



Official Memorandum

PO Box 2157
Los Baños, CA 93635
sldmwa.org

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

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

Date: January 8, 2026

RE: Recommendation to Board of Directors to Authorize Fifth Amendment to DMC Subsidence Correction Project Task Order with Hallmark Group Capital Program Management and Related Increase in Expenditure of Up to \$198,580 utilizing FY 2021, FY 2022, and/or FY 2023 EO&M Budget Funds

Background

On January 9th, 2025, the Board of Directors adopted Resolution No. 2025-539 adopting the complete Fiscal Year 2026 budget. In adopting the complete Fiscal Year (FY) 2026 Budget, the Board specifically approved and authorized the extension of the existing Hallmark Group Capital Program Management (Hallmark Group or Hallmark) contract to continue supporting the Delta-Mendota Canal (DMC) Subsidence Correction Project, utilizing FY 2021, FY 2022, and/or FY 2023 EO&M (Fund 25) budget funds, with an expectation for reimbursement utilizing DWR grant funds.

Issue for Decision

Whether or not to authorize a Fifth Amendment to the DMC Subsidence Correction Project Task Order with the Hallmark Group and related increase in expenditure of up to \$198,580 utilizing FY 2021, FY 2022, and/or FY 2023 EO&M Budget Funds.

Recommendation

Staff recommends authorizing the proposed Fifth Amendment and related increase in expenditure.

Analysis

On April 14, 2025, the Water Authority executed a Third Amendment to the existing professional services agreement with the Hallmark Group, where Task Order 1 was renewed as Task Order 1 – FY 2026 for Project Management and Design Review Services for the Delta-Mendota Canal Subsidence Correction Project (Project) in the amount of \$766,187. This task order amount was based on an assumed spend rate of \$64,000 a month, which aligned with the previous six months of invoices. However, given the increased work required to further the Project this fiscal year, Hallmark's actual spend rate is currently tracking at \$80,000 a month,

leading to a budget deficit resulting in this proposed Fifth Amendment¹ and need for Board authorization for an increase in expenditure of up to \$198,580 utilizing FY 2021, FY 2022, and/or FY 2023 EO&M budget funds. As noted above, EO&M budget funds would be used to cover cash flow needs, which would later be reimbursed utilizing DWR grant funds.

The increased costs to support the project can be attributed to the numerous shifts in direction as additional information emerged, and stakeholder needs evolved. This iterative refinement required corresponding adjustments to the scope, schedule, and technical approach. Additionally, the level of administrative support required by the U.S. Bureau of Reclamation exceeded initial expectations, resulting in increased coordination, documentation, and facilitation efforts beyond the originally anticipated workload.

Throughout the timeline, key tasks such as design consultant management, high priority bridge analysis, CP1 alternative scenario development, alternate delivery approach development, underwater repairs, benefit-cost analysis, and procurement preparations have been completed and adapted by Hallmark to incorporate feedback from the Planning Committee and Reclamation. Hallmark's continued support of the Project is critical to its success.

Budget Implications

The additional proposed expenditure of up to \$198,580 will be funded utilizing existing FY 2021, FY 2022, and/or FY 2023 EO&M Funds, reimbursed by the DWR Grant.

Attachments

1. Draft Fifth Amendment to DMC Subsidence Correction Project Task Order with Hallmark Group

¹ Note: The Fourth Amendment was a no cost time extension to the task executed on June 30, 2025.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

FIFTH AMENDMENT TO AGREEMENT FOR PROFESSIONAL SERVICES FOR PROJECT MANAGEMENT SERVICES TO SUPPORT THE EXTRAORDINARY OPERATION & MAINTENANCE AND CAPITAL IMPROVEMENT PROGRAMS FOR THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

This Fifth Amendment to F25-ALL-018 is made and entered into effective January __, 2026 by and between San Luis & Delta-Mendota Water Authority (“SLDMWA”) and HGCPM, Inc., a California Corporation (“Consultant”).

WHEREAS, on September 13, 2024, SLDMWA and Consultant entered into a task order Agreement. Whereby Consultant would perform project management services; and

WHEREAS, on September 13, 2024 SLDMWA and Consultant entered into a Task Order 1. Whereby Consultant would perform project management and design review services for the Delta-Mendota Canal Subsidence Correction Project.

WHEREAS, on October 10, 2024 SLDMWA and Consultant entered into a Task Order 2. Whereby Consultant would develop cost estimates for the projects identified on the SLDMWA EO&M/CIP Ten Year Plan.

WHEREAS, on December 17, 2025, SLDMWA and Consultant executed a First Amendment Whereby Exhibit C – Fees, Hourly Rates and Reimbursable Costs/expenses hourly rate sheet was increased.

WHEREAS, on February 21, 2025, SLDMWA and Consultant executed a Second Amendment Whereby the historical record was modified and corrected to include the Task Order 1 and 2 executions under the First Amendment.

WHEREAS, on April 14, 2025, SLDMWA and Consultant executed a Third Amendment Whereby Task Order 1 was renewed under Task Order 1 FY26 – Project Management & Design Review Services for the Delta-Mendota Canal Subsidence Correction Project.

WHEREAS, on June 30, 2025, SLDMWA and Consultant executed a Fourth Amendment Whereby Task Order 2 performance period was extended through July 31, 2025.

NOW, THEREFORE, THE PARTIES ENTER INTO THIS FIFTH AMENDMENT TO F25-ALL-018 WITH THE CHANGES OUTLINED BELOW:

1. MODIFY TASK ORDER 1 FY26 - PROJECT MANAGEMENT & DESIGN REVIEW SERVICES FOR THE DELTA-MENDOTA CANAL SUBSIDENCE CORRECTION PROJECT

- a) Increase Total Budget Maximum by \$198,580.00**
 - **Currently reads as: \$766,187.00**
 - **Change to read as: \$964,767.00**

2. MODIFY EXHIBIT C – Fees, Hourly Rates and Reimbursable Costs/expenses

- a. Replace the current classification & rate schedule with a new 2026 rate sheet.**

Please refer to Attachment 1 for budget implication(s) and updated Rate Sheet.

All other tasks, terms and conditions on original task order agreement remain unchanged.

IN WITNESS WHEREOF, this Amendment 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 Consultant has the authority to do so and to so bind Consultant to the terms of this Agreement.

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

➤ **AMENDMENT 5 TO TASK ORDER 1
PROJECT MANAGEMENT AND
DESIGN REVIEW SERVICES FOR THE
DELTA-MENDOTA CANAL
SUBSIDENCE CORRECTION
PROJECT**

For San Luis Delta-Mendota Water Authority (SLDMWA)

December 23, 2025

RATES

HALLMARK CLASSIFICATION	RATE
Program Manager, Principal, Director, and Strategic Advisor	\$362 /hr.
Senior Strategic Advisor	\$300 /hr.
Project Controls Manager	\$260 /hr.
Senior Project Controls	\$210 /hr.
Senior Project Manager	\$285/hr.
Project Manager III	\$235 /hr.
Project Manager II	\$210 /hr.
Project Manager I	\$195 /hr.
Project Analyst	\$195 /hr.
Project Coordinator II	\$185 /hr.
Project Coordinator I	\$155 /hr.
Project Controls Coordinator	\$155 /hr.
Project Administrator	\$130 /hr.

Hourly rates are inclusive of all overhead and administrative expenses. Travel and other incidental expenses, not included in the contract, shall be reimbursed at cost. Mileage expenses shall be reimbursed at the current IRS rate. Upon request, Hallmark Group will provide a cost proposal for additional staff that may be required to support the client. Other costs will be determined upon final scope requirements and approved by the client.

This rate schedule shall be escalated annually as mutually agreed to by Hallmark Group and the client and will incorporate year-over-year increases per the U.S. Bureau of Labor Statistics Employment Cost Index for Professional and Business Services.

AMENDMENT 4 – SCOPE AND COST ESTIMATE – FY26

(3 MONTHS: DEC25 – FEB26)

Task Code	Billing Category	Task	Total Cost FY26 Amd
1	Design Support	Management of the design consultant for the Subsidence Project.	\$ 18,639
2	Advisory Services	Review, comment, and provide recommendations regarding the design for rehabilitation of the Upper DMC Subsidence Correction Project.	\$ 9,320
3	Controls, Reporting, and Contracts	Development of a formal Request for Proposal (RFP) and selection and management of a qualified bridge design consultant for the placement of impacted bridges.	\$ -
4	Advisory Services	Assist in the development and implementation of a plan to initiate construction activities for the Subsidence Project to enable full utilization of state grant funding.	\$ 27,959
5	Controls, Reporting, and Contracts	Assist in the solicitation, selection, and management of construction contractor(s) as needed for the project.	\$ 46,598
6	Advisory Services	Coordination with stakeholders, including but not limited to Reclamation, Water/Irrigation Districts, Caltrans, Cities and Counties.	\$ 18,639
7	Advisory Services	Lead and manage the Planning Committee, a subcommittee to the Finance & Administration Committee.	\$ 18,639
8	Grant Admin	Department of Water Resources, Grant Administration (Agreement and Reporting Management)	\$ 4,067
9	Allocated to Billing Categories as Appropriate	Attend meetings and provide support as needed for the work in Task Order 1.	\$ 23,892
10	Controls, Reporting, and Contracts	Begin the collection and processing of information necessary to ascertain costs, develop reports, archive documents, and track and administer billing.	\$ 18,639
11	Other Direct Costs	Other Direct Cost Reimbursement – Travel	\$ 12,190
Total			\$ 198,580

FY26 COST SUMMARY (3 MONTHS: DEC25 – FEB26)

TASK ORDER 1 - AMENDMENT 4			FY26			Total
DMC Subsidence Correction Project			Dec-25	Jan-26	Feb-26	
Staff	Billing Classification	Rate	Hrs	Hrs	Hrs	Hrs
C. Gardner	Program Mgr/Strategic Advisor	\$ 362	15.0	44.0	44.0	103
C. Curtis	Strategic Advisor	\$ 362	-	0.7	0.7	1
T. Birminham	Strategic Advisor	\$ 362	-	0.7	0.7	1
J. Alwan	Sr. Project Manager	\$ 285	2.0	3.0	3.0	8
J. Shin-Lee	Project Manager III	\$ 235	20.0	112.0	112.0	244
J. Harris	Project Control Manager	\$ 260	2.0	2.0	2.0	6
K. Hamrick	Senior Project Controls	\$ 210	10.0	46.0	46.0	102
K. Manzano	Project Coordinator	\$ 185	30.0	70.0	70.0	170
Labor Total						
Travel and Other Direct Costs		8%				
Total Hallmark Group			79.0	278.4	278.4	635.9

Consultants	Billing Classification	Rate	Dec-25	Jan-25	Feb-25	Total
Welsh Consulting	Senior Strategic Advisor	\$ 300	15.0	45.0	45.0	105.0
Travel and Other Direct Costs						
Total Consultant Budget						

Total HG & Consultant Budget

FY26			Total
Dec-25	Jan-26	Feb-26	
			FY26
\$ 5,430	\$ 15,928	\$ 15,928	\$ 37,286
\$ -	\$ 259	\$ 259	\$ 517
\$ -	\$ 259	\$ 259	\$ 517
\$ 570	\$ 855	\$ 855	\$ 2,280
\$ 4,700	\$ 26,320	\$ 26,320	\$ 57,340
\$ 520	\$ 520	\$ 520	\$ 1,560
\$ 2,100	\$ 9,660	\$ 9,660	\$ 21,420
\$ 5,550	\$ 12,950	\$ 12,950	\$ 31,450
\$ 18,870	\$ 66,750	\$ 66,750	\$ 152,370
\$ 1,510	\$ 5,340	\$ 5,340	\$ 12,190
\$ 20,380	\$ 72,090	\$ 72,090	\$ 164,560

Dec-25	Jan-25	Feb-25	Total
\$ 4,500	\$ 13,500	\$ 13,500	\$ 31,500
\$ 360	\$ 1,080	\$ 1,080	\$ 2,520
\$ 4,860	\$ 14,580	\$ 14,580	\$ 34,020

\$ 25,240	\$ 86,670	\$ 86,670	\$ 198,580
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FY26	\$ 198,580
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