



MEMORANDUM

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

FROM: Pablo Arroyave, Chief Operating Officer
Ray Tarka, Director of Finance

DATE: March 6, 2023

RE: Finance & Administration Committee Recommendation / Board Approval of
Revised Water Year 2023 OM&R Water Rates

BACKGROUND

The Water Authority Board of Directors adopted the initial Water Year (WY) 2023 OM&R rates on February 9, 2023 at a 10% agricultural water contractor allocation. The rates are calculated based on the approved FY24 OM&R budget and estimated deliveries on forecasted water supply allocations and supplemental water supply information provided by contractors. Costs to be recovered through the WY2023 OM&R water rates are those previously approved by the Board of Directors: (1) FY2024 Self-Funding OM&R budget of \$17,447,862, (2) FY2024 EO&M budget of \$6,690,391, (3) FY2024 Debt Service on repayment agreements for the Jones Pumping Plant Rewinds of Unit 6 and Unit 5 of \$380,441 and \$282,305 respectively, and (4) FY2024 Debt Service on the Series 2021A bonds of \$448,227. The FY2024 costs associated with each cost pool have been identified in the self-funding budget.

On February 22, 2023, the Bureau of Reclamation announced initial 2023 water supply contract allocations based on updated reservoir and hydrologic conditions. The water year is currently forecasted to be non-critical, which will allow settlement and Exchange contractors a 100% contract allocation. In addition, Reclamation announced initial allocations of 35% to south-of-Delta agricultural water contractors and 75% to south-of-Delta municipal and industrial contractors. Monthly updates to the allocation are expected, with the first update and possible change expected during the third week of March.

ISSUE FOR DECISION

Whether the Finance & Administration Committee should recommend, and the Board should approve, the revised Water Year 2023 OM&R water rates submitted as calculated based on a 35% agricultural contractor allocation.

RECOMMENDATION

Staff recommends approval of Revised Water Year 2023 OM&R water rates as calculated on the 35% agricultural contractor allocation, 75% municipal and industrial allocation, and member-reported estimated deliveries applied retroactively to deliveries made on or after March 1, 2023 (see **Attachment 1**).

ANALYSIS

While it is not the Authority's standard practice to make frequent adjustments of OM&R rates, staff is recommending this adjustment as a result of the recent water allocation announcement by Reclamation.

Adjusting the rates to reflect the initial contract allocations will have the effect of decreasing the rates in the amounts identified in the attachment.

ATTACHMENT 1

WY 2023 O & M WATER RATES

AT 35 % AG ALLOCATION

Revised – Retroactive to March 1, 2023

FINANCE & ADMINISTRATION COMMITTEE
MARCH 6, 2023

BOARD OF DIRECTORS
MARCH 9, 2023



San Luis & Delta-Mendota Water Authority

LOS BANOS ADMINISTRATIVE OFFICE
TRACY FIELD OFFICE

LOS BANOS FIELD OFFICE
C.W. "BILL" JONES PUMPING PLANT
O'NEILL PUMPING PLANT



San Luis & Delta-Mendota Water Authority
 Notes to Support the Proposed WY23 O&M Rates to FAC 02.06.23/BOD 02.09.23

1 O&M Budget - Self Funded

WY23 - Fiscal Year 3/1/23-2/28/24

RO&M = \$17,531,811.79 total, \$17,447,861.91 SLDMWA Water Users, \$83,949.88 USBR

1 EO&M = \$6,690,391.23- includes indirect

2 Delivery Assumptions

- Ag - Contractor Estimates, 35%, with Contractor projections
- M&I - Contractor Estimates, 75%, with Contractor projections
- Refuge - 100% used BOR Refuge Estimate
- Exchange/Water Rights - 100%
- Estimated Rescheduled Water
- Pump-Ins
- Miscellaneous Transfers
- Mendota Pool Pumpers
- Volta Well Pumping

3 Intertie

Intertie anticipated to be used in WY23, estimated at 692,000 a/f per SLDMWA
 Final cost allocation for Intertie O&M, Intertie PUE and
 DWR Conveyance remains undetermined
 Intertie DWR Wheeling budgeted costs reduced to zero

4 Volta Wells

Volta Wells Program estimated at 2,400 a/f - Costs split between DPWD and SLWD

5 PUE SLDMWA Meters

WY23 PUE estimates based on BOR PUE FYE 9/21/23 Billing Plan
 PUE Budget relating to WY22- FY 3/1/22- 2/28/23 = \$19,070,926
 PUE Budget relating to WY23- FY 3/1/23- 2/28/24 = \$20,209,382

6 DWR San Luis Joint Use

WY23 SLJU costs based on DWR Calendar Year Budget Estimates & Historical Actuals
 SLJU projection relating to WY22 - FY 3/1/22- 2/28/23 = \$19,070,926
 SLJU Budget relating to WY23 - FY 3/1/23- 2/28/24 = \$15,980,436
 Federal cost allocation for 2016-2020 = 39.90%

7 EO&M Funding

Funding Obligation:

- 1 EO&M Funding Obligation WY23 FY 3/1/23 - 2/28/24 = \$6,690,391.23, EO&M Budget = \$6,690,391.23
- Rewind Debt Service Funding Obligation-BOR Repayment Contract(Unit 6) WY21 FY 3/1/23-2/28/24 = \$380,441
- Rewind Estimated Debt Service Funding Obligation-BOR Repayment Contract Unit 5 WY21 FY 3/1/23-2/28/24 = \$282,305
- Rewind Debt Service Funding Obligation-2021A Bonds WY21 FY 3/1/23-2/28/24 = \$448,227

8 Overall increase in Estimated Recoverable Costs over Prior Year.

Total Estimated Recoverable Costs in Water Year 2023 =	\$ 61,439,044
Total Estimated Recoverable Costs in Water Year 2022 =	\$ 57,164,174

* See page 4 for Detail



San Luis & Delta-Mendota Water Authority

Proposed Revision WY23 O&M Rates

Using Member Projection of WY23 Deliveries, based on 35% Ag Allocation

FAC 03.06.23/BOD 03.09.23

	<u>WY 2023 Rate</u> 3/1/23-2/28/24 <u>Revised</u> WY2023	<u>WY 2023 Rate</u> 3/1/23-2/28/24 <u>Current</u> WY2023	Variance
WATER SUPPLY			
Irrigation	35%	10%	25%
M&I	75%	60%	15%
Refuge	100%	100%	0%
Exchange/Water Rights	100%	100%	0%
RATES			
Upper DMC	\$15.91	\$21.17	(\$5.26)
Upper DMC - Exchange/Wtr Rts	\$15.21	\$20.36	(\$5.15)
Lower DMC/Pool	\$18.34	\$24.27	(\$5.93)
Lower DMC/Pool - Exchange/Wtr Rts	\$17.64	\$23.46	(\$5.82)
San Felipe	\$21.42	\$32.02	(\$10.60)
SLC Above Dos Amigos	\$38.63	\$67.26	(\$28.63)
SLC Below Dos Amigos	\$50.30	\$91.15	(\$40.85)
Volta Wells	\$29.14	\$29.14	\$0.00
San Luis Drain	\$0.36	\$0.76	(\$0.40)



SLDMWA - O&M Rates

WY2023 SELF-FUNDING SLDMWA O&M WATER RATES - @ 10% Ag ALLOCATION

Finance & Administration Committee 02.06.23
Board of Directors 02.09.23
Using Member Projected Deliveries

COST POOLS	SLDMWA ANNUAL O&M and POWER								SLJU				TOTAL		
	UPPER Upper DMC/ JPP	UPPER Intertie (Temporary Cost Pool)	JPP PWR	VOLTA WELLS	LOWER Lower DMC/ Mendota Pool	O'NEILL P/G O'Neill O&M & PWR		SLDMWA RESERVES	SLDMWA RESERVES	SLDMWA RESERVES	SLDMWA RESERVES	DWR COSTS		POWER	
PARTICIPANTS	All Users	All Users Excludes Exchange Cont. and Water Rights	All Users (Actual Pumping Only)	DPWD SLWD	LowerDMC & MP Users	All Users "Direct"	All Users "Storage"	All Users	All Users	All Users	All Users Excludes Exchange Cont. and Water Rights	San Luis Canal O&M	Dos Amigos O&M	Dos Amigos Power	
COSTS TO BE ALLOCATED**	\$10,329,519	\$472,900	\$13,742,380	\$69,935	\$3,327,038	\$4,887,614	\$604,087	\$6,690,391	\$380,441	\$282,305	\$448,227	\$12,242,258	\$3,472,766	\$4,243,970	\$61,193,831
ACRE FEET	2,132,340	1,293,609	2,102,564	2,400	1,371,354	820,246	1,362,766	% of 10 Yr Historical Use	% of 10 Yr Historical Use	% of 10 Yr Historical Use	% of 10 Yr Historical Use	711,390	661,593	661,593	
RATE PER AF	\$4.85	\$0.37	\$6.54	\$29.14	\$2.43	\$5.96	\$0.45	\$3.06	\$0.17	\$0.13	\$0.32	\$17.21	\$5.25	\$6.42	

A Aa B C D E F G H I J K L M

SLDMWA COMPONENT RATE PER ACRE FOOT - BY DELIVERY AREA / CONTRACTOR		
Upper DMC	\$15.91	A+Aa+B+F+G+H+I+J
Exchange/Wtr Rts (Upper)	\$15.21	A+B+F+G+H+I Excludes Intertie & 2021A Bonds Reserve
Lower DMC/Pool	\$18.34	A+Aa+B+D+F+G+H+I+J
San Felipe	\$21.42	A+Aa+B+E+G+H+I+J
San Luis Canal Above Dos Amigos	\$38.63	A+Aa+B+E+G+H+I+J+K
San Luis Canal Below Dos Amigos	\$50.30	A+Aa+B+E+G+H+I+J+K+L+M
Exchange/Wtr Rts (Lower)	\$17.64	A+B+D+F+G+H+I Excludes Intertie & 2021A Bonds Reserve
Refuge (Lower)	\$18.34	A+Aa+B+D+F+G+H+I+J
Volta Wells	\$29.14	C
San Luis Drain	\$0.36	\$245,213

	Direct	Storage
O&M	\$3.48	\$0.27
O&M DWR	\$0.29	\$0.02
Pwr	\$2.19	\$0.16
O&M	\$3.48	\$0.27
DWR	\$0.29	\$0.02
PUE	\$2.19	\$0.16
	\$5.96	\$0.45

WATER SUPPLY ASSUMPTIONS

Irrigation	35%
M&I	75%
Refuge	100%
Ex/Wtr Rts	100%

Note: Supply assumptions are based on contractor estimates

**COSTS TO BE ALLOCATED		included in \$	
O&M Budget per above -(excludes Volta Wells O&M)	\$17,132,713	\$ 3,205,350.70	3.477934818
Required Reserve Funding	\$6,690,391	\$ 352,588.58	0.258730095
Rewind Reserve Funding -Debt Service Unit 6 BOR Rpmt Contract	\$380,441	\$ 3,205,350.70	
Rewind Reserve Funding (Est) -Debt Service Unit 5BOR Rpmt Contract	\$282,305		
Rewind Reserve Funding -2021A Bonds	\$448,227		
San Luis Drain	\$245,213		
Volta Wells -DPWD/SLWD	\$69,935		
Intertie: DWR Wheeling	\$0		
POWER			
JPP	\$13,742,380		
Intertie	\$202,094		
Volta Wells	\$0		
O'Neill	\$2,020,938	\$ 2,020,938.21	\$ 1,798,635.01
			2.19279949
		\$ 222,303.20	0.163126467
		\$ 2,020,938.21	
SAN LUIS JOINT USE			
DWR - San Luis Canal O&M	\$12,242,258		
DWR - Dos Amigos O&M	\$3,472,766		
DWR - O'Neill	\$265,412	\$ 265,412.00	\$ 236,216.68
			0.287982727
		\$ 29,195.32	0.021423575
		\$ 265,412.00	
POWER			
Dos Amigos	\$4,243,970		
	\$61,439,044		

O'Neill Split
89%/11%



San Luis & Delta-Mendota Water Authority

Self-Funding O&M Budget Comparison WY23/WY22

2.6.23 FAC / 2.9.23 BOD

	RO&M	EO&M Self-Funding Reserve Obligation	Self-Funding PUE	Self-Funding SLJU	Volta Wells (DPWD & SLWD Only)	Intertie DWR Conveyance	TOTALS
WY23	\$ 17,377,926	\$ 7,801,365	\$ 20,209,382	\$ 15,980,436	\$ 69,935	\$ -	\$ 61,439,044
WY22	\$ (16,013,972)	\$ (7,830,000)	\$ (19,070,926)	\$ (13,199,596)	\$ (76,050)	\$ (973,630)	\$ (57,164,174)
Variance	\$ 1,363,954	\$ (28,635)	\$ 1,138,456	\$ 2,780,840	\$ (6,115)	\$ (973,630)	\$ 4,274,870
	*	*	*	*	*	*	

* Included in O&M Rate Calculations

- O&M
- Reserve Obligations
- Project Use Energy (PUE)
- San Luis Joint Use (SLJU)
- Volta Wells (DPWD & SLWD only)
- Intertie DWR Conveyance