MEMORANDUM

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

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

DATE: September 8, 2025

RE: Recommendation/Approval to Adopt Refinements to Cost Allocation Methodology and Scope for Phase 1 of the Upper DMC Portion of the Delta-Mendota Canal Subsidence Correction Project

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BACKGROUND

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 San Luis & Delta-Mendota Water Authority (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.

The Planning Committee began holding meetings in September 2024 to address the allocation of costs for large extraordinary maintenance projects for which the Authority's estimated total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs. 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 adopted both committees' recommendations.

Since the May 2025 action, additional Planning Committee discussion occurred regarding cost allocation principles, information requests, Phase 1 scope, sag areas, and other topics. Most recently, in an August 14, 2025 Planning Committee Special Workshop, the Planning Committee discussed principles of cost allocation, and provided direction regarding the scope of Phase 1 and cost allocation for the same, given the availability of non-reimbursable funding.

ISSUE FOR DECISION

Whether the Planning Committee and Finance & Administration Committee should recommend, and the Board of Directors should adopt, refinements to cost allocation methodology and scope for Phase 1 of the upper DMC portion of the Delta-Mendota Canal Subsidence Correction Project.

RECOMMENDATION

Staff recommends adoption of refinements to cost allocation methodology and scope for Phase 1 of the upper DMC portion of the Delta-Mendota Canal Subsidence Correction Project consistent with the following:

- Cost Allocation Methodology
    - Utilize all available state, federal, and local non-reimbursable funding to fund Phase 1 work;
    - If less than $90 million in non-reimbursable funding is available, develop further refinements to Phase 1 scope as appropriate; and
    - Continue to pursue cost allocation recommendations for each Project component (e.g. Check 1 freeboard raise, Sag area repairs, panel replacement, etc.).
- Phase 1 Scope
    - Task 1: "Scenario L" Approximate 2 ft. freeboard raise between MP 3.5 (JPP) to MP 7.2 (DCI) at a current estimated cost of $19.75M*, based on 4,600 cfs design flow and no future anticipated subsidence.
    - Task 2: Sag area repairs (9 areas in Pools 3, 4, 6, and 8) at a current estimated cost of $18.23M.*
    - Task 3: Panel Repair Program on Upper DMC (24 sites over 5 years) at a current estimated cost of $27.9M.*
    - Task 4: Panel Repair Program on Lower DMC at a current estimated cost of $28M.*

ANALYSIS

Since the Board adopted a recommendation regarding Phase 1 of the upper DMC portion of the Delta-Mendota Canal Subsidence Correction Project in May 2025, staff provided information in response to Planning Committee and Board requests that led to the recommended scope refinements above.

*Using Reclamation's 30%-level design estimate.

Staff continues to recommend utilizing non-reimbursable grant funds to fund Phase 1 of the upper DMC portion of the DMC Subsidence Correction Project. If Phase 1 is wholly funded with non-reimbursable grant funding, there will be no rate impact associated with this action. Staff understands that even if Phase 1 is wholly funded with non-reimbursable grant funding, the direction from the Planning Committee is for non-reimbursable funding to be applied equitably across the entire project.

ATTACHMENTS

Attachment 1 – Task 1: "Scenario L" 2 ft. freeboard raise between MP 3.5 (JPP) to MP 7.2 (DCI)
Attachment 2 – Task 2: Sag area repairs (9 areas in Pools 3, 4, 6, and 8)
Attachment 3 – Task 3: 5-year Panel Repair Program on Upper DMC (24 sites)

*Using Reclamation's 30%-level design estimate.

Attachment 1

Phase 1 (Task 1) Liner Raise MP 3.5 to MP 7.2

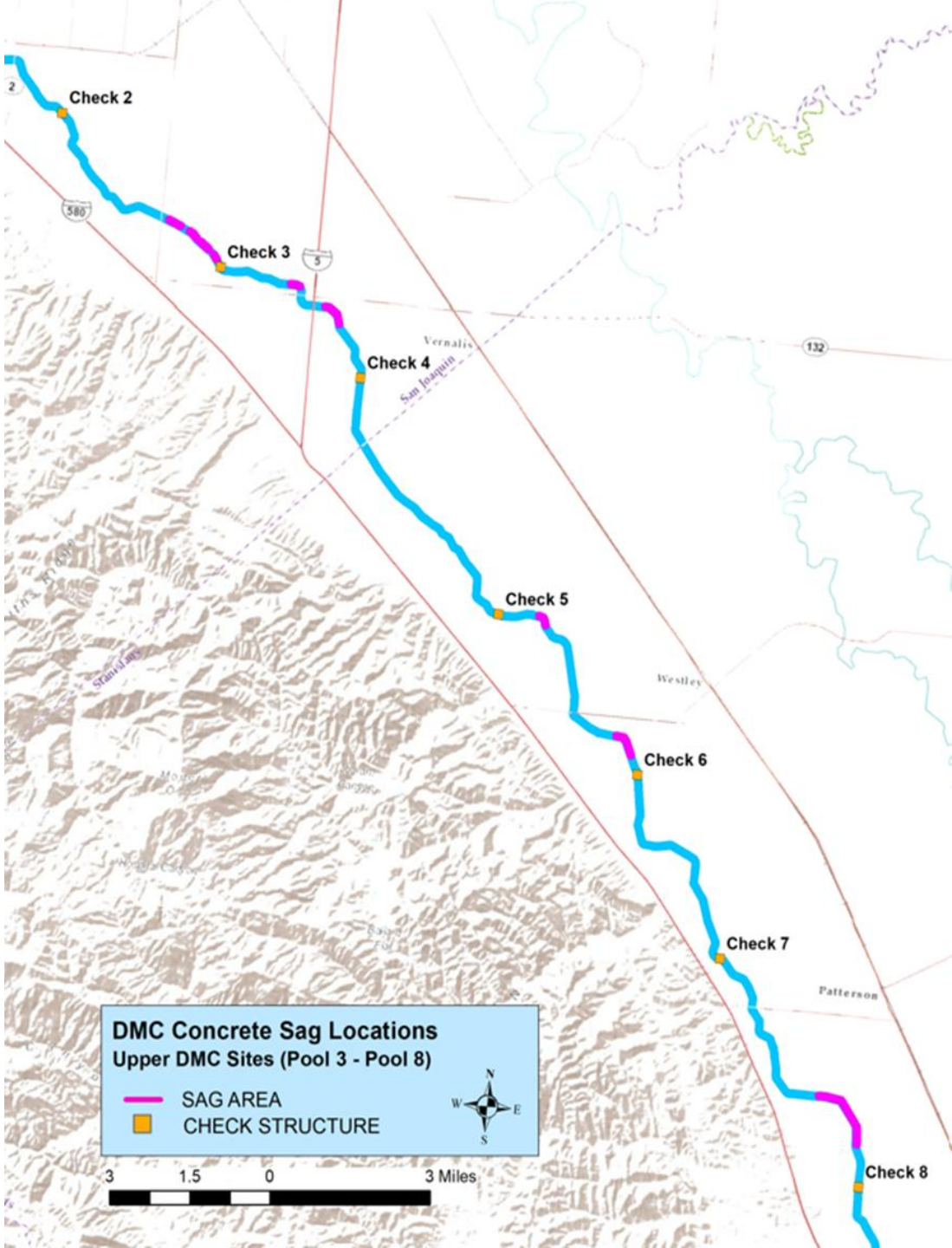
Phase 1 (Task 1) Description	MP 3.5 - 7.2 (Partial Pool 1) Estimated Construction Cost
<u>Phase 1 (Task 1)</u>: Restore the canal to a 4,600 cfs delivery capacity, from Mile Post (MP) 3.5 to MP 7.2, designed to achieve 4,600 cfs, without accounting for potential future subsidence (generally referred to as an approximate 2-foot raise). The design should assume Intertie Pumping Plant (DCI) will have an operational range from 0 to 700 cfs and is located at MP 7.2. **NOTE - This scenario does not include canal capacity restoration downstream of DCI.**	**$19,750,000**

Attachment 2

Phase 1 (Task 2) - Summary of Sag Repair Costs

Sag Locations					2 ft. Raise
Pool	# of Sag Locations		MP	Distance (ft)	Estimated Cost
3	4	1	19.34 - 19.54	1,056	$1,400,000
		2	19.80 - 19.86	317	$400,000
		3	20.13 -20.17	211	$275,000
		4	20.37 - 20.48	581	$750,000
4	2	5	22.02 - 22.20	950	$1,500,000
				Sub-Total	**$4,325,000**
		6*	22.88 - 23.33	2,376	$3,100,000
6	2	7*	30.62 - 30.80	950	$1,000,000
		8*	33.50 - 34.01	2,693	$2,900,000
8	1	9*	42.31 -43.46	6,072	$6,900,000
				Sub-Total	**$13,900,000**
				Total Estimated Sag Repair Cost	**$18,225,000**

Note: **4 Identified priority sag areas from July 10, 2025, Special Joint Workshop*



Phase 1(Task 3) - Panel Repair 5 YR. Program

Attachment 3

Pool No.	No. Sites	Planned Year of Repair (x$1,000)				
		Yr 1 (4 Sites)	Yr 2 (5 Sites)	Yr 3 (5 Sites)	Yr 4 (5 Sites)	Yr 5 (5 Sites)
1	1				$ 1,200	
3	6	$ 1,100	$ 1,100	$ 2,400	$ 1,200	$ 1,200
4	4	$ 1,100	$ 2,200			$ 1,200
6	4			$ 1,200	$ 1,200	$ 2,400
8	6	$ 2,200	$ 2,200	$ 2,400		
9	2				$ 1,200	$ 1,200
13	1				$ 1,200	
Total:	24	$ 4,400	$ 5,500	$ 6,000	$ 6,000	$ 6,000
*3% esc. per year, includes non-contract costs					Total:	$ 27,900

Repairs to be prioritized based on the following criteria:

- Accessibility and staging areas
- Priority/Highly subsided Pool
- Urban Canal Section
- Fill Section
- Continued/Recent movement occurring
- Severity of damage

24 assumed sites. Additional sites currently being investigated.