



# Official Memorandum

PO Box 2157  
Los Banos, CA 93635  
[sldmwa.org](http://sldmwa.org)

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To: SLDMWA Finance & Administration Committee, Alternates  
SLDMWA Board of Directors, Alternates

From: Pablo Arroyave, Chief Operating Officer  
Jaime McNeil, Engineering Director

Date: June 1, 2026

RE: Adoption of Resolution Authorizing Execution of Mitigation Credit Purchase and Sale Agreement for the Delta-Mendota Canal Subsidence Correction Project and Related Expenditure of Up to \$1.2 Million

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## Background

The Delta-Mendota Canal (DMC) Subsidence Correction Project (Project) includes restoring the original design conveyance capacity of the DMC by raising the canal lining and embankments, as well as other structures such as bridges, overchutes, and pipe crossings. The DMC is one of the major components of the Delta Division of the U.S. Bureau of Reclamation's (Reclamation) Central Valley Project (CVP) and is considered critical infrastructure. The San Luis & Delta-Mendota Water Authority (Water Authority) and Reclamation are committed to restoring the original capacity to ensure the DMC can meet the needs of the communities and ecosystems reliant upon it.

The Water Authority and Reclamation completed environmental compliance for the Project through a joint National Environmental Policy Act (NEPA)/California Environmental Quality Act (CEQA) document, a joint Environmental Assessment/ Initial Study/Mitigated Negative Declaration. In February 2026, the Water Authority's Board of Directors adopted the Mitigated Negative Declaration for the Project, including CEQA Findings of Fact, and a Mitigation Monitoring Reporting Plan (MMRP) to require that all reasonably feasible mitigation measures be implemented by means of Project conditions, agreements, or other measures, as set forth in the MMRP. The Water Authority subsequently filed a Notice of Determination with the State Clearinghouse.

In addition to the joint NEPA/CEQA compliance, Reclamation and the Water Authority have engaged in interagency consultation in connection with the Project under Section 7(a)(2) of the Endangered Species Act, Section 106 of the National Historic Preservation Act, and other applicable requirements.

The U.S. Fish and Wildlife Service (USFWS) issued a biological opinion (BiOp) to Reclamation regarding the Project on February 17, 2026, in which the USFWS concluded that the Project, as proposed, is not likely to jeopardize the continued existence of the San Joaquin Kit Fox, California tiger salamander, or California red-legged frog. The BiOp includes conservation measures that were analyzed as part of the Project and are viewed by USFWS as necessary to minimize effects on the kit fox, salamander, and frog, including "the purchase of 3.49 acre of aquatic salamander and frog [mitigation] credits and 53.4 acre of upland salamander and frog credits (56.89 acres total) at a Service approved Conservation Bank," which "will be purchased prior to the start of proposed project activities." (2026 BiOp, p. 15.)



Reclamation and the Water Authority, in coordination with the USFWS, intend to implement a phased approach to the purchase of required mitigation credits to align with each phase of Project construction. This means that the total 56.89 acre purchase is not required prior to initiating the Project.

Construction work associated with Phase 1, Task 1 activities is scheduled to begin in June 2026, which requires prompt action to purchase salamander and frog mitigation credits.

## Issues for Decision

Whether the Finance & Administration Committee should recommend, and the Board of Directors should authorize, adoption of resolution authorizing execution of a Mitigation Credit Purchase and Sale Agreement for the DMC Subsidence Correction Project including adoption of single source procurement justification and expenditure of up to \$1.2 million.

## Recommendation

Staff recommends adoption of the proposed resolution.

## Analysis

To enable the timely purchase of the mitigation credits necessary for Task 1 activities, Reclamation approached the Water Authority to assist in procurement, utilizing available nonreimbursable funds from California Department of Water Resources (DWR) and One Big Beautiful Bill Act (OBBBA) funding awards. Reclamation and the Water Authority researched available mitigation credits in mitigation banks service areas that encompass the Project, focusing on approved conservation banks with aquatic and upland salamander and frog mitigation credits that could be “stacked,” i.e. that allow the purchase of one acre of land that satisfies the credit obligation for two species.

The Regulatory in-Lieu Fee and Bank Information Tracking System (Ribits) was used to search for mitigation banks with aquatic and upland credits. Ribits shows the current status of mitigation banks. Ribits identified 21 mitigation banks with service areas that encompass the work associated with Task 1 activities. An approved mitigation bank must be used for mitigation for this project. Currently, there is one approved mitigation bank identified in the Project area that can currently supply the credits required prior to construction and possesses aquatic and upland salamander and frog mitigation credits that can be stacked. This leaves the Doolan Canyon Conservation Bank, located near the City of Dublin in Alameda County, as the sole source option.

Reclamation and the Water Authority negotiated the proposed Mitigation Credit Purchase and Sale Agreement (Agreement) with Natural Resources Group, Inc., the Bank Sponsor. Under the terms of the Agreement, the Water Authority would purchase up to 8.76 acres of upland salamander and frog credits and up to 1.22 acres of aquatic salamander and frog credits to compensate for the loss of California red-legged frog and California tiger salamander habitat, at the price of \$600,000 per aquatic and \$50,000 per upland acre. While the Agreement has been reviewed by staff and is near final, the final number of acres of upland and aquatic credits necessary prior to initiating construction of Task 1 is being finalized with USFWS and Reclamation, and it is possible that some edits may be required before the Agreement is finalized and executed. For this reason, in the resolution staff is requesting authorization to execute the Agreement in



substantial form, including, if necessary, to modify the Agreement to purchase the upland credits separately from the aquatic credits.

## Budget Implications

The additional proposed expenditure of up to \$1.2 million would be funded utilizing existing FY2023 and FY2024 EO&M Funds, and then reimbursed by the DWR grant funds.

## Attachments

1. Proposed Resolution Authorizing Execution of Mitigation Credit Purchase and Sale Agreement for the Delta-Mendota Canal Subsidence Correction Project and Related Expenditure of Up To \$1.2 Million
2. Proposed Mitigation Credit Purchase and Sale Agreement
3. Single Source Procurement Justification Form

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

**RESOLUTION NO. 2026-**

**RESOLUTION AUTHORIZING EXECUTION OF MEMORANDUM OF UNDERSTANDING REGARDING FUTURE CREDIT TRANSFER PROCESSING ASSISTANCE AND CREDIT SALE AND TRANSFER AGREEMENT FOR THE DELTA-MENDOTA CANAL SUBSIDENCE CORRECTION PROJECT AND RELATED EXPENDITURE OF UP TO \$1.2 MILLION**

**WHEREAS**, the San Luis & Delta-Mendota Water Authority (“**Water Authority**”) is a transferred works operator responsible for the operation, maintenance, and replacement (“**OM&R**”) of certain Central Valley Project (“**CVP**”) facilities, including the Delta-Mendota Canal (“**DMC**”); and

**WHEREAS**, the Water Authority and the U.S. Bureau of Reclamation (“**Reclamation**”) have been pursuing the Delta-Mendota Canal Subsidence Correction Project (“**DMC Subsidence Correction Project**” or “**Project**”) to restore the original design conveyance capacity of the DMC by raising the canal lining and embankments, as well as other structures such as bridges, overchutes, and pipe crossings, to ensure the DMC can meet the needs of the communities and ecosystems reliant upon it; and

**WHEREAS**, the Water Authority and Reclamation completed environmental compliance for the Project through preparation of a joint National Environmental Policy Act (“**NEPA**”)/California Environmental Quality Act (“**CEQA**”) document, a joint Environmental Assessment/ Initial Study/Mitigated Negative Declaration; and

**WHEREAS**, in February 2026, via Resolution No. 2026-555, the Water Authority’s Board of Directors (“**Board**”) adopted the Mitigated Negative Declaration for the Project, including CEQA Findings of Fact, and a Mitigation Monitoring Reporting Plan (“**MMRP**”) to require that all reasonably feasible mitigation measures be implemented by means of Project conditions, agreements, or other measures, as set forth in the MMRP; and

**WHEREAS**, in addition to the joint NEPA/CEQA compliance, the Water Authority and Reclamation have engaged in interagency consultation in connection with the Project under Section 7(a)(2) of the Endangered Species Act (“**ESA**”), Section 106 of the National Historic Preservation Act, and other applicable requirements; and

**WHEREAS**, pursuant to the ESA, the U.S. Fish and Wildlife Service (“**USFWS**”) issued a biological opinion (“**BiOp**”) to Reclamation regarding the Project on February 17, 2026, in which the USFWS concluded that the Project, as proposed, is not likely to jeopardize the continued existence of the San Joaquin Kit Fox, California tiger salamander, or California red-legged frog; and

**WHEREAS**, the BiOp includes conservation measures that were analyzed as part of the Project and are viewed by USFWS as necessary to minimize effects on the kit fox, salamander,

and frog, including the purchase of 3.49 acres of aquatic salamander and frog mitigation credits and 53.4 acres of upland salamander and frog credits (56.89 acres total) at a USFWS-approved Conservation Bank, which will be purchased prior to the start of proposed project activities (2026 BiOp, p. 15); and

**WHEREAS**, Reclamation and the Water Authority, in coordination with the USFWS, intend to implement a phase approach to the purchase of required mitigation credits to align with each phase of the Project construction, which means that the total 56.89 acre purchase is not required prior to initiating the Project; and

**WHEREAS**, construction work associated with Phase 1, Task 1 activities is scheduled to begin in June 2026, which requires prompt action to purchase salamander and frog mitigation credits; and

**WHEREAS**, Section 1.1 of the Water Authority's Consolidated Procurement Policy, adopted by Resolution No. 2025-547 on August 7, 2025, requires the Board to specifically authorize contracts greater than \$200,000, and Section 2.3 requires the Water Authority make specific findings prior to executing a single source contract; and

**WHEREAS**, the Water Authority has negotiated a Memorandum of Understanding Regarding Future Credit Transfer Processing Assistance and a Credit Sale and Transfer Agreement for the purchase of up to 8.76 acres of upland salamander and frog credits and up to 1.22 acres of aquatic salamander and frog mitigation credits, at the price of \$600,000 per aquatic and \$50,000 per upland acre; and

**WHEREAS**, single source procurement is justified as only Doolan Canyon Conservation Bank meets the Water Authority's needs for the Project, as described in **Attachment 1**; and

**WHEREAS**, the Credit Sale and Transfer Agreement will be funded utilizing existing FY2023 and FY2024 EO&M Funds, reimbursed by California Department of Water Resources ("DWR") grant funds; and

**WHEREAS**, the Credit Sale and Transfer Agreement is an administrative action that implements previously adopted and analyzed conservation measures and does not constitute a project under CEQA Guidelines section 15378.

**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 authorizes the Executive Director or Chief Operating Officer to execute the Memorandum of Understanding Regarding Future Credit Transfer Processing Assistance and Credit Sale and Transfer Agreement for Delta-Mendota Canal Subsidence Correction Project in substantially the form presented to the Board, subject to such additions, deletions, and other revisions as the said Executive Director or Chief Operating Officer shall approve prior to execution; adoption of single source procurement justification; and related

expenditure of up to \$1.2 million utilizing existing FY2023 and FY2024 EO&M funds reimbursed by DWR grant funds.

Section 3. The Executive Director, Chief Operating Officer, and any Water Authority employees, consultants, or agents directed by the Executive Director or Chief Operating Officer hereby are further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary or convenient for completing and implementing the activities authorized by this Resolution.

**PASSED, APPROVED AND ADOPTED** this 4th day of June, 2026, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

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Cannon Michael, Chair  
San Luis & Delta-Mendota Water Authority

Attest:

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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 4th day of June, 2026.

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Federico Barajas, Secretary

**MEMORANDUM OF UNDERSTANDING  
REGARDING FUTURE CREDIT TRANSFER PROCESSING ASSISTANCE**

This Memorandum of Understanding (this “**Memorandum**”) is entered into as of \_\_\_\_\_ by and among Natural Resources Group, Inc. as Bank Sponsor (“**Bank Sponsor**”), and the San Luis & Delta-Mendota Water Authority (the “**Purchaser**”) (collectively, the “**Parties**”).

RECITALS

A. The parties anticipate entering into that certain Credit Sale and Transfer Agreement (the “**CSTA**”) concerning the purchase, sale, and transfer of mitigation credits from the Doolan Canyon Conservation Bank (the “**Credits**”), the form of which is attached hereto as Exhibit A.

B. The Purchaser has indicated that, following the Closing Date under the CSTA, additional permits associated with the Delta-Mendota Canal Subsidence Correction Project (“**Future Permits**”) may be obtained from agencies other than the United States Fish and Wildlife Service, that could require modification, resubmittal, or submittal of an additional completed CSTA to make some or all of the Credits applicable to the Future Permits.

C. The parties desire to memorialize their current understanding regarding the Bank Sponsor’s willingness to cooperate with the Purchaser in connection with any future request to apply the Credits to such Future Permits, subject in all respects to applicable regulatory approvals and governing conservation banking requirements.

NOW, THEREFORE, the parties acknowledge and agree as follows:

1. Future Cooperation. In the event the Purchaser seeks approval from applicable regulatory agencies to apply some or all of the Credits toward mitigation requirements arising under additional permits associated with the Delta-Mendota Canal Subsidence Correction Project (“**Project**”), the Bank Sponsor shall, subject to the terms of this Memorandum, cooperate with the Purchaser in good faith and use commercially reasonable efforts to assist with administrative actions reasonably necessary to facilitate such request. Such assistance may include the preparation and execution of customary transfer documentation, coordination with applicable regulatory agencies, and submission of information through RIBITS or other applicable regulatory systems.

2. Regulatory Approvals. The parties acknowledge that any future transfer, reassignment, application, or recognition of Credits for purposes of the Future Permits shall be the sole responsibility of the Purchaser, and remain subject to all required approvals from the applicable regulatory agencies and shall be governed by the terms

of the Conservation Banking Enabling Instrument and all applicable laws, regulations, permits, and agency requirements. The Bank Sponsor shall have no obligation to process, effectuate, or recognize any such transfer or application of Credits unless and until all required regulatory approvals have been obtained.

3. No Assurance of Approval. The Purchaser acknowledges and agrees that Bank Sponsor has not made, and Bank Sponsor does not hereby make, any representation, warranty, covenant, or assurance regarding whether any regulatory agency will approve the future use of the Credits for any Future Permits, the timing of any such approval, or the ultimate utility of the Credits for such purpose.

4. No Expansion of Rights. Nothing contained in this Memorandum shall be construed to amend or modify the CSTA, expand the authorized uses of the Credits beyond those permitted by applicable regulatory approvals, alter any governing conservation banking documents, or require the Bank Sponsor to undertake any action that would be inconsistent with applicable law, regulatory requirements, or the terms of any governing conservation banking instrument.

5. Limitation of Liability. No Party shall have any liability arising from or relating to this Memorandum.

6. No Third-Party Beneficiaries. This Memorandum is solely for the benefit of the Parties hereto and shall not confer any rights or remedies upon any other person or entity.

7. Successors and Assigns. This Memorandum shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

8. Entire Understanding. This Memorandum constitutes the entire understanding among the Parties with respect to the subject matter hereof and supersedes all prior discussions, negotiations, correspondence, and understandings relating thereto.

9. Termination. This Memorandum may be terminated upon written agreement of the Parties.

[SIGNATURE PAGE FOLLOWS]

Bank Sponsor:

NATURAL RESOURCES GROUP, INC.

Memorandum

Page 2 of 3

By: \_\_\_\_\_

Name:

Title:

Purchaser:

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

By: \_\_\_\_\_

Name:

Title:

DRAFT

Exhibit A – Credit Sale and Transfer Agreement

DRAFT

## Credit Sale and Transfer Agreement

This Credit Sale and Transfer Agreement (“**Agreement**”) is entered into this \_\_\_\_\_ day of June, 2026, by and between Natural Resources Group, Inc. (“**Bank Sponsor**”) and the San Luis & Delta-Mendota Water Authority, which has funding and implementation responsibility for the Delta-Mendota Canal Subsidence Correction Project (“**Purchaser**”), jointly referred to as the “**Parties**,” as follows:

### RECITALS

A. The Bank Sponsor has developed the Doolan Canyon Conservation Bank located near the city of Dublin, Alameda County, California (“**Bank**”); and

B. The Bank has been developed pursuant to that certain Conservation Banking Enabling Instrument (“**CBEI**”) entered into by and among the Bank Sponsor, the Doolan Canyon Mitigation Associates, Inc. (“**Property Owner**”), and the U.S. Fish and Wildlife Service (“**USFWS**”) and the California Department of Fish and Wildlife (“**CDFW**”), referred to individually sometimes as a “**Conservation Bank Review Team (“CBRT”) Agency**,” and collectively as the “**CBRT**,” on July 9, 2025; and

C. The Bank is currently in good standing with the CBRT; and

D. The Bank Sponsor previously received approval from the CBRT to offer California tiger salamander breeding, California red-legged frog breeding, 1600 perennial marsh, 1600 ephemeral stream, 1600 ephemeral pool, 1600 ephemeral wetland, 1600 ephemeral tributary, California tiger salamander upland, California red-legged frog upland, San Joaquin kit fox foraging, golden eagle foraging, and burrowing owl foraging credits from the Bank (“**Credits**”) for Sale (defined below) pursuant to the terms of the CBEI and any amendments thereto; and

E. The CBEI defines “**Sale**” as the sale of Credits by the Bank Sponsor, and a “**Transfer**” as the use or application of Credits to mitigate for a particular project’s impacts by a person or entity seeking the Transfer (the “**Permittee**”); and

F. Pursuant to the terms of the CBEI, a Transfer may occur only if the Bank Sponsor has received: (i) a copy of the permit(s)/approval(s)/authorization(s) by the agency approving the use of the specified purchased Credits; and (ii) written notice from the Permittee that it is electing to use the specified purchased Credits toward the permit(s)/approval(s)/authorization(s) obligation (“**Notice**”); and Bank Sponsor has accepted the legal responsibility for providing the required compensatory mitigation of such permit(s)/approval(s)/authorization(s), if required; and

G. The Purchaser, which has funding and implementation responsibility for the Delta-Mendota Canal Subsidence Correction Project (“**Project**”), on its own behalf and on behalf of its project partner, U.S. Bureau of Reclamation, as Permittee (“**Permittee**”), is seeking to implement the Project described in Exhibit A attached hereto, which would unavoidably and adversely impact California red-legged frog and California tiger salamander upland habitat and seeks to compensate for the loss of California red-legged frog and California tiger salamander upland habitat by purchasing 8.76 SJKF Foraging/CRLF Upland/WEBO Foraging/GOEA Foraging/CTS Upland Credits (“**Specified Credits**”); and

H. The Purchaser and the Bank Sponsor wish to complete a Sale of the Specified Credits; and

I. The Purchaser, as Permittee, wishes to Transfer the Specified Credits and to effect the Transfer, has provided to the Bank Sponsor a copy of the permit(s)/approval(s)/authorization(s) by the agency approving the use of the Specified Credits, identified in Exhibit A, copies of which are attached hereto as Exhibit B and incorporated herein by reference, to compensate for impacts resulting from the Project.

J. Requests for Credit Transfers associated with a CDFW and/or USFWS permit or authorization must first be approved by CDFW and/or USFWS, as indicated on page 4 below, prior to full execution of this Agreement.

NOW, THEREFORE, the Parties agree as follows:

1. Purchase Price: The purchase price for the Specified Credits shall be \$438,000.00 (the “**Purchase Price**”). The Purchase Price shall be paid by means acceptable to the Bank Sponsor on the Closing Date (defined below).

2. Acknowledgement of Sale and Transfer. On the Closing Date, Bank Sponsor shall deliver to Purchaser a fully executed Bill of Sale (Exhibit C) and Payment Receipt (Exhibit D).

3. Closing; Closing Date. The closing will occur on or before **June 15th, 2026**, or such other date to which the Purchaser and the Bank Sponsor mutually agree in writing (the “**Closing Date**”). On the Closing Date, the Purchaser shall pay the Purchase Price to the Bank Sponsor and, upon receipt of the Purchase Price, the Transfer of the Specified Credits to mitigate for the Project shall occur and the Bank Sponsor shall deliver the fully executed Bill of Sale and Payment Receipt to Purchaser.

4. Submission to CBRT. Upon the Sale and Transfer of the Specified Credits, the Bank Sponsor shall submit to the CBRT and upload into the cyber repository in the Regulatory In-Lieu Fee and Bank Information Tracking System (“**RIBITS**”), copies of: a) this Agreement; b) the Bill of Sale; c) the Payment Receipt; and

d) an updated ledger as required by the terms of the CBEI. The Bank Sponsor shall enter this Sale and Transfer into the ledger in RIBITS.

5. Transfer. The Transfer of the Specified Credits shall be only for compensatory mitigation of the Project, and the Specified Credits may not be used as compensatory mitigation for any other project or purpose, except as set forth herein.

6. Responsibility for Compensatory Mitigation. Except for any permit/approval/authorization issued by CDFW, upon Transfer, the Bank Sponsor accepts the legal responsibility for providing the compensatory mitigation specified in the permit(s)/approval(s)/authorization(s) identified in Exhibit A and attached as Exhibit B. The Purchaser, as Permittee, retains responsibility for providing the compensatory mitigation specified in any permit/approval/authorization issued by CDFW, identified in Exhibit A, and attached as Exhibit B.

7. Notice. This Agreement constitutes the notice provided for in Recital F.

8. Integration. The Parties agree that all negotiations, discussions, understandings and agreements heretofore made between them or their respective agents or representatives are merged in this Agreement and the Exhibits attached hereto, and this written Agreement alone fully and completely expresses their agreement with respect to the subject matter hereof and supersedes all prior agreements and understandings between the Parties relating to the subject matter of this Agreement.

9. Termination. In the event the Purchaser has not delivered the Purchase Price to the Bank Sponsor on or before the Closing Date, this Agreement shall automatically terminate without the need for any further action by the Bank Sponsor, and the Bank Sponsor shall have no further obligations to the Purchaser under this Agreement. In addition, the Parties agree that if this Agreement terminates as set forth in this section, no Sale or Transfer of the Specified Credits shall have occurred.

10. Amendments and Modifications. This Agreement may not be amended or modified except by an agreement in writing signed by the Parties. Promptly after execution of this Agreement, the Bank Sponsor shall provide the CBRT a copy of each amendment or modification and upload the amendment or modification into the cyber repository in RIBITS. All amendments and modifications shall be appended to this Agreement.

11. Counterparts. This Agreement may be executed and delivered in any number of identical counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

12. Effective Date. This Agreement will become effective when signed by the last Party.

13. Miscellaneous.

A. The Sale and Transfer herein is not intended as a sale or transfer to the Purchaser of a security, license, lease, easement, or possessory or non-possessory interest in real property, nor the granting of any interest of the foregoing.

B. The Specified Credits shall be non-transferable and non-assignable and shall not be used as compensatory mitigation except as set forth in this Agreement.

C. By reason of the Sale and Transfer of the Specified Credits, Purchaser shall not assume the obligations of Bank Sponsor or Property Owner under the CBEI.

D. Any notice or other written communication given pursuant to this Agreement shall be delivered to the other Party by first class U.S. mail, certified or registered U.S. mail, facsimile mail, or electronically, with mailed copy as follows:

Bank Sponsor:

Natural Resources Group, Inc.  
2491 Alluvial Ave. #642  
Clovis, CA 93611

Purchaser:

San Luis & Delta-Mendota Water Authority  
P.O. BOX 2157  
Los Banos, CA 93635

E. By signing below, each Party warrants and represents that the person signing this Agreement on its behalf has authority to bind that Party and that the Party's execution of this Agreement is not in violation of any bylaw, covenants, and/or other restrictions placed upon them by their respective entities.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.

BANK SPONSOR: Natural Resources Group, Inc.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Richard C. Moss

COO

PURCHASER: San Luis & Delta-Mendota Water Authority

By: \_\_\_\_\_ Date: \_\_\_\_\_

Federico Barajas

Executive Director

ACKNOWLEDGED AND APPROVED BY:

**United States Bureau of Reclamation as Project Partner and Permittee:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

UNITED STATES FISH AND WILDLIFE SERVICE APPROVAL:

This Transfer fulfills a portion of the Permittee's proposed California red-legged frog and California tiger salamander upland habitat conservation measures, as described in the USFWS's Biological Opinion or Permit; USFWS File Number: 2023-0126879 dated February 17, 2026. The USFWS verifies that the Doolan Canyon Conservation Bank is in good standing as of the signature date of this approval.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE APPROVAL – NOT  
APPLICABLE

The CDFW verifies that the Doolan Canyon Conservation Bank is in good standing as of the date of the signature below.

This Agreement fulfills a portion of the Project Applicant's proposed \_\_\_\_\_ habitat conservation measures, as described in CDFW'S Permit; Permit Number \_\_\_\_\_, amendment dated \_\_\_\_\_.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

California Department of Fish and Wildlife

Region \_\_\_\_\_

## Exhibit "A"

### Description of Project to be Mitigated

#### A. Project information:

Project Name: Delta-Mendota Canal Subsidence Correction Project

Project Address and County: Alameda and San Joaquin Counties

Project Type/Description:

Regional land subsidence has caused a drop of canal lining and embankment elevations along the Delta-Mendota Canal (DMC) (built and owned by the Bureau of Reclamation [Reclamation] and operated and maintained by the Delta-Mendota Water Authority [Authority], leading to a reduction of available freeboard. As a result, clearances between water surface elevations and bridges or other structures over the canal as well as the bank and lining freeboard will not meet Reclamation, State, and local design requirements. Reclamation and the Authority intend to implement the Proposed Action to restore the functionality and engineering compliance of the DMC. Under the Proposed Action, the deficient lining, embankment, and impacted structures of the DMC would be raised to restore the DMC to its originally authorized design flow capacity. Proposed modifications of the DMC and related structures would be in accordance with current Federal, State, and local design guidelines and standards. The DMC would be modified to satisfy current Reclamation safety standards, including freeboard requirements for the canal lining and embankment, and would be able to safely operate to deliver the designed capacity of water (variable flow capacity starting at 4,600 cubic feet per second (cfs) at the upstream end and reducing to 3,210 cfs at the downstream end) to contractors. Therefore, no changes to future maintenance and operations are anticipated. Specific construction actions under the Proposed Action would include:

- Raising deficient concrete lining segments and bank segments to meet the minimum freeboard requirements;
- Installing riprap for erosion protection to stabilize the banks along the earthen-lined segment;
- Replacing bridges and pipeline crossings that do not have enough clearance above water surface elevation to meet minimum required clearings;

- Raising the gates of check structures and wasteways to design level and modify impacted structures; and
- Evaluating existing drainage structures to modify them for safe passage of stormwater.

Amount and Type of Specified Credits being used:

- 8.76, SJKF Foraging/CRLF Upland/WEBO Foraging/GOEA Foraging/CTS Upland Credits

B. Permit(s)/Approval(s)/Authorization(s) File Information:

| Agency Name                                   | Permit/Approval Number                    | Date of Permit/Approval | Compensatory Mitigation Obligations |
|---|---|-------------------------|-------------------------------------|
| <input type="checkbox"/> USACE                |   |                         |                                     |
| <input type="checkbox"/> USEPA                |   |                         |                                     |
| <input type="checkbox"/> NMFS                 |   |                         |                                     |
| <input checked="" type="checkbox"/> USFWS     | USFWS File Number:<br><u>2023-0126879</u> | February 17, 2026       | 8.76 acres CRLF/CTS upland          |
| <input type="checkbox"/> CDFW                 |   |                         |                                     |
| <input type="checkbox"/> State Water Board    |   |                         |                                     |
| <input type="checkbox"/> Regional Water Board |   |                         |                                     |
| <input type="checkbox"/> Other:               |   |                         |                                     |

Exhibit "B"

Copy(ies) of Permit(s)/Approval(s)/Authorization(s)

Exhibit "C"

Doolan Canyon Conservation Bank

**BILL OF SALE**

Contract # \_\_\_\_\_

In consideration of \$438,000.00, receipt of which is hereby acknowledged, Natural Resources Group, Inc. ("**Bank Sponsor**") does hereby recognize that San Luis & Delta-Mendota Water Authority ("**Purchaser**"), has acquired:

- 8.76, SJKF Foraging/CRLF Upland/WEBO Foraging/GOEA Foraging/CTS Upland Credits

from the Doolan Canyon Conservation Bank ("**Specified Credits**") near the city of Dublin, Alameda County, California.

The Bank Sponsor represents and warrants that it has good title to the Specified Credits, has good right to sell the same, and that they are free and clear of all claims, liens, or encumbrances.

Bank Sponsor has received: (i) a copy of the permit(s)/approval(s)/authorization(s) by the agency approving the use of the Specified Credits identified in Exhibit B and attached as Exhibit C to the Sale and Transfer Agreement entered into by and between the Parties on \_\_\_(DATE)\_\_\_ (the "**Agreement**"); (ii) written notice from the Purchaser, as permittee, that it is electing to use the Specified Credits toward the permit(s)/approval(s)/authorization(s) obligation; and (iii) Bank Sponsor has accepted the legal responsibility for providing the required compensatory mitigation of such permit(s)/approval(s)/authorization(s), if required.

The Bank Sponsor covenants and agrees to warrant and defend the Sale and Transfer (as defined in the Agreement) of the Specified Credits hereinbefore described against all and every person and persons whomsoever lawfully claiming the same.

The Bank Sponsor hereby Transfers the Specified Credits to compensate for impacts resulting from the project described in Exhibit A to satisfy the permit(s)/approval(s)/authorization(s)/obligation identified in Exhibit A and attached as Exhibit B to the Agreement.

DATED: \_\_\_\_\_

BANK SPONSOR

Natural Resources Group, Inc.

By: \_\_\_\_\_

Richard C. Moss, Chief Operating Officer

Exhibit "D"

Doolan Canyon Conservation Bank

**PAYMENT RECEIPT**

**PURCHASER INFORMATION**

Name: San Luis & Delta Mendota Water Authority

Address: P.O. BOX 2157  
Los Banos, CA 93635

Telephone: (209) 832-3200

Contact: Pablo Arroyave, San Luis & Delta-Mendota Water Authority

**PAYMENT INFORMATION**

Payee: Doolan Canyon LLC

Payer:

Amount: \$438,000.00

Method of payment: Cash    Check No.    Money Order No.     Other:\_\_\_\_\_

Received by: \_\_\_\_\_ Date:

(Bank Sponsor Signature)

Print Name: Richard C. Moss

Title: Chief Operating Officer



# NON-COMPETITIVE (SINGLE SOURCE) PROCUREMENT JUSTIFICATION FORM

Purchase of Mitigation Credits for the following:  
F27-DMC-007A - Upland Credits  
F27-DMC-007B - Aquatic Credits

Item/Service for single source procurement: \_\_\_\_\_

Selected vendor for the single source procurement: \_\_\_\_\_

Natural Resources Group, Inc.

Total Amount of Procurement including taxes: \_\_\_\_\_

F27-DMC-007A - \$438,000.00  
F27-DMC-007B - \$762,000.00  
Grand Total for F27-DMC-007A-B: \$1,200,000.00

Specification Number: \_\_\_\_\_

F27-DMC-007A-B

For any non-competitive (single source) procurement (except Professional services) over \$60,000, the Project Manager must complete this form and return it to the Procurement Department for review and procurement authorization. Attach additional pages of explanation if necessary. **A SINGLE SOURCE PROCUREMENT MAY NOT PROCEED UNTIL THE REQUIRED SIGNATORIES SIGN THIS FORM. NOTE: For procurements below the Delegation of Authority threshold of \$200,000.00, Board approval is NOT required prior to award and can be approved by the Executive Director or COO. The Board must be notified promptly following award.**

## Section 1: Is this an emergency?

- Yes       No (Skip to Section 2)

If yes, explain in detail below and no further Sections are required. If over the Delegation of Authority threshold of \$200k, a separate memo documenting the decision shall be prepared by the Project Manager for Board notification/approval.

Note: "Emergency" shall mean a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

Explanation:

## Section 2: Identify Type of Procurement

- Goods, Supplies, Equipment (See section 3)  
 Non-Professional Services (See section 4)  
 Construction (See section 5)

### Section 3: Goods, Supplies, Equipment (See Section 2.3 in Procurement Policy)

1. Identify the most applicable criteria below, and provide detailed support in explanation area below

- i. A specified product is necessary to match or interface with other products in use by the Authority
- ii. The Authority needs to purchase a specified product to field test or experiment to determine the products suitability for future use.
- iii. Only one product will meet the Authority's needs.

Explanation:

Please refer to attached Memorandum to File dated May 12, 2026 which provides detailed explanation for the purchase of mitigation credits.

2. Is the product available from only one source? (To qualify for a single source, the product must be available from only one source)

- Yes       No

Please explain how this determination was made. Note: Reasonable steps should be taken to confirm that the goods or supplies are purchased at a fair price. Include in explanation below.

Explanation:

## Section 4: Non-Professional Services (See Section 3.1(b) in Procurement Policy)

Identify the most applicable criteria below and provide detailed support in explanation below.

- i. That only one firm or individual has the specialized expertise or experience necessary to perform the services, and other potential bidders cannot develop that experience or expertise prior to contract award.
- ii. The continuity of services is required to avoid risk of substantial loss or added expenditure to the Authority

Explanation:

## Section 5: Construction (See Section 4.6 of the Procurement Policy)

Please identify ONE of the applicable justifications below by checking and providing explanation.

**NOTE: If neither of the below circumstances exist, but the Executive Director or Chief Operation Officer recommends single-source construction contracting, then single source contracting may be used only following Board findings of circumstances indicating that competition does not exist and approval of single-source negotiations. CANNOT BE USED FOR PROJECTS UTILIZING FEDERAL FUNDS.**

- 1. Where (i) a specified product is required, applying standards and (ii) only one contractor is authorized by the manufacturer or supplier to install the specified product, and (iii) the work for which only a single-source contractor is authorized and not work which reasonably would be expected to be subcontracted.
- 2. The Authority has conducted a competitive procurement for substantially similar construction services in the past five (5) years and only one actual or potential bidder for the services was identified.

Explanation:

3. If neither of the above apply, please provide an explanation to the Board as to why the Board should approve this Single-Source procurement.

Explanation:

**Completed and Requested By**

Project Manager (Name): Jacob Bejarano

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Department Manager (Name): Jaime McNeil

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Approved By**

Chief Operating Officer: (Name): Pablo R. Arroyave

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

May 12, 2026

**Memorandum to File:**

**Subject: Single Source Justification for Procurement of Compensatory Mitigation Credits Required to Meet Endangered Species Act, Delta-Mendota Canal Subsidence Correction Project (Project)**

The following substantiates the Authority's determination that only a single source is available for purchase of mitigation credits required by the U.S. Fish and Wildlife Service (USFWS) biological opinion (BiOp) to Reclamation regarding the Project in the time in which the credits must be purchased to avoid delaying the Project.

The USFWS issued a BiOp to Reclamation regarding the Project on February 17, 2026, in which the USFWS concluded that the Project, as proposed, is not likely to jeopardize the continued existence of the San Joaquin Kit Fox, California tiger salamander, or California red-legged frog. The BiOp includes conservation measures that were analyzed as part of the Project and are viewed by USFWS as necessary to minimize effects on the kit fox, salamander, and frog. Relative to the present action, the BiOp requires "the purchase of 3.49 acre of aquatic salamander and frog [mitigation] credits and 53.4 acre of upland salamander and frog credits (56.89 acres total) at a Service approved Conservation Bank," which "will be purchased prior to the start of proposed project activities." (2026 BiOp, p. 15.)

Reclamation and the Water Authority, in coordination with the USFWS, intend to implement a phased approach to the purchase of required mitigation credits to align with each phase of Project construction. This means that the 56.89 acres purchase is not required prior to initiating the Project.

Construction work associated with Phase 1, Task 1 activities is scheduled to begin in June 2026, which requires prompt action to purchase the requisite 1.22 acres of aquatic salamander and frog mitigation credits and 8.76 acres of upland salamander and frog credits.

The project team has identified only a single source that carries both species' credits, is a Service-approved Conservation Bank, and has them available for purchase immediately to satisfy USFWS mitigation requirements. The source, Doolan Canyon Conservation Bank (DCCB) is a newly established 1168-acre conservation easement. The land supports threatened and endangered species such as the California red-legged frog, California tiger salamander, candidate species Western burrowing owl, and contains habitat suitable for the San Joaquin kit fox.

The Authority will seek approval to proceed with using the DCCB as its source for purchasing Mitigation Credits in the amount of \$438,000 (Four hundred thirty-eight

thousand Dollars) for Upland credits and \$762,000 (Seven hundred sixty-two thousand Dollars) for Aquatic credits, under two separate contracts, for the DMC Subsidence Correction Project.

This procurement qualifies for sole source determination under the Authority's Consolidated Procurement Policy based on the following findings:

- The required mitigation credits must be located within the same approved service area as defined by regulatory agencies.
- The mitigation credits must be obtained for the specific mitigation resource type required, such as seasonal wetlands and species-specific habitat.
- The mitigation credits must be at a Service-approved conservation Bank and available at the time of purchase to meet permitting conditions and requirements.

The Authority has been able to identify only one mitigation bank that satisfies all geographic, ecological, and regulatory requirements for the impacted area and has credits immediately available for purchase.

This directly meets the condition that "only one product will meet the Authority's needs" under Section 2.3(a)(1)(iii) of the Authority's Amended Consolidated Procurement Policy dated August 7, 2025.

#### **Availability from Only One Source**

For the specific credit types and service area associated with the Project mitigation, the required credits are available from a single qualified mitigation bank operator.

The Regulatory in-Lieu Fee and Bank Information Tracking System (Ribits) was used to search for mitigation banks with aquatic and upland credits. Ribits shows the current status of mitigation banks. Ribits identified 21 mitigation banks located in the USFWS Project Service Area. An approved mitigation bank must be used for mitigation for this project. Currently, only one approved mitigation bank identified in the Project Area can currently supply the credits required prior to construction. Doolan Canyon Conservation Bank, located near the City of Dublin in Alameda County, is the sole source option.

This satisfies the requirement that "the product is available from only one source" under Section 2.3(a)(2) of the Authorities Amended Consolidated Procurement Policy dated August 7, 2025.

#### **Specialized Expertise and Regulatory Constraints**

To the extent the acquisition is characterized as a service, the procurement also meets the criteria under Section 3.1(b), as follows:

The DCCB mitigation bank sponsor/operator possesses unique regulatory approvals from USFWS that will allow mitigation credits to be stacked. This means that by buying credits from DCCB, the Project would purchase one (1) acre for both (frog and salamander) species, effectively reducing the number of required mitigation acres in half. From a regulatory standpoint, other banks in the same service area cannot develop equivalent capacity or obtain the required approvals in time for construction to commence.

This satisfies the condition that only one firm possesses the specialized capability required under the Authority's Procurement Policy. It also supports cost-reasonableness.

**Compliance with Policy**

This sole source procurement of compensatory mitigation credits from DCCB is in full compliance with policy and requirements due to the following:

Meets the documented findings required for single source procurement. Will be executed with written approval from the Executive Director or Chief Operating Officer. Will be reported to the Board and approved in accordance with the Authority's procurement policy requirements.

**Determination**

Based on the findings above, it is determined that the procurement of compensatory mitigation credits from DCCB for the DMC Subsidence Correction Project through a sole source method is justified, necessary, and compliant with the Authority's procurement policy.