/Delta-Mendota Canal conveyance losses imposed on Agreement-Water between Seller's Point of Delivery and Buyer's delivery to the Transfer Participants within Buyer's service area.
- e. **Operational/Regulatory Limitations on Buyer's Ability to Export/Litigation Termination.** If Buyer makes a final call for Agreement-Water made available by groundwater substitution, but due to regulatory or operational constraints, Reclamation is unable to store such water at Reclamation's facilities on the Sacramento River or to deliver such water to Buyer through Delta pumping facilities at the time such water is scheduled to be made available by Seller, or if Reclamation terminates the Approval Agreement, Buyer shall provide to Seller at least a 72-hour notification to reduce, suspend, or terminate groundwater pumping. The Parties shall promptly meet and confer regarding the details

Initials: _____

****Draft Template****

and specifics of any such regulatory and operational constraints, and cooperate in good faith to determine when Seller's groundwater pumping may resume making water available to Buyer. If the Parties cannot develop a mutually acceptable plan for the resumption of groundwater pumping and the diversion of all or a portion of the transfer water, Buyer shall still be obligated to pay for all of the water made available prior to the end of the 72-hour notification period, but not for any groundwater that has at that time not yet been pumped by Seller. Further, if Buyer and Seller mutually agree to terminate this Agreement under Paragraph 14.b or 16.b.i, Buyer may provide the same 72-hour notification and shall be obligated to pay for all of the water made available up to the end of the 72-hour notification period, but not for any groundwater that has not yet been pumped by Seller at the end of the 72-hour period.

- 5. PURCHASE PRICE:** Subject to Buyer's call on Agreement-Water under Paragraphs 6, Buyer agrees to purchase and pay for Agreement-Water at the Point of Delivery. The purchase price shall be \$__ per acre-foot for water made available by Seller and that Reclamation determines is transferrable.

Notwithstanding the foregoing, the price per acre-foot will not be lower than the price Buyer pays to any other Seller in the Sacramento Valley in 2026 for groundwater substitution transfers.

6. CALL DATE AND "TAKE OR PAY" OBLIGATION FOR WATER MADE AVAILABLE THROUGH GROUNDWATER SUBSTITUTION:

- a. **Call.** Seller will notify Buyer and Reclamation, in writing, of the quantity of Agreement-Water offered by June 8, 2026. On or before 5:00 p.m. on June 10, 2026, (the "Call Date"), Buyer shall notify Seller and Reclamation, in writing, of the quantity of offered Agreement-Water Buyer intends to purchase. Buyer shall provide further notice, on or before 5:00 p.m. on June 24, 2026 (the "Final Call Date") of the final amount of water Buyer agrees to purchase from Seller.
- b. **Option.** Concurrently with the notice given on the Call Date, Buyer shall tender to Seller an option payment of \$20 per acre-foot for the quantity of Agreement-Water Buyer has specified on such Call Date. All option payments will be applied to the total purchase price of water requested by Buyer on the Call Date; however, the option payment shall be non-refundable.
- c. **"Take or Pay" Obligation.** Buyer will have a "take or pay" obligation upon Buyer's notification to Seller of the quantity of Agreement-Water Buyer wishes to purchase on the Call Date, and Buyer may not elect to order or pay for less than the amount specified in the notice to Seller, except when and to the extent Buyer has provided 72 hours' notice pursuant to Paragraph 4.e. or the Parties have mutually agreed to terminate the Agreement.

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7. INVOICING AND PAYMENTS: The Buyer shall make payment(s) directly to the Seller as set forth in this Paragraph.

- a. Seller shall invoice Buyer on a monthly basis following the end of each calendar month for the Agreement-Water made available during such calendar month based on the \$ ___ per acre-foot rate. Buyer shall pay such invoices within forty-five (45) days of Buyer's receipt of the invoice and interest shall be paid at the annual interest rate of ten percent (10%) on any invoices that remain unpaid forty-five (45) days after receipt of the invoice. Payment shall be made to:

Name
Address
Email

- b. Notwithstanding Paragraph 7.a., Buyer will retain ten percent (10%) of invoice amounts pending Reclamation's final confirmation that the quantity of Agreement-Water was made available at the Point of Delivery. Based upon the final confirmation of Agreement-Water made available at Seller's Point of Delivery, Buyer is authorized to calculate the total payments due from Buyer to Seller, to withhold any overpayment, and to remit the balance of the 10% withheld. Interest shall not accrue as to amounts withheld pursuant to this subsection. Buyer shall remit the final 10%, adjusted as may be provided in this Paragraph, within thirty (30) days following Reclamation's final confirmation of Agreement-Water made available at the Point of Delivery.
- c. Seller shall provide Buyer with detailed invoices supporting all reimbursable expenses incurred pursuant to Paragraph 16, and Buyer shall pay such invoices per Paragraph 7.a. Seller shall provide Buyer all invoices for reimbursable expenses pursuant to Paragraph 16 no later than ninety (90) days after the termination of this Agreement. Notwithstanding the foregoing, invoices specifically related to reimbursable expenses for preparation and completion of the final 2026 water transfer report required under the Approval Agreements, shall be provided no later than one-hundred and eighty (180) days after the termination of the Agreement.
- d. Failure by Seller to make Agreement-Water available at the Point of Delivery as provided under this Agreement will reduce Buyer's obligation to make payment for Agreement-Water on a per-acre foot basis.

8. REFUNDS: In the event Seller fails to provide the amount of Agreement-Water Buyer has purchased in accordance with Paragraphs 6, subject to Seller's right to terminate for shortages as stated in Paragraph 10, Seller will promptly refund to Buyer any payments made for purchased water not provided at the Point of Delivery by Seller. Any refunds shall include interest at the Local Agency Investment Fund rate for the period the money was held.

9. WATER QUALITY: The Seller makes no warranty or representations as to the quality or fitness for use of the Agreement-Water. Buyer, at its own expense, shall be responsible for all necessary measures for the testing, treatment, and other steps required for the intended uses of the Agreement-Water by the Buyer.

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- 10. SHORTAGE PROVISION/TERMINATION:** If the Seller’s surface water supplies are reduced below 100% of its contract quantities or if an Assumed Depletion Loss greater than 20% is imposed, or if Seller is unable to make available the full quantity of Agreement-Water listed in Paragraph 4.a due to unforeseen circumstances or for reasons beyond Seller’s control, Seller, at its sole discretion, may terminate this Agreement or, may suspend, reduce, or cease groundwater pumping. Prior to termination or, as applicable, as quickly as possible following any action to suspend, reduce or cease groundwater pumping, Seller and Buyer shall confer to determine if, as an alternative to termination, the amount or price of Agreement-Water to be made available by Seller under this Agreement can be adjusted.
- 11. WATER SCHEDULING:** Buyer, in coordination with Seller and Reclamation, will develop a schedule for delivery of Agreement-Water called upon by Buyer, made available by Seller at the Point of Delivery in accordance with the Approval Agreement, and to assure, to the extent possible, that Agreement-Water made available by Seller can be pumped at the C.W. “Bill” Jones Pumping Plant and/or the Harvey O. Banks Pumping Plant.
- 12. DIVERSION COSTS:** All fees, permitting, construction, reconstruction, and maintenance costs for facilities necessary or used to divert Agreement-Water once it is delivered at the Point of Delivery by Seller shall be borne solely by Buyer. Buyer is solely responsible for all costs associated with treatment, diversion head-works, pumping facilities, etc., to divert, convey, transport, treat, and deliver Agreement-Water to the Buyer’s Transfer Participants.
- 13. ENVIRONMENTAL REVIEW:** Reclamation and Buyer have completed the 2026-2027 North to South Water Transfers Environmental Assessment/Initial Study (“EA/IS”) for the range of potential, single-year north to south transfers that may occur in 2026 and 2027. The Buyer is scheduled to approve the IS on May 14, 2026, and Reclamation approved the EA and adopted a Finding of No Significant Impact on March 16, 2026. Buyer and Seller intend to rely on the EA/IS in compliance with CEQA and NEPA for the purposes of performing under this Agreement.
- 14. TERMINATION:** In the event of termination of this Agreement or Reclamation’s termination of the Approval Agreement, the Parties shall thereafter be under no further obligation or responsibility hereunder, and will release the other party from further obligations under this Agreement, except for their respective shares of costs incurred prior to the effective date of termination, which includes administration expenses under Paragraph 16.a. and may include certain litigation costs under paragraph 16.b. and Buyer’s take or pay obligation under Paragraph 6.d., unless limited by Paragraph 16.b.i. The Parties to this Agreement shall have the right of termination as set forth in Paragraph 10, and this Paragraph:
- a. If regulatory approval(s) and any additional required environmental review actions (e.g. CEQA and/or NEPA compliance actions) are not satisfied by June 25, 2026, either Party may, by written notice to the other Party, terminate this Agreement unless both Parties agree to extend the date for such approval(s) and/or environmental review.

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- b. If, in the reasonable judgment of either Seller or Buyer, the costs of any litigation challenging this Agreement, any restrictions, fees, charges or costs imposed in the approvals of any regulatory agency, mitigation measures imposed by any agency pursuant to CEQA or NEPA, or any relief afforded to third parties in any action brought in state or federal court involving this Agreement, are too burdensome in relation to the benefits to be received under this Agreement, then that Party so determining may terminate this Agreement. If Buyer so elects to terminate the Agreement, Buyer shall still be obligated to pay for all of the Agreement-Water made available prior to such termination, for administrative expenses under Paragraph 16.a. and litigation expenses under 16.b., and for Buyer's take or pay obligation under Paragraphs 6.d.; provided, if Seller terminates in accordance with Paragraph 16.b.i., Buyer shall not be obligated for Buyer's take or pay obligation under Paragraph 6.d. for all Agreement-Water that has not yet been made available as of the date of such termination.

15. CONDITIONS PRECEDENT/APPROVALS:

- a. Except as provided in Paragraph 16 with respect to reimbursement of costs, the Parties' performance under this Agreement is contingent on the Parties obtaining any and all necessary approvals from any third-party agency for delivery of Agreement-Water.
- b. It is a condition precedent to Seller's obligations to make available Agreement-Water, and to Buyer's obligation to pay for Agreement-Water under this Agreement, that Reclamation, Seller, and Buyer execute a three-party Approval Agreement substantially in the form attached as Exhibit "A," by the terms of which Reclamation accepts Agreement-Water as water available to Reclamation for subsequent appropriation/delivery under its state water rights permits for the CVP and agrees to the terms and conditions for its delivery of such water to Buyer. If such Approval Agreement is not executed, or if the required approval of any other third party agency for delivery of Agreement-Water is not provided by June 25, 2026, Buyer shall have no further obligations under this Agreement, except to pay its respective share of administrative costs incurred prior to the effective date of termination per Paragraph 16.a., and for any litigation expenses assigned to Buyer under Paragraph 16.b.
- c. Seller is responsible for obtaining necessary approvals from Reclamation, DWR, and if necessary, the SWRCB, to transfer the Agreement-Water at the Point of Delivery. Buyer is responsible for obtaining all authorizations from Reclamation and DWR for conveyance of the Agreement-Water to Buyer's place of use.

16. ADMINISTRATIVE AND LITIGATION EXPENSES:

- a. **Administrative Expenses.** Buyer will reimburse Seller's Reimbursable Administrative Expenses ("RAE") defined as Seller's reasonable out-of-pocket expenses, including but not limited to actual legal and engineering consultants' fees and expenses incurred by Seller in preparing, negotiating, submitting and coordinating the review of the water transfer proposal(s) and related document from Reclamation, DWR and other agencies/ counties as applicable, actual legal and engineering

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consultants' fees and expenses in negotiating and developing a Water Purchase Agreement (WPA), and any water transfer application or petition fees charged by agencies/counties.

The total limit of the Seller's RAE eligible for reimbursement by the Buyer is \$75,000 for transfer proposals equal to or greater than 1000 acre-feet. In the event the Seller petitions the SWRCB for the transfer, expenses eligible for reimbursement by the Buyer will be increased by the actual petition application fee expense paid to the SWRCB and the Department of Fish and Wildlife.

In lieu of each Seller entering into separate Letter Agreements with Reclamation, the Buyer has entered into a Letter Agreement with Reclamation for all costs associated with Reclamation's review and approval of all proposals. Reclamation's review cost was previously included as Seller's reimbursable administrative cost.

Buyer shall not be required to reimburse Seller for time spent by its directors, officers or employees relating to this transfer. Seller shall be entitled to this reimbursement starting on the date of January 23, 2026 for costs incurred for the 2026 water transfer, regardless of whether Agreement-Water is transferred or if the Agreement is terminated under Paragraphs 10 or 14. If Seller fails to provide any Agreement-Water due to its own action or inaction, Seller will not be entitled to reimbursement and any reimbursements made by the Buyer will be fully refunded by the Seller to the Buyer; provided, if Seller terminates the Agreement because of a reduction in water supply under Paragraph 10, Seller shall be entitled to reimbursement despite the termination. Invoicing of administrative expenses shall be pursuant to the procedures set forth in Paragraph 6.a.

b. Litigation, Attorneys' Fees and Third-Party Challenges.

- i. Subject to Paragraph 16.b.ii. and 16.b.iii., in the event of litigation or an administrative challenge related to this Agreement, Seller and Buyer will promptly meet and confer to perform a risk assessment of the litigation/challenge and cooperate in good faith to determine whether to terminate the Agreement due to the litigation/challenge. Either Party may elect to terminate the Agreement due to any such litigation/challenge. If Buyer so elects to terminate the Agreement due to any such litigation/challenge, Buyer shall still be obligated to pay for all of the Agreement-Water made available at the Point of Delivery prior to such termination; for Seller's administrative expenses in accordance with Paragraph 16.a.; for any litigation expenses in having the proceeding dismissed or otherwise resolved; and for Buyer's take or pay obligation under Paragraphs 6.d. If Seller so elects to terminate the Agreement, Buyer shall still be obligated to pay for all of the Agreement-Water made available at the Point of Delivery prior to such termination; for Seller's administrative expenses in accordance with Paragraph 16.a.; and for any litigation expenses in having the proceeding dismissed or otherwise resolved; but Buyer shall not be obligated to pay for the Buyer's take or pay obligation under Paragraphs 6.d. for all Agreement-Water that has not yet been made available as of

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the date of such termination. Regardless of whether the agreement is terminated, and except as set forth in subsections 16.b.ii. and 16.b.iii., below, if litigation is pending, Buyer shall have primary responsibility for defending against such litigation on behalf of both Buyer and Seller, either as a defendant, respondent, real party in interest or intervenor; and Seller shall participate in defending against such litigation to the extent it deems necessary or appropriate, in Seller's sole discretion. Buyer shall bear its own costs of litigation and shall pay any monetary award, the costs of any remedial actions, and any award of challenger's attorneys' fees associated therewith, whether levied against Buyer or Seller. Buyer shall also reimburse one-hundred percent (100%) of Seller's actual out-of-pocket expenses Seller incurs for defending this Agreement and against any related litigation under this Paragraph 16.b.i.

- ii. As to claims solely challenging Seller's conduct in Seller's service area, Seller shall have primary responsibility for defending such claims on behalf of both Seller and Buyer, and Buyer shall participate in defending against such claims to the extent it deems necessary or appropriate, in Buyer's sole discretion. Buyer shall bear its own fees and costs of defending against such claims. Except as provided in Paragraph 16.a. regarding general cost reimbursement, Seller shall bear its own fees and costs of defending against such claims. Seller shall pay all monetary awards associated with claims challenging Seller's conduct in Seller's service area.
- iii. To the extent litigation includes multiple claims, the Parties agree to meet and confer in good faith to determine whether or not the action includes claims described under Paragraphs 16.b.i. and 16.b.ii. The Parties agree that any claim identified as subject to Paragraph 16b.ii. shall be defended as provided in Paragraph 16.b.ii. and the balance of such claims shall be defended as provided in Paragraph 16.b.i.

17. WATER RIGHTS: The Agreement-Water transferred under this Agreement is a portion of the surface water available to Seller, and diverted in accordance with Seller's Sacramento River Settlement Contract. Consistent with the provisions of California Water Code Sections 109, 475, 1011, 1244, and 11961, the water transfer performed under this Agreement shall not confer any appropriative, public trust or other right to water on any person or entity. Nothing in this Agreement shall act as forfeiture, diminution, or impairment of any rights of Seller to its full diversion of water after the expiration of the Agreement, and this Agreement shall in no way prejudice any of Seller's rights thereto. The Parties agree that the water transferred under this Agreement is considered a beneficial use of water under California law.

18. BUYER'S PAYMENT OF RECLAMATION'S COSTS, RATES, AND CHARGES: Buyer shall be responsible for payment of all costs incurred by Reclamation, and imposed upon Seller, for Reclamation's review, approval, implementation, and administration of this Agreement and the Approval Agreement, as set forth in a separate Letter Agreement between Buyer and Reclamation. Seller will be responsible for the payment directly to Reclamation of contract rates for any Agreement-Water made available from CVP water ("**Project Water**") under the terms of the Approval Agreement and the Letter Agreement. Buyer shall be

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responsible for payment of any and all incremental costs, rates, charges and assessments that Reclamation imposes upon the delivery of the Sellers' Base Supply water delivered as Project Water to Buyer under the terms of the Approval Agreement and the Letter Agreement.

19. BUYER'S PAYMENT OF DWR'S COSTS, RATES, AND CHARGES: Buyer shall be responsible for payment of all costs incurred by DWR, and imposed upon Seller, for DWR's review, approval, implementation, and administration of this Agreement and any DWR Conveyance Agreement. Buyer shall be responsible for any and all costs, rates, charges and assessments that DWR imposes upon Seller for conveyance of Agreement-Water under the terms of any DWR Conveyance Agreement.

20. COOPERATION: To the extent reasonably required, each Party to this Agreement shall, in good faith, assist the other in obtaining all such necessary approvals and preparation of required environmental documents. The Parties agree to cooperate and assist each other in good faith in meeting such requirements of regulatory agencies as may be applicable to performance of any terms of the Agreement.

21. WAIVER OF RIGHTS: Any waiver, at any time, by a Party of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

22. ASSIGNMENT: This Agreement is entered into in reliance on water supplies available to Seller, the credit of Buyer, and the need of Buyer's Transfer Participants for water, and therefore any assignment of this Agreement in whole or in part without the prior written consent of the other Party hereto is prohibited.

23. NOTICES: All notices that are required, either expressly or by implication, to be given by any Party to the other under this Agreement shall be signed on behalf of the Seller and Buyer by such officers as they may, from time, authorize in writing to so act.

a. Any notices to Parties required by this Agreement shall be delivered or mailed, United States first-class postage prepaid, by fax or by electronic mail at the following addresses, fax numbers, or electronic mail addresses:

SELLER NAME

_____, General Manager

Address

Phone:

Fax:

Email:

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Pablo Arroyave, Chief Operating Officer
San Luis & Delta Mendota Water Authority
15990 Kelso Road

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Byron, CA 94514
Phone: (209) 832-6200
Fax: (209) 833-1034
Email: pablo.arroyave@sldmwa.org and copy Frances Mizuno
mizunoconsulting@gmail.com

- b. Notice shall be deemed given (a) two calendar days following mailing via regular or certified mail, return receipt requested, (b) one business day after deposit with any one-day delivery service assuring “next day” delivery, (c) upon actual receipt of notice, or (d) upon transmission, if by facsimile or electronic mail, whichever is earlier. The Parties shall promptly give written notice to each other of any change of address, and mailing or shipment to the addresses stated herein shall be deemed sufficient unless written notification of a change of address has been received.

24. APPROVALS: Where the terms of this Agreement provide for action to be based upon a judgment, approval, review, or determination of either Party, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

25. ARBITRATION: In the event of a dispute between the Parties as to any right, alleged right, obligation or alleged obligation under this Agreement, the Parties shall make a good faith effort to resolve the dispute. In the event that a resolution of the dispute cannot be reached despite these efforts, either Party may declare an impasse and its intent to submit the matter to arbitration. Any such arbitration shall be held and conducted before one arbitrator who shall be selected by mutual agreement of the Parties. If agreement is not reached on the selection of an arbitrator within fifteen (15) days after a Party has notified the other Party of its election to submit to arbitration, then such arbitrator shall be appointed by the presiding judge of the Superior Court of Merced County upon application of either Party hereto. The award or decision of the arbitrator shall be final and judgment may be entered thereon. The provisions of Title 9 of Part 3 of the California Code of Civil Procedure, including §1283.05, and successor statutes, permitting expanded discovery proceedings shall be applicable to all disputes which are arbitrated pursuant to this paragraph.

26. OTHER AGREEMENTS: Nothing contained herein restricts the Seller from providing water services and sales to others as authorized by law which do not unreasonably interfere with Seller’s obligations hereunder.

27. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement between the Seller and Buyer and supersedes any oral agreement, statement, or promise between them relating to the specific subject matter of this Agreement that is not covered in the Approval Agreement. Any amendment, including oral modifications, must be reduced to writing and signed by both Parties to be effective.

28. COUNTERPARTS: This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall not be effective until the execution and delivery between

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each of the Parties of at least one set of counterparts. The Parties authorize each other to detach and combine original signature pages and consolidate them into a single identical original. Any one of such completely executed counterparts shall be sufficient proof of this Agreement.

29. GENERAL INTERPRETATION: The terms of this Agreement have been negotiated by the Parties hereto and the language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the Party causing such instrument or any portion thereof to be drafted, or in favor of the Party receiving a particular benefit under the Agreement. No rule of strict construction will be applied against any person.

30. AGREEMENT NOT PRECEDENT: The Parties acknowledge and agree that nothing in this Agreement shall be considered precedent for any agreements for purchase and sale of water between the Parties in any future year.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first above written.

BUYER: SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

By: _____ Date: _____
Federico Barajas, Executive Director

SELLER:

By: _____ Date: _____
, President/General Manager

Initials: _____

Exhibit 3



United States Department of the Interior

BUREAU OF RECLAMATION
2800 Cottage Way
Sacramento, CA 95825-1898



IN REPLY REFER TO:

CGB-440
2.2.4.23

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VIA ELECTRONIC MAIL AND U.S. MAIL

Mr. Pablo Arroyave
Chief Operation Officer
San Luis and Delta-Mendota Water Authority
P.O. Box 2157
Los Banos, CA 93635

Subject: Letter Agreement Number 26-WC-20-6425 - Reimbursable Account for Assisting with San Luis and Delta-Mendota Water Authority and its Participating Members Effectuate Water Transfers in 2026

Dear Mr. Arroyave:

The Bureau of Reclamation (Reclamation) recognizes that San Luis and Delta-Mendota Water Authority (SLDMWA) represents various members located South of the Delta who are interested in participating in a water transfer program with those located North of the Delta. In efforts to mitigate water shortages due to recent water allocations for 2026, SLDMWA and their participating members are soliciting willing sellers for the transfer of their surface water. Several CVP contractors using surface water from the Sacramento River have expressed interest in transferring up to 32,000 acre-feet of water, made available through groundwater substitution to the participating members. During this process, SLDMWA would negotiate with the sellers, on behalf of the participating members, to identify potential transfers and define the specifics of each transfer arrangement.

The purpose of this letter is to obtain agreement from SLDMWA to pay, in advance, the costs incurred by Reclamation, which may include, but are not limited to, review of the water transfer proposal; review of the 2026-2027 North to South Water Transfers Environmental Assessment/Initial Study, prepared for this action to assure the proposed water transfer(s) conform to the types of transfer(s) proposed in stated documents; preparation of the consent letter, if Reclamation determines it can consent to the proposed transfer(s); administration of the water transfer(s); review of final reports; and close out of the water transfer(s).

By counter signing this Letter Agreement, SLDMWA agrees to the following conditions:

1. SLDMWA shall submit to Reclamation an initial advance deposit of \$50,000 to be deposited into an account established for this action. Reclamation agrees the total cost to complete this process will not exceed \$100,000 absent further written approval from SLDMWA. If any mitigation is required for compliance with the National Environmental

INTERIOR REGION 10 • CALIFORNIA-GREAT BASIN

CALIFORNIA*, NEVADA*, OREGON*

* PARTIAL

Policy Act (NEPA) for this action, all costs associated with such mitigation will be the responsibility of SLDMWA.

2. Upon written request, Reclamation will provide SLDMWA with a quarterly statement of account balance and a summary of expenses incurred by Reclamation in connection with this action. If the account balance reaches \$10,000 or less, an additional deposit of \$10,000 will be required, and SLDMWA shall pay such additional deposit to Reclamation within ten (10) days of notification by Reclamation. In the event Reclamation foresees expenditures in excess of the account balance, Reclamation will notify SLDMWA of the need for additional deposits in excess of the foregoing amount and will provide SLDMWA with a detailed itemization of the anticipated expenditures, and SLDMWA shall pay the amount requested to Reclamation within ten (10) days of the request.
3. At SLDMWA's request, Reclamation will provide a detailed record of actual costs incurred by Reclamation within sixty (60) days of such request.
4. This Agreement is effective as of the date signed by the SLDMWA and will remain in effect until the transfer(s) are closed out or this Agreement is terminated by either party upon thirty (30) days written notice to the other party, provided that SLDMWA shall submit additional funds, if needed, to pay Reclamation's cost up to date of termination. Any excess funds in the account will be refunded to the SLDMWA within sixty (60) days after termination of this Agreement.

Please have the appropriate individual sign and return this Agreement, along with documentation which authorizes the individual to sign on behalf of SLDMWA, to the Bureau of Reclamation, Attn: Anitalee Bronner, CGB-440, 2800 Cottage Way, Sacramento, CA 95825.

Once Reclamation receives the signed agreement, a down payment (DP) invoice will be forwarded to you via email from our Accounting Services Office email bor-sha-cgb-rm1@usbr.gov. You may remit payment via the following methods: Pay.gov (www.pay.gov/public/form/start/596136970), Electronic Funds Transfer (EFT), or Automated Clearing House (ACH) Electronic Transfer Payments.

If there are any questions, please contact Ms. Anitalee Bronner, Repayment Specialist, Water Rights and Contracting Branch via email at abronner@usbr.gov.

Sincerely,

Scott Springer
Regional Resources Manager, Acting

In Duplicate

San Luis and Delta-Mendota Water Authority

Date

Title

cc: Ms. Frances Mizuno

bc: CGB-150 (MDekar), -200 (MLyttge), -400 (SSpringer), -440 (DWhite), -3600 (JHeintz)
CVO-400 (RField), NC-446 (JBerens), SCC-102 (REmerson), SCC-400 (DHyatt)

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