



**San Luis & Delta-Mendota Water Authority
Monday, April 1, 2024, 12:00 p.m.**

**Notice of Finance & Administration Committee Regular Meeting and
Joint Finance & Administration Committee Regular Meeting-Special Board
Workshop**

**SLDMWA Boardroom
842 6th Street, Los Banos**

Public Participation Information

Join Zoom Meeting

<https://us02web.zoom.us/j/87390673686?pwd=aWh2MGdGVFpDNW1tc1F4WWNwRjJldz09>

**Meeting ID: 873 9067 3686
Passcode: 547419**

One tap mobile

**+16694449171,,87390673686#,,,,*547419# US
+16699006833,,87390673686#,,,,*547419# US (San Jose)**

Dial by your location

**• +1 669 444 9171 US
• +1 669 900 6833 US (San Jose)**

Find your local number: <https://us02web.zoom.us/j/87390673686?pwd=aWh2MGdGVFpDNW1tc1F4WWNwRjJldz09>

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 regular meeting of the Finance & Administration Committee ("FAC") and a joint regular 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

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 et seq.
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's 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. **Approval of March 4, 2024 Meeting Minutes**
5. **Recommendation to Board of Directors to Adopt Resolution Authorizing Execution of Contract Between the United States of America and San Luis & Delta-Mendota Water Authority for the Repayment of Extraordinary Maintenance Costs for the C.W. "Bill" Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project, Making Findings Under the California Environmental Quality Act, and Authorizing Actions Related Thereto, Arroyave**
6. **Recommendation to Board of Directors to Adopt Resolution Authorizing Execution of Second Amended and Restated Memorandum of Understanding with Friant Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities and Related Letter Agreement, and Authorizing Actions Related Thereto, Barajas/Akroyd**
7. **Recommendation to Board of Directors to Adopt Resolution Adopting an Indirect Cost Rate Policy for Scientific Activities, Petersen**

REPORT ITEMS

8. FY24 Activity Agreements Budget to Actual Report through 2/29/24
9. FY24 O&M Budget to Actual Report through 2/29/24
10. Procurement Activity Reports
11. Executive Director's Report, Barajas
(May include reports on activities within the Finance & Administration Committee's jurisdiction related to 1) CVP/SWP water operations; 2) California storage projects; 3) regulation of the CVP/SWP; 4) existing or possible new State and Federal policies; 5) Water Authority activities)
12. Committee Member Reports
13. Reports Pursuant to Government Code Section 54954.2(a)(3)
14. **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 6th Street, P.O. Box 2157, Los Banos, California, via telephone at (209) 826-9696, or via email at cheri.worthy@sldmwa.org or sandi.ginda@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/>.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING AND
JOINT FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING-SPECIAL
BOARD OF DIRECTORS WORKSHOP
MINUTES FOR MARCH 4, 2024

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:04 p.m. at 842 6th Street in Los Banos, California, with Chair Anthea Hansen presiding.

Members and Alternate Members in Attendance

Ex Officio

William Bourdeau

Division 1

Anthea Hansen, Chair/Member

Division 2

Justin Diener, Member

Division 3

Chris White, Member - Jarrett Martin, Alternate

Division 4

Dana Jacobson, Member - Megan Holland, Alternate

Division 5

Bill Pucheu, Member

Friant Water Authority

Wilson Orvis, Alternate

Board of Directors Present

Division 1

Anthea Hansen, Director
Lea Emmons, Alternate (via ZOOM)

Division 2

Justin Diener, Alternate Director
William Bourdeau, Vice-Chair/Director

Division 3

Chris White, Alternate
Jarrett Martin, Director

Division 4

Steve Wittry, Director
Megan Holland, Alternate Director

Division 5

Bill Pucheu, Director
Kirk Teixeira, Alternate

Authority Representatives Present

Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer

Scott Petersen, Water Policy Director
Rebecca Akroyd, General Counsel
Rebecca Harms, Deputy General Counsel (via ZOOM)
Raymond Tarka, Director of Finance
Lauren Viers, Accountant III
Stewart Davis, IT Officer

Others in Attendance

Bobbie Ormonde, Westlands Water District (via ZOOM)
John Wiersma, Henry Miller Reclamation District (via ZOOM)
Chase Hurley, Pacheco Water District
Vince Gin, Valley Water

1. Call to Order/Roll Call

Chair Anthea Hansen called the meeting to order at approximately 12:04 p.m. and roll was called.

2. Additions or Corrections to the Agenda

No additions or corrections.

3. Opportunity for Public Comment

No public comment.

4. Finance & Administration Committee to Consider Approval of the February 5, 2024 Meeting Minutes.

Chair Anthea Hansen deemed the February 5, 2024 meeting minutes approved as submitted.

REPORT ITEMS

5. Update Regarding Planned Amendments to Friant-SLDMWA MOU and Exhibits, including SLDMWA OM&R Cost Recovery Plan.

Executive Director Federico Barajas introduced the item then referred to General Counsel Rebecca Akroyd. Akroyd reviewed a slide deck that provided an overview of proposed changes to the Friant Water Authority (FWA)-SLDMWA MOU and highlighted proposed changes to the exhibits. FWA will be taking the revised MOU to their Board of Directors for action in the March meeting. Upon approval from FWA, the Authority intends to bring the revised MOU to the Authority Board of Directors for action.

6. FY23 Activity Agreements Budget to Actual Report through 1/31/2024

Director of Finance Raymond Tarka presented the Budget to Actual Report through January 31, 2024 for the Activity Agreement funds. Tarka stated for the eleven-month period, the budget was trending positive overall with actual spending ending January 31, 2024 at 67.44% of the approved budget.

7. FY23 O&M Budget to Actual Report through 1/31/2024

Director of Finance Raymond Tarka reported that for WY23, the self-funded routine O&M expenses through January 31, 2024 were over budget by \$2,505,032. This is mainly due to over-budget DWR conveyance charges for DCI activity. The water year 2022 final accountings, fiscal year 2023 audit, and the Intertie OM&R true-up remain outstanding.

8. Procurement Activity Report

Director of Finance Raymond Tarka presented the procurement activity report for the period of February 1 through February 29, 2024. On February 27, a contract was executed with Richardson & Company in the amount of \$139,150 for professional audit services. There were no contract change orders issued during this period.

9. Executive Director's Report

Executive Director Federico Barajas provided the following updates:

- a. **O'Neill Scheduled Outage** – Executive Director Federico Barajas referred to Chief Operating Officer Pablo Arroyave to provide an update. Arroyave stated that staff will consider the March 1st forecast prior to making any final decisions regarding the O'Neill Outage. Arroyave reiterated that all three transformers are in “poor” condition and if the outage is rescheduled, it will need to take place within the year to prevent any further repercussions. The Authority is currently testing quarterly oil samples to monitor the transformers' condition.
- b. **D&S Updates** – Barajas referred to Water Policy Director Scott Petersen to provide updates on Reclamation's proposed changes to Directives and Standards PECO 5-03 and CMP 08-01.
- c. **JPP Excitation Project** – Barajas stated the Authority is involved in negotiations with Reclamation for a \$25 million repayment contract relating to the JPP Excitation Project.
- d. **B.F. Sisk Negotiations** – Barajas stated that the Authority is in ongoing

negotiations with Reclamation in regards to the B.F. Sisk Dam Raise and Reservoir Expansion Project. The planning phase is complete and the focus is the design phase of the project.

10. **Committee Member Reports**

No reports.

11. **Reports Pursuant to Government Code Sec 54954.2**

No reports.

12. **Adjournment.**

The meeting was adjourned at approximately 12:38 p.m.



MEMORANDUM

TO: SLDMWA Finance and Administration Committee, Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer

DATE: April 1, 2024

RE: Resolution Authorizing Execution of Contract with the United States Providing for the Repayment of Extraordinary Maintenance Costs for the C.W. "Bill" Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project

BACKGROUND

The 2021 Bipartisan Infrastructure Law (BIL) authorized \$3.2 billion for extraordinary maintenance (XM) of Reclamation facilities. These funds are available to both reserved and transferred works facilities, to be administered through the Aging Infrastructure Account (Account), a Reclamation-wide revolving fund created to sustain investment in extraordinary maintenance (XM). Reclamation's FY 2023 Spend Plan authorized \$649 million from the Account through a competitive funding process. Reclamation has indicated that there will be 4 additional application periods for a total available between FY 2023 and FY 2027 of approximately the \$3.2 billion authorized in the BIL.

As a transferred works entity, the Water Authority applied for funds to support XM of transferred works facilities in each of the last two years. In December 2022, consistent with Board Resolution No. 2022-509 authorizing application for extended repayment and funding for extraordinary maintenance work, the Water Authority applied for BIL funding for two projects: the DMC Subsidence Correction Project and the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project. Each project was selected to receive \$25M in March 2023. To receive the funds, the Water Authority is required to negotiate and execute repayment contracts with Reclamation. The Water Authority and Reclamation began negotiating the repayment contract for the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project in December 2023 and completed negotiations in March 2024. The draft repayment contract is attached and the Water Authority is seeking authorization to finalize and execute the contract.

ISSUE FOR DECISION

Whether the Board of Directors should adopt the proposed Resolution Authorizing Execution of Contract with the United States Providing for the Repayment of Extraordinary Maintenance Costs for the C.W. "Bill" Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project.

RECOMMENDATION

Water Authority staff recommends adoption of the proposed resolution.

ANALYSIS

The application process is described in Reclamation Directive and Standard (D&S) PEC 05-03 (attached). Following award, the Water Authority was required to negotiate and execute a contract for extended repayment of funds.

Per Section 8E Acreage Limitation, on page 8 of D&S PEC 05-03, extended repayment of O&M expenses does **not** trigger Reclamation Reform Act pricing or acreage limitations.

Key components of the negotiated draft repayment contract include:

1. A repayment term of 27 years. The repayment term was informed by the service life of the various components of the project, as separately analyzed by the Authority and Reclamation.
2. Ability of the Water Authority to receive upfront funding from Reclamation to fund the project. This component will eliminate cash flow issues associated with issuing the contracts needed to complete this project.
3. Six separate repayment schedules for the project. While only one repayment contract will be executed for this project, Reclamation asserts that per FAC 01-05(K) Substantial Completion, repayment must begin following substantial completion of each separate Jones Pumping Plant unit during the project, because each unit at that point will return to service and new excitation system will begin providing benefits.

The proposed Resolution authorizes execution of the contract in substantial form because the contract is still with Reclamation for final review. Reclamation has indicated they may have a few proposed changes to the contract, but Water Authority staff does not expect them to be substantial. Following execution of the repayment contract, Water Authority staff will proceed in hiring a contractor to execute the project, and expects work on the first unit to begin around November 2024. Once initiated, the refurbishment of each of the six units of Jones Pumping Plant is anticipated to take approximately 6 months; the total project is anticipated to be complete within three years.

As stated above, there will be six separate repayment amounts and schedules associated with the repayment contract. Staff currently anticipates a rough break-down of the \$25 million into the following amounts:

- Unit 1: \$4.161 m
- Unit 2: \$4.161 m
- Unit 3: \$4.161 m
- Unit 4: \$4.161 m
- Unit 5: \$4.161 m
- Unit 6: \$4.191 m

Once each repayment schedule is established, Water Authority staff will assess a reserve component for that schedule. Based on the current U.S. Treasury Long Term Rate (30 Year) of 4.4600%, the current projected estimated reserve rate required to begin repaying the loan would be approximately \$.89/acre-foot. Repayment would begin no earlier than FY26.

ATTACHMENTS

1. Resolution Authorizing Execution of the Extended Repayment Contract for the amount of funding not to exceed \$25M for the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project
2. Draft Contract Between the United States of America and the San Luis & Delta-Mendota Water Authority Providing for the Repayment of Extraordinary Maintenance Costs for the C.W. "Bill" Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project
3. Reclamation Directive and Standard (D&S) PEC 05-03

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2024-xxx

RESOLUTION AUTHORIZING EXECUTION OF CONTRACT WITH THE UNITED STATES PROVIDING FOR THE REPAYMENT OF EXTRAORDINARY MAINTENANCE COSTS FOR THE C.W. “Bill” JONES PUMPING PLANT EXCITATION CABINET AND CONTROL PANEL REFURBISHMENT PROJECT

WHEREAS, the San Luis & Delta-Mendota Water Authority (“**Water Authority**”) is a transferred works operator responsible for the operation, maintenance, and replacement (“**OM&R**”) of certain Central Valley Project (“**CVP**”) facilities, including the Jones Pumping Plant; and

WHEREAS, the Jones Pumping Plant is in need of extraordinary maintenance due to the age of the facility and the irreplaceable role the facility has of moving water from the Delta to the CVP; and

WHEREAS, the Water Authority and Reclamation have been and are working closely to study the need for and plan the C.W. “Bill” Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project (“**JPP Excitation Project**”) with a construction cost estimate of \$25 million; and

WHEREAS, the Water Authority submitted an application in 2022 and was awarded \$25 million in Bipartisan Infrastructure Law (“**BIL**”) funding in Fiscal Year 2023 for the JPP Excitation Project and has completed the negotiation process to determine the terms of the repayment contract; and

WHEREAS, the Water Authority is authorized to fund and negotiate contracts for the repayment of extraordinary maintenance projects; and

WHEREAS, the Water Authority is now seeking authorization to execute the Contract Between the United States of America and the San Luis & Delta-Mendota Water Authority Providing for the JPP Excitation Project (“**Repayment Contract**”); and

WHEREAS, the Board of Directors has considered that certain form of the Repayment Contract, Attachment 1 to this Resolution, presented to the Board of Directors and on file with the Secretary hereof; and

WHEREAS, authorizing execution of a repayment contract with the United States does not constitute a project or projects under the California Environmental Quality Act (“**CEQA**”) because the proposed actions represent administrative actions of the Water Authority that will not result in direct or indirect physical changes in the environment (CEQA Guidelines Section 15378(b)(5)); further, because the proposed actions are exempt from CEQA pursuant to the statutory exemption for ongoing pre-CEQA projects (CEQA Guidelines Section 15261) and the categorical exemption for the continued operation and maintenance of existing facilities at the same level of use (CEQA Guidelines Section 15301); and because it can be seen with certainty that there is no possibility that the proposed actions in question may have a significant effect on

the environment, the proposed action is not subject to CEQA (CEQA Guidelines Section 15061(b)(3)); and

WHEREAS, the Board is willing to authorize execution of the Repayment Contract, subject to such revisions, additions, and deletions as may be approved by the executing officers at the time of signing the Repayment Contract, said execution to provide conclusive evidence of such approval.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. The Board hereby authorizes the Executive Director and Chief Operating Officer, and such Water Authority employee or consultant as either of such officers may designate to execute a repayment contract on behalf of the Water Authority for extended repayment and funding from the Aging Infrastructure Account for the C.W. “Bill” Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project.

Section 3. The Executive Director and Chief Operating Officer, and such Water Authority employee or consultant as either of such officers may designate, are further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary to the completion of the activities authorized by this Resolution.

PASSED, APPROVED AND ADOPTED this 4th day of April, 2024, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chairman
San Luis & Delta-Mendota Water Authority

Attest:

Federico Barajas, Secretary

I hereby certify that the foregoing Resolution No. 2024-xxx was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 4th day of April 4, 2024.

Federico Barajas, Secretary

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF RECLAMATION
 Central Valley Project, California

CONTRACT BETWEEN THE UNITED STATES OF AMERICA
 AND THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
 PROVIDING FOR
 THE REPAYMENT OF EXTRAORDINARY MAINTENANCE COSTS
 FOR THE C.W. "BILL" JONES PUMPING PLANT EXCITATION CABINET AND
 CONTROL PANEL REFURBISHMENT PROJECT

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Recitals.....	1
1	Definitions.....	3
2	Term of the Contract.....	4
3	XM Work	4
4	Funds to be Provided	5
5	Contractor’s Repayment Obligation	6
6	Reporting Requirements	7
7	Buy America Domestic Procurement Preference	7
8	Wage Equality.....	11
9	Preservation of Existing Contract	12
10	Severability	12
11	Resolution of Disputes.....	12
12	Environmental Compliance	12
13	Contracts with Third Parties	13
14	Failure to Complete Work	13
15	Charges for Delinquent Payments	14
16	General Obligation – Benefits Conditioned Upon Payment.....	15
17	Notices	15
18	Contingent on Appropriation or Allotment of Funds	15
19	Officials Not to Benefit.....	15
20	Assignment Limited – Successors and Assigns Obligated.....	15
21	Books, Records, and Reports	15
22	Compliance with Federal Reclamation Laws	16
23	Equal Employment Opportunity	16
24	Compliance with Civil Rights Laws and Regulations	17
25	Certification of Nonsegregated Facilities	18
26	Medium for Transmitting Payments	19
27	Contract Drafting Considerations	19
28	Signature Page	20

- Exhibit A – Repayment Schedule(s)
- Exhibit B – Scope(s) of Work
- Exhibit C – Contractor Responsibilities
- Exhibit D – Standard Form 425 (SF 425)

DRAFT

1 UNITED STATES
2 DEPARTMENT OF THE INTERIOR
3 BUREAU OF RECLAMATION
4 Central Valley Project, California

5 CONTRACT BETWEEN THE UNITED STATES OF AMERICA
6 AND THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
7 PROVIDING FOR
8 THE REPAYMENT OF EXTRAORDINARY MAINTENANCE COSTS
9 FOR THE C.W. "BILL" JONES PUMPING PLANT EXCITATION CABINET AND
10 CONTROL PANEL REFURBISHMENT PROJECT

11 THIS CONTRACT made this ____ day of _____, 2023, pursuant to
12 the Reclamation Act of June 17, 1902 (32 Stat. 388), and acts amendatory and supplementary
13 thereto, including but not limited to, Title IX, Subtitle G, Section 9603 of the Omnibus Public
14 Land Management Act of March 30, 2009 (P.L. 111-11, 123 Stat. 1348, 43 U.S.C. § 510b), all
15 collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES
16 OF AMERICA, hereinafter referred to as the "United States", and the SAN LUIS & DELTA-
17 MENDOTA WATER AUTHORITY, hereinafter referred to as the "Contractor", a joint powers
18 authority duly organized, existing, and acting pursuant to the laws of the State of California;

19 WITNESSETH, That:

20 RECITALS

21 a. On January 14, 2020, the United States acting through the Bureau of Reclamation,
22 hereinafter referred to as Reclamation, and the Contractor executed Contract No. 8-07-20-
23 X0354-X, which transferred the responsibility for operation, maintenance, and replacement of a
24 certain portion of the Central Valley Project (CVP), Delta Division facilities, including the C.W.
25 "Bill" Jones Pumping Plant, formerly known as the Tracy Pumping Plant, hereafter Jones
26 Pumping Plant, to the Contractor; and

27 b. Reclamation, in consultation with the Contractor, has determined that XM Work
28 is needed to refurbish and modernize the excitation and control systems of each of the six units
29 of Jones Pumping Plant; and

30 c. The preliminary cost estimate for the entire XM Work is \$25,000,000; and

31 d. Pursuant to Title XI, Section 1101 of Public Law 116-260 (134 Stat. 3221),
32 Reclamation’s existing XM authority was amended by the establishment of the Aging
33 Infrastructure Account, hereinafter “Account”, and an annual application process was established
34 for eligible contractors to apply for funds and extended repayment. The 2021 Bipartisan
35 Infrastructure Law provided funding for the Account for extraordinary maintenance needs over
36 the next five years; and the Contractor submitted an application requesting funding from the
37 Account for the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment
38 Project; and

39 e. By memorandum of March 31, 2023, the Commissioner of the Bureau of
40 Reclamation approved and authorized \$25,000,000 for planning, design, and subsequent
41 implementation of the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment
42 Project submitted by the Contractor under the authority of Title IX, Subtitle G of Public Law
43 111-11 (123 Stat. 991) and Title XI, Section 1101 of Public Law 116-260 (134 Stat. 3221); and

44 f. This Contract is established for the repayment of reimbursable costs of the
45 XM Work.

46 In consideration of the mutual and dependent covenants herein contained, the Parties
47 mutually agree as follows:

48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69

DEFINITIONS

1. When used in this Contract, the term:

(a) “Construction” shall mean the construction of the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project, including, but not limited to, refurbishment and modernization of the excitation and control systems of each of the six units of Jones Pumping Plant, construction, and any required environmental mitigation activities.

(b) “Contracting Officer” shall mean the Secretary of the Interior’s duly authorized representative acting pursuant to this Contract or applicable Federal Reclamation law or regulation.

(c) “Existing Contract” shall mean Contract No. 8-07-20-X0354-X, effective January 14, 2020, as amended, between the United States and the Contractor.

(d) “Fiscal Year” shall mean the period of October 1 through September 30 of the following Year, both dates inclusive.

(e) “Planning Study” shall mean a study prepared in compliance with Reclamation Manual Directives and Standards, Planning for Major Rehabilitation and Replacement Activities, CMP 09-04, as may be revised or superseded, as well as associated environmental compliance, permitting, and appropriate level of design, that is accepted by Reclamation for the Jones Pumping Plant Excitation Cabinet and Control Panel Refurbishment Project.

(f) “Planning Study Completion” shall mean the date the Policy Compliance Review required by CMP 09-04 is completed and signed by the Director, Policy and Programs and the California-Great Basin Regional Director determining that the Planning Study meets the

70 compliance requirements of CMP 09-04, as well as completion of the designs necessary to
71 support a solicitation for construction work.

72 (g) “Project” shall mean the Central Valley Project located in California.

73 (h) “Repayment Obligation” shall mean the entire sum of funds expended for
74 the XM Work pursuant to this Contract, plus accrued interest, as determined by the Contracting
75 Officer and reflected in Exhibit A.

76 (i) “Extraordinary Maintenance” or “XM Work” shall include Construction
77 and shall be consistent with the definition provided in PEC 05-03, as amended or supplemented.

78 (j) “Substantially Complete” or “Substantial Completion” shall be consistent
79 with the definition provided in FAC 01-05, as amended or supplemented.

80 (k) “Year” shall mean the period January 1 through December 31, both dates
81 inclusive.

82 TERM OF THE CONTRACT

83 2. This Contract shall become effective on the date first written above and shall
84 remain in effect until the Contractor has fully repaid its Repayment Obligation to the United
85 States over the period described in Article 5 herein.

86 XM WORK

87 3. (a) Reclamation will perform the work identified in Exhibit B. Exhibit B may
88 be updated by the Contracting Officer (or his representative) without amendment of this Contract.
89 The Contractor will have an opportunity to review Exhibit B prior to any proposed updates.

90 (b) The XM Work is to be performed by the Contractor. The XM Work may
91 be modified upon advanced written request by the Contractor and advanced approval by the
92 Contracting Officer in accordance with Federal reclamation law and policy. All designs,
93 specifications, and work performed under this Contract shall be approved in advance and in

94 writing by the Contracting Officer, or as otherwise agreed to in writing at the exclusive
95 discretion of the Contracting Officer.

96 FUNDS TO BE PROVIDED

97 4. (a) The total amount requested by the Contractor for the XM Work subject to
98 this Contract is \$25,000,000. The total amount of funding provided pursuant to Title IX, Subtitle
99 G of Public Law 111-11 (123 Stat. 991) and Title XI, Section 1101 of Public Law 116-260 (134
100 Stat. 3221) is \$25,000,000. No additional funding will be provided unless the Parties agree to
101 amend this Contract.

102 (b) Funds may be provided to the Contractor in advance of the XM Work
103 provided that any such advance of funds shall be released in as many installments as the
104 Contracting Officer deems necessary; *Provided further*, That the Contractor may request an
105 advance of funds in particular installments; however, the Contractor must provide the
106 Contracting Officer justification for the immediate need for the funds requested, including how
107 the funds would be applied (e.g., components, labor, overhead, and shipping) and the
108 Contracting Officer shall have the final determination in how and when installments are
109 transmitted.

110 (c) All funds advanced to the Contractor shall be deposited and maintained in
111 an insured account, until such time as the Contractor applies the funds against the XM Work;
112 *Provided*, That the Contractor shall use the funds solely to finance the XM Work; *Provided*
113 *further*, That the Contractor shall return any and all unexpended, unobligated, or unencumbered
114 funds within thirty (30) days after the date on which the Contracting Officer determines and
115 notifies the Contractor in writing that the entire XM Work is Substantially Complete.

116 (d) Funds will no longer be provided once the Contracting Officer determines
117 that: (1) the work described in Article 3 herein is complete; (2) the Contractor no longer requires
118 additional funds to complete said XM Work; or (3) the amount stated in subarticle 4(a) of the
119 Contract has been expended.

120 CONTRACTOR'S REPAYMENT OBLIGATION

121 5. (a) The Contractor shall be obligated to repay the entire sum of funds
122 expended, as specified in Exhibit A, plus accrued interest, as determined by the Contracting
123 Officer, pursuant to paragraph (b)(1) herein, over a period of twenty-seven (27) years from the
124 date the Contracting Officer deems the XM Work on each unit of Jones Pumping Plant
125 Substantially Complete, which total sum is hereinafter referred to as Repayment Obligation.

126 (b) The interest rate used for computing interest on federal funds disbursed to
127 the Contractor shall be the Department of the Treasury rate as of the date on which federal and/or
128 Contractor funds are disbursed pursuant to this Contract, on the basis of average market yields on
129 outstanding marketable obligations of the United States with the remaining periods of maturity
130 comparable to the applicable reimbursement period pursuant to this Contract, adjusted to the
131 nearest 1/8 of 1 percent on the unamortized balance of any portion of the Repayment Obligation.
132 Interest accrual shall commence on the date when federal funds are advanced by the United
133 States to the Contractor and will be computed on an annual basis on the unpaid balance of the
134 Repayment Obligation, as determined by the Contracting Officer.

135 (c) The Contracting Officer will notify the Contractor in writing of Planning
136 Study Completion. Following such notification, and after consultation with the Contractor, the
137 Contracting Officer shall provide the Contractor with a repayment schedule of the Repayment
138 Obligation requiring equal annual installments for the XM Work on each unit of the Jones

139 Pumping Plant, which schedule shall be incorporated into this Contract as Exhibit A, and which may
140 be updated by the Contracting Officer without amendment of this Contract.

141 (d) The Contractor may, at any time, prepay all or a portion of the unpaid
142 Repayment Obligation as provided herein without penalty, notwithstanding any interest accrued
143 that the Contractor is required to pay.

144 REPORTING REQUIREMENTS

145 6. (a) The Contractor shall provide the Contracting Officer with progress and financial
146 status reports to the Area Manager of the South-Central California Area Office in accordance
147 with 43 USC 510(b), including but not limited to, the actual costs, along with supporting
148 documentation, for each completed task identified in Exhibit C. (b) Progress

149 Reports – From project initiation through completion, the Contractor will provide by November
150 15 of each year, a narrative description of the XM Work performed during each Federal fiscal
151 year (October 1 through September 30). Progress reports must contain a narrative of the work
152 accomplished, descriptions of contracts, major subcontracts, and modifications implemented
153 during the report period, architect, and engineer (A/E) service deliverables, the percentage of
154 work completed, the substantial completion status, and any problems encountered, and corrective
155 actions taken. Any issues that impact or may pose a future risk to cost, scope, or schedule will be
156 identified. For projects in the construction phase, the report will include an updated construction
157 schedule generated by the construction subcontractor, including but not limited to components,
158 labor, overhead, and shipping.

159 (c) Financial Reports – From project initiation through completion, the
160 Contractor will provide quarterly financial reports using Standard Form-425 (Federal Financial
161 Report) (see Exhibit D). Reports shall be submitted within forty-five (45) days of the end of each

162 calendar year quarter (March 31, June 30, September 30, and December 31) starting in the
163 quarter that funding is received.

164 BUY AMERICA DOMESTIC PROCUREMENT PREFERENCE

165 7. (a) As required by Section 70914 of the Bipartisan Infrastructure Law (also
166 known as the Infrastructure Investment and Jobs Act), Pub. L. 117-58, on or after May 14, 2022,
167 none of the funds under a federal award that are part of federal financial assistance program for
168 Infrastructure may be obligated for a project unless all of the iron, steel, manufactured products,
169 and Construction materials used in the project are produced in the United States, unless subject
170 to an approved waiver. The requirements of this section must be included in all subawards,
171 including all contracts and purchase orders for work or products under this program.

172 Recipients of an award of federal financial assistance are hereby notified that none of the funds
173 provided under this award may be used for a project for Infrastructure unless:

174 (1) all iron and steel used in the project are produced in the United States – this means
175 all manufacturing processes, from the initial melting stage through the application of
176 coatings, occurred in the United States; and

177 (2) all manufactured products used in the project are produced in the United States –
178 this means the manufactured product was manufactured in the United States; and the
179 cost of the components of the manufactured product that are mined, produced, or
180 manufactured in the United States is greater than 55 percent of the total cost of all
181 components of the manufactured product, unless another standard for determining the
182 minimum amount of domestic content of the manufactured product has been established
183 under applicable law or regulation; and

184 (3) all Construction materials are manufactured in the United States—this means that all
185 manufacturing processes for the construction material occurred in the United States.

186 The Buy America preference only applies to articles, materials, and supplies that are consumed
187 in, incorporated into, or affixed to an Infrastructure project. As such, it does not apply to tools,
188 equipment, and supplies, such as temporary scaffolding, brought to the construction site and
189 removed at or before the completion of the Infrastructure project. Nor does a Buy America
190 preference apply to equipment and furnishings, such as movable chairs, desks, and portable
191 computer equipment, that are used at or within the finished Infrastructure project but are not an
192 integral part of the structure or permanently affixed to the Infrastructure project.

193 For further information on the Buy America preference, please visit
194 www.doi.gov/grants/BuyAmerica. Additional information can also be found at the White House
195 Made in America Office website: www.whitehouse.gov/omb/management/made-in-america/.

196 (b) Waivers - When necessary, recipients may apply for, and the Department
197 of the Interior (DOI) may grant, a waiver from these requirements, subject to review by the Made
198 in America Office. The DOI may waive the application of the Domestic content procurement
199 preference in any case in which it is determined that one of the below circumstances applies:

200 (1) Non-availability Waiver: the types of iron, steel, manufactured products, or
201 Construction materials are not produced in the United States in sufficient and reasonably
202 available quantities or of a satisfactory quality; or

203 (2) Unreasonable Cost Waiver: the inclusion of iron, steel, manufactured products, or
204 Construction materials produced in the United States will increase the cost of the overall
205 project by more than twenty-five (25) percent; or

206 (3) Public Interest Waiver: applying the Domestic content procurement preference would
207 be inconsistent with the public interest.

208 There may be instances where an award qualifies, in whole or in part, for an existing DOI
209 general applicability waiver as described at:

210 www.doi.gov/grants/BuyAmerica/GeneralApplicabilityWaivers. If the specific financial
211 assistance agreement, Infrastructure project, or non-domestic materials meets the criteria of an
212 existing general applicability waiver within the limitations defined within the waiver, the
213 recipient is not required to request a separate waiver for non-domestic materials.

214 If a general applicability waiver does not already apply, and a recipient believes that one of the
215 above circumstances applies to an award, a request to waive the application of the Domestic
216 content procurement preference may be submitted to the financial assistance awarding officer in
217 writing. The waiver shall not include any Privacy Act information, sensitive data, or proprietary
218 information within their waiver request. Waiver requests will be posted to
219 www.doi.gov/grants/buyamerica and are subject to public comment periods of no less than 15
220 days. Waiver requests will also be reviewed by the Made in America Office. Waiver requests
221 shall include the below information:

- 222 (1) Type of waiver requested (non-availability, unreasonable cost, or public interest).
- 223 (2) Requesting entity and Unique Entity Identifier (UEI) submitting the request.
- 224 (3) Department of Interior Bureau or Office who issued the award.
- 225 (4) Federal financial assistance listing name and number (reference block 2 on DOI
226 Notice of Award)
- 227 (5) Financial assistance title of project (reference block 8 on DOI Notice of Award).
- 228 (6) Federal Award Identification Number (FAIN).

- 229 (7) Federal funding amount (reference block 11.m. on DOI Notice of Award).
- 230 (8) Total cost of Infrastructure expenditures (includes federal and non-federal funds to the
231 extent known).
- 232 (9) Infrastructure project description(s) and location(s) (to the extent known).
- 233 (10) List of iron or steel item(s), manufactured goods, and construction material(s) the
234 recipient seeks to waive from Buy America requirements. Include the name, cost,
235 countries of origin (if known), and relevant [PCS](#) or [NAICS](#) code for each.
- 236 (11) A certification that the recipient made a good faith effort to solicit bids for domestic
237 products supported by terms included in requests for proposals, contracts, and
238 nonproprietary communications with the prime contractor.
- 239 (12) A statement of waiver justification, including a description of efforts made (e.g.,
240 market research, industry outreach) by the recipient, in an attempt to avoid the need for a
241 waiver. Such a justification may cite, if applicable, the absence of any Buy America-
242 compliant bids received in response to a solicitation.
- 243 (13) Anticipated impact if no waiver is issued.
- 244 Approved waivers will be posted at www.doi.gov/grants/BuyAmerica/ApprovedWaivers;
245 recipients requesting a waiver will be notified of their waiver request determination by an
246 awarding officer. Questions pertaining to waivers should be directed to the financial assistance
247 awarding officer.

248 WAGE EQUALITY

249 8. The Contractor will ensure compliance with Section 41101 of the Bipartisan
250 Infrastructure Law (Pub. L. 117-58), which requires that all laborers and mechanics employed by
251 the Contractor or a subcontractor in the performance of construction, alteration, or repair work

252 on a project assisted in whole or in part by funding made available under the Bipartisan
253 Infrastructure Law (Pub. L. 117-58) shall be paid wages at rates not less than those prevailing on
254 similar projects in the locality, as determined by the Secretary of Labor in accordance with
255 Subchapter IV of Chapter 31 of Title 40, United States Code (commonly referred to as the Davis
256 Bacon Act).

257 PRESERVATION OF EXISTING CONTRACT

258 9. Except as specifically provided herein, the Existing Contract shall continue in full
259 force and effect as originally written, executed, and amended. Any dispute between this
260 Contract and the Existing Contract shall be resolved pursuant to Article 7 of this Contract.

261 SEVERABILITY

262 10. In the event that any one or more of the provisions contained herein shall, for any
263 reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality,
264 or unenforceability shall not affect any other provisions of this Contract, but this Contract shall
265 be construed as if such invalid, illegal, or unenforceable provisions had never been contained
266 herein, unless the deletion of such provisions would result in such a material change so as to
267 cause the fundamental benefits afforded the Parties to this Contract to become unavailable or
268 materially altered.

269 RESOLUTION OF DISPUTES

270 11. Should any dispute arise concerning any provision of this Repayment Contract,
271 upon written request from either the Contracting Officer (or his representative) or the Contractor,
272 the Area Manager, South-Central California Area Office and the Contractor will meet and confer
273 in an attempt to resolve the dispute within sixty (60) days of such request. If the dispute has not

274 been resolved within the initial sixty (60) days, the dispute will be referred to the Contracting
275 Officer for a subsequent ninety (90) days within which to resolve the dispute.

276 ENVIRONMENTAL COMPLIANCE

277 12. (a) The Contractor will comply with any applicable environmental measures
278 contained in any environmental documentation prepared in connection with the XM Work

279 (b) The Contractor will comply with all Federal, state, local, and tribal law,
280 and requirements imposed for protection of the environment and Indian trust assets, including,
281 but not limited to, the Native American Graves Protection and Repatriation Act (Pub. L. 101-
282 601, 104 Stat. 3048, 25 U.S.C. §3001 et seq.) and the Archaeological Resources Protection Act
283 of 1979 (Pub. L. 96-95, 93 Stat. 721, 16 U.S.C. §470aa et seq.).

284 CONTRACTS WITH THIRD PARTIES

285 13. (a) The Contractor shall advertise each construction (as “construction” is
286 defined in the Federal Acquisition Regulations (FAR) at 48 C.F.R. § 2.101), equipment, or
287 supply contract exceeding \$25,000 (twenty-five thousand dollars) for competitive bidding. Any
288 action proposed by the Contractor other than making the award to the lowest responsible bidder
289 shall be subject to the Contracting Officer’s approval.

290 (b) For all construction contracts exceeding \$100,000 (one hundred thousand
291 dollars), the Contractor shall require construction contractors to furnish performance and
292 payment bonds, each in amounts equal to at least 100 percent of the contract price. For
293 construction contracts exceeding \$30,000 (thirty thousand dollars), but not exceeding \$100,000
294 (one hundred thousand dollars), the Contracting Officer shall select at least two of the payment
295 protections set forth in the FAR at 48 C.F.R. § 28.102-1(b)(1), and the Contractor shall require
296 the construction contractor to secure one of the selected protections. Supply and equipment
297 contractors may be required to furnish performance bonds on supply or equipment contracts
298 exceeding \$100,000 (one hundred thousand dollars) when the contract calls for substantial
299 progress payments before delivery of end items.

300 (c) The United States shall not be a party to or obligated in any manner by
301 contracts entered into between the Contractor and other parties pursuant to this contract.

302 FAILURE TO COMPLETE WORK

303 14. (a) In the event that the Contractor fails to complete the work to be performed
304 pursuant to this contract for any reason other than the failure of the United States to appropriate
305 and allocate funds, the Contractor shall, upon receipt of written notice from the Contracting

306 Officer, suspend payment on all current contracts and return to the United States any unexpended
307 balance of funds advanced by the United States and contributed by the Contractor in such
308 amounts as determined to be equitable by the Contracting Officer. Following delivery of the
309 notice, the Contracting Officer may adopt either of the following two alternatives:

310 (1) Perform, or cause to be performed, all or any part of the work
311 remaining under this contract and within the limits of the funds provided herein by the United
312 States and by the Contractor for the project, as well as operate and maintain the project
313 concurrently. The Contractor shall transfer to the United States custody and use of all
314 equipment, materials, and supplies used or useful in the performance of the work; permit the
315 United States, its contractors, and its agents ingress to and egress from lands, project works, and
316 facilities of the Contractor for the performance of such work; and assign to the United States the
317 Contractor's interest in any contract for the performance of work or the supplying of equipment
318 or material in connection with such work where requested by the United States and agreed to by
319 the other contracting party; or

320 (2) Declare the project substantially complete within the provisions of
321 this contract by giving written notice to the Contractor that (a) the construction work on a feature
322 is substantially complete, or (b) the feature is providing benefits and services for the intended
323 purpose(s), or (c) the feature is generating revenue, where applicable. Repayment of the loan
324 obligation shall be carried out in accordance with the provisions of this contract; *Provided, That*
325 the first annual payment shall become due in the year following the year in which the Contractor
326 is notified of such declaration of completion.

327 (b) In the event the United States shall proceed as provided in (a)(1) of this
328 article, the United States may, at any time and regardless of the progress of work performed
329 thereunder, declare the project complete by giving written notice thereof to the Contractor, in
330 which event the provisions of (a)(2) of this article shall apply; *Provided, That* the loan obligation
331 shall not exceed the limitation specified in this contract, including all expenditures made
332 pursuant to provisions of (a)(1) of this article.

333 (c) Upon giving written notice of project completion to the Contractor as
334 provided above, the United States shall have the right, without further notice, to take over the
335 care, operation, and maintenance of the project.

336 CHARGES FOR DELINQUENT PAYMENTS

337 15. (a) The Contractor shall be subject to interest, administrative, and penalty
338 charges on delinquent payments. If a payment is not received by the due date, the Contractor
339 shall pay an interest charge on the delinquent payment for each day the payment is delinquent
340 beyond the due date. If a payment becomes 60 days delinquent, the Contractor shall pay, in
341 addition to the interest charge, an administrative charge to cover additional costs of billing and
342 processing the delinquent payment. If a payment is delinquent 90 days or more, the Contractor
343 shall pay, in addition to the interest and administrative charges, a penalty charge for each day the
344 payment is delinquent beyond the due date, based on the remaining balance of the payment due
345 at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt
346 collection services associated with a delinquent payment.

347 (b) The interest rate charged shall be the greater of either the rate prescribed
348 quarterly in the Federal Register by the Department of the Treasury for application to overdue
349 payments, or the interest rate of 0.5 percent per month. The interest rate charged will be
350 determined as of the due date and remain fixed for the duration of the delinquent period.

351 (c) When a partial payment on a delinquent account is received, the amount
352 received shall be applied first to the penalty charges, second to the administrative charges, third
353 to the accrued interest, and finally to the overdue payment.

354 GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT

355 16. (a) The obligation of the Contractor to pay the United States as provided in
356 this Contract is a general obligation of the Contractor notwithstanding the manner in which the
357 obligation may be distributed among the Contractor's water users and notwithstanding the default
358 of individual water users in their obligation to the Contract.

359 (b) The payment of charges becoming due pursuant to this Contract is a
360 condition precedent to receiving benefits under this Contract. The United States shall not make
361 water available to the Contractor through Project facilities during any period in which the
362 Contractor may be in arrears for more than 12 months in the payment of any construction
363 charges due the United States.

364 NOTICES

365 17. Any notice, demand, or request authorized or required by this Contract shall be
366 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
367 delivered to the Area Manager, South-Central California Area Office, Bureau of Reclamation,
368 1243 N Street, Fresno, California 93721, and on behalf of the United States, when mailed,
369 postage prepaid, or delivered to the Executive Director, of the Contractor, P.O. Box 2157, Los
370 Banos, California 93635. The designation of the addressee or the address may be changed by
371 notice given in the same manner as provided in this article for other notices.

372 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

373 18. The expenditure or advance of any money or the performance of any obligation of
374 the United States under this Contract shall be contingent upon appropriation or allotment of
375 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
376 obligations under this Contract. No liability shall accrue to the United States in case funds are
377 not appropriated or allotted.

378 OFFICIALS NOT TO BENEFIT

379 19. No Member of or Delegate to the Congress, Resident Commissioner, or official of
380 the Contractor shall benefit from this Contract other than as a water user or landowner in the
381 same manner as other water users or landowners.

382 ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

419 (3) The Contractor will not discharge or in any other manner discriminate
420 against any employee or applicant for employment because such employee or applicant has
421 inquired about, discussed, or disclosed the compensation of the employee or applicant or another
422 employee or applicant. This provision shall not apply to instances in which an employee who
423 has access to the compensation information of other employees or applicants as a part of such
424 employee's essential job functions discloses the compensation of such other employees or
425 applicants to individuals who do not otherwise have access to such information, unless such
426 disclosure is in response to a formal complaint or charge, in furtherance of an investigation,
427 proceeding, hearing, or action, including an investigation conducted by the employer, or is
428 consistent with the Contractor's legal duty to furnish information.

429 (4) The Contractor will send to each labor union or representative of workers
430 with which he has a collective bargaining agreement or other contract or understanding, a notice,
431 to be provided by the agency Contracting Officer, advising the labor union or workers'
432 representative of the Contractor's commitments under section 202 of Executive Order No. 11246
433 of September 24, 1965, and shall post copies of the notice in conspicuous places available to
434 employees and applicants for employment.

435 (5) The Contractor will comply with all provisions of Executive Order No.
436 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of
437 Labor.

438 (6) The Contractor will furnish all information and reports required by
439 Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of
440 the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and
441 accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to
442 ascertain compliance with such rules, regulations, and orders.

443 (7) In the event of the Contractor's noncompliance with the nondiscrimination
444 clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be
445 canceled, terminated or suspended in whole or in part and the Contractor may be declared
446 ineligible for further Government contracts in accordance with procedures authorized in
447 Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and
448 remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule,
449 regulation, or order of the Secretary of Labor, or as otherwise provided by law.

450 (8) The Contractor will include the provisions of paragraphs (1) through (8) in
451 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
452 Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September
453 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The
454 Contractor will take such action with respect to any subcontract or purchase order as may be
455 directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions
456 for noncompliance: *Provided, however,* that in the event the Contractor becomes involved in, or
457 is threatened with, litigation with a subcontractor or vendor as a result of such direction, the
458 Contractor may request the United States to enter into such litigation to protect the interests of
459 the United States.

460

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

461 24. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
462 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as
463 amended; 29 U.S.C. §791, et. Seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135, Title
464 III; 42 U.S.C. § 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub. L.
465 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the
466 applicable implementing regulations and any guidelines imposed by the U.S. Department of the
467 Interior and/or Bureau of Reclamation.

468 (b) These statutes prohibit any person in the United States from being
469 excluded from participation in, being denied the benefits of, or being otherwise subjected to
470 discrimination under any program or activity receiving financial assistance from the Bureau of
471 Reclamation on the grounds of race, color, national origin, disability, or age. By executing this
472 Contract, the Contractor agrees to immediately take any measures necessary to implement this
473 obligation, including permitting officials of the United States to inspect premises, programs, and
474 documents.

475 (c) The Contractor makes this Contract in consideration of and for the
476 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
477 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
478 Reclamation, including installment payments after such date on account of arrangements for
479 Federal financial assistance which were approved before such date. The Contractor recognizes
480 and agrees that such Federal assistance will be extended in reliance on the representations and
481 agreements made in this article, and that the United States reserves the right to seek judicial
482 enforcement thereof.

483 (d) Complaints of discrimination against the Contractor shall be investigated
484 by the Contracting Officer’s Office of Civil Rights.

485 CERTIFICATION OF NONSEGREGATED FACILITIES

486 25. The Contractor hereby certifies that it does not maintain or provide for its
487 employees any segregated facilities at any of its establishments and that it does not permit its
488 employees to perform their services at any location under its control where segregated facilities
489 are maintained. It certifies further that it will not maintain or provide for its employees any
490 segregated facilities at any of its establishments and that it will not permit its employees to
491 perform their services at any location under its control where segregated facilities are
492 maintained. The Contractor agrees that a breach of this certification is a violation of the Equal
493 Employment Opportunity clause in this Contract. As used in this certification, the term
494 "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms,
495 restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas,
496 parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing
497 facilities provided for employees which are segregated by explicit directive or are in fact
498 segregated on the basis of race, creed, color, or national origin, because of habit, local custom,
499 disability, or otherwise. The Contractor further agrees that (except where it has obtained
500 identical certifications from proposed subcontractors for specific time periods) it will obtain

501 identical certifications from proposed subcontractors prior to the award of subcontracts
502 exceeding \$10,000 which are not exempt from the provisions of the Equal Employment
503 Opportunity clause; that it will retain such certifications in its files; and that it will forward the
504 following notice to such proposed subcontractors (except where the proposed subcontractors
505 have submitted identical certifications for specific time periods):

506 **NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR**
507 **CERTIFICATIONS OF NONSEGREGATED FACILITIES**

508 A Certification of Nonsegregated Facilities must be submitted prior to the award of a
509 subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal
510 Employment Opportunity clause. The certification may be submitted either for each subcontract
511 or for all subcontracts during a period (i.e., quarterly, semiannually, or annually). Note: The
512 penalty for making false statements in offers is prescribed in 18 U.S.C. § 1001.

513 **MEDIUM FOR TRANSMITTING PAYMENTS**

514 26. (a) All payments from the Contractor to the United States under this Contract
515 shall be by the medium requested by the United States on or before the date payment is due. The
516 required method of payment may include checks, wire transfers, or other types of payment
517 specified by the United States.

518 (b) Upon execution of the Contract, the Contractor shall furnish the
519 Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose
520 for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts arising
521 out of the Contractor's relationship with the United States.

522 **CONTRACT DRAFTING CONSIDERATIONS**

523 27. This Contract has been negotiated and reviewed by the Parties hereto, each of
524 whom is sophisticated in the matters to which this Contract pertains. Articles 1 through 7 of this
525 Contract have been drafted, negotiated, and reviewed by the Parties, and no one Party shall be
526 considered to have drafted the stated Articles.

527 IN WITNESS WHEREOF, the Parties hereto have executed this Contract as of
528 the day and year first above written.

529 UNITED STATES OF AMERICA

530 By: _____
531 Regional Director
532 Interior Region 10: California-Great Basin
533 Bureau of Reclamation

534 (SEAL) SAN LUIS & DELTA-MENDOTA WATER
535 AUTHORITY

536 By: _____
537 Chair of the Board of Directors

538 Attest:

539 By: _____
540 Secretary of the Board of Directors

EXHIBIT A

XM Work

Central Valley Project

REPAYMENT SCHEDULE

DRAFT

EXHIBIT B

XM Work

Central Valley Project

SCOPE(S) OF WORK

The scope of work includes, but is not necessarily limited to, the following:

- (1) The Planning Study, conducted by Reclamation in accordance with Directive & Standard CMP 09-04.

EXHIBIT C

XM Work

Central Valley Project

CONTRACTOR RESPONSIBILITIES

Definitions used in this Exhibit:

“Consultant(s)” shall mean the contractor(s) hired by the Contractor to complete the XM Work.

“Contractor” shall mean the SAN LUIS & DELTA-MENDOTA WATER AUTHORITY.

1. Products and/or Services Furnished by Contractor

a. Planning Study

- i. Contractor will furnish to Contracting Officer the Final Report entitled, XXXX

EXHIBIT D

XM Work

Central Valley Project

STANDARD FORM 425 (SF 425)

DRAFT

Reclamation Manual

Directives and Standards

Subject:	Extended Repayment of Extraordinary Maintenance Costs
Purpose:	To state requirements for repayment of extraordinary maintenance work. The benefit of this Directive and Standard is consistent and budget-conscious application of the relevant authorities by Bureau of Reclamation staff.
Authority:	The Reclamation Act of June 17, 1902 (32 Stat. 388), as amended and supplemented, in particular, Title IX, Subtitle G of Pub. L. 111-11, and Title XI, Section 1101 of Pub. L. 116-260 (43 U.S.C. § 510, et seq.) (XM authority).
Approving Official:	Director, Policy and Programs
Contact:	Reclamation Law Administration Division (84-55000)

1. **Introduction.** Pub. L. 111-11 authorizes Reclamation to fund extraordinary maintenance (XM) work and execute contracts for extended repayment of the reimbursable costs. Pub. L. 116-260 expanded the authority by establishing the Aging Infrastructure Account (Account), requiring an annual application process and a Congressional reporting requirement. The XM authority does not include extended repayment of annual, routine operation, maintenance, and replacement (OM&R) costs. This Directives and Standards (D&S) ensures that Reclamation uses its authority to meet the most critical needs.
2. **Applicability.** This D&S applies to all Reclamation offices and staff in administering the provisions of the XM authority.
3. **Federal Funds.** Congress provides Federal funding for XM work by means of discretionary and mandatory appropriations and, with the addition of the Account, Federal funding will also be provided by the receipts (or repayment amounts) from XM contracts that were funded by the Account. The XM work requested through the application process set out in this D&S will be funded from the Account whenever there are sufficient funds in the Account to do so, with the following exception.¹ If XM work is urgent but does not qualify as emergency XM (EXM), regional directors (RDs), through the Basis of Negotiation (BON) process, can request authority to fund the work with their region's funds and not require the transferred works operator to go through the application process.

¹ As a practical matter, any action or work needed to minimize imminent harm to life and property cannot typically wait to go through the application process, which is required to use funds from the Account. Regions are responsible for funding emergency XM work from their regularly budgeted funds.

Reclamation Manual

Directives and Standards

4. Eligibility.

A. **XM.** Work is XM if:

- (1) it is major, non-recurring maintenance of a mission critical asset,
- (2) its purpose is to ensure the continued safe, dependable, and reliable delivery of authorized project benefits (any additional benefits being strictly incidental to that purpose),
- (3) its costs are greater than 10 percent of Reclamation's or the operating entity's annual O&M budget for the facility or at least \$100,000 in total, and
- (4) it is not eligible to be performed or funded under the repayment provisions of Section 4(c) of the Reclamation Safety of Dams Act of November 2, 1978, as amended (43 U.S.C. § 506).

B. **EXM.** Work is EXM if it qualifies as XM and it is necessary to minimize the risk of imminent harm to public health or safety or to property. The Commissioner reserves the discretion to determine if XM work qualifies as EXM.

C. **Qualified EXM.** If designated as qualified EXM, 35 percent of the Federal funding advanced or expended is non-reimbursable. Application of the 35 percent non-reimbursable funding applies only the amounts advanced and allocable to the transferred works operating entity.² Otherwise, the work will be reimbursable in the same manner as XM work, as described in Paragraph 8.A of this D&S. XM work on Transferred Works that meets the criteria for EXM and the additional conditions outlined below is eligible for designation as qualified EXM.

- (1) During the last 10 years, all Category 1 OM&R recommendations, as defined in Paragraph 7.A.(1) of Reclamation Manual (RM) D&S, *Review of Operation and Maintenance (RO&M) Program Examination of Associated Facilities (Facilities other than High- and Significant-Hazard Dams)* ([FAC 01-04](#)), related to XM work identified under urbanized canal inspections or through inspection/assessments conducted under existing review programs have an identified timeframe for work to be completed and work has been completed within that timeframe.
- (2) During the last 10 years, all Category 2 OM&R recommendations, as defined in Paragraph 7.A.(2) of FAC 01-04 related to XM work identified under urbanized canal inspections or through inspection/assessments conducted under existing review programs, and reasonably within the ability of the operating entity to

² See 43 U.S.C. 510b(c)(3).

Reclamation Manual

Directives and Standards

address, have an identified timeframe for work to be completed and work has been completed within that timeframe.

5. Annual Application Process

- A. **Annual Notice and Deadlines.**³ By October 31 of each year, regional office staff will issue a public notice of the annual application process for funding of XM projects. The public notice will include posting information on Reclamation websites and reasonable efforts to notify project beneficiaries on reserved and transferred works and transferred works operating entities.⁴ The notice will include relevant information from the XM authority and this D&S, including descriptions of the minimum required application content described in Paragraph 5.B. of this D&S, and a main point of contact for interested applicants. The notice will state that applications will be accepted until December 31. Both reserved and transferred works are eligible. The Reclamation Law Administration Division (RLAD) will coordinate with other affected offices to continually evaluate the appropriateness of these dates in the application cycle and make adjustments as necessary.
- B. **Applicants.** Eligible applicants include transferred works operators and project beneficiaries responsible for repayment of reimbursable costs on reserved and transferred works. If a project beneficiary on transferred works applies for extended repayment but the operator does not apply or request advanced funds, Reclamation, the operator, and the applicant may enter a three-party contract to advance the applicant's share of the XM project to the operator.
- C. **Region Office Application Review**
- (1) As applications are received, and no later than January 24, area or regional office staff will review applications for the following required content:
- (a) a description of the project for which the funds are requested,
 - (b) the amount of funds requested,
 - (c) the repayment period requested by the transferred works operating entity or project beneficiary responsible for repayment of reimbursable costs,
 - (d) alternative non-Federal funding options that have been evaluated,

³ Reclamation Law Administration Division and other appropriate offices will continually assess and refine the application process timelines described in this D&S, as needed.

⁴ Reclamation staff will coordinate with project beneficiaries responsible for repayment of reimbursable costs on reserved works when they request extended repayment. When using funds from the Account, applications are required for XM work on reserved works.

Reclamation Manual

Directives and Standards

- (e) the financial justification for requesting an extended repayment period,
 - (f) at least 1 year of the financial records of the transferred works operating entity or project beneficiary responsible for repayment of reimbursable costs,
 - (g) to the extent that it is the responsibility of the applicant, any remaining environmental compliance that is required before the project commences, and
 - (h) the official level of cost estimate as defined in RM D&S, *Cost Estimating* ([FAC 09-01](#)), and provided as required by RM D&S, *Representation and Referencing of Cost Estimates in Bureau of Reclamation Documents Used for Planning, Design and Construction* ([FAC 09-03](#)).
- (2) Area or regional office staff will add any information of relative importance regarding each submitted project and the Major Rehabilitation & Replacement categorization rating to each application. To the extent that it is the responsibility of Reclamation, they will also identify any remaining environmental compliance that is required before the project commences.
 - (3) Area or regional office staff will add documentation used to fulfill RM D&S, *Reclamation Value Program* ([CMP 06-01](#)), and RM D&S, *Planning for Major Rehabilitation and Replacement of Existing Assets* ([CMP 09-04](#)), requirements to each application, respectively.
 - (4) If regional office staff determine that any applications are ineligible for funding or incomplete, they will make reasonable efforts to contact the applicant and allow them to supplement or amend their application before December 31.
 - (5) No later than January 24, regional office staff, through their RD, will send all applications and an analysis of the reporting content required under 43 U.S.C. § 510b(d)(5)(C) to RLAD.
- D. **Review and Report.** RLAD staff will review all applications to determine whether all qualification criteria are met, including a review of the regional office analyses. RLAD, Program and Budget, and Asset Management Division staff will categorize the applications based on the criteria above and then recommend a categorization of applications and funding and send all applications to the Commissioner no later than February 15. RLAD staff will also draft the report required under 43 U.S.C. § 510b(d)(5).
- E. **Commissioner Review, Office of Management and Budget, and Report to Congress.** By March 8, after obtaining the Commissioner's final determinations and

Reclamation Manual

Directives and Standards

consent, Reclamation will submit a report to Congress, as required by 43 U.S.C. § 510b(d)(5).

- F. **Congressional Alternative Allocation.** Under 43 U.S.C. § 510b(d)6, Reclamation staff will wait for Congress, as applicable under the “alternative allocation” requirement, to act, if it chooses, and direct an alternate allocation of funds before responding to applicants. Following the required waiting period and passage of full-year appropriations for energy and water development and related agencies, RLAD staff will notify RDs and regional office staff of the final allocation of funds for the relevant application period. Regional office staff will notify successful applicants as soon as possible.
- G. **Funding Appropriated into the Account.** Funds appropriated into the Account can be expended without the requirement above in Paragraph 5.G.
- H. **Fund Administration and Oversight.** The Director, Program and Budget, maintains administration and oversight of all funds control of the Account. In addition to the standard validation and verification that Program and Budget provides, RLAD and Asset Management Division will also provide appropriate oversight of the funded XM projects.
6. **Repayment Contracts Are Required.**
- A. **XM.** With the exception of EXM, Reclamation will not advance funds for XM work before execution of a repayment contract or contracts.
- B. **EXM.** Reclamation will only advance funds for EXM work without first executing a repayment contract if:
- (1) Reclamation has received written assurance from the governing body of a project beneficiary that it will enter good faith negotiations toward execution of a repayment contract, and
 - (2) the Commissioner has made an initial written determination that the intended work meets the EXM criteria under Paragraph 4.B. of this D&S and has authorized the advancement of funds prior to execution of a contract. The BON and approval memorandum process will formalize this determination.
7. **Conditions and Limitations for Advanced Funds on Transferred Works.**
- A. **Operating Entity’s Funds.** The advancement of funds is conditioned on the operating entity’s expenditure of its own funds as follows:

Reclamation Manual

Directives and Standards

- (1) Advanced Funds for EXM will not be advanced to the operating entity until it has expended at least 75 percent of any contractually required reserve funds on the emergency work for which the funding is requested.
 - (a) When a contractor has expended reserve funds and is current in re-accumulating the funds expended according to contractual requirements, the 75 percent will be based on whatever amount the contractor has accumulated.
 - (b) If the contractor has not maintained the reserve fund in accordance with the contract, Reclamation will require it to expend an amount equal to 75 percent of the contractually required reserve fund.
 - (2) If an existing contract between the operating entity and Reclamation does not require explicitly designated reserve funds, the RD will determine an appropriate amount of funds the operating entity must expend before Reclamation will advance funds. The BON will include this determination.
 - (3) The financial analysis described in Paragraph 8.C.(1)(b) will verify the availability of reserve funds for XM work.
- B. Exhausting Non-Federal Funding Options.** Advanced funds for XM work will not be advanced to the operating entity before reasonably available non-Federal funding options have been analyzed. The RD is responsible for making this determination.
- C. Limits on Use of Advanced Funds.** RDs will ensure the operating entity uses advanced funds solely for the purposes for which advanced.
- 8. Contracting and Contract Requirements.**
- A. Allocation of Costs.** Reclamation will allocate costs for XM and EXM work in accordance with the existing allocation of OM&R costs of the project or facility. See RM Policy, *Allocation of Operation and Maintenance Costs* ([PEC P07](#)), for specific requirements associated with allocation of OM&R costs. For qualified EXM work on transferred works, 35 percent of the advanced funds for the costs of the EXM work allocable to the operating entity is non-reimbursable.
 - B. Statutory Credits.** Repayment obligations will be repaid with available statutory credits only after the work has been authorized and funds appropriated. Statutory credits cannot be applied against annual OM&R costs. For additional information on the application of statutory credits toward an XM cost obligation see Paragraph 4.A. of RM D&S, *Crediting Requirements for Incidental Revenues* ([PEC 03-01](#)).

Reclamation Manual

Directives and Standards

C. Repayment Terms.

(1) Repayment Period.

- (a) **Maximum Term.** The repayment period will not exceed the service life of the repair or 50 years from the date on which the RD declares the work is substantially complete. Additionally, if the BON proposes any repayment period longer than 30 years, a financial analysis must justify the proposed repayment period.
- (b) **Financial Analysis.** The financial analysis must include a review of the contractor's financial records and reserve funds. If an ability-to-pay study has been completed within the last 5 years, it will be used in the financial analysis. A new ability-to-pay study is not required in all cases unless it is needed to justify a repayment period greater than 30 years. Reclamation will not pay for new ability-to-pay studies because they are reimbursable in this circumstance.
- (c) **Water Service Contractors.** If the repayment entity's primary water-related contract with Reclamation is a water service contract, the period for repaying XM or EXM costs will not exceed the remaining term of the water service contract. If, however, the RD determines that the repayment period should extend beyond the expiration of the contractor's water service contract because the remaining term is too short, and the requirement will be a financial hardship on the contractor, the RD will include this information in the BON.

- (2) **Interest.** Reclamation will assess interest on all reimbursable costs of XM and EXM regardless of the project purpose to which the costs are allocated. Reclamation will assess interest on the repayment amount as of the date of disbursement of the funds through completion of repayment. The interest rate for the reimbursable costs of XM and EXM work performed under the XM authority will be the rate determined by the Secretary of the Treasury that is in effect for the fiscal year in which the XM or EXM work is commenced and corresponding to the applicable reimbursement period. The applicable rates can be found in the Range of Maturities (Table 1) for the year in which construction commences. See <https://www.treasurydirect.gov/government/interest-rates-and-prices/certified-interest-rates/annual/>.

- (3) **Administrative Costs.** The RD will require each project beneficiary to provide an advance payment sufficient to cover an appropriate share of the administrative costs of the environmental compliance, development of the BON, and development and negotiation of the contract(s).

Reclamation Manual

Directives and Standards

- (4) **Ability to Pay.** XM work is not considered construction for repayment purposes, and as a result, ability-to-pay relief and aid to irrigation are not available for repayment of these costs.⁵
- (5) **Deferrals.** Deferrals allowed under Section 17.B of the Reclamation Project Act of August 4, 1939, as amended (43 U.S.C. § 485b-1), apply to repayment of construction costs under that Act, and are not authorized under the XM authority.
- D. **Standard Articles.** Paragraph 6 of RM Policy, *Reclamation Standard Water-Related Contract Articles* ([PEC P10](#)) identifies the standard articles required for XM and EXM contracts. Reclamation may exclude standard articles 5, 6, 7, 8, 9, 14, 18, 19, 20, 21, and 29 if the primary O&M transfer contract includes their most recent version.
- E. **Acreage Limitation.** The acreage limitation provisions of Federal Reclamation law do not apply to XM repayment contracts. Specifically, contracts for repayment of the costs of XM or EXM will not:
- (1) be considered in determining whether a district, as defined in Section 202(2) of the Reclamation Reform Act of October 12, 1982 (43 U.S.C. § 390bb), has discharged its obligation to repay the construction costs of the project facilities used to make irrigation water available for delivery to land in the district,
 - (2) serve as the basis for reinstating acreage limitation provisions in a district that has completed payment of its construction obligation, or
 - (3) serve as the basis for increasing the construction repayment obligation of the district and thereby extending the period during which the acreage limitation provisions will apply.
- F. **Public Participation.** Public participation is required for all XM repayment contracts. Refer to RM Policy, *Water-Related Contracts—General Principles and Requirements* ([PEC P05](#)) for general public participation requirements for water-related contracts.
- G. **No External Discussion of Pre-Decisional Positions.** Reclamation managers and employees will not make any pre-decisional commitment to the operating entity concerning the eligibility of proposed XM work for emergency status until the Commissioner issues a written initial determination of eligibility. Reclamation managers and employees will also not make any pre-decisional commitment to the operating entity concerning reduced reimbursable costs until the Commissioner makes a final determination that the proposed XM work meets the criteria of qualified EXM.

⁵ XM work may meet the capitalization criteria for assets under construction for financial reporting. Contact the regional finance office for assistance.

Reclamation Manual

Directives and Standards

- H. **Wage Rate Requirements (Construction).** The relevant provisions of the Davis-Bacon and Related Acts (40 U.S.C. § 3141, 29 U.S.C. § 201, 41 U.S.C. § 351, 40 U.S.C. § 3701, 41 U.S.C. § 35, 40 U.S.C. § 3145) apply to every contract in excess of \$2,000 to which the Federal Government is a party, for the construction, alteration, or repair of public buildings and public works of the Federal Government and which requires or involves the employment of mechanics and laborers.
- I. **National Environmental Policy Act (NEPA).** Reclamation's categorical exclusion (CE) 516 Department Manual 14.5D(1)⁶ is appropriate to use for XM projects if the scope of the project is consistent with the terms of the CE, and there are no extraordinary circumstances. Consideration for a CE does not guarantee that a CE will be appropriate. Reclamation will make the determination on the level of NEPA review and documentation, including whether an XM proposal satisfies the CE language or would trigger any of the extraordinary circumstances as described in 43 CFR 46.215. In cases where the project does not meet the above criteria or where any extraordinary circumstances exist, a higher level of NEPA evaluation will be required.
9. **BON Requirements.** Except as noted in Paragraph 6.B. above, a BON and approval memorandum are required for all advances and repayment of funds for XM or EXM work. See RM D&S, *Preparing Bases of Negotiation for New, and Amendatory Water Service, Repayment, and Related Contracts* ([PEC 06-01](#)), for the general requirements of the BON and approval memorandum. In addition, the following requirements apply.
- A. **XM BONs.** A BON for an XM contract will include:
- (1) a determination of eligibility under Paragraph 4.A. with supporting evidence,
 - (2) an estimate of costs allocable to the project beneficiaries, which follows the existing annual OM&R allocation for the relevant facilities,
 - (3) a proposed repayment term, and
 - (4) if applicable, an explanation of how the proposed contract will meet the requirements of Paragraph 7, above.
- B. **EXM BONs.** In addition to the requirements in Paragraph 9.A., EXM BONs will include:
- (1) written assurance from the contractor of their intention to enter a repayment contract if funds are expected to be advanced prior to execution of a contract, and

⁶ 516 DM 14.5(D)(1) Maintenance, rehabilitation, and replacement of existing facilities which may involve a minor change in size, location, and/or operation.

Reclamation Manual

Directives and Standards

- (2) a justification for the determination that the work on the project facility will likely meet the criteria for qualified EXM and a recommendation that 35 percent of the advanced funds for the EXM costs be non-reimbursable. The approval memorandum will document the final decision on this determination.
10. **Substantial Completion.** At the appropriate time, RDs are responsible for making the determination that XM work is substantially complete. RDs will also prepare and transmit written notice to the contractor of substantial completion and the initiation of repayment.⁷
11. **Definitions.**
- A. **Advanced Funds.** Funds that Reclamation advances to an operating entity to cover costs of extraordinary maintenance or emergency extraordinary maintenance work performed pursuant to the XM authority.
 - B. **Mission Critical Asset.** A facility or structure that sustains essential functions of a Reclamation project and for which an alternative facility or structure capable of continuously sustaining those functions is unavailable. This definition encompasses major asset classes such as dams, power plants, canals, siphons, pipelines, distribution systems, and associated structural, mechanical, and electrical systems and subcomponents.
 - C. **Operating Entity.** An organization that is contractually responsible for OM&R of transferred works.
 - D. **Project Facility.** Any part or feature of a Reclamation-owned project constructed under the authority of the Reclamation Act of June 17, 1902, or acts amendatory of, or supplemental to, that Act.
 - E. **Reserved Works.** Any project facility at which Reclamation carries out the OM&R of the facility.
 - F. **Risk of Imminent Harm.** Immediate danger or threat of injury to persons or damage to or loss of tangible property.
 - G. **Transferred Works.** Project facilities for which the OM&R is carried out by an operating entity under the provisions of a formal contract.
12. **Review Period.** The originating office will review this release every 4 years.

⁷ When XM work is performed by an operating entity, coordination with that entity will be necessary; however, the RD still must make a determination and provide the operating entity with a written notice of substantial completion. The written declaration of substantial completion by Reclamation to the operating entity initiates commencement of the repayment period.



MEMORANDUM

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

FROM: Federico Barajas, Executive Director
Rebecca Akroyd, General Counsel

DATE: April 1, 2024

RE: Recommendation, Adoption of Resolution Authorizing Execution of Second Amended and Restated Memorandum of Understanding with Friant Water Authority Relating to Allocation, Collection and Payment of OM&R Costs for Water Delivered Through Certain CVP Facilities, and Authorizing Actions Related Thereto

BACKGROUND

The San Luis & Delta-Mendota Water Authority (Water Authority) and Friant Water Authority (FWA) are parties to the *First Amended and Restated Memorandum of Understanding Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered through certain Central Valley Project Facilities* effective as of September 1, 2002 (First Amended MOU).

In 2011, the Water Authority proposed that Friant Division Contractors pay a share of the operational costs of the then new Delta-Mendota Canal-California Aqueduct Intertie on behalf of the Settlement Contractors. FWA objected, and invoked the dispute resolution process under the First Amended MOU. For years thereafter, the dispute was unresolved, and FWA did not pay Intertie-related costs.

More recently, in 2022 and 2023, FWA disputed a number of charges imposed on Friant Division Contractors under the First Amended MOU for other facilities. FWA and the Water Authority invoked the informal dispute resolution process relative to 2022 and 2023 disputed charges and non-payments. During the course of the informal dispute resolution process, on February 1, 2023, FWA requested negotiation of modifications to the First Amended MOU. Beginning in July 2023 and continuing through December 2023, representatives of FWA and the Water Authority met on a monthly basis (with other working group meetings in between) to discuss potential amendments to the First Amended MOU and the resolution of the disputes, including Intertie-related costs.

As a result of the facilitated negotiations, in January 2024 FWA and the Water 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 Water Authority and FWA governing documents.

One potential consequence of the proposed amendments is to increase the share of OM&R Costs allocated to the United States to deliver water to the refuges. The Memorandum of Agreement includes an agreement by FWA and the Water Authority's agreement to jointly assist the Bureau of Reclamation in seeking additional funds through appropriations to offset those potential cost impacts.

Following execution of the Memorandum of Agreement, FWA and the Water Authority drafted amendments to the First Amended MOU and its four exhibits, which amendments are included in the draft Second Amended and Restated Memorandum of Understanding Between Friant Water Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance and Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities (the "Second Amended MOU") (Attachment 2) being presented to the Board for action.

ISSUE FOR DECISION

Whether to adopt the proposed Resolution Authorizing Execution of Second Amended and Restated Memorandum of Understanding with Friant Water Authority Relating to Allocation, Collection and Payment of OM&R Costs for Water Delivered Through Certain CVP Facilities, and Authorizing Actions Related Thereto.

RECOMMENDATION

Staff recommends adopting the proposed Resolution.

ANALYSIS

Adopting the proposed resolution will authorize execution of the Second Amended MOU, which includes four exhibits: (A) Settlement Contractors, (B) 2024 SLDMWA OM&R Cost Recovery Plan, (C) Reserve Criteria, and (D) Contractor Service (Delivery) Areas.

Although the Second Amended MOU will take effect and be binding upon the Water Authority following its execution, Exhibit B, the "2024 SLDMWA OM&R Cost Recovery Plan," will only take effect following a sixty (60)-day review period by Central Valley Project contractors with payment obligations under Article 12 of the Water Authority's Transfer Agreement, and submittal to the Bureau of Reclamation for review and comment.

Every single page of the First Amended MOU and its exhibits has been modified in some way. To help aid understanding of the proposed changes in the Second Amended MOU, Attachment 4

compares sections of the First Amended MOU and exhibits with sections of the Second Amended MOU and exhibits, and summarizes changes being proposed.

Adopting the proposed resolution would also authorize execution of the proposed letter agreement (Attachment 5), which memorializes FWA and the Water Authority's agreement to jointly assist the U.S. Bureau of Reclamation ("Reclamation") in seeking additional funds through appropriations to offset potential cost impacts associated with increases in OM&R Costs allocated to the United States to deliver water to the refuges. Transmission of the letter agreement would occur following Reclamation's confirmation of the Second Amended MOU and the 2024 SLDMWA OM&R Cost Recovery Plan becoming effective.

Following execution of the Second Amended MOU, Water Authority staff will work with FWA to develop amendments to the Water Authority Joint Powers Agreement and Bylaws for consideration by the Board in future meetings, and to seek an adjustment of OM&R Water Rates once the 2024 SLDMWA OM&R Cost Recovery Plan is effective and confirmed by Reclamation.

BUDGET IMPLICATIONS

Modifying the Cost Recovery Plan methodology will result in changes to OM&R water rates charged to Water Authority member agencies and other CVP contractors that pay OM&R water rates for deliveries in the future. In addition, a new process will be in place to examine cost allocation for large extraordinary operation and maintenance projects in the future, which may result in increased or decreased payment responsibility for individual members.

ATTACHMENTS

1. Proposed Resolution Authorizing Execution of Second Amended and Restated Memorandum of Understanding with Friant Water Authority Relating to Allocation, Collection and Payment of OM&R Costs for Water Delivered Through Certain CVP Facilities, and Authorizing Actions Related Thereto
2. Proposed Second Amended MOU
3. Redlined Second Amended MOU
4. Comparison Between First Amended MOU and Second Amended MOU
5. Proposed Letter Agreement re: Commitment to Assist U.S. Bureau of Reclamation in Seeking Additional Funds through Appropriations to Offset Potential Increases in OM&R Costs for Water Deliveries to Refuges

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2024-__

**RESOLUTION AUTHORIZING EXECUTION OF SECOND AMENDED
AND RESTATED MEMORANDUM OF UNDERSTANDING WITH
FRIANT WATER AUTHORITY RELATING TO ALLOCATION,
COLLECTION AND PAYMENT OF OM&R COSTS FOR WATER
DELIVERED THROUGH CERTAIN CVP FACILITIES, AND
AUTHORIZING ACTIONS RELATED THERETO**

WHEREAS, by Resolution 1998-159 the Board of Directors of the San Luis & Delta-Mendota Water Authority (the “Board” and the “Water Authority,” respectively) authorized execution of that certain Memorandum of Understanding Between Friant Water Users Authority and the Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities (the “MOU”); and

WHEREAS, by Resolution 2003-2017 the Board of the Water Authority authorized execution of that certain “First Amended and Restated Memorandum of Understanding 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,” (“First Amended MOU”) following amendment of the Agreement for the Transfer of the Operation, Maintenance and Replacement, and Certain Financial and Administrative Activities of the Delta-Mendota Canal and Related Works (the “Transfer Agreement”); and

WHEREAS, in 2004, the Friant Water Users Authority assigned to the Friant Water Authority (“FWA”) all of its right, title, and interest in the Friant Transfer Agreement, and FWA thereafter stood in the shoes of Friant Water Users Authority as it relates to the First Amended MOU; and

WHEREAS, in 2011, the Water Authority proposed that Friant Division Contractors pay a share of the operational costs of the then new Delta-Mendota Canal–California Aqueduct Intertie on behalf of the Settlement Contractors. FWA objected, and invoked the informal dispute resolution process described in the First Amended MOU. More recently, in 2022 and 2023, FWA disputed a number of charges imposed on Friant Division Contractors under the First Amended MOU, and FWA and the Water Authority invoked the informal dispute resolution process relative to 2022 and 2023 disputed charges and non-payments; and

WHEREAS, during the course of the informal dispute resolution process, on February 1, 2023, FWA requested negotiation of modifications to the First Amended MOU; and

WHEREAS, beginning in July 2023 and continuing through December 2023, representatives of FWA and the Water Authority met on a monthly basis (with other working group meetings in between) to discuss potential amendments to the First Amended MOU and the resolution of the disputes; and

WHEREAS, as a result of the facilitated negotiations, in January 2024 FWA and the Water 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 Water Authority and FWA governing documents; and

WHEREAS, the Memorandum of Agreement includes FWA and the Water Authority’s agreement to jointly assist the U.S. Bureau of Reclamation (“Reclamation”) in seeking additional funds through

appropriations to offset potential cost impacts associated with increases in OM&R Costs allocated to the United States to deliver water to the refuges; and

WHEREAS, following execution of the Memorandum of Agreement, FWA and the Water Authority drafted amendments to the First Amended MOU and its four exhibits, which amendments are included in the draft Second Amended and Restated Memorandum of Understanding Between Friant Water Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance and Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities (the “Second Amended MOU”); and

WHEREAS, the Board has considered that certain form of the Second Amended MOU, Attachment 1 to this Resolution, presented to the Board and on file with the Secretary hereof; and

WHEREAS, authorizing execution of the Second Amended MOU does not legally bind or otherwise commit the Water Authority to operate or maintain Central Valley Project facilities, and further, executing the Second Amended MOU is an administrative and organizational action that will not result in a direct change in the environment or a reasonably foreseeable indirect change to the environment, and thus does not constitute a project subject to CEQA (CEQA Guidelines §§ 15061(b)(3), 15378); and

WHEREAS, authorizing execution of the Second Amended MOU is statutorily exempt from CEQA because it concerns the establishment, modification, structuring, restructuring, or approval of rates or other charges by public agencies which the public agency finds are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment, or materials, (3) meeting financial reserve needs and requirements, and (4) obtaining funds for capital projects, necessary to maintain service within existing service areas (CEQA Guidelines § 15273); and

WHEREAS, the Board is willing to authorize execution of the Second Amended MOU, subject to such revisions, additions, and deletions as may be approved by the executing officers at the time of signing the Second Amended MOU, said execution to provide conclusive evidence of such approval.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. Chair Cannon Michael and Secretary Federico Barajas are hereby authorized and directed to execute the Second Amended MOU for and on behalf of the Water Authority in substantially the form presented to the Board and on file with the Secretary hereof, subject to such revisions, additions, and deletions as may be approved by the executing officers at the time of signing the Second Amended MOU, said execution to provide conclusive evidence of such approval.

Section 3. Executive Director Federico Barajas is further authorized and directed to take all such additional actions, including without limitation, the execution of documents including, but not limited to, a letter agreement memorializing FWA and the Water Authority’s agreement to jointly assist the Bureau of Reclamation in seeking additional funds through appropriations to offset potential cost impacts associated with increases in OM&R Costs allocated to the United States to deliver water to the refuges, as may be necessary or convenient to carry out the intention of this Resolution and the terms of the Second Amended MOU approved hereby.

Section 4. The Second Amended MOU shall take effect and be binding upon the Water Authority following its execution; however, Exhibit B to the Second Amended MOU, the “2024 SLDMWA OM&R Cost Recovery Plan,” will only take effect following a sixty (60)-day review period by all parties with payment obligations under Article 12 of the Water Authority’s Transfer Agreement, and submittal to the Bureau of Reclamation for review and comment.

Section 5. The Second Amended MOU shall remain in full force and effect from year to year, until and unless it is revoked or modified by the Board.

PASSED, APPROVED, AND ADOPTED this __ day of April, 2024, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chairman
San Luis & Delta-Mendota Water Authority

Attest:

Federico Barajas, Secretary

I hereby certify that the foregoing Resolution No. 2024-__ was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the __ day of April, 2024.

Federico Barajas, Secretary

DRAFT

**SECOND AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING BETWEEN
FRIANT WATER AUTHORITY AND
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
RELATING TO ALLOCATION, COLLECTION, AND PAYMENT OF
OPERATION, MAINTENANCE, AND REPLACEMENT COSTS FOR
WATER DELIVERED THROUGH
CERTAIN CENTRAL VALLEY PROJECT FACILITIES**

This Second Amended and Restated Memorandum of Understanding is made effective as of [DATE], by and among the Friant Water Authority (“FWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 6500, *et seq.* and the San Luis & Delta-Mendota Water Authority (“SLDMWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 6500, *et seq.*, and amends and restates the First Amended and Restated Memorandum of Understanding made and entered into by the parties effective as of September 1, 2002.

DEFINITIONS

As used in this MOU, the following terms have the meanings indicated below. Terms with their initial letters capitalized but not defined below have the same meanings ascribed to them in the FWA Transfer Agreement and the SLDMWA Transfer Agreement.

1. Extraordinary OM&R: Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.
2. Friant Division Contractors: Water Delivery Contractors receiving water service from the Friant Division of the Central Valley Project (“CVP”), including members and non-members of FWA.
3. FWA: Friant Water Authority.
4. FWA Transfer Agreement: That certain Agreement Between the United States of America and Friant Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works effective October 5, 2020, as it may be amended.

5. Memorandum of Understanding or “MOU”: This Second Amended and Restated Memorandum of Understanding.
6. OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement.
7. OM&R Budget: SLDMWA’s annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.
8. OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.
9. OM&R Program: All activities of SLDMWA required for the OM&R of the Project Facilities pursuant to the SLDMWA Transfer Agreement, including but not limited to, the program of work to be performed, the preparation and adoption of budgets, funding (including establishment of reserves and creation of debt), purchasing, auditing, inspections, cost recovery methodology, and administrative responsibilities.
10. Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer Agreement in connection with the delivery of “Other Water,” as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
11. Project Facilities: The physical works and appurtenances associated with the C.W. “Bill” Jones Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), Kesterson Reservoir, O’Neill Pumping/Generating Plant and Switchyard, the federal share of the O’Neill Forebay, Mendota Pool¹, the federal share of San Luis Unit joint use conveyance and conveyance pumping facilities, and the San Luis Drain; this term includes the facilities defined as the “Project Works” in the SLDMWA Transfer Agreement.

¹ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal or contractual obligations of the United States. Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

12. Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.
13. Settlement Contractors: Those contractors listed in the attached Exhibit A entitled to receive water service through the Project Facilities without charge, except as provided in the OM&R Cost Recovery Plan.
14. Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.
15. SLDM Contractors: Water Delivery Contractors that receive water (other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement.
16. SLDMWA: San Luis & Delta-Mendota Water Authority.
17. SLDMWA Cost Recovery Plan: The cost allocation methodology described in the attached Exhibit B, also referred to as the “Cost Recovery Plan.”
18. SLDMWA Transfer Agreement: That certain Agreement Between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, C.W. “Bill” Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, O’Neill Pumping/Generating Plant, San Luis Drain and Associated Works effective January 14, 2020, as amended.
19. USBR: United States Department of the Interior, Bureau of Reclamation.
20. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which “Project Water” is to be supplied from or through Project Facilities and (2) any exchange contract, water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project

Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

21. Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

RECITALS

1. Since March 1, 1998, the costs of operating, maintaining and replacing certain CVP conveyance facilities and the San Luis Drain, and the costs of conveyance pumping, no longer have been funded by the USBR through federal appropriations and instead are being funded pursuant to those certain agreements to transfer the operation, maintenance and replacement and certain financial and administrative activities (the “Transfer Agreements”) entered into between USBR and (i) SLDMWA, (ii) FWA, and (iii) Madera Irrigation District and Chowchilla Water District, and the October 1, 1996 Transfer Agreement between the USBR and the Tehama-Colusa Water Authority, respectively (referred to as the “Conveyance Contractors”), except that the USBR has entered into, or agreed to enter into, other appropriate legal instruments to fund OM&R Costs for Water Delivery Contractors that have a deficiency, as that term is defined in Article 12(c) of the SLDMWA and FWA Transfer Agreements, in payment to the Conveyance Contractors.

2. The Conveyance Contractors have agreed to the principle that in operating under their respective Transfer Agreements, the Conveyance Contractors will replace the USBR’s historic CVP-wide pooling of costs of operating, maintaining and replacing CVP conveyance facilities with direct funding by each Conveyance Contractor to cover the operation, maintenance, and replacement costs of the facilities assumed by each pursuant to their respective Transfer Agreements.

3. Pursuant to the terms of the SLDMWA Transfer Agreement, the cost of OM&R of CVP conveyance facilities and the San Luis Drain, and the costs of conveyance pumping for water delivered through the Project Facilities will be funded by SLDMWA, and SLDMWA will establish budgets and methods for direct recovery of OM&R Costs of such facilities from the Water Delivery Contractors and Parties Entitled to Receive or Utilize Other Water receiving such water.

4. Because certain deliveries of San Joaquin River water to Friant Division Contractors are dependent upon the delivery of Settlement Water to the Settlement Contractors, those Friant Division Contractors have a critical interest in the OM&R of the Project Facilities and have agreed to pay the OM&R Costs incurred by SLDMWA under the SLDMWA Transfer Agreement associated with the delivery of the Settlement Water as determined in accordance with this MOU.

5. FWA, by virtue of the FWA Transfer Agreement, is willing to apportion among and collect from the Friant Division Contractors the OM&R Costs incurred by SLDMWA in delivering Settlement Water and other types of water that may be agreed to for which FWA is responsible on behalf of the Friant Division Contractors under this MOU and remitting the same to SLDMWA, all in accordance with the terms of this MOU.

AGREEMENT

The parties enter into this MOU based upon the facts and definitions stated above, and for the purposes and upon the terms and conditions set forth below:

I. PURPOSES OF THE MOU

The purposes of this MOU are as follows:

A. To establish the standards for OM&R of the Project Facilities by SLDMWA, and to set forth certain assurances relating thereto;

B. To establish the methodology for allocating and recovering OM&R Costs;

C. To establish the process for remittance by FWA to SLDMWA of payments collected from the Friant Division Contractors for OM&R Costs allocable to the Friant Division Contractors under this MOU;

D. To establish the principles for and rights of participation in decision-making by FWA in the OM&R Program, which includes providing input, and as applicable voting, on cost allocation, collection and payment procedures, and budgeting;

E. To establish the process of resolution of any disputes that may arise in the implementation of this MOU; and

F. To establish the conditions or events which would trigger renegotiation and/or renegotiation of this MOU.

II. STANDARD FOR OM&R OF THE PROJECT FACILITIES

The OM&R Program will comply with the standards set forth in the SLDMWA Transfer Agreement; provided, that the OM&R Costs may not exceed those which are reasonably necessary to OM&R the Project Facilities in accordance with such standards. The parties mutually acknowledge that there are items of deferred maintenance which must be performed on the Project Facilities in order for the OM&R Program to meet the applicable standards, and nothing in this paragraph is intended to preclude the performance of those deferred maintenance items or the equitable development of reserves in accordance with this MOU which will permit the OM&R of the Project Facilities in the future in accordance with the SLDMWA Transfer Agreement.

III. DEVELOPMENT OF COST RECOVERY METHODOLOGY

A. Cost Recovery Methodology for OM&R Costs

1. Principles of Cost Allocation. The OM&R Costs in which FWA will share will be allocated to OM&R activities in accordance with (i) generally accepted accounting principles and (ii) the SLDMWA Cost Recovery Plan, which will be applied consistently for all OM&R activities of SLDMWA. To the extent the allocation of the costs for specific acquisitions or OM&R activities is not addressed by the SLDMWA Cost Recovery Plan, such costs will be allocated in a manner consistent with the following principles, also contained in the SLDMWA Cost Recovery Plan:

a) Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this MOU;

b) Water rates will be comprised of various cost pool components based on the principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used for such deliveries; and

c) All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

If the actual use of Project Facilities, including any subsequently acquired property or facilities, proves to be materially different from the use that is anticipated, appropriate adjustments will be made in order to more accurately reflect an appropriate allocation of OM&R Costs.

2. Reserves. Reserves for Extraordinary OM&R, capital replacement, emergencies, and other appropriate purposes will be established in accordance with the SLDMWA Transfer Agreement and the SLDMWA Cost Plan. Only items meeting the criteria attached hereto as Exhibit C ("Reserve Criteria") will constitute Reserves in which FWA must participate for purposes of this MOU.

3. Disbursements of Interest or Reserves. While it is anticipated that all amounts paid by FWA to SLDMWA under this MOU and any associated interest earnings will be retained by SLDMWA and utilized to support the OM&R Program, in the event of any distributions of interest or of Reserves, such distributions will be made to the parties providing the funds being distributed or the funds on which the interest to be distributed was earned, including FWA.

4. Miscellaneous Revenues. The parties anticipate that SLDMWA may from time to time realize miscellaneous revenues from sources directly related to the OM&R Program, including without limitation revenues from (i) rebates from vendors of products and/or services used in the OM&R Program, (ii) the sale of used equipment originally acquired for use in the OM&R Program, and (iii) amounts collected from third parties for whom SLDMWA performs contract services using employees, equipment and/or materials otherwise used in the OM&R

Program. All such miscellaneous revenues will be retained by SLDMWA and utilized to support the continued OM&R Program, as an offset to budgeted OM&R Costs that would have been allocated to Friant Division and SLDM Contractors.

IV. ALLOCATION, COLLECTION, AND REMITTANCE OF COSTS BY FWA

A. Recovery from Friant Division Contractors

FWA will, as a part of the FWA cost recovery methodology developed under the FWA Transfer Agreement, provide for the recovery of OM&R Costs allocated to Settlement Contractors under the SLDMWA Cost Recovery Plan, which OM&R Costs are to be paid by Friant Division Contractors. To the extent the USBR has conferred upon FWA the legal authority to do so, FWA will allocate such costs among, and collect such costs from, the Friant Division Contractors, and will promptly remit such costs to SLDMWA.

B. Remedies for Non-Payment or Delinquent Payment

In the event of any non-payment or delinquent payment to FWA by a Friant Division Contractor of amounts to be collected by FWA and remitted to SLDMWA under this MOU, FWA will diligently exercise its available remedies, (whether under Article 12 of the FWA Transfer Agreement, or under California law), in a manner FWA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to SLDMWA. If FWA is unable to collect and remit any amount owing from the delinquent Friant Division Contractor before the last day of the month before the scheduled month of delivery (whether from such Friant Division Contractor or from the USBR via offset or direct payment), or if FWA fails to promptly remit to SLDMWA all amounts received from any Friant Division Contractor, the USBR will be deemed to have directed SLDMWA to deliver or convey Settlement Water despite a delinquency under Article 12 of the SLDMWA Transfer Agreement, and the United States will be liable to SLDMWA for the costs to be recovered on account of such Settlement Water under this Agreement; provided, that FWA will also continue to diligently exercise its available remedies in the manner FWA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to SLDMWA. Nothing contained in this MOU authorizes SLDMWA to terminate Settlement Contractor deliveries in the event of delinquencies in payment by the Friant Division Contractors.

V. FWA INPUT AND PARTICIPATION IN SLDMWA OM&R ACTIVITIES

A. FWA Participation

FWA will participate in SLDMWA decision-making relating to the OM&R of the Project Facilities and the OM&R Program through representation and voting on the SLDMWA Board of Directors, Finance and Administration Committee, OM&R Technical Subcommittee, and the Planning Committee.

1. Board of Directors. FWA will be entitled to representation on the SLDMWA Board of Directors, in that the 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.

2. Finance and Administration Committee. FWA will be entitled to one of eight positions on the Finance and Administration Committee (“FAC”), with the right to vote on all OM&R budgetary matters. The FAC is an advisory committee to the Board of Directors. A recommendation of the FAC to the Board of Directors to adopt or amend the OM&R Budget will be adopted by the “yes” vote of at least 5 of 8 members. The FWA representative and an alternate will be selected by FWA. The FWA alternate representative will participate and may cast the vote of FWA in the absence of the FWA representative, or in case such representative is barred from voting due to conflict of interest.

3. OM&R Technical Committee. FWA will be entitled to one of ten positions on the OM&R Technical Committee, with the right to vote on all matters. The OM&R Technical Committee is a subcommittee of the FAC and is advisory to the FAC and the Board of Directors. As long as this MOU is in effect, the OM&R Technical Committee will be comprised of the following members, with no Water Delivery Contractor entitled to have more than one representative on such committee at any time:

Contractors served from the Mendota Pool	1
Contractors served from the Lower DMC	1
Contractors served from the Upper DMC	1
Contractors served from the San Luis Canal (1 from Westlands + 1 from others)	2
Contractors served from the San Felipe Division	1
Exchange Contractors	1
FWA	1
USBR	1
SLDMWA Technical Staff	1

One alternate will be appointed for each such representative, and each such alternate will participate and cast the vote of the represented party in the absence of such party’s representative or in case the representative is barred from voting due to conflict of interest.

The SLDM and Settlement Contractors in each of the above-referenced service areas are listed in the attached Exhibit D.

A recommendation of the OM&R Technical Committee to the FAC to adopt or amend OM&R Budget levels will be adopted by the “yes” vote of at least 8 of 10 members. At any point in the budget approval process, a budget or a budgetary issue may be remanded back to the OM&R Technical Committee, which will diligently meet to reconsider the matter and provide its recommendation.

4. Planning Committee. The Planning Committee is a subcommittee of the FAC and is advisory to the FAC and the Board of Directors.

a) FWA will be entitled to one of six voting positions on the Planning Committee, with the right to vote on all matters. As long as this MOU is in effect, the Planning Committee will be comprised of the following members, with no Water Delivery Contractor entitled to have more than one representative on such committee at any time:

SLDMWA Division 1	1
SLDMWA Division 2	1
SLDMWA Division 3	1
SLDMWA Division 4	1
SLDMWA Division 5	1
FWA	1

One alternate will be appointed for each such representative, and each such alternate will participate and cast the vote of the represented party in the absence of such party's representative or in case the representative is barred from voting due to conflict of interest.

b) In addition, the Planning Committee will include five non-voting members:

SLDMWA staff/consultant representative	1
FWA staff/consultant representative	1
USBR representative	1
SLDMWA technical representative	1
FWA technical representative	1

The non-voting members will not count in the calculation of a quorum.

c) The Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project for which SLDMWA's estimated total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs. The Planning Committee's cost allocation recommendation will be informed by preparation of a beneficiary analysis that will provide supply benefits broken down by water service type and contractor. The anticipated benefits to be analyzed will be comprised of two components: 1) attributable water supply direct benefits (water entitlements and priority of service), including increases in water deliveries due to an Extraordinary OM&R project, and 2) system-wide indirect benefits, including economic considerations.

d) The Planning Committee should be involved in review of a potential Extraordinary OM&R project as early as possible in order to make a cost allocation recommendation so that prudent and cost-effective decisions related to the proposed Extraordinary OM&R project can be made on a timely basis. As the owner of the Project Facilities, USBR will be consulted on proposed Extraordinary OM&R projects involving such Facilities given its independent role in developing project feasibility studies and environmental documents.

e) Initial cost allocation recommendations from the Planning Committee require a unanimous vote by all members present. If, after exploring various solutions to achieve unanimity, members who represent agencies that are not proposed to be allocated the Extraordinary OM&R project costs continue to object to the proposed findings or recommendation, such members' objection will not preclude a recommendation moving forward from the Planning Committee provided that all remaining members of the committee representing agencies that will be allocated Extraordinary OM&R project costs unanimously approve the findings and recommendation.

f) Once a recommendation on cost allocation has been made by the Planning Committee, the recommendation will be forwarded to the FAC for its consideration and/or possible recommendation to the SLDMWA Board of Directors. If the FAC proposes any "material change"² to the Planning Committee recommendation, the proposed material change, including a summary of the reasons for the change(s), must be referred back to the Planning Committee for review.

g) Upon receipt of a proposed material change to an initial recommendation, the Planning Committee can 1) concur in the FAC's proposed material change, 2) unanimously support revisions to the material change (including reasons why the Planning Committee recommendation is preferable to the FAC-proposed material change), or, 3) if unanimous support or revisions cannot be agreed to, the original Planning Committee recommendation will stand, and the Planning Committee recommendation will be sent, along with the separate FAC recommendation, to the SLDMWA Board of Directors for action.

h) The Planning Committee's review of and response to the FAC-proposed material change(s) must occur within thirty (30) days of any referral from the FAC, unless the FAC agrees to a longer review and response period.

i) Initial cost allocations related to an Extraordinary OM&R project that the Planning Committee has reviewed will be periodically reviewed by the Planning Committee, FAC, and/or SLDMWA Board of Directors to determine if changes in allocated costs are warranted.

5. SLDMWA Committee Structure. All matters pertaining to the OM&R Budget and the OM&R Program will be addressed by the FAC, OM&R Technical Committee, and/or Planning Committee, for matters within their respective jurisdiction. SLDMWA will not alter that delegation of responsibility or the structure/composition of the committees or subcommittees while this MOU is in effect without the consent of FWA; provided, that FWA will not withhold such consent in the event SLDMWA wishes to form new committees or subcommittees to deal with OM&R budgetary and/or OM&R Program matters if FWA is entitled to participate on such committees or subcommittees by representation and with voting rights that are equivalent to the rights described in this MOU. Reorganizations of committee

² For the purposes of this Section V.A.4, a "material change" is one that would increase the overall costs of the Extraordinary OM&R project by more than 10% based on the engineer's estimate, or increase the project costs allocated to any participating OM&R payor by more than 10%.

structure that do not affect FWA participation on OM&R budgetary and/or OM&R Program matters, such as splitting off administrative matters or other non-OM&R budgets, will not be affected by the terms of this MOU.

B. Provision of Information

SLDMWA will share with FWA in a timely manner all relevant information available regarding SLDMWA OM&R Budgets; actual OM&R Costs incurred, including but not limited to power costs; water deliveries; and all similar information that affects the OM&R Budget, the OM&R Program, the SLDMWA Cost Recovery Plan, and adjusting estimated costs to actual. All such information will be provided to FWA at the same time it is provided to all other members of the Board of Directors or members of any committee or subcommittee as part of a regular or special meeting, and if a separate request for information is made by FWA representatives outside of any board, committee or subcommittee meeting, such information will be provided as soon as reasonably practical.

1. Reports. SLDMWA will provide such information by means of its draft and final budgets and any budget addenda on OM&R; monthly Financial Report, including budget-to-actual expenditures; USBR and/or SLDMWA Water Delivery Reports; and such other reports as may be developed for such purposes from time to time.

2. Access. FWA will be afforded access to inspect SLDMWA records on the same terms as are provided to the USBR pursuant to Article 15(a) of the SLDMWA Transfer Agreement.

C. Notices and Meeting Dates

SLDMWA will give FWA, its designated representatives and the designated alternate for each timely notice of all meetings of the Board of Directors, FAC, OM&R Technical Committee, and Planning Committee. All information and notices provided to FWA by SLDMWA will be provided in the same detail, and at the same time, as the information and notices provided to SLDMWA members or their representatives participating in the same decision-making. To facilitate FWA participation as described herein, SLDMWA will use its best efforts to establish regular meeting dates for meetings of the Board of Directors, committees, and subcommittees that deal with the OM&R Program or any OM&R-related issue on dates that do not conflict with regularly-scheduled FWA meeting dates, to coordinate meeting dates for special meetings of such committees or subcommittees with the schedules of FWA representatives, and to permit FWA to participate by telephone or other electronic means, and FWA will use best efforts to make its representatives available for such participation.

VI. RESOLUTION OF DISPUTES

A. Process

Disputes relating to interpretation or performance of this MOU will be resolved according to the process described in this Article.

1. Informal Dispute Resolution. Should any dispute arise between SLDMWA and FWA concerning any matter that is the subject of this MOU, the party raising the disputed issue must promptly give written notice (“Dispute Notice”) to the other party. The Dispute Notice must contain the date or general period the dispute arose, a detailed explanation of the issue (including proposed resolution of the issue), and the name and contact information of the disputing party's representative who should be contacted by the responding party. The parties must schedule and participate in an initial meeting no later than thirty (30) days from the date of the Dispute Notice, and if the issue is not resolved at the initial meeting, the parties must thereafter continue to engage in good faith efforts to resolve the issue at the earliest opportunity. Each party must make available, at such party's expense, such policy-level staff members, technical staff, consultants, or Board members as are reasonably necessary to the equitable and expedient resolution of the issue. At any time during this process, either party may request that the Regional Director of the USBR participate in the process to facilitate the resolution, and the other party will accept such participation if it is provided. In the event the parties have not reached agreement on resolution of the disputed issue within ninety (90) days of the date of the Dispute Notice, or such extended period as the parties may mutually agree to, either party may pursue the remedies described in Section VI.A.2 or 3, as applicable.

2. Alternative Dispute Resolution. At any time during the informal dispute resolution process described in Section VI.A.1 above, or following the expiration of the time period established for such process, either party may propose a form of alternative dispute resolution (“ADR”) such as mediation or arbitration to resolve the dispute. The utilization of such voluntary ADR process will require mutual agreement as to the specifics of the process, and the decision as to whether to utilize such voluntary ADR process in the first place and the details of such process will be at the sole discretion of the parties. The parties will endeavor, where applicable, to select a mediator or arbitrator with general familiarity with the OM&R of water conveyance facilities and the CVP. The decision by any party not to utilize ADR or the inability to agree upon the specifics of an ADR process will not constitute bad faith under this MOU.

3. Resolution by USBR. In the event the parties have not reached agreement on resolution of the dispute through informal dispute resolution within the time period described in Section VI.A.1., with or without the assistance of the Regional Director as facilitator, or through the voluntary utilization of ADR under Section VI.A.2, then the dispute will be determined by the Regional Director using the following procedure:

a) Within fifteen (15) days after the expiration of the period for informal dispute resolution and after the termination of any ADR proceedings, the parties will request in writing a determination of the dispute by the Regional Director (“Request for Dispute Determination”).

b) Upon receipt of a Request for Dispute Determination, the Regional Director, with non-binding input from the parties, will select a panel of USBR personnel (“Panel”) with appropriate financial, operational, policy, or technical backgrounds to assist in the resolution of the dispute.

c) The Regional Director, in coordination with the parties, will set dates for the submission of position papers on the dispute (including page limitations) and for the parties to present their positions to the Regional Director and the Panel. Unless the parties agree otherwise, the meeting at which the parties present their positions must take place within sixty (60) days of the date of submission of the Request for Dispute Determination.

d) Within sixty (60) days of the meeting at which the parties present their positions, or such other reasonable date as may be agreed upon by the parties and USBR, the Panel will prepare an analysis and recommendation on the dispute and the Regional Director, upon review of such recommendation and following an opportunity to request any additional information or to have any additional meetings with the parties, will issue a final written decision on the dispute. Nothing in this MOU is intended to or will limit the discretion of the Regional Director to apply applicable Reclamation law, policies, or procedures, where appropriate, in resolving any disputes submitted by the parties under this Section VI.A.3.

e) The Regional Director's determination will constitute a final written determination of the Contracting Officer pursuant to Article 10 of the parties' existing Transfer Agreements, and the parties must promptly comply with the determination until the same is stayed, reversed, or modified by a decision of a court of competent jurisdiction. Any challenge to the Regional Director's determination must be filed in federal court within sixty (60) days thereafter, and such determination will be subject to judicial review under the applicable standards of the federal Administrative Procedure Act (5 U.S.C. § 706). Except as set forth in Section VI.B, if the Regional Director's determination results in a payment obligation to either party, any such payment need not be made prior to the final resolution of any judicial proceedings commenced in accordance with this subsection.

f) If the Regional Director's determination under Section VI.A.3.e results in a payment obligation to either party, and an appeal is not timely filed in federal court, the following provisions will apply:

1. If the Regional Director determines FWA owes payment to SLDMWA under the MOU, FWA must promptly pay the sums owed to SLDMWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. After sixty (60) days from the Regional Director's final decision, any unpaid amounts will be deemed a "deficiency" within the meaning of Article 12 of the SLDMWA Transfer Agreement.

2. If the Regional Director determines SLDMWA owes payment to FWA under the MOU, SLDMWA must promptly pay the sums owed to FWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. If after sixty (60) days from the Regional Director's final decision SLDMWA has not paid the sums owed FWA, then FWA may apply the total obligation as a credit towards any pending or future cost invoice to FWA until the obligation is fully offset.

g) The parties agree to share equally any costs imposed by USBR associated with the participation of the Regional Director and Panel personnel in the dispute resolution process under this Section VI.A.3.

B. Disputes Causing Cash Flow Difficulties

The parties recognize that circumstances could arise in which the non-payment of amounts due by one party could create material cash flow difficulties for the other party. In the event a dispute results in the non-payment of obligations owed to SLDMWA by FWA or a demand from FWA for payment by SLDMWA at such time or in such amount that the other party becomes unable to reasonably meet its cash flow needs, the affected party will not be obligated to pursue informal dispute resolution or ADR for a period of longer than ten (10) days, after which time the party will be entitled to issue a Request for Dispute Determination to USBR under Section VI.A.3. In addition, in the event the Regional Director determines that a payment is due from a party, and if the party owed the payment needs the funds to reasonably meet cash flow needs, payment must be made promptly notwithstanding the pendency of any judicial proceedings to review the Regional Director's determination, subject to the reimbursement of the disputed payment amount if the Regional Director's determination regarding a payment obligation is later set aside in whole or in part by a court. For the purposes of this subsection, the phrases "material cash flow difficulties" and "reasonably meet cash flow needs" means the applicable party lacks sufficient unrestricted funds to pay current costs owed without being able to collect the funds associated with the disputed matter. "Unrestricted funds" has the same meaning as categories of unrestricted cash as reported by each party in its annual, audited financial statements.

C. Status of Obligations During Pendency of Dispute

1. Payment Obligations. During the period of any dispute between the parties regarding annual OM&R Costs collected via water rates, FWA must pay all disputed annual OM&R Costs collected from Friant Division Contractors during the course of the dispute. With respect to disputed payment obligations for Extraordinary OM&R projects or cost allocations for projects for which the budget is greater than 50% of the current year's routine OM&R Budget, to the extent costs are imposed on SLDM Contractors during the first ninety (90) days following a Dispute Notice, FWA will pay all disputed costs collected into an escrow or trust account. If the dispute is not resolved within ninety (90) days, any funds deposited into the escrow or trust account will be paid to SLDMWA, and FWA must thereafter remit all disputed payments collected to SLDMWA, unless the parties agree otherwise.

2. Changes to Payment Obligations Resulting from Resolution of Dispute. The resolution of any dispute for which a Dispute Notice is issued under Section VI.A will include an agreement between the parties (if resolved voluntarily) or a determination by USBR or a federal court as to the amount and timing of the retroactive adjustment or prospective adjustment, as applicable, in disputed payment obligations.

D. Termination of Transfer Agreements

The parties acknowledge that they each have a right to terminate their respective Transfer Agreement on 12 months' notice under Article 2(c) thereof, and that a material dispute relating to the interpretation or performance of this MOU, or the unsatisfactory resolution thereof, could lead to such a termination. In order to facilitate mutually acceptable resolution of disputes and reduce the possibility of a termination of either the FWA Transfer Agreement or the SLDMWA Transfer Agreement, the parties agree that neither of them will give notice of termination of a Transfer Agreement under Article 2(c) thereof for a period of at least 6 months after the date of the notice described in Section VI.A.1; provided, that if matters unrelated to any such dispute arise which cause a party to desire termination, such notice may be sooner given.

VII. RENEGOTIATION PRINCIPLES

A. Basis for Agreement

This MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, represents the parties' negotiated agreement on an equitable apportionment of the OM&R Costs by SLDMWA. In entering into this MOU, the parties have made assumptions that water supplies and operations of the parties' respective members will not materially change while this MOU is in effect and that there will be no material change in the use of or access to facilities utilized by the parties and their members after the effective date of this MOU. Further, they have assumed the accuracy of financial data provided and/or developed by the USBR and the SLDMWA in connection with the negotiation of this MOU, the SLDMWA Cost Recovery Plan and Reserve Criteria. The parties acknowledge that all such assumptions were material to their respective decisions regarding the provisions of this MOU, including the SLDMWA Cost Recovery Plan and in the Reserve Criteria, and agree that in the event any of those assumptions proves to be incorrect, or upon the occurrence of certain other events described in Section VII.B., renegotiation of this MOU, the SLDMWA Cost Recovery Plan, and/or Reserve Criteria is appropriate.

B. Events Triggering Renegotiation of MOU

In addition to the express provisions of this MOU that require consideration of potential amendments should certain events occur, should a party conclude that this MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, can and should be modified to address (i) such party's determination that one or more of the fundamental assumptions described in Section VII.A. was in error, (ii) an administrative or court order materially affecting the water supply or operations of one or more of the agencies comprising such party, or which makes it reasonably foreseeable that such agency(ies) will thereafter suffer a material and adverse change in its/their water supply or operations, or (iii) another significant event which makes it reasonably foreseeable that such party will bear a material increase in OM&R Costs on a per acre foot ("AF") basis, the parties commit to entering into negotiations in good faith and timely efforts to modify this MOU, the SLDMWA Cost Recovery Plan or Reserve Criteria, as applicable.

C. Inability to Reach Agreement on Modification of MOU

In the event a party seeks modification of this MOU pursuant to Section VII.A., neither party will give notice of termination of its Transfer Agreement pursuant to Article 2(c) thereof for six (6) months after the first negotiation date; provided, that if matters unrelated to the event giving rise to the party's request for modification of this MOU arise which cause a party to desire termination, such notice may be sooner given. Following such 6-month period, either party will be free to exercise its right to terminate its Transfer Agreement under Article 2(c) thereof if a mutually acceptable modification of this MOU has not been developed.

VIII. MISCELLANEOUS

A. Term of MOU

This MOU will remain in effect until it is terminated by the mutual agreement of the parties; provided, that this MOU will automatically terminate without further action of the parties upon the termination, as applicable, of either the FWA Transfer Agreement or the SLDMWA Transfer Agreement. Upon any termination of this MOU, the SLDMWA Cost Recovery Plan will also terminate, although if the FWA Transfer Agreement terminates, SLDMWA would proceed in promptly developing a new cost recovery methodology. In that regard, the parties acknowledge that the agreements described in this MOU, and particularly the agreements contained in the SLDMWA Cost Recovery Plan, are part of a negotiated and comprehensive arrangement which reflects numerous compromises and tradeoffs by the parties. Accordingly, no aspect of this MOU or the SLDMWA Cost Recovery Plan is to be construed as precedent, and all aspects thereof must be renegotiated if this MOU is terminated.

B. Attorneys' Fees

In the event of any judicial action by any of the parties seeking enforcement or interpretation of any of the terms and conditions of this MOU, the prevailing party in such action will be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses including, without limitation, taxable costs and reasonable attorneys' fees.

C. Entire Agreement

This MOU and its exhibits contain all of the agreements of the parties with respect to the subject matter of this MOU. No other prior agreement or understanding pertaining to any such matter will be effective for any purpose. No provisions of this MOU may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized representatives of each of the parties.

D. Exhibits

This MOU includes Exhibit A, a list of Settlement Contractors; Exhibit B, the SLDMWA Amended OM&R Cost Recovery Plan; Exhibit C, Reserve Criteria; and Exhibit D, a list of SLDM Contractor Service (Delivery) Areas. The parties anticipate that Exhibit A and Exhibit D

may be amended by SLDMWA from time to time in coordination with USBR. Exhibit B may be amended consistent with Section VII of this MOU and pursuant to Article 12(b)(3) of the SLDMWA Transfer Agreement. Exhibit C may be amended consistent with Section VII of this MOU, and may include coordination with the OM&R Technical Committee and/or the Finance & Administration Committee during the annual OM&R Budget development process. Any and all such updated exhibits will be attached to this MOU and replace all prior versions of such exhibits.

E. Interpretation

The validity and interpretation of this MOU (including all exhibits) will be governed by the laws of the State of California. The MOU will be construed simply, as a whole, and in accordance with its fair meaning. The use of the singular includes the plural, and vice versa.

IN WITNESS WHEREOF, the parties have executed this MOU as of the date first above written.

SAN LUIS & DELTA-MENDOTA
WATER AUTHORITY

FRIANT WATER AUTHORITY

By: _____
Cannon Michael, Chair

By: _____
Jim Erickson, Chair

By: _____
Federico Barajas, Secretary

By: _____
Josh Pitigliano, Secretary

EXHIBIT A

SETTLEMENT CONTRACTORS

The following contractors are entitled to receive, without charge, the designated acre feet of Settlement Water through the Project Facilities as stated below or as may be amended.

	Contract#	Acre Feet
Coelho Family Trust (Formerly Mason A. Loundy Trustee)	14-06-200-7859A	1,332
State of California, Dept. of Fish & Game (Mendota Wildlife Area) (Formerly Mason A. Loundy Trustee)	14-06-200-7859A Assign 1	1,321
State of California (Mendota Wildlife Area)	14-06-200-4359A AMD1	1,143
San Joaquin River Exchange Contractors Water Authority: <ul style="list-style-type: none">• Central California Irrigation District• Columbia Canal Company• San Luis Canal Company• Firebaugh Canal Company	llr-1144	840,000
Fresno Slough Water District	14-06-200-40 19A	866
Tranquillity Public Utility District (Formerly Hughes, Melvin & Mardella)	14-06-200-3537A	93
James Irrigation District	14-06-200-700-A	9,700
M.L. Dudley and Company, John G. Indart, and Doris J. Indart	14-06--200-4448A	2,280
Patterson Irrigation District	14-06-200-3598A-LTR1-P	6,000
Reclamation District No. 1606	14-06-200-3802A	342
Tranquillity Irrigation District	14-06-200-701A	20,200
Marvin A. & Patricia Meyers	9-07-20-W1608	210
Kenneth and Karen Carvalho Revocable Trust (Formerly Virginia L. Lempesis Separate Property Trust)	11-WC-20-0026	600
Total		884,087

EXHIBIT B

2024 SLDMWA OM&R COST RECOVERY PLAN

This 2024 SLDMWA OM&R Cost Recovery Plan was developed consistent with Article 12(b) of the SLDMWA Transfer Agreement, and was provided to all parties with payment obligations not less than sixty (60) days to the effective date of [REDACTED] (“Effective Date”). Notwithstanding the Effective Date of this Plan, the cost recovery methodology will be applied retroactively to March 1, 2024.

I. INTRODUCTION - The following is a description of the allocation and recovery of OM&R Costs for the following facilities by the San Luis & Delta-Mendota Water Authority:

1. Delta-Mendota Canal (“DMC”);
2. C.W. “Bill” Jones Pumping Plant (“Jones PP”);
3. C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex;
4. O’Neill Pumping/Generating Plant (“O’Neill PGP”) and Switchyard;
5. Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”)
6. Mendota Pool³;
7. Kesterson Reservoir;
8. Federal share of the San Luis Joint Use conveyance and conveyance pumping facilities; and
9. San Luis Drain including Redfern Drain.

This 2024 SLDMWA OM&R Cost Recovery Plan is an exhibit to the Second Amended and Restated Memorandum of Understanding Between the Friant Water Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation,

³ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal and contractual obligations of the United States. Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities (“MOU”). The MOU defines the terms and conditions for allocating and recovering the costs associated with the OM&R of the above referenced facilities. Friant Division Contractors will be obligated to pay the OM&R Costs associated with the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this Cost Recovery Plan. FWA will, as part of the FWA cost recovery methodology developed under the FWA Transfer Agreement, provide for the recovery of OM&R Costs allocated to the Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan. To the extent the USBR has conferred upon FWA the legal authority to do so, FWA will allocate such costs among, and collect such costs from, the Friant Division Contractors. For ease in representation and for practical considerations, and for the purposes of the MOU and this SLDMWA OM&R Cost Recovery Plan only, Friant Division Contractors will be considered a single Water Delivery Contractor whose water deliveries constitute the total Settlement Water deliveries of the Settlement Contractors. The USBR will be allocated the costs associated with the delivery of Other Water under the provisions of the SLDMWA Transfer Agreement, except to the extent that such Other Water is specifically attributable to another party (e.g. non-CVP water delivered under a Warren Act contract wherein the Warren Act contractor will be allocated applicable OM&R Costs). For purposes of completeness, OM&R Costs associated with Project Facilities that are unnecessary for the delivery of Settlement Water (such as the San Luis Drain) are allocated in this SLDMWA OM&R Cost Recovery Plan, but no part of such OM&R Costs will be allocated, under this Cost Recovery Plan, to the Friant Division Contractors, except as expressly noted.

The MOU dictates that the allocation of costs for specific acquisitions or OM&R activities not already addressed by this Cost Recovery Plan will be allocated in a manner consistent with the principles contained in this Cost Recovery Plan. Those principles include:

1. Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of the MOU and this Cost Recovery Plan;
2. Water rates will be comprised of various cost pool components based on the

principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used; and

3. All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

II. DEFINITIONS - As used in this Cost Recovery Plan, the following terms have the meanings as set forth below. To the extent the following terms are defined in the MOU, their definitions are restated here for convenience:

- A. Extraordinary OM&R: Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.
- B. Friant Division Contractors: Water Delivery Contractors receiving water service from the Friant Division of the CVP, including members and non-members of FWA.
- C. FWA Transfer Agreement: That certain *Agreement Between the United States of America and Friant Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works* effective October 5, 2020, as amended.
- D. OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement.
- E. OM&R Budget: SLDMWA's annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.

- F. OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.
- G. Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer Agreement in connection with the delivery of “Other Water,” as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
- H. Project Facilities: The physical works and appurtenances associated with the C.W. “Bill” Jones Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), O’Neill Pumping/Generating Plant and Switchyard, the federal share of the O’Neill Forebay and Dam, Mendota Pool (see footnote no. 4 above in the Introduction) Kesterson Reservoir, the federal share of San Luis Unit Joint Use conveyance and conveyance pumping facilities, and the San Luis Drain.
- I. Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.
- J. Settlement Contractors: Those contractors, listed in Exhibit A of the MOU, entitled to receive water service through the Project Facilities without charge, except as provided in this Cost Recovery Plan.
- K. Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.
- L. SLDM Contractors: Water Delivery Contractors that receive water (other than Settlement Water) via any of the Project Facilities described in the SLDMWA

Transfer Agreement.

- M. SLDMWA: The San Luis & Delta-Mendota Water Authority.
- N. SLDMWA Transfer Agreement: That certain *Agreement between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, C.W. "Bill" Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works* effective January 14, 2020, as amended.
- O. USBR: United States Department of Interior, Bureau of Reclamation.
- P. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which "Project Water" is to be supplied from or through Project Facilities and (2) any exchange contract, water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
- Q. Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
- R. Year: March 1 through February 28/29.

III. COST POOLS - OM&R Costs will be accumulated into eight cost pools, defined as the Upper DMC and Jones PP cost pool ("Upper Cost Pool"), the Lower DMC cost pool ("Lower Cost Pool"), the Intertie Variable cost pool ("Intertie Variable Cost Pool"), the Mendota Pool cost pool ("Mendota Pool Cost Pool"), the San Luis Joint Use conveyance and conveyance pumping facilities cost pool ("DWR Cost Pool"), the Jones PP power cost pool ("Jones Power

Cost Pool”), the O’Neill PGP cost pool (“O’Neill Cost Pool”) and the San Luis Drain cost pool (“San Luis Drain Cost Pool”).

A. The Upper Cost Pool includes:

1. The OM&R Costs for the Jones PP and related Jones PP Operations and Maintenance Complex, excluding energy costs;
2. A pro rata share of the OM&R Costs for the DMC from the Jones PP to Check 13 based on miles of DMC serviced above and below Check 13 (70/116 miles or 30.64%) (“Upper DMC”);
3. The OM&R Costs associated with routine OM&R of the Intertie, except that SLDMWA will work with USBR to ensure the State of California pays routine Intertie OM&R Costs associated with the movement of State water through the Intertie;
4. The OM&R Costs for the Westley, Newman, and Volta Wasteways; and
5. The OM&R Costs for the intake channel from the Tracy Fish Facility to the Jones Pumping Plant.

B. The Lower Cost Pool includes:

1. A pro rata share of the OM&R Costs for the DMC from Check 13 to (but not including) the Mendota Pool based on miles of DMC serviced above and below Check 13 (46/116 miles or 39.66%) (“Lower DMC”); and
2. The OM&R Costs for the Firebaugh Wasteway.

C. The Intertie Variable Cost Pool includes:

1. DWR wheeling charges for conveyance of water from the Intertie through the California Aqueduct to O’Neill Forebay; and
2. USBR’s project use energy (“PUE”) costs associated with Intertie operations.

D. The Mendota Pool Cost Pool includes the operational costs associated with activities at Mendota Pool that are specifically required to fulfill statutory or contractual obligations of the United States, including but not limited to, managing deliveries from the DMC into Mendota Pool, coordination actions to

assist CCID in maintaining certain elevations at Mendota Pool, coordination of flood releases from the San Joaquin River and Kings River into Mendota Pool, and monitoring and measuring water deliveries taken by contractors at Mendota Pool. Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

- E. The DWR Cost Pool includes the federal share of the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities and the energy costs incurred in pumping water at the Dos Amigos Pumping Plant. The DWR costs associated with the OM&R Costs of the O’Neill Forebay and Dam are included in the O’Neill Cost Pool and, therefore, are not included in the DWR Cost Pool.
- F. The Jones Power Cost Pool includes the energy costs incurred at the Jones PP and related Jones PP Operations and Maintenance Complex.
- G. The O’Neill Cost Pool includes:
 - 1. The OM&R Costs for the O’Neill PGP;
 - 2. The OM&R Costs for the O’Neill PGP intake upstream of Check 13 from the DMC to the O’Neill PGP;
 - 3. The energy costs, net of regeneration credits, incurred in pumping water at the O’Neill PGP; and
 - 4. The DWR OM&R Costs for the federal share of the O’Neill Forebay and Dam.
- H. The San Luis Drain Cost Pool includes:
 - 1. The OM&R of the San Luis Drain; and
 - 2. The Maintenance of the Kesterson Reservoir, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 will be assigned in accordance with the Report.

IV. COST ALLOCATION - The OM&R Costs assigned each Year to each of the cost pools described above will be allocated to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water using the facilities described above for each cost pool in accordance with the following methodology:

- A. Upper and Lower Cost Pools - Costs accumulated in the Upper and Lower Cost Pools will be allocated to each Water Delivery Contractor or Party Entitled to Receive or Use Other Water based upon the party's cost allocation percentage, subject to the following:
1. The cost allocation percentage for the Upper and Lower Cost Pools will be determined by dividing a Water Delivery Contractor's or Party Entitled to Utilize or Receive Other Water's "delivery base" by the total delivery base for all Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water sharing in each cost pool.
 2. The delivery base for each SLDM Contractor will be computed for the Upper Cost Pool and the Lower Cost Pool as the greater of the actual water delivered to the SLDM Contractor utilizing that cost pool's facilities during the Year, or the amount established under the Minimum Participation requirements described in Section V.A. hereof.
 3. 25% of the OM&R Costs for the Lower Cost Pool will be allocated in the Mendota Pool Cost Pool.
- B. Intertie Variable Cost Pool – Costs accumulated in the Intertie Variable Cost Pool will be allocated to each Water Delivery Contractor and Party Entitled to Utilize or Receive Other Water on the same basis as the Upper and Lower Cost Pool, subject to the following:
1. In water years where the south-of-Delta agricultural water allocation is 0% and/or in water years where 0% agricultural service water is available for delivery during the contract year (regardless of the south-of-Delta agricultural service water allocation): 65% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors. The remaining 35%

will be allocated to all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool.

2. In water years where the south-of-Delta agricultural water allocation is 1% - 5%:
 - i. The first time such event occurs, 20% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors, with the remaining 80% being allocated to all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool;
 - ii. The second time such event occurs, no cost will be imposed on Friant Division Contractors (i.e., SLDM Contractors and Parties Entitled to Utilize or Receive Other Water will pay on the same basis as the Upper Cost Pool); and
 - iii. The third time such event occurs, FWA, SLDMWA, and USBR will negotiate a new allocation methodology for 1% to 5% allocation years.
3. In water years where the south-of-Delta agricultural service water allocation is greater than 5%: Friant Division Contractors will not be allocated any variable Intertie OM&R Costs; 100% of variable Intertie OM&R Costs will be allocated to SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool.
4. In water years where the south-of-Delta agricultural service water allocation is greater than 5% and San Joaquin River Restoration Program Delta recapture flows are pumped at Jones PP, the daily acre-feet of recapture flows pumped at Jones PP that coincide with days that the Intertie is in operation will be presumed to have moved through the Intertie. Friant Division Contractors will be allocated a share of variable OM&R Costs for the Intertie by including these presumed flows in the

total acre-feet calculation for SLDM Contractors and Parties Entitled to Utilize or Receive Other Water for that water year, and allocating a corresponding share of variable OM&R Costs to Friant Division Contractors. For water years where the south-of-Delta agricultural service water allocation is less than or equal to 5%, regardless of what volumes are pumped at Jones PP, no additional OM&R Costs for the Intertie will be allocated to Friant Division Contractors above what is enumerated in subsections 2.A-C above.

5. Intertie operations will be reviewed upon request by either Party to determine if changes in the allocation methodology are warranted.
6. NOTE: SLDMWA will work with USBR to ensure the State of California pays variable Intertie OM&R Costs associated with the movement of State water through the Intertie; Friant Division Contractors will not be allocated any such costs.

C. Mendota Pool Cost Pool – Costs within the Mendota Pool Cost Pool will be allocated to the contractors taking delivery in Mendota Pool based upon the Water Delivery Contractor’s or Party Entitled to Utilize or Receive Other Water’s cost allocation percentage, using similar methodology to that described in Section IV.A.1 above, subject to the following:

1. In addition to the OM&R Costs for Mendota Pool activities, the Mendota Pool Cost Pool will include 25% of the OM&R Costs of the Lower Cost Pool.
2. Deliveries from the Mendota Pool that do not originate from the DMC (such as San Joaquin and Kings River flows and Mendota Pool pump-ins) will be excluded from the allocation of all other OM&R Costs, including O’Neill Storage, Extraordinary OM&R, and Reserve cost allocations, unless specifically agreed to by SLDMWA and FWA.
3. Minimum Participation requirements as described in Section V.A. will not apply to the allocation of the Mendota Pool Cost Pool.

D. DWR Cost Pool - Costs within the DWR Cost Pool will be sub-allocated into two cost pools, defined as the North of Dos Amigos Cost Pool and the South of Dos Amigos Cost Pool.

1. The North of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal north of the Dos Amigos Pumping Plant.
2. The South of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal south of the Dos Amigos Pumping Plant, the federal share of the DWR OM&R Costs associated with the Dos Amigos Pumping Plant, and the energy costs incurred at the Dos Amigos Pumping Plant.

OM&R Costs for the North of Dos Amigos Cost Pool and South of Dos Amigos Cost Pool will be allocated to the Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water directly utilizing the facilities in each such cost pool. The percentage of costs allocated to each such contractor/party will be determined by dividing the total water deliveries to such contractor/party utilizing the Project Facilities in each cost pool by the total water deliveries to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water utilizing such facilities during the Year.

E. Jones Power Cost Pool - Costs within the Jones Power Cost Pool will be allocated to those Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water whose water is made available by virtue of water being pumped at the Jones PP. The percentage of costs allocated to each such contractor/party will be determined by dividing the total water deliveries made available to each such contractor/party by the total of all such water deliveries made available. Minimum Participation requirements as described in Section V.A. will not apply to the allocation of the Jones Power Cost Pool.

- F. O'Neill Cost Pool - Each Year, the O'Neill Cost Pool will be sub-allocated between two cost pools, the "Direct Pumping Cost Pool" and the "Storage Pumping Cost Pool" as follows:
1. For purposes of allocating the O'Neill Cost Pool between the Direct Pumping Cost Pool and Storage Pumping Cost Pool only, water deliveries made during the Year through the San Luis Joint Use or San Felipe facilities will be deemed water delivered in the Direct Pumping Cost Pool and water released from the O'Neill Forebay through the O'Neill PGP into the DMC will be deemed water delivered in the Storage Pumping Cost Pool. Water that is not conveyed through the DMC will not be deemed water delivered in either the Direct Pumping Cost Pool or the Storage Pumping Cost Pool.
 2. The O'Neill Cost Pool will be sub-allocated to the Direct Pumping Cost Pool and the Storage Pumping Cost Pool pro rata based upon the percentage obtained by dividing each respective pools' share of water deemed delivered, during the Year as described above, against the sum of the two pools' water deliveries during the Year.
 3. The Direct Pumping Cost Pool will be further sub-allocated to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water taking delivery of water directly from the San Luis Joint Use or San Felipe facilities during the Year based upon the percentage obtained by dividing the water delivered to a contractor/party utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities or the San Felipe facilities by the total water deliveries utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities and the San Felipe facilities during the Year.
 4. The Storage Pumping Cost Pool will be further sub-allocated to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other

Water taking delivery of water directly from the DMC or Mendota Pool facilities based on the percentage obtained by dividing the water delivered directly from the DMC or Mendota Pool facilities to such contractor/party by the total water delivered directly from the DMC or Mendota Pool facilities to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water during the Year. Deliveries to Mendota Pool that are not conveyed through the DMC will be excluded from the Storage Pumping Cost Pool allocation.

None of the allocations described above for the O'Neill Cost Pool will be subject to the Minimum Participation requirements as described in Section V.A.

- G. San Luis Drain Cost Pool - The maintenance costs assigned to the San Luis Drain Cost Pool will be allocated to those Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water with contractual requirements for the payment of such maintenance costs, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 will be assigned in accordance with the Report.

V. MISCELLANEOUS COST ALLOCATION PROVISIONS

- A. Minimum Participation - In recognition of the value of providing OM&R even in Years when an individual SLDM Contractor's pro rata share of costs based upon that Year's water deliveries is very low or non-existent, there will be created Minimum Participation amounts of assumed minimum water deliveries, for purposes of cost allocation only, as follows: In Years when an irrigation SLDM Contractor's total deliveries (i.e., deliveries under its contract with the USBR plus other deliveries made available through the Jones PP and the DMC) are below 25% of its maximum contractual entitlement, the delivery base for purposes of allocating the Upper Cost Pool and Lower Cost Pool will be 25% of that irrigation

SLDM Contractor's maximum contractual entitlement.

- B. Water Transfers - A SLDM Contractor who receives transfer water ("SLDM Transferee") from a Water Delivery Contractor will have such water deliveries included in the SLDM Transferee's delivery base for each applicable cost pool described in Section I. above for purposes of allocating OM&R Costs for the Year (but not for delivery purposes in establishing reserves). As a result, all costs associated with the delivery of transferred water will be allocated to the SLDM Transferee in the same manner as costs are allocated to the SLDM Transferee for its CVP contractual supply and will be subject to Year-end adjustment and reconciliation per Section VIII below.
- C. Other Water –
1. All costs associated with the conveyance of Other Water through Project Facilities, including all components that may be required by Reclamation, will be assigned to the Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water that takes delivery of such Other Water. As a result, all costs associated with the delivery of Other Water will be allocated to the Water Delivery Contractor in the same manner as costs are allocated to that Water Delivery Contractor for its CVP contractual supply and will be subject to Year-end adjustment and reconciliation per Section VII.D. below. In the case of deliveries of Other Water to the Settlement Contractors, the applicable Settlement Contractors, not the Friant Division Contractors, will be responsible for all costs associated with the delivery of the Other Water, including an allocable share of the OM&R Costs and Reserve Costs (Section VI.D) addressed by this SLDMWA OM&R Cost Recovery Plan.
 2. Losses - A loss factor of five percent (5%), or the loss percentage provided in the governing contract or agreement, as applicable, will be applied to the delivery of any Other Water conveyed in any Project Facilities (e.g., if the loss factor is five percent (5%), and 100 AF of Other Water is pumped

at Jones PP, or as otherwise metered, that will result in 95 AF being considered available for delivery and will be allocated OM&R Costs accordingly).

VI. RESERVES - In recognition of the multiple year benefits of performing certain long-term OM&R activities for Project Facilities (excepting the San Luis Joint Use conveyance and conveyance pumping facilities and Mendota Pool, unless pursuant to separate agreement), including, but not limited to, the long-term capital outlays for the purchase of equipment and vehicles and reserves mandated by the SLDMWA Transfer Agreement, SLDMWA will accumulate Reserves and regularly use these Reserves for these activities in accordance with the following:

A. Reserves -

1. Annually, a ten-year projection of expenditures in specified Reserve Categories as listed in Exhibit C to the MOU will be made (“Ten-Year Plan”), along with a single year projection of expenditures in those categories for the forthcoming fiscal year. The Reserve cash requirement for the forthcoming fiscal year will be allocated to each Water Delivery Contractor pro rata based upon the past ten years of historic water deliveries (ten-year rolling average of deliveries), net of funds collected from Parties Entitled to Utilize or Receive Other Water.
2. Each Water Delivery Contractor’s ten-year rolling average of deliveries will include all Water Delivery Contract deliveries, water transferred out to other Water Delivery Contractors that utilize Project Facilities for which costs are allocated under this Cost Recovery Plan, and Other Water deliveries to that Water Delivery Contractor, subject to the following:
 - i. Each Water Delivery Contractor’s ten-year rolling average of deliveries will be subject to the inclusion of the annual Minimum Participation amounts as determined in Section V.A above;
 - ii. Ten-year rolling average of deliveries will not include:

- a. Water transferred in by the applicable Water Delivery Contractor;
 - b. Water transferred out by the applicable Water Delivery Contractor that does not utilize Project Facilities for which costs are allocated hereunder; or
 - c. Deliveries to Mendota Pool not conveyed through the Lower DMC (e.g. San Joaquin River flood flows, Kings River flood flows, water released from Millerton Reservoir, Mendota Pool pump-in water, etc.).
- iii. Notwithstanding the reference above to water transferred out to other Water Delivery Contractors being included in each Water Delivery Contractor's ten-year rolling average of deliveries, water transferred from a San Joaquin River Exchange Contractor ("Exchange Contractor") to a Water Delivery Contractor will be included in the San Joaquin River Exchange Contractor Water Authority's ("SJRECWA") total deliveries for the purposes of allocating Reserve costs and Extraordinary OM&R Costs, and costs associated with such transfers will not be an obligation of Friant Division Contractors, subject to the following:
- a. Beginning in Water Year 2026 (March 1, 2026 – February 28, 2027), deliveries associated with Water Transfer Program for the San Joaquin River Exchange Contractors Water Authority ("Exchange Contractor Transfer Program"), as that program may be amended, will be excluded from FWA's Reserve allocation.
 - b. In the interim, the Reserve calculations to support final accountings for Water Years 2022, 2023, 2024, and 2025 will continue to include the deliveries associated with Exchange Contractor transfers in FWA's Reserve

allocation. The same methodology (utilizing offsetting adjustments) used to calculate the reserve obligation for FWA in Water Year 2019 will apply.

- c. Beginning in Water Year 2026, SLDMWA will no longer make the offsetting adjustments to the delivery data used to calculate the Reserves as outlined in Section VI.A.2.iii.b. All delivery volumes associated with the Exchange Contractor Transfer Program will be moved from FWA's Reserve allocation to the SJRECWA's Reserve allocation.⁴ Any offsetting adjustments (including historical adjustments) will be removed in their entirety from the Reserve calculation for the SJRECWA.
3. In any one Year, Reserve expenditures may benefit some Project Facilities or cost pools more than others. However, in the long-term, it is expected that Reserves will be spent generally in accordance with the overall apportionment of the OM&R Budget for each facility as that facility's OM&R Budget relates to the entire OM&R Budget (without consideration or inclusion of the cost of energy, the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities, the OM&R Costs of the Mendota Pool, or costs associated with the San Luis Drain).
4. One-time or de minimis use of Project Facilities (i.e., the delivery of Other Water to an individual or entity that otherwise has irregular or infrequent deliveries made through Project Facilities maintained by SLDMWA) will be charged the SLDMWA Board-adopted Reserve rate component(s) for the delivery(ies). Such one-time or de minimis water deliveries will not be included in any water delivery base in the determination of Reserves or Reserve allocations hereunder. Revenues generated to Reserves for this

⁴ SLDMWA anticipates that SJRECWA will pass through any costs associated with the Reserve allocation to the entities receiving transfers.

one-time or de minimis use of Project Facilities will be used to reduce that Year's total Reserve requirement. Reserve contributions from one-time or de minimis use of Project Facilities will not be subject to annual reconciliation and adjustment.

5. Consistent with Sections VI.A.1-4 above and Section VII below, SLDMWA will include a Reserve component in the calculation of OM&R Water Rates for all deliveries utilizing Project Facilities, unless expressly excluded.

B. Emergency Reserves – SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement. SLDMWA will include a sub-component in the Reserve component described in Section VI.A above for the Emergency Reserve Fund when required.

C. Other – SLDMWA may also utilize Reserve funds to repay specific Extraordinary OM&R Costs that utilize long-term financing or debt. When the SLDMWA Board of Directors takes action to authorize such long-term financing or debt and the collection of Reserve funds to repay the same, the SLDMWA Board of Directors will establish whether and how the additional Reserve fund component(s) will be included in the calculation of OM&R Water Rates for some or all deliveries utilizing Project Facilities. It is understood that the cost allocation methodology for individual Extraordinary OM&R projects may differ from the cost allocation methodology used to allocate Reserve costs.

VII. RATE COMPONENT CALCULATIONS / WATER RATES

A. Rate components will be established for each cost pool listed in Section III on a per AF basis. Rate components will be calculated in accordance with the cost allocation to Water Delivery Contractors in Section IV using budgeted amounts for the Year for each cost pool divided by projected water deliveries utilizing the Project Facilities and/or energy associated with the applicable cost pool for the Year. The Reserve rate component(s) will be computed by dividing each Water

Delivery Contractor's expected annual contribution, in accordance with Section VI.A-B, by projected water deliveries to that Water Delivery Contractor for the Year.

- B. The "OM&R Water Rate" for a given delivery will be calculated by adding together various cost pool components and/or the Reserve rate component(s) associated with that delivery. For example, the OM&R Water Rate for a delivery along the Lower DMC will include the following components: Upper Cost Pool + Jones Power Cost Pool + Intertie Variable Cost Pool (if applicable) + Lower Cost Pool + O'Neill Storage Cost Pool + Reserves (more than one reserve component potentially applicable). The proposed water rates for deliveries to various geographic locations, including the cost pool and/or Reserve components, will be provided to the SLDMWA Board of Directors when OM&R Water Rates are presented to the Board of Directors for action.
- C. Reference to "adjusted" OM&R Water Rates on rates sheets presented to the SLDMWA Board of Directors will refer to rates that utilize some, but not all rate components for a delivery that does not incur certain OM&R Costs. For example, an "adjusted" OM&R Water Rate is charged to deliveries that are pumped-in along the Lower DMC and do not utilize Upper Cost Pool facilities.

VIII. PAYMENT AND RECONCILIATION

- A. Amounts payable for water delivered to Water Delivery Contractors each calendar month will be computed by multiplying the sum of the rate components (Rate) applicable to water deliveries by the quantity (acre feet) of such water deliveries scheduled for the month, adjusted for differences between actual and scheduled deliveries, at the applicable Rate, for prior months.
- B. SLDMWA will bill FWA to provide for recovery of OM&R Costs allocated to the Settlement Contractors that are payable by the Friant Division Contractors under this SLDMWA OM&R Cost Recovery Plan.
- C. Payments due under this SLDMWA OM&R Cost Recovery Plan for water

deliveries will be made in advance. All payments must be received by SLDMWA by the 15th of the month prior to the month of such scheduled water deliveries. For instances where SLDMWA invoices FWA after the 10th of the month, a minimum of five (5) calendar days will be afforded FWA for payment. Notification of electronic transfer of funds payments to the SLDMWA will be provided in advance of or concurrent with such payment.

- D. Payments received after the due dates noted above are delinquent and will be subject to an interest charge, as well as to any remedies for deficiencies provided in Article 12 of the SLDMWA and FWA Transfer Agreements and IV.B of the MOU. The interest charge will be calculated pursuant to the Prompt Payment Act, as amended (31 U.S.C. § 3901, et seq.). The interest charge will be based upon any and all accumulated advance payment deficiencies. Interest will accrue for each day past the due date and will be accumulated based upon a 360-day year (interest will compound on a simple interest basis).
- E. Annual reconciliation and adjustment of the OM&R Costs and their allocation to each Water Delivery Contractor (“Final Accounting”) will be made within sixty (60) days following the completion and SLDMWA Board of Directors’ acceptance of the annual audited financial statements containing the costs to be allocated. The Final Accounting for a given Year will be treated as final and no longer subject to any dispute following the expiration of the applicable statute of limitations, as may be modified by law. The parties also agree that SLDMWA may reopen a Final Accounting under appropriate circumstances.
- F. Reconciled and adjusted OM&R Cost allocation applicable to each Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water, including annual reserve amounts, will be compared to payments made by or on account for each Water Delivery Contractor for water deliveries during the Year. In the event payments made by or on account of a Water Delivery Contractor exceed costs allocated to that Water Delivery Contractor (surplus), SLDMWA will refund the amount of the surplus to the payee or the payee may direct SLDMWA to apply

such surplus to future amounts due under this SLDMWA OM&R Cost Recovery Plan. In the event costs allocated to the Water Delivery Contractor exceed payments made by or on account of a Water Delivery Contractor (deficiency), the payee will have thirty (30) days from the notice of such deficiency to make payment. Payments not received within thirty (30) days will be subject to the late payment provision as described in Section VII.B above starting on the date of delinquency, as well as subject to any remedies for deficiencies provided in Article 12 of the SLDMWA and FWA Transfer Agreements and IV.B of the MOU.

- G. SLDMWA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section 12 of the SLDMWA Transfer Agreement.
- H. FWA will collect and remit payments due for OM&R Costs allocated to Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan in accordance with the terms of this section. FWA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section IV of the MOU and Section 12 of the FWA Transfer Agreement.

EXHIBIT C

RESERVE CRITERIA

In recognition of the long-term benefits associated with certain OM&R activities, expenditures meeting the criteria established below will be made from Reserve funds accumulated for such purposes, consistent with Section VI of the SLDMWA OM&R Cost Recovery Plan.

1. Reserve Categories:

A. Major Non-Routine Maintenance/Extraordinary OM&R:

- i. Major non-routine maintenance improvements, modifications, replacements, or repairs, additions, or modernizations with long term benefits, exceeding one year, that have a total cost greater than **\$60,000**, including labor and labor related costs for projects identified on the Ten-Year Plan.
- ii. For any Extraordinary OM&R project for which SLDMWA's estimated total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs, the Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project.

B. Equipment: Replacement of mobile/stationary equipment and heavy equipment identified on the Ten-Year Plan with a total replacement cost greater than **\$30,000**.

Equipment types and examples are as follows:

- i. Heavy Equipment (Off-Road – Unlicensed): Motor graders, loaders, backhoes, excavators, dozers, skid-steers, cranes, tractors, implements (i.e., discs, mowers, etc.), man-lifts, forklifts, etc.
- ii. Heavy Equipment (On-Road – Licensed): Truck/tractors, spray trucks, dump trucks, water trucks, boom trucks, utility trucks heavier than 1.5 ton, heavy transport trailers, tilt trailers, flatbed trailers, trailer-mounted pumps/generators/compressors, belly dump trailers, etc.
- iii. Shop Support Stationary Equipment: Machine Shop equipment, Electric Shop test equipment, Vehicle Maintenance Shop equipment, Sandblast and Paint Shop equipment, etc.

C. Vehicles: Replacement of light passenger/utility vehicles identified on the Ten-Year Plan that have a total replacement cost (including labor) greater than **\$25,000** (e.g., sedans, pickups, utility vehicles, vans, etc.).

D. Office & Computer/Network Equipment: Replacement of office and electronic equipment and computer software identified on the Ten-Year Plan with an annual aggregate replacement cost greater than **\$20,000**.

E. Facility Infrastructure Rehabilitation/Replacement: Improvement, modification, replacement, repair, addition, or modernization projects on the SLDMWA Project Facilities identified on the Ten-Year Plan that have a total cost greater than **\$30,000**, including labor and labor-related costs. The typical types of projects for this category, include but are not limited to:

- i. Roofing Systems repair or replacement,
- ii. Building Interior/Exterior Components repair, remodel/upgrade,
- iii. Building HVAC Systems replacement,
- iv. Building Electrical & Communication Systems modernization,
- v. Building Plumbing Systems replacement,
- vi. Building/Facility Fire Protection & Security Systems replacement/modernization,
- vii. O&M Shop Support Equipment/Systems replacement/modernization, and
- viii. Facility Pavement & Grounds repairs/replacement & upgrades.

F. Supervisory Control and Data Acquisition (SCADA): Improvements, modifications, replacements, repairs, additions, or modernizations of SCADA system and associated hardware and software identified on the Ten-Year Plan with a total replacement cost (including labor) greater than **\$20,000**.

G. NOTES:

- i. Each Reserve Category requires the development and management of a specific Ten-Year Plan for the category's replacement, additions, rehabilitation, and modernization needs.
- ii. These cost thresholds will apply beginning on the Effective Date of the SLDMWA OM&R Cost Recovery Plan. Prospectively, during the annual budget development process, staff will work with the OM&R Technical

Committee to evaluate any necessary increases to the cost thresholds, utilizing the USBR Operations and Maintenance Cost Index and other available tools.

2. Emergency Reserves: SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement.
3. Other: The Finance & Administration Committee may recommend necessary changes to the Reserve Categories or the accumulation of additional Reserve funds (e.g. to fund debt/financed OM&R Costs).

DRAFT

EXHIBIT D

CONTRACTOR SERVICE (DELIVERY) AREAS

	Upper DMC	Lower DMC	Mendota Pool	San Felipe	San Luis Joint Use
Banta-Carbona Irrigation District	X				
Del Puerto Water District	X				
Patterson Water District	X				
Byron Bethany Irrigation District	X				
West Stanislaus Irrigation District	X				
City of Tracy	X				
Santa Nella County Water District	X				X
Eagle Field Water District		X			
Mercy Springs Water District		X			
Oro Loma Water District		X			
Pacheco Water District		^			X
Panoche Water District		X			X
San Luis Water District	X	X	X		X
City of Dos Palos					X
State of California, Mendota Wildlife Area	X	X	X		
Fresno Slough Water District			X		
Tranquillity Public Utility District			X		
James Irrigation District			X		
Laguna Water District			X		
Reclamation District #1606			X		
Coelho Family Trust			X		
Tranquillity Irrigation District			X		
Westlands Water District			X		X
Santa Clara Valley Water District				X	
San Benito County Water District				X	
Exchange Contractors					
Central California Irrigation District	X	X	X		
Firebaugh Canal Company		X	X		
Columbia Canal Company			X		
San Luis Canal Company			X		
City of Coalinga					X
City of Avenal					X
City of Huron					X
Refuge	X	X	X		X
Meyers Farm Family Trust			X		
Dudley-Indart (CGH) (incl. Robinson Family Farms LP, Vista Verde Farms)			X		
Kenneth & Karen Carvalho Trust			X		

**~~FIRST-SECOND~~ AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING BETWEEN
FRIANT WATER ~~USERS~~ AUTHORITY AND
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
RELATING TO ALLOCATION, COLLECTION, AND PAYMENT OF
OPERATION, MAINTENANCE, ~~AND~~ REPLACEMENT COSTS FOR
WATER DELIVERED THROUGH
CERTAIN CENTRAL VALLEY PROJECT FACILITIES**

This ~~First-Second~~ Amended and Restated Memorandum of Understanding is made effective as of [DATE], by and among the Friant Water ~~Users~~ Authority (“FWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 65000, *et seq.* and the San Luis & Delta-Mendota Water Authority (“SLDMWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 65000, *et seq.*, and amends and restates the First Amended and Restated Memorandum of Understanding made and entered into by the parties effective as of ~~March-September 1, 1998~~2002.

DEFINITIONS

As used ~~herein~~ this MOU, the following terms have the meanings indicated below. Terms with their initial letters capitalized but not defined below have the same meanings ascribed to them in the FWUA Transfer Agreement and the SLDMWA Transfer Agreement.

- ~~1. CVP Contractors: Parties that receive water pursuant to Water Delivery Contracts or that receive Other Water as such said terms are defined in Article 1 of the SLDMWA and FWUA Transfer Agreements.~~
- ~~2.~~
 1. Extraordinary OM&R: As used in this MOU, Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.
2. Friant Division Contractors: CVP-Water Delivery Contractors receiving water service from the Friant Division of the Central Valley Project (“CVP”), including members and non-members of ~~the FWUA~~.
3. FWUA: ~~The~~ Friant Water ~~Users~~ Authority.

4. FWUA Transfer Agreement: That certain Agreement Between the United States of America and Friant Water Authority for the to Transfer of the Operation, Maintenance and Replacement, and Certain Financial and Administrative Activities Related to of the Friant-Kern Canal and Related-Associated Works-between the Friant Water Users Authority and the United States of America- effective October 5March I, 19982020, as it may be amended.
 5. Memorandum of Understanding or "MOU": This Second Amended and Restated Memorandum of Understanding-Agreement.
 6. OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement Extraordinary OM&R-
 - ~~7. : To the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.~~
 7. OM&R Budget: -SLDMWA's annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.
-
8. OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.
 9. OM&R Program: All activities of ~~the~~ SLDMWA required for the OM&R of the Project Facilities pursuant to the SLDMWA Transfer Agreement, including but not limited to, the program of work to be performed, the preparation and adoption of budgets, funding (including establishment of reserves and creation of debt), purchasing, auditing, inspections, cost recovery methodology, and administrative responsibilities.
 - ~~9.2. OM&R Budget: SLDMWA's annual budget to fund the OM&R Program which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.~~
 10. Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer

Agreement in connection with the delivery of “Other Water,” as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

~~10.11.~~ Project Facilities: The physical works and appurtenances associated with the Tracy C.W. “Bill” Jones Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, the Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), Kesterson Reservoir, the O’Neill Pumping/Generating Plant and Switchyard, the federal share of the O’Neill Forebay, ~~the~~ Mendota Pool¹, the federal share of San Luis Unit joint use conveyance and conveyance pumping facilities, and the San Luis Drain; this term ~~is intended to encompass the same~~ includes the facilities defined as the “Project Works” in the SLDMWA Transfer Agreement.

~~11.12.~~ Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.

~~12.13.~~ Settlement Contractors: Those contractors listed ~~in~~ the attached Exhibit A entitled to receive water service through the Project Facilities without charge, ~~-~~ except as provided in the OM&R Cost Recovery Plan.

14. Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.

~~13.15.~~ SLDM Contractors: ~~CVP~~ Water Delivery Contractors that receive water (water other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement.—

~~14.16.~~ SLDMWA: ~~The~~ San Luis & Delta-Mendota Water Authority.

~~15.17.~~ SLDMWA Cost Recovery Plan: The cost allocation methodology described ~~in~~

¹ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal or contractual obligations of the United States. ~~-~~ Unless undertaken pursuant to ~~under~~ separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

the attached Exhibit B, also referred to as the "Cost Recovery Plan."

~~16-18.~~ SLDMWA Transfer Agreement: That certain Agreement Between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, Traey C.W. "Bill" Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, and O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works ~~between the San Luis & Delta Mendota Water Authority and the United States of America~~ effective March January 14, 2020, 1998. as amended.

19. USBR: United States Department of the Interior, Bureau of Reclamation.

20. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which "Project Water" is to be supplied from or through Project Facilities and (2) any exchange contract, water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

~~17-21.~~ Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

RECITALS

1. Since March 1, 1998, the costs of operating, maintaining and replacing certain ~~Central Valley Project (the "CVP")~~ conveyance facilities and the San Luis Drain, and the costs of conveyance pumping, no longer have been funded by the USBR through federal appropriations and instead are being funded pursuant to those certain ~~Agreements~~ agreements to for the Transfer of the oOperation, mMaintenance and Rreplacement, and certain financial and aAdministrative aActivities (the "Transfer Agreements") entered into between USBR and (i) ~~the~~ SLDMWA, (ii) ~~the~~ FWUA, and (iii) ~~the~~ Madera Irrigation District and ~~the~~ Chowchilla Water District, and the October 1, 1996 Transfer Agreement between the USBR and the Tehama-Colusa Water Authority, respectively (referred to as the "Conveyance Contractors"), except that the USBR has entered into, or agreed to enter into, other appropriate legal instruments to fund OM&R Costs for Water DeliverCVPy Contractors thatwhich have a

deficiency, as that term is defined in Article 1+2(c) of the SLDMWA and FWUA Transfer Agreements, in payment to the Conveyance Contractors.

2. The Conveyance Contractors have agreed to the principle that in operating under their respective Transfer Agreements, the Conveyance Contractors will replace the USBR's historic CVP-wide pooling of costs of operating, maintaining and replacing CVP conveyance facilities with direct funding by each Conveyance Contractor to cover the operation, maintenance, and replacement ~~and maintenance~~ costs of the facilities assumed by each pursuant to their respective Transfer Agreements.

3. Pursuant to the terms of the SLDMWA Transfer Agreement, the cost of OM&R of —CVP conveyance facilities and the San Luis Drain, and the costs of conveyance pumping for water delivered through the Project Ffacilities will be funded by ~~the~~ SLDMWA, and ~~the~~ SLDMWA will establish budgets and methods for direct recovery of OM&R Costs of such facilities from the CVP-Water Delivery Contractors and Parties Entitleds to Receive or Utilize Other Water receiving such water.

1.4. Because certain deliveries of San Joaquin River water to Friant Division Contractors are dependent upon the delivery of Settlement Water to the Settlement Contractors, those Friant Division Contractors have a critical interest in the OM&R of the Project Facilities and have agreed to pay the O&M&R Costs incurred by ~~the~~ SLDMWA under the SLDMWA Transfer Agreement associated with the delivery of the Settlement Water as determined in accordance with this MOU.

2.5. FWUA, by virtue of the FWUA Transfer Agreement, is willing to apportion among and collect from the Friant Division Contractors the OM&R Costs incurred by ~~the~~ SLDMWA in delivering Settlement Water and other types of water that may be agreed to for which ~~the~~ FWUA is responsible on behalf of the Friant Division Contractors under this MOU and remitting the same to ~~the~~ SLDMWA, all in accordance with the terms of this MOU.

AGREEMENT

The parties hereby enter into this MOU ~~Memorandum of Understanding for the purposes set forth herein,~~ based upon the facts and definitions stated above, and for the purposes and upon the terms and conditions set forth below, to wit:

I. PURPOSES OF THE MOU

The purposes of this MOU are as follows:

A. To establish the standards for OM&R of the Project Facilities by ~~the~~ SLDMWA, and to set forth certain assurances relating thereto;

B. To establish the methodology for allocating and recovering OM&R Costs;

C. To establish the process for remittance by ~~the FWUA~~ to ~~the~~ SLDMWA of payments collected from the Friant Division Contractors for OM&R Costs allocable to the Friant Division Contractors under this MOU;

D. To establish the principles for ~~and rights of input and~~ participation in decision-making by ~~the FWUA~~ in the OM&R Program, which including includes providing input, and as applicable voting, on cost allocation, collection and payment procedures, and budgeting;

E. To establish the process of resolution of any disputes that may arise in the implementation of this MOU; and

F. To establish the conditions or events which would trigger renegotiation and/or renegotiation of this MOU.

II. STANDARD FOR OM&R OF THE PROJECT FACILITIES

The OM&R Program ~~will shall~~ comply with the standards set forth in the SLDMWA Transfer Agreement; provided, that the OM&R Costs ~~may will shall~~ not exceed those which are reasonably necessary to OM&R the Project Facilities in accordance with such standards. -The parties mutually acknowledge that there are items of deferred maintenance which must be performed on the Project Facilities in order for the OM&R Program to meet the applicable standards, and nothing in this paragraph is intended to preclude the performance of those deferred maintenance items or the equitable development of reserves in accordance with this MOU which will permit the OM&R of the Project Facilities in the future in accordance with the SLDMWA Transfer Agreement.

III. DEVELOPMENT OF COST RECOVERY METHODOLOGY

A. -Cost Recovery Methodology for OM&R Costs

1. Principles of Cost Allocation. -The OM&R Costs in which ~~the FWUA~~ will share ~~will shall~~ be allocated to OM&R activities in accordance with (i) generally accepted accounting principles and (ii) the SLDMWA Cost Recovery Plan, which ~~will shall~~ be applied consistently for all OM&R activities of ~~the~~ SLDMWA. To the extent the allocation of the costs for specific acquisitions or OM&R activities is not addressed by the SLDMWA Cost Recovery Plan, such costs ~~will shall~~ be allocated in a manner consistent with the following principles, also contained in the SLDMWA Cost Recovery Plan:

a) Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this MOU;

b) Water rates will be comprised of various cost pool components based on the principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used for such deliveries; and

c) All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

~~;~~ ~~provided, that if~~ the actual use of Project Facilities, including any subsequently ~~such~~-acquired property or facilities, ~~use~~ proves to be materially different from the use that ~~is~~ anticipated, appropriate adjustments will shall be made in order to more accurately reflect an appropriate allocation of OM&R Costs~~such costs~~.

2. Reserves. Reserves for Eextraordinary OM&R, capital replacement, emergencies, and other appropriate purposes will shall be established in accordance with the SLDMWA Transfer Agreement and the SLDMWA Cost Plan. Only items meeting the criteria attached hereto as Exhibit C (the "Reserve Criteria") will shall constitute Reserves in which ~~the FWUA~~ must participate for purposes of this MOU.

3. Disbursements of Interest or Reserves. While it is anticipated that all amounts paid by ~~the FWUA~~ to ~~the~~ SLDMWA under this MOU and any associated interest earnings will be retained by ~~the~~ SLDMWA and utilized to support the eontinued OM&R Program, in the event of any distributions of interest or of Reserves, such distributions will be made to the parties providing the funds being distributed or the funds on which the interest to be distributed was earned, including ~~the FWUA~~.

4. Miscellaneous Revenues. The parties ~~It is anticipated~~ that ~~the~~ SLDMWA may from time to time realize miscellaneous revenues from sources directly related to the OM&R Program, including without limitation revenues from (i) rebates from vendors of products and/or services used in the OM&R Program, (ii) the sale of used equipment originally acquired for use in the OM&R Program, and (iii) amounts collected from third parties for whom ~~the~~ SLDMWA performs contract services using employees, equipment and/or materials otherwise used in the OM&R Program. All such miscellaneous revenues will be retained by ~~the~~ SLDMWA and utilized to support the continued OM&R Program, as an offset to budgeted OM&R Costs that would have been allocated to Friant Division and SLDM Contractors.

IV. ALLOCATION, COLLECTION AND REMITTANCE OF COSTS BY FWUA

A. Recovery from Friant Division Contractors

~~The FWUA~~ will shall, as a part of the FWUA cost recovery methodology developed under the FWUA Transfer Agreement, provide for the recovery of OM&R Costs allocated to Settlement Contractors under the SLDMWA Cost Recovery Plan, which OM&R Costs are to be paid by Friant Division Contractors. To the extent the USBR has conferred upon ~~the FWUA~~ the

legal authority to do so, ~~the FWUA will shall~~ allocate such costs among, and collect such costs from, the Friant Division Contractors, and ~~will shall~~ promptly remit such costs to ~~the~~ SLDMWA.

B. Remedies for Non-Payment or Delinquent Payment

In the event of any non-payment or delinquent payment to ~~the~~ FWUA by a Friant Division Contractor of amounts to be collected by ~~the~~ FWUA and remitted to ~~the~~ SLDMWA under this MOU, ~~the~~ FWUA ~~will shall~~ diligently exercise its available remedies, (whether under Article 121 of the FWUA Transfer Agreement, or under California law), in a manner ~~the~~ FWUA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to ~~the~~ SLDMWA. If ~~the~~ FWUA is unable to collect and remit any amount owing from the delinquent Friant Division Contractor before the last day of the month before the scheduled month of delivery (whether from such Friant Division Contractor or from the USBR via offset or direct payment), ~~or if FWA fails to promptly remit to SLDMWA all amounts received from any Friant Division Contractor,~~ the USBR ~~will shall~~ be deemed to have directed ~~the~~ SLDMWA to deliver or convey Settlement Water despite a delinquency under Article 121 of the SLDMWA Transfer Agreement, and the United States ~~will shall~~ be liable to ~~the~~ SLDMWA for the costs to be recovered on account of such Settlement Water under this Agreement; provided, that ~~the~~ FWUA ~~will shall~~ also continue to diligently exercise its available remedies in the manner ~~the~~ FWUA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to ~~the~~ SLDMWA. Nothing contained in this MOU authorizes ~~the~~ SLDMWA to terminate Settlement Contractor deliveries in the event of delinquencies in payment by the Friant Division Contractors.

V. FWUA INPUT AND PARTICIPATION IN SLDMWA OM&R ACTIVITIES

A. FWUA Participation

~~The~~ FWUA ~~will shall~~ participate in SLDMWA decision-making relating to the OM&R of the Project ~~F~~ facilities and the OM&R Program through representation and voting on the SLDMWA ~~Board of Directors,~~ Finance and Administration Committee, ~~and the~~ OM&R Technical Subcommittee, ~~and the~~ OM&R-Planning Committee.

1. Board of Directors. ~~The~~ FWUA ~~will shall not, by virtue of this MOU,~~ be entitled to ~~limited~~ representation on the SLDMWA Board of Directors ~~through a single seat, in that the 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 and this MOU shall not be deemed to alter the authority of the SLDMWA Board of Directors to adopt and amend budgets for the conduct of SLDMWA business, including for OM&R of the Project Facilities.~~

2. Finance and Administration Committee. ~~The~~ FWUA ~~will shall~~ be entitled

to one of eight positions on the Finance and Administration Committee ("FAC"), with the right to vote on all OM&R budgetary matters. The FAC is an advisory committee to the Board of Directors. A recommendation of the FAC to the Board of Directors to adopt or amend the OM&R Budget will shall be adopted by the "yes" vote of at least 5 of 8 members. The FWUA representative and an alternate will shall be selected -appointed by the SLDMWA Chairman upon recommendation from the FWUA,; and Tthe an FWA alternate representative will shall be appointed to participate and may to cast the vote of FWUA in the absence of the primary FWA representative, or in case such representative is barred from voting due to conflict of interest.

3. OM&R Technical Committee. The FWUA will shall be entitled to one of ten 10 positions on the OM&R Technical Committee, with the right to vote on all matters. The OM&R Technical Committee is a subcommittee of the FAC and is advisory to the FAC and the Board of Directors. As long as this MOU is in effect, the OM&R Technical Committee will shall be comprised of the following members, with no Water CVP-Delivery Contractor entitled to have more than one representative on such committee at any time:

Contractors served from the Mendota Pool	1
Contractors served from the Lower DMC	1
Contractors served from the Upper DMC	1
Contractors served from the San Luis Canal (1 from Westlands + 1 from others)	2
Contractors served from the San Felipe Division	1
Exchange Contractors	1
FWUA <u>(appointed by SLDMWA Chairman as recommended by FWUA)</u>	<u>1</u>
USBR <u>(appointed by SLDMWA Chairman as recommended by USBR)</u>	<u>1</u>
SLDMWA Technical Staff	1

One alternate will shall be appointed for each such representative, and each such alternate will shall participate and cast the vote of the represented party in the absence of such party's the primary representative or in case the representative is barred from voting due to conflict of interest.

The SLDM and Settlement C contractors in each of the above-referenced service areas are listed in the attached Exhibit D.

A recommendation of the OM&R Technical Committee to the FAC to adopt or amend OM&R Budget levels will shall be adopted by the "yes" vote of at least 8 of 10 members. The FWUA representative and alternate will shall be appointed by the SLDMWA Chairman upon recommendation from the FWUA,; and the FWUA alternate representative will shall be appointed in the same manner. At any point in the budget approval process, a budget or a budgetary issue may be remanded back to the OM&R Technical Committee, which will shall

diligently meet to reconsider the matter and provide its recommendation.

4. ~~OM&R Planning~~ Planning Committee. The ~~OM&R Planning~~ Planning Committee is a subcommittee of the FAC and is advisory to the FAC and the Board of Directors.

a) FWA will be entitled to one of six voting positions on the ~~OM&R Planning~~ Planning Committee, with the right to vote on all matters. As long as this MOU is in effect, the ~~OM&R Planning~~ Planning Committee will be comprised of the following members, with no Water Delivery Contractor entitled to have more than one representative on such committee at any time:

<u>SLDMWA Division 1</u>	<u>1</u>
<u>SLDMWA Division 2</u>	<u>1</u>
<u>SLDMWA Division 3</u>	<u>1</u>
<u>SLDMWA Division 4</u>	<u>1</u>
<u>SLDMWA Division 5</u>	<u>1</u>
<u>FWA²</u>	<u>1</u>

One alternate will be appointed for each such representative, and each such alternate will participate and cast the vote of the represented party in the absence of such party's ~~primary~~ representative or in case the representative is barred from voting due to conflict of interest.

b) In addition, the ~~OM&R Planning~~ Planning Committee will include five non-voting members, including the following:

<u>SLDMWA staff/consultant representative</u>	<u>1</u>
<u>FWA staff/consultant representative</u>	<u>1</u>
<u>USBR representative</u>	<u>1</u>
<u>SLDMWA technical representative</u>	<u>1</u>
<u>FWA technical representative</u>	<u>1</u>

The non-voting members will not count in the calculation of a quorum.

c) The ~~OM&R~~ Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project for which SLDMWA's ~~estimated budget~~ total project cost is greater than 50% of the current year's routine OM&R Budget, ~~excluding power and Reserves costs~~. The ~~OM&R Planning~~ Planning Committee's cost allocation recommendation will be informed by preparation of a beneficiary analysis that will provide supply benefits broken down by water service type and contractor. ~~The anticipated b~~Benefits to be analyzed will be comprised of two components: 1) attributable water

²The FWA representative will be appointed by the SLDMWA Chair, as recommended by FWA.

supply direct benefits (water entitlements and priority of service), including increases in water deliveries due to an Extraordinary OM&R project, and 2) system-wide indirect benefits, including economic considerations.

d) The OM&R Planning Committee should be involved in review of a potential Extraordinary OM&R project as early as possible in order to make a cost allocation recommendation so that prudent and cost-effective decisions related to the proposed Extraordinary OM&R projects can be made on a timely basis. As the owner of the Project Facilities, USBR will be consulted on proposed Extraordinary OM&R projects involving such Facilities given its independent role in developing project feasibility studies and environmental documents.

e) Initial cost allocation recommendations from the OM&R Planning Committee require a unanimous vote by all members present. If, after exploring various solutions to achieve unanimity, members who represent agencies that are not proposed to be allocated the Extraordinary OM&R project costs continue to object to the proposed findings or recommendation, such members' objection will not preclude a recommendation moving forward from the OM&R Planning Committee provided that all remaining members of the committee representing agencies that will be allocated Extraordinary OM&R project costs unanimously approve the findings and recommendation.

f) Once a recommendation on cost allocation has been made by the OM&R Planning Committee, the recommendation will be forwarded to the FAC for its consideration and/or possible recommendation to the SLDMWA Board of Directors. If the FAC proposes any "material change(s)"³ to the OM&R Planning Committee recommendation, the proposed material change(s), including a summary of the reasons for the change(s), must be referred back to the OM&R Planning Committee for review.

g) Upon receipt of a proposed material change(s) to an initial recommendation, the OM&R Planning Committee can 1) concur in the FAC's proposed material change(s), 2) unanimously support revisions to the material change (including reasons why the OM&R Planning Committee recommendation is preferable to the FAC-proposed material change), or, 3) if unanimous support or revisions cannot be agreed to, the original OM&R Planning Committee recommendation will stand, and the OM&R Planning Committee recommendation will be sent, along with the separate FAC recommendation, to the SLDMWA Board of Directors for action.

h) The Planning Committee's review of and response to the FAC-proposed material change(s) must occur within thirty (30) days of any

³ For the purposes of this Section V.A.4, a "material change" is one that would increase the overall costs of the Extraordinary OM&R project by more than 10% based on the engineer's estimate, or increase the project costs allocated to any participating OM&R payor by more than 10%.

referral from the FAC, unless the FAC agrees to a longer review and response period.

i) Initial cost allocations related to an Extraordinary OM&R project that the Planning Committee has reviewed will be periodically reviewed by the OM&R Planning Committee, FAC, and/or SLDMWA Board of Directors to determine if changes in allocated costs are warranted.

4.5. SLDMWA Committee Structure. All matters pertaining to the OM&R Budget and the OM&R Program will shall be addressed by the FAC, and/or OM&R Technical Committee, and/or OM&R Planning Committee, for matters within their respective jurisdiction. The SLDMWA will shall not alter that delegation of responsibility or the structure/composition of the committees and/or subcommittees while this MOU is in effect without the consent of the FWUA; provided, that the FWUA will shall not withhold such consent in the event the SLDMWA wishes to form new committees or subcommittees to deal with OM&R budgetary and/or OM&R Program matters if the FWUA is entitled to participate on such committees or subcommittees by representation and with voting rights that are equivalent to the rights described in this MOU. Reorganizations of committee structure that do not affect the FWUA participation on OM&R budgetary and/or OM&R Program matters, such as splitting off Administrative matters or other non-OM&R budgets, will shall not be affected by the terms of this MOU.

B. Provision of Information

The SLDMWA will shall share with the FWUA in a timely manner all relevant information available regarding SLDMWA OM&R Budgets; actual OM&R Costs incurred, including but not limited to power costs; water deliveries; and all similar information that affects the OM&R Budget, the OM&R Program, the SLDMWA Cost Recovery Plan, and adjusting estimated costs to actual. All such information will shall be provided to the FWUA at the same time it is provided to all other members of the Board of Directors or members of any committee or subcommittee as part of a regular or special meeting, and if a separate request for information is made by FWA representatives outside of any board, committee or subcommittee meeting, such information will be provided as soon as reasonably practical.

1. Reports. The SLDMWA will shall provide such information by means of its final draft and final Budgets and any Budget Addenda on OM&R; monthly Financial Report, including budget-to-actual expenditures; USBR and/or SLDMWA Water Delivery Reports; and such other reports as may be developed for such purposes from time to time.

2. Access. The FWUA will shall be afforded access to inspect SLDMWA records on the same terms as are provided to the USBR pursuant to Article 154(a) of the SLDMWA Transfer Agreement.

C. Notices and Meeting Dates

~~The~~SLDMWA will~~shall~~ give ~~the~~FWUA, its designated representatives and the designated alternate for each timely notice of all meetings of the Board of Directors, FAC, and OM&R Technical Committee, and OM&R Planning Committee. All information and notices provided to ~~the~~FWUA by ~~the~~SLDMWA will~~shall~~ be provided in at least the same detail, and at the same time, as the comparable information and notices provided to SLDMWA members or their representatives participating in the same decision-making. To facilitate FWUA participation as described herein, ~~the~~SLDMWA will~~shall~~ use its best efforts to establish regular meeting dates for meetings of the Board of Directors, committees, and subcommittees that deal with the OM&R Program or any OM&R-related issue on dates that do not conflict with regularly-scheduled FWUA meeting dates, to coordinate meeting dates for special meetings of such committees or subcommittees with the schedules of FWUA representatives, and to permit ~~the~~FWUA to participate by telephone or other electronic means, and ~~the~~FWUA will~~shall~~ use best efforts to make its representatives available for such participation.

VI. RESOLUTION OF DISPUTES

A. Process

Disputes relating to interpretation or performance of this MOU will~~shall~~ be resolved according to the process described in this Article.

1. Informal Dispute Resolution. Should any dispute arise between ~~the~~SLDMWA and ~~the~~FWUA concerning any matter that is the subject of this MOU, the party raising the disputed issue must~~shall~~ promptly give written notice ("Dispute Notice") to the other party, and the parties shall thereafter diligently meet and confer in good faith in an effort to resolve the issue. The Dispute Notice shall~~must~~ contain the date or general period the dispute arose, a detailed~~n~~ explanation of the issue (including proposed resolution of the issue), and the name and contact information, address and telephone and fax numbers of the disputing party's representative who should be contacted by the responding party. The parties must schedule and participate in an initial meeting no later than thirty (30) days from the date of the Dispute Notice, and if the issue is not resolved at the initial meeting, the parties must thereafter continue to engage in good faith efforts to resolve the issue at the earliest opportunity. Each party shall~~must~~ make available, at such party's expense, such policy-level staff members, technical staff, consultants, or Board members as are reasonably necessary to the equitable and expedient resolution of the issue. At any time during this process, either party may request that the Regional Director of the USBR participate in the process to facilitate the resolution, and the other party will~~shall~~ accept such participation if it is provided. In the event the parties have not reached agreement on resolution of the disputed issue within ninety (90) days of the date of the Dispute Notice, or such extended period as the parties may mutually agree to, either party may pursue the remedies described in Section VI.A.2 or 3, as applicable.

2. Alternative Dispute Resolution. At any time during the informal dispute resolution process described in Section VI.A.1 above, or following the expiration of the time period established for such process, either party may propose a form of alternative dispute resolution (“ADR”) such as mediation or arbitration to resolve the dispute. The utilization of such voluntary ADR process will require mutual agreement as to the specifics of the process, and the decision as to whether to utilize such voluntary ADR process in the first place and the details of such process will be at the sole discretion of the parties. The parties will endeavor, where applicable, to select a mediator or arbitrator with general familiarity with the OM&R of water conveyance facilities and the CVP. The decision by any party not to utilize ADR or the inability to agree upon the specifics of an ADR process will not constitute bad faith under this MOU.

3. Resolution by USBR, through Trial by Reference. In the event the parties have not reached agreement on resolution of the disputed through informal dispute resolution within the time period issue by the first anniversary 90 days of the date of the notice described in Section VI.A.1., with or without the assistance of the Regional Director as facilitator, or through the voluntary utilization of ADR under Section VI.A.2, then the dispute will be determined by the Regional Director using the following procedure either party may pursue a formal dispute determination from the Regional Director, USBR, file suit in the Superior Court of Fresno County for proceedings in accordance with Section 638 et seq. of the Code of Civil Procedure; provided that the procedure for such reference shall be modified as follows:

a) Within fifteen (15) days after the expiration of the period for informal dispute resolution and after the termination of any ADR proceedings, the parties will request in writing a determination of the dispute by the Regional Director (“Request for Dispute Determination”).

b) Upon receipt of a Request for Dispute Determination, the Regional Director, with non-binding input from the parties, will select a panel of USBR personnel (“Panel”) with appropriate financial, operational, policy, or technical backgrounds to assist in the resolution of the dispute.

c) The Regional Director, in coordination with the parties, will set dates for the submission of position papers on the dispute (including page limitations) and for the parties to present their positions to the Regional Director and the Panel. Unless the parties agree otherwise, the meeting at which the parties present their positions must take place within sixty (60) days of the date of submission of the Request for Dispute Determination.

d) Within sixty (60) days of the meeting at which the parties present their positions, or such other reasonable date as may be agreed upon by the parties and USBR, the Panel will prepare an analysis and recommendation on the dispute and the Regional Director, upon review of such recommendation and following an opportunity to request any additional information or to have any additional meetings with the parties, will issue a final written decision

on the dispute. Nothing in this MOU is intended to or will limit the discretion of the Regional Director to apply applicable Reclamation law, policies or procedures, where appropriate, in resolving any disputes submitted by the parties under this Section VI.A.3.

e) The Regional Director's determination will constitute a final written determination of the Contracting Officer pursuant to Article 10 of the parties' existing Transfer Agreements, and the parties must promptly comply with the determination until the same is stayed, reversed, or modified by a decision of a court of competent jurisdiction. Any challenge to the Regional Director's determination must be filed in federal court within sixty (60) days thereafter, and such determination will be subject to judicial review under the applicable standards of the federal Administrative Procedure Act (5 U.S.C. § 706). Except as set forth in Section VI.B, if the Regional Director's determination results in a payment obligation to either party, any such payment need not be made prior to the final resolution of any judicial proceedings commenced in accordance with this subsection.

f) If the Regional Director's determination under Section VI.A.3.e results in a payment obligation to either party, and an appeal is not timely filed in federal court, the following provisions will apply:

1. If the Regional Director determines FWA owes payment to SLDMWA under the MOU, FWA must promptly pay the sums owed to SLDMWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. After sixty (60) days from the Regional Director's final decision, any unpaid amounts will be deemed a "deficiency" within the meaning of Article 12 of the SLDMWA Transfer Agreement.

2. If the Regional Director determines SLDMWA owes payment to FWA under the MOU, SLDMWA must promptly pay the sums owed to FWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. If after sixty (60) days from the Regional Director's final decision SLDMWA has not paid the sums owed FWA, then FWA may apply the total obligation as a credit towards any pending or future cost invoice to FWA until the obligation is fully offset.

g) The parties agree to share equally any costs imposed by USBR associated with the participation of the Regional Director and Panel personnel in the dispute resolution process under this Section VI.A.3.

~~a) Each party shall name one person to serve as referee within 10 days of the date of the Court's order granting the petition for reference, and within 10 days of their selection the two persons so named shall name a third person to serve as referee. If they are unable to agree on a third person, the Court shall appoint the third person. All referees shall have general familiarity with the OM&R of water conveyance facilities and the CVP.~~

- b) ~~A hearing of the matter before the referees shall be conducted as expeditiously as possible.~~
- e) ~~The referees shall issue a draft report of their findings within 20 days after the testimony is closed.~~
- d) ~~Within 10 days after the date of mailing the draft report, any party may file objections to it with the referees.~~
- e) ~~If no objection is filed to the draft report, it shall be filed forthwith with the Court. If an objection to the draft report is filed, the referees shall file their final report with the Court within 20 days of the date the objection is filed.~~
- f) ~~The report of the referee shall be subject to review by the Court upon exception thereto being filed with the Court within 10 days after the filing of the final report by the referees; provided, no exception to the report shall be considered unless it appears that the matter of the exception was presented to the referees in the form of an objection. The Court shall bear the objection at the first available law and motion calendar at least 28 days after the exception was filed.~~
- g) ~~The report filed by the referee shall be prima facie evidence of the facts therein reported, but the Court may hear such evidence as may be offered by any party to rebut the report, and render the court's own decision.~~
- h) ~~If no objection to the referees' report is filed with the Court, the report of the referees upon the whole issue shall stand as the decision of the Court.~~

B. Disputes Causing Cash Flow Difficulties

The parties recognize that circumstances could arise in which the non-payment of amounts due by one party could create material cash flow difficulties for ~~one of the other~~ parties. In the event a dispute results in the non-payment of obligations owed to ~~the~~ SLDMWA by ~~the~~ FWUA or a demand from ~~the~~ FWUA for payment by ~~the~~ SLDMWA at such time or in such amount that the other party becomes unable to reasonably meet its cash flow needs, ~~through the terms of this MOU and Article II(e) of the SLDMWA Transfer Agreement or the FWUA Transfer Agreement, as applicable,~~ the affected party will ~~shall~~ not be obligated to pursue ~~the~~ informal ~~d~~Dispute ~~r~~Resolution or ADR ~~described in Section A.1. of this Article VI~~ for a period of longer than ten (10) days, after at which time the party it shall will be entitled to issue a Request for Dispute Determination to USBR under Section ~~VIV~~.A.3. In addition, in the event the Regional Director determines that a payment is due from a party, and if the party owed the payment needs the funds to reasonably meet cash flow needs, payment must be made promptly notwithstanding the pendency of any judicial proceedings to review the Regional Director's determination, subject to the reimbursement of the disputed payment amount if the Regional

Director's determination regarding a payment obligation is later set aside in whole or in part by a court. For the purposes of this subsection, the phrases "material cash flow difficulties"² and "reasonably meet cash flow needs" means the applicable party lacks sufficient unrestricted funds to pay current costs owed without being able to collect the funds associated with the disputed matter. "Unrestricted funds" has the same meaning as categories of unrestricted cash as reported by each party in its annual, audited financial statements.~~commence a court proceeding pursuant to Section A.2. of this Article VI.~~

C. Status of Obligations During Pendency of Dispute

A. Payment Obligations. During the period of any dispute between the parties regarding annual OM&R Costs collected via water rates, FWA must pay all disputed annual OM&R Costs collected from Friant Division Contractors during the course of the dispute. With respect to disputed payment obligations for Extraordinary OM&R projects or cost allocations for projects for which the budget is greater than 50% of the current year's routine OM&R Budget, to the extent costs are imposed on SLDM Contractors during the first ninety (90) days following a Dispute Notice, FWA will pay all disputed costs collected into an escrow or trust account. If the dispute is not resolved within ninety (90) days, any funds deposited into the escrow or trust account will be paid to SLDMWA, and FWA must thereafter remit all disputed payments collected to SLDMWA, unless the parties agree otherwise affecting payment obligations under this MOU, any disputed payments shall continue to be made during the pendency of the dispute as they had been made prior to such dispute, and any changes resulting from the resolution of the dispute shall be implemented by retroactive adjustment of amounts paid to the date when the dispute arose, as indicated on the notice required in Section A.1. above, unless the parties agree upon an alternate adjustment period.

B. Changes to Payment Obligations Resulting from Resolution of Dispute. The resolution of any dispute for which a Dispute Notice is issued under Section VI.A will include an agreement between the parties (if resolved voluntarily) or a determination by USBR or a federal court as to the amount and timing of the retroactive adjustment or prospective adjustment, as applicable, in disputed payment obligations.

~~C.D.~~ Termination of Transfer Agreements

The parties acknowledge that they each have a right to terminate their respective Transfer Agreement on 12 months' notice under Article 2(c) thereof, and that a material dispute relating to the interpretation or performance of this MOU, or the unsatisfactory resolution thereof, could lead to such a termination. In order to facilitate mutually acceptable resolution of disputes and reduce the possibility of a termination of either the FWUA Transfer Agreement or the SLDMWA Transfer Agreement, the parties agree that neither of them will give notice of termination of a Transfer Agreement under Article 2(c) thereof for a period of at least 12-6 months after the date of the notice described in Section VI.A.1.~~of this Article VI~~; provided, that if matters unrelated to any such dispute arise which cause a party to desire termination, such notice may be sooner given.

VII. RENEGOTIATION PRINCIPLES

A. Basis for Agreement

This MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, represents the parties' negotiated agreement on an equitable apportionment of the OM&R Costs ~~to be incurred by the~~ SLDMWA. ~~In~~ entering into this MOU, the parties have made assumptions ~~that the~~ that water supplies and operations of the parties' respective members will not materially change while this MOU is in effect and that there will be no material change in the use of or access to facilities utilized by the parties and their members after the effective date hereof this MOU. ~~Further, they have assumed the accuracy of financial data provided and/or developed by the USBR and the SLDMWA in connection with the negotiation of this MOU, the SLDMWA Cost Recovery Plan and Reserve Criteria.~~ The parties acknowledge that all such assumptions were material to their respective decisions regarding the provisions of this MOU, including to reach the agreements described herein, in the SLDMWA Cost Recovery Plan and in the Reserve Criteria, and agree that in the event any of those assumptions proves to be incorrect, or upon the occurrence of certain other events described in Section VII.B., renegotiation of this MOU, the SLDMWA Cost Recovery Plan, and/or Reserve Criteria is appropriate.

B. Events Triggering Renegotiation of MOU

In addition to the express provisions of this MOU that require consideration of potential amendments should certain events occur, should a party conclude that this MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, can and should be modified to address (i) such party's determination that one or more of the fundamental assumptions described in Section VII.A. was in error, (ii) an administrative or court order materially affecting the water supply or operations of one or more of the agencies comprising such party, or which makes it reasonably foreseeable that such agency(ies) will thereafter suffer a material and adverse change in its/their water supply or operations, or (iii) another significant event which makes it reasonably foreseeable that such party will bear a material increase in OM&R Costs on a per acre foot ("AF") basis, the parties commit to entering into negotiations in good faith and timely efforts to modify this MOU, the SLDMWA Cost Recovery Plan or Reserve Criteria, as applicable.

C. Inability to Reach Agreement on Modification of MOU

In the event a party seeks modification of this MOU pursuant to Section VII.A. ~~of this Article VII,~~ neither party will shall give notice of termination of its Transfer Agreement pursuant to Article 2(c) thereof for 126 months after the first negotiation date; provided, that if matters unrelated to the event giving rise to the party's request for modification of this MOU arise which cause a party to desire termination, such notice may be sooner given. Following such 126 month minimum period, either party will shall be free to exercise its right to terminate its Transfer

Agreement under Article 2(c) thereof if a mutually acceptable modification of this MOU has not been developed.

VIII. MISCELLANEOUS

A. Term of MOU

This MOU ~~will~~ remain in effect until it is terminated by the mutual agreement of the parties; provided, that this MOU ~~will~~ automatically terminate without further action of the parties upon the termination, as applicable, of either the FWA Transfer Agreement or the SLDMWA Transfer Agreement. ~~Upon any termination of this MOU, the SLDMWA Cost Recovery Plan will also terminate, although if the FWA Transfer Agreement terminates, SLDMWA would proceed in promptly developing a new cost recovery methodology.~~ In that regard, the parties acknowledge that the agreements described herein this MOU, and particularly the agreements contained in the SLDMWA Cost Recovery Plan, are part of a negotiated and comprehensive arrangement which reflects numerous compromises and tradeoffs by the parties. Accordingly, no aspect of this MOU or the SLDMWA Cost Recovery Plan is to be construed as precedent, and all aspects thereof must be renegotiated if this MOU is terminated.

B. Attorneys' Fees

In the event of any judicial action by any of the parties seeking enforcement or interpretation of any of the terms and conditions of this MOU, ~~including without limitation any action commenced under Article VI~~, the prevailing party in such action ~~will~~ be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses including, without limitation, taxable costs and reasonable attorneys' fees.

C. Entire Agreement

This MOU and its exhibits contain all of the agreements of the parties ~~hereto~~ with respect to the subject matter hereof this MOU. No other prior agreement or understanding pertaining to any such matter ~~will~~ be effective for any purpose. No provisions hereof this MOU may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized representatives of each of the parties ~~hereto~~.

D. Exhibits

This MOU includes Exhibit A, a list of Settlement Contractors; Exhibit B, the SLDMWA Amended OM&R Cost Recovery Plan; Exhibit C, Reserve Criteria; and Exhibit D, a list of SLDM Contractor Service (Delivery) Areas. The Parties anticipate that Exhibit A and Exhibit D may be amended by SLDMWA from time to time in coordination with USBR. Exhibit B may be amended consistent with Article Section VII of this MOU and pursuant to Article

12(b)(3) of the SLDMWA Transfer Agreement. Exhibit C may be amended consistent with ArticleSection ~~Section~~ VII of this MOU, and may include coordination with the OM&R Technical Committee and/or the Finance & Administration Committee during the annual OM&R Budget development process. Any and all such updated exhibits will be attached to this MOU and replace all prior versions of such exhibits.

E. Interpretation

The validity and interpretation of this MOU (including all exhibits) will be governed by the laws of the State of California. The MOU will be construed simply, as a whole, and in accordance with its fair meaning. The use of the singular includes the plural, and vice versa.

IN WITNESS WHEREOF, the parties have executed this MOU as of the date first above written.

SAN LUIS & DELTA-MENDOTA
WATER AUTHORITY

FRIANT WATER AUTHORITY

By: _____

Cannon Michael, Chair

By: _____

Jim Erickson, Chair

By: _____

Federico Barajas, Secretary

By: _____

Josh Pitigliano, Secretary

[SIGNATURE BLOCKS]

DRAFT

EXHIBIT A**SETTLEMENT CONTRACTORS**

The following contractors ~~are will~~~~shall be~~ entitled to receive, without charge, the designated acre feet of Settlement Wwater through the Project Facilities as stated below or as may be amended.

	Contract#	Acre Feet
Coelho Family Trust (Formerly Mason A. Loundy Trustee)	14-06-200-7859A	1,332
State of California, Dept. of Fish & Game (Mendota Wildlife Area) (Formerly Mason A. Loundy Trustee)	14-06-200-7859A Assign 1	1,321
State of California (Mendota Wildlife Area)	14-06-200-4359A AMD1	1,143
San Joaquin River Exchange Contractors Water Authority: <ul style="list-style-type: none"> • Central California Irrigation District • Columbia Canal Companyy • San Luis Canal Companyy • Firebaugh Canal Company 	llr-1144	840,000
Fresno Slough Water District	14-06-200-40 19A	866
Tranquillity Public Utility District (Formerly Hughes, Melvin & Mardella)	14-06-200-3537A	93
James Irrigation District	14-06-200-700-A	9,700
M.L. Dudley and Company, John G. Indart, and Doris J. Indart	14-06--200-4448A	2,280
Patterson Irrigation District	14-06-200-3598A-LTR1-P	6,000
Reclamation District No. 1606	14-06-200-3802A	342
Tranquillity Irrigation District	14-06-200-701A	20,200
Marvin A. & Patricia Meyers	9-07-20-W1608	210
Kenneth and Karen Carvalho Revocable Trust (Formerly Virginia L. Lempesis Separate Property Trust)	11-WC-20-0026	600
Total		884,087

EXHIBIT B

2024 SLDMWA OM&R COST RECOVERY PLAN

This 2024 SLDMWA OM&R Cost Recovery Plan was developed consistent with Article 12(b) of the SLDMWA Transfer Agreement, and was provided to all parties with payment obligations not less than sixty (60) days to the effective date of [REDACTED] (“Effective Date”). Notwithstanding the Effective Date of this Plan, the cost recovery methodology will be applied retroactively to March 1, 2024.

I. INTRODUCTION - The following is a description of the allocation and recovery of ~~operation, maintenance and replacement costs~~ OM&R Costs for the following facilities by the San Luis ~~&and~~ Delta--Mendota Water Authority:

1. ~~The~~ Delta-Mendota Canal (~~hereinafter~~ “DMC”);
2. ~~The~~ Traey C.W. “Bill” Jones Pumping Plant (~~hereinafter~~ “Traey “Jones PP”);
- 2.3. C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex;
- 3.4. ~~The~~ O’Neill Pumping/Generating Plant (~~hereinafter~~ “O’Neill PGP”) and Switchyard;
5. Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”)
6. ~~The~~ Mendota Pool⁴;
- 4.7. Kesterson Reservoir;
- 5.8. ~~The~~ federal share of the San Luis Joint Use conveyance and conveyance pumping facilities; and
- 6.9. ~~The~~ San Luis Drain including Redfern Drain.

This 2024 SLDMWA OM&R Cost Recovery Plan is an exhibit to the Second First- Amended and Restated *Memorandum of Understanding Between the 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*

⁴ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal and contractual obligations of the United States. - Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

Certain Central Valley Project Facilities (hereinafter the "MOU"). The MOU defines the terms and conditions for allocating and recovering the costs associated with the OM&R of the above referenced facilities. Friant Division Contractors ~~will shall~~ be obligated to pay the OM&R Costs associated with the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this Cost Recovery Plan. ~~The FWUA will shall~~, as part of the FWUA cost recovery methodology developed under the FWUA Transfer Agreement, provide for the recovery of OM&R Costs allocated to the Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan. To the extent the USBR has conferred upon ~~the FWUA~~ the legal authority to do so, ~~the FWUA will shall~~ allocate such costs among, and collect such costs from, the Friant Division Contractors. For ease in representation and for practical considerations, and for the purposes of the MOU and this SLDMWA OM&R Cost Recovery Plan only, Friant Division Contractors will be considered a single CVP Water Delivery Contractor whose water deliveries constitute the total Settlement Water deliveries of the Settlement Contractors. The USBR will be allocated the costs associated with the delivery of Other Water under the provisions of the SLDMWA Transfer Agreement, except to the extent that such Other Water is specifically attributable to another party (e.g. non-CVP water delivered under a Warren Act contract wherein the Warren Act contractor ~~will shall~~ be allocated applicable OM&R Costs). For purposes of completeness, OM&R ~~Costs~~ associated with Project Facilities that are unnecessary for the delivery of Settlement Water (such as of the San Luis Drain) are allocated in this SLDMWA OM&R Cost Recovery Plan, but no part ~~thereof~~ such OM&R Costs will shall be allocated, under ~~this~~ Cost Recovery Plan, to the Friant Division Contractors, except as expressly noted.

The MOU dictates that the allocation of costs for specific acquisitions or OM&R activities not already addressed by this Cost Recovery Plan will be allocated in a manner consistent with the principles contained in this Cost Recovery Plan. Those principles include:

1. Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of the MOU and this Cost Recovery Plan;
2. Water rates will be comprised of various cost pool components based on the

principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used; and

3. All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

II. DEFINITIONS - As used herein this Cost Recovery Plan, the following terms have the meanings as set forth below. To the extent the following terms are defined used in the MOU, their definitions are restated here for convenience:

~~1A. CVP Contractors: Parties that receive water pursuant to Water Delivery Contracts or that receive Other Water as said such terms are defined in Article 1 of the SLDMWA and FWUA Transfer Agreements. Extraordinary OM&R: As used in this SLDMWA OM&R Cost Recovery Plan, Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.~~

B.

~~SLDM Contractors: CVP Contractors that receive water (water other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement.~~

~~Extraordinary OM&R: The performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.~~

Friant Division Contractors: CVP Water Delivery Contractors receiving water service from the Friant Division of the CVP Central Valley Project, including members and non-members of ~~the~~ FWUA.

C.

FWUA Transfer Agreement: That certain Agreement Between the United States of America and Friant Water Authority to Transfer the Operation, Maintenance and Replacement, and Certain Financial and Administrative Activities Related to of the Friant-Kern Canal and Associated Works effective ~~March 4~~ October 5, 1998~~2020~~, as amended.

D.

OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement Extraordinary OM&R.

E. OM&R Budget: SLDMWA's annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.

F.

~~Extraordinary OM&R: The performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.~~

~~but not limited to, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs ("Extraordinary OM&R").~~

~~OM&R Budget: SLDMWA's annual budget to fund the OM&R Program which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.~~

OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.

G.

Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer Agreement in connection with the delivery of “Other Water,” as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

H. Project Facilities: The physical works and appurtenances associated with the C.W. “Bill” Jones Tracy Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, the Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), the O’Neill Pumping-/Generating Plant and Switchyard, the federal share of the associated O’Neill Forebay and Dam, the Mendota Pool (see footnote no. 4— above in the Introduction); Kesterson Reservoir, the federal share of San Luis Unit Joint Use conveyance and conveyance pumping facilities, and the San Luis Drain.

I.

Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.

J. Settlement Contractors: Those contractors, listed in Exhibit A of the MOU, entitled to receive water service through the Project Facilities without charge, except as provided in this Cost Recovery Plan.

K.

Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.

L.

SLDM Contractors: Water Delivery Contractors that receive water (other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement.

M. SLDMWA: The San Luis & Delta-Mendota Water Authority.

N.

SLDMWA Transfer Agreement: That certain Agreement between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement, and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, C.W. "Bill" Jones Fraey Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, and O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works effective March-January 14, 19982020, as amended.

O.

USBR: United States Department of Interior, Bureau of Reclamation.

P. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which "Project Water" is to be supplied from or through Project Facilities and (2) any exchange contract, water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

Q. Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA

Transfer Agreements.

R.

Year: March 11 through February 28/29.

III. COST POOLS - OM&R Costs ~~will~~shall be accumulated into ~~six~~eight cost pools, defined as the Upper DMC and ~~Tracy Jones~~ PP cost pool (~~hereinafter~~ "Upper Cost Pool"), the Lower DMC/~~Mendota Pool~~ cost pool (~~hereinafter~~ "Lower Cost Pool"), ~~the Intertie Variable cCost s-~~cost pool ("Intertie Variable Costs-Cost Pool"), the Mendota Pool cost pool ("Mendota Pool Cost Pool"), the San Luis Joint Use conveyance and conveyance pumping facilities cost pool (~~hereinafter~~ "DWR Cost Pool"), the ~~Tracy Jones~~ PP power cost pool (~~hereinafter~~ "Tracy Jones Power Cost Pool"), the O'~~Neill~~ PGP cost pool (~~hereinafter~~ "O'~~Neill~~ Cost Pool") and the San Luis Drain cost pool ("San Luis Drain Cost Pool").

A. The Upper Cost Pool includes:

1. The OM&R Costs for the Jones PP and related Jones PP Operations and Maintenance Complex~~field office facilities~~, excluding energy costs;
2. A pro rata share of tThe OM&R Costs for the DMC from the Jones PP to Check 13 based on miles of DMC serviced above and below Check 13 (70/116 miles or 30.64%) (~~hereinafter~~ "Upper DMC");
3. The OM&R Costs associated with routine OM&R of the Intertie, except that SLDMWA will work with USBR to ensure the State of California pays routine Intertie OM&R Costs associated with the movement of State water through the Intertie;
- ~~3.4.~~ The OM&R Costs for the Westley, Newman, and Volta Wasteways; and
- ~~4.5.~~ The OM&R Costs for the intake channel from the Tracy Fish Facility to the Jones Pumping Plant.

B. The Lower Cost Pool includes:

- ~~5.1.~~ A pro rata share of tThe OM&R Costs for the DMC from Check 13 to (but not including) the Mendota Pool based on miles of DMC serviced above and below Check 13 (46/116 miles or 39.66%) (~~hereinafter~~ "Lower DMC"); and

- ~~6.~~ ~~The OM&R Costs for the Mendota Pool; and~~
- ~~2.~~ ~~The OM&R Costs for the Firebaugh Wasteway.~~

C. ~~The Intertie Variable Cost Pool includes:~~

- ~~1.~~ ~~DWR wheeling charges for conveyance of water from the Intertie through the California Aqueduct to O'Neill Forebay; and~~
- ~~2.~~ ~~USBRR's project use energy ("PUE") costs associated with Intertie operations.~~

D. ~~The Mendota Pool Cost Pool includes the operational costs associated with activities at Mendota Pool that are specifically required to fulfill statutory or contractual obligations of the United States, including but not limited to, managing deliveries from the DMC into Mendota Pool, coordination actions to assist CCID in maintaining certain elevations at Mendota Pool, coordination of flood releases from the San Joaquin River and Kings River into Mendota Pool, and monitoring and measuring water deliveries taken by contractors at Mendota Pool. -Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.~~

E. ~~The DWR Cost Pool includes the federal share of the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities and the energy costs incurred in pumping water at the Dos Amigos Pumping Plant. The DWR costs associated with the OM&R ~~C~~eosts of the O'Neill Forebay and Dam are included the O'Neill Cost Pool and, therefore, are not included in the DWR Cost Pool.~~

F. ~~The ~~Jones~~ ~~Traey~~ Power Cost Pool includes the energy costs incurred at the ~~Traey~~ ~~Jones~~ PP and related ~~Jones PP Operations and Maintenance Complex~~ ~~Traey field~~ ~~office~~ ~~facilities~~.~~

G. ~~The O'Neill Cost Pool includes:~~

- ~~7.1.~~ ~~The OM&R Costs for the O'Neill PGP;~~
- ~~8.2.~~ ~~The OM&R Costs for the O'Neill PGP intake upstream of Check 13 from the DMC to the O'Neill PGP;~~

~~9.3.~~ The energy costs, net of regeneration credits, incurred in pumping water at the O'Neill PGP; and

~~10.4.~~ The DWR OM&R Costs for the federal share of the O'Neill Forebay and Dam.

~~B.H.~~ The San Luis Drain Cost Pool includes:

1. The OM&R of the San Luis Drain; and
2. The Maintenance of the Kesterson Reservoir, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 ~~will~~shall be assigned in accordance with the Report.

~~C.~~

~~The OM&R Costs for the DMC shall be allocated between the Upper Cost Pool and Lower Cost Pool pro rata based on miles of DMC serviced above and below Check 13 (70/116 or 60.34 percent in the Upper Cost Pool and 46/116 or 39.66 percent in the Lower Cost Pool).~~

IV. COST ALLOCATION ~~TO SLDM CONTRACTORS~~ - The OM&R Costs assigned each Year to each of the cost pools described above will be allocated to Water Delivery SLDM Contractors and Parties Entitled to Utilize or Receive Other Water using the facilities described above for each cost pool in accordance with the following methodology:

~~A.~~ Upper and Lower Cost Pools - Costs accumulated in the Upper and Lower Cost Pools will be allocated to each ~~SLDM Contractor~~Water Delivery Contractor or Party Entitled to Receive or Use Other Water based upon the ~~SLDM Contractor~~party's cost allocation percentage, subject to the following:-

~~1.~~ The cost allocation percentage for the Upper and Lower Cost Pools ~~will~~shall be determined by dividing a Water Delivery Contractor's or Party Entitled to Utilize or Receive or Use Other Water's SLDM Contractor's "delivery base" by the total delivery base for all ~~SLDM Water Delivery Contractors and Parties Entitled to Utilize or Receive or Use Other Water~~ sharing in each cost pool.

~~2.~~ The delivery base for each SLDM Contractor ~~will~~shall be computed for

the Upper Cost Pool and the Lower Cost Pool as the greater of the actual water delivered to the SLDM Contractor utilizing that cost pool's facilities during the Year, or the amount established under the Minimum Participation requirements described in Section V.A. hereof.

3. 25% of the OM&R Costs for the Lower Cost Pool will be allocated in the Mendota Pool Cost Pool.

—

A. —

B. Intertie Variable Cost Pool – Costs accumulated in the Intertie Variable Cost Pool will be allocated to each Water Delivery Contractor and Party Entitled to Utilize or Receive Other Water on the same basis as the Upper and Lower Cost Pool, subject to the following:

1. In water years where the south-of-Delta agricultural water allocation is 0% and/or in water years where 0% agricultural service water is available for delivery during the contract year (regardless of the south-of-Delta agricultural service water allocation): 65% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors. The remaining 35% will be allocated to ~~contractors other than Friant Division Contractors~~ all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool.

2. In water years where the south-of-Delta agricultural water allocation is 1% - 5%:

i. The first time such event occurs, 20% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors, ~~Friant Division Contractors~~ with the remaining 80% being allocated to all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water ~~contractors other than Friant Division Contractors~~ on the same basis as the Upper Cost Pool;

ii. The second time such event occurs, no cost will be imposed on Friant Division Contractors (i.e., SLDM Contractors and Parties

- Entitled to Utilize or Receive Other Water will pay on the same basis as the Upper Cost Pool); and
- iii. The third time such event occurs, FWA, SLDMWA, and USBR will negotiate a new allocation methodology for 1% to 5% allocation years.
3. In water years where the south-of-Delta agricultural service water allocation is greater than 5%: ~~FWA~~Friant Division Contractors will not be allocated any variable Intertie OM&R Costs; 100% of variable Intertie OM&R Costs will be allocated to ~~SLDM~~ Contractors and Parties Entitled to Utilize or Receive Other Water ~~other than Friant Division Contractors~~ on the same basis as the Upper Cost Pool.
4. In water years where the south-of-Delta agricultural service water allocation is greater than 5% and San Joaquin River Restoration Program Delta recapture flows are pumped at Jones PP, the daily acre-feet of recapture flows pumped at Jones PP that coincide with days that the Intertie is in operation will be presumed to have moved through the Intertie. ~~Friant Division Contractors will be allocated a share of variable OM&R Costs for the Intertie by including these presumed flows in the total acre-feet calculation for SLDM Contractors and Parties Entitled to Utilize or Receive Other Water for that water year, and allocating a corresponding share of variable OM&R Costs to Friant Division Contractors.~~ For water years where the south-of-Delta agricultural service water allocation is less than or equal to 5%, regardless of what volumes are pumped at Jones PP, no additional OM&R Costs for the Intertie will be allocated to Friant Division Contractors above what is enumerated in subsections 2.A-C above.
5. Intertie operations will be reviewed upon request by either Party to determine if changes in the allocation methodology are warranted.
6. NOTE: SLDMWA will work with USBR to ensure the State of California pays variable Intertie OM&R Costs associated with the movement of State

water through the Intertie; Friant Division Contractors will not be allocated any such costs.

C. Mendota Pool Cost Pool – Costs within the Mendota Pool Cost Pool will be allocated to the contractors taking delivery in Mendota Pool based upon the Water Delivery Contractor’s or Party Entitled to Utilize or Receive Other Water’s cost allocation percentage, using similar methodology to that described in Section IV.A.1 above, subject to the following:

1. In addition to the OM&R Costs for Mendota Pool activities, the Mendota Pool Cost Pool will include 25% of the OM&R Costs of the Lower Cost Pool.
2. Water delivered in Mendota Pool that does not move through the Lower DMC will be allocated Mendota Pool operational costs and 25% Lower Cost Pool costs. Deliveries from the Mendota Pool that do not originate from the DMC (such as San Joaquin and Kings River flows and Mendota Pool pump-ins) will be excluded from the allocation of all other OM&R Costs, including O’Neill Storage, Extraordinary OM&R, and Reserve cost allocations, unless specifically agreed to by SLDMWA and FWA.
3. Minimum Participation requirements as described in Section V.A. will not apply to the allocation of the Mendota Pool Cost Pool.

Water delivered in Mendota Pool that moves through the Lower DMC will be allocated Mendota Pool operational costs and 100% Lower Cost Pool costs (see Section IV.2.A above).

NOTE: Water delivered in Mendota Pool that is not conveyed through the DMC will not be allocated O’Neill Storage costs or Reserve costs, unless specifically agreed to by SLDMWA and FWA.

A.D. DWR Cost Pool - Costs within the DWR Cost Pool ~~will~~ shall be sub-allocated into two cost pools, defined as the North of Dos Amigos Cost Pool and the South of Dos Amigos Cost Pool.

1. The North of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal north of the Dos

Amigos Pumping Plant.

~~1.2.~~ The South of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal south of the Dos Amigos Pumping Plant, the federal share of the DWR OM&R Costs associated with the Dos Amigos Pumping Plant, and the energy costs incurred at the Dos Amigos Pumping Plant.

OM&R Costs for the North of Dos Amigos Cost Pool and South of Dos Amigos Cost Pool ~~will~~ be allocated to the Water Delivery SLDM Contractors and Parties Entitled to Utilize or Receive Other Water directly utilizing the facilities in each such cost pool. The percentage of costs allocated to each such ~~SLDM Contractor/-party~~ ~~will~~ be determined by dividing the total water deliveries to such ~~contractor/party SLDM Contractor~~ utilizing the Project Facilities in each cost pool by the total water deliveries to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water SLDM Contractors utilizing such facilities during the Year.

~~A.E.~~ Traey-Jones Power Cost Pool - Costs within the ~~Jones~~Traey Power Cost Pool ~~will~~ be allocated to those ~~SLDM~~Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water whose water is made ~~directly~~ available by virtue of water being pumped at the ~~Traey-Jones~~ PP. The percentage of costs allocated to each such ~~SLDM Contractor/party~~ ~~will~~ be determined by dividing the total water deliveries made available to each such ~~SLDM Contractor/party~~, ~~as described above in this sub-article (C)~~ by the total of all such water deliveries made available. Minimum Participation requirements as described in Section V.A. ~~will~~ not apply to the allocation of the ~~Traey-Jones~~ Power Cost Pool.

~~A.F.~~ O'Neill Cost Pool - Each Year, the O'Neill Cost Pool will be sub-allocated between two cost pools, the "Direct Pumping Cost Pool" and the "Storage Pumping Cost Pool" as follows:

1. For purposes of allocating the O'Neill Cost Pool between the Direct Pumping Cost Pool and Storage Pumping Cost Pool only, water deliveries

made during the Year through the San Luis Joint Use or San Felipe facilities will be deemed water delivered in the Direct Pumping Cost Pool and water released from the O'Neill Forebay through the O'Neill PGP into the DMC will be deemed water delivered in the Storage Pumping Cost Pool. Water that is not conveyed through the DMC will not be deemed water delivered in either the Direct Pumping Cost Pool or the Storage Pumping Cost Pool.

- 1.2. The O'Neill Cost Pool ~~will~~shall be sub-allocated to the Direct Pumping Cost Pool and the Storage Pumping Cost Pool pro rata based upon the percentage obtained by dividing each respective pools' share of water deemed delivered, during the Year as described above, against the sum of the two pools' water deliveries during the Year.
- 1.3. The Direct Pumping Cost Pool ~~will~~shall be further sub-allocated to Water Delivery SLDM-Contractors and Parties Entitled to Utilize or Receive Other Water taking delivery of water directly from the San Luis Joint Use or San Felipe facilities during the Year based upon the percentage obtained by dividing the water delivered to a ~~SLDM-C~~contractor/party utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities or the San Felipe facilities by the total water deliveries utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities and the San Felipe facilities during the Year.
- 1.4. The Storage Pumping Cost Pool ~~will~~shall be further sub-allocated to Water Delivery SLDM-Contractors and Parties Entitled to Utilize or Receive Other Water taking delivery of water directly from the DMC or Mendota Pool facilities based on the percentage obtained by dividing the water delivered directly from the DMC or Mendota Pool facilities to such ~~SLDM-C~~contractor/party by the total water delivered directly from the DMC or Mendota Pool facilities to ~~SLDM-C~~Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water ~~contractors~~ during

the Year. Deliveries to Mendota Pool that are not conveyed through the DMC will be excluded from the Storage Pumping Cost Pool allocation.

None of the allocations described above for the O'Neill Cost Pool ~~will shall~~ be subject to the Minimum Participation requirements as described in Section V.A.

G. San Luis Drain Cost Pool - The maintenance costs assigned to the San Luis Drain Cost Pool ~~will shall~~ be allocated to those Water Delivery CVP Contractors and Parties Entitled to Utilize or Receive Other Water with contractual requirements for the payment of such maintenance costs, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 ~~will shall~~ be assigned in accordance with the Report.

V. MISCELLANEOUS COST ALLOCATION PROVISIONS

A. Minimum Participation - In recognition of the value of providing OM&R even in Years when an individual SLDM Contractor's pro rata share of costs based upon that Year's water deliveries is very low or non-existent, there will be created Minimum Participation amounts of assumed minimum water deliveries, for purposes of cost allocation only, as follows:

~~B. In Years when San Joaquin River flood flows partially or fully meet the Settlement Water delivery demands of any of the Settlement Contractors, the Settlement Contractors' allocation of the Upper Cost Pool shall be based on the actual deliveries of Settlement Water to the Settlement Contractors utilizing the Upper Cost Pool facilities or 60 percent of the aggregate of all Settlement Contractors' maximum contractual Settlement Water entitlement, whichever is larger. Provided, however, this Minimum Participation amount shall be reduced by the amount of Settlement Water transferred from the Settlement Contractors to other SLDM Contractors. Provided, further, that no such reduction shall be made in the event that the SLDM Contractor receiving the transferred water has at least the majority of its contractual water supply delivered for irrigation purposes.~~

~~(hereinafter "SLDM Irrigation Water Contractor") and the SLDM Irrigation Water Contractor has a total water supply, including CVP water, transferred water and any non-CVP water delivered using Project Facilities, of less than 25 percent of its contractual maximum for that Year. Accordingly, in determining the Minimum Participation requirement associated with the Settlement Water, transfers of Settlement Water by a Settlement Contractor to a SLDM Irrigation Water Contractor shall reduce the Settlement Contractors' Minimum Participation amount by the lesser of the amount of Settlement Water transferred or the amount of the total water supply delivered to a SLDM Irrigation Water Contractor less 25 percent of the maximum contractual entitlement of that SLDM Irrigation Water Contractor, but not less than zero. The portion of the Lower Cost Pool to be allocated to the Settlement Contractors will be based on total actual Settlement Water deliveries made to the Settlement Contractors through the Lower DMC and/or the Mendota Pool. Thus, the Settlement Water deliveries that originate as flood flows on the San Joaquin River and delivered through the Mendota Pool and/or the Lower DMC shall be included in the Settlement Contractors' delivery base for allocation of the Lower Cost Pool. (Examples: A Settlement Contractor transfers 10,000 a.f. of water to a SLDM Irrigation Water Contractor which has a maximum contractual entitlement of 100,000 a.f. in a Year in which 45% of the Settlement Water deliveries to the Settlement Contractors are made via the San Joaquin River and Mendota Pool (i.e., the Project Facilities associated with the Upper Cost Pool are not utilized), thus invoking this Minimum Participation clause. For purposes of these examples, the maximum contractual Settlement Water entitlement is presumed to be 880,000 a.f., thus 60% (the Minimum Participation applicable to Settlement Water) of the maximum contractual Settlement Water entitlement is presumed to be 528,000 a.f.. **Scenario A:** If a SLDM Irrigation Water Contractor takes water deliveries, including contractual supplies, water transferred in from a SLDM Contractor other than a Settlement Contractor, and any non-CVP water (e.g., Warren Act water), (collectively "total water supply") in excess of 25% (25,000 a.f.) of the~~

~~SLDM Irrigation Water Contractor's contractual maximum supply, the Minimum Participation applicable to the Settlement Contractors under this will be reduced by 10,000 a.f. (60% of the total Settlement Water equals 528,000 a.f. less 10,000 a.f. of transferred water results in the Minimum Participation applicable to the Settlement Contractors of 518,000 a.f.). **Scenario B:** If the same 10,000 a.f. of water is transferred by the Settlement Contractor and the total water supply (excluding this 10,000 a.f. of Settlement Water transferred) of the SLDM Irrigation Water Contractor is 21,000 a.f., the Minimum Participation applicable to the Settlement Contractors under this section will be reduced by 6,000 a.f. (4,000 a.f. of the transferred water is required to bring the total water supply of the SLDMW Irrigation Water Contractor to 25% (25,000 a.f.) of its maximum contractual supply; thus only the amount of the Settlement Water transferred that results in the SLDM Irrigation Water Contractor to exceed 25% (25,000 a.f.) of its maximum contractual supply will result in the reduction of the Minimum Participation applicable to the Settlement Contractors under this section: 21,000 a.f. total water supply plus 10,000 a.f. Settlement Water transferred (equals 31,000 a.f.) less 25,000 a.f. (25% of the 100,000 a.f. maximum contractual supply) equals 6,000 a.f.) **Scenario C:** If the same 10,000 a.f. of water is transferred by the Settlement Contractor and the total water supply of the SLDM Irrigation Water Contractor, including the Settlement Water transfer, is less than 25,000 a.f. (25% of the 100,000 a.f. maximum contractual entitlement), then no reduction in the Minimum Participation will be provided to the Settlement Contractors as a result of this transfer. **Scenario D:** If the same 10,000 a.f. of water is transferred to a non-SLDM Irrigation Water Contractor (i.e., an M&I contractor or the USBR) under any water supply scenario, the Minimum Participation will be reduced by the amount of the Settlement Water transfer, i.e., a 10,000 a.f. reduction of the 528,000 a.f., (60% of 880,000 maximum contractual Settlement water to the Settlement Contractors) results in a Minimum Participation of 518,000 a.f.)~~

C.A. In Years when an SLDM Irrigation Water SLDM Contractor's total deliveries (i.e., deliveries under its contract with the USBR plus other deliveries made

available through the ~~Tracy Jones~~ PP and the DMC) are below 25% ~~percent~~ of its maximum contractual entitlement, the delivery base for purposes of allocating the Upper Cost Pool and Lower Cost Pool ~~will shall~~ be 25% ~~percent~~ of that ~~SLDM Irrigation SLDM Water~~ Contractor's maximum contractual entitlement.

~~D.B.~~ Water Transfers - A SLDM Contractor who receives transfer water (~~hereinafter~~ "~~SLDM Transferee~~") from a ~~Water Delivery~~CVP Contractor ~~will shall~~ have such water deliveries included in the SLDM Transferee's delivery base for each applicable cost pool described in Section ~~I~~. above for purposes of allocating OM&R Costs for the Year (but not for delivery purposes in establishing reserves). As a result, all costs associated with the delivery of transferred water ~~will shall~~ be allocated to the SLDM Transferee in the same manner as costs are allocated to the SLDM Transferee for its CVP contractual supply and ~~will shall~~ be subject to Year-~~end~~ adjustment and reconciliation per Section VIII.~~D~~. below.

~~E.C.~~ Warren Act Contracts~~Other Water~~ —

1. All costs associated with the conveyance of ~~Other Water non-CVP water~~ through Project Facilities, including all components that may be required by Reclamation, whether pursuant to a contract under the Warren Act, authorized pursuant to Section 3408(c) of the Central Valley Project Improvement Act, or under other authority, ~~will shall~~ be assigned to the ~~SLDM Water Delivery~~ Contractor or Party Entitled to Utilize or Receive Other Water that takes delivery of such ~~Other W~~water. As a result, all costs associated with the delivery of ~~Other non-CVP w~~Water ~~will shall~~ be allocated to the ~~SLDM Water Delivery~~ Contractor in the same manner as costs are allocated to that ~~SLDM Water Delivery~~ Contractor for its CVP contractual supply and ~~will shall~~ be subject to Year-~~end~~ adjustment and reconciliation per Section VII.D. below. ~~In the case of non-CVP water deliveries of Other Water to the Settlement Contractors, the applicable Settlement Contractors, not the Friant Division Contractors, will be responsible for all costs associated with the delivery of the non-CVP Other~~

~~w~~Water, including an allocable share of the OM&R Costs and ~~R~~eserve ~~C~~osts (Section VI.D.) addressed by this SLDMWA OM&R Cost Recovery Plan.

2. ~~Losses - A loss factor of five~~5 percent (5%), or ~~as may that is be the loss percentage~~ provided in the ~~governing Warren Aet~~ contract ~~or agreement,~~ ~~as applicable,~~ ~~will~~~~shall~~ be applied to the delivery of any ~~non-CVP~~Other - ~~w~~Water conveyed in any Project Facilities (e.g., ~~if the loss factor is five~~5 percent (5%), and 100 ~~acre-feet~~AF of ~~Other Water non-CVP water is~~ pumped at ~~Jones-Traey~~ PP, or as otherwise metered, ~~that will~~~~shall~~ result in 95 ~~AF~~acre-feet being considered available for delivery and will be allocated ~~OM&R C~~osts accordingly).

VI. RESERVES - In recognition of the multiple year benefits of performing certain long-term OM&R activities for Project Facilities (excepting the San Luis Joint Use conveyance and conveyance pumping facilities ~~and Mendota Pool,~~ ~~unless pursuant to separate agreement~~), including, but not limited to, the long-term capital outlays for the purchase of equipment and vehicles and reserves mandated by the SLDMWA Transfer Agreement, ~~the~~-SLDMWA ~~will~~~~shall~~ accumulate ~~R~~eserves and regularly use these ~~R~~eserves for these activities in accordance with the following:

A. Reserves -

1. ~~Annually, a Ten-y~~Year projection of ~~reserve~~ expenditures ~~in specified Reserve Categories as listed in Exhibit C to the MOU~~ will be made (“Ten-Year Plan”), along with a ~~single year projection of expenditures in those categories for the forthcoming fiscal year.~~ ~~The reserve expenditure projections will be discounted to arrive at a levelized annual reserve contribution. The discount rate will be determined annually based on the previous year's annualized LAIF interest rate.~~ ~~The Reserve cash requirement for the forthcoming fiscal year will be is annual contribution will be~~ allocated to each ~~SLDM Water Delivery~~ Contractor pro rata based upon the past ~~Ten~~~~y~~-Years of historic water deliveries (~~ten-year rolling~~

average of deliveries), net of funds collected from Parties Entitled to Utilize or Receive Other Water.

1.

2. Each Water Delivery SLDM Contractor's ~~total Ten-Year~~ rolling average of ~~historical~~ deliveries will include all ~~CVP contractual~~ Water Delivery Contract deliveries, ~~CVP~~ water transferred out to other Water Delivery SLDM Contractors that utilize Project Facilities for which costs are allocated ~~hereunder~~ this Cost Recovery Plan, and Other Water non-CVP water deliveries to that Water Delivery SLDM Contractor, subject to the following:

i. Each Water Delivery ~~W~~ Contractor's ten-year rolling average of deliveries ~~and~~ will be subject to the inclusion of the annual Minimum Participation amounts as determined in Section V.A above;

ii. ~~Ten-Year~~ ~~historical~~ rolling average of deliveries will not include:

a. ~~WCVP~~ water transferred in by the relevant applicable Water Delivery Contractor;

b. ~~CVP-W~~ water transferred out by the applicable Water Delivery Contractor that does not utilize Project Facilities for which costs are allocated hereunder; or

c. Deliveries to Mendota Pool not conveyed through the Lower DMC (e.g. San Joaquin River flood flows, Kings River flood flows, water released from Millerton Reservoir, Mendota Pool pump-in water, etc.).

iii. Notwithstanding the reference above to ~~CVP~~ water transferred out to other Water Delivery Contractors being included in each Water Delivery Contactor's ten-year rolling average of deliveries, ~~CVP~~ water transferred from a San Joaquin River Exchange Contractor ("Exchange Contractor") to a Water Delivery Contractor will be

included in the San Joaquin River Exchange Contractor Water Authority's ("SJRECWA") total deliveries for the purposes of allocating Reserve include CVP water transferred in by the relevant SLDM Contractor nor CVP water transferred out by the SLDM Contractor which does not utilize Project Facilities for which costs are allocated hereunder, costs and Extraordinary OM&R Costs, and costs associated with such transfers will not be an obligation of FWA Friant Division Contractors, subject to the following:

- a. Beginning in Water Year 2026 (March 1, 2026 – February 28, 2027), deliveries associated with Water Transfer Program for the San Joaquin River Exchange Contractors Water Authority ("Exchange Contractor Transfer Program")-Transfer Program, as that program may be amended, will be excluded from FWA's Reserve allocation.
- b. In the interim, the Reserve calculations to support final accountings for Water Years 2022, 2023, 2024, and 2025 will continue to include the deliveries associated with Exchange Contractor's transfers in FWA's Reserve allocation. The same methodology (utilizing offsetting adjustments) used to calculate the reserve obligation for FWA in Water Year 2019 will apply. ~~ten-year Exchange Contractor allocable to for Reserves.~~
- a.c. Beginning in Water Year 2026, SLDMWA will no longer make the offsetting adjustments to the delivery data used to calculate the Reserves as outlined in Section VI.A.2.iii.b. - All delivery volumes associated with the Exchange Contractor's ~~Transfer P~~program will be moved from FWA's Reserve allocation to the SJRECWA's Reserve

allocation.⁵ -Any offsetting adjustments (including historical adjustments) will be removed in their entirety from the Reserve calculation for the SJRECWA. and all deliveries associated with Exchange Contractor transfers will be excluded from FWA's Rreserve allocation and will instead be included in the SJRECWA Rreserve allocation. Any offsetting adjustments (including historical adjustments) will be removed from the FWA ten year rolling average of Settlement Contractor deliveries allocated to FWA in their entirety.

2.3. In any one Year, Rreserve expenditures may benefit some Project Ffacilities or cost pools more than others. However, in the long-term, it is expected that Reserves will be spent generally in accordance with the overall apportionment of the OM&R Budget for each facility as that facility's OM&R Budget relates to the entire OM&R Budget (without consideration or inclusion of the cost of energy, the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities, the OM&R Costs of the Mendota Pool, or costs associated with the San Luis Drain).

4. One-time or de minimis use of Project Facilities (i.e., the delivery of Other Water under a Warren Act contract to an individual or entity that otherwise has no irregular or infrequent deliveries made through Project Facilities other water delivery contract maintained by SLDMWA) will be charged an imputed rate the SLDMWA Board-adopted for Rreserve rate component(s) for the delivery(ies) based upon the annual reserve contribution computed in VI.A. divided by one tenth of the past 10 Years of historic deliveries computed in VI.A. Such one-time or de minimis water deliveries will not be included in any water delivery base in the

⁵ SLDMWA anticipates that SJRECWA will pass through any costs associated with the Reserve allocation to the entities receiving transfers.

determination of Reserves or Reserve allocations hereunder. Revenues generated to Reserves for this one-time or de minimis use of Project Facilities will be used to reduce that Year's total Reserve requirement. - Reserve contributions from one-time or de minimis use of Project Facilities will~~shall~~ not be subject to annual reconciliation and adjustment.

5. Consistent with Sections VI.A.1-4 above and Section VII below, SLDMWA will include a Reserve component in the calculation of OM&R Water Rates for all deliveries utilizing Project Facilities, unless expressly excluded.

B. Emergency Reserves – SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement. SLDMWA will include a sub-component in the Reserve component described in Section VI.A above for the Emergency Reserve Fund when required.

C. Other – SLDMWA may also utilize Reserve funds to repay specific Extraordinary OM&R Costs that utilize long-term financing or debt. When the SLDMWA Board of Directors takes action to authorize such long-term financing or debt and the collection of Reserve funds to repay the same, the SLDMWA Board of Directors will establish whether and how the additional Reserve fund component(s) will be included in the calculation of OM&R Water Rates for some or all deliveries utilizing Project Facilities. -It is understood that the cost allocation methodology for individual Extraordinary OM&R projects may differ from the cost allocation methodology used to allocate Reserve costs. -

VII. RATE COMPONENT CALCULATIONS / WATER RATES

A. Rate components will~~shall~~ be established for each cost pool listed in Section III on a per Aacre foot basis. Rate components will~~shall~~ be calculated in accordance with the cost allocation to Water Delivery SLDM Contractors in Section IV using budgeted amounts for the Year for each cost pool divided by projected water deliveries utilizing the Project Facilities and/or energy associated with the applicable cost pool for the Year. The Reserve rate component(s) will~~shall~~ be

computed by dividing each Water Delivery SLDM Contractor's expected annual contribution, in accordance with Section VI.A-B., by projected water deliveries to that SLDM Water Delivery Contractor for the Year.

B. The "OM&R Water Rate" for a given delivery will be calculated by adding together various cost pool components and/or the Reserve rate component(s) associated with that delivery. For example, the OM&R Water Rate for a delivery along the Lower DMC will include the following components: Upper Cost Pool + Jones Power Cost Pool + Intertie Variable Cost Pool (if applicable) + Lower Cost Pool + O'Neill Storage Cost Pool + Reserves (more than one reserve component potentially applicable). The proposed water rates for deliveries to various geographic locations, including the cost pool and/or Reserve components, will be provided to the SLDMWA Board of Directors when OM&R Water Rates are presented to the Board of Directors for action.

C. Reference to "adjusted" OM&R Water Rates on rates sheets presented to the SLDMWA Board of Directors will refer to rates that utilize some, but not all rate components for a delivery that does not incur certain OM&R Costs. For example, an "adjusted" OM&R Water Rate is charged to deliveries that are pumped-in along the Lower DMC and do not utilize Upper Cost Pool facilities.

~~4.~~

VIII. PAYMENT AND RECONCILIATION

- A. Amounts payable for water delivered to Water Delivery SLDM Contractors each calendar month ~~will~~ be computed by multiplying the sum of the rate components (Rate) applicable to water deliveries by the quantity (acre feet) of such water deliveries scheduled for the month, adjusted for differences between actual and scheduled deliveries, at the applicable Rate, for prior months.
- B. ~~The~~ SLDMWA will bill ~~the~~ FWUA to provide for recovery of OM&R Costs allocated to the Settlement Contractors ~~which that~~ are payable by the Friant Division Contractors under this SLDMWA OM&R Cost Recovery Plan ~~pursuant~~

hereto.

- C. Payments due under this SLDMWA OM&R Cost Recovery Plan for water deliveries ~~will shall~~ be made in advance. All payments must be received by ~~the~~ SLDMWA by the 15th of the month prior to the month of such scheduled water deliveries. -For instances where SLDMWA invoices FWA after the 10th of the month, a minimum of five (5) calendar days will be afforded FWA for payment.- Notification of electronic transfer of funds payments to the SLDMWA ~~will shall~~ be provided in advance of or concurrent with such payment.
- D. Payments received after the due dates noted above are delinquent and ~~will shall~~ be subject to an interest charge ~~-, A~~ as well as to any remedies for deficiencies provided in Article ~~124~~ of the SLDMWA and FWUA Transfer Agreements and IV.B. of the MOU. ~~The~~ interest charge ~~will shall~~ be calculated pursuant to the Prompt Payment Act, as amended (31 U.S.C. § 3901, et seq.). The interest charge will be based upon any and all accumulated advance payment deficiencies. Interest ~~will shall~~ accrue for each day past the due date and ~~will shall~~ be accumulated based upon a 360~~-~~day year (interest ~~will shall~~ compound on a simple interest basis).
- E. Annual reconciliation and adjustment of the OM&R Costs and their allocation to each SLDM Water Delivery Contractor (“Final Accounting”) will be made within sixty (60) 90-days following the completion and SLDMWA Board of Directors’ acceptance of the annual audited financial statements containing the costs to be allocated~~of the end of each Year, excepting the DWR Cost Pool and Tracy Power Cost Pool, which will be reconciled and adjusted within 90 days of when the actual costs are known.~~ The Final Accounting for a given Year will be treated as final and no longer subject to any dispute following the expiration of the applicable statute of limitations, as may be modified by law. The parties also agree that SLDMWA may reopen a Final Accounting under appropriate circumstances.
- F. Reconciled and adjusted OM&R Cost allocation ~~is~~ applicable to each Water Delivery SLDM Contractor or Party Entitled to Utilize or Receive Other Water,

including annual reserve amounts, ~~will~~ shall be compared to payments made by or on account for each ~~SLDM-Water Delivery~~ Contractor for water deliveries during the Year. In the event payments made by or on account of a ~~SLDM-Water Delivery~~ Contractor exceed costs allocated to that ~~SLDM-Water Delivery~~ Contractor (surplus), ~~the~~ SLDMWA will refund the amount of the surplus to the payee or the payee may direct ~~the~~ SLDMWA to apply such surplus to ~~future~~ amounts ~~otherwise~~ due under this SLDMWA ~~OM&R~~ Cost Recovery Plan. In the event costs allocated to the ~~SLDM-Water Delivery~~ Contractor exceed payments made by or on account of a ~~SLDM-Water Delivery~~ Contractor (deficiency), the payee ~~will~~ shall have ~~thirty~~ (30) days from the notice of such deficiency to make payment. Payments not received within ~~thirty~~ (30) days ~~will~~ shall be subject to the late payment provision as described in Section VII.B above starting on the date of delinquency, as well as subject to any remedies for deficiencies provided in Article ~~121~~ of the SLDMWA and FWUA Transfer Agreements and IV.B. of the MOU.

- G. ~~The~~ SLDMWA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section ~~121~~ of the SLDMWA Transfer Agreement.
- H. ~~The~~ FWUA will collect and remit payments due for OM&R Costs allocated to Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan in accordance with the terms of this section. ~~The~~ FWUA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section IV of the MOU and Section ~~121~~ of the FWUA Transfer Agreement.

EXHIBIT C

RESERVE CRITERIAS

In recognition of the long-term benefits associated with certain OM&R activities, expenditures meeting the criteria established below ~~will~~shall be made from ~~R~~reserve funds accumulated for such purposes, consistent with Section VI of the SLDMWA OM&R Cost Recovery Plan.

1. Reserve Categories:

~~A. Extraordinary OM&R~~Major Non-Routine Maintenance/Extraordinary OM&R:

A.

- i. Major non-routine maintenance improvements, modifications, replacements, or repairs, additions, or modernizations with long term benefits, exceeding one year, that have a total cost greater than \$2060,000, including labor and labor related costs for projects identified on the Ten-Year Plan(e.g., liner-replacement, structure painting, road repairs/rehab, building and structure construction and/or remodeling, pump/generator rewinds and repairs).
- ii. For any Extraordinary OM&R project for which SLDMWA's estimated total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs, the Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project.

~~B. Equipment and Vehicles:~~Replacement of

B. ~~M~~mobile/~~or~~stationary equipment and heavy equipment identified on the Ten-Year Plan with a total replacement cost greater than \$30,000. Equipment types and examples are as follows:

- i. Heavy Equipment (Off-Road – Unlicensed): Motor graders, loaders, backhoes, excavators, dozers, skid-steers, cranes, tractors, implements (i.e., discs, mowers, etc.), man-lifts, forklifts, etc.

- ~~i. with a purchase price exceeding \$15,000 (e.g., pumps,~~
- ~~ii. compressors, trailers, generators, motors, control mechanisms);~~
- ~~iii.~~

- ~~ii. Heavy Equipment (On-Road – Licensed): Truck/tractors, spray trucks, dump trucks, water trucks, boom trucks, utility trucks heavier than > 1.5 ton, heavy transport trailers, tilt trailers, flatbed trailers, trailer-mounted pumps/generators/compressors, belly dump trailers, etc. with a purchase price exceeding \$20,000 (e.g., dump trucks, cranes, loaders, excavators, motor graders, forklifts, tractors, belly dumps);~~
- ~~iv.iii. Shop Support Stationary Equipment: Machine Shop equipment, Electric Shop test equipment, Vehicle Maintenance Shop equipment, Sandblast and Paint Shop equipment, etc.~~

~~C. Vehicles: Replacement of light passenger/utility vehicles identified on the Ten-Year Plan that have a total replacement cost (including labor) greater than with a purchase price exceeding \$1525,000 (e.g., sedans, pickups, utility vehicles, vans, etc.); and~~

~~D. Office & Computer/Network Equipment: Replacement of office and electronic equipment and computer software identified on the Ten-Year Plan with an annual aggregate purchase replacement cost price greater than \$20,000 (e.g., computers and peripherals, copiers, printers, telecommunications, radios, electronic instrumentation excepting replacement parts, upgrades or peripherals with a purchase price of less than \$1,000, e.g., monitors, modems, keyboards, hard drives, RAM, mother boards, printer drums, repairs).~~

~~E. Facility Infrastructure Rehabilitation/Replacement: Improvement, modification, replacement, repair, addition, or modernization projects on the SLDMWA O&M Project Facilities identified on the Ten-Year Plan that have a total cost greater than \$530,000, including labor and labor-related costs. The typical types of projects for this category, include but are not limited to:~~

- ~~i. Roofing Systems repair or replacement,~~

- ii. Building Interior/Exterior Components repair, remodel/upgrade,
- iii. Building HVAC Systems replacement,
- iv. Building Electrical & Communication Systems modernization,
- v. Building Plumbing Systems replacement,
- vi. Building/Facility Fire Protection & Security Systems replacement/modernization,
- vii. O&M Shop Support Equipment/Systems replacement/modernization, and
- viii. Facility Pavement & Grounds repairs/replacement & upgrades.

F. Supervisory Control and Data Acquisition (SCADA): Improvements, modifications, replacements, repairs, additions, or modernizations of SCADA system and associated hardware and software identified on the Ten-Year Plan with a total replacement cost (including labor) greater than \$20,000.

G. NOTES:

- i. Each Reserve Category requires the development and management of a specific Ten-Year Plan for the category's replacement, additions, rehabilitation, and modernization needs.
- ii. These cost thresholds will apply beginning on the Effective Date of the SLDMWA OM&R Cost Recovery Plan. Prospectively, during the annual budget development process, staff will work with the OM&R Technical Committee to evaluate any necessary increases to the cost thresholds, utilizing the USBR Operations and Maintenance Cost Index and other available tools.

2. Emergency Reserves: SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement.

~~As mandated per Article 13 of the General Form Agreement for the Transfer of the Operation, Maintenance, and Replacement, and Certain Financial and Administrative Activities of the Delta-Mendota Canal and Related Works, between the United States Department of Interior~~

Bureau of Reclamation and the San Luis & Delta-Mendota Water Authority.3.

Other: The Finance & Administration Committee may recommend necessary changes to the Reserve Categories or the accumulation of additional ~~R~~reserve funds (e.g. to fund debt/financed OM&R Costs).

DRAFT

EXHIBIT D

CONTRACTOR SERVICE (DELIVERY) AREAS

	Upper DMC	Lower DMC	Mendota Pool	San Felipe	San Luis Joint Use
Banta-Carbona Irrigation District	X				
Centinella Water District	X				
Del Puerto Water District	X				
Patterson Water District	X				
Plain View Water District Byron Bethany Irrigation District	X				
West Side Irrigation District	X				
West Stanislaus Irrigation District	X				
City of Tracy	X				
Santa Nella County Water District	X				X
Broadview Water District		X			
Eagle Field Water District		X			
Mercy Springs Water District		X			
Oro Loma Water District		X			
Pacheco Water District		^			X
Panoche Water District		X			X
San Luis Water District	X	X	X		X
City of Dos Palos					X
Widren Water District		X			
State of California, Mendota Wildlife Area	X	X	X		
Fresno Slough Water District			X		
Hughes, M&M Tranquillity Public Utility District			X		
James Irrigation District			X		
Laguna Water District			X		
Reclamation District #1606			X		
Traction Ranch Coelho Family Trust			X		
Tranquility Irrigation District			X		
Westlands Water District			X		X
Santa Clara Valley Water District				X	
San Benito County Water District				X	
Exchange Contractors					
Central California Irrigation District	X	X	X		
Firebaugh Canal Company		X	X		
Columbia Canal Company			X		
San Luis Canal Company			X		
City of Coalinga					X
City of Avenal					X
City of Huron					X
Refuge	X	X	X		X

<u>Meyers Farm Family Trust</u>			X		
<u>Dudley-Indart (CGH) (incl. Robinson Family Farms LP, Vista Verde Farms)</u>			X		
<u>Kenneth & Karen Carvalho Trust</u>			X		

DRAFT

Comparison – First Amended FWA-SLDMWA MOU and Exhibits and Proposed Second Amended FWA-SLDMWA MOU and Exhibits

Section in First Amended MOU	Section in Second Amended MOU	Substance of Change
Preamble [no heading]	Preamble [no heading]	Non-substantive updates, incl. to update reference from FWUA to FWA
Definitions 1. CVP Contractors 2. Friant Division Contractors 3. FWUA 4. FWUA Transfer Agreement 5. Memorandum of Understanding or “MOU” 6. OM&R 7. OM&R Costs 8. OM&R Program 9. Project Facilities 10. Settlement Contractors 11. Settlement Water 12. SLDMWA 13. SLDMWA Cost Plan 14. SLDMWA Transfer Agreement 15. USBR	Definitions 1. Extraordinary OM&R 2. Friant Division Contractors 3. FWA 4. FWA Transfer Agreement 5. Memorandum of Understanding or “MOU” 6. OM&R 7. OM&R Budget 8. OM&R Costs 9. OM&R Program 10. Party Entitled to Utilize or Receive Other Water 11. Project Facilities 12. Reserves 13. Settlement Contractors 14. Settlement Water 15. SLDM Contractors 16. SLDMWA 17. SLDMWA Cost Recovery Plan 18. SLDMWA Transfer Agreement 19. USBR 20. Water Delivery Contract 21. Water Delivery Contractor	Deleted definition of CVP Contractors, replaced w/ separate definitions of Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water 1. New Extraordinary OM&R definition, tracking Transfer Agreement 2. No substantive change 3. Replace Friant Water Users Authority w/ Friant Water Authority 4. Updated reference 5. Updated reference 6. No change 7. New “OM&R Budget” definition 8. No change 9. No substantive changes 10. New definition, added from Transfer Agreement 11. Updated to included changes in 2020 Transfer Agreement 12. New definition 13. Updated to reference potential agreement for charges 14. No change 15. Updated to replace CVP Contractors w/ Water Delivery Contractors, clarify scope 16. No substantive change 17. No substantive change 18. Updated reference 19. No substantive change 20. New definition, added from Transfer Agreement 21. New definition, added from Transfer Agreement
Recitals	Recitals	Non-substantive updates and references, plus replace “CVP Contractors” with “Water Delivery Contractor” and/or “Parties Entitled to Utilize or Receive Other Water,” as appropriate
§ I. Purposes of the MOU	§ I. Purposes of the MOU	Mostly non-substantive updates, with clarification purpose of establishing principles for and rights of participation in decision-making by FWA in the OM&R Program
§ II. Standard for OM&R of the Project Facilities	§ II. Standard for OM&R of the Project Facilities	Non-substantive updates
§ III. Development of Cost Recovery Methodology	§ III. Development of Cost Recovery Methodology	Section III.A.1 amended to add reference to three agreed-upon principles of cost allocation Non-substantive updates made to III.A.2-4

Comparison – First Amended FWA-SLDMWA MOU and Exhibits and Proposed Second Amended FWA-SLDMWA MOU and Exhibits

<p>A. Cost Recovery Methodology for OM&R Costs</p> <ol style="list-style-type: none"> 1. Principles of Cost Allocation 2. Reserves 3. Disbursements of Interest or Reserves 4. Miscellaneous Revenues 	<p>A. Cost Recovery Methodology for OM&R Costs</p> <ol style="list-style-type: none"> 1. Principles of Cost Allocation 2. Reserves 3. Disbursements of Interest or Reserves 4. Miscellaneous Revenues 	
<p>§ IV. Allocation, Collection and Remittance of Costs by FWUA</p> <ol style="list-style-type: none"> A. Recovery from Friant Division Contractors B. Remedies for Non-Payment or Delinquent Payment 	<p>§ IV. Allocation, Collection and Remittance of Costs by FWUA</p> <ol style="list-style-type: none"> A. Recovery from Friant Division Contractors B. Remedies for Non-Payment or Delinquent Payment 	<p>Non-substantive updates</p>
<p>§ V. FWUA Input and Participation in SLDMWA OM&R Activities</p> <ol style="list-style-type: none"> A. FWUA Participation <ol style="list-style-type: none"> 1. Board of Directors 2. Finance and Administration Committee 3. OM&R Technical Committee 4. SLDMWA Committee Structure B. Provision of Information <ol style="list-style-type: none"> 1. Reports 2. Access C. Notices and Meeting Dates 	<p>§ V. FWA Input and Participation in SLDMWA OM&R Activities</p> <ol style="list-style-type: none"> A. FWA Participation <ol style="list-style-type: none"> 1. Board of Directors 2. Finance and Administration Committee 3. OM&R Technical Committee 4. Planning Committee 5. SLDMWA Committee Structure B. Provision of Information <ol style="list-style-type: none"> 1. Reports 2. Access C. Notices and Meeting Dates 	<p>A.1. Substantive modifications to provide FWA voting rights on any item funded, in whole or in part, from any OM&R fund or Reserves to which Friant Division Contractors have contributed</p> <p>A.2-3. Non-substantive updates</p> <p>A.4. New section re new Planning Committee, including detail re committee makeup, jurisdiction</p> <p>A.5. Non-substantive updates</p> <p>B. Non-substantive updates</p> <p>C. Updated to add references to Board, Planning Committee</p>
<p>§ VI. Resolution of Disputes</p> <ol style="list-style-type: none"> A. Process <ol style="list-style-type: none"> 1. Informal Dispute Resolution 2. Resolution through Trial by Reference B. Disputes Causing Cash Flow Difficulties C. Status of Obligations During Pendency of Dispute 	<p>§ VI. Resolution of Disputes</p> <ol style="list-style-type: none"> A. Process <ol style="list-style-type: none"> 1. Informal Dispute Resolution 2. Alternative Dispute Resolution 3. Resolution by USBR B. Disputes Causing Cash Flow Difficulties C. Status of Obligations During Pendency of Dispute 	<p>A.1. Added requirement for initial informal dispute resolution meeting within 30 days of Dispute Notice; clarity that if no resolution within 90 days, parties can pursue other remedies</p> <p>A.2. New section describing availability of Alternative Dispute Resolution</p> <p>A.3. New section describing ability to have USBR resolve disputes</p> <p>B. Revisions to clarify when payment is required following Regional Director determination that payment is due</p>

Comparison – First Amended FWA-SLDMWA MOU and Exhibits and Proposed Second Amended FWA-SLDMWA MOU and Exhibits

D. Termination of Transfers Agreements	1. Payment Obligations 2. Changes to Payment Obligations Resulting from Resolution of Dispute D. Termination of Transfer Agreements	C. New provisions dictating that FWA must pay all disputed annual OM&R Costs during course of dispute, and for disputed payment obligations re EO&M projects, payment during first 90 days of dispute must be paid into escrow or trust account D. Changed time period for notice of termination of Transfer Agreement from 12 months to 6 months
§ VII. Renegotiation Principles A. Basis for Agreement B. Events Triggering Renegotiation of MOU C. Inability to Reach Agreement on Modification of MOU	§ VII. Renegotiation Principles A. Basis for Agreement B. Events Triggering Renegotiation of MOU C. Inability to Reach Agreement on Modification of MOU	A-B. Non-substantive updates C. In the event a party seeks modification of this MOU neither party will give notice of termination of its Transfer Agreement for 6 months after the first negotiation date (shortened from 12 months)
§ VIII. Miscellaneous A. Term of MOU B. Attorneys Fees C. Entire Agreement	§ VIII. Miscellaneous A. Term of MOU B. Attorneys’ Fees C. Entire Agreement D. Exhibits E. Interpretation	A-C. Non-substantive updates D. New section describing the exhibits to the MOU, process for amending same E. New section dictating that validity/interpretation of MOU is governed by California law

Exhibit A – Settlement Contractors

List of Settlement Contactors updated to match Exhibit B to SLDMWA 2020 Transfer Agreement, with review by Reclamation.

Exhibit B – 2024 SLDMWA OM&R Cost Recovery Plan

Section in First Amended MOU Exhibit B	Section in Second Amended MOU Exhibit B	Substance of Change
§ I. Introduction	§ I. Introduction	Added intro paragraph to explain what the Cost Recovery Plan is, retroactive application. Facilities list updated to match Transfer Agreement facilities. Also amended to add reference to three agreed-upon principles of cost allocation.
§ II. Definitions 1. CVP Contractors 2. SLDM Contractors 3. Friant Division Contractors 4. FWUA Transfer Agreement	§ II. Definitions A. Extraordinary OM&R B. Friant Division Contractors C. FWA Transfer Agreement D. OM&R	Deleted definition of CVP Contractors, replaced w/ separate definitions of Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water A. New Extraordinary OM&R definition, tracking Transfer Agreement B. No substantive change C. Updated reference

Comparison – First Amended FWA-SLDMWA MOU and Exhibits and Proposed Second Amended FWA-SLDMWA MOU and Exhibits

<p>5. OM&R 6. OM&R Costs 7. Project Facilities 8. Settlement Contractors 9. Settlement Water 10. SLDMWA 11. SLDMWA Transfer Agreement 12. USBR 13. Year</p>	<p>E. OM&R Budget F. OM&R Costs G. Party Entitled to Utilize or Receive Other Water H. Project Facilities I. Reserves J. Settlement Contractors K. Settlement Water L. SLDM Contractors M. SLDMWA N. SLDMWA Transfer Agreement O. USBR P. Water Delivery Contract Q. Water Delivery Contractor R. Year</p>	<p>D. No change E. New “OM&R Budget” definition F. No change G. New definition, added from Transfer Agreement H. Updated to included changes in 2020 Transfer Agreement I. New definition J. Updated to reference potential agreement for charges K. No change L. Updated to replace CVP Contractors w/ Water Delivery Contractors, clarify scope M. No substantive change N. Updated reference O. No substantive changes P. New definition, added from Transfer Agreement Q. New definition, added from Transfer Agreement R. No change</p>
<p>§ III. Cost Pools A. Upper Cost Pool B. Lower Cost Pool C. DWR Cost Pool D. Tracy Power Cost Pool E. O’Neill Cost Pool F. San Luis Drain Cost Pool</p>	<p>§ III. Cost Pools A. Upper Cost Pool B. Lower Cost Pool C. Intertie Variable Cost Pool D. Mendota Pool Cost Pool E. DWR Cost Pool F. Jones Power Cost Pool G. O’Neill Cost Pool H. San Luis Drain Cost Pool</p>	<p>A. Added costs associated w/ routine OM&R of Intertie to Upper Cost Pool B. Removed Mendota Pool costs from Lower Cost Pool C. Added new Intertie Variable Costs Cost Pool D. Added new Mendota Pool Cost Pool E-H. No substantive changes</p>
<p>§ IV. Cost Allocation to SLDM Contractors A. Upper and Lower Cost Pools B. DWR Cost Pool C. Tracy Cost Pool D. O’Neill Cost Pool E. San Luis Drain Cost Pool</p>	<p>§ IV. Cost Allocation A. Upper and Lower Cost Pools B. Intertie Variable Cost Pool C. Mendota Pool Cost Pool D. DWR Cost Pool E. Jones Power Cost Pool F. O’Neill Cost Pool G. San Luis Drain Cost Pool</p>	<p>A. Clarified allocation, including inclusion of 25% Lower Cost Pool costs being allocated in Mendota Pool Cost Pool B. Added Intertie Variable Cost Pool allocation, variable allocation to Friant Division Contractors dependent on ag contractual allocation, provisions regarding SJRRP Delta recapture flows C. New allocation for water delivered in Mendota Pool D-E. No substantive changes F. Clarified O’Neill Cost Pool allocation (not to Mendota Pool-only deliveries) G. No substantive changes</p>
<p>§ V. Miscellaneous Cost Allocation Provisions</p>	<p>§ V. Miscellaneous Cost Allocation Provisions</p>	<p>A. 60% minimum participation in flood flow years deleted per MOA term sheet B. No substantive changes</p>

Comparison – First Amended FWA-SLDMWA MOU and Exhibits and Proposed Second Amended FWA-SLDMWA MOU and Exhibits

A. Minimum Participation B. Water Transfers C. Warren Act Contracts	A. Minimum Participation B. Water Transfers C. Other Water	C. References to “Other Water” updated to match Transfer Agreement, minor updates to losses section
§ VI. Reserves [No headings, just text in subsections A-D]	§ VI. Reserves A. Reserves B. Emergency Reserves C. Other	VI. Intro paragraph excludes Mendota Pool deliveries from Reserve allocation, unless pursuant to separate agreement A. Updated to clarify calculation/allocation of Reserve costs, updated section to explain treatment of Exchange Contractor transfers in calculation of 10-year rolling average of deliveries, shifting costs beginning WY2026 B. New section re: Emergency Reserves, consistent with Transfer Agreement C. New section confirming SLDMWA’s ability to utilize reserve funds to repay costs that utilize long-term financing or debt
§ VII. Rate Component Calculations [No headings, just text in subsections A-C]	§ VII. Rate Component Calculations / Water Rates [No headings, just text in subsections A-C]	A. No substantive changes B. New section to explain OM&R Water Rate calculation, composition of cost pool / reserve components C. New section to explain use of “adjusted” rates.
§ VIII. Payment and Reconciliation [No headings, just text in subsections A-H]	§ VIII. Payment and Reconciliation [No headings, just text in subsections A-H]	A-B. No substantive changes C. Clarification that if FWA invoiced after 10 th of month, a minimum of 5 calendar days to be afforded FWA for payment D. No substantive changes E. Updated timing re: Final Accounting, finality of Final Accounting F-H. No substantive changes

Exhibit C – Reserve Criteria
Exhibit amended to update descriptions and cost thresholds for various Reserve Categories, and to add new categories of Facility Infrastructure Rehabilitation/Replacement and Supervisory Control and Data Acquisition (SCADA). New sections added regarding Emergency Reserves and “Other,” indicating ability of Finance & Administration Committee to recommend changes to Reserve Categories or additional Reserve funds.

Exhibit D – Contractor Service (Delivery) Areas
Table updated to include information in SLDMWA 2020 Transfer Agreement, with review by Reclamation.

San Luis & Delta-Mendota Water Authority



P.O. Box 2157
Los Banos, CA 93635
Phone:(209) 826-9696
Fax: (209) 826-9698

Friant Water Authority



854 N. Harvard Ave
Lindsay, CA 93247
Phone: (559) 562-6305

April XX, 2024

VIA EMAIL

Karl Stock, Regional Director
California-Great Basin Regional Office
Federal Office Building
2800 Cottage Way
Sacramento, CA 95825-1898
kstock@usbr.gov

Re: **Commitment to Assist U.S. Bureau of Reclamation in Seeking Additional Funds through Appropriations to Offset Potential Increases in OM&R Costs for Water Deliveries to Refuges**

Dear Regional Director Stock:

This letter memorializes the commitment of the San Luis & Delta-Mendota Water Authority ("SLDMWA") and Friant Water Authority ("FWA") (collectively, the "Agencies") to jointly assist the U.S. Bureau of Reclamation ("Reclamation") in seeking additional funds through appropriations to offset potential increases in costs related to water deliveries to wildlife refuges using the project facilities transferred to SLDMWA.

The Agencies, with the confirmation of Reclamation, have executed a *Second Amended and Restated Memorandum of Understanding Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered through Certain Central Valley Project Facilities* ("Second Amended MOU").

The Agencies recognize that the Second Amended MOU includes amendments to the SLDMWA OM&R Cost Recovery Plan, which may result in increased allocations of OM&R Costs to the United States to deliver water to the refuges. The Agencies acknowledge that OM&R Costs allocated to the United States for deliveries to refuges are paid primarily from the CVPIA Restoration Fund.

In recognition of potential increases in OM&R Costs allocated to the United States to deliver water to the refuges, FWA and SLDMWA agree to jointly assist Reclamation in seeking additional

funds through appropriations to offset these potential cost increases by taking such reasonable actions as may be appropriate for the Agencies to undertake.

We request that Reclamation reach out to the executive officers of the Agencies when such funding needs become apparent, to schedule a meeting or meetings where an appropriate course of action can be discussed.

The Agencies' commitment expressed in this letter agreement will be effective on the date of transmission to Reclamation, and will remain in effect unless and until the Agencies agree otherwise.

APPROVED AND AGREED.
Friant Water Authority

APPROVED AND AGREED.
San Luis & Delta-Mendota Water Authority

Jason Phillips
Chief Executive Officer

Federico Barajas
Executive Director

cc: Ernest Conant
Rain Emerson

DRAFT



MEMORANDUM

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

FROM: Scott Petersen, Water Policy Director
Cynthia Meyer, Special Programs Manager

DATE: April 1, 2024

RE: Resolution Adopting an Indirect Cost Rate Policy for Scientific Activities

BACKGROUND

On January 11, 2024, the Water Authority approved the Science Plan for implementation. The Science Plan, includes a priority task to “[i]ncrease capacity for Water Authority science through multiple avenues, including partnerships and scientific community capacity building.” In the interest of developing the most cost effective and efficient contracts with the University of California and other academic institutions, a policy for contract indirect cost rates would maximize the application of available funding. According to the University of California, “Facilities and administrative (F&A) costs are the indirect costs of conducting research, instruction, or other sponsored activities that cannot be easily attributed to a specific sponsored project. When seeking the reimbursement of indirect costs on a sponsored project, the University is recovering for costs already spent to support these activities.” Contracts with the University of California use an indirect cost rate for the purpose of the University recovering for its indirect costs. The subject Resolution provides the most efficient approach to establishing the Indirect Cost Rate Policy for Scientific Activities.

ISSUE FOR DECISION

Whether the Finance & Administration Committee should recommend, and the Board of Directors should adopt the proposed resolution establishing an Indirect Cost Rate Policy for Scientific Activities adopted through Resolution No. 2024-_____.

RECOMMENDATION

Staff recommends the Finance & Administration Committee recommend, and the Board of Directors adopt the proposed resolution establishing an Indirect Cost Rate Policy for Scientific Activities adopted through Resolution No. 2024-_____.

ANALYSIS

Currently, the Water Authority is required to adhere to the Federal Indirect Cost Rate for contracts with the University of California which ranges from 57% to 62% of the Modified Total

Direct Costs. The University of California has informed the Water Authority that if it adopts an Indirect Cost Rate Policy then it could utilize the UC Rate in contracts with the University of California. The UC Rate is an indirect cost recovery rate for projects funded by State of California agencies and typically would provide a more favorable rate for the Water Authority as compared to the Federal Indirect Cost Rate. The UC Rate schedule is set forth in the University of California, Office of the President's Research Analysis and Coordination Guidelines (<https://www.ucop.edu/research-policy-analysis-coordination/policies-guidance/indirect-cost-recovery/state-of-california.html>). The current indirect cost per the UC Rate schedule projections table established in RPAC Memo 16-1 is 35% (On-Campus) and 25% (Off-Campus) for the period of July 1, 2023 through June 30, 2025. If adopted by the Water Authority Board, the Resolution Adopting an Indirect Cost Rate Policy for Scientific Activities would align the indirect cost rate with the UC Rate as described herein. Without the adoption of the subject resolution, the Water Authority would be required to adhere to the Federal Indirect Cost Rate which ranges from 57% to 62%.

ATTACHMENTS

1. Resolution 2024-_____

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2024-___

RESOLUTION ADOPTING AN INDIRECT COST RATE POLICY FOR SCIENTIFIC ACTIVITIES

WHEREAS, the Board of Directors of the San Luis & Delta-Mendota Water Authority (the “Board” and the “Water Authority,” respectively), pursuant to the Water Authority’s procedures and the California Government Code, from time to time, may adopt policy for the administration of the Water Authority; and

WHEREAS, the adoption of an Indirect Cost Rate Policy for Scientific Activities would allow the Water Authority to utilize the State of California, University of California rate for indirect costs as set forth in the University of California, Office of the President’s Research Policy Analysis and Coordination Guidelines (“UC Rate”) (<https://www.ucop.edu/research-policy-analysis-coordination/policies-guidance/indirect-cost-recovery/state-of-california.html>); and

WHEREAS, the current indirect cost rate per the UC Rate schedule projections table established in RPAC Memo 16-1 is 35% (On-Campus) and 25% (Off-Campus) for the period of July 1, 2023 through June 30, 2025.

WHEREAS, the Indirect Cost Rate Policy for Scientific Activities does not require the Water Authority to utilize the UC Rate if it is not the most favorable rate, and the Water Authority may apply other applicable indirect cost rates in the best interest of the Water Authority; and

WHEREAS, the purpose of the Indirect Cost Rate Policy for Scientific Activities is to maximize the application of available funding to increase the scientific knowledge and capacity to provide essential information for the water operations and ecosystem quality of the Water Authority’s area; and

WHEREAS, the Board, by adoption of this Resolution, desires to adopt the Indirect Cost Rate Policy for Scientific Activities of the Water Authority.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. The Board hereby approves the Indirect Cost Rate Policy for Scientific Activities consistent with the State of California, University of California, as described above.

Section 3. With the consent of the Executive Director, Chief Operating Officer, and General Counsel, updates are hereby authorized to be made to the Indirect Cost Rate Policy for Scientific Activities based on changed requirements of state or federal law without

further action by the Board.

Section 4. The San Luis & Delta-Mendota Water Authority Indirect Cost Rate Policy for Scientific Activities shall become effective immediately and shall remain in effect unless revoked or modified by the Board or updated pursuant to Section 3 above.

PASSED, APPROVED AND ADOPTED this ___ day of April, 2024, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chair
San Luis & Delta-Mendota Water Authority

Attest:

Federico Barajas, Secretary

I hereby certify that the foregoing Resolution No. 2024-____ was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the __ day of April, 2024.

Federico Barajas



MEMO

TO: Pablo Arroyave, Chief Operating Officer
FROM: Raymond Tarka, Director of Finance
Darlene Neves, Accounting Supervisor
SUBJECT: FY24 O&M Budget to Actual Report Through February 29, 2024
DATES: 04.01.24 FAC and 04.04.24 BOD

2023 Water Year (FY 3/1/23-2/29/24 attachment 1

Self-Funding actual expenses (paid and pending) for SLDMWA Routine O&M through February 29, 2024 are over budget by \$2,563,295. This unfavorable variance is the result of unbudgeted DWR conveyance charges for DCI activity of \$3,337,232. O&M expenditures are below budget, and favorable variances totaling \$773,937 are offsetting these overages to arrive at the net amount. Staff has included DWR wheeling charges as an anticipated expense in the next budget cycle.

Outstanding

2022 Water Year (FY 3/1/22-2/28/23)

Staff mailed draft contractor records for the WY22 Final Accounting to all contractors on Monday, September 25, 2023. Contractors have responded with any reconciling differences.

Intertie O&M Cost Recovery

WY12 to WY20 Intertie True-Up: outstanding, no cost recovery. Refunds were sent out in November, 2021.

Audited Financial Statements FY2023

FY2023 Audit is underway and staff is working to provide the auditors with all necessary information for a timely audit.

2024 Water Year (FY 3/1/24-2/28/25)

Proposed O&M Water Rates for WY24 have been prepared for the new water year.



San Luis & Delta Mendota-Water Authority
04.02.24 FAC and 04.04.24 BOD

ANNUAL R, O&M BUDGET BY COST POOLS MARCH 1, 2023 - FEBRUARY 28, 2024

	Total	UPPER	Intertie	Volta Wells	LWR/POOL	O'NEILL O&M		
						DIRECT	STORAGE	SL DRAIN
DMC \$	7,767,002	\$ 4,686,609			\$ 3,080,393			
JPP \$	5,489,363	\$ 5,489,363						
WW \$	204,730	\$ 153,547			\$ 51,183			
Intertie O&M / DWR Conveyance \$	270,805		\$ 270,805					
Volta Wells \$	69,935			\$ 69,935				
Mendota Pool \$	195,462				\$ 195,462			
O'Neill \$	3,205,351					\$ 3,127,414	\$ 77,937.02	
SL Drain \$	245,213							\$ 245,213
\$	17,447,862	\$ 10,329,520	\$ 270,805	\$ 69,935	\$ 3,327,039	\$ 3,127,414	\$ 77,937	\$ 245,213

R, O&M BUDGET BY COST POOLS THROUGH: FEBRUARY 29, 2024
100.00%

	Total	UPPER	Intertie	Volta Wells	LWR	O'NEILL O&M		
						DIRECT	STORAGE	SL DRAIN
DMC \$	7,767,002	\$ 4,686,609			\$ 3,080,393			
JPP \$	5,489,363	\$ 5,489,363						
WW \$	204,730	\$ 153,547			\$ 51,182			
Intertie O&M / DWR Conveyance \$	270,805		\$ 270,805					
Volta Wells \$	69,935			\$ 69,935				
Mendota Pool \$	195,462				\$ 195,462			
O'Neill \$	3,205,351					\$ 3,127,414	\$ 77,937	
SL Drain \$	245,213							\$ 245,213
\$	17,447,862	\$ 10,329,520	\$ 270,805	\$ 69,935	\$ 3,327,038	\$ 3,127,414	\$ 77,937	\$ 245,213

R, O&M Actual COSTS BY COST POOLS THROUGH: FEBRUARY 29, 2024

	Total	UPPER	Intertie	Volta Wells	LWR	O'NEILL O&M		
						DIRECT	STORAGE	SL DRAIN
DMC \$	8,227,995	\$ 4,964,772			\$ 3,263,223			
JPP \$	4,537,404	\$ 4,537,404						
WW \$	84,924	\$ 63,693			\$ 21,231			
Intertie O&M / DWR Conveyance \$	3,608,037		\$ 3,608,037					
Volta Wells \$	16,972			\$ 16,972				
Mendota Pool \$	155,447				\$ 155,447			
O'Neill \$	3,254,057					\$ 3,174,936	\$ 79,121	
SL Drain \$	126,321							\$ 126,321
\$	20,011,157	\$ 9,565,869	\$ 3,608,037	\$ 16,972	\$ 3,439,901	\$ 3,174,936	\$ 79,121	\$ 126,321

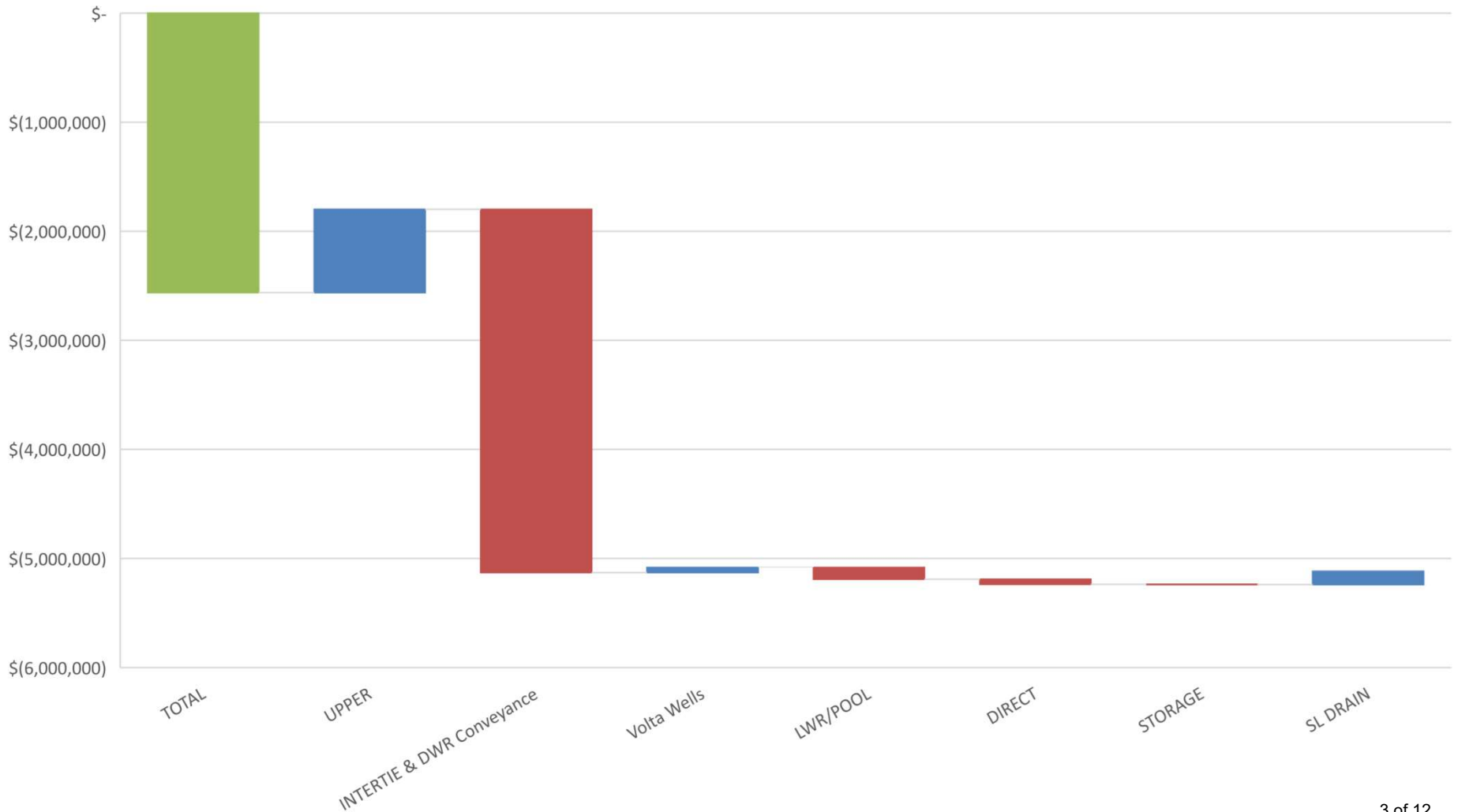
R, O&M BUDGET vs Actual COSTS THROUGH: FEBRUARY 29, 2024

	TOTAL	UPPER	INTERTIE & DWR		LWR/POOL	O'NEILL O&M		
			Conveyance	Volta Wells		DIRECT	STORAGE	SL DRAIN
R, O&M Budget \$	17,447,862	\$ 10,329,520	\$ 270,805	\$ 69,935	\$ 3,327,038	\$ 3,127,414	\$ 77,937	\$ 245,213
R, O&M Actual \$	20,011,157	\$ 9,565,869	\$ 3,608,037	\$ 16,972	\$ 3,439,901	\$ 3,174,936	\$ 79,121	\$ 126,321
Difference \$	(2,563,295)	\$ 763,651	\$ (3,337,232)	\$ 52,963	\$ (112,863)	\$ (47,522)	\$ (1,184)	\$ 118,892
	OVER	UNDER	OVER	UNDER	OVER	OVER	OVER	UNDER
	-14.691172%	OVER BUDGET						2 of 12



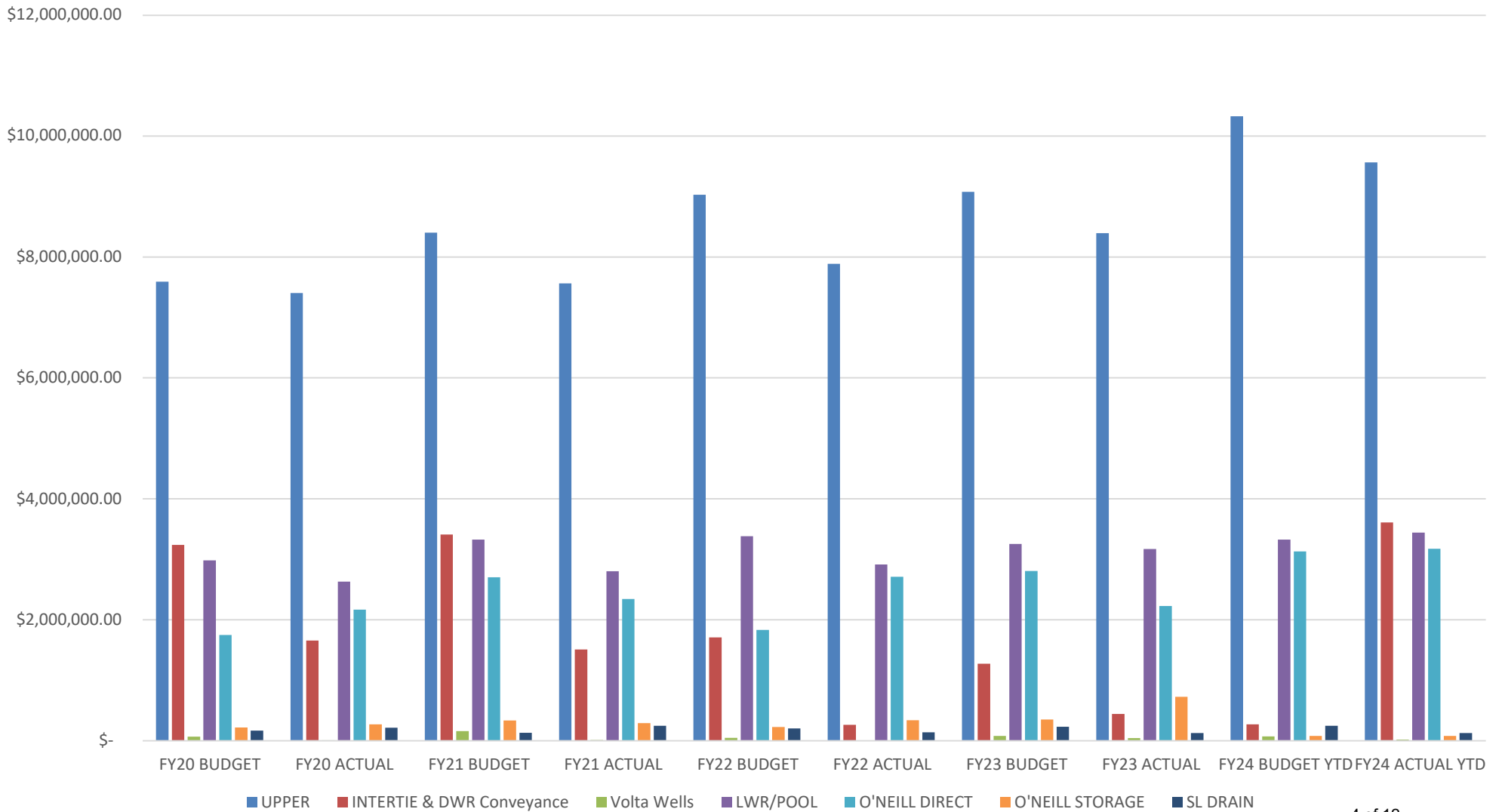
San Luis & Delta Mendota Water Authority
FY24 Budget to Actual Report through February 29, 2024
BUDGET VARIANCES
FAC 04/01/2024 BOD 04/04/2024

■ Increase ■ Decrease ■ Total



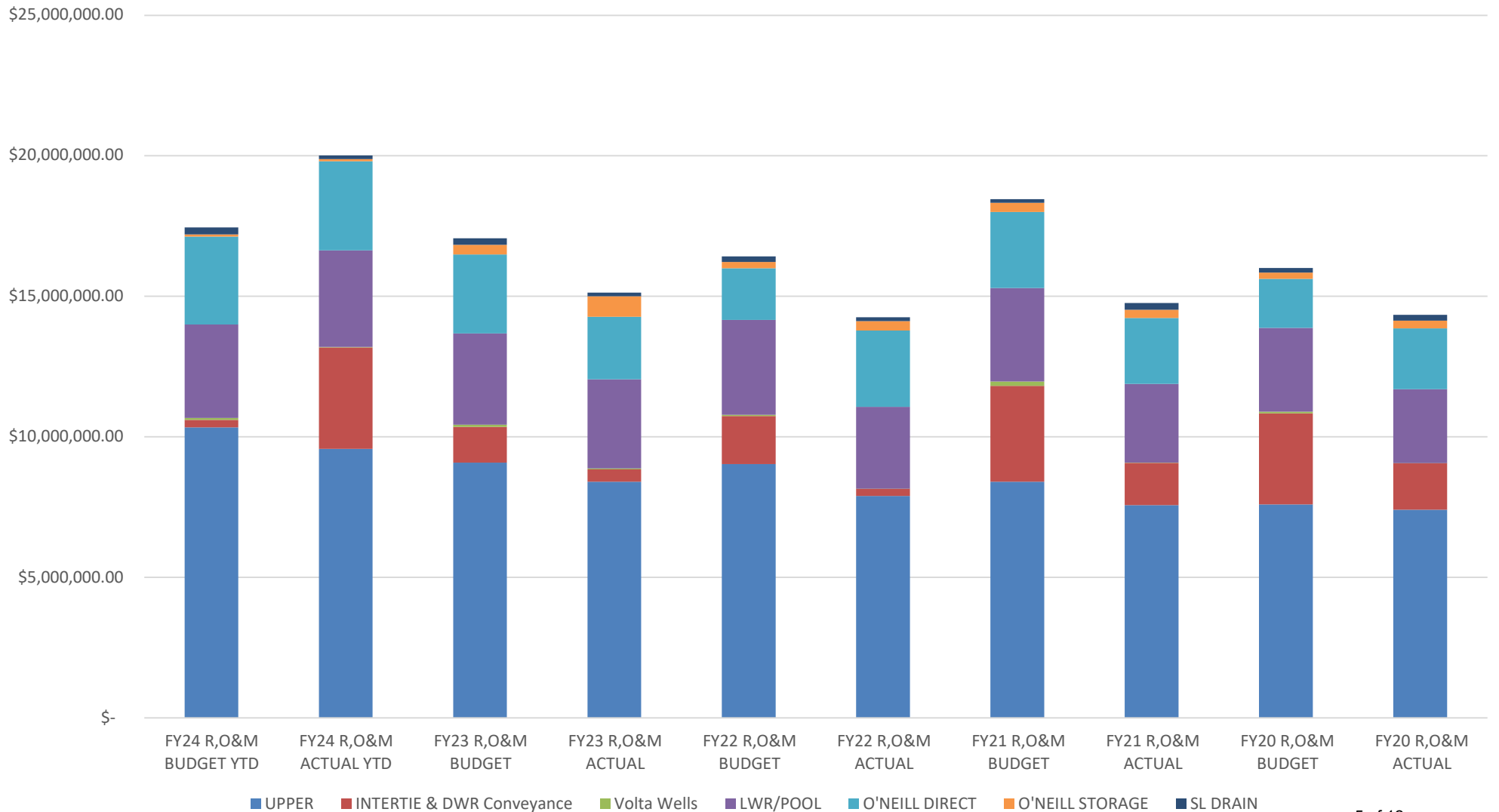


San Luis and Delta-Mendota Water Authority
O&M Budget to Actual
FY20-FY24 YTD (02/29/2024)
FAC 04/01/2024 BOD 04/04/2024



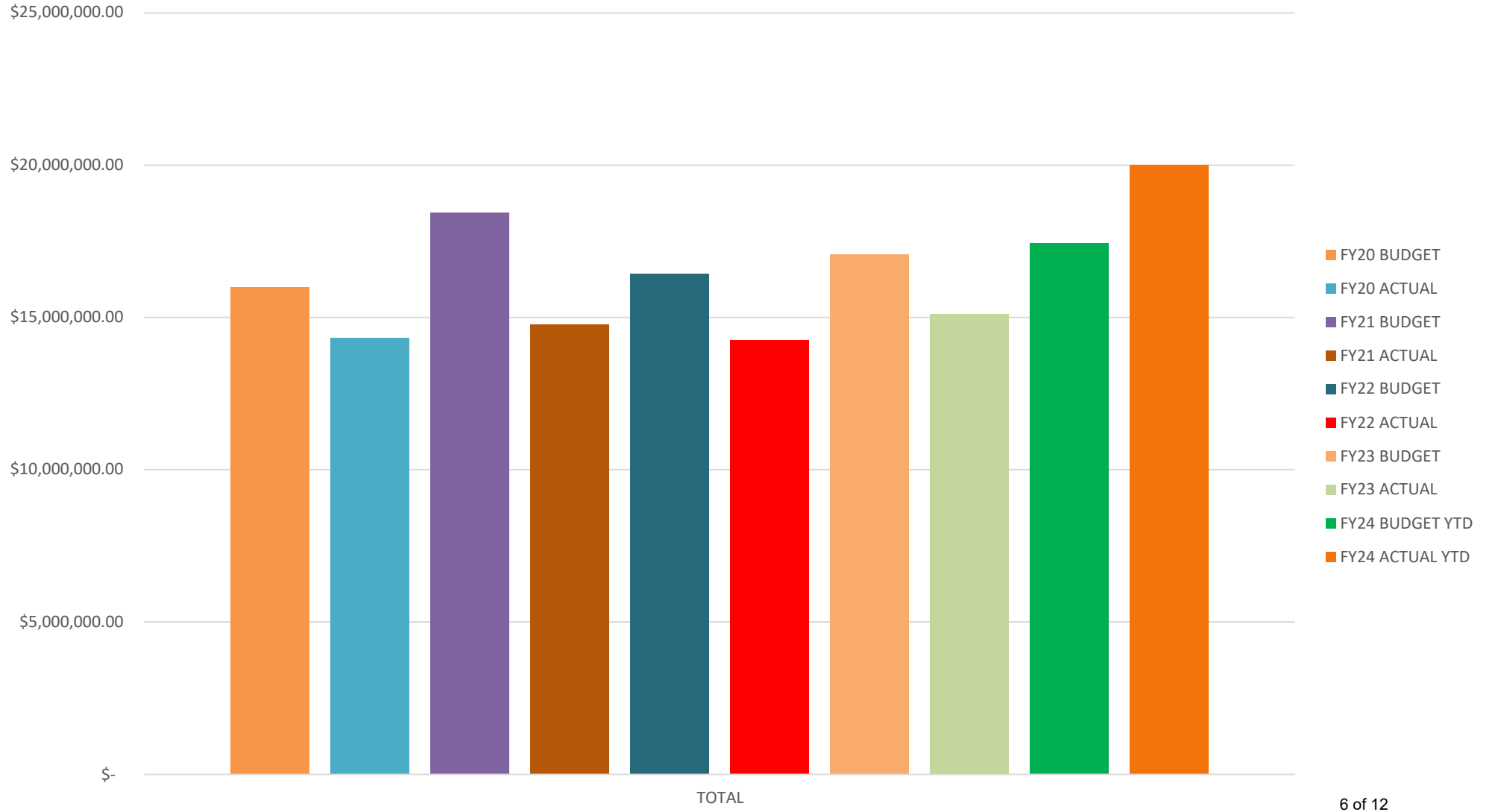


San Luis and Delta-Mendota Water Authority
O&M Budget to Actual
FY20-FY24 YTD (02/29/2024)
FAC 04/01/2024 BOD 04/04/2024





**San Luis and Delta-Mendota Water Authority
HISTORICAL O&M BUDGET TO ACTUAL TOTAL
FY20-FY24 YTD (02/29/2024)
FAC 04/01/2024 BOD 04/04/2024**



San Luis & Delta-Mendota Water Authority
DMC without CIP / E O&M
Budget to Actual Paid/Pending Comparison Summary
March 1, 2023 through February 29, 2024 (Preliminary)
FAC 4/01/24 & BOD 4/04/24

		FY Budget 3/1/23 - 2/29/24		Actual To Date Paid/Pending		% of Budget	Notes	Budget Amount Remaining
Operate & Maintain DMC	S/F 02	5,407,539		5,659,445		104.66%		(251,906)
Operate & Maintain Wasteways	S/F 04	133,829		53,772		40.18%		80,057
Mendota Pool	S/F 05	127,829		142,048		111.12%		(14,219)
Operate & Maintain JPP	S/F 11	3,532,461		2,999,120		84.90%		533,341
Intertie Maintenance	S/F 12	183,548	A	296,023		161.28%		(112,475)
Volta Wells Pumping	S/F 13	46,381		12,291		26.50%		34,090
Operate & Maintain O'Neill	S/F 19	2,118,671		2,187,641		103.26%		(68,970)
Maintain Tracy Fish Facility	USBR 30	36,347		390,804		1075.21%		(354,457)
Operate & Maintain San Luis Drain	S/F 41	160,495		80,900		50.41%		79,595
Maintain Delta Cross Channel	USBR 44	38,500		11,284		29.31%		27,216
Safety Equipment Training	50	322,300		18,307		5.68%		303,993
IT Expense	51	774,335		611,417		78.96%		162,918
Warehousing	52	236,695		106,997		45.20%		129,698
Tracy Field Office Expense	54	624,985		713,614		114.18%		(88,629)
Direct Administrative/General Expense	56	1,154,281		1,746,649		151.32%		(592,368)
Indirect O & M LBAO Admin.	58	2,633,617		2,476,286		94.03%		157,330
TOTAL		17,531,812		17,506,598		99.86%		25,214
Total from Self-Funding - page 2		17,447,862		16,862,758		96.65%		585,104
Total from USBR - page 3		83,950		534,552		636.75%		(450,602)
Total from Special Projects - page 4		-		109,288				(109,288)
Totals		17,531,812		17,506,598				25,214
YTD %				100.00%				

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, 2023 through February 29, 2024 (Preliminary)

FAC 4/01/24 & BOD 4/04/24

		FY Budget 3/1/23 - 2/29/24		Actual To Date Paid/Pending	% of Budget		Budget Amount Remaining
Operate & Maintain DMC	02	5,407,539		5,659,445	104.66%		(251,906)
Operate & Maintain Wasteways	04	133,829		53,772	40.18%		80,057
Mendota Pool	05	127,829		142,048	111.12%		(14,219)
Operate & Maintain JPP	11	3,532,461		2,999,120	84.90%		533,341
Intertie Maintenance	12	183,548	A	296,023	161.28%		(112,475)
Volta Wells Pumping	13	46,381		12,291	26.50%		34,090
Operate & Maintain O'Neill	19	2,118,671		2,187,641	103.26%		(68,970)
Operate & Maintain San Luis Drain	41	160,495		80,900	50.41%		79,595
Total Direct O & M		11,710,753		11,431,240	97.61%		279,513
Safety Equipment Training	50	321,789		17,527	5.45%		304,262
IT Expense	51	773,108		585,363	75.72%		187,745
Warehousing	52	236,320		102,438	43.35%		133,882
Tracy Field Office Expense	54	623,995		683,205	109.49%		(59,210)
Direct Administrative/General Expense	56	1,152,452		1,672,220	145.10%		(519,767)
Indirect O & M LBAO Admin.	58	2,629,444		2,370,765	90.16%		258,679
Total Indirect Allocated to O & M		5,737,109		5,431,518	94.67%		305,591
Total SLDMWA O&M		17,447,862		16,862,758	96.65%		585,104

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, 2023 through February 29, 2024 (Preliminary)

FAC 4/01/24 & BOD 4/04/24

	FY Budget 3/1/23 - 2/29/24	Actual To Date Paid/Pending	% of Budget	Budget Amount Remaining
Maintain Tracy Fish Facility 30	36,347	390,804	1075.21%	(354,457)
Maintain Delta Cross Channel 44	38,500	11,284	29.31%	27,216
Total Direct USBR Facilities	74,847	402,088	537.21%	(327,241)
Safety Equipment Training 50	511	427	83.72%	83
IT Expense 51	1,227	14,276	1163.76%	(13,049)
Warehousing 52	375	2,498	666.26%	(2,123)
Tracy Field Office Expense 54	990	16,662	1682.87%	(15,672)
Direct Administrative/General Expense 56	1,829	40,782	2230.23%	(38,954)
Indirect O & M LBAO Admin. 58	4,172	57,819	1385.81%	(53,646)
Total Indirect Allocated USBR Facilities	9,103	132,464	1455.15%	(123,361)
TOTAL USBR FACILITIES	83,950	534,552	636.75%	(450,602)

San Luis & Delta-Mendota Water Authority

DMC Indirect Cost Allocated to Special Projects

March 1, 2023 through February 29, 2024 (Preliminary)

FAC 4/01/24 & BOD 4/04/24

		Allocated To Date		
Safety Equipment Training	50	353		
IT Expense	51	11,778		
Warehousing	52	2,061		
Tracy Field Office Expense	54	13,747		
Direct Administrative/General Expense	56	33,647		
Indirect O & M LBAO Admin.	58	47,702		
Total Indirect Allocated to SPECIAL PROJECTS		109,288		
TOTAL INDIRECT ALLOCATED TO SPECIAL PROJECTS		109,288		

San Luis & Delta-Mendota Water Authority
DMC WITH CIP / E O & M
Budget to Actual Paid/Pending Comparison Summary
March 1, 2023 through February 29, 2024 (Preliminary)

FAC 4/01/24 & BOD 4/04/24

		FY Budget 3/1/23 - 2/29/24	Actual To Date Paid/Pending	% of Budget	Notes	Budget Amount Remaining
Capital Improvement Projects	CIP 25	2,297,700	5,102,616	222.07%		(2,804,916)
Extra Ordinary O&M	EO&M 26	6,198,000	5,573,212	89.92%		624,788
Operate & Maintain DMC	S/F 02	5,407,539	5,659,445	104.66%		(251,905)
Operate & Maintain Wasteways	S/F 04	133,829	53,772	40.18%		80,057
Mendota Pool	S/F 05	127,829	142,048	111.12%		(14,219)
Operate & Maintain JPP	S/F 11	3,532,461	2,999,120	84.90%		533,340
Intertie Maintenance	S/F 12	183,548	296,023	161.28%	A	(112,475)
Volta Wells Pumping	S/F 13	46,381	12,291	26.50%		34,090
Operate & Maintain O'Neill	S/F 19	2,118,671	2,187,641	103.26%		(68,971)
Maintain Tracy Fish Facility	USBR 30	36,347	390,804	1075.21%		(354,457)
Operate & Maintain Tracy USBR	USBR 33	-	-	0.00%		-
Operate & Maintain San Luis Drain	S/F 41	160,495	80,900	50.41%		79,595
Maintain Delta Cross Channel	USBR 44	38,500	11,284	29.31%		27,216
Safety Equipment Training	50	349,917	19,951	5.70%		329,967
IT Expense	51	840,688	666,311	79.26%		174,376
Warehousing	52	256,978	116,603	45.37%		140,375
Tracy Field Office Expense	54	678,540	777,684	114.61%		(99,144)
Direct Administrative/General Expense	56	1,253,190	1,903,466	151.89%		(650,276)
Indirect O & M LBAO Admin.	58	2,859,290	2,698,612	94.38%		160,679
TOTAL		26,519,903	28,691,783	108.19%		(2,171,880)
Total from Self-Funding - page 2		17,447,862	16,862,758	96.65%		585,104
Total from USBR - page 3		83,950	534,552	636.75%		(450,602)
Total from Special Projects - page 4		-	109,288			(109,288)
Total from EO&M		8,988,091	11,185,184	124.44%		(2,197,093)
Totals		26,519,903	28,691,783			(2,171,880)
YTD %		100.00%				

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, 2023 through February 29, 2024 (Preliminary)

FAC 4/01/24 & BOD 4/04/24

		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	5,659,445	41.54%	2,568,550	8,227,995 *
Operate & Maintain Wasteways	S/F 04	53,772	0.50%	31,152	84,924 *
Mendota Pool	S/F 05	142,048	0.21%	13,398	155,446 *
Operate & Maintain Jones Pumping Pl	S/F 11	2,999,120	24.88%	1,538,283	4,537,404 *
Intertie Maintenance	S/F 12	296,023	2.65%	163,617	459,640 *
Intertie DWR Conveyance	S/F 12	3,148,398			3,148,398 *
Volta Wells Pumping	S/F 13	12,291	0.08%	4,681	16,972 *
Operate & Maintain O'Neill	S/F 19	2,187,641	17.25%	1,066,415	3,254,057 *
Maintain Tracy Fish Facility	USBR 30	390,804	2.03%	125,282	516,086
Operate & Maintain San Luis Drain	S/F 41	80,900	0.73%	45,421	126,321 *
Maintain Delta Cross Channel	USBR 44	11,284	0.12%	7,183	18,466
CIP	25	5,102,616	3.87%	239,237	5,341,853
EO&M & Scada Project	26	5,573,212	4.37%	270,120	5,843,331
SPECIAL PROJECTS	XX		1.77%	109,288	109,288
				6,182,627	31,840,181
			100.00%		
Safety Equipment Training	50	19,951			
IT Expense	51	666,311			
Warehousing	52	116,603			
Tracy Field Office Expense	54	777,684			
Direct Administrative/General Expense	56	1,903,466			(11,185,184) less CIP&EO&M
Indirect O & M LBAO Admin.	58	2,698,612			(534,552) less USBR Facilities
Total Indirect to be Allocated			6,182,627		(109,288) less Special Projects
TOTAL		31,840,181			20,011,157 *SLDMWA O&M Costs
		includes intertie DWR conveyance			

28,691,783 w/o intertie DWR conveyance

16,862,758 O&M

San Luis & Delta-Mendota Water Authority

Activity Agreements Budget to Actual

Paid/Pending Comparison Summary (Preliminary)

March 1, 2023 through February 29, 2024

FAC 04/01/24 & BOD 04/04/24

	FY Budget 3/1/23 - 2/29/24	Actual To Date Paid/Expense	% of Budget	Amount Remaining
03 General Membership	926,259	785,678	84.82%	140,581
05 Leg/CVP Operations	2,923,141	1,839,371	62.92%	1,083,770
06 Reallocation Agreement	0	0	0.00%	0
35 Contract Renewal Coordinator	30,337	40,179	132.44%	(9,842)
09 Leg/CVP Operations #3	0	0	0.00%	0
28 Yuba County Water Transfers	27,000	18,085	66.98%	8,915
22 Grassland Basin Drainage #3A	2,078,148	1,474,971	70.98%	603,177
63 SGMA - Coordinated	525,332	1,343,984	255.84%	(818,652)
64 SGMA - Northern Delta-Mendota Region	562,382	234,711	41.74%	327,671
65 SGMA - Central Delta-Mendota Region	562,382	243,036	43.22%	319,346
67 Integrated Regional Water Management	185,606	44,243	23.84%	141,363
68 Los Vaqueros Reservoir Expansion Project	9,235	4,725	51.16%	4,510
44 Exchange Contractors - 5 Year Transfer	20,000	33,065	165.32%	(13,065)
56 Long-Term North to South Water Transfer	197,587	30,986	15.68%	166,601
69 B.F. Sisk Dam Raise & Reservoir Exp	740,125	687,973	92.95%	52,152
16 DHCCP	1,175	129	10.98%	1,046
TOTAL	8,788,709	6,781,136	77.16%	2,007,573
	12/12 X 8,788,709	\$ 8,788,709	100.00%	
		<u>Budget vs. Actual</u>		<u>2,007,573</u>

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
ACTUAL EXPENSE - PAID
ACTIVITY AGREEMENTS BUDGET TO ACTUAL
Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

03 05 06 35 09 28 22 63 64 65 67 68 44 56 69 16

Actual to Date Paid/Expense Detail by Fund

	Total	General Membership (03)	Leg Ops (05)	Reallo Agreement (06)	Contract Renewal Coordinator (35)	Leg/Op #3 (09)	Yuba Co. Water Trans. (28) Sub Fund of Leg/Op#3	GBD Dr #3A (22)	SGMA Coordinateds (63)	SGMA Northern Delta-Mendota Region (64)	SGMA Central Delta-Mendota Region (65)	IRWM (67)	Los Vaqueros Reservoir Expansion Proj (68)	Exchange Contractor 5 Year Transfer (44)	Long-Term North to South Water Transfers (56)	B.F.Sisk Dam Raise & Reservoir Expansion Proj (69)	DHCCP (16)
Legal:																	
1 Linneman et al	\$ 6,062							\$ 6,062									
2 Kronick Moskovitz et al	\$ 579,501		\$ 538,687		\$ 37,478		\$ 829								\$ 2,507		
3 Kronick Moskovitz et al (annual costs)	\$ 7,514		\$ 5,805		\$ 1,709										\$ -		
4 Pioneer Law Group	\$ 38,849		\$ 4,649				\$ 855	\$ 16,953						\$ 534	\$ 9,450	\$ 6,408	
5 Baker Manock & Jensen	\$ 173,606							\$ -	\$ 70,157	\$ 42,912	\$ 60,537	\$ -					
6 Cotchett, Pitre & McCarthy	\$ 19,542							\$ 19,542									
7 Kahn, Soares & Conway	\$ 5,898		\$ 2,919					\$ 2,979									
8 Stoel Rives	\$ 17,471		\$ 17,471														
9 GBD Misc. Legal Support	\$ -							\$ -									
10 Technical Legal Support	\$ -							\$ -									
11 Legal Contingency	\$ -							\$ -									
Sub Total	\$ 848,443	\$ -	\$ 569,531	\$ -	\$ 39,187	\$ -	\$ 1,684	\$ 45,536	\$ 70,157	\$ 42,912	\$ 60,537	\$ -	\$ -	\$ 534	\$ 11,957	\$ 6,408	\$ -
Technical:																	
12 Strategic Plan Update	\$ 58,945	\$ 58,945															
13 Previous BF Sisk Dam Raise Commitment	\$ 642,492															\$ 642,492	
14 Science Program	\$ -		\$ -														
15 Previous Technical Project Commitment	\$ 3,619		\$ 3,619														
Sub Total	\$ 705,056	\$ 58,945	\$ 3,619	\$ -	\$ -	\$ -	\$ -	\$ 3,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 642,492	\$ -
Legislative Advocacy/Public Information Representation:																	
16 Federal Representation	\$ 330,000		\$ 330,000														
17 State Representation	\$ 198,379		\$ 198,379														
18 Public Information / Communication	\$ 145,557	\$ 145,557															
Sub Total	\$ 673,936	\$ 145,557	\$ 528,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Professional Services:																	
19 SGMA Services	\$ 1,434,790							\$ 1,187,035	\$ 127,149	\$ 120,606							
20 Integrated Regional Water Management	\$ 32,761										\$ 32,761						
21 Mizuno Consulting	\$ 53,613					\$ 11,175							\$ 26,138	\$ 16,300			
22 Hallmark Group	\$ -					\$ -								\$ -	\$ -		
Sub Total	\$ 1,521,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,175	\$ -	\$ 1,187,035	\$ 127,149	\$ 120,606	\$ 32,761	\$ -	\$ 26,138	\$ 16,300	\$ -	\$ -
Grassland Basin Drainage:																	
23 GBD Specific	\$ 900,033							\$ 900,033									
24 New UA Mud Slough Mitigation	\$ -							\$ -									
25 Use of Drain	\$ 75,448							\$ 75,448									
26 Biological Monitoring	\$ 281,529							\$ 281,529									
27 Groundwater WDR Specific	\$ 158,980							\$ 158,980									
Sub Total	\$ 1,415,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,415,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER:																	
28 Executive Director	\$ 273,914	\$ 199,189	\$ 74,725						\$ -	\$ -	\$ -	\$ -					
29 Executive Secretary	\$ 46,054	\$ 26,167	\$ 19,887														
30 General Counsel	\$ 230,928	\$ 137,007	\$ 67,073					\$ 5,682	\$ 275	\$ -	\$ -	\$ -	\$ 2,803		\$ 546	\$ 17,542	
31 Water Policy Director	\$ 260,649		\$ 242,810						\$ 11,921	\$ 2,437	\$ 2,045	\$ 1,436					
32 Water Resources Program Manager	\$ 303,723		\$ 133,945						\$ 69,819	\$ 46,190	\$ 43,968	\$ 9,801					
33 Special Programs Manager	\$ -																
34 Deputy General Counsel	\$ 167,077	\$ 55,201	\$ 110,403												\$ 1,473		
35 In-House Staff	\$ 117,347	\$ 24,609	\$ 18,965		\$ 992	\$ 5,226	\$ 3,075	\$ 2,832	\$ 15,441	\$ 15,441	\$ 245	\$ 1,922	\$ 6,229	\$ 710	\$ 21,531	\$ 129	
36 Los Banos Administrative Office (LBAO)	\$ 5,202	\$ 5,202						\$ -	\$ -	\$ -	\$ -						
37 Dissolved Oxygen Aerator	\$ 9,376		\$ 4,688					\$ 4,688									
38 Other Services & Expenses	\$ 11,835	\$ 3,537	\$ 8,298					\$ -	\$ -	\$ -	\$ -	\$ -			\$ -		
39 License & Continuing Education	\$ 180	\$ 180	\$ -					\$ -	\$ -	\$ -	\$ -						
40 Organizational Membership	\$ 94,933	\$ 94,933															
41 Conferences & Training	\$ 7,471	\$ 2,605	\$ 4,204					\$ 342	\$ 160	\$ 160	\$ -						
42 Travel/Mileage	\$ 69,823	\$ 25,058	\$ 42,813					\$ 1,251	\$ 422	\$ 279	\$ -						
43 Group Meetings	\$ 15,944	\$ 5,982	\$ 9,446					\$ 352	\$ -	\$ -	\$ -		\$ 164				
44 Telephone	\$ 2,091	\$ 1,506	\$ 585					\$ -	\$ -	\$ -	\$ -						
Sub Total	\$ 1,616,547	\$ 581,176	\$ 737,842	\$ -	\$ 992	\$ -	\$ 5,226	\$ 13,445	\$ 86,792	\$ 64,650	\$ 61,893	\$ 11,482	\$ 4,725	\$ 6,393	\$ 2,729	\$ 39,073	\$ 129
Total Expenditures	\$ 6,781,136	\$ 785,678	\$ 1,839,371	\$ -	\$ 40,179	\$ -	\$ 18,085	\$ 1,474,971	\$ 1,343,984	\$ 234,711	\$ 243,036	\$ 44,243	\$ 4,725	\$ 33,065	\$ 30,986	\$ 687,973	\$ 129

Subject to rounding

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
AMOUNT REMAINING
ACTIVITY AGREEMENTS BUDGET TO ACTUAL
Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

03 05 06 35 09 28 22 63 64 65 67 68 44 56 69 16

Amount Remaining Detail by Fund

Direct Expenses

Legal:

	Total	General Membership (03)	Leg Ops (05)	Reallo Agreement (06)	Contract Renewal Coordinator (35)	Leg/Op #3 (09)	Yuba Co. Water Trans. (28) Sub Fund of Leg/Op#3	GBD Dr #3A (22)	SGMA Coordinated (63)	SGMA Northern Delta-Mendota Region (64)	SGMA Central Delta-Mendota Region (65)	IRWM (67)	Los Vaqueros Reservoir Expansion Proj (68)	Exchange Contractor 5 Year Transfer (44)	Long-Term North to South Water Transfers (56)	B.F.Sisk Dam Raise & Reservoir Expansion Proj (69)	DHCCP (16)
1 Linneman et al	\$ 13,938							\$ 13,938									
2 Kronick Moskovitz et al	\$ 222,499		\$ 163,313		\$ (12,478)		\$ (829)								\$ 72,493		
3 Kronick Moskovitz et al (annual costs)	\$ 14,486		\$ 14,195		\$ (1,209)										\$ 1,500		
4 Pioneer Law Group	\$ 131,151		\$ 25,351				\$ (855)	\$ 53,047						\$ (534)	\$ 40,550	\$ 13,592	
5 Baker Manock & Jensen	\$ (60,886)							\$ 25,000	\$ (39,197)	\$ (17,112)	\$ (34,737)	\$ 5,160					
6 Cotchett, Pitre & McCarthy	\$ 20,458							\$ 20,458									
7 Kahn, Soares & Conway	\$ 54,102		\$ 12,081					\$ 42,021									
8 Stoel Rives	\$ 32,529		\$ 32,529														
9 GBD Misc. Legal Support	\$ 10,000							\$ 10,000									
10 Technical Legal Support	\$ 150,000		\$ 150,000														
11 Legal Contingency	\$ 150,000		\$ 150,000														
Sub Total	\$ 738,277	\$ -	\$ 547,469	\$ -	\$ (13,687)	\$ -	\$ (1,684)	\$ 164,464	\$ (39,197)	\$ (17,112)	\$ (34,737)	\$ 5,160	\$ -	\$ (534)	\$ 114,543	\$ 13,592	\$ -

Technical:

12 Strategic Plan Update	\$ 41,055	\$ 41,055															
13 Previous BF Sisk Dam Raise Commitment	\$ 65,508															\$ 65,508	
14 Science Program	\$ 390,000		\$ 390,000														
15 Previous Technical Project Commitment	\$ 121,381		\$ 121,381														
Sub Total	\$ 617,944	\$ 41,055	\$ 511,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,508	\$ -

Legislative Advocacy/Public Information Representation:

16 Federal Representation	\$ 30,000		\$ 30,000														
17 State Representation	\$ 5,621		\$ 5,621														
18 Public Information / Communication	\$ 37,593	\$ 37,593															
Sub Total	\$ 73,214	\$ 37,593	\$ 35,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Professional Services:

19 SGMA Services	\$ (191,550)							\$ (783,455)	\$ 292,681	\$ 299,224							
20 Integrated Regional Water Management	\$ 77,601										\$ 77,601						
21 Mizuno Consulting	\$ 3,388					\$ 825								\$ (16,138)	\$ 18,700		
22 Hallmark Group	\$ -															\$ -	
Sub Total	\$ (110,562)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 825	\$ -	\$ (783,455)	\$ 292,681	\$ 299,224	\$ 77,601	\$ -	\$ (16,138)	\$ 18,700	\$ -	\$ -

Grassland Basin Drainage:

23 GBD Specific	\$ 46,478							\$ 46,478									
24 New UA Mud Slough Mitigation	\$ 50,000							\$ 50,000									
25 Use of Drain	\$ 82,952							\$ 82,952									
26 Biological Monitoring	\$ (31,529)							\$ (31,529)									
27 Groundwater WDR Specific	\$ 300,396							\$ 300,396									
Sub Total	\$ 448,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

OTHER:

28 Executive Director	\$ 16	\$ (3,401)	\$ (326)						\$ 2,364	\$ 394	\$ 394	\$ 591					
29 Executive Secretary	\$ 2,007	\$ 1,140	\$ 867														
30 General Counsel	\$ 30,420	\$ 13,219	\$ 8,040					\$ (2,786)	\$ 3,807	\$ 5,652	\$ 5,652	\$ 1,727	\$ 2,197		\$ 4,454	\$ (11,542)	
31 Water Policy Director	\$ 12,776		\$ (7,441)						\$ (4,821)	\$ 5,799	\$ 6,191	\$ 13,048					
32 Water Resources Program Manager	\$ 76,286								\$ (7,419)	\$ 24,010	\$ 26,232	\$ 33,463					
33 Special Programs Manager	\$ (25,789)		\$ (25,789)														
34 Deputy General Counsel	\$ (5,280)	\$ (10,402)	\$ 1,595														
35 In-House Staff	\$ 50,542	\$ (970)	\$ (1,363)		\$ 3,845	\$ 9,774	\$ (2,110)	\$ 84	\$ 11,079	\$ 11,079	\$ 2,023	\$ 2,313	\$ 3,771	\$ 25,377	\$ (15,406)	\$ 1,046	
36 Los Banos Administrative Office (LBAO)	\$ 44,798	\$ 44,798						\$ -	\$ -	\$ -	\$ -						
37 Dissolved Oxygen Aerator	\$ (3,126)		\$ 1,562					\$ (4,688)									
38 Other Services & Expenses	\$ 8,345	\$ (537)	\$ 1,702					\$ -	\$ 6,430	\$ -	\$ -	\$ 750					
39 License & Continuing Education	\$ 2,620	\$ 620	\$ 1,000					\$ 500	\$ 250	\$ 250							
40 Organizational Membership	\$ 6,817	\$ 6,817															
41 Conferences & Training	\$ 38,029	\$ 27,895	\$ 5,796					\$ 658	\$ 1,090	\$ 1,090	\$ 1,500						
42 Travel/Mileage	\$ 1,677	\$ (15,058)	\$ 7,187					\$ 1,249	\$ 2,078	\$ 2,221	\$ 4,000						
43 Group Meetings	\$ (3,944)	\$ (1,982)	\$ (4,446)					\$ 648	\$ 500	\$ 500	\$ 1,000		\$ (164)				
44 Telephone	\$ 4,209	\$ (206)	\$ 915					\$ -	\$ 500	\$ 1,250	\$ 1,250	\$ 500					
Sub Total	\$ 240,403	\$ 61,933	\$ (10,701)	\$ -	\$ 3,845	\$ -	\$ 9,774	\$ (9,584)	\$ 4,000	\$ 52,102	\$ 54,859	\$ 58,602	\$ 4,510	\$ 3,607	\$ 33,358	\$ (26,948)	\$ 1,046

Total Expenditures	\$ 2,007,573	\$ 140,581	\$ 1,083,770	\$ -	\$ (9,842)	\$ -	\$ 8,915	\$ 603,177	\$ (818,652)	\$ 327,671	\$ 319,346	\$ 141,363	\$ 4,510	\$ (13,065)	\$ 166,601	\$ 52,152	\$ 1,046
---------------------------	---------------------	-------------------	---------------------	-------------	-------------------	-------------	-----------------	-------------------	---------------------	-------------------	-------------------	-------------------	-----------------	--------------------	-------------------	------------------	-----------------

Subject to rounding

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
GENERAL MEMBERSHIP (FUND 03)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Technical:</u>					
Strategic Plan Update	\$ 100,000	\$ 58,945	\$ 41,055	41%	2/29/24
<u>Legislative Advocacy/Public Info Representation:</u>					
Public Information / Communication	\$ 183,150	\$ 145,557	\$ 37,593	21%	12/31/23
<u>Other:</u>					
Executive Director	\$ 195,788	\$ 199,189	\$ (3,401)	-2%	2/29/24
Executive Secretary	\$ 27,307	\$ 26,167	\$ 1,140	4%	2/29/24
General Counsel	\$ 150,226	\$ 137,007	\$ 13,219	9%	2/29/24
In-House Staff	\$ 23,639	\$ 24,609	\$ (970)	-4%	2/29/24
Deputy General Counsel	\$ 44,799	\$ 55,201	\$ (10,402)	-23%	2/29/24
Los Banos Administrative Office (LBAO)	\$ 50,000	\$ 5,202	\$ 44,798	90%	6/1/23
Other Services & Expenses	\$ 3,000	\$ 3,537	\$ (537)	-18%	
License & Continuing Education	\$ 800	\$ 180	\$ 620	78%	
Organizational Membership	\$ 101,750	\$ 94,933	\$ 6,817	7%	
Conferences & Training	\$ 30,500	\$ 2,605	\$ 27,895	91%	
Travel/Mileage	\$ 10,000	\$ 25,058	\$ (15,058)	-151%	
Group Meetings	\$ 4,000	\$ 5,982	\$ (1,982)	-50%	
Telephone	\$ 1,300	\$ 1,506	\$ (206)	-16%	
Total Expenditures	\$ 926,259	\$ 785,678	\$ 140,581	15%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
LEG & CVP OPERATIONAL AFFAIRS (FUND 05)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Kronick Moskovitz et al	\$ 702,000	\$ 538,687	\$ 163,313	23%	2/21/24
Kronick Moskovitz et al (annual cost)	\$ 20,000	\$ 5,805	\$ 14,195	71%	1/29/24
Pioneer Law Group	\$ 30,000	\$ 4,649	\$ 25,351	85%	2/5/24
Kahn, Soares & Conway	\$ 15,000	\$ 2,919	\$ 12,081	81%	6/30/23
Stoel Rives	\$ 50,000	\$ 17,471	\$ 32,529	65%	2/20/24
<u>Technical:</u>					
Science Program, Incl. CAMT Facilitation	\$ 390,000		\$ 390,000	100%	
Previous Technical Project Commitment	\$ 125,000	\$ 3,619	\$ 121,381	97%	
<u>Legislative Advocacy/Public Info Representation:</u>					
Federal Representation	\$ 360,000	\$ 330,000	\$ 30,000	8%	2/20/24
State Representation	\$ 204,000	\$ 198,379	\$ 5,621	3%	2/20/24
<u>Other:</u>					
Executive Director	\$ 74,399	\$ 74,725	\$ (326)	0%	2/29/24
Executive Secretary	\$ 20,754	\$ 19,887	\$ 867	4%	2/29/24
General Counsel	\$ 75,113	\$ 67,073	\$ 8,040	11%	2/29/24
Water Policy Director	\$ 235,369	\$ 242,810	\$ (7,441)	-3%	2/29/24
Special Programs Mgr	\$ 108,156	\$ 133,945	\$ (25,789)	-24%	2/29/24
Deputy General Counsel	\$ 111,998	\$ 110,403	\$ 1,595	1%	2/29/24
In-House Staff	\$ 17,602	\$ 18,965	\$ (1,363)	-8%	2/29/24
Dissolved Oxygen Aerator	\$ 6,250	\$ 4,688	\$ 1,562	25%	
Other Services & Expenses	\$ 10,000	\$ 8,298	\$ 1,702	17%	
License & Continuing Education	\$ 1,000		\$ 1,000	100%	
Conferences & Training	\$ 10,000	\$ 4,204	\$ 5,796	58%	
Travel/Mileage	\$ 50,000	\$ 42,813	\$ 7,187	14%	
Group Meetings	\$ 5,000	\$ 9,446	\$ (4,446)	-89%	
Telephone	\$ 1,500	\$ 585	\$ 915	61%	
Total Expenditures	\$ 2,923,141	\$ 1,839,371	\$ 1,083,770	37%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
REALLOCATION AGREEMENT (FUND 06)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)
 FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Direct Expenditures:</u>	\$0.00	\$ -	\$0.00	0%	
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0%</u>	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
CONTRACT RENEWAL COORDINATOR (FUND 35)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expenses	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Kronick Moskovitz et al	\$ 25,000	\$ 37,478	\$ (12,478)	-50%	4/27/23
Kronick Moskovitz et al (annual costs)	\$ 500	\$ 1,709	\$ (1,209)	-242%	1/29/24
<u>Other:</u>					
In-House Staff	\$ 4,837	\$ 992	\$ 3,845	79%	1/31/24
Total Expenditures	\$ 30,337	\$ 40,179	\$ (9,842)	-32%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
LEG & CVP OPERATIONAL AFFAIRS #3 (FUND 09)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Direct Expenditures:</u>	\$0.00	\$ -	\$0.00	0%	
Total Expenditures	\$ -	\$ -	\$ -	0%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
YUBA COUNTY WATER TRANSFERS
ACTIVITY AGREEMENTS BUDGET TO ACTUAL
Sub Fund of Leg Ops #3 (FUND 28)

Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Kronick Moskovitz et al	\$ -	\$ 829	\$ (829)	0%	12/11/23
Pioneer Law group	\$ -	\$ 855	\$ (855)	0%	2/5/24
<u>Other Professional Services:</u>					
Mizuno Consulting	\$ 12,000	\$ 11,175	\$ 825	7%	2/29/24
<u>Other:</u>					
In-House Staff	\$ 15,000	\$ 5,226	\$ 9,774	65%	2/29/24
Total Expenditures	\$ 27,000	\$ 18,085	\$ 8,915	33%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
GRASSLAND BASIN DRAINAGE #3A (FUND 22)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Linneman et al	\$ 20,000	\$ 6,062	\$ 13,938	70%	8/31/23
Pioneer Law Group - CEQA Legal Consultant	\$ 70,000	\$ 16,953	\$ 53,047	76%	12/4/23
Cotchett, Pitre & McCarthy	\$ 40,000	\$ 19,542	\$ 20,458	51%	6/14/23
Kahn, Soares & Conway	\$ 45,000	\$ 2,979	\$ 42,021	93%	2/29/24
Misc. Legal Support	\$ 10,000		\$ 10,000	100%	
Baker Manock & Jensen	\$ 25,000		\$ 25,000	100%	
<u>GBD Specific:</u>					
Drainage Coordinator (Summers)	\$ 143,000	\$ 108,331	\$ 34,669	24%	1/31/24
Quality Data Processing/Load Calc (Summers)	\$ 176,255	\$ 134,727	\$ 41,528	24%	2/29/24
Flow Calculation/Station Maint. (Summers)	\$ 38,500	\$ 94,555	\$ (56,055)	-146%	1/31/24
Field Coordinator (PDD)	\$ 35,000	\$ 14,382	\$ 20,618	59%	12/31/23
Real Time Monitoring Equip (PDD)	\$ 10,000	\$ 4,121	\$ 5,879	59%	12/31/23
Panoche Creek Gauging Station	\$ 7,900	\$ 7,900	\$ -	0%	4/20/23
Water Quality Monitoring (Reg. Sites)	\$ 243,000	\$ 200,672	\$ 42,328	17%	2/28/24
Newman Water Costs	\$ 118,856	\$ 118,886	\$ (30)	0%	2/13/24
Restoration of Mud Slough Channel (Newman Land)	\$ 96,800	\$ 10,513	\$ 86,287	89%	9/30/23
Waste Discharge Permit Fees	\$ 64,000	\$ 177,191	\$ (113,191)	-177%	11/29/23
Drainage Management Plan	\$ 13,200	\$ 28,755	\$ (15,555)	-118%	1/31/24
New UA Mud Slough Mitigation: Remove Sediment in SLD	\$ 50,000		\$ 50,000	100%	
Use of Drain: Operation & Maintenance (PDD)	\$ 158,400	\$ 75,448	\$ 82,952	52%	12/31/23
<u>Biological Monitoring:</u>					
Pacific Eco Risk	\$ 100,000	\$ 86,997	\$ 13,003	13%	2/29/24
HT Harvey-SJRIP Egg Monitoring	\$ 100,000	\$ 148,419	\$ (48,419)	-48%	2/27/24
Fish Biologist - Splittail/Sturgeon	\$ 50,000	\$ 46,113	\$ 3,887	8%	2/27/24
<u>Groundwater WDR Specific:</u>					
Membership Enrollment/List (Summers)	\$ 115,830	\$ 41,013	\$ 74,817	65%	2/29/24
Farm Evaluation Plan (Summers)	\$ 23,100	\$ 8,739	\$ 14,361	62%	1/31/24
NMP Summary Report	\$ 20,915	\$ 13,657	\$ 7,258	35%	2/29/24
MPEP Group Workplan	\$ 5,400	\$ 3,043	\$ 2,357	44%	2/29/24
Groundwater Protection Formula	\$ 10,000		\$ 10,000	100%	
CVSalts Nitrate Compliance	\$ 25,000		\$ 25,000	100%	
Prioritization and Optimization Study-CVSalts	\$ 10,983	\$ 11,438	\$ (455)	-4%	6/1/23
Trend Monit Prgm	\$ 67,600	\$ 66,649	\$ 951	1%	12/7/23
Develop Web Portal	\$ 5,648	\$ 3,725	\$ 1,923	34%	2/29/24
Collect State Board Fee	\$ 126,000		\$ 126,000	100%	
Annual Monitoring Report (Summers)	\$ 46,200	\$ 8,739	\$ 37,461	81%	1/31/24
CVGMC Data	\$ 2,700	\$ 1,977	\$ 723	27%	9/30/23
<u>Other:</u>					
General Counsel	\$ 2,896	\$ 5,682	\$ (2,786)	-96%	2/29/24
In-House Staff	\$ 965	\$ 3,075	\$ (2,110)	-219%	2/29/24
Dissolved Oxygen Aerator	\$ -	\$ 4,688	\$ (4,688)	0%	
Other Services & Expenses	\$ -	\$ -	\$ -	0%	
Telephone	\$ -	\$ -	\$ -	0%	
Total Expenditures	\$ 2,078,148	\$ 1,474,971	\$ 603,177	29%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
SGMA ACTIVITIES - COORDINATED COST-SHARE AGREEMENT
ACTIVITY AGREEMENTS BUDGET TO ACTUAL
COORDINATED (FUND 63)

Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Baker Manock & Jensen	\$ 30,960	\$ 70,157	\$ (39,197)	-127%	2/5/24
<u>Other Professional Services:</u>					
GSP Implementation Contracts					
Coordinated Annual Reports Activities					
(Common Chapter, Water Level Contouring)	\$ 146,093	\$ 825,363	\$ (679,270)	-465%	2/15/24
DMS Hosting, Augmentation and Support	\$ 11,367		\$ 11,367	100%	
Staff Augmentation Support (EKI)	\$ 65,000	\$ 264,470	\$ (199,470)	-307%	8/14/23
DAC Outreach and Coordination	\$ 30,000		\$ 30,000	100%	
SGMA Implementation Grant Round 1 SPA (A9)	\$ 75,560	\$ 97,202	\$ (21,642)	-29%	11/15/23
SGMA Implementation Grant Round 2 SPA (B0)	\$ 75,560		\$ 75,560	100%	
<u>Other:</u>					
Executive Director	\$ 2,364	\$ -	\$ 2,364	100%	
General Counsel	\$ 4,082	\$ 275	\$ 3,807	93%	8/31/23
Water Policy Director	\$ 7,100	\$ 11,921	\$ (4,821)	-68%	1/31/24
Water Resources Program Manager	\$ 62,400	\$ 69,819	\$ (7,419)	-12%	2/29/24
Accounting	\$ 2,916	\$ 2,832	\$ 84	3%	1/31/24
License & Continuing Education	\$ 500		\$ 500	100%	
Conferences & Training	\$ 1,000	\$ 342	\$ 658	66%	
Travel/Mileage	\$ 2,500	\$ 1,251	\$ 1,249	50%	
Group Meetings	\$ 1,000	\$ 352	\$ 648	65%	
Telephone	\$ 500		\$ 500	100%	
Software	\$ 780		\$ 780	100%	
Equipment and Tools	\$ 5,650		\$ 5,650	100%	
Total Expenditures	\$ 525,332	\$ 1,343,984	\$ (818,652)	-156%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES AGREEMENT
ACTIVITY AGREEMENTS BUDGET TO ACTUAL
NORTHERN DELTA-MENDOTA REGION (FUND 64)

Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Baker Manock & Jensen	\$ 25,800	\$ 42,912	\$ (17,112)	-66%	2/5/24
<u>Other Professional Services:</u>					
Contracts	\$ 419,830	\$ 127,149	\$ 292,681	70%	2/15/24
<u>Other:</u>					
Executive Director	\$ 394	\$ -	\$ 394	100%	
General Counsel	\$ 5,652	\$ -	\$ 5,652	100%	
Water Policy Director	\$ 8,236	\$ 2,437	\$ 5,799	70%	12/31/23
Water Resources Program Manager	\$ 70,200	\$ 46,190	\$ 24,010	34%	2/29/24
Accounting	\$ 2,808	\$ 321	\$ 2,487	89%	1/31/24
Hydrotech 3	\$ 23,712	\$ 15,120	\$ 8,592	36%	2/29/24
License & Continuing Education	\$ 250		\$ 250	100%	
Conferences & Training	\$ 1,250	\$ 160	\$ 1,090	87%	
Travel/Mileage	\$ 2,500	\$ 422	\$ 2,078	83%	
Group Meetings	\$ 500		\$ 500	100%	
Telephone	\$ 1,250		\$ 1,250	100%	
Total Expenditures	\$ 562,382	\$ 234,711	\$ 327,671	58%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES AGREEMENT
ACTIVITY AGREEMENTS BUDGET TO ACTUAL
CENTRAL DELTA-MENDOTA REGION (FUND 65)

Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Baker Manock & Jensen	\$ 25,800	\$ 60,537	\$ (34,737)	-135%	2/5/24
<u>Other Professional Services:</u>					
Contracts	\$ 419,830	\$ 120,606	\$ 299,224	71%	2/15/24
<u>Other:</u>					
Executive Director	\$ 394	\$ -	\$ 394	100%	
General Counsel	\$ 5,652	\$ -	\$ 5,652	100%	
Water Policy Director	\$ 8,236	\$ 2,045	\$ 6,191	75%	11/30/23
Water Resources Program Manager	\$ 70,200	\$ 43,968	\$ 26,232	37%	2/29/24
Accounting	\$ 2,808	\$ 321	\$ 2,487	89%	1/31/24
Hydrotech 3.	\$ 23,712	\$ 15,120	\$ 8,592	36%	2/29/24
License & Continuing Education	\$ 250		\$ 250	100%	
Conferences & Training	\$ 1,250	\$ 160	\$ 1,090	87%	
Travel/Mileage	\$ 2,500	\$ 279	\$ 2,221	89%	
Group Meetings	\$ 500		\$ 500	100%	
Telephone	\$ 1,250		\$ 1,250	100%	
Total Expenditures	\$ 562,382	\$ 243,036	\$ 319,346	57%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
INTEGRATED REGIONAL WATER MANAGEMENT (FUND 67)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Baker Manock & Jensen	\$ 5,160	\$ -	\$ 5,160	100%	
<u>Other Professional Services:</u>					
IRWM Implementation Contracts	\$ 29,931	\$ 32,761	\$ (2,830)	-9%	2/15/24
Prop 1 Round 1 Grant Admin (SJRFA)	\$ 30,431		\$ 30,431	100%	
Disadvantaged Comm Needs Assess./DAC Outreach	\$ 50,000		\$ 50,000	100%	
Prop 1 Round 2 Grant APP (SJRFA)					
Prop 1 Round 2 Grant App (TKFA)					
<u>Other:</u>					
Executive Director	\$ 591	\$ -	\$ 591	100%	
General Counsel	\$ 1,727	\$ -	\$ 1,727	100%	
Water Resources Program Mgr	\$ 43,264	\$ 9,801	\$ 33,463	77%	2/29/24
Water Policy Director	\$ 14,484	\$ 1,436	\$ 13,048	90%	2/29/24
Accounting	\$ 2,268	\$ 245	\$ 2,023	89%	1/31/24
Other Services & Expenses	\$ 750	\$ -	\$ 750	100%	
Conferences & Training	\$ 1,500	\$ -	\$ 1,500	100%	
Travel/Mileage	\$ 4,000	\$ -	\$ 4,000	100%	
Group Meetings	\$ 1,000	\$ -	\$ 1,000	100%	
Telephone	\$ 500	\$ -	\$ 500	100%	
Total Expenditures	\$ 185,606	\$ 44,243	\$ 141,363	76%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
LOS VAQUEROS RESERVOIR EXPANSION PROJECT (FUND 68)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)
 FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Pioneer Law Group	\$ -		\$ -	0%	
<u>Other:</u>					
General Counsel	\$ 5,000	\$ 2,803	\$ 2,197	44%	12/31/23
In-House Staff	\$ 4,235	\$ 1,922	\$ 2,313	55%	1/31/24
Total Expenditures	\$ 9,235	\$ 4,725	\$ 4,510	49%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
EXCHANGE CONTRACTOR 5-YEAR TRANSFER (FUND 44)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Pioneer Law Group	\$ -	\$ 534	\$ (534)	0%	12/4/23
<u>Other Professional Services:</u>					
Mizuno Consulting	\$ 10,000	\$ 26,138	\$ (16,138)	-161%	2/29/24
<u>Other:</u>					
General Counsel					
Special Projects Coordinator	\$ -	\$ -	\$ -	0%	
In-House Staff	\$ 10,000	\$ 6,229	\$ 3,771	38%	1/31/24
Sacramento Administrative Office (SAO)					
Other Services & Expenses					
License & Continuing Education					
Conferences & Training					
Travel/Mileage					
Group Meetings	\$ -	\$ 164	\$ (164)	0%	
Telephone					
Total Expenditures	\$ 20,000	\$ 33,065	\$ (13,065)	-65%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
LONG-TERM NORTH TO SOUTH WATER TRANSFER PROGRAM (FUND 56)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Kronick Moskovitz et al	\$ 75,000	\$ 2,507	\$ 72,493	97%	12/11/23
Kronick Moskovitz et al (annual costs)	\$ 1,500		\$ 1,500	100%	
Pioneer Law Group	\$ 50,000	\$ 9,450	\$ 40,550	81%	10/3/23
<u>Other Professional Services:</u>					
Mizuno Consulting	\$ 35,000	\$ 16,300	\$ 18,700	53%	10/2/23
<u>Other:</u>					
General Counsel	\$ 5,000	\$ 546	\$ 4,454	89%	11/30/23
Deputy General Counsel	\$ 5,000	\$ 1,473	\$ 3,527	71%	11/30/23
In-House Staff	\$ 26,087	\$ 710	\$ 25,377	97%	1/31/24
Total Expenditures	\$ 197,587	\$ 30,986	\$ 166,601	84%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
B.F. SISK DAM RAISE & RESERVOIR EXPANSION PROJECT (FUND 69)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)
FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Pioneer Law Group	\$ 20,000	\$ 6,408	\$ 13,592	68%	11/2/23
<u>Other Professional Services:</u>					
Previous BF Sisk Dam Raise Commitment	\$ 708,000	\$ 642,492	\$ 65,508	9%	1/31/24
<u>Other:</u>					
General Counsel	\$ 6,000	\$ 17,542	\$ (11,542)	-192%	2/29/24
In-House Staff	\$ 6,125	\$ 21,531	\$ (15,406)	-252%	2/29/24
Total Expenditures	\$ 740,125	\$ 687,973	\$ 52,152	7%	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MARCH 1, 2023 - FEBRUARY 29, 2024
DELTA HABITAT CONSERVATION & CONVEYANCE PROGRAM (FUND 16)
ACTIVITY AGREEMENTS BUDGET TO ACTUAL

Report Period 3/1/23 - 02/29/24 (Preliminary)

FAC 04/01/24

EXPENDITURES	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Other:</u>					
In-House Staff	\$ 1,175	\$ 129	\$ 1,046	89%	1/31/24
Total Expenditures	\$ 1,175	\$ 129	\$ 1,046	89%	

San Luis & Delta-Mendota Water Authority
Procurement Activity Report
From February 29, 2024 to March 29, 2024

Date Executed	Contract Title	Vendor or Service Provider	Contract Amount	Contract Solicitation Type	Contract Type	Funding Source	Notes
No contracts were executed between February 29, 2024 through March 29, 2024.							

CONTRACT CHANGE ORDER NOTIFICATIONS:

Date Executed	Contract Title	Vendor or Service Provider	Change Order Amount	Original Contract Amount	% Change	Justification
---------------	----------------	----------------------------	---------------------	--------------------------	----------	---------------

No change orders were executed between February 29, 2024 through March 29, 2024.

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.