



MEMORANDUM

TO: SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer

DATE: October 10, 2024

RE: Authorization to Execute Letter Agreement with the U.S. Bureau of Reclamation for Funding Preparation of North to South Water Transfers EIS/R and \$250,000 Increase to North to South Water Transfers Activity Agreement (Fund 57) Budget

BACKGROUND

In September 2023, the Water Authority Board of Directors adopted Resolution No. 2023-516, which authorized execution of a new North to South Water Transfers Activity Agreement (“Activity Agreement”) for Water Authority members who desire to participate in the north to south water transfers. The following nine Water Authority members executed the Activity Agreement: 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 (“Activity Agreement Members”).

The U.S Bureau of Reclamation (“Reclamation”) agreed to fund and prepare a new North to South Water Transfers Environmental Impact Statement/Environmental Impact Report (“EIS/R”) with Reclamation as the National Environmental Policy Act (“NEPA”) lead agency and with the Water Authority as the California Environmental Quality Act (“CEQA”) lead agency. Reclamation has engaged MBK Engineers/CDM Smith to prepare the EIS/R. However, in July, Reclamation identified a need of up to \$500,000 of additional funding to cover their internal cost for the preparation.

The Activity Agreement Members have agreed to provide funding through the Activity Agreement budget, and will also explore cost share from Contra Costa Water District (“CCWD”) and East Bay Municipal Utility District (“EBMUD”). To provide the funding to Reclamation, the Water Authority would need to enter into Letter Agreement 24-WC-20-6322 for Reimbursement Account for Costs Associated with the North to South Water Transfers Environmental Documentation (Exhibit 1) and to enter into a Cost Share Agreement with CCWD and EBMUD.

ISSUE FOR DECISION

Whether the Water Authority Board of Directors should authorize execution of the Letter Agreement with Reclamation (Exhibit 1) for funding preparation of North to South Water Transfers EIS/R and \$250,000 increase to North to South Water Transfers Activity Agreement (Fund 57) Budget.

RECOMMENDATION

Staff recommends authorizing execution of the proposed Letter Agreement and \$250,000 increase to North to South Water Transfers Activity Agreement (Fund 57) Budget.

ANALYSIS

An initial amount of \$250,000 under the letter agreement with Reclamation will be allocated to the Activity Agreement Members, CCWD, and EBMUD based on the cost allocation table in the attached (Exhibit 2). If any third party contributes additional funds toward the \$250,000 commitment, the allocations set forth in Exhibit 2 will be reduced accordingly. The Water Authority will collect payment from the Activity Agreement Members, CCWD, and EBMUD, and will make payment to Reclamation in accordance with the payment schedule included in the letter agreement.

BUDGET

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.

EXHIBITS

1. Letter Agreement 24-WC-20-6322- Reimbursable Account for Costs Associated with the North to South Water Transfers Environmental Documentation- San Luis& Delta-Mendota Water Authority (SLDMWA)
2. Cost Allocation Table



United States Department of the Interior

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



IN REPLY REFER TO:

CGB-440
2.2.4.22

Letter Agreement No. 24–WC-20-6322

VIA ELECTRONIC MAIL AND U.S. MAIL

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

Subject: Letter Agreement 24-WC-20-6322 (Agreement) – Reimbursable Account for Costs Associated with the North to South Transfer Environmental Documentation- San Luis & Delta Mendota Water Authority (SLDMWA)

Dear Mr. Arroyave,

The Bureau of Reclamation (Reclamation) received SLDMWA’s formal correspondence on July 19, 2024, on behalf of your participating water districts, requesting Reclamation’s review of the document(s) being prepared to comply with National Environmental Policy Act (NEPA) for the North to South transfer program. The purpose of this LOA 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 development and/or review of all environmental documentation necessary for compliance with the NEPA and the Endangered Species Act; meetings, consultations and research, other activities required to ensure compliance with state and Federal law, and administrative and overhead costs expended by Reclamation.

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

1. SLDMWA shall submit to Reclamation two separate payments of \$125,000 each, the first payment due no later than November 30, 2024, and the second payment due no later than May 31, 2025, and to be deposited into an account established for this action. Reclamation agrees the total costs shall not exceed \$250,000 absent further written approval by SLDMWA. If any mitigation is required for compliance with NEPA and/or ESA for this action, all cost associated with such mitigation will be the responsibility of SLDMWA.
2. Upon written request, Reclamation shall provide SLDMWA with a quarterly statement of account balance and a summary of expenses incurred by Reclamation in connection with this action. In the event Reclamation foresees expenditures in excess of the account balance, Reclamation shall notify the SLDMWA of the need for additional deposits in

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CALIFORNIA*, NEVADA*, OREGON*

* PARTIAL

excess of the foregoing amount and shall provide the SLDMWA with a detailed itemization of anticipated expenditures, and the SLDMWA shall pay the amount requested to Reclamation within ten (10) days of the request.

- 3. At SLDMWA’s request, Reclamation shall 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 a) the Regional Director signs a Record of Decision, or b) this letter agreement is terminated by either party upon thirty (30) days written notice to the other party, or c) April 1, 2027, provided that SLDMWA shall submit additional funds, if needed, to pay Reclamation’s costs 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 Letter Agreement.

Please have the appropriate individual sign this Letter Agreement and return this Letter Agreement, along with documentation authorizing the individual to sign on behalf of SLDMWA, to the Bureau of Reclamation, CGB-410, Attn: Nicole Johnson, 2800 Cottage Way, Sacramento, California 95825.

A down payment (DP) invoice will be forwarded to you via email from Mr. Roderiquez Swan at rswan@usbr.gov. Please remit the DP invoice and the check directly to the Reclamation bank lockbox address printed on the invoice.

If there are any questions, please contact Ms. Natalie Taylor, Team Lead, Contracts and Repayment, at 297-789-4800 or via email at ntaylor@usbr.gov.

Sincerely,

Melissa Vignau
Regional Resources Manager

San Luis & Delta Mendota Water Authority

Title

Date

Allocation for Additional Funds Needed for N-S Water Transfer EIS/EIR

22-Sep-24

Cost Share Participants	Activity Agreement Member Contract Quantity (AF)	Ratio (%) with EBMUD, CCWD and TCCA	Allocation of \$500,000 (\$) (With EBMUD, CCWD & TCCA)	Allocation of Initial Payment of \$250,000		Remaining \$250,000
				November, 2024	May, 2025	
			\$ 500,000.00	\$ 125,000.00	\$ 125,000.00	\$ 250,000.00
Eagle Field Water District	4,550	0.2474%	\$ 1,236.78	\$ 309.19	\$ 309.19	\$ 618.39
Mercy Springs Water District	2,842	0.1545%	\$ 772.51	\$ 193.13	\$ 193.13	\$ 386.26
Pacheco Water District	10,080	0.5480%	\$ 2,739.94	\$ 684.99	\$ 684.99	\$ 1,369.97
Panoche Water District	94,000	5.1102%	\$ 25,551.03	\$ 6,387.76	\$ 6,387.76	\$ 12,775.52
Patterson Irrigation District	13,755	0.7478%	\$ 3,738.88	\$ 934.72	\$ 934.72	\$ 1,869.44
San Benito County Water	35,550	1.9326%	\$ 9,663.18	\$ 2,415.80	\$ 2,415.80	\$ 4,831.59
San Luis Water District	120,631	6.5580%	\$ 32,789.86	\$ 8,197.46	\$ 8,197.46	\$ 16,394.93
Santa Clara Valley Water	34,665	1.8845%	\$ 9,422.62	\$ 2,355.66	\$ 2,355.66	\$ 4,711.31
Westlands Water District	1,195,383	64.9857%	\$ 324,928.40	\$ 81,232.10	\$ 81,232.10	\$ 162,464.20
East Bay Municipal Utility District	133,000	7.2304%	\$ 36,151.99	\$ 9,038.00	\$ 9,038.00	\$ 18,076.00
Contra Costa Water District	195,000	10.6010%	\$ 53,004.80	\$ 13,251.20	\$ 13,251.20	\$ 26,502.40
TOTAL	1,839,456	100.0000%		\$ 125,000.00	\$ 125,000.00	\$ 250,000.00
						\$500,000.00