



# Meeting Agenda

Date & Time: 5/11/2026 | 12:00 PM

Location: SLDMWA Boardroom

## Notice of Finance & Administration Committee Regular Meeting / Joint Finance & Administration Committee Regular Meeting-Special Board Workshop

842 6th Street, Los Banos  
(List of Member/Alternate Telephonic Locations Attached)

### Public Participation Information

#### Join Zoom Webinar -

<https://us02web.zoom.us/j/87324630528?pwd=LBgYQEkfquceLbhxpr6pq6Y6ya2KJ2.1>

NOTE: Any member of the public may address the Finance & Administration Committee/Board concerning any item on the agenda before or during consideration of that item.

Because the notice provides for a special meeting of the Finance & Administration Committee (“FAC”) and a joint special FAC Meeting/Special Board workshop, Board Directors/Alternates may discuss items listed on the agenda; however, only FAC Members/Alternates may correct or add to the agenda or vote on action items.

NOTE FURTHER: Meeting materials have been made available to the public on the San Luis & Delta-Mendota Water Authority’s website, <https://www.sldmwa.org>, and at the Los Banos Administrative Office, 842 6th Street, Los Banos, CA 93635.

### Agenda

Item	Topic	Lead
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|----|--|--|
| 1. | Call to Order/Roll Call  |  |
| 2. | Finance & Administration Committee to Consider Additions or Corrections to the Agenda for the Finance & Administration Committee Meeting only, as Authorized by Government Code Section 54950 <i>et seq.</i>   |  |
| 3. | Opportunity for Public Comment – Any member of the public may address the Finance & Administration Committee/Board concerning any matter not on the agenda, but within the Committee or Board’s jurisdiction. Public comment is limited to no more than three minutes per person. For good cause, the Chair of the Finance & Administration Committee may waive this limitation. |  |

### **ACTION ITEMS**

- |    |   |  |
|----|---|--|
| 4. | <b>Approval April 6, 2026 Meeting Minutes</b> |  |
|----|---|--|

- |    |   |                                 |
|----|---|---------------------------------|
| 5. | <b>Recommendation to Board of Directors to Accept the Treasurer’s Report for the Quarter Ending March 31, 2026</b>  |                                 |
| 6. | <b>Recommendation to Board of Directors to Accept Fiscal Year 2024 Audited Financial Statements</b>   | Tarka                           |
| 7. | <b>Recommendation to Board of Directors to Authorize Award and Execution of Agreement for Fuel Delivery Services and Expenditure of Up to \$300,000 from the FY 2027 OM&amp;R Budget</b>  | Arroyave                        |
| 8. | <b>Recommendations to Board of Directors Related to DMC Subsidence Correction Project</b><br><b>A. Revisions to Cost Allocation for Phase 1</b><br><b>B. Revisions to Scope for Phase 1</b>   | Barajas,<br>Arroyave,<br>McNeil |
| 9. | <b>Recommendation to Board of Directors to Ratify Execution of Change Orders for Jones Pumping Plant Unit 5 Leak Investigation &amp; Repair Project and Increase in Expenditures of Up to \$264,898 from the FY 2026 EO&amp;M Budget</b><br><b>A. Unit 5 Impeller Balancing Construction Agreement with Unico Mechanical Corp.</b><br><b>B. JPP Pump Casing and Bifurcation Pipe Recoating Construction Agreement with Hartman-Walsh Painting Company</b> | Arroyave,<br>McNeil             |

**REPORT ITEMS**

- |     |   |         |
|-----|---|---------|
| 10. | FY26 Activity Agreements Budget to Actual Report through 3/31/26  | Tarka   |
| 11. | FY26 O&M Budget to Actual Report through 3/31/26  | Tarka   |
| 12. | Contract/Procurement Activity Reports   | Tarka   |
| 13. | Accounting Updates  | Tarka   |
| 14. | Executive Director’s Report<br>(May include reports on activities within the Finance & Administration Committee’s jurisdiction re: 1) CVP/SWP water operations; 2) California infrastructure projects; 3) regulation of the CVP/SWP; 4) existing or possible new State and Federal policies; 5) Water Authority activities) | Barajas |
| 15. | Committee Member Reports  |         |
| 16. | Reports Pursuant to Government Code Section 54954.2(a)(3)   |         |
| 17. | ADJOURNMENT   |         |

Persons with a disability may request disability-related modification or accommodation by contacting Cheri Worthy or Sandi Ginda at the San Luis & Delta-Mendota Water Authority Office, 842 6<sup>th</sup> Street, P.O. Box 2157, Los Banos, California, via telephone at (209) 826-9696, or via email at [cheri.worthy@sldmwa.org](mailto:cheri.worthy@sldmwa.org). Requests should be made as far in advance as possible before the meeting date, preferably 3 days in advance of regular meetings or 1 day in advance of special meetings/workshops.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Section 54950 et seq. and has not been prepared with a view to informing an investment decision in any of the Authority's bonds, notes, or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the Authority's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the Authority on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

SLDMWA FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING TELEPHONIC LOCATIONS

May 11, 2026

15671 W. Oakland Ave  
Five Points, CA 93624

5957 E. Greenhill Street  
Nampa, Idaho 83687



# Meeting Minutes

Date & Time: 4/6/2026 | 12:05 PM

Location: SLDMWA Boardroom  
842 6th Street, Los Banos

## San Luis & Delta-Mendota Water Authority Finance and Administration Committee Regular Meeting and Joint Finance and Administration Committee Regular Meeting – Special Board of Directors Workshop

### Attendance

#### Committee Members Present

Ex-Officio: Cannon Michael  
 Division 1: Anthea Hansen, Chair/Member  
 Division 2: Justin Diener, Member  
 Stephen Farmer, Alternate  
 Division 3: Chris White, Member  
 Jarrett Martin, Alternate  
 Division 4: Brett Miller, Member  
 Division 5: Manny Amorelli, Alternate  
 FWA: Wilson Orvis, Member

Division 4: Brett Miller, Alternate  
 Division 5: Manny Amorelli, Director  
 FWA Representative: Wilson Orvis, Alternate

#### Authority Representatives Present

Federico Barajas, Executive Director  
 Pablo Arroyave, Chief Operating Officer  
 Scott Petersen, Water Policy Director  
 Rebecca Akroyd, General Counsel  
 Ray Tarka, Director of Finance  
 Lauren Viers, Accounting Manager  
 Stewart Davis, IT Officer  
 Eddie Reyes, Information Systems Technician

#### Board of Directors Present

Division 1: Anthea Hansen, Director  
 Division 2: Justin Diener, Director  
 Division 3: Chris White, Alternate  
 Jarrett Martin, Director  
 Cannon Michael, Director

#### Others Present

Lea Emmons, City of Tracy (ZOOM)

### Agenda

Item	Topic	Lead
1.	<b>Call to Order/Roll Call</b> — The meeting was called to order by Committee Chair Anthea Hansen at approximately 12:05 p.m. and roll was called.	
2.	<b>Additions or Corrections to the Agenda of Items, as authorized by Government Code Section 54950 et seq.</b> — No additions or corrections.	
3.	<b>Opportunity for Public Comment</b> — No public comment.	
4.	<b>Finance and Administration Committee to Consider Approval of the March 2, 2026 Meeting Minutes</b> — M/S - On a motion made by Member Wilson Orvis, seconded by Member Brett Miller, the Committee approved the March 2, 2026 meeting minutes as presented. Vote: Ayes – Michael, Hansen, Diener, White, Miller, Amorelli, Orvis; Nays – 0; Abstentions – 0.	

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5. **Status Update Regarding the DMC Correction Project** – Chief Operating Officer Pablo Arroyave introduced the item. Arroyave noted the \$235 million funding award is going to greatly affect phase 1 of the project. There will be a significant discussion at the Planning Committee meeting. All environmental work has been completed. Construction on task 1 is estimated to begin June 2026 with the 75% level of design for task 2 to be completed in July as well. Task 2 is anticipated to be presented for Board approval in July. Barajas, Arroyave
6. **FY26 Activity Agreements Budget to Actual Report through 2/28/26** — Director of Finance Raymond Tarka presented the Budget to Actual Report through February 28, 2026 for the Activity Agreement funds. Tarka stated for the twelve-month period, the budget was trending positive overall with actual spending ending February 28, 2026 at \$7,720,414 or 57.49% of the approved budget. Tarka
7. **FY26 O&M Budget to Actual Report through 2/28/2026** — Director of Finance Raymond Tarka reported that for WY25, the self-funded routine O&M expenses through February 28, 2026 are under budget by \$420,446 or 1.85%, mainly due to the timing of expenditures for O&M expenses in most cost pools. Intertie conveyance costs continue to trend over-budget. The fiscal year 2024 and 2025 audits are underway and will be completed as soon as possible. Tarka answered questions throughout the presentation. Tarka
8. **Contract/Procurement Activity Report** — Director of Finance Raymond Tarka presented the Contract/Procurement Activity Report included in the packet for the period of March 1, 2026 through March 31, 2026. On March 2<sup>nd</sup> a professional services contract was issued with Shepherd OU in the amount of \$61,800.00 for CMMS Licenses and Support. The funding source is the O&M budget. On March 16<sup>th</sup> a construction contract was issued to Hot Line Construction, Inc. in the amount of \$125,836.00 for JPP Siphon House Cable Replacement. The funding source is the EO&M budget. Tarka
9. **Accounting Updates** — Director of Finance Raymond Tarka provided Accounting Department updates to the committee. Tarka
- a. **NetSuite Implementation:** Staff has been working with an outside consultant to create various reports in NetSuite. Staff now has the ability to generate several of the monthly accounting reports out of NetSuite, such as the accounts receivable report.
  - b. **Audit:** The fiscal year 2024 audit is anticipated to be completed in the next few days. The auditors were unable to complete a final review prior to the meetings this week but will have the audit ready to present at the May meeting.
10. **Executive Director’s Report** Barajas
- a. **SWP/CVP Joint Use Cost Share:** Executive Director Federico Barajas stated there have been ongoing cost share discussions to
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review what DWR will be proposing for 2026 and subsequent years.

- b. **MM Water Consulting:** Executive Director Federico Barajas stated that a contract with MM Water Consulting will be presented to the Board for approval on Thursday based on Reclamation's needs and request for assistance.
- c. **CVPIA Completion:** Executive Director Federico Barajas reported that Reclamation is seeking input from the CVP contractors regarding CVPIA completion. Barajas answered questions throughout the Executive Director's Report presentation.

- 11. **Committee Member Reports** — No reports.
- 12. **Reports Pursuant to Government Code Section 54954.2(a)(3)** — None.
- 13. **Adjournment** — The meeting was adjourned at approximately 12:28 p.m.



# Official Memorandum

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

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To: SLDMWA Finance & Administration Committee, Alternates

From: Raymond Tarka, Treasurer/Director of Finance

Date: May 11, 2026

RE: Quarter Ending March 31, 2026 Treasurer's Report

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## Issue for Decision

Whether the Finance & Administration Committee should recommend to the Board of Directors that it accept the Treasurer's Report for the quarter ending March 31, 2026.

## Recommendation

Staff recommend that the Finance & Administration Committee recommend to the Board of Directors that it accept the Treasurer's Report for the quarter ending March 31, 2026.

## Analysis

This Treasurer's Report was prepared in accordance with the Investment Policy for the San Luis & Delta-Mendota Water Authority (adopted via Resolution No. 2013-367) and California Government Code sections 6505.5(e) and 53646(b).

Consistent with the Water Authority's Investment Policy and Government Code requirements, the Water Authority hereby makes the following statements:

- The Water Authority's investments are in compliance with the Investment Policy;
- All required O&M rate conveyance payments and Membership Dues are being received timely, with few exceptions, rendering the Water Authority able to meet its expenditure/cash demand requirements for the next six months.

Appendix 1 to this Report includes the most recent statements from LAIF, CalTrust and other banks holding Water Authority funds. Appendix 1 is available upon request.

# San Luis & Delta-Mendota Water Authority

## Treasurer's Report

### Quarter Ended March 31, 2026

Page 2 of 3

Prepared by: T. Flores / R. Tarka

#### HOLDINGS REPORT BY INVESTMENT TYPE

	Maturity	Positions Value	Market Price	Market Value	Unrealized Gain/(Loss)	Average Qtr Yield @3/31/26	Yield 3/31/2026	Yield 2/28/2026	Yield 1/31/2026
<b>CASH</b>									
CVCB - Checking - Sweep	Daily	\$ -		\$ -		0.000%	n/a	n/a	n/a
CVCB - Payroll	Daily	\$ 5,000.00		\$ 5,000.00		0.000%	n/a	n/a	n/a
CVCB - Transactional	Daily	\$ 671,148.34		\$ 671,148.34		0.500%	0.500%	0.500%	0.500%
CVCB - Muni	Daily	\$ 2,201,919.38		\$ 2,201,919.38		0.500%	0.500%	0.500%	0.500%
CVCB - Money Market	Daily	\$ 4,898,236.17		\$ 4,898,236.17		3.803%	3.800%	3.810%	3.800%
LOCAL AGENCY INVESTMENT FUND (LAIF)	Daily	\$ 70,395.97	1	\$ 70,395.97		3.876%	3.826%	3.871%	3.931%
CalTRUST - Short Term	Next Day	\$ 591,047.15	2 10.05	\$ 591,047.15	\$ -	3.930%	3.960%	3.940%	3.890%
CalTRUST - Medium Term	Monthly	\$ 541,157.81	2 9.86	\$ 541,157.81	\$ -	3.890%	3.910%	3.870%	3.890%
CalTRUST - Liquidity	Daily	\$ 8,780,300.90	1.00	\$ 8,780,300.90	\$ -	3.807%	3.760%	3.840%	3.820%
<b>TOTAL OPERATIONAL CASH</b>		<b>\$ 17,759,205.72</b>		<b>\$ 17,759,205.72</b>	<b>\$ -</b>				
<b>OTHER</b>									
<u>OM&amp;R Project</u>									
US Bank - Series 2021A Bond Reserve Fund	2045	\$ 453,886.89		\$ 453,886.89		3.313%	3.300%	3.310%	3.330%

#### Notes:

The year-to-date weighted average yield on all funds invested or maintained in financial institutions/Federal Securities is 3.13% (this considers the interest rates trend since January).

1. LAIF: Average Life of Portfolio (Average Maturity in days) is 275 days or 0.75 years.
2. CalTRUST: Average Life of Portfolio is 0.96 years for short term (ST) and 2.14 years for medium term (MT).

# San Luis & Delta-Mendota Water Authority

## Treasurer's Report

### Quarter Ended March 31, 2026

Detail to Support Report  
 Page 3 of 3  
 Prepared by: T. Flores / R. Tarka

**CASH**

**Central Valley Community Bank (CVCB)**

	1	2	3	4	5
	12/31/2025				3/31/2026
	Beginning Balance	Deposits or Transfer IN	Draws or Transfer OUT	Change in Value	Ending Balance
	Market Value				Market Value
CVCB - Checking - Sweep	\$ -	\$ 7,904,125.71	\$ (7,904,125.71)	N/A	\$ -
CVCB - Payroll	\$ 5,000.00	\$ 4,080.00	\$ (4,080.00)	N/A	\$ 5,000.00
CVCB - Transactional	\$ 1,180,756.79	\$ 36,764,777.80	\$ (37,274,386.25)	N/A	\$ 671,148.34
CVCB - Muni	\$ 2,199,206.92	\$ 2,712.46	\$ -	N/A	\$ 2,201,919.38
CVCB - Money Market	\$ 137,996.37	\$ 6,860,239.80	\$ (2,100,000.00)	N/A	\$ 4,898,236.17
<b>Local Agency Invest. Fund-State of Ca.</b>	\$ 69,659.42	\$ 736.55	\$ -	N/A	\$ 70,395.97
<b>Investment Trust of California (CalTRUST)</b>					
CalTRUST - Short Term	\$ 587,105.76	\$ 5,695.99	\$ -	\$ (1,754.59)	\$ 591,047.15
CalTRUST - Medium Term	\$ 539,802.35	\$ 5,185.72	\$ -	\$ (3,830.26)	\$ 541,157.81
CalTRUST -Liquidity Fund	\$ 23,298,512.04	\$ 154,070.64	\$ (14,672,281.78)	\$ -	\$ 8,780,300.90
<b>TOTAL- CASH</b>	<b>\$ 28,018,039.65</b>	<b>\$ 51,701,624.67</b>	<b>\$ (61,954,873.74)</b>	<b>\$ (5,584.85)</b>	<b>\$ 17,759,205.72</b>

**Other**

US Bank-Series 2021A Reserve Fund-OM&R Project	\$ 458,481.67	\$ 3,818.42	\$ (8,413.20)		\$ 453,886.89
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1 Beginning Balance = Market Value at end of previous quarter  
 2 Deposits or Transfers IN = O&M collections, Membership collections, Interest and Other Revenue, and also includes Transfer IN from Other SLDMWA Accounts  
 3 Draws or Transfers OUT = O&M and Membership paid expenditures, and also Transfers OUT to Other SLDMWA Accounts  
 4 Change in Value = CalTRUST Investment is based on share price, change in price results in change in value \$ 18,218,677.46  
 5 Ending Balance = Market Value at end of current quarter

# San Luis & Delta-Mendota Water Authority

## Treasurer's Report

### Quarter Ended March 31, 2026

Detail to Support Report

Page 4 of 4

Prepared by: T. Flores / R. Tarka

4/8/2026

#### CALENDAR YEAR 2026 INTEREST EARNED

(Month End Balance)	JAN	FEB	MARCH	AVG MONTH END BALANCE
CVCB - Payroll (#0489)	5,000.00	7,300.00	5,000.00	5,766.67
CVCB - Transactional (#0463)	3,744,730.33	7,690,414.34	671,148.34	4,035,431.00
CVCB - Muni (#4858)	2,200,110.70	2,200,954.58	2,201,919.38	2,200,994.89
CVCB - MM (#0343)	38,174.65	38,284.17	4,898,236.17	1,658,231.66
CalTrust - Investment Account	21,228,563.17	9,886,774.72	9,912,505.86	13,675,947.92
LAIF - Investment Account	70,395.97	70,395.97	70,395.97	70,395.97
				-
US Bank - Series 2021A Reserve Fund	459,823.28	461,127.70	453,886.89	458,279.29
US Bank - Series 2013A Revenue Funds				-
US Bank - Series 2013A Escrow Account				-
	<b>27,746,798.10</b>	<b>20,355,251.48</b>	<b>18,213,092.61</b>	<b>22,105,047.40</b>

INTEREST EARNED	JAN	FEB	MARCH	TOTALS	AVG YIELD
CVCB - Transactional (#0463)	1,172.91	1,542.34	2,510.57	5,225.82	0.500%
CVCB - Muni (#4858)	903.78	843.88	964.80	2,712.46	0.500%
CVCB - MM (#0343)	178.28	109.52	9,952.00	10,239.80	3.803%
CalTrust - Investment Account	76,616.09	56,575.52	31,825.98	165,017.59	3.876%
LAIF - Investment Account *	736.55	-	-	736.55	3.876%
US Bank - Series 2013A Escrow Account	1,341.61	1,304.42	1,172.39	3,818.42	3.313%
	<b>79,607.61</b>	<b>59,071.26</b>	<b>45,253.35</b>	<b>183,932.22</b>	<b>A</b>

YIELDS	3.37%		
YTD Average Yield			
Days in the month	31	28	31
Cumulative days - Fiscal YTD	31	59	90
			<b>C</b>

Notes:

\* LAIF interest computed quarterly.

\*\*\*  
 $(A / B) / C * 365$

linked to above for test:

183,932 A  
 22,105,047 B

3.37% change cumulative # of days.

**DRAFT**

SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

AUDITED FINANCIAL STATEMENTS

February 29, 2024

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SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

AUDITED FINANCIAL STATEMENTS

February 29, 2024 and February 28, 2023

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550 Howe Avenue, Suite 210  
Sacramento, California 95825

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
San Luis & Delta-Mendota Water Authority  
Los Banos, California

### **Opinions**

We have audited the accompanying financial statements of the San Luis & Delta-Mendota Water Authority (the Authority), as of February 29, 2024 and February 28, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of February 29, 2024 and February 28, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements sections of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentations of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors  
San Luis & Delta-Mendota Water Authority

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

\_\_\_\_\_, 2026

San Luis & Delta-Mendota Water Authority  
Management's Discussion and Analysis

Years Ended February 29, 2024 and February 28, 2023

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**Overview**

The following Management's Discussion and Analysis of the San Luis & Delta-Mendota Water Authority (the Authority) provides an overview of the financial activities and transactions for fiscal year 2024 in comparison to fiscal years 2023 and 2022 in the context of the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. This discussion and analysis should be read in conjunction with the Authority's audited financial statements and accompanying notes.

**Financial Reporting**

The Authority's accounting records are maintained in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board (GASB) which for the Authority is the accrual basis of accounting and, where not in conflict with GASB pronouncements, accounting principles prescribed by the Financial Accounting Standards Board (FASB).

**Description of Basic Financial Statements**

The Authority's basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. The Statement of Net Position includes all of the Authority's assets, deferred outflows and liabilities, with the difference reported as net position. The Statement of Revenues, Expenses and Changes in Net Position report all of Authority's revenues and expenses during the period indicated. The Statement of Cash Flows shows the amount of cash received and paid out for operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

- **Statement of Net Position**

The Statement of Net Position provides information about assets, liabilities, and net position of the Authority at a specific point in time. Assets are economic resources the Authority owns that have value and can either be sold or used by the Authority to provide services to its members. Assets include various pieces of equipment, vehicles, inventory, cash and investments, and accounts receivable.

Liabilities are the amount of money that the Authority owes to others. This includes money owed to suppliers for materials, credits owed to members participating in activity agreements, money owed for member agency water transfers, prepayments for water conveyance, and amounts due to the Authority's pension plan.

Net Position is the amount of money remaining if the Authority were to sell all of its assets and pay off all liabilities.

- **Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position is more commonly known as the Income Statement. This statement provides information regarding the Authority's operations including revenues collected and expenses incurred over a one-year period. The net of these revenues and expenses represents the Authority's end of year net position.

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Management's Discussion and Analysis

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• **Statement of Cash Flows**

The Statement of Cash Flows reports the Authority's inflows and outflows of cash. This report provides management with information regarding cash on hand and the ability to pay expenses and purchase assets.

A cash flow statement reflects changes over time rather than absolute dollar amounts at a particular point in time. The bottom line of the cash flow statement shows the net increase or decrease in cash for the period. Cash flow statements are divided into four activities: (1) operating activities; (2) noncapital financing activities; (3) capital financing activities; and (4) investing activities.

1. **Operating Activities** – analyzes the cash flow from operational activities (operating revenues and expenses). This section of the cash flow statement reconciles the operating revenues to the actual cash the Authority received from or used in its operating activities.
2. **Noncapital Financing Activities** – reflects the cash flow from non-operating activities such as water sales and grant activity.
3. **Capital Financing Activities** – shows the cash flow from all financing activities. Typical cash flows from financing activities include funds received from borrowing, debt service payments, and the purchase and/or sale of capital assets.
4. **Investing Activities** – reflects the cash flow from all investment activities including investment income and purchases or sales of investment securities.

**Condensed Statement of Net Position**

	2024	2023 (As Restated)	2023/2024 Variance	% Change	2022	2022/2023 Variance	% Change
<b>Assets</b>							
Current Assets	\$ 66,008,597	\$ 69,645,416	\$ (3,636,819)	-5%	\$ 60,619,300	\$ 9,026,116	15%
Capital Assets, Net A/D	\$ 5,739,106	\$ 5,418,578	\$ 320,528	6%	\$ 4,911,603	\$ 506,975	10%
Other Assets	\$ 50,363,663	\$ 48,974,597	\$ 1,389,066	3%	\$ 46,304,954	\$ 2,669,643	6%
<b>Total Assets</b>	<b>\$122,111,366</b>	<b>\$124,038,591</b>	<b>\$ (1,927,225)</b>	<b>-2%</b>	<b>\$111,835,857</b>	<b>\$ 12,202,734</b>	<b>11%</b>
Deferred Outflows of Resources	\$ 167,542	\$ 177,397	\$ (9,855)	-6%	\$ 187,252	\$ (9,855)	-5%
<b>Liabilities</b>							
Current Liabilities	\$ 40,374,076	\$ 38,516,576	\$ 1,857,500	5%	\$ 47,606,381	\$ (9,089,805)	-19%
Debt Borrowings, S/T	\$ 3,272,446	\$ 1,398,023	\$ 1,874,423	134%	\$ 2,255,190	\$ (857,167)	-38%
Noncurrent Liabilities	\$ 48,795,299	\$ 47,794,778	\$ 1,000,521	2%	\$ 49,320,520	\$ (1,525,742)	-3%
<b>Total Liabilities</b>	<b>\$ 92,441,821</b>	<b>\$ 87,709,377</b>	<b>\$ 4,732,444</b>	<b>5%</b>	<b>\$ 99,182,091</b>	<b>\$(11,472,714)</b>	<b>-12%</b>
<b>Net Position</b>							
<b>Total Net Position</b>	<b>\$ 29,837,087</b>	<b>\$ 36,506,611</b>	<b>\$ (6,669,524)</b>	<b>-18%</b>	<b>\$ 12,841,018</b>	<b>\$ 23,665,593</b>	<b>184%</b>

**Current Assets**

Current assets include cash and equivalents, accounts receivable, grants receivable, interest receivable, inventory and prepaid expenses.

*Fiscal Year 2024 Compared to 2023.* At February 29, 2024, current assets totaled \$66.01 million which was a \$3.64 million or 5% decrease from the prior year. This decrease, as compared to February 28, 2023, was primarily due to a decrease of \$3.13 million in current cash and cash equivalents restricted for project use energy, in addition to a net decrease of \$17.13 million in cash restricted for EO&M offset by an increase

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in accounts receivable of \$14.49 million and an increase in cash restricted for San Luis Joint Use of \$1.77 million.

*Fiscal 2023 Compared to 2022.* At February 28, 2023, current assets totaled \$69.65 million which was a \$9.03 million or 15% increase from the prior year. This increase, as compared to February 28, 2022, was primarily due to a decrease of \$8.09 million in cash and cash equivalents, an increase of \$24.30 million in accounts receivable, and a decrease of \$7.25 million in prepaid expenditures. Accounts receivable increased due to a \$6.50 million receivable due from contractors for the (Reclamation) Project Use Energy year-end true-up and an additional \$2.60 million receivable due for San Luis Joint Use. There were also two years of final accounting receivables outstanding in 2023 in comparison to one year outstanding in 2022.

### Capital Assets Net of Depreciation

Capital assets net of depreciation includes automobiles, heavy equipment, furniture, equipment, computers, subscription assets, and lease assets net of all accumulated depreciation.

*Fiscal Year 2024 Compared to 2023.* At February 29, 2024, net capital assets totaled \$5.75 million net of accumulated depreciation, which was an increase of approximately \$0.33 million from \$5.42 million in fiscal year 2023. This increase is a net result of purchases in vehicles and other furniture and equipment, and the addition of a lease asset.

*Fiscal Year 2023 Compared to 2022.* At February 28, 2023, net capital assets totaled \$5.42 million net of accumulated depreciation, which was an increase from \$4.91 million in fiscal year 2022 of approximately \$0.51 million. This increase is a net result of a GASB regulation which required the Authority to track and depreciate subscription and lease assets in fiscal year 2023.

	2024	2023 (As Restated)	2022
Heavy Equipment	\$ 3,633,897	\$ 3,416,235	\$ 3,416,235
Vehicles and Light Trucks	\$ 3,557,272	\$ 3,202,000	\$ 3,307,975
Furniture and Equipment	\$ 1,432,541	\$ 1,372,560	\$ 1,361,272
Computers	\$ 667,538	\$ 607,805	\$ 500,722
Subscription Assets	\$ 962,607	\$ 962,607	\$ -
Lease Asset - Building	\$ 269,061	\$ -	\$ -
Total Capital Assets at Cost	<u>\$ 10,522,916</u>	<u>\$ 9,561,207</u>	<u>\$ 8,586,204</u>
Less Accumulated Depreciation	<u>\$ (4,783,810)</u>	<u>\$ (4,142,629)</u>	<u>\$ (3,674,601)</u>
Net Capital Assets	<u><u>\$ 5,739,106</u></u>	<u><u>\$ 5,418,578</u></u>	<u><u>\$ 4,911,603</u></u>

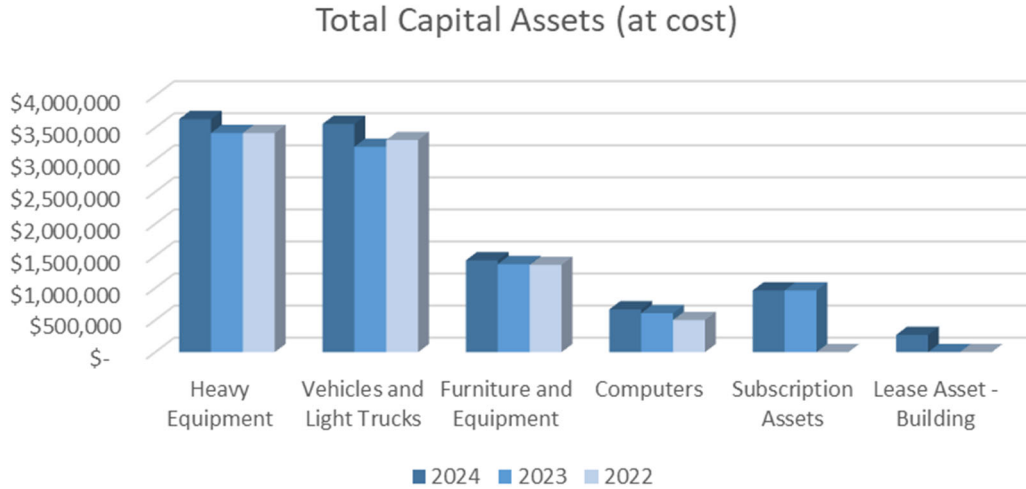
Major capital asset events during fiscal year 2024 include the following:

- Heavy equipment purchases totaled \$0.22 million with no disposals.
- Vehicle purchases and replacements were \$0.38 million with disposals totaling \$0.03 million.
- Furniture and equipment purchases totaled \$0.06 million with no disposals.
- Computer purchases totaled \$0.06 million with no disposals.
- A new lease asset was capitalized in the amount of \$0.27 million.

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Additional information on the Authority’s capital assets may be found in Note 4.



**Other Assets**

Other assets, which consist primarily of receivables from various financing participants, restricted cash and cash equivalents and investments, and a long-term receivable from members for the Rewind Project financing, increased from \$48.97 million in fiscal year 2023 to \$50.36 million in fiscal year 2024. This was mainly due to an increase in collections on the Rewind Project receivable of \$2.06 million, an increase of \$0.35 million in grant retention receivable, offset by a \$1.33 million decrease in receivables from the Delta Habitat Conservation and Conveyance Program (DHCCP) financing participants. Changes related to the DHCCP debt refunding are further described in Note 7.

**Current Liabilities**

Current liabilities represent Authority obligations that are due within one year, which include accounts payable, prepayments for water conveyance, and the current portion of long-term liabilities.

*Fiscal Year 2024 Compared to 2023.* At February 29, 2024, current liabilities totaled \$40.37 million, an increase of \$1.86 million or 5% from the prior year. This change is due to a \$17.09 million increase in accounts payable at fiscal year-end offset by a decrease in unearned revenues of \$15.82 million.

*Fiscal Year 2023 Compared to 2022.* At February 28, 2023, current liabilities totaled \$38.52 million, a decrease of \$9.09 million or 19% from the prior year due to a \$5.39 million decrease in accounts payable, a decrease of \$3.05 million in unearned revenues, and a decrease of \$0.50 million in accrued interest payable.

**Debt Borrowings – Due within One Year**

Debt Borrowings – due within one year increased from \$1.40 million in 2023 to \$3.27 million in fiscal year 2024 for an overall increase of \$1.87 million.

**Non-Current Liabilities**

*Fiscal Year 2024 Compared to 2023.* Non-current liabilities increased \$1.00 million from \$47.79 million in fiscal year 2023 to \$48.80 million in 2024. This minor increase was due to disbursements on the Unit 3

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and 5 Rewind notes. More information on the Jones Pumping Plant Rewind Project and Refunding Revenue Bonds can be found in Note 7.

*Fiscal Year 2023 Compared to 2022.* Debt Borrowings – long-term liabilities decreased \$1.53 million from \$49.32 million in 2022 to \$47.79 million in 2023 due to two years of principal payments made on the Series 2021A Revenue Bonds and Series 2021B Refunding Revenue Bonds, as the March 1, 2023 payment was made on February 28, 2023. More information on the Units 5 and 6 Rewind and Refunding Revenue Bonds can be found in Notes 7.

**Total Net Position**

Total net position is a measure of equity that is comprised of the difference between total assets and total liabilities.

*Fiscal Year 2024 Compared to 2023.* The total net position at the end of fiscal year 2024 was \$29.84 million, a decrease of \$6.67 million from the end of fiscal year 2021. Net position decreased due to an operating loss of \$10.49 million, offset by a net non-operating gain of \$3.82 million.

*Fiscal Year 2023 Compared to 2022.* The total net position at the end of fiscal year 2023 was \$36.51 million, an increase of \$23.66 million from the end of fiscal year 2022. Net position increased mainly due to a net operating gain of \$24.32 million, offset by a net non-operating loss of \$0.64 million.

**Revenues and Expenses**

The following is a condensed presentation of revenues, expenses and changes in net position for the fiscal year ended February 29, 2024 in comparison to years ended February 28, 2023 and February 28, 2022:

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	2024	2023 (As Restated)	2023/2024 Variance	% Change	2022	2022/2023 Variance	% Change
Revenues & Expenses							
Operating Revenues	\$ 88,535,704	\$ 92,517,190	\$ (3,981,486)	-4%	\$ 62,350,396	\$ 30,166,794	48%
Non-Operating Revenues	\$ 10,649,609	\$ 33,327,697	\$(22,678,088)	-68%	\$ 130,083,507	\$ (96,755,810)	-74%
Operating Expenses	\$ (99,020,801)	\$ (68,199,719)	\$(30,821,082)	45%	\$ (61,025,258)	\$ (7,174,461)	12%
Non-Operating Expenses	\$ (6,834,036)	\$ (33,969,148)	\$ 27,135,112	-80%	\$(130,426,829)	\$ 96,457,681	-74%
Net Income (Loss)	<u>\$ (6,669,524)</u>	<u>\$ 23,676,020</u>	<u>\$(30,345,544)</u>		<u>\$ 981,816</u>	<u>\$ 22,694,204</u>	
Net Position - Beg. of Year	\$ 36,506,611	\$ 12,841,018			\$ 11,859,202		
Restatement per GASB 96		\$ (10,427)					
Net Position - Beg. of Year, as restated	<u>\$ 36,506,611</u>	<u>\$ 12,830,591</u>	<u>\$ 23,676,020</u>	185%	<u>\$ 11,859,202</u>	<u>\$ 971,389</u>	8%
Net Position - End of Year	<u>\$ 29,837,087</u>	<u>\$ 36,506,611</u>	<u>\$ (6,669,524)</u>	-18%	<u>\$ 12,841,018</u>	<u>\$ 23,665,593</u>	184%

San Luis & Delta-Mendota Water Authority  
Management's Discussion and Analysis

Years Ended February 29, 2024 and February 28, 2023

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**Operating & Non-Operating Revenues**

• **Operating Revenues**

The Authority's principal source of operating revenue is from O&M rates paid for the conveyance of water, extraordinary O&M, Project Use Energy fees, San Luis joint use facility fees and activity agreement membership dues, which typically accounts for approximately 75 percent of fiscal year revenues. Additional components have also been included in the O&M rates to cover payments required on the Jones Pumping Plant Rewind Project debt repayment with Reclamation beginning in 2020 and the Series 2021A bond financing beginning in 2021. See Note 7 for more information.

*Fiscal Year 2024 Compared to 2023.* Fiscal year 2024 operating revenues were \$88.54 million, a decrease of \$3.98 million as compared to fiscal year 2023. Details to support this decrease include:

1. Water conveyance fees increased \$4.75 million.
2. Project Use Energy fees increased \$10.49 million due to an increase in the estimated payment schedule received from Reclamation, as well as, an additional invoice accrued for the year end power true-up.
3. EO&M revenue decreased \$21.25 million as there was no interim final accounting true-up in the current fiscal year as described in fiscal year 2023.
4. San Luis Joint Use facility fees increased an additional \$2.43 million in fiscal year 2024 from \$15.14 million in fiscal year 2023.

*Fiscal Year 2023 Compared to 2022.* Fiscal year 2023 operating revenues were \$92.52 million, an increase of \$30.17 million as compared to fiscal year 2022. Details to support this increase include:

5. EO&M revenue increased \$23.36 million, due to the interim final water accounting for water year 2022 true-up recognized in fiscal year 2023.
6. Project Use Energy fees increased \$6.72 million.
7. San Luis Joint Use facility fees increased \$1.43 million from \$13.67 million in fiscal year 2022 to \$15.10 million in fiscal year 2023.
8. Water conveyance fees related to the Rewind rate components increased \$0.98 million.
9. Refunds to water users of totaling \$4.25 million creating an overall decrease in operating revenues in fiscal year 2023.

• **Non-Operating Revenues**

*Fiscal Year 2024 Compared to 2023.* Non-operating revenues decreased \$22.68 million or 68% from fiscal year 2023 for a total of \$10.65 million at February 29, 2024. This is largely due to the continued decrease in water transfer activity in fiscal year 2024.

*Fiscal Year 2023 Compared to 2022.* Non-operating revenues decreased \$96.76 million or 74% from fiscal year 2022 for a total of \$33.33 million at February 28, 2023. This decrease is mainly due to significantly reduced water transfer activity.

San Luis & Delta-Mendota Water Authority  
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Years Ended February 29, 2024 and February 28, 2023

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**Operating & Non-Operating Expenses**

- **Operating Expenses**

*Fiscal Year 2024 Compared to 2023.* Total operating expenses for fiscal year 2024 were \$99.02 million, an increase of \$30.82 million from 2023. Increase is primarily a result of increased Project Use Energy costs and EO&M reserve expenses from a change in estimate in the amount recognized in 2023 as described in Note 15.

*Fiscal Year 2023 Compared to 2022.* Total operating expenses for fiscal year 2023 were \$68.20 million, an increase of \$7.17 million from 2022. This is mainly due to a \$6.72 million increase in Project Use Energy costs and a \$1.63 million increase in San Luis Joint Use facility costs.

- **Non-Operating Expenses**

*Fiscal Year 2024 Compared to 2023.* Total non-operating expenses decreased \$27.14 million or 80% from \$33.97 million in fiscal year 2023 for a total of \$6.83 million in non-operating expenses in fiscal year 2024. This increase is mainly due to a decrease of \$25.50 million in water transfer expenses throughout the fiscal year.

*Fiscal Year 2023 Compared to 2022.* Total non-operating expenses decreased \$96.46 million or 74% from \$130.43 million in fiscal year 2022 for a total of \$33.97 million in non-operating expenses in fiscal year 2023. This decrease is mainly due to a decrease in expenses incurred from water transfer activities.

**Long-Term Debt**

Long-term debt increased from \$47.79 million in fiscal year 2023 to \$48.80 million in fiscal year 2024 for an overall increase of \$1.00 million. This increase is attributed to the completion of unit 3 of the Jones Pumping Plant Rewind project and the repayment contract executed with Reclamation to fund the project.

Please see Note 7 for additional information on the Authority's long-term debt.

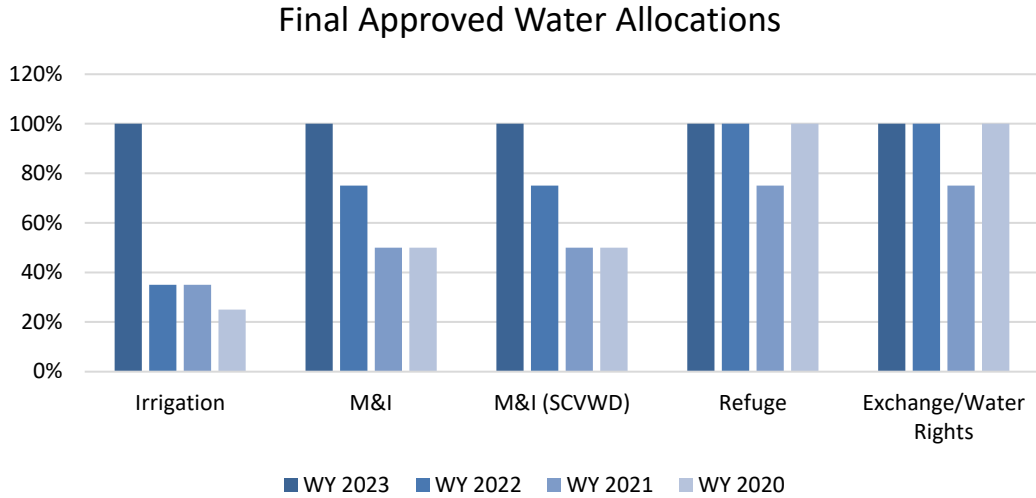
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Years Ended February 29, 2024 and February 28, 2023

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**Economic Factors and Subsequent Years' Water Allocation**

**Water Allocations**



**Financial Contact**

This financial report is intended to provide the Authority's members, creditors, investors and other interested parties an overview of the Authority's financial operations and fiscal condition. Should the reader have questions regarding information included in this report, or wish to request additional financial information, please contact the Authority's Director of Finance at P.O. Box 2157, Los Banos, CA 93635.

SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

STATEMENTS OF NET POSITION

February 29, 2024 and February 28, 2023

	2024	2023 (As Restated)
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents:		
Unrestricted	\$ 1,243	
Restricted - available for activity agreements	6,714,484	\$ 6,365,809
Restricted - available for Project Use Energy		3,131,800
Restricted - available for extraordinary maintenance	5,328,503	22,457,920
Restricted - available for San Luis Joint Use	1,769,532	
Accounts receivable, net	51,308,610	36,822,161
Prepaid expenses	440,577	431,768
Inventory	445,648	435,958
Total Current Assets	66,008,597	69,645,416
Noncurrent Assets:		
Restricted cash and cash equivalents:		
Emergency reserve fund	2,280,327	2,137,002
Debt service	2,179,549	2,019,052
Grant retention receivable	347,677	
Restricted receivables:		
Due from other governments, Jones Pumping Plant Rewind Project	18,771,110	16,708,543
DHCCP financing participants	26,785,000	28,110,000
Capital assets, net	5,739,106	5,418,578
Total Noncurrent Assets	56,102,769	54,393,175
TOTAL ASSETS	122,111,366	124,038,591
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on refunding of debt	167,542	177,397
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	32,765,412	15,672,932
Accrued payroll and related liabilities	497,152	343,030
Accrued interest payable	426,071	
Unearned revenue	6,685,441	22,500,614
Current portion of long-term liabilities	3,272,446	1,398,023
Total Current Liabilities	43,646,522	39,914,599
Noncurrent Liabilities:		
Long-term liabilities, net of current portion	48,795,299	47,794,778
Total Noncurrent Liabilities	48,795,299	47,794,778
TOTAL LIABILITIES	92,441,821	87,709,377
<b>NET POSITION</b>		
Investment in capital assets	4,888,476	4,646,337
Restricted for activity agreements	5,529,129	5,369,980
Restricted for emergency reserve fund	2,280,327	2,137,002
Restricted for extraordinary maintenance	22,520,874	28,567,224
Unrestricted	(5,381,719)	(4,213,932)
TOTAL NET POSITION	\$ 29,837,087	\$ 36,506,611

The accompanying notes are an integral part of these financial statements.

SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended February 29, 2024 and February 28, 2023

	2024	2023 (As Restated)
<b>OPERATING REVENUES</b>		
Project Use Energy (PUE) fees	\$ 32,109,051	\$ 21,618,417
Water conveyance fees, operations and maintenance	20,014,196	15,266,617
San Luis Joint Use facility fees	17,528,093	15,101,167
Extraordinary operations and maintenance reserve revenue	6,420,375	27,668,158
Water conveyance fees - Rewind debt service	3,721,184	7,174,362
Membership assessments, activity budget	7,195,369	8,473,753
Delta Habitat Conservation and Conveyance Program (DHCCP) revenue	651,946	681,156
United States Bureau of Reclamation service contract	633,403	301,416
Other operating revenue	862,087	479,479
Refunds to water users	(600,000)	(4,247,335)
<b>TOTAL OPERATING REVENUES</b>	<b>88,535,704</b>	<b>92,517,190</b>
<b>OPERATING EXPENSES</b>		
Project Use Energy (PUE) costs	32,109,051	21,618,417
San Luis Joint Use facility costs	17,938,614	15,141,772
Salaries and related benefits	15,598,412	13,797,678
Extraordinary operations and maintenance reserve expense	16,361,652	1,114,484
Legal and professional services	4,961,112	4,175,037
Intertie conveyance	3,773,722	926,530
Jones Pumping Plant Rewind expense	3,115,260	6,969,542
Other operating expenses	2,097,518	1,777,943
Building, machinery and equipment	840,972	549,820
Grassland Basin Drainage specific	963,134	906,957
Auto expenses	619,384	604,665
Depreciation	641,970	616,874
<b>TOTAL OPERATING EXPENSES</b>	<b>99,020,801</b>	<b>68,199,719</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(10,485,097)</b>	<b>24,317,471</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	1,264,589	216,025
Interest expense	(906,251)	(905,465)
Water transfer revenue	3,823,802	29,328,047
Water transfer expense	(3,823,802)	(29,328,047)
State/Federal grant revenue	4,322,218	2,193,076
State/Federal grant pass-through expense	(846,969)	(2,193,076)
Los Vaqueros Reservoir Expansion revenue	1,239,000	1,542,560
Los Vaqueros Reservoir Expansion expense	(1,239,000)	(1,542,560)
Other nonoperating expenses	(18,014)	47,989
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>3,815,573</b>	<b>(641,451)</b>
<b>CHANGE IN NET POSITION</b>	<b>(6,669,524)</b>	<b>23,676,020</b>
<b>NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	36,506,611	12,841,018
Change in accounting principle (GASB 96)		(10,427)
Net position at beginning of year, as restated	<b>36,506,611</b>	<b>12,830,591</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 29,837,087</b>	<b>\$ 36,506,611</b>

The accompanying notes are an integral part of these financial statements.

SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

STATEMENTS OF CASH FLOWS

For the Years Ended February 29, 2024 and February 28, 2023

	<u>2024</u>	<u>2023</u> (As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 58,333,283	\$ 62,916,681
Cash payments to suppliers for goods and services	(69,157,785)	(51,639,195)
Cash payments to employees for services	(11,898,435)	(13,587,521)
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(22,722,937)</u>	<u>(2,310,035)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Principal paid on long-term debt	(810,378)	(4,456,396)
Interest paid on long-term debt	(470,325)	(1,495,253)
Long-term debt issued	1,136,756	
Net water transfers	(27,267)	(27,267)
Noncapital grants received	5,111,663	2,725,012
Noncapital grant expended	(593,711)	(2,735,472)
Other nonoperating revenue received	1,239,000	47,989
Other nonoperating revenue expended	(1,229,357)	
<b>NET CASH (USED) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>4,356,381</u>	<u>(5,941,387)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(721,095)	(265,308)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(721,095)</u>	<u>(265,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	1,249,706	227,175
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<u>1,249,706</u>	<u>227,175</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(17,837,945)	(8,289,555)
Cash and cash equivalents, beginning of year	<u>36,111,583</u>	<u>44,401,138</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 18,273,638</u></u>	<u><u>\$ 36,111,583</u></u>
<b>Cash and cash equivalents - financial statement classification:</b>		
Unrestricted	\$ 1,243	
Restricted - available for current operations	6,714,484	\$ 6,365,809
Restricted - available for Project Use Energy		3,131,800
Restricted - available for Rewind Project	5,328,503	22,457,920
Restricted - available for San Luis Joint Use	1,769,532	
Restricted for emergency reserve fund	2,280,327	2,137,002
Restricted for debt service	2,179,549	2,019,052
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 18,273,638</u></u>	<u><u>\$ 36,111,583</u></u>

(Continued)

SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended February 29, 2024 and February 28, 2023

	2024	2023 (As Restated)
RECONCILIATION OF OPERATING INCOME/(LOSS) TO		
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (13,553,593)	\$ 24,317,471
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Depreciation expense	641,971	616,874
Changes in operating assets and liabilities:		
Accounts receivable, net	(12,406,434)	(28,073,797)
Prepaid expenses	(8,809)	7,254,595
Inventory	(9,690)	(70,175)
Due from other governments, DHCCP financing participants	1,325,000	1,525,000
Accounts payable	16,839,222	(4,847,173)
Accrued payroll and related liabilities	154,122	187,889
Unearned revenue	(15,815,173)	(3,051,712)
Retention payable	(77,039)	(203,854)
Compensated absences	187,486	34,847
	<u>\$ (22,722,937)</u>	<u>\$ (2,310,035)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Noncash loan proceeds receivable from Reclamation	\$ (3,068,496)	\$ (1,136,756)
Change in long-term receivable for Rewind notes payable	(3,305,814)	1,136,756
Interest capitalized in Rewind notes payable	237,318	
Grant pass-through receivable	(106,125)	420,396
Water transfer pass-through receivable	(27,267)	(27,267)
Acquisition of assets with lease liability	(269,061)	
Amortization of deferred amount on refunding	9,855	9,855
Unrealized gain (loss) on investments	(54,862)	(26,439)

The accompanying notes are an integral part of these financial statements.

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

February 29, 2024 and February 28, 2023

### NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the San Luis & Delta-Mendota Water Authority conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity: The San Luis & Delta-Mendota Water Authority (Authority) was established as a joint powers authority under California law dated July 1, 1990. It serves 27 member agencies, 25 of which contract (Contractors) with the United States Bureau of Reclamation (Reclamation or USBR) for water supply from the Central Valley Project (CVP). The Authority delivers water to the most diverse set of member agencies in California. The member agencies provide water to approximately 1.2 million acres of highly productive farmland, 2 million California residents, and millions of waterfowl dependent upon the nearly 130,000 acres of managed wetlands within the Central Valley area of the Pacific Flyway. The Authority is governed by a 19-member Board of Directors and serves two important roles: (1) to act as the operations and maintenance entity for the Delta Division of the CVP and south of Delta CVP facilities that the Authority's member agencies depend on for the delivery of their water supply, and (2) to provide unified representation on common interests of Authority members.

The member agencies are as follows and are assigned to one of five divisions based on location:

Division 1 (Northern DMC):	Division 4 (San Felipe Unit):
Banta-Carbona Irrigation District	San Benito County Water District
Byron Bethany Irrigation District	Santa Clara Valley Water District (Valley Water)
City of Tracy	
Del Puerto Water District	Division 5 (Southern DMC/Mendota Pool):
Patterson Irrigation District	Broadview Water District
West Stanislaus Irrigation District	Eagle Field Water District
	Fresno Slough Water District
Division 2 (San Luis Unit):	James Irrigation District
Panoche Water District	Laguna Water District
Pleasant Valley Water District	Mercy Springs Water District
San Luis Water District	Oro Loma Water District
Westlands Water District	Pacheco Water District
	Reclamation District 1606
Division 3 (Exchange Contractor and Grassland Water District):	Tranquillity Irrigation District
Central California Irrigation District	Turner Island Water District
Columbia Canal Company (Friend)	
Firebaugh Canal Water District	
Grassland Water District	
Henry Miller Reclamation District #2131	

The Authority has determined that there are no component units that meet the criteria for inclusion within the reporting entity.

The Authority is a member of the following joint power authorities/agencies (JPAs): Association of California Water Agencies (ACWA), ACWA Joint Powers Insurance Authority, and the State and Federal Water Contractors Agency and the Los Vaqueros Reservoir Joint Powers Authority, which was dissolved in 2025. The Authority is generally not responsible for the liabilities for the JPAs under the JPA agreements and only has a residual interest in any assets held by the JPAs upon termination of the agreements. However, see Note 10 for a discussion of the effect of changes due to a state law related to pension liabilities.

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation – Fund Accounting: The Authority’s resources are allocated to and accounted for in these basic financial statements using an enterprise fund type of the proprietary fund group. A fund is a self-balancing set of accounts. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on the economic resources measurement focus. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of net position. Net position is segregated into the investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Enterprise funds and agency funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for operations and maintenance of the Delta-Mendota Canal, Project Use Energy (PUE) fees, San Luis Joint Use facility fees (fees for the Authority’s share of facilities used jointly by Reclamation and the California Department of Water Resources and funding participants) and related facilities. Operating expenses for the enterprise fund include the cost of operations and maintenance of the Delta-Mendota Canal and related facilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Cost reimbursement grant revenues are recognized as revenue when the reimbursable costs are incurred under the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Charges to Members: The Authority charges operation, maintenance and replacement (OM&R) water rates for the conveyance of water to recover “OM&R Costs.” The First Amended and Restated Memorandum of Understanding (MOU) Between Friant Water Users Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities (Friant MOU) defines OM&R Costs as “Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.” This MOU was subsequently amended and became effective July 8, 2024.

The charges are paid by water contractors each month for the next calendar month based on the estimated acre-feet of water deliveries and estimated rates set by the Authority and approved by the Board of Directors, which includes the Authority’s estimated OM&R Costs, Department of Water Resources (DWR) and Reclamation’s PUE estimated operations and maintenance costs determined at the beginning of the fiscal year, as indicated on the water contractors’ advance payment form.

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Charges for services provided but unbilled at the end of the year are recorded as revenue on an estimated basis. Amounts received in advance or in excess of the user charge for a billing period are recorded as unearned revenues until such time as these amounts are either refunded or applied against future user charges.

The Authority's water delivery rates are based on budgeted costs and expected delivery volumes. At the end of each year, as actual costs and volumes are known, a final accounting is performed to true up the actual cost to each contractor. The final accounting can result in amounts due to and from contractors. The resulting receivables or payables to contractors are recorded in the year that the final accounting is performed.

The Authority completed the final accounting for water year 2021 and the interim final accounting for water year 2022 that is reflected in the financial statements for the year ended February 28, 2023. The final accounting resulted in additional unearned revenue of \$8,049,762 related to water year 2021 and an additional billing of \$18,350,496 related to water year 2022. The Water Year 2021/Fiscal Year 2022 final accounting resulted in sixteen contractors with an overpayment of their account while twenty-one contractors had balances due; the net result was \$8 million in overpayments. The large additional billing for water year 2022 was the result of a critically dry water year (Critical), where volumes realized through the O'Neill Pumping Plant were at 71% of forecasted level, combined with USBR San Luis Joint Use expenses being about \$2.6 million higher than budgeted. PUE is billed by USBR on an estimated basis and trueed up after the end of the Federal Fiscal Year. The \$6.5 million shortfall on PUE relates to a combination of the under-absorption of budgeted power costs (PUE), and an additional true-up charge from USBR for Water Year 2022/Fiscal Year 2023 of \$2.97 million. As a result of the final and interim final accounting for water years 2021 and 2022, the Authority recognized revenue of \$17.7 million during the year ended February 28, 2023.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less, including restricted assets, to be cash equivalents, which includes investments in the California Local Agency Investment Fund (LAIF), the Investment Trust of California (CalTRUST) and money market mutual funds.

Accounts Receivable: Billed, but unpaid, services are recorded as accounts receivable. Receivables include a year-end accrual for services provided through the end of the fiscal year that were not billed at year-end.

Receivables are also recognized from water contractors at year-end when conveyance fees are trueed-up based on actual water deliveries and operations and maintenance costs. See Notes 7 and 11 for a description of C.W. "Bill" Jones Pumping Plant Rewind Project and financing participant receivables.

Prepaid Expenses: Prepaid expenses at February 29, 2024 and February 28, 2023 represented payments made to the Association of California Water Agencies Joint Powers Insurance Authority for various forms of insurance. Prepaid expenses at February 29, 2024 and February 28, 2023 also included activity agreement costs that benefited periods beyond year-end.

Restricted Assets: Restricted assets consist of amounts held in the debt service revenue, the emergency reserve fund required under the Reclamation Transfer Agreement, as described in Note 8, and assets restricted under activity agreements with member agencies for specific projects, amounts collected for project use energy that have not been spent, and amounts collected for extraordinary maintenance costs that have not yet been spent.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued):

Inventory: Inventory consists of various parts and materials needed to operate and maintain the Delta-Mendota Canal and other facilities. It is valued on an average cost basis.

Capital Assets Purchased by the Water Authority: Capital assets are recorded at historical cost. It is the Authority’s policy to capitalize assets with a cost of \$5,000 or more with useful lives in excess of one year. The costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives.

<u>Description</u>	<u>Estimated Life</u>
Heavy equipment	15-30 years
Vehicles and light trucks	10-30 years
Furniture and equipment	10-30 years
Computers	5-20 years

Right-to-use lease assets are recognized at the lease commencement date and represent the Authority’s right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period of the Authority’s building lease is 4 years.

Right-to-use subscription IT assets are recognized at the subscription commencement data and represent the Authority’s right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at initial value of the subscription liability plus and payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription term or useful life of the underlying asset using the straight-line method. The amortization period of the District’s IT assets is 6 years.

Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The United States Bureau of Reclamation transferred assets relating to the conveyance of water, maintenance, and operation of certain Central Valley Project facilities to the Authority at March 1, 1998. Depreciation on these assets has been computed and reported in the financial statements using the straight-line method over their useful lives.

Unearned Revenue: Unearned revenue arises when resources are received by the Authority prior to the incurrance of qualifying operations and maintenance costs. The Authority’s unearned revenues represent water conveyance fees, PUE fees, rewind reimbursements and San Luis Joint Use facility fees not earned at year-end by incurring qualifying expenses. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued):

Lease and Subscription Liabilities: Lease liabilities represent the Authority's obligation to make lease payments arising from leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The lease payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate.

Subscription liabilities represent the Authority's obligation to make subscription payments arising from subscription contracts. Subscription liabilities are recognized at the subscription commencement date based on the present value of the future subscription payments expected to be made during the subscription term. The subscription payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate.

Compensated Absences: Accumulated unpaid employee vacation benefits are recognized as a compensated absences liability in the year vested. Vacation is fully payable at separation. Sick leave is accumulated without limit but is not payable at separation and is not recognized as part of the Authority's compensated absences liability except for the available sick leave cash-out balance described below.

According to the Authority's ICMA Retirement Health Savings Plan (Plan) adopted March 1, 2005, upon retirement from the Authority, the participant's available sick leave cash out is required to be contributed to the Plan and is deposited in an individual account held for the benefit of the participant. The available sick leave cash out balance is defined as the lesser of one-half of accumulated sick leave on the effective date of separation or 500 hours for employees 1) that have ten years of service and are at least 55 years of age, or 2) employees with fifteen years of service regardless of age.

Net Position: Net position is categorized as the investment in capital assets, restricted and unrestricted.

Investment in Capital Assets: This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt and other capital payables that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position: This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through contractual provisions or enabling legislation.

Unrestricted Net Position: This category represents net position of the Authority, not restricted for any project or other purpose.

Reclassifications: Certain 2023 expenses were reclassified during 2024 to conform with the current presentation. These reclassifications had no effect on 2023 total expenses or change in net position.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Pronouncements: In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses issues related to

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

public-private and public-public partnership arrangements (PPPs). PPPs are arrangements in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement requires that PPPs that meet the definition of a lease apply guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of a service concession arrangement. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement No. 87, as amended. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements that include an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement was implemented during the year ended February 29, 2024 and had no effect on the Authority's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement was implemented during the year ended February 29, 2024 and resulted in recording a SBITA asset and liability as described in Notes 4 and 7.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including the classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions of Statement 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement term, classification as short-term and recognition of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to nonmonetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement No. 53 to refer to resource flows statements. This Statement will be implemented during the year ended February 28, 2025.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued):

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for each type of accounting change, including changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity, and error corrections. This Statement requires changes in accounting principles and error corrections to be reported retroactively by restating prior periods; requires changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period; and requires changes in accounting estimates to be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of new pronouncements in absence of specific transition provisions in the new pronouncement. This Statement also requires the aggregate amount of adjustments to and restatements of beginning net position, fund balance or fund net position, as applicable, to be displayed by reporting unit in the financial statements. Furthermore, this Statement requires information presented in required supplementary information or supplementary information to be restated for error corrections, if practicable, but not for changes in accounting principles. This Statement will be implemented during the year ended February 28, 2025.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. This Statement will be implemented during the year ended February 28, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a primary government, or reporting unit that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. If the criteria in the Statement have been met for a concentration or constraint, the government should disclose information in notes to financial statements in sufficient detail to enable users of financial statements understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The provisions of this Statement are effective for years beginning after June 15, 2024.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, including 1) certain topics and disclosures in Management's Discussion and Analysis; 2) requiring the

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued):

display of inflows and outflows of unusual and infrequent items to be reported separately as the last presented flow(s) of resources prior to the net change in resources flows in the government-wide, governmental fund, and proprietary fund statement of resources flows; 3) changing the definition of proprietary fund nonoperating revenues and expenses to include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory and investment income and expenses and defines operating revenues and expenses as revenue and expenses other than nonoperating revenue and expenses; 4) requires major component units to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and 5) requires budgetary comparison schedules to be reported as Required Supplementary Information (RSI), requires the presentation of variances between original and final budget amounts and final budget and actual amounts in the RSI and requires the explanation of significant variances to be reported in notes to the RSI. The provisions of this Statement are effective for years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires lease assets recognized in accordance with GASB Statement No. 87, *Leases*, right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and other intangible assets to be disclosed separately in capital assets footnote disclosures. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose the ending historical cost and accumulated depreciation by major class of asset and the carrying amount of debt for which the assets are pledged as collateral by major class of asset held for sale under this Statement. The provisions of this Statement are effective for fiscal years beginning after June 15, 2025.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026.

The Authority is currently analyzing the impact of these new Statements.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 2 – CASH AND INVESTMENTS:

Cash and investments were classified as follows as of the last day of February:

	2024	2023
Cash and cash equivalents:		
Unrestricted	\$ 1,243	
Restricted - available for current operations	6,714,484	\$ 6,365,809
Restricted - available for project use energy		3,131,800
Restricted - available for extraordinary maintenance	5,328,503	22,457,920
Restricted - available for San Luis Joint Use	1,769,532	
Restricted - emergency reserve fund	2,280,327	2,137,002
Restricted - debt service	2,179,549	2,019,052
Total cash and investments	\$ 18,273,638	\$ 36,111,583

Cash and investments were classified as follows under GASB Statement No. 40 as of the last day of February:

	2024	2023
Cash and investments consisted of the following:		
Cash on hand	\$ 1,000	\$ 1,000
Deposits with financial institutions	3,295,147	7,144,579
Investments	14,977,491	28,966,004
Total cash and investments	\$ 18,273,638	\$ 36,111,583

Investment Policy: The Authority’s investment policy was approved by Resolution 2013-367. The policy allows the Authority to invest in Federal Deposit Insurance Corporation insured bank deposits, LAIF, the Investment Trust of California (CalTRUST) and United States Treasury notes, bonds, bills or certificates of indebtedness secured by the full faith and credit of the United States Government.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Authority’s investment policy. Under the Authority’s Indenture of Trust agreements, debt proceeds may be invested in direct U.S. Government obligations and highly rated: 1) U.S. Government agency obligations with remaining maturities not exceeding three years; 2) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and banker’s acceptances of domestic commercial banks maturing no more than 360 days after the date of purchase; 3) commercial paper maturing in no more than 270 days from the date of purchase; 4) money market funds; 5) municipal obligations; 6) CalTRUST; LAIF; and investment agreements.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Authority manages its exposure to changes in market interest rates by diversifying its investments by security type and institution.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued):

The following table illustrates the distribution of the Authority’s investments by maturity:

<u>February 29, 2024</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>More than 12 to 24 Months</u>	<u>More than 24 to 60 Months</u>
Local Agency Investment Fund	\$ 64,678	\$ 64,678		
CalTRUST	12,783,539	12,291,836		\$ 491,703
Held by bond trustee:				
Money market funds	2,129,274	2,129,274		
<b>Totals</b>	<b>\$ 14,977,491</b>	<b>\$ 14,485,788</b>	<b>\$ -</b>	<b>\$ 491,703</b>
<u>February 28, 2023</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>More than 12 to 24 Months</u>	<u>More than 24 to 60 Months</u>
Local Agency Investment Fund	\$ 4,544,425	\$ 4,544,425		
CalTRUST	22,107,403	21,636,710		\$ 470,693
Held by bond trustee:				
Money market funds	2,314,176	2,314,176		
<b>Totals</b>	<b>\$ 28,966,004</b>	<b>\$ 28,495,311</b>	<b>\$ -</b>	<b>\$ 470,693</b>

**Credit Risk:** The Authority limits its exposure to credit risk, that is, the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, by limiting its investments to instruments with the top ratings issued by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority’s investment policy, or debt agreements, and the actual Standard & Poor’s rating as for each investment type:

<u>February 29, 2024</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>AAf</u>	<u>AA-f</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 64,678	N/A				\$ 64,678
CalTRUST	12,783,539	N/A	\$ 11,754,139	\$ 537,697	\$ 491,703	
Held by bond trustee:						
Money market funds	2,129,274	AAA	2,129,274			
	<u>\$ 14,977,491</u>		<u>\$ 13,883,413</u>	<u>\$ 537,697</u>	<u>\$ 491,703</u>	<u>\$ 64,678</u>
<u>February 28, 2023</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>AAf</u>	<u>AA-f</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 4,544,425	N/A				\$ 4,544,425
CalTRUST	22,107,403	N/A		\$ 21,636,710	\$ 470,693	
Held by bond trustee:						
Money market funds	2,314,176	AAA	\$ 2,314,176			
	<u>\$ 28,966,004</u>		<u>\$ 2,314,176</u>	<u>\$ 21,636,710</u>	<u>\$ 470,693</u>	<u>\$ 4,544,425</u>

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued):

investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At February 29, 2024 and February 28, 2023, the carrying amount of the Authority's deposits was \$3,295,147 and \$7,144,579 and the balance in financial institutions was \$4,964,948 and \$7,238,783 respectively. Of the balance in financial institutions, \$250,000 at February 29, 2024 and February 28, 2023 was covered by federal depository insurance and the remaining amounts were collateralized by the pledging financial institution's assets held in a common pool for the Authority and other governmental agencies, but not in the name of the Authority.

Investments in External Investment Pools: The Authority is a voluntary participant in the following external investment pools: Local Agency Investment Fund (LAIF) and the Investment Trust of California (CalTRUST). LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. CalTRUST is administered under the oversight of a Board of Trustees comprised of experienced investment managers. The weighted average maturity of investments held by LAIF was 218 and 281 days as of February 29, 2024 and February 28, 2023, respectively.

The Authority also invests in the CalTRUST liquidity, short-term, and medium-term pools. The fair value of the Authority's investments in these pools are reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by the pools for their entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The amount that may be withdrawn from CalTRUST is based on the net asset value per share and the number of shares held by participants in each pool. The weighted average maturity in the liquidity funds in CalTRUST was 40 and 15 days as of February 29, 2024 and February 28, 2023, respectively. The weighted average maturity of short term-funds in CalTRUST was 318 and 336 days as of February 29, 2024 and February 28, 2023, respectively. The weighted average maturity of medium-term funds in CalTRUST was 861 and 810 days as of February 29, 2024 and February 28, 2023, respectively.

Fair Value Measurement: The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority's investments in LAIF, CalTRUST and money market funds are not subject to the fair value hierarchy or are measured at net asset value. All securities classified in Level 2 are valued using pricing models based on market data, such as matrix or model pricing from outside pricing services. These valuation techniques include third party benchmark yields, reported trades, broker/dealer quotes and other techniques.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 3 – ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES:

Accounts receivable and other receivables consisted of the following as of the last day of February:

	2024	2023
Other receivables	\$ 66,593	\$ 20,241
Due from other governments	51,233,273	36,790,518
Interest receivable	8,744	11,402
Total accounts receivable	51,308,610	36,822,161
Grant retention receivable	347,677	
Long-term Jones Pumping Plant Rewind Project receivable	18,771,110	16,708,543
Long-term DHCCP financing participants receivable	26,785,000	28,110,000
Total	\$ 97,212,397	\$ 81,640,704

NOTE 4 – CAPITAL ASSETS:

Capital asset activity was as follows during the years ended the last day of February:

<u>February 29, 2024</u>	Balance at March 01, 2023 (As Restated)	Additions	Retirements	Balance at February 29, 2024
Capital Assets				
Capital assets, being depreciated:				
Heavy equipment	\$ 3,416,235	\$ 217,662		\$ 3,633,897
Vehicles and light trucks	3,202,000	383,719	\$ (28,447)	3,557,272
Furniture and equipment	1,372,560	59,981		1,432,541
Computers	607,805	59,733		667,538
Subscription assets	962,607			962,607
Lease asset - building		269,061		269,061
Total capital assets, being depreciated	9,561,207	990,156	(28,447)	10,522,916
Less accumulated depreciation:				
Heavy equipment	(1,040,902)	(151,312)		(1,192,214)
Vehicles and light trucks	(1,440,600)	(185,458)	790	(1,625,268)
Furniture and equipment	(1,010,384)	(47,054)		(1,057,438)
Computers	(442,612)	(64,393)		(507,005)
Subscription assets	(208,131)	(104,067)		(312,198)
Lease asset - building		(89,687)		(89,687)
Total accumulated depreciation	(4,142,629)	(641,971)	790	(4,783,810)
Capital assets, net	\$ 5,418,578	\$ 348,185	\$ (27,657)	\$ 5,739,106

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 4 – CAPITAL ASSETS (Continued):

<u>February 28, 2023</u>	Balance at			Balance at
Capital Assets	March 1, 2022	Additions	Retirements	February 28, 2023
	(As Restated)			(As Restated)
Capital assets, being depreciated:				
Heavy equipment	\$ 3,416,235			\$ 3,416,235
Vehicles and light trucks	3,307,975	\$ 161,730	\$ (267,705)	3,202,000
Furniture and equipment	1,361,272	11,288		1,372,560
Computers	500,722	107,083		607,805
Subscription assets	962,607			962,607
Total capital assets, being depreciated	<u>9,548,811</u>	<u>280,101</u>	<u>(267,705)</u>	<u>9,561,207</u>
Less accumulated depreciation:				
Heavy equipment	(894,226)	(146,676)		(1,040,902)
Vehicles and light trucks	(1,465,477)	(228,035)	252,912	(1,440,600)
Furniture and equipment	(919,874)	(90,510)		(1,010,384)
Computers	(395,024)	(47,588)		(442,612)
Subscription assets	(104,066)	(104,065)		(208,131)
Total accumulated depreciation	<u>(3,778,667)</u>	<u>(616,874)</u>	<u>252,912</u>	<u>(4,142,629)</u>
Capital assets, net	<u>\$ 5,770,144</u>	<u>\$ (336,773)</u>	<u>\$ (14,793)</u>	<u>\$ 5,418,578</u>

NOTE 5 – ACCOUNTS PAYABLE:

Accounts payable consisted of the following as of the last day of February:

	<u>2024</u>	<u>2023</u>
Other governments	\$ 30,287,260	\$ 13,206,972
Vendors	<u>2,478,152</u>	<u>2,465,960</u>
Total	<u>\$ 32,765,412</u>	<u>\$ 15,672,932</u>

NOTE 6 – UNEARNED REVENUE:

The water contractors pay water conveyance fees based on estimated water deliveries in the month prior to the water delivery date. The Project Use Energy rate component is based on cost estimates provided by Reclamation and the San Luis Joint Use facility rate component is based on the California Department of Water Resources budget. These fees are reported as unearned revenue at each year-end if not spent for qualifying expenses. Unearned revenue consisted of the following as of the last day of February:

	<u>2024</u>	<u>2023</u>
Contractors:		
O&M (including Rewind Project)	\$ 3,143,451	\$ 7,870,869
Project Use Energy	1,701,895	11,290,540
San Luis Joint Use	1,840,095	3,326,178
Activity Agreements		13,027
Total	<u>\$ 6,685,441</u>	<u>\$ 22,500,614</u>

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 7 – LONG-TERM LIABILITIES:

The following is a summary of changes in the Authority’s long-term liabilities:

<u>February 29, 2024</u>	Balance at March 1, 2023 (as Restated)	Additions	Reductions	Balance at February 29, 2024	Due Within One Year
Revenue Bonds, Series 2021A	\$ 7,200,000			\$ 7,200,000	\$ 250,000
Refunding Revenue Bonds, Series 2021B	28,110,000			28,110,000	1,325,000
	35,310,000			35,310,000	1,575,000
USBR Unit 3 Rewind Note	2,982,706	\$ 3,305,814		6,288,520	332,868
USBR Unit 5 Rewind Note	5,116,932		\$ (248,028)	4,868,904	168,796
USBR Unit 6 Rewind Note	3,569,905		(380,441)	3,189,464	179,489
Total debt	46,979,543	3,305,814	(628,469)	49,656,888	2,256,153
Grant retention payable	129,643		(77,039)	52,604	
Lease liability		269,061	(81,991)	187,070	89,460
Subscription liability	772,241		(99,918)	672,323	103,214
Compensated absences	1,311,374	187,486		1,498,860	823,619
Total	<u>\$ 49,192,801</u>	<u>\$ 3,762,361</u>	<u>\$ (887,417)</u>	<u>\$ 52,067,745</u>	<u>\$ 3,272,446</u>
<u>February 28, 2023</u>	Balance at March 1, 2022 (as Restated)	Additions	Reductions	Balance at February 28, 2023 (as Restated)	Due Within One Year
Revenue Bonds, Series 2021A	\$ 7,690,000		\$ (490,000)	\$ 7,200,000	
Refunding Revenue Bonds, Series 2021B	31,150,000		(3,040,000)	28,110,000	
	38,840,000		(3,530,000)	35,310,000	
USBR Unit 3 Rewind Note	1,845,950	\$ 1,136,756		2,982,706	
USBR Unit 5 Rewind Note	5,400,663		(283,731)	5,116,932	\$ 248,028
USBR Unit 6 Rewind Note	4,212,570		(642,665)	3,569,905	380,441
Total debt	50,299,183	1,136,756	(4,456,396)	46,979,543	628,469
Grant retention payable	333,497		(203,854)	129,643	
Subscription liability	868,968		(96,727)	772,241	99,918
Compensated absences	1,276,527	657,884	(623,037)	1,311,374	669,636
Total	<u>\$ 52,778,175</u>	<u>\$ 1,794,640</u>	<u>\$ (5,380,014)</u>	<u>\$ 49,192,801</u>	<u>\$ 1,398,023</u>

**Revenue Bonds (OM&R Project), Series 2021A (Direct Placement):**

On January 26, 2021, the Authority issued the Revenue Bonds (OM&R Project), Series 2021A (the 2021A Bonds) in the amount of \$8,020,000. The 2021A Bonds were issued to provide funds to finance a portion of the cost of certain extraordinary maintenance (Unit 1 and Unit 4 Rewind project) to the Jones Pumping Plant and to fund a deposit into a debt service reserve fund.

The 2021A Bonds are special obligations of the Authority and are secured by operations, maintenance, and replacement (OM&R) revenues received by the Authority for the operation, maintenance, and replacement of certain Central Valley Project facilities pursuant to a Transfer Agreement entered into by the Authority and the United States of America acting through the Department of Interior Bureau of Reclamation. Debt

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 7 – LONG-TERM LIABILITIES (Continued):

service on the 2021A bond obligations is sourced by a debt service reserve component included in all rates charged for water deliveries within the transferred works. Excluded from this charge are water deliveries to FWA contractors and water deliveries in the Mendota Poll that do not flow through the Delta Mendota Canal. The 2021A Bonds are secured by a gross lien on OM&R revenues and are payable from OM&R revenues prior to operation and maintenance costs. The 2021A Bonds are on a parity with the obligation of the Authority to pay principal of and interest on two repayment contracts with Reclamation which financed extraordinary maintenance at the Jones Pumping Plant, aggregating approximately \$17,500,000 in principal amount and other operation and maintenance obligations incurred by the Authority from time-to-time in accordance with the OM&R Master Resolution. The 2021A Bonds have a rate covenant requiring the Authority to collect OM&R revenues equal to 1.10 times payments due on all Operation and Maintenance Obligations (all obligations on parity with the 2021A Bonds) and 1.00 times other operations and maintenance costs as defined in the agreement. The 2021A Bonds bear interest at 1.26% to 3.20% and are payable semi-annually on March 1 and September 1, beginning March 1, 2021, through March 1, 2045. Upon default the 2021A Bonds may be declared to be immediately due and payable and a default interest rate of 8% would apply on past due principal.

### **Refunding Revenue Bonds (DHCCP Development Project), Series 2021B (Direct Placement):**

On January 26, 2021, the Authority issued the Refunding Revenue Bonds (DHCCP Development Project), Series 2021B (the 2021B Bonds) in the amount of \$32,725,000. The 2021B Bonds were issued to provide funds to defease \$30,080,000 of the outstanding Refunding Revenue Bonds (DHCCP Development Project), Series 2013A (the 2013A Bonds). The 2013A Bonds were issued to finance planning, preliminary design and environmental activities of the Delta Habitat Conservation and Conveyance Program (DHCCP), a program consisting of joint efforts by agencies of the federal government, State of California and local agencies to fund and plan habitat conservation and water supply activities in the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (the “Bay-Delta”), including Bay-Delta water conveyance options. Byron Bethany Irrigation District and Laguna Water District repaid their 2013A bond debt service obligation in the amount of \$501,269 and opted not to participate in the 2021 refunding.

The 2021B Bonds are special obligations of the Authority payable solely from a lien on revenues defined in the agreement, including portions of payments received by the Authority pursuant to the DHCCP Activity Agreements by and between the Authority and the Financing Participants (Financing Participant payments) and from amounts in certain funds and accounts established under the Indenture of Trust pursuant to which the 2021B Bonds are issued. The Financing Participants have agreed to collect revenues sufficient to pay their specified percentage of the required principal and interest payments due on the Bond under the DHCCP Activity Agreements. Westlands Water District has agreed pursuant to its DHCCP Activity Agreement to pay 100% of the principal and interest on the 2021B Bonds. The Authority then reimburses Westlands Water District for a portion of such principal and interest payments from amounts that the Authority receives from other Financing Participants, including Broadview Water District, Mercy Springs Water District, Eagle Field Water District, Pacheco Water District, Panoche Water District and San Luis Water District. The Authority has agreed not to pledge, lien, charge or create any other encumbrance on the revenues pledged under the 2021B Bond indenture. A receivable is recognized for the funding participants’ obligation to provide revenues sufficient to make principal payments on the Bond under the DHCCP Activity Agreements. Interest revenue is recognized from the participants on the accrual basis each year. The 2021B Bonds bear interest at .35% to 3.04% and are payable semi-annually on March 1 and September 1, beginning March 1, 2021. The bonds mature at various amounts through March 1, 2042. Upon default the 2021B Bonds may be declared to be immediately due and payable and a default interest rate of 8% would apply on past due principal.

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 7 – LONG-TERM LIABILITIES (Continued):

In January of 2021, \$3,684,099 of unused funds from the previously defeased Revenue Notes (DHCCP Development Project), Series 2009A were deposited to an irrevocable escrow account held by a fiscal agent and were used to fully repay the 2013A Bonds in the amount of \$4,145,000 on March 1, 2023.

Pledged Revenue: The Authority pledged future OM&R revenues to repay the 2021A Bonds in the original amount of \$8,020,000. The 2021A Bonds are payable solely from OM&R revenues through March 1, 2045. Total principal and interest remaining to be paid on the 2021A Bonds was \$9,901,347 and \$10,002,214 at February 29, 2024 and February 28, 2023, respectively. Total cash basis principal and interest paid on the 2021A Bonds was \$448,276 and \$449,820 and the total cash basis OM&R revenues was \$51,348,959 and \$42,109,524 for the years ended February 29, 2024 and February 28, 2023, respectively.

The Authority pledged future Financing Participation revenues to repay the 2021B Bonds in the original amount of \$32,725,000. The 2021B Bonds are payable from Financing Participant payment amounts held in an escrow account and are payable through March 1, 2042. Total principal and interest remaining to be paid on the 2021B Bonds was \$35,311,868 and \$35,727,070, at February 29, 2024 and February 28, 2023, respectively. Total cash basis principal and interest paid for the 2021B was \$2,180,131 and \$2,178,646 and the total Financing Participant Payments in total on the Bonds was \$1,975,404 and \$2,184,858 at February 29, 2024 and February 28, 2023, respectively. The total Financing Participant payments above include amounts reported as a reduction of the receivable from financing participants on the statements of net position, which were used to make DHCCP debt service payments.

### **USBR Jones Pumping Plant Rewind Notes (Private Placement):**

In June 2020, the Authority entered into an agreement to receive up to \$12,700,000 for units 2, 3, 4 and 5 from the USBR to rewind the Units of the C.W. “Bill” Jones Pumping Plant. The obligation was on a cost reimbursement basis, with a separate repayment contract created on the substantial completion date for each unit. After entering into the agreement, the Authority chose to self-fund the rewind of Unit 2 and to finance the other three units through this financing method. At February 28, 2022, the rewinds of Units 5 and 6 were completed and at February 28, 2024, the rewind of Unit 3 was completed and repayment agreements were in place with the United States Bureau of Reclamation. The Authority has added additional charges to water conveyance fees to repay the existing obligations for Units 3, 5 and 6. A long-term receivable is recognized for the contractors’ obligation to provide sufficient water conveyance fees to repay the Rewind Notes for Units 3, 5 and 6. The receivable is equal to the principal outstanding, less revenue previously collected for principal payments. Revenue collected for interest payments is recognized in the year the interest payments are due.

### **USBR Unit 3 Rewind Note (Private Placement):**

In June 2020, the Authority entered into an agreement to receive up to \$6.8 million from the USBR to rewind Unit 6 of the C.W. “Bill” Jones Pumping Plant. The obligation was on a cost reimbursement basis and the Authority incurred \$6,288,520, including Reclamation costs. The remaining amount will be repaid in installments of \$332,868 per year on the last day of February from February 2025 to February 2047. Interest due is at the average U.S. Department of Treasury interest rate based on average market yields of obligations of comparable maturities at the beginning of the fiscal year when work began on the project, adjusted to the nearest 1/8 of 1 percent, which is 1.875%. The agreement requires an additional 0.5% interest rate per month to be paid if the obligation becomes delinquent more than 60 days.

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 7 – LONG-TERM LIABILITIES (Continued):

The Authority has added additional charges to water conveyance fee to repay the obligation. A long-term receivable is recognized for the contractors' obligation to provide sufficient water conveyance fees to repay the Unit 3 Rewind Note. The receivable is equal to the principal outstanding, less revenue previously collected from the contractors for principal payments. Revenue collected for interest payments is recognized in the year the interest payments are due.

#### **USBR Unit 5 Rewind Note (Private Placement):**

In June 2020, the Authority entered into an agreement to receive up to \$5.9 million from the USBR to rewind Unit 5 of the C.W. "Bill" Jones Pumping Plant. The obligation was on a cost reimbursement basis and the Authority incurred \$5,612,808 as of February 29, 2024. A preliminary repayment schedule was provided by the USBR showing the amount would be repaid in installments of \$248,028 per year on the last day of February from February 2022 to February 2044. A revised repayment schedule was presented to the Authority in October 2022, updating the annual installment amount to \$282,305 with a stated interest rate of 1.25%. The repayment schedule was further revised in March 2025 and the USBR agreed to apply all previous payments as a reduction in principal and create a new amortization schedule for the debt with annual installment payments of \$266,174 at 2.0% interest. The agreement requires an additional 0.5% interest rate per month to be paid if the obligation becomes delinquent more than 60 days. The Authority has added an additional component to the water rates to repay the obligation. A long-term receivable is recognized for the contractors' obligation to provide sufficient water conveyance fees to repay the Unit 5 Rewind Note. The receivable is equal to the principal outstanding, less revenue previously collected from the contractors for principal payments. Revenue collected for interest payments is recognized in the year the interest payments are due.

#### **USBR Unit 6 Rewind Note (Private Placement):**

In February 2018, the Authority entered into an agreement to receive up to \$5 million from the USBR to rewind Unit 6 of the C.W. "Bill" Jones Pumping Plant. The obligation was on a cost reimbursement basis and the Authority incurred \$5,154,120, including Reclamation costs. The Note was scheduled to be paid in annual installments of \$380,441 but was revised during 2025 and the remaining amount will be repaid in installments of \$255,239 per year on the last day of February from February 2020 to February 2039. Interest due is at the average U.S. Department of Treasury interest rate based on average market yields of obligations of comparable maturities at the beginning of the fiscal year when work began on the project, adjusted to the nearest 1/8 of 1 percent, which is 2.375%. The agreement requires an additional 0.5% interest rate per month to be paid if the obligation becomes delinquent more than 60 days. The Authority has added an additional component to the water rates in order to repay the obligation.

A long-term receivable is recognized for the contractors' obligation to provide sufficient water conveyance fees to repay the Unit 6 Rewind Note. The receivable is equal to the principal outstanding, less revenue previously collected from the contractors for principal payments. Revenue collected for interest payments is recognized in the year the interest payments are due.

#### **Lease Liability:**

On February 23, 2023, the Agency entered into a lease extension agreement with the California Association of Realtors to lease office space with payments of \$8,525 per month starting in 2023 with yearly CPI increase through February 28, 2026. The Authority recorded a lease asset and a lease liability for the present value of the lease payments over the lease term. For purposes of discounting future lease payments, the Authority used the prime plus 1% as of the start of the lease term of 8.75%. The lease asset is being

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 7 – LONG-TERM LIABILITIES (Continued):

amortized over 4 years, which is the term of the current lease. As of February 29, 2024, the cost and accumulated amortization of the lease assets were \$269,061 and \$89,687, respectively.

**Subscription Based Information Technology Arrangement (SBITA):**

The Authority entered into a SBITA contract for accounting software in May 2020 that was extended during May 2025 through April 2030. The Authority implemented GASB Statement No. 96 during the year ended February 29, 2024, which resulted in the Authority recording a restatement to recognize a SBITA asset and liability as of March 1, 2022. The Authority is required to make quarterly payments ranging from \$30,968 to \$30,952 through February 2030. The SBITA term ends in May 2030. The subscription agreement was discounted using a rate of 3.25%. The discount rate was based on the prime rate at the March 1, 2022 GASB 96 implementation date. The subscription asset cost was \$962,607 and accumulated amortization was \$312,197 and \$208,131 as of February 29, 2024 and February 28, 2023, respectively.

The annual debt service requirements to maturity for the long-term liabilities were as follows:

<u>February 29, 2024</u>			
Year Ended Last Day of February,	Revenue Bonds, Series 2021A		Total Debt Service
	Principal	Interest	
2025	\$ 250,000	\$ 200,158	\$ 450,158
2026	255,000	196,977	451,977
2027	255,000	193,763	448,763
2028	260,000	189,323	449,323
2029	265,000	183,600	448,600
2030-2034	1,430,000	820,966	2,250,966
2035-2039	1,660,000	588,480	2,248,480
2040-2044	1,950,000	299,840	2,249,840
2045	875,000	28,240	903,240
Total	<u>\$ 7,200,000</u>	<u>\$ 2,701,347</u>	<u>\$ 9,901,347</u>

Year Ended Last Day of February,	Refunding Revenue Bonds, Series 2021B		Total Debt Service
	Principal	Interest	
2025	\$ 1,325,000	\$ 645,236	\$ 1,970,236
2026	1,335,000	633,326	1,968,326
2027	1,350,000	618,079	1,968,079
2028	1,365,000	599,473	1,964,473
2029	1,390,000	577,696	1,967,696
2030-2034	7,340,000	2,456,849	9,796,849
2035-2039	8,275,000	1,486,697	9,761,697
2040-2043	5,730,000	274,512	6,004,512
Total	<u>\$ 28,110,000</u>	<u>\$ 7,291,868</u>	<u>\$ 35,401,868</u>

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 7 – LONG-TERM LIABILITIES (Continued):

Year Ended Last Day of February,	USBR Rewind Note, Unit 3		Total Debt Service
	Principal	Interest	
2025	\$ 332,868	\$ -	\$ 332,868
2026	221,200	111,668	332,868
2027	225,347	107,521	332,868
2028	229,573	103,296	332,869
2029	233,877	98,991	332,868
2030-2034	1,236,831	427,510	1,664,341
2035-2039	1,357,214	307,127	1,664,341
2040-2044	1,489,315	175,026	1,664,341
2045-2047	962,295	36,311	998,606
Total	<u>\$ 6,288,520</u>	<u>\$ 1,367,450</u>	<u>\$ 7,655,970</u>

Last Day of February,	USBR Rewind Note, Unit 5		Total Debt Service
	Principal	Interest	
2025	\$ 168,796	\$ 97,378	\$ 266,174
2026	172,171	94,002	266,173
2027	175,615	90,559	266,174
2028	179,127	87,046	266,173
2029	182,710	83,464	266,174
2030-2034	969,846	361,023	1,330,869
2035-2039	1,070,788	260,080	1,330,868
2040-2044	1,182,237	148,632	1,330,869
2045-2047	767,614	30,907	798,521
Total	<u>\$ 4,868,904</u>	<u>\$ 1,253,091</u>	<u>\$ 6,121,995</u>

Year Ended Last Day of February,	USBR Rewind Note, Unit 6		Total Debt Service
	Principal	Interest	
2025	\$ 179,489	\$ 75,750	\$ 255,239
2026	183,752	71,487	255,239
2027	188,116	67,123	255,239
2028	192,584	62,655	255,239
2029	197,158	58,081	255,239
2030-2034	1,058,290	217,904	1,276,194
2035-2039	1,190,075	86,119	1,276,194
Total	<u>\$ 3,189,464</u>	<u>\$ 639,119</u>	<u>\$ 3,828,583</u>

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 7 – LONG-TERM LIABILITIES (Continued):

Year Ended Last Day of February,	Lease Liability		Total Debt Service
	Principal	Interest	
2025	\$ 89,460	\$ 12,837	\$ 102,297
2026	97,610	4,688	102,298
Total	\$ 187,070	\$ 17,525	\$ 204,595

Year Ended Last Day of February,	Subscription Liability		Total Debt Service
	Principal	Interest	
2025	\$ 103,214	\$ 20,657	\$ 123,871
2026	106,556	17,253	123,809
2027	110,071	13,738	123,809
2028	113,702	10,107	123,809
2029	117,453	6,356	123,809
2030	121,327	2,481	123,808
Total	\$ 672,323	\$ 70,592	\$ 742,915

February 28, 2023

Year Ended Last Day of February,	Revenue Bonds, Series 2021A		Total Debt Service
	Principal	Interest	
2024	\$ -	\$ 100,867	\$ 100,867
2025	250,000	200,158	450,158
2026	255,000	196,977	451,977
2027	255,000	193,763	448,763
2028	260,000	189,323	449,323
2029-2033	1,395,000	856,246	2,251,246
2034-2038	1,605,000	640,720	2,245,720
2039-2043	1,890,000	361,280	2,251,280
2044-2045	1,290,000	62,880	1,352,880
Total	\$ 7,200,000	\$ 2,802,214	\$ 10,002,214

Year Ended Last Day of February,	Refunding Revenue Bonds, Series 2021B		Total Debt Service
	Principal	Interest	
2024	\$ -	\$ 325,202	\$ 325,202
2025	1,325,000	645,236	1,970,236
2026	1,335,000	633,326	1,968,326
2027	1,350,000	618,079	1,968,079
2028	1,365,000	599,473	1,964,473
2029-2033	7,195,000	2,609,865	9,804,865
2034-2038	8,060,000	1,710,585	9,770,585
2039-2043	7,480,000	475,304	7,955,304
Total	\$ 28,110,000	\$ 7,617,070	\$ 35,727,070

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 7 – LONG-TERM LIABILITIES (Continued):

Year Ended Last Day of February,	USBR Rewind Note, Unit 3		Total Debt Service
	Principal	Interest	
2024	\$ -	\$ -	\$ -
2025	332,868	-	332,868
2026	221,200	111,668	332,868
2027	225,347	107,521	332,868
2028	229,573	103,296	332,869
2029-2033	1,214,067	450,274	1,664,341
2034-2038	1,332,235	332,106	1,664,341
2039-2043	1,461,904	202,437	1,664,341
2044-2047	1,271,326	60,148	1,331,474
Total	<u>\$ 6,288,520</u>	<u>\$ 1,367,450</u>	<u>\$ 7,655,970</u>

Year Ended Last Day of February,	USBR Rewind Note, Unit 5		Total Debt Service
	Principal	Interest	
2024	\$ 248,028	\$ -	\$ 248,028
2025	168,796	97,378	266,174
2026	172,172	94,002	266,174
2027	175,615	90,559	266,174
2028	179,127	87,046	266,173
2029-2033	950,829	380,039	1,330,868
2034-2038	1,049,792	281,076	1,330,868
2039-2043	1,159,056	171,813	1,330,869
2044-2047	1,013,517	51,179	1,064,696
Total	<u>\$ 5,116,932</u>	<u>\$ 1,253,092</u>	<u>\$ 6,370,024</u>

Year Ended Last Day of February,	USBR Rewind Note, Unit 6		Total Debt Service
	Principal	Interest	
2024	\$ 380,441	\$ -	\$ 380,441
2025	179,489	75,750	255,239
2026	183,752	71,487	255,239
2027	188,116	67,123	255,239
2028	192,584	62,655	255,239
2029-2033	1,033,739	242,455	1,276,194
2034-2038	1,162,467	113,728	1,276,195
2039	249,317	5,921	255,238
Total	<u>\$ 3,569,905</u>	<u>\$ 639,119</u>	<u>\$ 4,209,024</u>

Note that the Unit 3 amortization schedule provided by Reclamation above included \$3,305,814 of expenses incurred after February 28, 2023. The liability recorded by the Authority at February 28, 2023 does not include this amount.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 7 – LONG-TERM LIABILITIES (Continued):

Year Ended Last Day of February,	Subscription Liability		Total Debt Service
	Principal	Interest	
2024	\$ 99,918	\$ 23,953	\$ 123,871
2025	103,214	20,657	123,871
2026	106,556	17,253	123,809
2027	110,071	13,738	123,809
2028	113,702	10,107	123,809
2029-2030	238,780	8,837	247,617
Total	<u>\$ 772,241</u>	<u>\$ 94,545</u>	<u>\$ 866,786</u>

NOTE 8 – RESTRICTED NET POSITION

Restricted for Activity Agreement Projects: The Authority collected amounts from agencies to perform specific projects under activity agreements. The amounts collected and not yet expended are reported as restricted net position.

Restricted for Emergency Reserve Fund: The Reclamation Transfer Agreement requires the Authority to maintain an emergency reserve fund to finance (1) unusual operations, maintenance and repair (OM&R) costs; (2) costs associated with addressing conditions which threaten or cause interruption of water service; (3) unforeseen or extraordinary OM&R costs; and (4) costs associated with addressing conditions which threaten the safety or integrity of Project works. As stated in the Authority’s transfer agreement, the Authority is required to maintain a targeted minimum reserve fund amount equal to 15% of the most current three years average annual actual OM&R costs incurred for the Project Works. The balance of this fund at February 29, 2024 and February 28, 2023 was \$2,280,327 and \$2,137,002, respectively.

Restricted for Extraordinary Maintenance: The Authority collects amounts from its member agencies for certain extraordinary maintenance projects as part of the water rates based on a budget approved by the Board. Unexpended amounts are reported as restricted for those projects.

NOTE 9 – RETIREMENT BENEFITS:

The Authority provides retirement benefits for all of its full-time employees through two defined contribution pension plans organized under Internal Revenue Code (IRC) Section 401(a) and a voluntary IRC Section 457 Deferred Compensation Plan. The benefit terms and contribution rates of the plans are established by and may be amended by the Board of Directors.

IRC Section 401(a) Plans: The Authority provides two IRC Section 401(a) plans (the Plans): The 401a Executive Defined Contribution Plan (Plan 109325) and the 401a Defined Contribution Plan (Plan 109164). Plan 109325 requires the employee to contribute 5% of “base annual salary” to the Plan and the Authority matches 5%. Plan 109164 requires the Authority to contribute an amount equal to 8% of the employee’s “base annual salary” to the Plan. “Base annual salary” is defined as gross base annual salary, which excludes overtime, merit pay awards, shift differential premiums, or any other special pay. All employer

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 9 – RETIREMENT BENEFITS (Continued):

and employee contributions and earnings on those contributions are vested immediately. Employees may contribute up to 25% of their total compensation with a maximum of \$30,000 per year of combined employer and employee contributions, subject to IRC contribution limits. For the years ended February 29, 2024 and February 28, 2023, the employer contributions to the Plans were \$1,116,861 and \$961,181 and the employee contributions were \$175,858 and \$174,899, respectively.

IRC Section 457 Plan: Employees are also eligible to participate in a voluntary IRC Section 457 Deferred Compensation Plan (the Plan) from date of employment. If an employee elects to participate, the Authority will match up to 5% of the employee's base gross annual salary, which excludes overtime, merit pay awards, shift differential premiums, or any other special pay. Employee contributions are based on W-2 earnings. All employer and employee contributions and earnings on those contributions are vested immediately. The funding limit is the lesser of \$7,500 per year, or 33% of includable compensation, which equates to 25% of total compensation. For the years ended February 28, 2024 and 2023, the employer contributions were \$371,410 and \$310,119 and the employee contributions were \$755,392 and \$674,810, respectively.

### NOTE 10 – COMMITMENTS AND CONTINGENCIES:

Litigation: The Authority is involved in various litigation matters, including one matter where the Authority is a named defendant. See below for more detail regarding this matter. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material adverse effect on the Authority's financial statements.

State and Federal Allowances, Awards and Grants: The Authority has received state and federal funds for specific purposes that are subject to review and audit by the granting agencies. Although such audits could generate expense disallowances under such terms of the grants, it is believed that any required reimbursements will not be material.

Grassland Basin Drainage Management Activity Litigation: California Sportfishing Protection Alliance et al. v. Nickels et al. (formerly PCFFA et al. v. Nickels et al.) litigation filed by a coalition of fishermen's organizations and an individual in late 2011 remained pending in federal court throughout Fiscal Year 2026. The litigation alleged that the Authority and the United States Bureau of Reclamation (Reclamation) have violated the Clean Water Act by failing to obtain a National Pollution Elimination System Discharge (NPDES) permit for discharges of drainage water from the Grassland Bypass Project, conducted under the Authority's Grassland Basin Drainage Management Activity Agreement.

The case has a lengthy litigation history, proceeding from summary judgment proceedings in the U.S. District Court for the Eastern District of California, to the Ninth Circuit Court of Appeals, back to the district court, and again to the Ninth Circuit. On September 5, 2025, the Ninth Circuit Court of Appeals issued an opinion and entered judgment in favor of the United States and the Authority. Subsequently, plaintiffs filed a petition for rehearing en banc with the Ninth Circuit that the Ninth Circuit Court denied. Most recently, on February 17, 2027, plaintiffs filed a petition for certiorari with the United States Supreme Court; at the present time an unfavorable outcome is possible, but not probable, and were there such an unfavorable outcome, the amount of any liability cannot reasonably be determined.

Employment Litigation: The Authority understands that on February 25, 2026, a former Authority employee filed a complaint alleging various California Labor Code and common law employment violations in Merced County Superior Court. As of March 4, 2026, the Authority has not been served with

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued):

this lawsuit, but understands that in the complaint plaintiff seeks damages, unpaid overtime wages and meal/rest period premiums, waiting time penalties, pre-judgment and post-judgment interest, reasonable attorney fees and costs, and such other and further relief as the Court deems just and proper. At the present time, an unfavorable outcome is possible, but not probable, and were there such an unfavorable outcome, the amount of any liability cannot reasonably be determined.

B.F. Sisk Dam Raise and Reservoir Expansion Project Activity: The B.F. Sisk Dam is approximately 382 feet high and 3.5 miles in length and is located in a historically seismically active area. Studies and analysis indicate that a major earthquake could result in substantial consequences, though the possibility of dam failure is remote. The U.S. Bureau of Reclamation (Reclamation) and the California Department of Water Resources completed a corrective action study indicating a 12-foot raise in the embankment height of the North and South Valley sections would reduce the potential for dam failure due to earthquake induced cracking. In connected action to the B.F Sisk Safety of Dams (SOD) Modification project, the Authority has worked with Reclamation to evaluate an additional 10-foot raise across the entire Dam (the “B.F. Sisk Dam Raise and Reservoir Expansion Project” or “Reservoir Expansion Project”) above the safety purpose to expand the capacity of the San Luis Reservoir by approximately 130,000 acre-feet.

Since November 2019, the Authority has worked with Reclamation to analyze and pursue the Reservoir Expansion Project. This pursuit has included the engagement of consultants including CDM Smith, Inc. and the Hallmark Group, and the preparation of several key documents relating to the Project, including a Supplemental Environmental Impact Study/Environmental Impact Report (SEIS/EIR), feasibility study. The Final SEIS/EIR and the Feasibility Study were completed in December 2020, and the Secretary of Interior deemed the project feasible. Reclamation and the Authority signed a Record of Decision and Notice of Determination for the Project, respectively, on October 20, 2023.

In March of 2022, the Authority organized an activity agreement among members interested in funding the project, with an initial funding budget of \$1,000,000.

In January 2025, the Authority and Reclamation executed an Agreement for the Management of the Expanded San Luis Reservoir and Cost Share of Charges Associated with Raising of the B.F. Sisk Dam and Increased Storage Capacity of the Federally Administered San Luis Reservoir (Management and Cost Share Agreement), Contract No. 24-WC-20-6280. The Authority’s activity agreement was also amended in February 2025.

Subsequently, Reclamation and the Authority negotiated and in August 2025, executed, a Contributed Funds Agreement and Spend Plan, Exhibits A and B to the Management and Cost Share Agreement, respectively. As of March, 2026, the Authority continues to work with Reclamation and Activity Agreement members to pursue the Project.

Extraordinary Operation and Maintenance Projects: The Authority has recently completed and is in the process of pursuing various significant extraordinary operation and maintenance (EO&M) projects, which are described in the following Sections.

Jones Pumping Plant Rewind Project: The Jones Pumping Plant Unit Rewind Project (JPP Rewind Project) consists of the rehabilitation of the 22,500 HP motors on each of the six pumping units at the Jones Pumping Plant that have reached the end of their service life. The Project consisted of removing and replacing the 32-ton stator core, removing and replacing 228 stator coils, rehabilitating the 70-year-old stator frame, and

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued):

removing, refurbishing, and re-installing the 40 rotor field poles. Water deliveries were not reduced during the rehabilitation work of the Jones Pumping Plant.

Each unit motor was rehabilitated individually over the course of approximately 5 years. The Authority and Reclamation completed the necessary rehabilitation on the first unit (Unit 6) in February 2019. The rehabilitation of Unit 6 was financed by the Authority through a repayment contract, in the approximate amount of \$5.15 million, from Reclamation made to the Authority pursuant to the first Reclamation Repayment Contract, dated February 5, 2018 (the 2018 Reclamation Repayment Contract). The Authority collected the cost of the rehabilitation of the second unit (Unit 2), which was completed in June 2020, through OM&R rates. The rehabilitation work on the third unit (Unit 5) began in March 2020, and was completed in May 2021. The rehabilitation of Unit 5 was paid by the Authority using proceeds of a second loan, in the approximate amount of \$5.59 million, from Reclamation made to the Authority pursuant to the Reclamation Repayment Contract, dated June 29, 2020 (the 2020 Reclamation Repayment Contract). The proceeds from the 2020 Reclamation Repayment Contract provides funding for the rehabilitation work on two units, the third unit (Unit 5) and the sixth unit (Unit 3).

The rehabilitation of the fourth unit (Unit 1) began in November 2020 and was completed in April 2022. The fifth unit (Unit 4) rehabilitation began in June 2021. The fourth and fifth units were funded using proceeds from revenue bonds (Bonds) and payments received and to be received from FWA, as set forth in that certain Funding Agreement dated November 6, 2020, by and between the Authority and FWA (the FWA JPP Funding Agreement). Pursuant to the FWA JPP Funding Agreement, FWA paid \$1,755,108 to the Authority in November 2020 and is obligated to make four additional payments to the Authority on or before the dates the Authority makes progress payments to the contractor for the rehabilitation of Unit 1 and Unit 4, for a total contribution from FWA of \$4,939,866, subject to adjustment to reflect FWA 's share of the actual cost of rehabilitation of the fourth and fifth units. Pursuant to the FWA JPP Funding Agreement, FWA also paid \$104,536, a proportionate share of the cost of issuing the Bonds.

The rehabilitation work on the sixth and final unit (Unit 3), began in February 2022 and was paid for using the proceeds of a loan from the 2020 Reclamation Repayment Contract.

On September 9, 2020, Reclamation confirmed to the Authority that the Project constitutes extraordinary maintenance work. As extraordinary maintenance work, the Authority is permitted to collect OM&R revenues to pay the principal of and interest on the Bonds pursuant to the Transfer Agreement and the Friant MOU.

As of October 21, 2025, the Authority has completed the five-year process of rewinding the six units of the Jones Pumping Plant. The Unit 1, 3, and 4 approved contract amounts were \$4,382,771, \$4,564,875, and \$4,428,956 and the remaining commitments, including unpaid retention, were \$1,464,430, \$2,830,222, and \$2,745,041. The following table summarizes the Jones Pumping Plant Rewind project at completion:

Unit Sequence	Unit No.	Begin Date	Completion Date	Cost	Funding Source
1st	6	Dec-17	Feb-19	\$5.15M	Financed through Reclamation
2nd	2	Aug-19	Jun-20	\$5.17M	Self-Funded
3rd	5	Mar-20	May-21	\$5.61M	Reclamation Loan
4th	1	Nov-20	Feb-22	\$4.38M	Financed by Public Bond
5th	4	Jul-21	Oct-22	\$4.56M	Financed by Public Bond
6th	3	Apr-22	Aug-23	\$6.29 M	Financed through Reclamation
			TOTAL	\$31.16M	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued):

Jones Pumping Excitation Cabinet and Control Panel Project:

On March 31, 2023, the Commissioner of the Bureau of Reclamation approved and authorized \$25,000,000 for planning, design, and subsequent implementation of the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment. This project to replace the existing rotating direct current excitation system with a static-type excitation system that includes automatic Volt-Amperes Reactive Power (VAR) control on each of the six (6) main pumping units allowing more accurate control of VARs during unit operation. Work will also include replacing the existing unit control boards with new walk-in control panels, installation of a new Programmable Logic Controller (PLC)-based control system, new protective relays, along with all the components contained within and on the cabinets. The new control panels will have a new annunciator, new control switches and relays and a new HMI (Human Machine Interface). The SCADA control boards will also be upgraded to include a new PLC for improved feedback on and control of the plant. Work will be completed by a contractor, and the Water Authority intends to hire a consultant to manage the construction contract. The Authority entered contract 23-WC-20-6181 with Reclamation on November 15, 2024 to fund and ultimately repay the cost of this project over a period of 27 years. The contract allows for an advance of funds to meet cash requirements for the project and requires quarterly progress reports to be submitted to Reclamation.

In 2018, the Water Authority contracted with Reclamation's Technical Services Center (TSC) to complete the design for the Project. The deliverables from TSC included the Project technical specifications, drawings, and final construction cost estimate. Upon receiving the 100% design package, the Water Authority prepared contract documents, solicited contractors, and awarded the contract in the amount of \$25.25M to Power Pros on August 18, 2025.

The funding of \$25 million through the Infrastructure Investment and Jobs Act (BIL) awarded in 2018 will be utilized to see this project through final construction, which is estimated to take three years with the additional amount of \$250,000 to be sourced from EO&M funds. The excitation system replacement and associated upgrades will be completed sequentially, progressing to the next unit immediately upon completion of the previous unit. The unit order of the excitation system replacement was determined based upon the system performance record analyzed prior to award of the construction contract and could be subject to change if the system performance warrants an order change. The age of the components in the cabinets have created the following conditions: wires/conductors are old and brittle and too short to relocate, screw heads are worn and difficult to tighten, and the ice cube relays are not rated for the job they are performing. The ceiling wiring troughs of the control panels also need to be redesigned to accommodate new wiring paths.

O'Neill Pumping Plant Transformer Replacement Project:

The O'Neill Pumping-Generating Plant (Plant) is a vital part of the Central Valley Project as it allows for the storage and delivery of both project and non-project water. The power transformers have been in service since 1968, and a 2019 condition assessment determined that the transformers were at the end of their useful life and recommended that they be rehabilitated. The design of the rehabilitation of all four (4) transformers was completed by TSC and solicited by the Authority in 2023. This scope of work includes retro-filling all four transformers with synthetic ester fluid, along with the replacement of gaskets, low side and neutral bushings, valves, liquid level gauges, thermowells gauges, temperature gauges, coatings, oil preservation system (conservator), fans and temperature controls, and a protective relay upgrade. An emergency hot oil recondition was performed in 2020 to ensure the transformers remained eligible for rehabilitation and proved successful in prolonging the life of the transformers. Because it is unknown how much time is

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued):

extended with the hot oil reconditioning, quarterly testing of the oil is required. A 2024 analysis of the quarterly test results by TSC determined that the transformers were still stable and should last another year while ongoing efforts are made to complete the project.

The project costs were estimated at \$7.7M and were funded from EO&M revenues. The full amount was collected during fiscal years 2021, 2022, 2023, 2024, and 2026.

On July 25, 2024, the Authority awarded a 5 year project management and engineering support services contract to DHR Hydro for \$139,200 and on June 25, 2025 the Authority entered a letter of agreement with TSC to advance funds to TSC and Reclamation for design and administrative work pertaining to this project in the amount of \$1,415,668, paid in installments from July 1, 2025 through March 1, 2029 as follows:

TSC	CGB-Region	CGB-Area Office	Total	Advancement Date
\$424,721	\$91,000	\$15,000	\$530,721	7/1/2025
\$313,141	\$52,800	\$15,000	\$380,941	3/1/2026
\$320,232	\$43,200	\$15,000	\$378,432	3/1/2027
\$152,101	\$43,200	\$15,000	\$210,301	3/1/2028
\$162,673	\$79,600	\$15,000	\$257,273	3/1/2029

The Authority awarded a contract for the rehabilitation work to Cal Electro Inc. (CEI) on May 8, 2023 for \$3.1M, subject to change orders. Due to technical problems encountered during the first transformer replacement and anticipated remobilization costs, CEI has issued three additional change orders totaling \$2.2M, bringing the contract total to \$5.36M. The sum of the expected costs of the DHR, BOR, and CEI contracts are still within the budgeted funding for this project at this date.

O’Neill Pumping/Generating Plant Pump Upgrades Project:

The O’Neill pump/generating units need complete rehabilitation with the completion of four sub-projects including a Unit Rewind, a Governor Upgrade, new Pump Bowl Design & Fabrication, and Pump Assembly and Penstock Rehabilitation. The projects will include a combination of repairs, replacements, and improvements. The Unit Rewind is a replacement of the existing windings and a refurbishment of the rotor field poles. The Governor System Upgrade is an improvement or modernization of the existing pump vane controls consisting of replacing all electrical and mechanical controls with new improved components. The Pump Bowl Design & Fabrication project is a full replacement of the existing pump bowl with newly fabricated bowls that incorporate a modification for improved and safer maintenance access. The Pump Assembly and Penstock Rehabilitation is a repair or rehabilitation of the existing pump assembly and penstock with a new coating and replacement components as needed.

The Authority applied for FY24 Aging Infrastructure Account (AIA) funding of \$67.3M for the total project, which was subsequently revised to \$85.8M, and on May 15, 2024, was awarded \$11.6M as a scalable award. The scalable feature of the award allows for future tranches to be awarded for this project to address the total request. The scalable amount includes the planning and design of the project and the completion of one unit. On July 17, 2024, the Authority awarded a contract to Pentair to design and construct the replacement pump bowls for the six pumps at the O’Neill facility. The contract includes design costs of \$667,650 and manufacturing costs of \$3M per bowl. On January 14, 2026 the Authority entered

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued):

into repayment agreement 26-WC-20-6390 governing the repayment of the first award but also allows for subsequent awards under this funding source to be governed by this same agreement. The agreement allows for advance funding for the project and requires quarterly status reporting.

Delta-Mendota Canal Subsidence Correction Project: The Delta-Mendota Canal (DMC) is a 116.5-mile-long canal that conveys water from the Delta region near Tracy, California to the Mendota Pool near Mendota, California. 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 DMC was originally designed to convey a variable flow rate, starting at 4,600 cubic feet per second (cfs) at the upstream end and reducing to 3,211 cfs at the downstream end. Since its construction, several factors (including land subsidence) have impacted the ability of the DMC to meet the needs of the communities and ecosystems which rely on it for their water supply. Parts of the DMC have experienced differential changes in land surface elevation, forcing the facility to be operated at a lower level to ensure that water does not overflow the canal banks and cause damage. The first phase of this multi-phased project has received approximately \$5 million in federal funding. This phase consists of manufacturing and installing two additional pumping units and appurtenances into the two additional pump bays of the Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant.

Appraisal level studies were completed in September 2021, and the Feasibility Study was completed and accepted by Reclamation Policy in late 2024. In order to complete the Feasibility Report, environmental compliance activities and associated reviews, the Authority and Reclamation entered into a Memorandum of Agreement and a Cooperative Agreement (CA) in September 2021. The CA is a 50/50 cost share agreement between Reclamation and the Authority in which both agencies will contribute \$2.8 million to the project over the next two years. This includes over \$1,000,000 provided within the Authority's FY21 and FY22 EO&M budgets. The Authority funded \$1,572,000 for this project during FY23. Completion of the environmental activities within the existing CA are ongoing. The Authority requested a no cost time extension to the agreement, which was executed on 12/18/2025 and extends the agreement through 02/28/2027.

The Authority has been working in partnership with Reclamation to restore the conveyance capacity of the DMC by raising the canal lining and embankments, as well as other structures such as bridges, overchutes, and pipe crossings. Most recently, Phase 1 has been developed and will be implemented first. Phase 1 consists of raising the lining and embankment from milepost 3.5 to milepost 7.2 and in certain areas along the upper DMC with significant sags in the liner and performing underwater lining repairs along the upper and lower DMC.

The Authority executed a Funding Agreement with DWR for the DMC Subsidence Correction Project in April 2022, with an initial funding amount of \$3,037,925. In May 2025, an amendment to the agreement was executed with a total funding amount of \$45,220,000. As of August 2025, DWR has reimbursed the Authority \$9,596,920 and retained \$1,066,366. The remaining \$34,556,755 is required to be liquidated by DWR by June 2027.

Reclamation has awarded \$279 million to the Project through the Infrastructure Investment and Jobs Act (IIJA), although a Repayment Contract has not yet been negotiated or executed. IIJA funds were awarded through three application periods, \$25M in FY23, \$50M in FY24, and \$204M in FY25. The FY26 application award is pending.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued):

Joint Powers Authority Contingent Liabilities: The State and Federal Contractors Water Agency (SFCWA) was formed by various water agencies in August of 2009 as a joint powers authority according to California law. The Authority, along with five other water agencies, was an initial party to the agreement. In 2018, a decision was made to wind down SFCWA activities, with the ultimate objective of terminating the entity and related agreements that formed the entity.

The SFCWA has received a status update on review of the pension and other postemployment benefits liabilities and is evaluating whether it holds sufficient assets to cover existing and projected liabilities through the time of termination.

California Assembly Bill (AB) 1912 requires member agencies of an agency established pursuant to a joint powers agreement that participates in, or contracts with, a public retirement system to mutually agree as to the apportionment of the agency's retirement obligation among themselves prior to filing a notice of termination. AB 1912 could result in the Authority being held responsible for a portion of the SFCWA's retirement obligation if SFCWA does not have sufficient assets to fund the obligation. As described in Note A, the Authority is a party to a number of joint powers agreements. Due to AB 1912, the Authority could be held responsible for funding a portion of any unfunded public retirement system pension obligation of a joint powers authority (JPA) at the time of termination if the JPA does not have sufficient assets to fully fund its public retirement system pension obligation.

Proposition 1 Integrated Regional Water Management Program Grant – Westside San Joaquin River Funding Region: In May 2020 and July 2020, the Authority was awarded two State of California Round 1 Proposition 1 Integrated Regional Water Management (IRWM) Implementation grants, totaling \$3,132,791 to assist in implementing projects in the San Joaquin River Funding Area, which is part of the Westside-San Joaquin Integrated Regional Water Management Plan, for which the Authority serves as the Regional Water Management Group. The Authority was required to demonstrate a minimum grant match of \$19,479,516 and the Local Project Sponsors are responsible for all project costs exceeding the grant limit. The Authority's share of the project costs is expected to be \$10,000.

The local match is expected to be satisfied with in-kind and consultant services of \$19,479,516, expected to be provided by the Local Project Sponsors through the Activity Agreement with the Authority. The Authority has already received its share of the project cost reimbursement, and the grant is expected to end March 31, 2026.

NOTE 11 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS:

The Authority is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) for general liability, property, workers' compensation and employer's liability, and health benefits insurance. The JPIA is a special district in the State of California and its formation and operation are subject to the provisions of the California Government Code. The purpose of the JPIA is to provide risk sharing pools to meet the needs of its member water agencies. Each member selects one representative to serve as a director on the JPIA Board of Directors. The relationship is such that the JPIA is not considered a component unit of the Authority for financial reporting purposes.

For general liability, auto liability and public officials' liability insurance, the Authority is fully responsible for claims up to \$25,000. Coverage between \$25,000 and \$5,000,000 is provided through the JPIA risk pool and coverage over \$5,000,000 to \$55,000,000 is provided through insurance purchased by the JPIA on behalf

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

### NOTE 11 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS (Continued):

of its members. The Authority also has cyber liability and crime coverage up to \$3,000,000 with deductibles of \$50,000 to \$100,000.

The Authority has coverage up to \$2,000,000 for workers' compensation and employer's liability through the JPIA risk pool and \$2,000,000 of excess coverage is purchased by the JPIA on behalf of its members to the \$4,000,000 statutory limits.

For the liability and workers' compensation programs, retrospective premium adjustments are determined for each policy year. The adjustment can result in an additional charge or a refund to the member entity. The adjustment is computed as the difference between premiums received from the member entity and direct and pooled claims losses and other costs, net of investment income, including unallocated claims expenses, excess insurance premiums, and administrative expenses.

The Authority has deductibles for the property program ranging from \$500 for vehicle coverage to \$50,000 or \$5 per kilowatt hour for turbine units and associated equipment. The JPIA has a pooled self-insured retention (SIR) level of \$10,000,000 for the fiscal years ending February 29, 2024 and February 28, 2023. The JPIA provides coverage above its SIR up to \$500,000,000 through purchased insurance.

In July 2012, the ACWA/JPIA Employee Benefits Program was established to provide medical and dental and vision coverage for members' employees and dependents. The preferred provider organization plans offered in the medical and dental coverage are self-insured. The JPIA carries reinsurance with Sun Life Assurance Company of Canada for coverage losses in excess of its self-insured retention of \$500,000 per beneficiary incurred during the policy period.

Settled claims have not exceeded any of the Authority's coverage amounts in any of the last three fiscal years and there were no significant reductions in the Authority's coverage during the fiscal years ended February 29, 2024 and February 28, 2023.

### NOTE 12 - MEMORANDUM OF UNDERSTANDING WITH FRIANT WATER AUTHORITY

The Authority and the Friant Water Users Authority (FWUA) entered into a memorandum of understanding, effective March 1, 1998 (Original Friant MOU) with respect to operation, maintenance and replacement (OM&R) of the Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie and Pumping Plant, Kesterson Reservoir, Mendota Pool, O'Neil Pumping-Generating Plant, San Luis Drain and other facilities (Project Works) owned by the United States acting through Reclamation. The Original Friant MOU was amended and restated as of September 1, 2002 by the Authority and FWUA (Friant MOU). On June 30, 2004, the Friant Water Authority (FWA) succeeded to the rights and obligations of FWUA under the Friant MOU.

Settlement Water is provided to Settlement Contractors, as defined in the Friant MOU, under settlement and exchange agreements with Reclamation. Pursuant to Friant MOU, FWA is responsible for reimbursing the Authority's OM&R Costs (defined in the Friant MOU) related to the conveyance or delivery of Settlement Water to specified Settlement Contractors. FWA collects amounts necessary to reimburse the Authority for such OM&R from its contractors, which have entered into water repayment or other water contracts with Reclamation from the Friant Division of the Central Valley Project (Friant Division Contractors).

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 12 - MEMORANDUM OF UNDERSTANDING WITH FRIANT WATER AUTHORITY  
(Continued)

Under the Friant MOU, FWA acknowledges that the Friant Division Contractors have a critical interest in the OM&R of the Project Works allocable to Settlement Water delivered to the Settlement Contractors and have agreed to pay OM&R Costs incurred by the Authority under the Transfer Agreement associated with the delivery of settlement water to the Settlement Contractors in accordance with the Friant MOU. As further set forth in the Friant MOU, FWA collects amounts to pay such OM&R to the Authority from Friant Division Contractors as permitted under the Friant Transfer Agreement entered into by FWA and Reclamation effective March 1, 1998. FWA succeeded to the rights and obligations of FWUA under the Friant Transfer Agreement on June 30, 2004. FWA executed a renewed Friant Transfer Agreement with Reclamation effective October 5, 2020.

NOTE 13 – RESTATEMENT

The Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during the year ended February 29, 2024., which resulted in the Authority accruing a subscription agreement as subscription asset and liability as of March 1, 2022. The effect on total assets, liabilities, and the change in net position for the year ended February 28, 2023 were restated as follows:

	As Previously Reported	Change in Accounting Principle for GASB 96	As Restated
Total Assets as of February 28, 2023	\$ 123,284,115	\$ 754,476	\$ 124,038,591
Total Liabilities as of February 28, 2023	\$ 86,937,136	\$ 772,241	\$ 87,709,377
Net Position as of March 1, 2022	\$ 12,841,018	\$ (10,427)	\$ 12,830,591
Change in net position for the year ended February 28, 2023	\$ 23,683,358	\$ (7,338)	\$ 23,676,020

NOTE 14 – SUBSEQUENT EVENTS:

Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project: Reclamation approved allocations to the Authority of \$25 million for the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project in November 2024 from funding provided to Reclamation through the Infrastructure Investment and Jobs Act. Two advance payments have been received to date for the total amount of \$1.125 million.

In August 2025 the Authority executed a construction agreement in the amount of \$25,250,000 to begin refurbishing the excitation cabinet and control panels for Jones Pumping Plant. The \$250,000 needed in excess of the funding award is to be collected through water rates. The project is scheduled to be completed in FY29.

O’Neill Pumping-Generating Plant Power Transformers Rehabilitation Project: In May 2023, the Board of Directors approved a construction agreement for O’Neill Pumping-Generating Plant Power Transformer

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 14 – SUBSEQUENT EVENTS (Continued)

Rehabilitations with expenditure of up to \$3,155,800. Since 2023, three contract change orders have been issued bringing the total contract amount to \$5,358,818. The last contract change order was issued August 2025. The project is schedule to be completed in FY30.

O’Neill Pumping–Generating Plant (OPP) Unit Upgrades: The OPP Unit Upgrades includes the following four projects; 1. Pump Bowl Fabrication, 2. Governor Modernization, 3. Unit Rewinds, and 4. Pump and Penstock Rehabilitation. Reclamation approved allocations to the Authority for \$11.6M from the Infrastructure Investment and Jobs Act (IIJA) for the OPP Unit Upgrades in the USBR FY24 application period, with the FY26 award pending. A repayment agreement has been negotiated and was executed on 01/14/2026. One advance payment request has been submitted to Reclamation with distribution of funds pending. The Authority has advanced the Pump Bowl Fabrication and Governor Modernization Project and executed a two-phase agreement with the original manufacturer in the amount of \$21,466,457. The Governor and first pump bowl will be delivered in 2026. \$1.2M was expended in FY26, with \$8.3M budgeted for FY27.

Second Amended and Restated Memorandum of Understanding with Friant Water Authority: As noted above in Note 12, the Authority and FWA are parties to an MOU relating to the allocation, collection and payment of operation, maintenance and replacement (OM&R) costs for water delivered through certain Central Valley Project (CVP) facilities (First Amended MOU).

Following facilitated negotiations, in January 2024, FWA and the Authority reached agreement in principle and executed a Memorandum of Agreement that confirmed the general terms of proposed amendments to the First Amended MOU, settlement terms regarding the disputes, and amendments to other Authority and FWA governing documents. The Second Amended and Restated Memorandum of Understanding with Friant Water Authority became effective July 8, 2024.

Second Amended and Restated Joint Exercise of Powers Agreement: Article V.A.1. of the Second Amended MOU provides that the FWA is entitled to representation on the Board in that a FWA representative may vote on any action item funded in whole or in part, from any OM&R fund or Reserves to which Friant Division Contractors have or will have contributed. In order to allow for FWA participation in Board meetings as described in Article V.A.1 of the Second Amended MOU, the Authority amended the Amended and Restated JPA, which did not allow for such FWA participation.

The Authority Board of Directors adopted a resolution authorizing adoption of the Second Amended and Restated Joint Exercise of Powers Agreement on May 13, 2024 (Resolution No. 2024-529). Article 35 of the Amended and Restated JPA states that it may be amended upon written approval by a majority of all members of the Authority. The Authority has twenty-seven member agencies, thus, adoption of the Second Amended and Restated JPA was contingent upon the Authority receiving written approval from at least fourteen of its member agencies. The Authority received the required written approval, and the Second Amended and Restated JPA became effect on July 8, 2024. Following the Second Amended and Restated JPA becoming effective, the Authority complied with state filing requirements and shared a copy of the Second Amended and Restated JPA with member agencies and FWA.

In order to allow for FWA participation in Board meetings and for the development of the Planning Committee as described in Article V.A.1 and Article V.A.4 of the Second Amended MOU, the Board also adopted a Resolution authorizing amendment of the Authority’s Bylaws, which initially did not allow for such actions, with such amendment taking effect concurrently with the Second Amended and Restated JPA becoming effective (Resolution No. 2024-530).

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

February 29, 2024 and February 28, 2023

NOTE 14 – SUBSEQUENT EVENTS (Continued):

On March 17, 2026, the Department of Interior announced an award package for critical water infrastructure projects of \$889 million provided by (PL 119-21) One Big Beautiful Bill. Included in the award was \$235 million earmarked for the DMC Subsidence Correction Project. The funding represents a non-reimbursable award that will support the project.

Advance by Westlands Water District: In February 2026, the Westlands Water District's Board of Directors approved an advance to the Authority for the DMC Subsidence Correction Project of \$4.1 million at 4.35% over 5 years, with delegated authority to increase the amount up to \$11 million, if necessary. The advance will be repaid with credits on Westlands Water District's O&M Reserve payments.

NOTE 15 – CHANGE IN ESTIMATE

During the year ended February 29, 2024, the Authority determined that estimated extraordinary operations and maintenance (EO&M) reserve revenue recognized during the year ended February 28, 2023 should be reduced by \$8,420,249. This change in estimate was recognized as additional EO&M reserve expense during the year ended February 29, 2024 as it would have resulted in negative EO&M revenue in 2024.

SUPPLEMENTARY INFORMATION

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SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

SUPPLEMENTARY INFORMATION  
STATEMENT OF FIDUCIARY NET POSITION - SECTION 401A RETIREMENT PLAN 109164

February 29, 2024 and February 28, 2023

	2024	2023
<b>ASSETS</b>		
Contributions receivable - employer	\$ 32,340	
Loan balance	581,781	\$ 517,384
Investments:		
Money market funds	150,820	121,130
Target date funds	2,903,652	2,496,261
Stock mutual funds	11,963,111	11,114,696
Bond funds	890,184	1,000,944
International stock funds	1,832,786	889,575
Total Investments	17,740,553	15,622,606
<b>TOTAL ASSETS</b>	18,354,674	16,139,990
<b>TOTAL NET POSITION RESTRICTED FOR RETIREMENT BENEFITS</b>		
	\$ 18,354,674	\$ 16,139,990

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - SECTION 401A RETIREMENT PLAN 109164

For the Years Ended February 29, 2024 and February 28, 2023

<b>ADDITIONS</b>		
Contributions - employer	\$ 941,002	\$ 811,235
Contributions - employee		24,953
Contributions - rollovers into plan	51,964	
Net appreciation in fair value of investments	2,025,842	(803,487)
Loans issued	611,229	202,997
Loan interest	28,345	22,041
Other credits		72,050
<b>TOTAL ADDITIONS</b>	3,658,382	329,789
<b>DEDUCTIONS</b>		
Benefit payments	815,160	512,949
Loan repayments	611,229	272,531
Administrative expenses	17,309	16,368
<b>TOTAL DEDUCTIONS</b>	1,443,698	801,848
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	2,214,684	(472,059)
Net position restricted for retirement benefits - beginning of year	16,139,990	16,612,049
<b>NET POSITION RESTRICTED FOR RETIREMENT BENEFITS - END OF YEAR</b>	\$ 18,354,674	\$ 16,139,990
<b>Number of Participants in Retirement Plan:</b>		
Active	95	86
Retiree	26	32

SAN LUIS & DELTA-MENDOTA  
WATER AUTHORITY

SUPPLEMENTARY INFORMATION  
STATEMENT OF FIDUCIARY NET POSITION - SECTION 401A RETIREMENT PLAN 109325

February 29, 2024 and February 28, 2023

	2024	2023
<b>ASSETS</b>		
Contributions receivable - employer	\$ 12,085	
Investments:		
Money market funds	65,666	\$ 44,372
Target date funds	1,450,076	1,305,968
Stock mutual funds	3,122,538	2,623,988
Stable value	1,016,793	929,621
Bond funds	275,969	290,086
International stock funds	257,543	239,245
Real estate fund	9,846	8,777
Total Investments	6,198,431	5,442,057
<b>TOTAL ASSETS</b>	6,210,516	5,442,057
<b>TOTAL NET POSITION RESTRICTED FOR RETIREMENT BENEFITS</b>		
	\$ 6,210,516	\$ 5,442,057

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - SECTION 401A RETIREMENT PLAN 109325

For the Years Ended February 29, 2024 and February 28, 2023

<b>ADDITIONS</b>		
Contributions - employer	\$ 175,858	\$ 149,946
Contributions - employee	175,858	149,946
Increase/(decrease) in fair value of investments	758,467	(380,723)
Other credits		185
<b>TOTAL ADDITIONS</b>	1,110,183	(80,646)
<b>DEDUCTIONS</b>		
Benefit payments	337,190	96,581
Administrative expenses	4,534	4,573
<b>TOTAL DEDUCTIONS</b>	341,724	101,154
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	768,459	(181,800)
Net position restricted for retirement benefits - beginning of year	5,442,057	5,623,857
<b>NET POSITION RESTRICTED FOR RETIREMENT BENEFITS - END OF YEAR</b>	\$ 6,210,516	\$ 5,442,057

Number of Participants in Retirement Plan:

Active	19	18
Retiree	11	11

## COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
San Luis & Delta-Mendota Water Authority  
Los Banos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the San Luis & Delta-Mendota Water Authority (the Authority) as of and for the year ended February 29 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April \_\_\_\_ 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2024-001, that we consider to be a significant deficiency.

To the Board of Directors  
San Luis & Delta-Mendota Water Authority

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Authority's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April \_\_\_\_, 2026

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## SCHEDULE OF FINDINGS AND RESPONSES

Year Ended February 29, 2024

### CURRENT YEAR FINDINGS

#### FINANCIAL STATEMENT AUDIT

##### INTERNAL CONTROL OVER FINANCIAL REPORTING

#### **Finding 2024-001: Significant Deficiency – Internal Controls over Financial Reporting and Year-End Closing Procedures**

**Condition:** The design and implementation of internal controls is crucial to the effective operation of a government and for accurate financial reporting. Although improvement was noted, turnover in personnel, the shortage of qualified support staff and the complexity of the Authority’s accounting processes has resulted in a significant number of adjustments being identified during the audit process and has delayed completion of the audit. The large number of adjustments identified during the course of the audit indicates that the Authority does not have adequate internal controls in place to prevent or detect misstatements on a timely basis.

Although improvement was noted, we identified a number of adjustments and closing entries that appeared to be due to the practice of posting transactions in the operations and maintenance fund and subsequently “realigning” balances between funds. This practice makes it difficult to trace a transaction through the general ledger detail to the source document.

**Criteria:** Internal controls over financial reporting should be in place to ensure the Authority has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. The Finance Department staff did not identify and record all year-end closing entries prior to the start of the audit.

**Cause:** The Authority has had turnover in the accounting staff and has experienced delays in getting needed information from other agencies.

**Effect:** A number of audit adjustments needed to be posted to properly report balances in the Authority’s financial statements. The volume of entries also increases the risk of error in preparing the financial statements.

**Recommendation:** Note that the year ended February 29, 2024 was completed prior to the February 28, 2023 audit being completed so the same recommendations have been included in the February 29, 2024 financial statements. We recommend implementing procedures and staff training necessary to record direct revenues and expenses in the fund generating those transactions at the date of the initial receipt or payment to avoid having to realign balances in preparation for the audit. We understand the Authority has made progress in posting transactions in the appropriate fund at the date of initial receipt or payment subsequent to year-end. However, it appears true fund accounting is not being done during the year, as entries are needed as part of the closing process to bring the funds into balance. The Authority needs to ensure that the funds are in balance prior to the start of the audit. The Authority needs to ensure that all balance sheet accounts are reviewed and reconciled to supporting schedules prior to the beginning of the audit. The Authority needs to ensure it has sufficient qualified staff so that the books can be closed timely and accurately.

**Management’s Response:** A number of corrective actions have been taken, including:

- Monthly finance department meetings have been implemented to ensure all deadlines are being met and allow for open communication between finance department staff.

# SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

## SCHEDULE OF FINDINGS AND RESPONSES (Continued)

Year Ended February 29, 2024

- During meetings staff review upcoming deadlines, outstanding items, month-end close processes, and review of internal accounting processes.
- Staff is working with an outside consultant to generate reports within the Authority's accounting program and decrease the amount of offline and manual reporting.
- Implementation of a month-end closing process to encourage more real time reporting both internally and to the Board.
  - Finance staff was assigned the task of developing a duties list for items completed at their desk on a monthly, quarterly, or annual basis. From there, a step-by-step process was developed in order to complete each task. These processes will then be used to begin cross training within the department.
- Standard operating procedures are being implemented throughout the Authority to encourage seamless and efficient processes.
- Implementation of an accounting calendar with deadlines for the entire fiscal year. The dates have been added to an accounting planner to give upcoming reminders allowing staff to allocate their time accordingly.
- Accounts are being delegated to staff in order to ensure accounts are being reconciled on a monthly basis.

### COMPLIANCE AND OTHER MATTERS

None.

### STATUS OF PRIOR YEAR FINDINGS

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

**Finding 2023-001 – Significant Deficiency**– Internal Controls over Financial Reporting and Year-End Closing Procedures

**Condition:** The design and implementation of internal controls is crucial to the effective operation of city government and for accurate financial reporting. Turnover in personnel, the shortage of qualified support staff and the complexity of the Authority's accounting process has resulted in a significant number of adjustments being identified during the audit process and has delayed completion of the audit. The large number of adjustments identified during the course of the audit indicates that the Authority does not have internal controls in place to prevent or detect misstatements on a timely basis.

We noted a number of adjustments and closing entries were due to the practice of "realigning" balances between funds. This practice makes it difficult to trace a transaction through the general ledger detail to the source document.

**Current Status:** Finding 2024-001 is a continuation of this Finding.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

Year Ended February 29, 2024

COMPLIANCE AND OTHER MATTERS

**Finding 2023-002 – Significant Deficiency -** Untimely Audit Submission in Accordance with OMB Uniform Guidance

**Federal Grantor:** U.S. Department of the Interior, Bureau of Reclamation

**Compliance Requirement:** Reporting

**Condition:** The Authority did not electronically submit its February 28, 2023 Single Audit reporting package (Single Audit Report, Data Collection Form, and a Corrective Action Plan) within the required time period.

**Criteria:** The Authority was required to submit its February 28, 2023 audited financial statements and single audit reporting package to the federal audit clearinghouse no later than November 30, 2023, 9 months after the fiscal year-end (2 Code of Federal Regulations 200.512(a)).

**Current Status:** The Authority submitted its single audit reporting package for the year ended February 28, 2023 and did not require a single audit during the year ended February 29, 2024. Consequently, this finding is considered resolved.

**Finding 2023-003 – Significant Deficiency –** Corrections needed to SEFA

**Award No.:** 15.574

**Federal Grantor:** U.S. Department of the Interior, Bureau of Reclamation.

**Compliance Requirement:** Other compliance requirements.

**Condition:** The schedule of Expenditures of Federal Awards (SEFA) was not complete, and expenditures reported on the SEFA were revised during the single audit.

**Criteria:** 2 CFR Part 200, Subpart F (Uniform Guidance) Section 200.502 states, “The auditee should prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee’s financial statements.” Internal controls over the SEFA should be in place to ensure accrual basis expenses incurred under the federal program are properly reported as expenses on the SEFA and are properly reported as revenue in the financial statements prior to the start of the single audit.

**Current Status:** The Authority submitted its single audit reporting package for the year ended February 28, 2023 and did not require a single audit during the year ended February 29, 2024. Consequently, this finding is considered resolved.

**Finding 2023-004 – Significant Deficiency –** Untimely Submission of Semi-annual Federal Financial Reports

**Award No.:** 15.574

**Federal Grantor:** U.S. Department of the Interior, Bureau of Reclamation.

**Compliance Requirement:** Reporting.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

Year Ended February 29, 2024

**Condition:** The semi-annual Federal Financial Reports (SF-425) for the first five reporting periods of October 1, 2021, to March 31, 2022, April 1, 2022, to September 30, 2022, October 1, 2022, to March 31, 2023, April 1, 2023, to September 30, 2023, and October 1, 2023, to March 31, 2024, were all submitted on June 19, 2024.

**Current Status:** The Authority submitted the untimely financial reports for the year ended February 28, 2023 and did not require a single audit during the year ended February 29, 2024. Consequently, this finding is considered resolved.

DRAFT



550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## GOVERNANCE LETTER

To the Board of Directors  
San Luis & Delta-Mendota Water Authority  
Los Banos, California

We have audited the financial statements of the San Luis & Delta-Mendota Water Authority (the Authority) for the year ended February 29, 2024. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 13, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. During the year ended February 29, 2024, the Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which resulted in the Authority reporting a SBITA asset and liability in the financial statements, as described in Notes 4 and 7 to the financial statements. The application of existing policies was not changed during the year. We noted no transaction entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were lives used to depreciate capital assets, water conveyance fees charged to members, the computation of receivables and unearned revenue, the computation of payables, especially project use energy, joint facility use fee payables and pump rewind project payables, qualifying expenses incurred under grants, and computation of the emergency reserve fund reported as restricted net position. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were the disclosures related to the Revenue Bonds, Series 2021A, Revenue Refunding Bonds, Series 2021B and the sources of repayment in Note 7, disclosure of the rewind project financing in Note 7, the emergency reserve fund disclosed in Note 8, retirement benefits reported in Note 9, commitments and contingencies in Note 10 and subsequent events in Note 14. The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, the volume of adjustments and closing entries posted and compressed timeline were difficulties encountered in completing the audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We posted 29 adjustments and closing entries during the audit. Entries were made to accrue receivables and payables, adjust unearned revenue and revenue, record a subscription-based information technology arrangement (SBITA) and a lease payable, account for debt-related transactions, adjust long-term liabilities and related current portions, record capital asset and depreciation activity, update restrictions of net position and reclassify certain accounts for financial statement presentation purposes.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that the effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, the uncorrected misstatements are immaterial to the financial statements under audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated \_\_\_\_\_, 2026.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Issues Discussed Prior to Retention of Independent Auditors*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements our financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the supplementary information listed in the table of contents of the financial statements related to the Authority's retirement plans, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

\_\_\_\_\_, 2026

SAN LUIS AND DELTA-MENDOTA WATER AUTHORITY  
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES  
YEAR ENDED FEBRUARY 29, 2024

Description (Nature) of Audit Difference	Financial Statements Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Equity	Change in Net Position
Engineering costs related to Unit 3 Rewind incurred in 2023 and recorded in 2024.				\$ (59,160)
Cost reimbursement grant revenue recognized in 2024 for expenses incurred in 2023.				498,770
Long-term subscription liabilities not accrued as required by GASB 96.	\$ (224,064)	\$ (186,542)	\$ (37,522)	
Net Unadjusted Audit Differences - This Year	(224,064)	(186,542)	(37,522)	439,610
Financial Statement Captions	\$ 122,111,366	\$ 92,441,821	\$ 29,837,087	\$ 6,669,524
Net Audit Differences as % of F/S Captions	-0.18%	-0.20%	-0.13%	6.59%

DRAFT



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## MANAGEMENT LETTER

To the Board of Directors and Management  
San Luis & Delta-Mendota Water Authority  
Los Banos, California

In planning and performing our audit of the financial statements of the San Luis & Delta-Mendota Water Authority (the Authority) as of and for the year ended February 28, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of the following matters that have been included in this letter for your consideration:

### Accounting Procedures

We recommend as a best practice that accounting procedures used to account for major transaction classes and complicated agreements with other agencies be documented for use in case of employee turnover. We understand many of these procedures have been documented and others are in progress. Transaction classes that the Authority should consider documenting how to process include the rate setting process, capital assets, unearned revenues, project use energy, joint facility use, DHCCP debt and member payment transactions and any other complicated transactions.

### Other Recommendations

We recommend the Authority use the auditor trial balance and make account names consistent with how reported in the financial statements so the purpose of the account is apparent from the account name without obtaining and reviewing supporting documentation for the account.

To the Board of Directors  
San Luis & Delta-Mendota Water Authority  
Page 2

\* \* \* \* \*

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than the specified parties.

\_\_\_\_\_, 2026



# Official Memorandum

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

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

From: Pablo Arroyave, Chief Operating Officer  
Chauncey Lee, Operations and Maintenance Manager

Date: May 11, 2026

RE: Recommendation to Board of Directors to Authorize Award and Execution of Agreement for Fuel Delivery Services and Expenditure of Up to \$300,000 From the FY 2027 OM&R Budget

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## Background

SLDMWA OM&R activities require the consistent supply and delivery of regular, unleaded gasoline and renewable diesel for operations and maintenance personnel. The FY 2027 budget includes funds for fuel services for the Los Baños and Tracy Field Offices.

The Water Authority formally solicited for both the LBFO and TFO Fuel Delivery services and received one bid each. The solicitation and received bids are for a 3-year agreement, with 2 options years.

## Issue for Decision

Whether to authorize award and execution of MSE agreements with (1) Toro Petroleum Corp., for the delivery of fuel at the Los Baños Field Office, and expenditure of up to \$150,000; and (2) with Efuel LLC. dba Ramos Oil Co., for the delivery of fuel at the Tracy Field Office, and expenditure of up to \$150,000, utilizing FY 2027 OM&R Budget funds.

## Recommendation

Staff recommends authorizing award and execution of the proposed MSE agreements with Toro Petroleum Corp., and Efuel LLC. dba Ramos Oil Co., and recommended expenditure.

## Analysis

The Water Authority formally solicited paper bids to provide all labor, equipment, and services for the delivery of fuel. The solicitation included the following critical dates:

April 10, 2026:	Bid issued
April 17, 2026:	Last day to submit questions
April 22, 2026:	Last day for Responses to Questions
April 29, 2026:	Bids due
April 30, 2026:	Notice of intent to award

The formal solicitation was publicly posted on PlanetBids and in one newspaper, the Sacramento Bee. In addition, nine contractors were notified of the release of solicitation. After completing the questions and answers phase, two bids were submitted. One responsive bid was submitted by Toro Petroleum Corp., and the other was submitted by Efuel LLC. dba Ramos Oil Co. The bids were reviewed and accepted by the Contract Specialist for responsiveness and responsibility. Upon conclusion, the most responsive/responsible bidders were determined to be Toro Petroleum Corp., and Efuel LLC. dba Ramos Oil Co. A Notice of Intent to Award was transmitted to both Toro Petroleum Corp. and Efuel LLC. dba Ramos Oil Co on April 30, 2026.

## Budget Implications

The proposed expenditure of up to \$300,000 will be funded utilizing approved budgeted funds from the Fiscal Year 2027 OM&R Budget. FY 2028 and FY 2029 expenditures of up to \$300,000 will be subject to inclusion and approval in the FY 2028 and FY 2029 Water Authority OM&R budgets.

## Attachments

1. Draft MSE Agreement
2. Notice of Intent to Award

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

**MATERIALS, SUPPLIES/EQUIPMENT AGREEMENT  
For  
TRACY FIELD OFFICE (TFO) FUEL DELIVERY SERVICES**

This Materials, Supplies/ Equipment (MSE) Agreement (“Agreement”) is made and entered into effective May \_\_\_\_\_, 2026 in the State of California, by and between the San Luis & Delta-Mendota Water Authority (“SLDMWA”) and Efuel LLC. dba Ramos Oil Co., (“Contractor”), and subject to the terms and conditions set forth herein.

SLDMWA and Contractor agree as follows:

**1. SCOPE OF WORK**

Contractor shall furnish the materials, supplies and/or equipment described in Scope of Work/Technical Specifications (or Purchase Order) set forth in Exhibit A at the price or prices set forth in Exhibit C within the times stated and in accordance with the General Conditions set forth in Exhibit B, each exhibit attached hereto and incorporated herein.

Any change in the Scope of the Work or schedule set forth herein, or to any other matter materially affecting the performance of or nature of the Scope of Work will not be paid for or accepted unless such change, addition or deletion is approved in advance, in writing, by SLDMWA.

**2. CONTRACT DOCUMENTS**

The Contract Documents shall include the solicitation documents (if applicable) Addenda, the accepted Bid Form, the Agreement, any required bonds, the General Conditions, the Special Provisions (if applicable), Specifications, Exhibits, the Contract Schedule, and any approved change order or amendment.

**3. TERM OF AGREEMENT**

The term of this Agreement shall be from date of contract execution, through February 28, 2029 inclusive, unless earlier terminated in accordance with the General Conditions. This Agreement may be extended by SLDMWA, at its sole and absolute discretion, for up to two additional one-year terms by giving the Provider written notice of the extension at least thirty (30) days before the Agreement expires. Time is of the essence in this Agreement. All future year funding is subject to availability of funds and board approval of funding; no guarantee of future year funding.

**4. PARTY REPRESENTATIVES AND NOTICES**

Each party’s designated representative for administration of this Agreement and receipt of notices is designated below. All notices or other communications provided for by the Agreement shall be in writing and shall be sent by 1) personal delivery, 2) nationally-recognized overnight delivery service (such as Federal Express) which provides evidence of delivery, 3) first class United States mail (postage prepaid), registered or certified, return receipt requested, or 4) e-mail

with a copy by first class U.S. mail. Notice shall be deemed received on the date actually delivered if delivered by personal delivery, overnight delivery, or U.S. Mail with return receipt requested and delivered during normal business hours on a business day. Notice by e-mail shall be deemed delivered on the date of transmission, unless the same is after 5:00 p.m. or on a weekend or holiday, in which event delivery shall be on the next business day. A party may change its address for notices under the Agreement by giving notice as provided herein. Notices shall be sent to the following party representatives at the following addresses:

<u>Contractor</u>	<u>SLDMWA</u>
Chris Tate Efuel LLC. dba Ramos Oil Co. 1515 S. River Road West Sacramento, CA 95691 <a href="mailto:christ@ramosoil.com">christ@ramosoil.com</a> 916-955-0287	Tony Romero San Luis & Delta-Mendota Water Authority 15990 Kelso Road Byron, CA 94514-9614 <a href="mailto:Tony.romero@sldmwa.org">Tony.romero@sldmwa.org</a> 209-832-6227

**IN WITNESS WHEREOF**, this Agreement has been executed by and on behalf of the parties hereto, the day, month and year so indicated above. If Contractor is a corporation, partnership or limited liability company, documentation must be provided that the person signing below for Contractor has the authority to do so and to so bind Contractor to the terms of this Agreement.

<u>Contractor</u>	<u>San Luis &amp; Delta-Mendota Water Authority</u>
By: _____ (Signature)	By: _____ Pablo R. Arroyave Chief Operating Officer San Luis & Delta-Mendota Water Authority
_____ (Print Name & Title)	
_____ (Company Name)	

## EXHIBIT A –TECHNICAL SPECIFICATIONS

### 1. CONTRACT PERIOD:

The Bid Proposal shall cover SLDMWA’s annual requirements for fuel delivery services. Initial contract period shall begin June 1, 2026 through February 28, 2029. Annual contract period will be SLDMWA’s fiscal year March 1 through February 28.

### 2. CONTRACT EXTENSION

SLDMWA may elect to extend the contract for a maximum of one (1) additional one (1) year period(s). Contractor may request an adjustment to differential prices for contract items at time of annual renewal. All such requests must be in writing at least thirty (30) days prior to contract expiration. Price adjustments shall be supported by such documentation as may be required by SLDMWA, as justification of price changes. Price changes shall in no event exceed the additional cost, paid by the Contractor. The SLDMWA reserves the right to accept or reject any price adjustments.

### 3. PRODUCT PRICING

The pricing is based on two factors; Region Base Market Cost and the Differential.

A. Region Base Market Cost: For the base price of the Regular Unleaded Gasoline and Renewable Diesel – R99”, “Time of Delivery” “Stockton Rack Average” price quoted for Regular Unleaded Gasoline and Renewable Diesel – R99 in the OPIS (Oil Price Information Service).

B. Differential: Transportation and Delivery Cost to SLDMWA location based on load size.

C. Differential Prices quoted shall be:

- Exempt from Federal Excise Tax
- Exclusive of: State Sales Tax, Local Sales Tax, California Motor Vehicle Fuel Tax, Oil Spill Liability Trust Fund Tax, and any other applicable tax.

If the OPIS publication is modified, SLDMWA reserves the right to re-establish the base price calculation method or cancel all or part of the contract without prejudice against any party to the contract.

4. APPLICABLE TAXES:

- A. State Sales Tax and all other applicable taxes shall be added to the invoice at the time of delivery.
- B. SLDMWA is exempt from Federal Excise Tax and an exemption form will be issued to the successful Bidder(s) after award of the contract.
- C. California Motor Vehicle Fuel Tax/State Excise Tax, CA oil Spill Liability Tax and any other applicable tax shall be set out as separate items on the invoice.
- D. At the time of award, the successful Bidder shall supply SLDMWA with a detailed breakdown of all taxes included in the prices that will be shown on invoices.

5. PRICE VERIFICATION:

During period of contract, successful Bidder may be required to provide price verification. Successful Bidder may be requested to submit copies of the Stockton Rack pricing, showing the Unbranded prices, with their own invoice for each truck/trailer load of fuel.

6. SUPPLY REQUIREMENTS:

All Bidders shall have fuel supply contracts, which shall assure the continuous supply of product during the Contract period. Bidders may be required to furnish information supporting their ability to supply, without major interruption, the products covered in this bid.

7. DELIVERY REQUIREMENTS:

- A. Products shall be delivered as ordered by SLDMWA's User Department(s):  
User Department(s): San Luis & Delta-Mendota Water Authority – Tracy Field Office Division.
- B. Delivery will be once a week on a set day (excluding Friday) between the hours of 7:00 AM and 3:00 PM.
- C. A minimum of 300 gallons is required at all times in each tank. Contractor shall monitor both fuel tanks with Smart Logic equipment at no charge. SLDMWA shall have access to the Smart Logic web portal.
- D. All deliveries shall be F.O.B. Destination, Freight Prepaid to locations listed in Section 10.

- E. Contractor must gain entry to and exit from the premises by identifying themselves to the Secretary and by signing in and out in the log books located in the Administration Building.
  - F. Contractor's Driver shall provide at the time of delivery, a receipt to include the delivered number of gallons, type of product, date, time and temperature.
  - G. Contractor will provide within five calendar days of delivery, a scanned invoice to [Accounts.Payable@sldmwa.org](mailto:Accounts.Payable@sldmwa.org). An original invoice shall be mailed after. SLDMWA will only remit payment based on an original invoice.
  - H. Emergency callouts shall be arranged by the SLDMWA authorized representative.
  - I. Invoices must reflect R-99 diesel to maintain compliance with CARB and County Air Board.
8. CAUTION AND SAFETY:
- A. Contractor's personnel shall abide by all SLDMWA safety rules and regulations outlined in the SLDMWA Injury and Illness Prevention Program. The Contractor should direct any questions regarding safety to the SLDMWA authorized representative.
  - B. Prior to work under this agreement, Contractor shall submit for approval to SLDMWA a Contractor's "Materials Safety Data Sheet" or "OSHA Form 20" for all chemical compounds to be used within the scope of this agreement. SLDMWA retains the right to reject any material that may create a safety or health hazard.
  - C. Contractor's equipment and vehicles shall meet all safety standards as required by Federal, State, and Occupational Safety and Health Act (OSHA) standards.
  - D. SLDMWA may immediately terminate any procedure or operation under this agreement that is in violation with the above or is an immediate or obvious safety hazard.

9. CANCELLATION:

SLDMWA reserves the right to cancel without prior notice the balance of the contract if the vendor fails to deliver the product within the time specified herewith or comply with requirements as set forth in this bid document.

10. QUANTITIES:

SLDMWA’s usage for the period of March 1, 2024 through February 28, 2025 is provided herein. While SLDMWA estimates that consumption will not be less than that shown for the prior period, there shall be no guarantee as to actual quantities required during the period of the contract.

- A. Regular Unleaded Gasoline
  - a. Quantity: 18,802.90 gallons
- B. Renewable Diesel (R-99)
  - a. Quantity: 16,122.90 gallons

11. FUEL TANK LOCATION AND CAPACITY

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY (SLDMWA)

<b>DEPT. NAME</b>	<b>LOCATION</b>	<b>TYPE</b>	<b>CAPACITY GALLONS</b>
Tracy Field Office	15990 Kelso Road Byron, CA 94514	Above Ground Unleaded Gasoline	2,000
Tracy Field Office	15990 Kelso Road Byron, CA 94514	Above Ground Renewable Diesel (R-99)	2,000

## **EXHIBIT B – GENERAL CONDITIONS**

### **ARTICLE 1. ENTIRE AGREEMENT**

The Agreement, including all exhibits, represents the entire and integrated agreement between SLDMWA and Contractor and supersedes all prior proposals, negotiations, representations, understandings and/or agreements, either written or oral. No changes, amendments, alterations or modifications to this Agreement will be effective unless in writing and executed in the same manner as the Agreement. No claim for any additional compensation or time shall be valid unless authorized by a written amendment executed by SLDMWA and Contractor.

### **ARTICLE 2. CONFLICTS OF INTEREST**

Contractor shall not have a familial, financial, or investment interest in any of the persons, contractors or companies with responsibilities related to the subject of this Agreement. A familial interest exists if any of Contractor's officers, directors, employee(s) providing professional services on the Project, or owners of 10% or more of the business is the spouse, sibling, parent, child, grandparent, grandchild, aunt/uncle or niece/nephew of any of the officers, directors, project managers, or owners of 10% or more of the business of any of the persons, contractors or companies with responsibilities related to the Project. Contractor affirms that, to the best of its knowledge, there exists no actual or potential conflict between family, business, or financial interests of Contractor and SLDMWA. Contractor agrees to advise SLDMWA of any actual or potential conflicts of interest that may develop subsequent to the date of execution of the Agreement.

### **ARTICLE 3. CHANGES OR TERMINATION**

Changes will be binding on SLDMWA only if in writing and signed by the SLDMWA. SLDMWA, for its convenience, may by written change order make any change, including, without limitation, additions or deductions in quantities ordered, changes in the specifications or drawings, changes in the time of delivery, or termination. SLDMWA may terminate or suspend at its convenience all or any portion of this order not shipped as of the date of termination or suspension of the order. In the event of any change or termination, there shall be an equitable price adjustment by SLDMWA. If Contractor maintains that SLDMWA's adjustment is not equitable, the price change shall be negotiated. In the event the parties cannot agree, the final determination shall be made in accordance with the dispute resolution provision of this Agreement. No change or termination shall relieve SLDMWA or Contractor of any of their obligations as to any material shipped prior to Contractor's receipt of the change, termination or suspension order. Any claim for adjustment by Contractor hereunder must be asserted in writing within ten (10) days from the date the change or termination is ordered.

In the event of a termination for default, SLDMWA may, in addition to all other rights and remedies, purchase substitute items or services elsewhere and hold Contractor liable for any and all excess costs incurred, including attorneys' fees and experts' and Contractors' fees actually incurred.

### **ARTICLE 4. PAYMENT; TAXES**

- A. Compensation: The price herein specified shall, unless otherwise expressly stated within the terms of this Agreement, include all taxes and duties of any kind levied by federal, state, municipal, or other governmental authorities, which either party is required to pay with respect to the production, sale, use or shipment of the materials covered by this Agreement, and all charges for packing, loading, unloading and shipping. Any and all taxes imposed or assessed on Contractor's income by reason of this agreement or its performance, including but not limited to sales or use taxes, shall be paid by Contractor. Contractor shall be responsible for any taxes or penalties assessed by reason

of any claims that Contractor is an employee of SLDMWA. If transportation costs are designated as part of the cost to SLDMWA, only actual transportation costs shall be included. Damage to equipment or goods not packed to insure proper protection shall be charged to Contractor. Contractor's invoice shall set forth the items delivered to the project site, the date of delivery, the unit cost and total costs of the items invoiced.

- B. Payment: Invoices received and subsequently approved by SLDMWA shall be paid not more than thirty (30) days after delivery of an approved invoice. Disputed invoices shall be returned to Contractor within ten (10) working days of receipt.
- C. Invoicing: Provider shall submit separate invoices no later than five days after each delivery, including applicable time records and identification of any deliverables submitted during the billing period, at the differential rates not to exceed those stated in **Exhibit C** to Accounts Payable, San Luis & Delta-Mendota Water Authority, at [accounts.payable@sldmwa.org](mailto:accounts.payable@sldmwa.org).
- D. Payment Disputes: SLDMWA may dispute any invoice or portion thereof which is not properly documented and in accordance with the Agreement. For any disputed payment, SLDMWA shall provide written notice describing its dispute to Provider. Disputes arising in the performance of this Contract which are not resolved by agreement of the parties shall be decided in writing by the authorized representative of SLDMWA. This decision shall be final and conclusive unless within ten (10) days from the date of the receipt of its copy, Contractor mails or otherwise furnishes a written appeal to SLDMWA's Chief Operating Officer. In connection with any such appeal, Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its position. The decision of the Chief Operating Officer shall be binding upon Contractor and Contractor shall abide by the decision. Unless otherwise directed by SLDMWA, Contractor shall continue performance under this Agreement while matters in dispute are being resolved. In the event of a dispute between each parties Terms & Conditions, SLDMWA terms will prevail.
- E. Taxes: Provider shall pay any and all taxes imposed or assessed on Provider's income by reason of this Agreement or its performance, including but not limited to sales or use taxes. Provider shall be responsible for any taxes or penalties assessed by reason of any claims that Provider is an employee of SLDMWA. SLDMWA is exempt from Federal Excise Tax.

#### **ARTICLE 5. RISK OF LOSS**

Notwithstanding the terms of shipment, the risk of loss shall pass to SLDMWA only after delivery to the job site or other place designated in writing by SLDMWA.

#### **ARTICLE 6. DELIVERY**

Time is of the essence of this Agreement. If no delivery date is specified on the face of this Agreement, all deliveries of materials shall conform to the date or dates specified in writing from time to time by SLDMWA's representative. Should delivery for any reason fail to be timely, Contractor shall be liable for all damages suffered by SLDMWA as a result of such failure.

#### **ARTICLE 7. INSPECTION**

SLDMWA shall have the right to inspect and test the materials at Contractor's plant any time prior to shipment and to conduct additional inspections at any time after arrival at the job site. The making or failure to make any inspection of, or payment for or acceptance of, the materials shall not impair SLDMWA's right to later reject nonconforming materials, or to avail itself of any other remedy to which SLDMWA may be entitled, notwithstanding SLDMWA's knowledge of the nonconformity, its substantiality, or the

ease of its discovery. Contractor shall be liable for all inspection, reshipment and return costs on nonconforming materials. Contractor shall not replace returned materials unless so directed by SLDMWA in writing.

**ARTICLE 8. WARRANTIES**

Contractor warrants to SLDMWA that all of the materials provided under this Agreement shall be free from all defects, shall be of the quality specified, and shall be fit and appropriate for the purpose intended. Contractor further warrants that the materials will be complete in all respects necessary to make the materials fully functional if installed in accordance with the Solicitation Documents. All warranties implied by law or usage of trade are incorporated into this Agreement and shall apply to services and materials ordered. Contractor guarantees SLDMWA that the materials rendered shall be free of any and all defects in workmanship and materials which may develop for a minimum period of three (3) years or 2,000 hours following acceptance of the materials by SLDMWA. The materials are ordered by SLDMWA in reliance on each and all of the warranties and guarantees specified herein and implied by law or usage of trade. SLDMWA's remedies pursuant to this paragraph are in addition to, and not a limitation on, all other remedies allowed by law.

**ARTICLE 9. INFRINGEMENT**

Contractor shall pay all royalties and licensing fees arising in connection with the sale or use of materials hereunder. Contractor further undertakes and agrees to defend, at Contractor's expense, all suits, actions or proceedings in which SLDMWA, its successors, assigns, customers or users of its customer's products are made defendants for actual or alleged infringement of any U.S. or foreign letters patent, copyrights or trademarks or any intellectual property rights of any kind resulting from the use or purchase of any materials furnished under this Agreement, and Contractor agrees to pay or discharge any and all judgments or decrees which may be rendered in any such suit, action or proceeding against such defendants therein.

**ARTICLE 10. COMPLIANCE**

Contractor's performance shall in all ways strictly conform with all applicable laws, regulations, safety orders, labor agreements, prevailing wage requirements and working conditions to which it is subject, including, but not limited to, all state, federal and local non-discrimination in employment provisions, and all local regulations and building codes. Contractor shall execute and deliver all documents as may be required to effect or evidence compliance.

**ARTICLE 11. ASSIGNMENTS; SETOFF**

Any delegation, subletting or assignment by operation of law or otherwise, of all or any portion of the obligations to be performed by Contractor without the prior written consent of SLDMWA shall be void. In the event of any transfer, hypothecation or assignment by Contractor, without SLDMWA's consent, of the right to receive all or any part of any payments due or to become due hereunder, SLDMWA may, at any time thereafter withhold any or all monies or payments due or to become due hereunder until final payment is due and all conditions precedent to such payment are satisfied. SLDMWA may, at its option, setoff any amounts otherwise due from SLDMWA to Contractor under this Agreement against any delinquent amounts or liabilities which are due to SLDMWA or its commonly controlled affiliates from Contractor.

**ARTICLE 12. LICENSES**

Contractors are required by law to be licensed and regulated by the appropriate State Licensing Board. Contractor shall comply with all required licensing laws applicable to its services under this Agreement.

**ARTICLE 13. NON-DISCRIMINATION**

Contractor shall not discriminate against any employee or potential employee on the basis of prohibited criteria, as defined in Government Code section 12940. Without limiting the foregoing in any way, during the performance of this Agreement, Contractor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor shall insure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment. Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor shall give written notice of its obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

**ARTICLE 14. INSURANCE**

A. Required Policies: Contractor shall furnish to SLDMWA certificates of insurance and policy endorsements satisfactory to SLDMWA evidencing insurance, with reliable insurance companies approved by the State of California Department of Insurance and with a Bests' rating of no less than (A) Level VII, for the following minimum insurance coverages, which may be increased or expanded by the Agreement:

1. Workers' Compensation insurance and occupational disease insurance, as required by law, with limit of no less than \$1,000,000 per accident for bodily injury or disease;
2. Employer's liability insurance, with minimum limits of \$1,000,000, covering all workplaces involved in the Agreement.
3. Commercial General Liability Insurance in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, property damage, personal injury, advertising liability, blanket contractual liability, Contractor's obligations under this Agreement, products and completed operations, and coverage for independent contractors.
4. Commercial Automobile Insurance for all owned, non-owned and hired vehicles used by Contractor in the performance of its services under this Agreement with a limit of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
5. Pollution Liability insurance with a limit of not less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.

B. Additional Terms:

1. All general liability, automobile, and pollution liability policies shall name SLDMWA, its elected or appointed officers, officials, agents, authorized

volunteers and employees as additional insureds (“Additional Insureds”), include a severability of interest provision, and shall provide that such policy is primary and not contributory with any insurance carried by SLDMWA or its Members.

2. The insurance to be provided by Contractor under this Agreement shall not include any of the following: any claims-made insurance policies; any self-insured retention or deductible amount greater than two hundred fifty thousand dollars (\$250,000) unless approved in writing by SLDMWA; any endorsement limiting coverage available to SLDMWA that is otherwise required by this Article 14; and any policy or endorsement language that (i) negates coverage to SLDMWA for SLDMWA's own negligence; (ii) limits the duty to defend SLDMWA under the policy; (iii) provides coverage to SLDMWA only if Contractor is negligent, or (iv) permits the recovery of defense costs from any additional insured. The insurance provided under this Agreement shall not contain any restrictions or limitations which are inconsistent with SLDMWA's rights under this Agreement.
3. Contractor shall provide Certificates of Insurance, or other evidence of insurance as requested by SLDMWA, to SLDMWA within ten (10) days after receipt by Contractor of the executed Agreement. The certificates shall provide that there will be no cancellation, suspension, voiding or change of coverage without thirty (30) days' prior written notice to SLDMWA. There shall be no reduction or modification of coverage of insurance required by the Agreement without the written consent of SLDMWA. Contractor shall provide SLDMWA with a new or renewed certificate of insurance upon any changes or modifications to coverage, including any extension or renewal of required insurance coverage; provided that any changes or modifications to coverage shall be consistent with this Agreement.
4. The insurer(s) issuing the required policies shall, by separate endorsement, agree to waive all rights of subrogation against the "Additional Insureds" for losses arising in any manner from the products or work provided or performed by or on behalf of Contractor for SLDMWA, but this provision applies regardless of whether or not SLDMWA has received the waiver of subrogation.
5. Pollution Legal Liability Endorsement: \$2,000,000 combined single limit, annual aggregate for bodily injury, sickness, disease, mental anguish or shock, property damage and defense costs; with a minimum of \$1,000,000 per occurrence. Pollution Legal Liability insurance shall cover liability of the insured disposal or treatment facility that is accepting any waste or soil under this Project. Contractor shall require such disposal or treatment facilities to furnish proof of the required coverage or Contractor provides proof of coverage for Pollution Legal Liability for Non-Owned Disposal Site.

**ARTICLE 15. INDEMNITY; NO LIABILITY FOR CONSEQUENTIAL DAMAGES**

A. Contractor shall, with respect to all work which is covered by or incidental to the Agreement, defend, indemnify, and hold harmless SLDMWA, its officers, directors, agents, representatives and employees (collectively “SLDMWA”), from and against any and all liens and claims asserted by firms or individuals claiming through Contractor, and claims, liability, loss, damage, civil fines, penalties, costs, or expenses, including reasonable attorneys' fees, expert's fees, awards, fines, or judgments, relating to the death or bodily injury to persons, injury to property, other loss, damage, or expense to the extent that any of the above arise out of, pertain to, or relate to the negligence, recklessness, willful misconduct or breach of this

Agreement by Contractor or anyone acting under its direction or control or on its behalf in the course of its performance under this Agreement. Contractor's duty shall include the duty to defend the indemnitees as required by Civil Code section 2778, which duty shall arise from the need for defense and is not contingent upon a finding of liability for indemnification, and Contractor shall employ counsel reasonably acceptable to SLDMWA for this defense obligation. Contractor shall not be obligated under the Agreement to indemnify SLDMWA to the extent that the damage is caused by the active or sole negligence or willful misconduct of SLDMWA or its agents or servants other than Contractor.

B. The acceptance by SLDMWA or its representatives of any certificate of insurance providing for coverage of any kind shall in no event be deemed a waiver of any of the provisions of this Article. None of the foregoing provisions shall deprive SLDMWA of any action, right or remedy otherwise available by law.

C. Except to the extent of any insurance coverage, neither Contractor nor SLDMWA shall be responsible to the other for any form of consequential damages, including, but not limited to losses of use, sale, profits, financing, business and reputation, and attorney fees thereon. Nothing in these provisions or in this Agreement shall waive, release or compromise any insurance requirements or coverages required in Article 14.

**ARTICLE 16. RESERVED**

**ARTICLE 17. DEFAULTS**

If Contractor fails to perform any of its obligations hereunder, SLDMWA shall be entitled to all remedies provided by law, and, except as otherwise set forth herein, SLDMWA shall be entitled to recover any and all damages incurred, including without limitation, direct and compensatory damages, attributable to Contractor's breach of this Agreement. If Contractor becomes insolvent or makes an assignment for the benefit of creditors, or files or becomes subject to receivership or reorganization or bankruptcy proceedings, or becomes involved in labor difficulties, which in SLDMWA's opinion threaten Contractor's ability to perform in a timely manner, SLDMWA may, in addition to any other rights or remedies it may have hereunder or at law, terminate the purchase order upon written notice to Contractor; such termination shall be deemed a termination for default. SLDMWA's failure to notify Contractor of a rejection of nonconforming equipment or materials or to specify with particularity any defect in nonconforming materials after rejection or acceptance thereof will not bar SLDMWA from pursuing any remedies for breach which it may otherwise have.

**ARTICLE 18. TERMINATION OF AGREEMENT**

This Agreement may be terminated by either party upon 30 days' written notice, with or without cause, upon written notification to the other party. Following such termination, SLDMWA shall pay Contractor all unpaid sums due for materials provided under this Agreement and accepted by SLDMWA. No termination of the Agreement shall excuse or otherwise relieve Contractor of its responsibilities under the Agreement, including, without limitation, Contractor's warranty obligations for materials provided and accepted by SLDMWA and Contractor's indemnity obligations.

**ARTICLE 19. DISPUTE RESOLUTION**

Contractor and SLDMWA shall attempt to resolve conflicts or disputes that arise under this Agreement or that relate in any way to this Agreement or the subject matter of this Agreement in a fair and reasonable

manner. The parties agree to attempt to mediate through a professional mediator any conflicts or disputes not otherwise resolved by the parties, with the costs of mediation shared equally by the parties. If the mediation does not settle the conflict or dispute, the parties may agree in writing to binding arbitration, or the matter may proceed in litigation before a court of competent jurisdiction. Neither party shall commence or pursue arbitration or litigation prior to (1) the completion of mediation proceedings, and (2) prior to completion of Contractor's services under this Agreement.

The existence of a dispute between SLDMWA and Contractor, not involving a material default by SLDMWA in performance of a condition precedent to Contractor's performance, shall not relieve Contractor of its obligation to perform under this Agreement.

## **ARTICLE 20. ADDITIONAL PROVISIONS**

A. Successors and Assigns: SLDMWA and Contractor each binds itself, its partners, successors, assigns and legal representatives to the other party hereto and to the partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in the Agreement. Contractor shall not assign the Agreement or sublet it in whole or part without the written consent of SLDMWA, nor shall Contractor assign any moneys due or to become due to it hereunder without the prior written consent of SLDMWA.

B. Unenforceability of any Clause: If any clause or provision of the Agreement is held to be unenforceable or invalid, then that provision of the Agreement shall be stricken and all other provisions of this Agreement shall remain in full force and effect and shall not be effected thereby.

C. Waiver of Breach: Failure by one party to notify the other of a breach of any provision of this Agreement shall not constitute a waiver of any continuing breach. Failure by one party to enforce any of its rights under this Agreement shall not constitute a waiver of those rights. The waiver by either Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or any other provision hereof.

D. Interpretation: The Agreement shall be construed and interpreted in accordance with the laws of the State of California.

E. Headings: The titles of sections of these General Conditions are for convenience only and no presumption or implication of the intent of the parties as to the construction of this Agreement shall be drawn therefrom.

**EXHIBIT C – RATE SHEET**

Contractor will provide fuel delivery services based on the fixed differential rates provided herein:

<i>Item No.</i>	<i>Description</i>	<i>UOM</i>	<i>Differential</i>
1	Regular Unleaded Gasoline	gal	.15
2	Renewable Diesel (R-99)	gal	.15

**Total Compensation under this Agreement is:**

**Not to Exceed \$150,000.00 per Fiscal Year.**

**Fiscal Year 1 June 1, 2026 through February 28, 2027 is approved. All future fiscal years are subject to an approved budget.**

## NOTICE OF INTENT TO AWARD

Date: April 30, 2026

To: Chris Tate  
Efuel LLC. dba Ramos Oil Co.  
1515 S River Road  
West Sacramento, CA 95691

**Project Title:** Tracy Field Office (TFO) Fuel Delivery Services

**Project Specification Number:** F27-TFO-003

You are hereby notified that your Bid dated April 29, 2026, for the above Contract has been considered. You are the apparent successful and low bidder and will be recommended for award of the contract for the above-named project.

The Total Price of your contract is:

NOT-TO-EXCEED \$150,000 (One Hundred Fifty Thousand Dollars.) PER FISCAL YEAR THROUGH FEBRUARY 28, 2029. ALL FUTURE FUNDING IS SUBJECT TO AVAILABILITY OF FUNDS AND BOARD APPROVAL OF FUNDING; NO GUARANTEE OF FUTURE YEAR FUNDING.

In accordance with the solicitation documents, contract award will be made once the protest period is up. Please refer to the solicitation for protest periods.

This letter will serve as notification that the San Luis Delta-Mendota Water Authority will recommend to the Board the award of this contract to Efuel LLC. dba Ramos Oil Co. in the amount of \$150,000.

Regards,



**Travis Roberts**

*Contract Specialist*

*San Luis & Delta-Mendota Water Authority*

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

**MATERIALS, SUPPLIES/EQUIPMENT AGREEMENT**

**For**

**LOS BANOS FIELD OFFICE (LBFO) FUEL DELIVERY SERVICES**

This Materials, Supplies/ Equipment (MSE) Agreement (“Agreement”) is made and entered into effective May \_\_\_\_, 2026 in the State of California, by and between the San Luis & Delta-Mendota Water Authority (“SLDMWA”) and Toro Petroleum Corp., (“Contractor”), and subject to the terms and conditions set forth herein.

SLDMWA and Contractor agree as follows:

**1. SCOPE OF WORK**

Contractor shall furnish the materials, supplies and/or equipment described in Scope of Work/Technical Specifications (or Purchase Order) set forth in Exhibit A at the price or prices set forth in Exhibit C within the times stated and in accordance with the General Conditions set forth in Exhibit B, each exhibit attached hereto and incorporated herein.

Any change in the Scope of the Work or schedule set forth herein, or to any other matter materially affecting the performance of or nature of the Scope of Work will not be paid for or accepted unless such change, addition or deletion is approved in advance, in writing, by SLDMWA.

**2. CONTRACT DOCUMENTS**

The Contract Documents shall include the solicitation documents (if applicable) Addenda, the accepted Bid Form, the Agreement, any required bonds, the General Conditions, the Special Provisions (if applicable), Specifications, Exhibits, the Contract Schedule, and any approved change order or amendment.

**3. TERM OF AGREEMENT**

The term of this Agreement shall be from date of contract execution, through February 28, 2029 inclusive, unless earlier terminated in accordance with the General Conditions. This Agreement may be extended by SLDMWA, at its sole and absolute discretion, for up to two additional one-year terms by giving the Provider written notice of the extension at least thirty (30) days before the Agreement expires. Time is of the essence in this Agreement. All future year funding is subject to availability of funds and board approval of funding; no guarantee of future year funding.

**4. PARTY REPRESENTATIVES AND NOTICES**

Each party’s designated representative for administration of this Agreement and receipt of notices is designated below. All notices or other communications provided for by the Agreement shall be in writing and shall be sent by 1) personal delivery, 2) nationally-recognized overnight delivery service (such as Federal Express) which provides evidence of delivery, 3) first class United States mail (postage prepaid), registered or certified, return receipt requested, or 4) e-mail

with a copy by first class U.S. mail. Notice shall be deemed received on the date actually delivered if delivered by personal delivery, overnight delivery, or U.S. Mail with return receipt requested and delivered during normal business hours on a business day. Notice by e-mail shall be deemed delivered on the date of transmission, unless the same is after 5:00 p.m. or on a weekend or holiday, in which event delivery shall be on the next business day. A party may change its address for notices under the Agreement by giving notice as provided herein. Notices shall be sent to the following party representatives at the following addresses:

<u>Contractor</u>	<u>SLDMWA</u>
Larry Shepherd Toro Petroleum Corp. 35175 West Shaw Ave. Firebaugh, CA 93622 <a href="mailto:larrys@toropetroleum.com">larrys@toropetroleum.com</a> 209-840-1976	Brandon Soares San Luis & Delta-Mendota Water Authority 18785 S. Creek Road Los Banos, CA 93635 <a href="mailto:Brandon.soares@sldmwa.org">Brandon.soares@sldmwa.org</a> 209-826-4788

**IN WITNESS WHEREOF**, this Agreement has been executed by and on behalf of the parties hereto, the day, month and year so indicated above. If Contractor is a corporation, partnership or limited liability company, documentation must be provided that the person signing below for Contractor has the authority to do so and to so bind Contractor to the terms of this Agreement.

<u>Contractor</u>	<u>San Luis &amp; Delta-Mendota Water Authority</u>
By: _____ (Signature)	By: _____ Pablo R. Arroyave Chief Operating Officer San Luis & Delta-Mendota Water Authority
_____ (Print Name & Title)	
_____ (Company Name)	

## EXHIBIT A –TECHNICAL SPECIFICATIONS

### TECHNICAL SPECIFICATIONS

1. CONTRACT PERIOD:

The Bid Proposal shall cover SLDMWA’s annual requirements for fuel delivery services. Initial contract period shall begin June 1, 2026 through February 28, 2029. Annual contract period will be SLDMWA’s fiscal year March 1 through February 28.

2. CONTRACT EXTENSION

SLDMWA may elect to extend the contract for a maximum of one (1) additional one (1) year period(s). Contractor may request an adjustment to differential prices for contract items at time of annual renewal. All such requests must be in writing at least thirty (30) days prior to contract expiration. Price adjustments shall be supported by such documentation as may be required by SLDMWA, as justification of price changes. Price changes shall in no event exceed the additional cost, paid by the Contractor. The SLDMWA reserves the right to accept or reject any price adjustments.

3. PRODUCT PRICING

The pricing is based on two factors; Region Base Market Cost and the Differential.

- A. Region Base Market Cost: For the base price of the Regular Unleaded Gasoline and Renewable Diesel – R99”, “Time of Delivery” “Fresno Rack Average” price quoted for Regular Unleaded Gasoline and Renewable Diesel – R99 in the OPIS (Oil Price Information Service).
- B. Differential: Transportation and Delivery Cost to SLDMWA location based on load size.
- C. Differential Prices quoted shall be:
  - Exempt from Federal Excise Tax
  - Exclusive of: State Sales Tax, Local Sales Tax, California Motor Vehicle Fuel Tax, Oil Spill Liability Trust Fund Tax and any other applicable tax.

If the OPIS publication is modified, SLDMWA reserves the right to re-establish the base price calculation method or cancel all or part of the contract without prejudice against any party to the contract.

4. APPLICABLE TAXES:

- A. State Sales Tax and all other applicable taxes shall be added to the invoice at the time of delivery.
- B. SLDMWA is exempt from Federal Excise Tax and an exemption form will be issued to the successful Bidder(s) after award of the contract.
- C. California Motor Vehicle Fuel Tax/State Excise Tax, CA oil Spill Liability Tax and any other applicable tax shall be set out as separate items on the invoice.
- D. At the time of award, the successful Bidder shall supply SLDMWA with a detailed breakdown of all taxes included in the prices that will be shown on invoices.

5. PRICE VERIFICATION:

During period of contract, successful Bidder may be required to provide price verification. Successful Bidder may be requested to submit copies of the Fresno Rack pricing, showing the Unbranded prices, with their own invoice for each truck/trailer load of fuel.

6. SUPPLY REQUIREMENTS:

All Bidders shall have fuel supply contracts, which shall assure the continuous supply of product during the Contract period. Bidders may be required to furnish information supporting their ability to supply, without major interruption, the products covered in this bid.

7. DELIVERY REQUIREMENTS:

- A. Products shall be delivered as ordered by SLDMWA's User Department(s):  
User Department(s): San Luis & Delta-Mendota Water Authority – Los Banos Field Office Division.
- B. Delivery will be once a week on a set day (excluding Friday) between the hours of 7:00 AM and 3:00 PM.
- C. A minimum of 300 gallons is required at all times in each tank. Contractor shall monitor both fuel tanks with Smart Logic equipment at no charge. SLDMWA shall have access to the Smart Logic web portal.
- D. All deliveries shall be F.O.B. Destination, Freight Prepaid to locations listed in Section 10.

- E. Contractor must gain entry to and exit from the premises by identifying themselves to the Secretary and by signing in and out in the log books located in the Administration Building.
  - F. Contractor's Driver shall provide at the time of delivery, a receipt to include the delivered number of gallons, type of product, date, time and temperature.
  - G. Contractor will provide within five calendar days of delivery, a scanned invoice to [Accounts.Payable@sldmwa.org](mailto:Accounts.Payable@sldmwa.org). An original invoice shall be mailed after. SLDMWA will only remit payment based on an original invoice.
  - H. Emergency callouts shall be arranged by the SLDMWA authorized representative.
  - I. Invoices must reflect R-99 diesel to maintain compliance with CARB and County Air Board.
8. CAUTION AND SAFETY:
- A. Contractor's personnel shall abide by all SLDMWA safety rules and regulations outlined in the SLDMWA Injury and Illness Prevention Program. The Contractor should direct any questions regarding safety to the SLDMWA authorized representative.
  - B. Prior to work under this agreement, Contractor shall submit for approval to SLDMWA a Contractor's "Materials Safety Data Sheet" or "OSHA Form 20" for all chemical compounds to be used within the scope of this agreement. SLDMWA retains the right to reject any material that may create a safety or health hazard.
  - C. Contractor's equipment and vehicles shall meet all safety standards as required by Federal, State, and Occupational Safety and Health Act (OSHA) standards.
  - D. SLDMWA may immediately terminate any procedure or operation under this agreement that is in violation with the above or is an immediate or obvious safety hazard.

9. CANCELLATION:

SLDMWA reserves the right to cancel without prior notice the balance of the contract if the vendor fails to deliver the product within the time specified herewith or comply with requirements as set forth in this bid document.

10. QUANTITIES:

SLDMWA’s usage for the period of March 1, 2024 through February 28, 2025 is provided herein. While SLDMWA estimates that consumption will not be less than that shown for the prior period, there shall be no guarantee as to actual quantities required during the period of the contract.

- A. Regular Unleaded Gasoline
  - a. Quantity: 21,543.40 gallons
- B. Renewable Diesel (R-99)
  - a. Quantity: 16,122.90 gallons

11. FUEL TANK LOCATION AND CAPACITY

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY (SLDMWA)

<b>DEPT. NAME</b>	<b>LOCATION</b>	<b>TYPE</b>	<b>CAPACITY GALLONS</b>
Los Banos Field Office	18785 S. Creek Road Los Banos, CA 93635	Above Ground Unleaded Gasoline	1,000
Los Banos Field Office	18785 S. Creek Road Los Banos, CA 93635	Above Ground Renewable Diesel (R-99)	1,000

## **EXHIBIT B – GENERAL CONDITIONS**

### **ARTICLE 1. ENTIRE AGREEMENT**

The Agreement, including all exhibits, represents the entire and integrated agreement between SLDMWA and Contractor and supersedes all prior proposals, negotiations, representations, understandings and/or agreements, either written or oral. No changes, amendments, alterations or modifications to this Agreement will be effective unless in writing and executed in the same manner as the Agreement. No claim for any additional compensation or time shall be valid unless authorized by a written amendment executed by SLDMWA and Contractor.

### **ARTICLE 2. CONFLICTS OF INTEREST**

Contractor shall not have a familial, financial, or investment interest in any of the persons, contractors or companies with responsibilities related to the subject of this Agreement. A familial interest exists if any of Contractor's officers, directors, employee(s) providing professional services on the Project, or owners of 10% or more of the business is the spouse, sibling, parent, child, grandparent, grandchild, aunt/uncle or niece/nephew of any of the officers, directors, project managers, or owners of 10% or more of the business of any of the persons, contractors or companies with responsibilities related to the Project. Contractor affirms that, to the best of its knowledge, there exists no actual or potential conflict between family, business, or financial interests of Contractor and SLDMWA. Contractor agrees to advise SLDMWA of any actual or potential conflicts of interest that may develop subsequent to the date of execution of the Agreement.

### **ARTICLE 3. CHANGES OR TERMINATION**

Changes will be binding on SLDMWA only if in writing and signed by the SLDMWA. SLDMWA, for its convenience, may by written change order make any change, including, without limitation, additions or deductions in quantities ordered, changes in the specifications or drawings, changes in the time of delivery, or termination. SLDMWA may terminate or suspend at its convenience all or any portion of this order not shipped as of the date of termination or suspension of the order. In the event of any change or termination, there shall be an equitable price adjustment by SLDMWA. If Contractor maintains that SLDMWA's adjustment is not equitable, the price change shall be negotiated. In the event the parties cannot agree, the final determination shall be made in accordance with the dispute resolution provision of this Agreement. No change or termination shall relieve SLDMWA or Contractor of any of their obligations as to any material shipped prior to Contractor's receipt of the change, termination or suspension order. Any claim for adjustment by Contractor hereunder must be asserted in writing within ten (10) days from the date the change or termination is ordered.

In the event of a termination for default, SLDMWA may, in addition to all other rights and remedies, purchase substitute items or services elsewhere and hold Contractor liable for any and all excess costs incurred, including attorneys' fees and experts' and Contractors' fees actually incurred.

### **ARTICLE 4. PAYMENT; TAXES**

- A. Compensation: The price herein specified shall, unless otherwise expressly stated within the terms of this Agreement, include all taxes and duties of any kind levied by federal, state, municipal, or other governmental authorities, which either party is required to pay with respect to the production, sale, use or shipment of the materials covered by this Agreement, and all charges for packing, loading, unloading and shipping. Any and all taxes imposed or assessed on Contractor's income by reason of this agreement or its performance, including but not limited to sales or use taxes, shall be paid by Contractor. Contractor shall be responsible for any taxes or penalties assessed by reason

of any claims that Contractor is an employee of SLDMWA. If transportation costs are designated as part of the cost to SLDMWA, only actual transportation costs shall be included. Damage to equipment or goods not packed to insure proper protection shall be charged to Contractor. Contractor's invoice shall set forth the items delivered to the project site, the date of delivery, the unit cost and total costs of the items invoiced.

- B. Payment: Invoices received and subsequently approved by SLDMWA shall be paid not more than thirty (30) days after delivery of an approved invoice. Disputed invoices shall be returned to Contractor within ten (10) working days of receipt.
- C. Invoicing: Provider shall submit separate invoices no later than five days after each delivery, including applicable time records and identification of any deliverables submitted during the billing period, at the differential rates not to exceed those stated in **Exhibit C** to Accounts Payable, San Luis & Delta-Mendota Water Authority, at [accounts.payable@sldmwa.org](mailto:accounts.payable@sldmwa.org).
- D. Payment Disputes: SLDMWA may dispute any invoice or portion thereof which is not properly documented and in accordance with the Agreement. For any disputed payment, SLDMWA shall provide written notice describing its dispute to Provider. Disputes arising in the performance of this Contract which are not resolved by agreement of the parties shall be decided in writing by the authorized representative of SLDMWA. This decision shall be final and conclusive unless within ten (10) days from the date of the receipt of its copy, Contractor mails or otherwise furnishes a written appeal to SLDMWA's Chief Operating Officer. In connection with any such appeal, Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its position. The decision of the Chief Operating Officer shall be binding upon Contractor and Contractor shall abide by the decision. Unless otherwise directed by SLDMWA, Contractor shall continue performance under this Agreement while matters in dispute are being resolved. In the event of a dispute between each parties Terms & Conditions, SLDMWA terms will prevail.
- E. Taxes: Provider shall pay any and all taxes imposed or assessed on Provider's income by reason of this Agreement or its performance, including but not limited to sales or use taxes. Provider shall be responsible for any taxes or penalties assessed by reason of any claims that Provider is an employee of SLDMWA. SLDMWA is exempt from Federal Excise Tax.

#### **ARTICLE 5. RISK OF LOSS**

Notwithstanding the terms of shipment, the risk of loss shall pass to SLDMWA only after delivery to the job site or other place designated in writing by SLDMWA.

#### **ARTICLE 6. DELIVERY**

Time is of the essence of this Agreement. If no delivery date is specified on the face of this Agreement, all deliveries of materials shall conform to the date or dates specified in writing from time to time by SLDMWA's representative. Should delivery for any reason fail to be timely, Contractor shall be liable for all damages suffered by SLDMWA as a result of such failure.

#### **ARTICLE 7. INSPECTION**

SLDMWA shall have the right to inspect and test the materials at Contractor's plant any time prior to shipment and to conduct additional inspections at any time after arrival at the job site. The making or failure to make any inspection of, or payment for or acceptance of, the materials shall not impair SLDMWA's right to later reject nonconforming materials, or to avail itself of any other remedy to which SLDMWA may be entitled, notwithstanding SLDMWA's knowledge of the nonconformity, its substantiality, or the

ease of its discovery. Contractor shall be liable for all inspection, reshipment and return costs on nonconforming materials. Contractor shall not replace returned materials unless so directed by SLDMWA in writing.

#### **ARTICLE 8. WARRANTIES**

Contractor warrants to SLDMWA that all of the materials provided under this Agreement shall be free from all defects, shall be of the quality specified, and shall be fit and appropriate for the purpose intended. Contractor further warrants that the materials will be complete in all respects necessary to make the materials fully functional if installed in accordance with the Solicitation Documents. All warranties implied by law or usage of trade are incorporated into this Agreement and shall apply to services and materials ordered. Contractor guarantees SLDMWA that the materials rendered shall be free of any and all defects in workmanship and materials which may develop for a minimum period of three (3) years or 2,000 hours following acceptance of the materials by SLDMWA. The materials are ordered by SLDMWA in reliance on each and all of the warranties and guarantees specified herein and implied by law or usage of trade. SLDMWA's remedies pursuant to this paragraph are in addition to, and not a limitation on, all other remedies allowed by law.

#### **ARTICLE 9. INFRINGEMENT**

Contractor shall pay all royalties and licensing fees arising in connection with the sale or use of materials hereunder. Contractor further undertakes and agrees to defend, at Contractor's expense, all suits, actions or proceedings in which SLDMWA, its successors, assigns, customers or users of its customer's products are made defendants for actual or alleged infringement of any U.S. or foreign letters patent, copyrights or trademarks or any intellectual property rights of any kind resulting from the use or purchase of any materials furnished under this Agreement, and Contractor agrees to pay or discharge any and all judgments or decrees which may be rendered in any such suit, action or proceeding against such defendants therein.

#### **ARTICLE 10. COMPLIANCE**

Contractor's performance shall in all ways strictly conform with all applicable laws, regulations, safety orders, labor agreements, prevailing wage requirements and working conditions to which it is subject, including, but not limited to, all state, federal and local non-discrimination in employment provisions, and all local regulations and building codes. Contractor shall execute and deliver all documents as may be required to effect or evidence compliance.

#### **ARTICLE 11. ASSIGNMENTS; SETOFF**

Any delegation, subletting or assignment by operation of law or otherwise, of all or any portion of the obligations to be performed by Contractor without the prior written consent of SLDMWA shall be void. In the event of any transfer, hypothecation or assignment by Contractor, without SLDMWA's consent, of the right to receive all or any part of any payments due or to become due hereunder, SLDMWA may, at any time thereafter withhold any or all monies or payments due or to become due hereunder until final payment is due and all conditions precedent to such payment are satisfied. SLDMWA may, at its option, setoff any amounts otherwise due from SLDMWA to Contractor under this Agreement against any delinquent amounts or liabilities which are due to SLDMWA or its commonly controlled affiliates from Contractor.

#### **ARTICLE 12. LICENSES**

Contractors are required by law to be licensed and regulated by the appropriate State Licensing Board. Contractor shall comply with all required licensing laws applicable to its services under this Agreement.

**ARTICLE 13. NON-DISCRIMINATION**

Contractor shall not discriminate against any employee or potential employee on the basis of prohibited criteria, as defined in Government Code section 12940. Without limiting the foregoing in any way, during the performance of this Agreement, Contractor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor shall insure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment. Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor shall give written notice of its obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

**ARTICLE 14. INSURANCE**

A. Required Policies: Contractor shall furnish to SLDMWA certificates of insurance and policy endorsements satisfactory to SLDMWA evidencing insurance, with reliable insurance companies approved by the State of California Department of Insurance and with a Bests' rating of no less than (A) Level VII, for the following minimum insurance coverages, which may be increased or expanded by the Agreement:

1. Workers' Compensation insurance and occupational disease insurance, as required by law, with limit of no less than \$1,000,000 per accident for bodily injury or disease;
2. Employer's liability insurance, with minimum limits of \$1,000,000, covering all workplaces involved in the Agreement.
3. Commercial General Liability Insurance in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, property damage, personal injury, advertising liability, blanket contractual liability, Contractor's obligations under this Agreement, products and completed operations, and coverage for independent contractors.
4. Commercial Automobile Insurance for all owned, non-owned and hired vehicles used by Contractor in the performance of its services under this Agreement with a limit of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
5. Pollution Liability insurance with a limit of not less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.

B. Additional Terms:

1. All general liability, automobile, and pollution liability policies shall name SLDMWA, its elected or appointed officers, officials, agents, authorized

volunteers and employees as additional insureds (“Additional Insureds”), include a severability of interest provision, and shall provide that such policy is primary and not contributory with any insurance carried by SLDMWA or its Members.

2. The insurance to be provided by Contractor under this Agreement shall not include any of the following: any claims-made insurance policies; any self-insured retention or deductible amount greater than two hundred fifty thousand dollars (\$250,000) unless approved in writing by SLDMWA; any endorsement limiting coverage available to SLDMWA that is otherwise required by this Article 14; and any policy or endorsement language that (i) negates coverage to SLDMWA for SLDMWA's own negligence; (ii) limits the duty to defend SLDMWA under the policy; (iii) provides coverage to SLDMWA only if Contractor is negligent, or (iv) permits the recovery of defense costs from any additional insured. The insurance provided under this Agreement shall not contain any restrictions or limitations which are inconsistent with SLDMWA's rights under this Agreement.
3. Contractor shall provide Certificates of Insurance, or other evidence of insurance as requested by SLDMWA, to SLDMWA within ten (10) days after receipt by Contractor of the executed Agreement. The certificates shall provide that there will be no cancellation, suspension, voiding or change of coverage without thirty (30) days' prior written notice to SLDMWA. There shall be no reduction or modification of coverage of insurance required by the Agreement without the written consent of SLDMWA. Contractor shall provide SLDMWA with a new or renewed certificate of insurance upon any changes or modifications to coverage, including any extension or renewal of required insurance coverage; provided that any changes or modifications to coverage shall be consistent with this Agreement.
4. The insurer(s) issuing the required policies shall, by separate endorsement, agree to waive all rights of subrogation against the "Additional Insureds" for losses arising in any manner from the products or work provided or performed by or on behalf of Contractor for SLDMWA, but this provision applies regardless of whether or not SLDMWA has received the waiver of subrogation.
5. Pollution Legal Liability Endorsement: \$2,000,000 combined single limit, annual aggregate for bodily injury, sickness, disease, mental anguish or shock, property damage and defense costs; with a minimum of \$1,000,000 per occurrence. Pollution Legal Liability insurance shall cover liability of the insured disposal or treatment facility that is accepting any waste or soil under this Project. Contractor shall require such disposal or treatment facilities to furnish proof of the required coverage or Contractor provides proof of coverage for Pollution Legal Liability for Non-Owned Disposal Site.

**ARTICLE 15. INDEMNITY; NO LIABILITY FOR CONSEQUENTIAL DAMAGES**

A. Contractor shall, with respect to all work which is covered by or incidental to the Agreement, defend, indemnify, and hold harmless SLDMWA, its officers, directors, agents, representatives and employees (collectively “SLDMWA”), from and against any and all liens and claims asserted by firms or individuals claiming through Contractor, and claims, liability, loss, damage, civil fines, penalties, costs, or expenses, including reasonable attorneys' fees, expert's fees, awards, fines, or judgments, relating to the death or bodily injury to persons, injury to property, other loss, damage, or expense to the extent that any of the above arise out of, pertain to, or relate to the negligence, recklessness, willful misconduct or breach of this

Agreement by Contractor or anyone acting under its direction or control or on its behalf in the course of its performance under this Agreement. Contractor's duty shall include the duty to defend the indemnitees as required by Civil Code section 2778, which duty shall arise from the need for defense and is not contingent upon a finding of liability for indemnification, and Contractor shall employ counsel reasonably acceptable to SLDMWA for this defense obligation. Contractor shall not be obligated under the Agreement to indemnify SLDMWA to the extent that the damage is caused by the active or sole negligence or willful misconduct of SLDMWA or its agents or servants other than Contractor.

B. The acceptance by SLDMWA or its representatives of any certificate of insurance providing for coverage of any kind shall in no event be deemed a waiver of any of the provisions of this Article. None of the foregoing provisions shall deprive SLDMWA of any action, right or remedy otherwise available by law.

C. Except to the extent of any insurance coverage, neither Contractor nor SLDMWA shall be responsible to the other for any form of consequential damages, including, but not limited to losses of use, sale, profits, financing, business and reputation, and attorney fees thereon. Nothing in these provisions or in this Agreement shall waive, release or compromise any insurance requirements or coverages required in Article 14.

#### **ARTICLE 16. RESERVED**

#### **ARTICLE 17. DEFAULTS**

If Contractor fails to perform any of its obligations hereunder, SLDMWA shall be entitled to all remedies provided by law, and, except as otherwise set forth herein, SLDMWA shall be entitled to recover any and all damages incurred, including without limitation, direct and compensatory damages, attributable to Contractor's breach of this Agreement. If Contractor becomes insolvent or makes an assignment for the benefit of creditors, or files or becomes subject to receivership or reorganization or bankruptcy proceedings, or becomes involved in labor difficulties, which in SLDMWA's opinion threaten Contractor's ability to perform in a timely manner, SLDMWA may, in addition to any other rights or remedies it may have hereunder or at law, terminate the purchase order upon written notice to Contractor; such termination shall be deemed a termination for default. SLDMWA's failure to notify Contractor of a rejection of nonconforming equipment or materials or to specify with particularity any defect in nonconforming materials after rejection or acceptance thereof will not bar SLDMWA from pursuing any remedies for breach which it may otherwise have.

#### **ARTICLE 18. TERMINATION OF AGREEMENT**

This Agreement may be terminated by either party upon 30 days' written notice, with or without cause, upon written notification to the other party. Following such termination, SLDMWA shall pay Contractor all unpaid sums due for materials provided under this Agreement and accepted by SLDMWA. No termination of the Agreement shall excuse or otherwise relieve Contractor of its responsibilities under the Agreement, including, without limitation, Contractor's warranty obligations for materials provided and accepted by SLDMWA and Contractor's indemnity obligations.

#### **ARTICLE 19. DISPUTE RESOLUTION**

Contractor and SLDMWA shall attempt to resolve conflicts or disputes that arise under this Agreement or that relate in any way to this Agreement or the subject matter of this Agreement in a fair and reasonable

manner. The parties agree to attempt to mediate through a professional mediator any conflicts or disputes not otherwise resolved by the parties, with the costs of mediation shared equally by the parties. If the mediation does not settle the conflict or dispute, the parties may agree in writing to binding arbitration, or the matter may proceed in litigation before a court of competent jurisdiction. Neither party shall commence or pursue arbitration or litigation prior to (1) the completion of mediation proceedings, and (2) prior to completion of Contractor's services under this Agreement.

The existence of a dispute between SLDMWA and Contractor, not involving a material default by SLDMWA in performance of a condition precedent to Contractor's performance, shall not relieve Contractor of its obligation to perform under this Agreement.

## **ARTICLE 20. ADDITIONAL PROVISIONS**

A. Successors and Assigns: SLDMWA and Contractor each binds itself, its partners, successors, assigns and legal representatives to the other party hereto and to the partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in the Agreement. Contractor shall not assign the Agreement or sublet it in whole or part without the written consent of SLDMWA, nor shall Contractor assign any moneys due or to become due to it hereunder without the prior written consent of SLDMWA.

B. Unenforceability of any Clause: If any clause or provision of the Agreement is held to be unenforceable or invalid, then that provision of the Agreement shall be stricken and all other provisions of this Agreement shall remain in full force and effect and shall not be effected thereby.

C. Waiver of Breach: Failure by one party to notify the other of a breach of any provision of this Agreement shall not constitute a waiver of any continuing breach. Failure by one party to enforce any of its rights under this Agreement shall not constitute a waiver of those rights. The waiver by either Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or any other provision hereof.

D. Interpretation: The Agreement shall be construed and interpreted in accordance with the laws of the State of California.

E. Headings: The titles of sections of these General Conditions are for convenience only and no presumption or implication of the intent of the parties as to the construction of this Agreement shall be drawn therefrom.

**EXHIBIT C – RATE SHEET**

Contractor will provide fuel delivery services based on the fixed differential rates provided herein:

<i>Item No.</i>	<i>Description</i>	<i>UOM</i>	<i>Differential</i>
1	Regular Unleaded Gasoline	gal	.30
2	Renewable Diesel (R-99)	gal	.30

**Total Compensation under this Agreement is:**

**Not to Exceed \$150,000.00 per Fiscal Year.**

**Fiscal Year 1 June 1, 2026 through February 28, 2027 is approved. All future fiscal years are subject to an approved budget.**

## NOTICE OF INTENT TO AWARD

Date: April 30, 2026

To: Larry Shepherd  
Toro Petroleum Corp.  
35175 West Shaw Ave.  
Firebaugh, CA 93622

**Project Title:** Los Banos Field Office (LBFO) Fuel Delivery Services

**Project Specification Number:** F27-LBFO-004

You are hereby notified that your Bid dated April 29, 2026, for the above Contract has been considered. You are the apparent successful and low bidder and will be recommended for award of the contract for the above-named project.

The Total Price of your contract is:

NOT-TO-EXCEED \$150,000.00(One Hundred Fifty Thousand Dollars.) PER FISCAL YEAR THROUGH FEBRUARY 28, 2029. ALL FUTURE FUNDING IS SUBJECT TO AVAILABILITY OF FUNDS AND BOARD APPROVAL OF FUNDING; NO GUARANTEE OF FUTURE YEAR FUNDING.

In accordance with the solicitation documents, contract award will be made once the protest period is up. Please refer to the solicitation for protest periods.

This letter will serve as notification that the San Luis Delta-Mendota Water Authority will recommend to the Board the award of this contract to Toro Petroleum Corp. in the amount of \$150,000.00.

Regards,

*Travis Roberts*

**Travis Roberts**

*Contract Specialist*

*San Luis & Delta-Mendota Water Authority*



# Official Memorandum

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

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

From: Federico Barajas, Executive Director  
Pablo Arroyave, Chief Operating Officer

Date: May 11, 2026

RE: Recommendations Regarding Revised Cost Allocation and Revised Scope for Phase 1 of the DMC Subsidence Correction Project

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## Background

The Planning Committee began holding meetings in September 2024 to address the allocation of costs for the Delta-Mendota Canal (DMC) Subsidence Correction Project (Project). In May 2025, the Planning Committee recommended approval of a cost allocation methodology for the initial phase of the Upper DMC portion of the DMC Subsidence Correction Project that relies on non-reimbursable grant funding, with the commitment that the Planning Committee will develop a cost allocation methodology for Phase 1 prior to contract award. Also in May 2025, the Finance & Administration Committee recommended pursuit of a phased approach for the Upper DMC portion of the DMC Subsidence Correction Project. The Board of Directors adopted both committees' recommendations.

In September 2025, following Planning Committee and Finance & Administration Committee recommendation, the Board of Directors adopted refinements to the scope for Phase 1 of the Upper DMC portion of the Project, as well as refinements to the cost allocation methodology.

In October 2025, the Planning Committee met and unanimously voted to adopt cost allocation recommendations for Phase 1, Tasks 1-4, of the Project. In November 2025, the Finance & Administration Committee unanimously recommended adoption of the same, and the Board adopted the recommended cost allocations.

Following adoption of cost allocations, the Water Authority formally solicited proposals to provide Construction Manager/General Contractor (CM/GC) Services for Phase 1, and in February 2026, the Board awarded a CMGC Agreement to Kiewit Corporation. The executed contract covers preconstruction services for Task 1 and Task 2 only, with Preconstruction Services for Tasks 3 and 4 to be added in the future by amendment at the Water Authority's discretion. Since execution, Water Authority staff has been working with Kiewit Corporation to complete preconstruction services and to develop a Guaranteed Maximum Price (GMP) for Tasks 1 and 2 for the construction phase of the Project.

On March 17, the Department of Interior announced an award of \$235 million in nonreimbursable funding to the Project from the One Big Beautiful Act. At the April 6, 2026 Planning Committee meeting, staff discussed implications of the funding award direction for revising the cost allocation for Phase 1 of the Project.



## Issues for Decision

1. Whether the Planning Committee and Finance & Administration Committee should recommend, and the Board of Directors should adopt, a revised cost allocation for Phase 1 of the DMC Subsidence Correction Project.
2. Whether the Finance & Administration Committee should recommend, and the Board of Directors should adopt, a revised scope for Phase 1 of the DMC Subsidence Correction Project.

## Recommendation

1. Staff recommends a revised cost allocation for Phase 1 of the DMC Subsidence Correction Project that utilizes nonreimbursable funds only.
2. Staff recommends a revised scope for Phase 1 of the DMC Subsidence Correction Project consistent with the following:
  - Task 1: No changes (Approximate 2 ft. freeboard raise between MP 3.5 (JPP) to MP 7.2 (DCI), based on 4,600 cfs design flow and no future anticipated subsidence)
  - Task 2: Revised (expanded sag area repairs on Upper DMC)
  - Task 3: Replaced (instead of panel repair program, address 3 critical bridges on Upper DMC)
  - Task 4: Replaced (instead of panel repair program, address 1-2 critical bridges on Lower DMC)

## Analysis

### 1. Recommended Revisions to Cost Allocation

In keeping with the direction provided at the April 6, 2026 Planning Committee meeting, Water Authority staff recommends pursuing a revised cost allocation for Phase 1 of the Project that utilizes the \$265 million of available nonreimbursable funds.

Adopting this revised cost allocation would mean that no collection would be required for Phase 1 of the Project; instead, the focus of the Finance & Administration Committee and Board of Directors would shift to planning use of the \$265 million in the most efficient and effective manner.

### 2. Recommended Revisions to Phase 1 Scope

Water Authority staff recommends advancement of the following Phase 1 scope to address conveyance limitations and maximize the use of \$265 million in nonreimbursable funds:

- Task 1: Approximate 2 ft. freeboard raise between MP 3.5 (JPP) to MP 7.2 (DCI), based on 4,600 cfs design flow and no future anticipated subsidence.
- Task 2: Expanded sag areas and concrete panel repairs on Upper DMC
- Task 3: Address 3 critical bridges on Upper DMC.
- Task 4: Address 1-2 critical bridges on Lower DMC.



# Official Memorandum

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

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

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

Date: May 11, 2026

RE: Ratification of Execution of Change Orders Associated With the Jones Pumping Plant Unit 5 Leak Investigation & Repair Project and Increase in Expenditure of up to \$264,898 from the FY 2026 EO&M Budget

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## Background

The scope of the Jones Pumping Plant (JPP) Leak Investigation & Repair Project (Project) includes a full disassembly of Unit 5 to investigate and remediate the cause of a leak that was discovered in the concrete surrounding the pump casing. The project includes a vibration analysis, a full inspection and rehabilitation of the pump casing, balancing of the impeller, and replacement of the impeller wear rings. The Project also included additional funding to supplement budget shortages identified in the FY25 Rehabilitate Coating on Pump Casings & Bifurcation Project as the projects are closely related in both scope and physical proximity and would be completed concurrently. Authorization of the extended outage required to complete the work was obtained only after ensuring the team would make every effort possible to keep the project on schedule to return Unit 5 to service as scheduled or sooner if possible.

Following a formal solicitation and after receiving authorization from the Board of Directors, a Construction Agreement was executed on February 5, 2026 with Hartman-Walsh Painting Company in the amount of \$1,037,350 for the JPP Pump Casings & Bifurcation Pipe Recoating Project. In an effort to front load the schedule as much as possible, a \$72,000 Change Order was executed on April 10<sup>th</sup> to implement double shifts during the blasting phase. Blasting of the project has been substantially completed to date, allowing a full inspection to quantify the amount of repair work required to prepare the surfaces for coatings. While the condition of the bifurcation piping was found to be in good general condition, the suction elbow portion of Unit 5 was found to have excessive pitting and surface damage. The surface requires a full coating of repair material to create a surface that the two-part epoxy coating paint will adhere to. Additional media blasting will also be required after the repair material is applied to ensure proper bonding between the repair material and the paint. Hartman-Walsh provided a Time and Materials estimate to complete this work with a not to exceed amount.

A Construction Agreement was also executed on February 10<sup>th</sup>, 2026 with Unico Mechanical (Unico) for the JPP Unit 5 Impeller Balancing in the amount of \$149,500 after an informal solicitation process was followed. Six qualified vendors were provided the solicitation directly, with one bid received from Unico. Once the impeller was delivered to Unico's shop, Change Order number 1 was executed on April 29 in the amount of \$28,073 to perform non-destructive testing to determine the integrity of the impeller which brought the total contract value to \$177,573. Once the non-destructive testing was completed, Unico proceeded with the balancing procedure and immediately found the outer diameter to be significantly out of round. An out of



round impeller could have detrimental impacts to the operation of the unit leading to uneven or excessive wear and vibrational issues. Unico provided a proposal to disassemble the impeller, shaft, and wear rings to inspect, take precision measurements, machine to required tolerances, and reassemble.

JPP pumping in July through September is forecast to be close to continuous five-unit operation. Both the Impeller Balancing and the Pump Casing Coating projects are considered to be parallel critical paths to the reassembly of Unit 5. Any delay of Unit 5 (spare unit) availability presents a higher risk of water loss for communities, farms, and businesses should there be any issue with the five remaining units. To avoid this risk, and to maintain the aggressive schedule to make Unit 5 available by late August, staff executed both emergency change orders. The Impeller Balancing Change Order was issued on May 1<sup>st</sup> and the Bifurcation and Pump Casing Change Order issued on May 6<sup>th</sup>.

## Issues for Decision

- A. Whether the Finance & Administration Committee should recommend, and the Board of Directors should authorize, ratification of execution of change order for Jones Pumping Plant Unit 5 impeller balancing with Unico and increase in expenditure of up to \$123,058 from the FY 2026 EO&M Budget.
- B. Whether the Finance & Administration Committee should recommend, and the Board of Directors should authorize, ratification of execution of change order for Jones Pumping Plant Pump Casing and Bifurcation Pipe Recoating with Hartman Walsh Painting and increase in expenditure of up to \$141,840 from the FY 2026 EO&M Budget.

## Recommendation

Staff recommends that the Water Authority Board of Directors ratify execution of the change orders and cumulative increase in expenditure of up to \$264,898 from the FY 2026 EO&M Budget.

## Analysis

### A. JPP Unit 5 Impeller Balancing Change Order

Unico's cost estimate for the impeller balancing work is \$123,058, which brings the total Unico contract to \$300,631. On April 27, 2026, staff and Unico discovered the condition of the Unit 5 impeller that posed a threat to Unit 5 if it were not corrected; the condition could not have been discovered earlier. Delaying the impeller work would cause the loss or impairment of water and water delivery services, as the JPP units support an essential public service and the Water Authority must minimize the risk of an extended outage. Specifically, delaying execution of the change order (and the start of the impeller work) would have caused delay in the availability of Unit 5 by a minimum of two weeks, and likely more, as it would have caused the impeller work to lose its place in Unico's queue.

Delaying execution of the change order would also have resulted in increased costs, as the impeller would have had to move two extra times (to and from Unico storage), and Unico would have had to accommodate storage of the impeller while waiting to be serviced. Furthermore, Unico was the only vendor to submit a bid following the solicitation process. As a result, Unico is the only vendor, and is best qualified to complete this work.



The Water Authority's Consolidated Procurement Policy allows execution of construction contracts that exceed the \$200,000 threshold without prior Board authorization, and without formal procurement action, in the case of emergency, to prevent or mitigate the loss or impairment of property or essential public services. (Section 1.2; Section 4.6.) Because with execution of the emergency Unico change order the Unico contract total now exceeds the \$200,000 threshold, Board ratification (approval) of execution of the change order is needed. (Section 1.2)

## B. JPP Pump Casing and Bifurcation Pipe Recoating Change Order

Hartman-Walsh's cost estimate to apply a filler material and to provide an additional sweep blast to all surfaces in the pump casing and suction elbow is not to exceed \$141,840 based on Time & Materials, which brings the total Hartman-Walsh contract to \$1,251,190. On April 27, 2026, Hartman-Walsh and the Water Authority's independent third-party inspector discovered the condition of the Unit 5 suction elbow and pump casing and notified the Water Authority of the need for repairs. Sixty hours of repair time was estimated within the original contract; however, the extent of the damage was much greater than anticipated. This repair work is necessary to ensure a quality finish is achieved when coatings are applied. It was imperative for the Water Authority to immediately authorize Hartman-Walsh to proceed with the Change Order work as they had to procure the repair material that has a lead time and to plan their staff accordingly to prevent any further delays. Hartman-Walsh estimates this work will take six (6) days beginning on May 12<sup>th</sup>.

The Water Authority's Consolidated Procurement Policy allows the Water Authority to take immediate action required to prevent or mitigate the loss or impairment of property or essential public services. (Section 1.2; Section 4.6.) The increase in cost associated with execution of the emergency change order exceeds ten percent (10%) of the original contract amount with Hartman-Walsh. Consequently, Board ratification (approval) of execution of the change order is required. (Section 4.8.)

As noted above, delaying the work proposed in either of these Change Orders would have directly delayed the Unit 5 return to service date, leading to a higher risk of water loss for communities, farms, and businesses.

## Budget Implications

The Fiscal Year 2026 EO&M budget included \$1,800,000 for the JPP Unit 5 Leak Investigation and Repair Project, which included \$500,000 for Impeller Balancing and \$650,000 to supplement the existing JPP Bifurcation & Pump Casing budget of \$948,000. Both Change Orders are within the budgeted amount.

## Attachment

1. Unico Corporation Change Order
2. Hartman-Walsh Change Order



## CHANGE ORDER

Change Order No.: 2

Date: 5/1/2026

Name of Project: **Jones Pumping Plant (JPP) Unit 5 Impeller Balancing**  
 Specification No.: **F26-JPP-016**  
 Owner: **San Luis & Delta-Mendota Water Authority**  
 Contractor: **Unico Mechanical Corp.**

**Part: 1 Description of Change Order**

During inspection of the impeller on the balancing machine, it was identified that the newly installed upper and lower wear rings were significantly non-concentric. If placed in service without correction, the non-concentric wear rings would take up the necessary clearance space required for the unit to run properly leading to impeller vibration and potential unit failure if not corrected. The scope of work requires disassembling the impeller from the shaft in order to place the impeller on a vertical turning lathe (VTL) which will allow for more precise total indicator readings (TIR) to be gathered. Based on the new TIR readings, the wear rings may need precision machining to restore concentricity and the clearance needed for the unit to function properly. Shaft coupling fit surfaces and bearing surfaces will also be examined to verify their concentricity. New coupling bolts will be machined to fit and used during reassembly of the shaft and impeller. (Services as described in the Unico proposal dated 4/28/2026).

As a result, it is deemed mission critical to restore the impeller to its original design conditions to continue with completing the project on schedule. The sudden and unexpected occurrence that was discovered poses a risk to JPP Unit 5 if it is not corrected and could not be reasonably discovered earlier. In addition, delaying work on the impeller would result in the loss / impairment of water / water delivery services. Consequently, this would impact water loss for communities, farms, and businesses should there be any issue with the 5 remaining units.

**Part 2: Time & Materials**

#	Item Description	Item Cost	Units	Total
1	Disassembly of Impeller and Shaft with As Found condition of Impeller shaft coupling	\$34,876	LS	\$34,876.00
2	Machining of Impeller Wear Rings	\$23,016	LS	\$23,016.00
3	Shaft TIR Inspection	\$8,716	LS	\$8,716.00
4	Machining of Coupling Bolts	\$15,166	LS	\$15,166.00
5	Assembly	\$33,316	LS	\$33,316.00
6	Support Crane Services	\$5,260	LS	\$5,260.00
7	Bonds	\$2,708	LS	\$2,708.00
<b>TOTAL FOR PART 2 =</b>				<b>\$123,058.00</b>

Cost Summary

Original Contract Amount:	<u>\$149,500.00</u>
Total Prior Change Amount under Change Order 1:	<u>\$28,073.00</u>
Total Contract Amount including Change Order 1:	<u>\$177,573.00</u>
Total Amount of this Change under Change Order 2:	<u>\$123,058.00</u>
Total Contract Amount with All Changes	<u>\$300,631.00</u>

Schedule Summary

Original Estimate Completion Date:	<u>Monday, May 4, 2026</u>
New Estimated Completion Date with all Change Orders:	<u>Thursday, May 28, 2026</u>

Recommended By:  Date: May 4, 2026

(Project Manager), SLDMWA

Accepted By:  Date: May 5, 2026

[Andrew Pangelinan \(May 5, 2026 14:01:37 PDT\)](#)  
Contractor Representative.

Approved By:  Date: May 5, 2026

(Manager/Director/COO), SLDMWA



## CHANGE ORDER

Change Order No.: 2  
RFI No. Email

Date: 5/6/2026  
Date: 5/1/2026

Name of Project: **Jones Pumping Plant (JPP) Pump Casing and Bifurcation Pipe Recoating**  
Specification No.: **F26-JPP-015**  
Owner: **San Luis & Delta-Mendota Water Authority**  
Contractor: **Hartman-Walsh Painting Company**

### Part: 1 Description of Change Order

Severe pitting was observed in the pump casing following removal of the existing coating, revealing substantially more corrosion than originally anticipated. Applying a coating over unfilled pits greater than 1/4 inch in depth would create areas prone to premature failure, as the coating would be thin along the sharp edges of the pit craters. These edges would be the first to wear away, resulting in early coating breakdown and loss of protective integrity. This change order will reduce occurrence of "holidays" (holiday is an industry term for a discontinuity, pinhole, void, or crack) during the coating process resulting in a more reliable schedule on the back end of the project. Filling pits will reduce life cycle costs in operations and maintenance by reducing the need for patch coating in the pump casing and in the suction elbow within the first five years of operation. The scope of this change order includes applying filler material to all surfaces in the pump casing and suction elbow. After filler application, the area will be sweep blasted to create a textured surface for the topcoat finish to adhere to more securely.

As a result, it is deemed mission critical to restore the pump casing coating to its original design conditions to continue with completing the project on schedule and ensure the longevity of the coating. The sudden and unexpected occurrence that was discovered poses a risk to JPP Unit 5 if it is not corrected and could not be reasonably discovered until the existing coating was removed. In addition, delaying work on the impeller would result in the loss / impairment of water / water delivery services. Consequently, this would impact water loss for communities, farms, and businesses should there be any issue with the 5 remaining units.

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Part 2: Time & Materials


#	Item Description	Quantity	UOM	Item Cost	Total
1	Additional Labor	480	HR	\$168.00	\$80,640.00
2	Steel Seam FT910 3/16" thickness over all surfaces	200	GAL	\$75.00	\$17,000.00
	Belzona 1111 Filler	2	CASE	\$5,750	11,500.00
3	Abrasive, media, solvents, sundries	1	LS	\$5,000	\$5,000.00
4	Diesel	1	LS	\$6,800	\$6,800.00
5	Additional Equipment rental	1	LS	\$19,000	\$19,000.00
6	Bond	1	LS	\$1,770	\$1,900.00
<b>TOTAL FOR PART 2 =</b>					<b>\$141,840.00</b>


Cost Summary


Original Contract Amount:	\$1,037,350.00
Total Prior Change under Change Order 1:	\$72,000.00
Total Contract Amount with Change Order 1	\$1,109,350.00
Total Amount of this Change:	\$141,840.00
Total Contract Amount with All Changes:	\$1,251,190.00

Schedule Summary

Original Estimate Completion Date:	May 30, 2026
New Estimated Completion Date with all Change Orders:	May 22, 2026 / May 15, 2026 <sup>1</sup>

Recommended By:  Date: May 6, 2026  
 (Project Manager), SLDMWA

Accepted By:  Date: May 6, 2026  
 Contractor Representative.

Approved By:  Date: May 6, 2026  
 (Manager/Director/COO), SLDMWA

<sup>1</sup> May 15<sup>th</sup> is the completion of the Unit 6 / Dual Unit outage. The Unit 5 single-unit outage was hoping to also be completed by May 15, but has been extended to May 22.

# San Luis & Delta-Mendota Water Authority

## Activity Agreements Budget to Actual

### Paid/Pending Comparison Summary

March 1, 2026 through March 31, 2026

FAC 5/11/26 & BOD 5/14/26

	FY Budget 3/1/26 - 2/28/27	Actual To Date Paid/Expense	% of Budget	Amount Remaining
03 General Membership	1,463,764	119,660	8.17%	1,344,104
05 Leg/CVP Operations	4,189,452	71,776	1.71%	4,117,676
22 Grassland Basin Drainage #3A	1,540,677	98,837	6.42%	1,441,840
67 Integrated Regional Water Management	66,593	183	0.28%	66,410
44 Exchange Contractors - 5 Year Transfer	21,764	16	0.07%	21,748
57 North to South Water Transfer Program	86,721	2,878	3.32%	83,843
58 Long-Term Yuba County Water Transfers	15,433	0	0.00%	15,433
69 B.F. Sisk Dam Raise & Reservoir Exp	4,319,976	74,002	1.71%	4,245,974
16 DHCCP	195	16	8.18%	179
<b>TOTAL</b>	<b>11,704,575</b>	<b>367,368</b>	<b>3.14%</b>	<b>11,337,207</b>
	1/12 X 117,04,575	\$ 975,381	8.33%	
		<u>Budget vs. Actual</u>		<u>608,013</u>

1

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**ACTUAL EXPENSE - PAID**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**  
**Report Period 3/1/26 - 3/31/26**

03                      05                      22                      67                      44                      57                      58                      69                      16

FAC 5/11/26

**Actual to Date Paid/Expense Detail by Fund**

Direct Expenses		Total	General Membership (03)	Leg Ops (05)	GBD Dr #3A (22)	IRWM (67)	Exchange Contractor 5 Year Transfer (44)	North to South Water Transfers (57)	Long Term Yuba County Water Transfer (58)	B.F.Sisk Dam Raise & Reservoir Expansion Proj (69)	DHCCP (16)
<b>Legal:</b>											
1	Kronick Moskovitz et al	\$ -		\$ -				\$ -			
2	Kronick Moskovitz et al (annual costs)	\$ -		\$ -				\$ -			
3	Pioneer Law Group/ Matarazzo	\$ -		\$ -				\$ -			
4	Baker Manock & Jensen	\$ -				\$ -					
5	Misc. Legal Support	\$ -			\$ -					\$ -	
6	Technical Legal Support	\$ -		\$ -				\$ -			
7	Legal Contingency	\$ 5,000		\$ 5,000							
	<b>Sub Total</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Technical:</b>											
8	Grant Program	\$ -		\$ -							
9	Science Program	\$ -		\$ -							
10	Previous Technical Project Commitment	\$ -		\$ -							
11	Technical Contingency	\$ -		\$ -							
	<b>Sub Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Legislative Advocacy/Public Information Representation:</b>											
12	Federal Representation	\$ -		\$ -							
13	State Representation	\$ -		\$ -							
14	Public Information / Communication	\$ 32,351	\$ 32,351								
	<b>Sub Total</b>	<b>\$ 32,351</b>	<b>\$ 32,351</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Professional Services:</b>											
15	SGMA Services	\$ -									
16	Integrated Regional Water Management	\$ -				\$ -					
17	Mizuno Consulting	\$ -					\$ -	\$ -	\$ -		
18	Additional BF Sisk Dam Raise Commitment***	\$ 67,854								\$ 67,854	
	<b>Sub Total</b>	<b>\$ 67,854</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 67,854</b>	<b>\$ -</b>
<b>Grassland Basin Drainage:</b>											
19	GBD Specific	\$ 12,774			\$ 12,774						
20	New UA Mud Slough Mitigation	\$ -			\$ -						
21	Biological Monitoring	\$ 18,276			\$ 18,276						
22	Groundwater WDR Specific	\$ 67,566			\$ 67,566						
	<b>Sub Total</b>	<b>\$ 98,616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 98,616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OTHER:</b>											
23	Executive Director	\$ 37,187	\$ 18,651	\$ 18,536							
24	Executive Secretary	\$ 5,589	\$ 2,794	\$ 2,794							
25	General Counsel	\$ 35,369	\$ 28,533	\$ 5,350				\$ 137		\$ 1,350	
26	Water Policy Director	\$ 29,713	\$ 10,038	\$ 19,508		\$ 167					
27	Special Programs Manager	\$ 9,269	\$ 3,650	\$ 5,360				\$ 259			
28	Deputy General Counsel	\$ 18,129	\$ 5,594	\$ 11,188			\$ -	\$ 1,347	\$ -		
29	In-House Staff	\$ 9,076	\$ 1,637	\$ 1,236	\$ 221	\$ 16	\$ 16	\$ 1,136	\$ -	\$ 4,798	\$ 16
30	Law Policy Clerk	\$ -	\$ -	\$ -							
31	Los Banos Administrative Office (LBAO)	\$ -	\$ -	\$ -							
32	Dissolved Oxygen Aerator	\$ -	\$ -	\$ -	\$ -						
33	Other Services & Expenses	\$ 255	\$ 204	\$ 51							
34	License & Continuing Education	\$ 715	\$ 572	\$ 143							
35	Organizational Membership	\$ 14,000	\$ 14,000								
36	Conferences & Training	\$ 775	\$ -	\$ 775							
37	Travel/Mileage	\$ 2,983	\$ 1,365	\$ 1,618		\$ -				\$ -	
38	Group Meetings	\$ 322	\$ 151	\$ 171		\$ -					
39	Telephone	\$ 165	\$ 119	\$ 46							
	<b>Sub Total</b>	<b>\$ 163,547</b>	<b>\$ 87,309</b>	<b>\$ 66,776</b>	<b>\$ 221</b>	<b>\$ 183</b>	<b>\$ 16</b>	<b>\$ 2,878</b>	<b>\$ -</b>	<b>\$ 6,148</b>	<b>\$ 16</b>
	<b>Total Expenditures</b>	<b>\$ 367,368</b>	<b>\$ 119,660</b>	<b>\$ 71,776</b>	<b>\$ 98,837</b>	<b>\$ 183</b>	<b>\$ 16</b>	<b>\$ 2,878</b>	<b>\$ -</b>	<b>\$ 74,002</b>	<b>\$ 16</b>

Subject to rounding

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**AMOUNT REMAINING**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**  
**Report Period 3/1/26 - 3/31/26**  
**FAC 5/11/26**

03                      05                      22                      67                      44                      57                      58                      69                      16

**Amount Remaining Detail by Fund**

		Total	General Membership (03)	Leg Ops (05)	GBD Dr #3A (22)	IRWM (67)	Exchange Contractor 5 Year Transfer (44)	North to South Water Transfers (57)	Long Term Yuba County Water Transfer (58)	B.F. Sisk Dam Raise & Reservoir Expansion Proj (69)	DHCCP (16)
Direct Expenses											
<b>Legal:</b>											
1	Kronick Moskovitz et al	\$ 950,000		\$ 930,000				\$ 20,000			
2	Kronick Moskovitz et al (annual costs)	\$ 8,000		\$ 7,000				\$ 1,000			
3	Pioneer Law Group/ Matarazzo	\$ 115,000		\$ 65,000				\$ 50,000			
4	Baker Manock & Jensen	\$ 1,000				\$ 1,000					
5	Misc. Legal Support	\$ 200,000			\$ 20,000					\$ 180,000	
6	Technical Legal Support	\$ 152,500		\$ 150,000				\$ 2,500			
7	Legal Contingency	\$ 245,000		\$ 245,000							
	<b>Sub Total</b>	<b>\$ 1,671,500</b>	<b>\$ -</b>	<b>\$ 1,397,000</b>	<b>\$ 20,000</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ 73,500</b>	<b>\$ -</b>	<b>\$ 180,000</b>	<b>\$ -</b>
<b>Technical:</b>											
8	Grant Program	\$ 60,000		\$ 60,000							
9	Science Program	\$ 661,000		\$ 661,000							
10	Previous Technical Project Commitment	\$ 339,000		\$ 339,000							
11	Technical Contingency	\$ 200,000		\$ 200,000							
	<b>Sub Total</b>	<b>\$ 1,260,000</b>	<b>\$ -</b>	<b>\$ 1,260,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Legislative Advocacy/Public Information Representation:</b>											
12	Federal Representation	\$ 480,000		\$ 480,000							
13	State Representation	\$ 249,000		\$ 249,000							
14	Public Information / Communication	\$ 321,489	\$ 321,489								
	<b>Sub Total</b>	<b>\$ 1,050,489</b>	<b>\$ 321,489</b>	<b>\$ 729,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Professional Services:</b>											
15	Integrated Regional Water Management	\$ 35,000				\$ 35,000					
16	Mizuno Consulting	\$ 25,000					\$ 10,000	\$ 5,000	\$ 10,000		
17	Additional BF Sisk Dam Raise Commitment***	\$ 3,932,146								\$ 3,932,146	
	<b>Sub Total</b>	<b>\$ 3,992,146</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ 10,000</b>	<b>\$ 5,000</b>	<b>\$ 10,000</b>	<b>\$ 3,932,146</b>	<b>\$ -</b>
<b>Grassland Basin Drainage:</b>											
18	GBD Specific	\$ 793,407			\$ 793,407						
19	New UA Mud Slough Mitigation	\$ 50,000			\$ 50,000						
20	Biological Monitoring	\$ 202,724			\$ 202,724						
21	Groundwater WDR Specific	\$ 360,516			\$ 360,516						
	<b>Sub Total</b>	<b>\$ 1,406,647</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,406,647</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OTHER:</b>											
22	Executive Director	\$ 365,852	\$ 182,868	\$ 182,984							
23	Executive Secretary	\$ 54,671	\$ 27,335	\$ 27,335							
24	General Counsel	\$ 306,019	\$ 236,991	\$ 51,548						\$ 17,616	
25	Water Policy Director	\$ 299,415	\$ 141,855	\$ 132,385		\$ 25,176					
26	Special Programs Manager	\$ 113,175	\$ 57,572	\$ 55,862				\$ (259)			
27	Deputy General Counsel	\$ 184,534	\$ 54,942	\$ 107,252	\$ 5,264		\$ 5,264	\$ 6,549	\$ 5,264		
28	In-House Staff	\$ 208,273	\$ 50,363	\$ 31,264	\$ 3,679	\$ 3,234	\$ 6,484	\$ (811)	\$ 169	\$ 113,712	\$ 179
29	Law Policy Clerk	\$ 32,500		\$ 32,500							
30	Los Banos Administrative Office (LBAO)	\$ 50,000	\$ 50,000								
31	Dissolved Oxygen Aerator	\$ 12,500		\$ 6,250	\$ 6,250						
32	Other Services & Expenses	\$ 9,745	\$ 4,796	\$ 4,949							
33	License & Continuing Education	\$ 785	\$ 428	\$ 357							
34	Organizational Membership	\$ 120,600	\$ 120,600								
35	Conferences & Training	\$ 29,225	\$ 20,000	\$ 9,225							
36	Travel/Mileage	\$ 156,017	\$ 68,635	\$ 83,382		\$ 1,500				\$ 2,500	
37	Group Meetings	\$ 11,178	\$ 4,849	\$ 5,829		\$ 500					
38	Telephone	\$ 1,935	\$ 1,381	\$ 554							
	<b>Sub Total</b>	<b>\$ 1,956,424</b>	<b>\$ 1,022,615</b>	<b>\$ 731,675</b>	<b>\$ 15,193</b>	<b>\$ 30,410</b>	<b>\$ 11,748</b>	<b>\$ 5,343</b>	<b>\$ 5,433</b>	<b>\$ 133,828</b>	<b>\$ 179</b>
	<b>Total Expenditures</b>	<b>\$ 11,337,206</b>	<b>\$ 1,344,104</b>	<b>\$ 4,117,675</b>	<b>\$ 1,441,840</b>	<b>\$ 66,410</b>	<b>\$ 21,748</b>	<b>\$ 83,843</b>	<b>\$ 15,433</b>	<b>\$ 4,245,974</b>	<b>\$ 179</b>

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
SUMMARY ACTUAL EXPENSE - PAID/PENDING  
ACTIVITY AGREEMENTS BUDGET TO ACTUAL  
Report Period 3/1/26 - 3/31/26**

FAC 5/11/26

1 2 3 4 5

Direct Expenses		Budget	Actual to Date Paid/Expense	Variance Budget vs Actual Paid/Expense	1 months of Budget	Variance 1 months of Budget vs Actual Paid/Expense
				(1-2)		(4 - 2)
<b>Legal:</b>						
1	Kronick Moskovitz et al	\$ 950,000	\$ -	\$ 950,000	\$ 79,167	\$ 79,167
2	Kronick Moskovitz et al (annual costs)	\$ 8,000	\$ -	\$ 8,000	\$ 667	\$ 667
3	Pioneer Law Group/Matarazzo	\$ 115,000	\$ -	\$ 115,000	\$ 9,583	\$ 9,583
4	Baker Manock & Jensen	\$ 1,000	\$ -	\$ 1,000	\$ 83	\$ 83
5	Misc. Legal Support	\$ 200,000	\$ -	\$ 200,000	\$ 16,667	\$ 16,667
6	Technical Legal Support	\$ 152,500	\$ -	\$ 152,500	\$ 12,708	\$ 12,708
7	Legal Contingency	\$ 250,000	\$ 5,000	\$ 245,000	\$ 20,833	\$ 15,833
	<b>Sub Total</b>	<b>\$ 1,676,500</b>	<b>\$ 5,000</b>	<b>\$ 1,671,500</b>	<b>\$ 139,708</b>	<b>\$ 134,708</b>
<b>Technical:</b>						
8	Grant Program	\$ 60,000	\$ -	\$ 60,000	\$ 5,000	\$ 5,000
9	Science Program	\$ 661,000	\$ -	\$ 661,000	\$ 55,083	\$ 55,083
10	Previous Technical Project Commitment	\$ 339,000	\$ -	\$ 339,000	\$ 28,250	\$ 28,250
11	Technical Contingency	\$ 200,000	\$ -	\$ 200,000	\$ 16,667	\$ 16,667
	<b>Sub Total</b>	<b>\$ 1,260,000</b>	<b>\$ -</b>	<b>\$ 1,260,000</b>	<b>\$ 105,000</b>	<b>\$ 105,000</b>
<b>Legislative Advocacy/Public Information Representation:</b>						
12	Federal Representation	\$ 480,000	\$ -	\$ 480,000	\$ 40,000	\$ 40,000
13	State Representation	\$ 249,000	\$ -	\$ 249,000	\$ 20,750	\$ 20,750
14	Public Information / Communication	\$ 353,840	\$ 32,351	\$ 321,489	\$ 29,487	\$ (2,864)
	<b>Sub Total</b>	<b>\$ 1,082,840</b>	<b>\$ 32,351</b>	<b>\$ 1,050,489</b>	<b>\$ 90,237</b>	<b>\$ 57,886</b>
<b>Other Professional Services:</b>						
15	Integrated Regional Water Management	\$ 35,000	\$ -	\$ 35,000	\$ 2,917	\$ 2,917
16	Mizuno Consulting	\$ 25,000	\$ -	\$ 25,000	\$ 2,083	\$ 2,083
17	Additional BF Sisk Dam Raise Commitment***	\$ 4,000,000	\$ 67,854	\$ 3,932,146	\$ 333,333	\$ 265,479
	<b>Sub Total</b>	<b>\$ 4,060,000</b>	<b>\$ 67,854</b>	<b>\$ 3,992,146</b>	<b>\$ 338,333</b>	<b>\$ 270,479</b>
<b>Grassland Basin Drainage:</b>						
18	GBD Specific	\$ 806,181	\$ 12,774	\$ 793,407	\$ 67,182	\$ 54,407
19	New UA Mud Slough Mitigation	\$ 50,000	\$ -	\$ 50,000	\$ 4,167	\$ 4,167
20	Biological Monitoring	\$ 221,000	\$ 18,276	\$ 202,724	\$ 18,417	\$ 141
21	Groundwater WDR Specific	\$ 428,082	\$ 67,566	\$ 360,516	\$ 35,674	\$ (31,892)
	<b>Sub Total</b>	<b>\$ 1,505,263</b>	<b>\$ 98,616</b>	<b>\$ 1,406,647</b>	<b>\$ 125,439</b>	<b>\$ 26,823</b>
<b>OTHER:</b>						
22	Executive Director	\$ 403,039	\$ 37,187	\$ 365,852	\$ 33,587	\$ (3,600)
23	Executive Secretary	\$ 60,260	\$ 5,589	\$ 54,671	\$ 5,022	\$ (567)
24	General Counsel	\$ 341,388	\$ 35,369	\$ 306,019	\$ 28,449	\$ (6,920)
25	Water Policy Director	\$ 329,128	\$ 29,713	\$ 299,415	\$ 27,427	\$ (2,286)
26	Special Programs Manager	\$ 122,445	\$ 9,269	\$ 113,175	\$ 10,204	\$ 934
27	Deputy General Counsel	\$ 202,663	\$ 18,129	\$ 184,534	\$ 16,889	\$ (1,240)
28	In-House Staff	\$ 217,349	\$ 9,076	\$ 208,273	\$ 18,112	\$ 9,037
29	Law Policy Clerk	\$ 32,500	\$ -	\$ 32,500	\$ 2,708	\$ 2,708
30	Los Banos Administrative Office (LBAO)	\$ 50,000	\$ -	\$ 50,000	\$ 4,167	\$ 4,167
31	Dissolved Oxygen Aerator	\$ 12,500	\$ -	\$ 12,500	\$ 1,042	\$ 1,042
32	Other Services & Expenses	\$ 10,000	\$ 255	\$ 9,745	\$ 833	\$ 578
33	License & Continuing Education	\$ 1,500	\$ 715	\$ 785	\$ 125	\$ (590)
34	Organizational Membership	\$ 134,600	\$ 14,000	\$ 120,600	\$ 11,217	\$ (2,783)
35	Conferences & Training	\$ 30,000	\$ 775	\$ 29,225	\$ 2,500	\$ 1,725
36	Travel/Mileage	\$ 159,000	\$ 2,983	\$ 156,017	\$ 13,250	\$ 10,267
37	Group Meetings	\$ 11,500	\$ 322	\$ 11,178	\$ 958	\$ 636
38	Telephone	\$ 2,100	\$ 165	\$ 1,935	\$ 175	\$ 10
	<b>Sub Total</b>	<b>\$ 2,119,972</b>	<b>\$ 163,547</b>	<b>\$ 1,956,424</b>	<b>\$ 176,664</b>	<b>\$ 13,117</b>
	<b>Total Expenditures</b>	<b>\$ 11,704,575</b>	<b>\$ 367,368</b>	<b>\$ 11,337,206</b>	<b>\$ 975,381</b>	<b>\$ 608,013</b>

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**MARCH 1, 2026 - FEBRUARY 28, 2027**  
**GENERAL MEMBERSHIP (FUND 03)**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**

Report Period 3/1/26 - 3/31/26

FAC 5/11/26

	Annual	Paid/	Amount	% of Amt	Expenses
EXPENDITURES	Budget	Expense	Remaining	Remaining	Through
<b><u>Legislative Advocacy/Public Info Representation:</u></b>					
Public Information/Communication	\$ 353,840	\$ 32,351	\$ 321,489	91%	
<b><u>Other:</u></b>					
Executive Director	\$ 201,520	\$ 18,651	\$ 182,868	91%	3/31/26
Executive Secretary	\$ 30,130	\$ 2,794	\$ 27,335	91%	3/31/26
General Counsel	\$ 265,524	\$ 28,533	\$ 236,991	89%	3/31/26
Water Policy Director	\$ 151,893	\$ 10,038	\$ 141,855	93%	3/31/26
Special Projects Manager	\$ 61,222	\$ 3,650	\$ 57,572	94%	3/31/26
In-House Staff	\$ 52,000	\$ 1,637	\$ 50,363	97%	3/31/26
Deputy General Counsel	\$ 60,536	\$ 5,594	\$ 54,942	91%	3/31/26
Los Banos Administrative Office (LBAO)	\$ 50,000	\$ -	\$ 50,000	100%	
Other Services & Expenses	\$ 5,000	\$ 204	\$ 4,796	96%	3/31/26
License & Continuing Education	\$ 1,000	\$ 572	\$ 428	43%	
Organizational Membership	\$ 134,600	\$ 14,000	\$ 120,600	90%	
Conferences & Training	\$ 20,000	\$ -	\$ 20,000	100%	
Travel/Mileage	\$ 70,000	\$ 1,365	\$ 68,635	98%	3/18/26
Group Meetings	\$ 5,000	\$ 151	\$ 4,849	97%	3/18/26
Telephone	\$ 1,500	\$ 119	\$ 1,381	92%	3/31/26
<b>Total Expenditures</b>	<b>\$ 1,463,764</b>	<b>\$ 119,660</b>	<b>\$ 1,344,104</b>	<b>92%</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**MARCH 1, 2026 - FEBRUARY 28, 2027**  
**LEG & CVP OPERATIONAL AFFAIRS (FUND 05)**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**

Report Period 3/1/26 - 3/31/26

FAC 5/11/26

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<b><u>Legal:</u></b>					
Kronick Moskowitz et al	\$ 930,000	\$ -	\$ 930,000	100%	
Kronick Moskowitz et al (annual cost)	\$ 7,000	\$ -	\$ 7,000	100%	
Pioneer Law Group / Matarazzo Law	\$ 65,000	\$ -	\$ 65,000	100%	
Technical Legal Support	\$ 150,000	\$ -	\$ 150,000	100%	
Legal Contingency	\$ 250,000	\$ 5,000	\$ 245,000	98%	3/31/26
<b><u>Technical:</u></b>					
Science Program, Incl. CAMT Facilitation	\$ 661,000	\$ -	\$ 661,000	100%	
Previous Technical Project Commitment	\$ 339,000	\$ -	\$ 339,000	100%	
Grant Program	\$ 60,000	\$ -	\$ 60,000	100%	
Technical Contingency	\$ 200,000	\$ -	\$ 200,000	100%	
<b><u>Legislative Advocacy/Public Info Representation:</u></b>					
Federal Representation	\$ 480,000	\$ -	\$ 480,000	100%	
State Representation	\$ 249,000	\$ -	\$ 249,000	100%	
<b><u>Other:</u></b>					
Executive Director	\$ 201,520	\$ 18,536	\$ 182,984	91%	3/31/26
Executive Secretary	\$ 30,130	\$ 2,794	\$ 27,335	91%	3/31/26
General Counsel	\$ 56,898	\$ 5,350	\$ 51,548	91%	3/31/26
Water Policy Director	\$ 151,893	\$ 19,508	\$ 132,385	87%	3/31/26
Special Programs Mgr	\$ 61,222	\$ 5,360	\$ 55,862	91%	3/31/26
Deputy General Counsel	\$ 118,440	\$ 11,188	\$ 107,252	91%	3/31/26
Law Policy Clerk	\$ 32,500	\$ -	\$ 32,500	100%	
In-House Staff	\$ 32,500	\$ 1,236	\$ 31,264	96%	3/31/26
Dissolved Oxygen Aerator	\$ 6,250	\$ -	\$ 6,250	100%	
Other Services & Expenses	\$ 5,000	\$ 51	\$ 4,949	99%	3/31/26
License & Continuing Education	\$ 500	\$ 143	\$ 357	71%	
Conferences & Training	\$ 10,000	\$ 775	\$ 9,225	92%	3/18/26
Travel/Mileage	\$ 85,000	\$ 1,618	\$ 83,382	98%	3/18/26
Group Meetings	\$ 6,000	\$ 171	\$ 5,829	97%	3/18/26
Telephone	\$ 600	\$ 46	\$ 554	92%	3/31/26
<b>Total Expenditures</b>	<b>\$ 4,189,452</b>	<b>\$ 71,776</b>	<b>\$ 4,117,675</b>	<b>98%</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
MARCH 1, 2026 - FEBRUARY 28, 2027  
GRASSLAND BASIN DRAINAGE #3A (FUND 22)  
ACTIVITY AGREEMENTS BUDGET TO ACTUAL**

**Report Period 3/1/26 - 3/31/26  
FAC 5/11/26**

<b>EXPENDITURES</b>	Annual		Paid/	Amount	% of Amt	Expenses
	Budget		Expense	Remaining	Remaining	Through
<b>Legal:</b>						
Misc. Legal Support	\$ 20,000	1	\$ -	\$ 20,000	100%	
<b>GBD Specific:</b>						
Drainage Coordinator (Summers)	\$ 120,000	1	\$ -	\$ 120,000	100%	
Quality Data Processing/Load Calc (Summers)	\$ 150,000	1	\$ -	\$ 150,000	100%	
Flow Calculation/Station Maint. (Summers)	\$ 92,000	1	\$ -	\$ 92,000	100%	
Panoche Creek Gauging Station	\$ 10,050	1	\$ -	\$ 10,050	100%	
Water Quality Monitoring (Reg. Sites)	\$ 230,000	1	\$ 12,774	\$ 217,226	94%	3/31/26
Newman Water Costs	\$ 126,131	1	\$ -	\$ 126,131	100%	
Restoration of Mud Slough Channel (Newman Land)	\$ 30,000	1	\$ -	\$ 30,000	100%	
Waste Discharge Permit Fees	\$ 23,000	1	\$ -	\$ 23,000	100%	
GBD Reporting	\$ 25,000	1	\$ -	\$ 25,000	100%	
<b>New UA Mud Slough Mitigation:</b>						
Remove Sediment in SLD	\$ 50,000	1	\$ -	\$ 50,000	100%	
<b>Biological Monitoring:</b>						
Pacific Eco Risk	\$ 105,000	1	\$ 18,276	\$ 86,724	83%	3/31/26
HT Harvey-SJRIP Egg Monitoring	\$ 100,000	1	\$ -	\$ 100,000	100%	
Fish Biologist - Splittail/Sturgeon	\$ 16,000	1	\$ -	\$ 16,000	100%	
<b>Groundwater WDR Specific:</b>						
Membership Enrollment/List (Summers)	\$ 30,000	2	\$ -	\$ 30,000	100%	
Farm Evaluation Plan (Summers)	\$ 45,000	2	\$ -	\$ 45,000	100%	
NMP Summary Report	\$ 21,000	2	\$ -	\$ 21,000	100%	
MPEP Group Workplan	\$ 5,400	2	\$ -	\$ 5,400	100%	
Groundwater Protection Formula	\$ 5,000	2	\$ 166	\$ 4,834	97%	3/20/26
CVSalts Nitrate Compliance	\$ 35,000	2	\$ 25,061	\$ 9,939	28%	
Prioritization and Optimization Study-CVSalts	\$ 15,500	2	\$ -	\$ 15,500	100%	
Trend Monit Prgm	\$ 88,000	2	\$ -	\$ 88,000	100%	
Develop Web Portal	\$ 4,200	2	\$ -	\$ 4,200	100%	
Collect State Board Fee	\$ 128,982	2	\$ 41,103	\$ 87,879	68%	
Annual Monitoring Report (Summers)	\$ 15,000	2	\$ -	\$ 15,000	100%	
CVGMC Data	\$ 35,000	2	\$ 1,235	\$ 33,765	96%	3/31/26
<b>Other:</b>						
Deputy General Counsel	\$ 5,264		\$ -	\$ 5,264	100%	
In-House Staff	\$ 3,900	1	\$ 221	\$ 3,679	94%	3/31/26
Dissolved Oxygen Aerator	\$ 6,250	1	\$ -	\$ 6,250	100%	
<b>Total Expenditures</b>	<b>\$ 1,540,677</b>		<b>\$ 98,837</b>	<b>\$ 1,441,840</b>	<b>94%</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
MARCH 1, 2026 - FEBRUARY 28, 2027  
INTEGRATED REGIONAL WATER MANAGEMENT (FUND 67)  
ACTIVITY AGREEMENTS BUDGET TO ACTUAL**

**Report Period 3/1/26 - 3/31/26  
FAC 5/11/26**

<b>EXPENDITURES</b>	<b>Annual Budget</b>	<b>Paid/ Expense</b>	<b>Amount Remaining</b>	<b>% of Amt Remaining</b>	<b>Expenses Through</b>
<b><u>Legal:</u></b>					
Baker Manock & Jensen	\$ 1,000	\$ -	\$ 1,000	100%	
<b><u>Other Professional Services:</u></b>					
IRWM Implementation Contracts	\$ 20,000	\$ -	\$ 20,000	100%	
Prop 1 Round 1 Grant Admin (SJRFA)	\$ 15,000	\$ -	\$ 15,000	100%	
<b><u>Other:</u></b>					
Water Policy Director	\$ 25,343	\$ 167	\$ 25,176	99%	3/20/26
In-House Staff	\$ 3,250	\$ 16	\$ 3,234	100%	3/31/26
Travel/Mileage	\$ 1,500	\$ -	\$ 1,500	100%	
Group Meetings	\$ 500	\$ -	\$ 500	100%	
<b>Total Expenditures</b>	<b>\$ 66,593</b>	<b>\$ 183</b>	<b>\$ 66,410</b>	<b>100%</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
MARCH 1, 2026 - FEBRUARY 28, 2027  
EXCHANGE CONTRACTOR 5-YEAR TRANSFER (FUND 44)  
ACTIVITY AGREEMENTS BUDGET TO ACTUAL**

**Report Period 3/1/26 - 3/31/26  
FAC 5/11/26**

<b>EXPENDITURES</b>	<b>Annual Budget</b>	<b>Paid/ Expense</b>	<b>Amount Remaining</b>	<b>% of Amt Remaining</b>	<b>Expenses Through</b>
<b><u>Other Professional Services:</u></b>					
Mizuno Consulting	\$ 10,000	\$ -	\$ 10,000	100.00%	
<b><u>Other:</u></b>					
In-House Staff	\$ 6,500	\$ 16	\$ 6,484	99.75%	3/31/26
Deputy General Counsel	\$ 5,264	\$ -	\$ 5,264	100.00%	
	<b>\$ 21,764</b>	<b>\$ 16</b>	<b>\$ 21,748</b>	<b>99.93%</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**MARCH 1, 2026 - FEBRUARY 28, 2027**  
**NORTH TO SOUTH WATER TRANSFER PROGRAM (FUND 57)**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**  
**Report Period 3/1/26 - 3/31/26**  
**FAC 5/11/26**

**EXPENDITURES**

	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<b><u>Legal:</u></b>					
Kronick Moskowitz et al	\$ 20,000	\$ -	\$ 20,000	100%	
Kronick Moskowitz et al (annual costs)	\$ 1,000	\$ -	\$ 1,000	100%	
Pioneer Law Group / Matarazzo Law	\$ 50,000	\$ -	\$ 50,000	100%	
Technical Legal Support	\$ 2,500	\$ -	\$ 2,500	100%	
<b><u>Other Professional Services:</u></b>					
Mizuno Consulting	\$ 5,000	\$ -	\$ 5,000	100%	
<b><u>Other:</u></b>					
General Counsel	\$ -	\$ 137	\$ (137)	0%	3/20/26
Deputy General Counsel	\$ 7,896	\$ 1,347	\$ 6,549	83%	3/31/26
Special Programs Manager	\$ -	\$ 259	\$ (259)	0%	3/31/26
In-House Staff	\$ 325	\$ 1,136	\$ (811)	-249%	3/31/26
<b>Total Expenditures</b>	<b>\$ 86,721</b>	<b>\$ 2,878</b>	<b>\$ 83,843</b>	<b>97%</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**MARCH 1, 2026 - FEBRUARY 28, 2027**  
**LONG TERM YUBA COUNTY WATER TRANSFERS (FUND 58)**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**  
**Report Period 3/1/26 - 3/31/26**  
**FAC 5/11/26**

**EXPENDITURES**

	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<b><u>Other Professional Services:</u></b>					
Mizuno Consulting	\$ 10,000	\$ -	\$ 10,000	100%	
<b><u>Other:</u></b>					
Deputy General Counsel	\$ 5,264	\$ -	\$ 5,264	100%	
In-House Staff	\$ 169	\$ -	\$ 169	100%	
<b>Total Expenditures</b>	<b>\$ 15,433</b>	<b>\$ -</b>	<b>\$ 15,433</b>	<b>100%</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**MARCH 1, 2026 - FEBRUARY 28, 2027**  
**B.F. SISK DAM RAISE & RESERVOIR EXPANSION PROJECT (FUND 69)**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**  
**Report Period 3/1/26 - 3/31/26**

FAC 5/11/26

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<b><u>Legal:</u></b>					
Misc. Legal Support (individually listed below)*	\$ 180,000	\$ -	\$ 180,000	100.00%	
<b><u>Other Professional Services:</u></b>					
Additional BF Sisk Dam Raise Commitment	\$ 4,000,000	\$ 67,854	\$ 3,932,146	98.30%	3/31/26
<b><u>Other:</u></b>					
General Counsel	\$ 18,966	\$ 1,350	\$ 17,616	92.88%	3/31/26
In-House Staff	\$ 118,510	\$ 4,798	\$ 113,712	95.95%	3/31/26
Travel	\$ 2,500	\$ -	\$ 2,500	100.00%	
<b>Total Expenditures</b>	<b>\$ 4,319,976</b>	<b>\$ 74,002</b>	<b>\$ 4,245,974</b>	<b>98%</b>	
* Kronick Moskowitz et al		\$ -			
* Kronick Moskowitz et al (annual costs)		\$ -			
* Pioneer Law Group / Matarazzo Law		\$ -			

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

**MARCH 1, 2026 - FEBRUARY 28, 2027**

**DELTA HABITAT CONSERVATION & CONVEYANCE PROGRAM (FUND 16)**

**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**

**Report Period 3/1/26 - 3/31/26**

**FAC 5/11/26**

<b>EXPENDITURES</b>	<b>Annual Budget</b>	<b>Paid/ Expense</b>	<b>Amount Remaining</b>	<b>% of Amt Remaining</b>	<b>Expenses Through</b>
<b><u>Other:</u></b>					
In-House Staff	\$ 195	\$ 16	\$ 179	92%	3/31/26
Total Expenditures	<u>\$ 195</u>	<u>\$ 16</u>	<u>\$ 179</u>	<u>92%</u>	



# Official Memorandum

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

To: Pablo Arroyave, Chief Operating Officer

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From: Raymond Tarka, Director of Finance  
Darlene Neves, Accounting Supervisor

Date: 5.11.26 FAC and 05.14.26 BOD

RE: FY27 O&M Budget to Actual Report Through March 31,2026

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## Self-Funding Expenses-2026 Water Year (FY3/1/26-2/28/27)

Self-Funding actual expenses (paid and pending) for SLDMWA Routine O&M through March 31,2026 are under budget by \$54,194, or 2.6%. This favorable variance is the result of underspending for O&M expenses in all cost pools except for the DCI Conveyance Pool, which is \$398,144 over budget. DCI Conveyance Costs will continue to trend over budget throughout the year because of conveyance rate increases.

## Intertie Conveyance Cost Update

for water movement from the DCI to O'Neill Forebay have been revised to include a capital component. The 14% change over the prior year resulted in the budget overage experienced in FY26.

In March,2025, DWR provided Authority staff with the conveyance rates to be charged for calendar year 2026. The conveyance rate for the current year is \$ 38.73 per acre-foot, reflecting an 18.6% increase over the 2025 rate.

## Outstanding

Audited Financial Statements FY2024 & FY2025

The audit of the financial statements for the fiscal year ended February 29, 2024, has been completed and the audited financial statements will be submitted for approval to the FAC and BOD this week.

The audit for the fiscal year ended February 28, 2025, will commence immediately upon acceptance of the FY2024 audited results.



**San Luis & Delta Mendota-Water Authority  
FY26 O&M Budget to Actual Report  
05.11.26 FAC and 05.14.26 BOD**

**ANNUAL R, O&M BUDGET BY COST POOLS MARCH 1, 2026 - FEBRUARY 28, 2027**

	Total	UPPER	Intertie	Volta Wells	LWR/POOL	O'NEILL O&M		
						DIRECT	STORAGE	SL DRAIN
DMC	\$ 9,559,048	\$ 5,767,930			\$ 3,791,118			
JPP	\$ 5,472,932	\$ 5,472,932						
WW	\$ 142,440	\$ 106,830			\$ 35,611			
Intertie O&M	\$ 651,675	\$ 651,675						
DCI DWR Conveyance	\$ 4,801,020		\$ 4,801,020					
Volta Wells	\$ 34,851			\$ 34,851				
Mendota Pool	\$ 438,563				\$ 438,563			
O'Neill	\$ 3,716,230					\$ 2,935,822	\$ 780,408.30	
SL Drain	\$ 187,059							\$ 187,059
<b>\$</b>	<b>\$ 25,003,818</b>	<b>\$ 11,999,367</b>	<b>\$ 4,801,020</b>	<b>\$ 34,851</b>	<b>\$ 4,265,292</b>	<b>\$ 2,935,822</b>	<b>\$ 780,408</b>	<b>\$ 187,059</b>
O&M	\$ 20,202,799							
DCI DWR Conveyance	\$ 4,801,020							

**R, O&M BUDGET BY COST POOLS THROUGH: MARCH 31, 2026**  
8.33%

	Total	UPPER	Intertie	Volta Wells	LWR	O'NEILL O&M		
						DIRECT	STORAGE	SL DRAIN
DMC	\$ 796,587	\$ 480,661			\$ 315,927			
JPP	\$ 456,078	\$ 456,078						
WW	\$ 11,870	\$ 8,903			\$ 2,968			
Intertie O&M	\$ 54,306	\$ 54,306						
DCI DWR Conveyance	\$ 400,085		\$ 400,085					
Volta Wells	\$ 2,904			\$ 2,904				
Mendota Pool	\$ 36,547				\$ 36,547			
O'Neill	\$ 309,686					\$ 244,652	\$ 65,034	
SL Drain	\$ 15,588							\$ 15,588
<b>\$</b>	<b>\$ 2,083,652</b>	<b>\$ 999,947</b>	<b>\$ 400,085</b>	<b>\$ 2,904</b>	<b>\$ 355,441</b>	<b>\$ 244,652</b>	<b>\$ 65,034</b>	<b>\$ 15,588</b>

**R, O&M Actual COSTS BY COST POOLS THROUGH: MARCH 31, 2026**

	Total	UPPER	Intertie	Volta Wells	LWR/POOL	O'NEILL O&M		
						DIRECT	STORAGE	SL DRAIN
DMC	\$ 743,471	\$ 448,610			\$ 294,861			
JPP	\$ 265,279	\$ 265,279						
WW	\$ 20,092	\$ 15,069			\$ 5,023			
Intertie O&M	\$ 76,178	\$ 76,178						
DCI DWR Conveyance	\$ 798,240		\$ 798,240					
Volta Wells	\$ 202			\$ 202				
Mendota Pool	\$ 19,873				\$ 19,873			
O'Neill	\$ 210,802					\$ 166,534	\$ 44,268	
SL Drain	\$ 3,708							\$ 3,708
<b>\$</b>	<b>\$ 2,137,845</b>	<b>\$ 805,136</b>	<b>\$ 798,240</b>	<b>\$ 202</b>	<b>\$ 319,757</b>	<b>\$ 166,534</b>	<b>\$ 44,268</b>	<b>\$ 3,708</b>

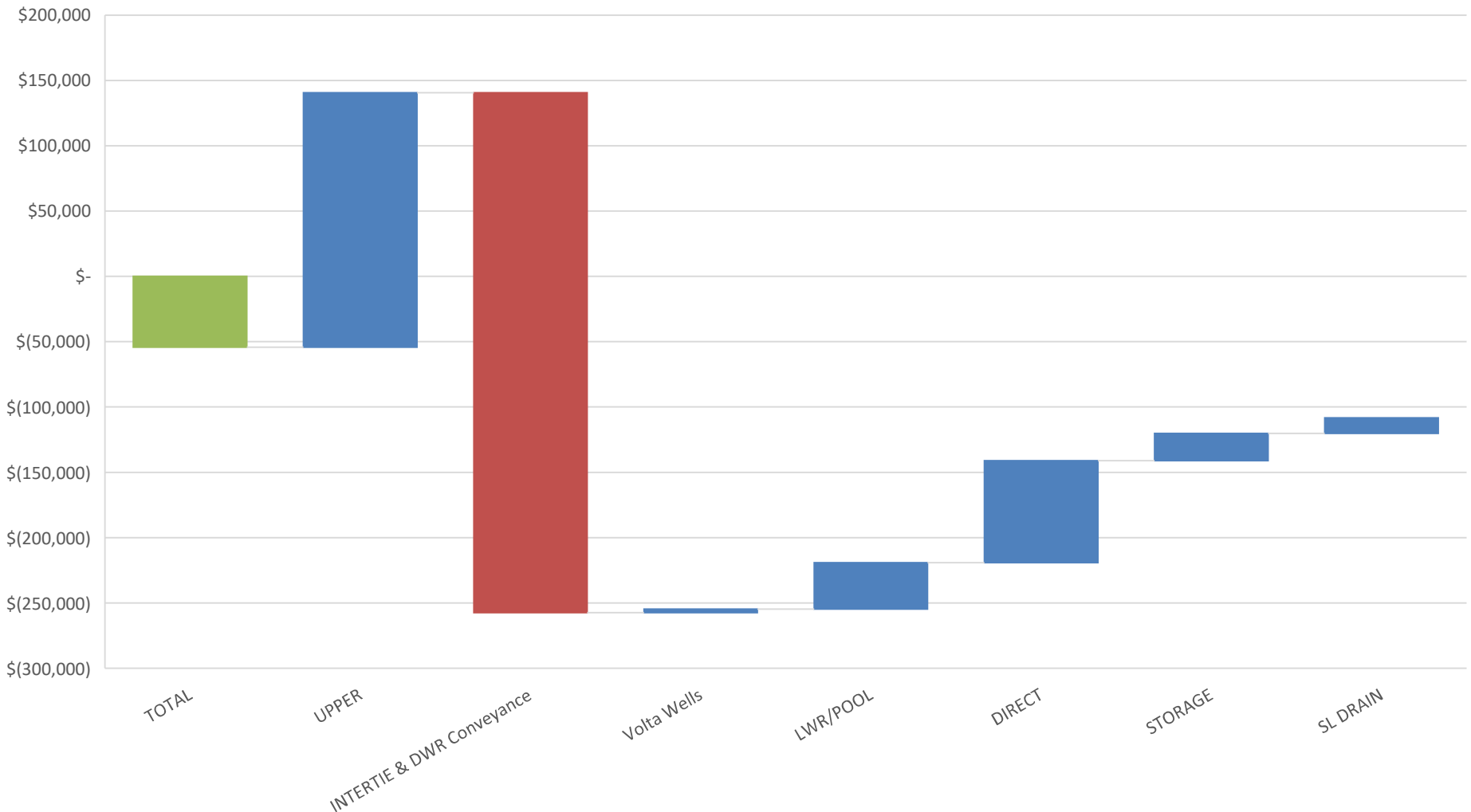
**R, O&M BUDGET vs Actual COSTS THROUGH: MARCH 31, 2026**

	TOTAL	UPPER	INTERTIE & DWR		Volta Wells	LWR/POOL	O'NEILL O&M		
			Conveyance				DIRECT	STORAGE	SL DRAIN
R, O&M Budget	\$ 2,083,652	\$ 999,947	\$ 400,085	\$ 2,904	\$ 355,441	\$ 244,652	\$ 65,034	\$ 15,588	
R, O&M Actual	\$ 2,137,845	\$ 805,136	\$ 798,240	\$ 202	\$ 319,757	\$ 166,534	\$ 44,268	\$ 3,708	
Difference	\$ (54,194)	\$ 194,811	\$ (398,155)	\$ 2,702	\$ 35,684	\$ 78,118	\$ 20,766	\$ 11,880	
	OVER	UNDER	OVER	UNDER	UNDER	UNDER	UNDER	UNDER	
	<b>-2.600891%</b>	<b>OVER BUDGET</b>							



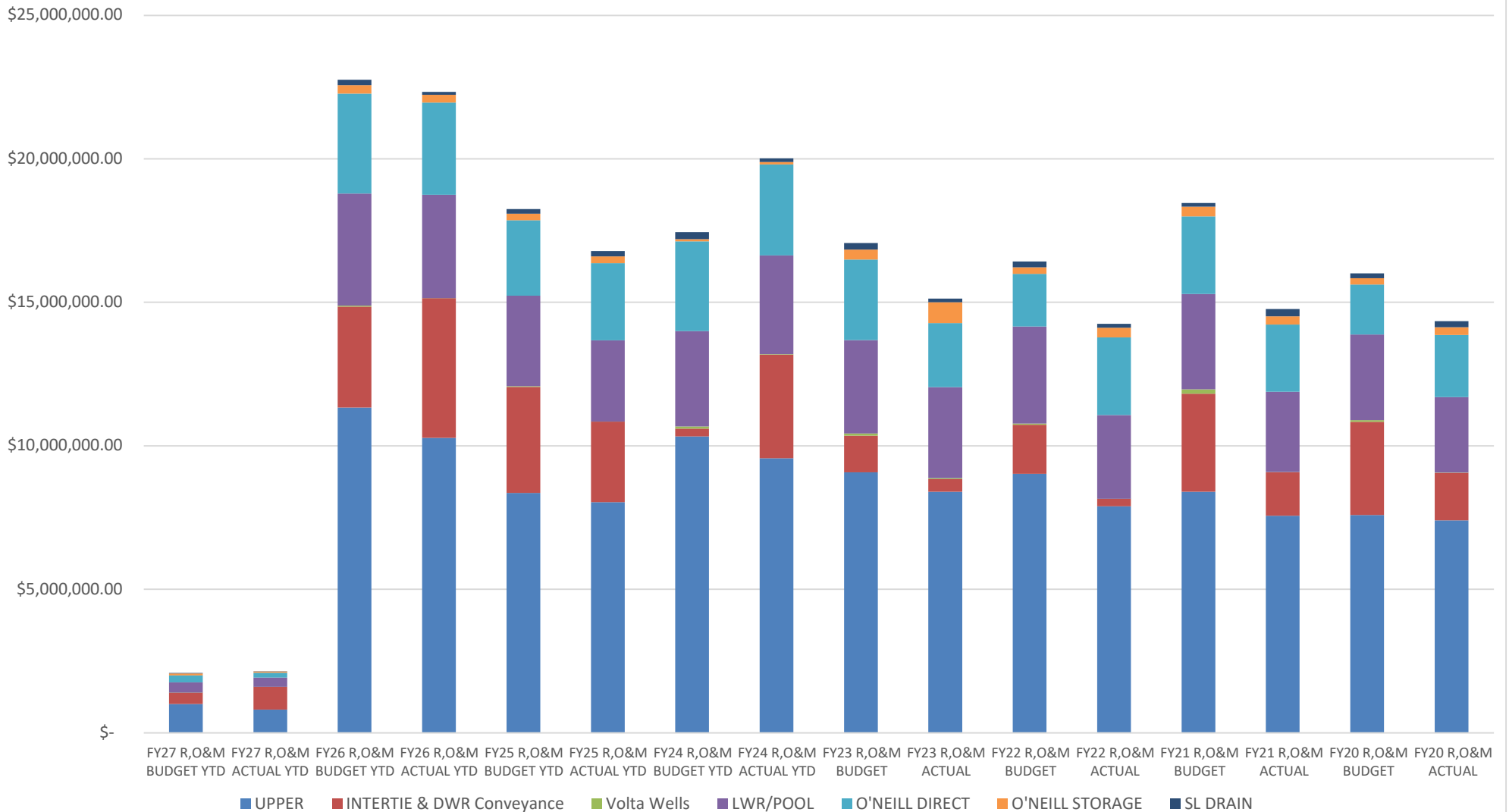
**San Luis & Delta Mendota Water Authority**  
**FY27 Budget to Actual Report through March 31, 2026**  
**BUDGET VARIANCES**  
**FAC 05/11/2026 BOD 05/14/2026**

■ Increase    ■ Decrease    ■ Total



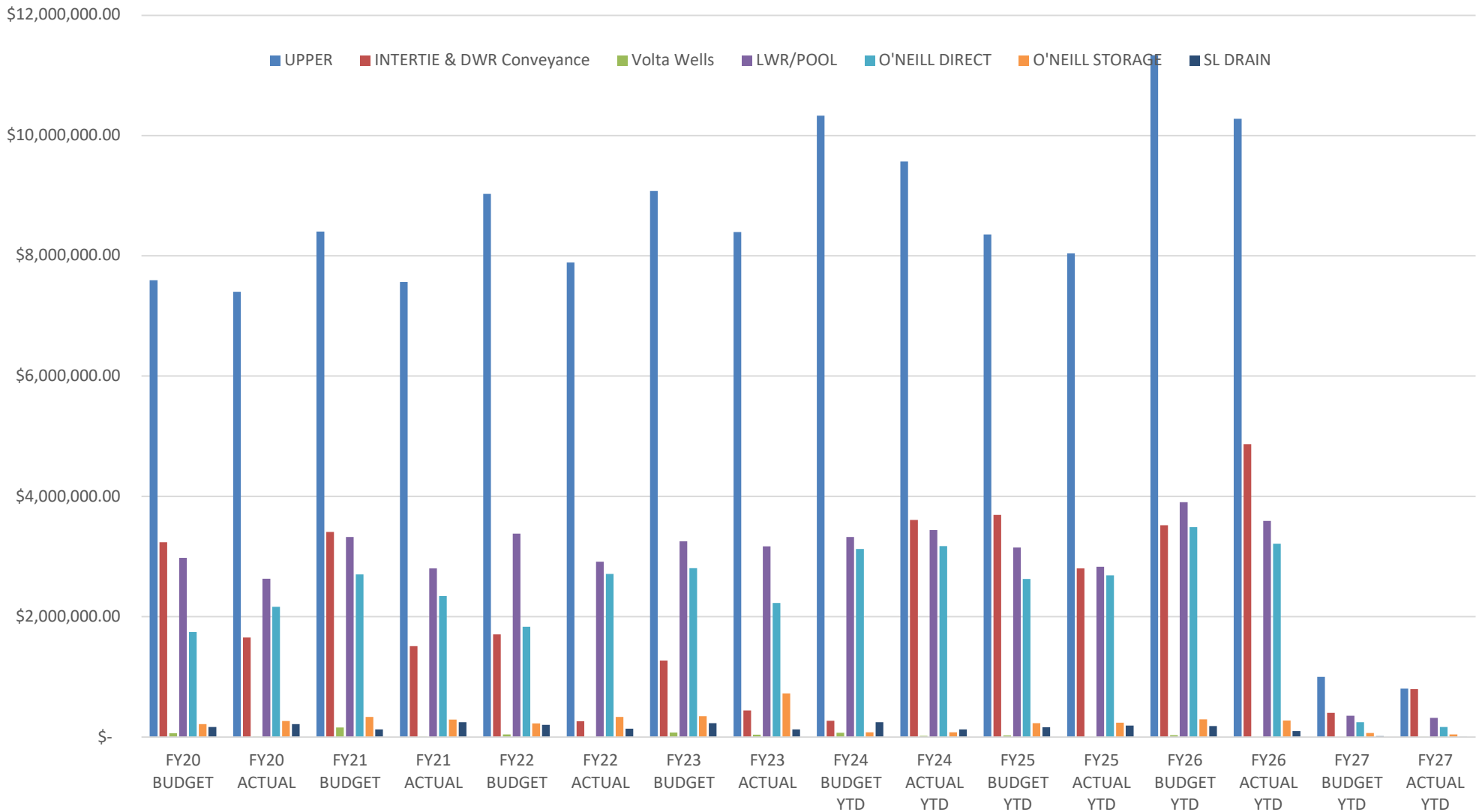


**San Luis and Delta-Mendota Water Authority**  
**O&M Budget to Actual -Stacked**  
**FY20-F27 YTD ( 03/31/2026)**  
**FAC 05/11/2026 BOD 05/14/2026**



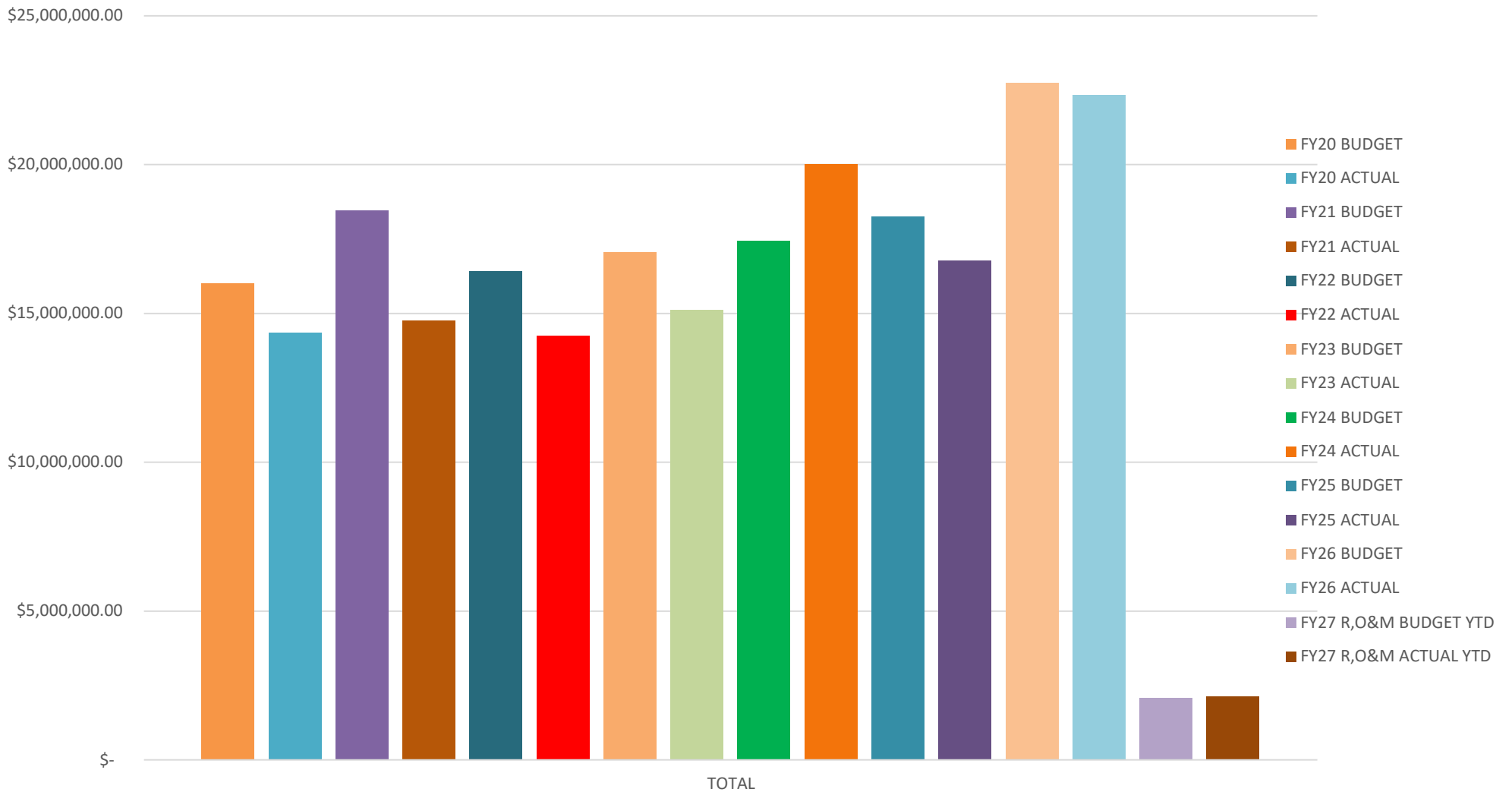


**San Luis and Delta-Mendota Water Authority**  
**O&M Budget to Actual-Side by Side**  
**FY20-FY27 YTD ( 03/31/2026)**  
**FAC 05/11/2026 BOD 05/14/2026**





**San Luis and Delta-Mendota Water Authority**  
**HISTORICAL O&M BUDGET TO ACTUAL TOTAL**  
**FY20-FY27 YTD ( 03/31/2026)**  
**FAC 05/11/2026 BOD 05/14/2026**  
**Total By Year**



**San Luis & Delta-Mendota Water Authority**  
**DMC WITH CIP / E O & M**  
**Budget to Actual Paid/Pending Comparison Summary**  
**March 1, 2026 through March 31, 2026**

FAC 5/11/26 & BOD 5/14/26

		<b>FY Budget 3/1/26 - 2/28/27</b>	<b>Actual To Date Paid/Pending</b>	<b>% of Budget</b>	<b>Notes</b>	<b>Budget Amount Remaining</b>
<b>Capital Improvement Projects</b>	<b>CIP 25</b>	72,059,971	157,709	0.22%		71,902,262
<b>Extra Ordinary O&amp;M</b>	<b>EO&amp;M 26</b>	4,686,472	844,105	18.01%		3,842,367
<b>Operate &amp; Maintain DMC</b>	<b>S/F 02</b>	6,485,210	518,530	8.00%		5,966,680
<b>Operate &amp; Maintain Wasteways</b>	<b>S/F 04</b>	91,127	13,051	14.32%		78,076
<b>Mendota Pool</b>	<b>S/F 05</b>	265,584	12,930	4.87%		252,654
<b>Operate &amp; Maintain JPP</b>	<b>S/F 11</b>	3,623,248	182,987	5.05%		3,440,261
<b>Intertie Maintenance</b>	<b>S/F 12</b>	445,474	50,729	11.39%		394,746
<b>Volta Wells Pumping</b>	<b>S/F 13</b>	22,968	132	0.57%		22,836
<b>Operate &amp; Maintain O'Neill</b>	<b>S/F 19</b>	2,430,952	137,359	5.65%		2,293,593
<b>Maintain Tracy Fish Facility</b>	<b>USBR 30</b>	398,712	-	0.00%		398,712
<b>Operate &amp; Maintain San Luis Drain</b>	<b>S/F 41</b>	119,450	2,415	2.02%		117,035
<b>Maintain Delta Cross Channel</b>	<b>USBR 44</b>	9,163	-	0.00%		9,163
<b>Safety Equipment Training</b>	<b>50</b>	146,171	10,845	7.42%		135,326
<b>IT Expense</b>	<b>51</b>	1,145,488	88,781	7.75%		1,056,707
<b>Warehousing</b>	<b>52</b>	288,989	4,317	1.49%		284,672
<b>SCADA</b>	<b>53</b>	449,817	33,527	7.45%		416,290
<b>Tracy Field Office Expense</b>	<b>54</b>	710,229	45,908	6.46%		664,321
<b>Direct Administrative/General Expense</b>	<b>56</b>	2,520,127	102,360	4.06%		2,417,767
<b>Indirect O &amp; M LBAO Admin.</b>	<b>58</b>	3,473,512	283,964	8.18%		3,189,548
<b>TOTAL</b>		<b>99,372,665</b>	<b>2,489,649</b>	<b>2.51%</b>		<b>96,883,015</b>
Total from Self-Funding - page 2		20,202,798	1,339,603			18,863,195
Total from USBR - page 3		645,754	-	0.00%		645,754
Total from Special Projects - page 4		-	480			(480)
Total from EO&M		78,524,113	1,149,566	1.46%		77,374,545
Totals		99,372,665	2,489,649			96,883,014
<b>YTD %</b>			<b>8.33%</b>			

**A** Does NOT include DWR Wheeling

# San Luis & Delta-Mendota Water Authority

## Self-Funding Portion of DMC

### Budget to Actual Paid/Pending Comparison Summary

March 1, 2026 through March 31, 2026

FAC 5/11/26 & BOD 5/14/26

		FY Budget 3/1/26 - 2/28/27		Actual To Date Paid/Pending	% of Budget	Budget Amount Remaining
<b>Operate &amp; Maintain DMC</b>	<b>02</b>	6,485,210		518,530	8.00%	5,966,680
<b>Operate &amp; Maintain Wasteways</b>	<b>04</b>	91,127		13,051	14.32%	78,076
<b>Mendota Pool</b>	<b>05</b>	265,584		12,930	4.87%	252,654
<b>Operate &amp; Maintain JPP</b>	<b>11</b>	3,623,248		182,987	5.05%	3,440,261
<b>Intertie Maintenance</b>	<b>12</b>	445,474	A	50,729	11.39%	394,746
<b>Volta Wells Pumping</b>	<b>13</b>	22,968		132	0.57%	22,836
<b>Operate &amp; Maintain O'Neill</b>	<b>19</b>	2,430,952		137,359	5.65%	2,293,593
<b>Operate &amp; Maintain San Luis Drain</b>	<b>41</b>	119,450		2,415	2.02%	117,035
<b>Total Direct O &amp; M</b>		<b>13,484,014</b>		<b>918,133</b>	<b>6.81%</b>	<b>12,565,881</b>
<b>Safety Equipment Training</b>	<b>50</b>	112,440		8,023	7.14%	104,417
<b>IT Expense</b>	<b>51</b>	881,153		65,681	7.45%	815,473
<b>Warehousing</b>	<b>52</b>	222,301		3,194	1.44%	219,108
<b>SCADA</b>	<b>53</b>	346,016		24,803	7.17%	321,213
<b>Tracy Field Office Expense</b>	<b>54</b>	546,335		33,963	6.22%	512,373
<b>Direct Administrative/General Expense</b>	<b>56</b>	1,938,578		75,727	3.91%	1,862,851
<b>Indirect O &amp; M LBAO Admin.</b>	<b>58</b>	2,671,959		210,079	7.86%	2,461,879
<b>Total Indirect Allocated to O &amp; M</b>		<b>6,718,784</b>		<b>421,470</b>	<b>6.27%</b>	<b>6,297,314</b>
<b>Total SLDMWA O&amp;M</b>		<b>20,202,798</b>		<b>1,339,603</b>	<b>6.63%</b>	<b>18,863,195</b>

A. Does NOT include DWR Wheeling

# San Luis & Delta-Mendota Water Authority

## USBR Service Agreement portion of DMC

### Budget to Actual Paid/Pending Comparison Summary

March 1, 2026 through March 31, 2026

FAC 5/11/26 & BOD 5/14/26

	FY Budget 3/1/26 - 2/28/27	Actual To Date Paid/Pending	% of Budget	Budget Amount Remaining
<b>Maintain Tracy Fish Facility</b> <b>30</b>	398,712	-	0.00%	398,712
<b>Maintain Fish Release Site</b> <b>32</b>	-	-	0.00%	-
<b>Operate &amp; Maintain Tracy USBR</b> <b>33</b>	-	-	0.00%	-
<b>Maintain Delta Cross Channel</b> <b>44</b>	9,163	-	0.00%	9,163
<b>WAPA</b> <b>45</b>	-	-	0.00%	-
<b>Total Direct USBR Facilities</b>	<b>407,875</b>	<b>-</b>	<b>0.00%</b>	<b>407,875</b>
<b>Safety Equipment Training</b> <b>50</b>	3,981	-	0.00%	3,981
<b>IT Expense</b> <b>51</b>	31,197	-	0.00%	31,197
<b>Warehousing</b> <b>52</b>	7,871	-	0.00%	7,871
<b>SCADA</b> <b>53</b>	12,251	-	0.00%	12,251
<b>Tracy Field Office Expense</b> <b>54</b>	19,343	-	0.00%	19,343
<b>Direct Administrative/General Expense</b> <b>56</b>	68,635	-	0.00%	68,635
<b>Indirect O &amp; M LBAO Admin.</b> <b>58</b>	94,601	-	0.00%	94,601
<b>Total Indirect Allocated USBR Facilities</b>	<b>237,879</b>	<b>-</b>	<b>0.00%</b>	<b>237,879</b>
		-		
<b>TOTAL USBR FACILITIES</b>	<b>645,754</b>	<b>-</b>	<b>0.00%</b>	<b>645,754</b>

# San Luis & Delta-Mendota Water Authority

## DMC Indirect Cost Allocated to Special Projects

March 1, 2026 through March 31, 2026

FAC 5/11/26 & BOD 5/14/26

		<b>Allocated To Date</b>		
<b>Safety Equipment Training</b>	<b>50</b>	9		
<b>IT Expense</b>	<b>51</b>	75		
<b>Warehousing</b>	<b>52</b>	4		
<b>SCADA</b>	<b>53</b>	28		
<b>Tracy Field Office Expense</b>	<b>54</b>	39		
<b>Direct Administrative/General Expense</b>	<b>56</b>	86		
<b>Indirect O &amp; M LBAO Admin.</b>	<b>58</b>	239		
<b>Total Indirect Allocated to SPECIAL PROJECTS</b>		<b>480</b>		
<b>TOTAL INDIRECT ALLOCATED TO SPECIAL PROJECTS</b>		<b>480</b>		

**San Luis & Delta-Mendota Water Authority**  
**DMC without CIP / E O&M**  
**Budget to Actual Paid/Pending Comparison Summary**  
**March 1, 2026 through March 31, 2026**  
**FAC 5/11/26 & BOD 5/14/26**

		<b>FY Budget 3/1/26 - 2/28/27</b>	<b>Actual To Date Paid/Pending</b>	<b>% of Budget</b>	Notes	<b>Budget Amount Remaining</b>
<b>Operate &amp; Maintain DMC</b>	<b>S/F 02</b>	6,485,210	518,530	8.00%		5,966,680
<b>Operate &amp; Maintain Wasteways</b>	<b>S/F 04</b>	91,127	13,051	14.32%		78,076
<b>Mendota Pool</b>	<b>S/F 05</b>	265,584	12,930	4.87%		252,654
<b>Operate &amp; Maintain JPP</b>	<b>S/F 11</b>	3,623,248	182,987	5.05%		3,440,261
<b>Intertie Maintenance</b>	<b>S/F 12</b>	445,474	50,729	11.39%	<b>A</b>	394,746
<b>Volta Wells Pumping</b>	<b>S/F 13</b>	22,968	132	0.57%		22,836
<b>Operate &amp; Maintain O'Neill</b>	<b>S/F 19</b>	2,430,952	137,359	5.65%		2,293,593
<b>Maintain Tracy Fish Facility</b>	<b>USBR 30</b>	398,712	-	0.00%		398,712
<b>Operate &amp; Maintain San Luis Drain</b>	<b>S/F 41</b>	119,450	2,415	2.02%		117,035
<b>Maintain Delta Cross Channel</b>	<b>USBR 44</b>	9,163	-	0.00%		9,163
<b>Safety Equipment Training</b>	<b>50</b>	116,421	8,032	6.90%		108,389
<b>IT Expense</b>	<b>51</b>	912,351	65,755	7.21%		846,595
<b>Warehousing</b>	<b>52</b>	230,172	3,198	1.39%		226,974
<b>SCADA</b>	<b>53</b>	358,267	24,832	6.93%		333,436
<b>Tracy Field Office Expense</b>	<b>54</b>	565,678	34,001	6.01%		531,677
<b>Direct Administrative/General Expense</b>	<b>56</b>	2,007,214	75,813	3.78%		1,931,400
<b>Indirect O &amp; M LBAO Admin.</b>	<b>58</b>	2,766,559	210,318	7.60%		2,556,242
<b>TOTAL</b>		<b>20,848,552</b>	<b>1,340,083</b>	<b>6.43%</b>		<b>19,508,469</b>
Total from Self-Funding - page 2		20,202,798	1,339,603	6.63%		18,863,195
Total from USBR - page 3		645,754	-	0.00%		645,754
Total from Special Projects - page 4		-	480			(480)
Totals		20,848,552	1,340,083			19,508,469
<b>YTD %</b>			<b>8.33%</b>			

A. Does NOT include DWR Wheeling

**San Luis & Delta-Mendota Water Authority**  
**DMC WITH CIP / E O & M With Indirect Allocated**  
**Budget to Actual Paid/Pending Comparison Summary**  
**March 1, 2026 through March 31, 2026**

FAC 5/11/26 & BOD 5/14/26

		Actual Paid/Pending Expense	% Direct Labor to Total Labor	Allocated Indirect Based on Direct Labor %	Total Expense Direct & Indirect
Operate & Maintain DMC	S/F 02	518,530	39.48%	224,941	743,471 *
Operate & Maintain Wasteways	S/F 04	13,051	1.24%	7,041	20,093 *
Mendota Pool	S/F 05	12,930	1.22%	6,942	19,873 *
Operate & Maintain Jones Pumping Pl	S/F 11	182,987	14.44%	82,292	265,279 *
Intertie Maintenance	S/F 12	50,729	4.47%	25,449	76,178 *
Intertie DWR Conveyance	S/F 12	798,240	0.00%	-	798,240 *
Volta Wells Pumping	S/F 13	132	0.01%	70	202 *
Operate & Maintain O'Neill	S/F 19	137,359	12.89%	73,443	210,803 *
Maintain Tracy Fish Facility	USBR 30	-	0.00%	-	-
Operate & Maintain San Luis Drain	S/F 41	2,415	0.23%	1,293	3,708 *
Maintain Delta Cross Channel	USBR 44	-	0.00%	-	-
WAPA	45	-	0.00%	-	-
CIP	25	157,709	4.67%	26,584	184,292
EO&M & Scada Project	26	844,105	21.27%	121,169	965,274
SPECIAL PROJECTS	XX		0.08%	480	480
				569,704	3,287,891
			100.0%		
Safety Equipment Training	50	10,845			
IT Expense	51	88,781			
Warehousing	52	4,317			
Scada	53	33,527			
Tracy Field Office Expense	54	45,908			
Direct Administrative/General Expense	56	102,361			(1,149,567) less CIP&EO&M
Indirect O & M LBAO Admin.	58	283,965			- less USBR Facilities
<b>Total Indirect to be Allocated</b>			569,704		(480) less Special Projects
<b>TOTAL</b>		<b>3,287,891</b>			<b>2,137,844</b> *SLDMWA O&M Costs
		includes intertie DWR conveyance			

# San Luis & Delta-Mendota Water Authority

## CIP / EO&M / PAT Grants

### Budget to Actual Paid/Pending Comparison Summary

March 1, 2026 through March 31, 2026

FAC 5/11/26 & BOD 5/14/26

		FY Budget 3/1/26 - 2/28/27	Actual To Date Paid/Pending	% of Budget	Notes	Budget Amount Remaining
CIP-Unit Rewind	25 F4	-	66,717	0.00%		(66,717)
CIP JPP Exc System & Control Modernization Ph 3	25 F9	14,688,097	50,861	0.35%		14,637,236
CIP-DMC Subsidence Correction Project	25 I3	40,373,995	40,027	0.10%		40,333,968
CIP-Pump Bowl Replacement	25 J2	8,337,425	104	0.00%		8,337,321
CIP-OPP Upgrades	25 J3	5,895,066	-	0.00%		5,895,066
OPP Main Transformer Replacement	25 R0	2,765,388	-	0.00%		2,765,388
Replacement Computer/Network Comm. Equip	D0	342,261	24,054	7.03%		318,207
Replacement Vehicles	D1	415,420	-	0.00%		415,420
Purchase New Heavy Equipment	D2	91,829	53,438	58.19%		38,391
All Facility Infrastructure Replacement	D3	253,641	16,040	6.32%		237,601
SCADA Replacement & Modernization Program	D4	272,860	19,212	7.04%		253,648
Main Transformer Rehabilitation	G3	1,137,517	384,522	33.80%		752,995
DMC Subsidence Correction Project	I3 26		63,498	0.00%		(63,498)
Unit Rewind	F4 26		7,196	0.00%		(7,196)
Shaft Sleeve Design & Manufacture	F3	299,624	-	0.00%		299,624
Electric Vehicle Charging Station	L1		208	0.00%		(208)
EO&M Program Management Services	L6		1,938	0.00%		(1,938)
Rehab Coating on Pump Casing	M1		20,787	0.00%		(20,787)
JPP Station Service Backup Battery System Replacement	R16	396,293	687	0.17%		395,606
JPP Switchgear Paralleling	R17	748,149	-	0.00%		748,149
JPP HVAC System Rehab/Replacement-Design	R18	505,631	-	0.00%		505,631
Protective Relays Review	R7	116,423	-	0.00%		116,423
Facility Rating Review	R8	106,823	-	0.00%		106,823
Siphon Breaker Comm Upgrades	M7		8,825	0.00%		(8,825)
Trashrake Controls Modern	M8		226	0.00%		(226)
DCI U1 & U2 Restoration and Plant Electrical Upgrades	Q1		27,233	0.00%		(27,233)
JPP U5 Leak Investigation & Repair	Q4		216,241	0.00%		(216,241)
<b>Total Direct CIP/EO&amp;M/PAT</b>		<b>76,746,442</b>	<b>1,001,813</b>	<b>1.31%</b>		<b>75,744,629</b>
Safety Equipment Training	50	29,750	2,813	9.45%		26,937
IT Expense	51	233,137	23,025	9.88%		210,112
Warehousing	52	58,817	1,120	1.90%		57,697
SCADA	53	91,550	8,695	9.50%		82,855
Tracy Field Office Expense	54	144,551	11,906	8.24%		132,644
Direct Administrative/General Expense	56	512,913	26,547	5.18%		486,366
Indirect O & M LBAO Admin.	58	706,953	73,646	10.42%		633,306
<b>Total Indirect Allocated to CIP/EO&amp;M/PAT</b>		<b>1,777,671</b>	<b>147,753</b>	<b>8.31%</b>		<b>1,629,917</b>
<b>Total CIP / EO&amp;M / PAT</b>		<b>78,524,113</b>	<b>1,149,566</b>	<b>1.46%</b>		<b>77,374,546</b>

**San Luis & Delta-Mendota Water Authority**  
**Contract/Procurement Activity Report**  
**From April 1, 2026 to April 30, 2026**

Date Executed	Contract Title	Vendor or Service Provider	Contract Amount	Contract Solicitation Type	Contract Type	Funding Source	Notes
No contracts were issued during this reporting period.							

**CONTRACT CHANGE ORDER NOTIFICATIONS:**

Date Executed	Contract Title	Vendor or Service Provider	Change Order Amount	Original Contract Amount	% Change	Justification
4/1/2026	F26-JPP-014 JPP Station Battery Replacement	Nor-Cal Battery Co.	\$ 10,951.01	\$ 198,880.26	6%	Change from a 2-tier battery rack to a single tier rack to improve access to terminals for maintenance, authorized under the delegated change order authority of 10%.
4/7/2026	F26-JPP-015 JPP Pump Casing and Bifurcation Pipe Recoating	Hartman-Walsh Painting Company	\$ 72,000.00	\$ 1,037,350.00	7%	Contractor will implement double shifts during the blasting phase to meet critical deadlines and ensure timely water deliveries, authorized under the delegated change order authority of 10%
4/14/2026	F26-DMC-012 DMC Subsidence Correction Project Phase 1	Kiewit Infrastructure West Co.	\$ -	\$ 200,000.00	0%	No cost change order that transfers existing funds for preconstruction services from Task 2 to Task 1.
4/22/2026	F26-JPP-016 JPP Unit 5 Impeller Balancing	Unico Mechanical Corp.	\$ 28,073.00	\$ 149,500.00	19%	Contractor will perform exploratory non-destructive testing on the impeller. Remediate minor damage discovered through NDT with weld repairs. Perform secondary NDT to ensure weld repair was successful. Change order will also cover additional shop time required to perform work, authorized under delegation of authority.

This Procurement Activity Report is intended to satisfy the requirements in the San Luis & Delta-Mendota Water Authority's Consolidated Procurement Policy that the Board be notified of all contracts awarded under informal and formal bidding procedures and single-source procedures, as well as certain change orders, promptly following award.