



## MEMORANDUM

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

FROM: Joyce Machado, Director of Finance

DATE: June 2, 2021

RE: Proposed Recalculated Water Year 2021 O&M Rates

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### BACKGROUND

The Authority Board of Directors adopted the initial Water Year 2021 O&M rates on February 4, 2021 at a 10% Ag allocation. The rates are calculated based on the approved FY22 O&M budget and estimated deliveries of forecasted water supply allocations and supplemental water supply information provided by contractors.

### ISSUE FOR DECISION

Whether to adopt a recalculated Water Year 2021 O&M rate using estimated deliveries based on a 0% Ag allocation or a 5% Ag allocation. If adopted, the recalculated rate will be retroactively adjusted back to March 1, 2021.

### RECOMMENDATION

Staff recommends that the Finance and Administration Committee recommend that the Board of Directors adopt a recalculated Water Year 2021 O&M rate.

### ANALYSIS

In February, Reclamation announced a 5% south of delta Ag allocation for Water Year 2021. Later in March, Reclamation kept the 5% allocation intact, but stated the water was not available until further notice. In April, per direction from the Finance and Administration Committee, Contractors were asked to provide updated estimated deliveries based on a 0% Ag allocation and a 5% Ag allocation. Water Year 2021 rates have been recalculated using this updated Contractor estimated delivery information. On May 26<sup>th</sup>, Reclamation rescinded the 5% allocation. Therefore, the final South of Delta Ag allocation is 0%. The recalculated rates also include a 50% M&I allocation, although on May 26<sup>th</sup>, the M&I allocation was adjusted to 25% effective June 1<sup>st</sup>. It is possible some M&I contractors will be able to demonstrate a need above 25% through a process with Reclamation.

# **PROPOSED RECALCULATED WY 2021 O & M WATER RATES**

***AT 0% AG ALLOCATION***

FINANCE & ADMINISTRATION COMMITTEE  
JUNE 7, 2021

BOARD OF DIRECTORS  
JUNE 10, 2021



## **San Luis & Delta-Mendota Water Authority**

LOS BANOS ADMINISTRATIVE OFFICE  
TRACY FIELD OFFICE

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

**1 O&M Budget - Self Funded**

WY21 - Fiscal Year 3/1/21-2/28/22  
 RO&M = \$15,031,622  
 1 EO&M = \$5,472,950

**2 Delivery Assumptions**

Ag - Contractor Estimates, 0%, with Contractor projections  
 M&I - Contractor Estimates, 50%, with Contractor projections  
 Refuge - 75% used BOR Refuge Estimate  
 Exchange/Water Rights - 75%  
  
 Estimated Rescheduled Water  
 Pump-Ins  
 Miscellaneous Transfers  
 Mendota Pool Pumpers  
 Volta Well Pumping

**3 Intertie**

Intertie anticipated to be used in WY21, estimated at 75,000 a/f per SLDMWA  
 Final cost allocation for Intertie O&M, Intertie PUE and  
 DWR Conveyance remains undetermined

**4 Volta Wells**

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

**5 PUE SLDMWA Meters**

WY21 PUE estimates based on BOR PUE FYE 9/30/21  
 PUE Budget relating to WY21 - FY 3/1/21- 2/28/22 = \$26,050,000  
 PUE Budget relating to WY20 - FY 3/1/20- 2/28/21 = \$26,050,000

**6 DWR San Luis Joint Use**

WY21 SLJU costs based on DWR Calendar Year Budget Estimates & Historical Actuals  
 SLJU Budget relating to WY21 - FY 3/1/21- 2/28/22 = \$12,650,000  
 SLJU Budget relating to WY20 - FY 3/1/20- 2/28/21 = \$13,805,000  
 Federal cost allocation for 2016-2020 = 39.90%

**7 EO&M Funding**

Funding Obligation:  
 1 EO&M Funding Obligation WY21 FY 3/1/21 - 2/28/22 = \$5,000,000, EO&M Budget = \$5,472,950  
 Rewind Debt Service Funding Obligation-BOR Repayment Contract(Unit 6) WY21 FY 3/1/21-2/28/22 = \$380,000  
 Rewind Estimated Debt Service Funding Obligation-BOR Repayment Contract(2 Units) WY21 FY 3/1/21-2/28/22 = \$300,000  
 Rewind Debt Service Funding Obligation-2021A Bonds WY21 FY 3/1/21-2/28/22 = \$450,000

**8 Overall Increase in Estimated Recoverable Costs over Prior Year.**

Total Estimated Recoverable Costs in Water Year 2021=	\$	61,250,611
Total Estimated Recoverable Costs in Water Year 2020=	\$	(63,312,124)
Decrease	\$	<u>(2,061,513)</u>



**San Luis & Delta-Mendota Water Authority**  
 Proposed RECALCULATED WY21 O&M Rates - @ 0% Ag ALLOCATION

FAC 6.7.21 / BOD 6.10.21

	<u>WY 2021 Rate</u> 3/1/21-2/28/22 <u>Proposed RECALCULATED</u> <b>WY2021</b>	<u>WY 2021 Rate</u> 3/1/21-2/28/22 <u>Current</u> <b>WY2021</b>	<b>Variance</b>
<b>WATER SUPPLY</b>			
Irrigation	0%	10%	-10%
M&I	50%	60%	-10%
Refuge	75%	100%	-25%
Exchange/Water Rights	75%	100%	-25%
<b>RATES</b>			
Upper DMC	\$30.92	\$25.27	\$5.65
Upper DMC - Exchange/Wtr Rts	\$26.95	\$21.77	\$5.18
Lower DMC/Pool	\$34.99	\$28.21	\$6.78
Lower DMC/Pool - Exchange/Wtr Rts	\$31.02	\$24.71	\$6.31
San Felipe	\$40.90	\$37.19	\$3.71
SLC Above Dos Amigos	\$78.59	\$85.84	(\$7.25)
SLC Below Dos Amigos	\$102.74	\$118.10	(\$15.36)
Volta Wells	\$18.45	\$18.45	\$0.00
San Luis Drain	\$0.80	\$1.10	(\$0.30)

Note: Current WY21 rates did not include water transfers



**SLDMWA - O&M Rates**  
**Proposed RECALCULATED - WY2021 SELF-FUNDING O&M WATER RATES - @ 0% Ag ALLOCATION**  
 Finance & Administration Committee 6.7.21  
 Board of Directors 6.10.21

COST POOLS	SLDMWA ANNUAL O&M and POWER								SLDMWA				SLJU			TOTAL
	UPPER Upper DMC/ JPP	UPPER Intertie (Temporary Cost Pool)	JPP PWR	VOLTA WELLS	LOWER Lower DMC/ Mendota Pool	O'NEILL P/G O'Neill O&M		RESERVES	RESERVES Unit 6 Rewind BOR Repayment	RESERVES Two Rewind Units BOR Repayment	RESERVES Two Rewind Units 2021A Bonds	DWR COSTS San Luis Canal O&M		POWER Dos Amigos Power		
PARTICIPANTS	All Users	All Users Excludes Exchange Cont. and Water Rights	All Users (Actual Pumping Only)	DPWD SLWD	Lower DMC & MP Users	All Users "Direct"	All Users "Storage"	All Users	All Users	All Users	All Users Excludes Exchange Cont and Water Rights	All SLJU Users	Dos Amigos Users	Dos Amigos Users		
COSTS TO BE ALLOCATED**	\$9,028,295	\$2,030,468	\$18,900,000	\$44,270	\$3,382,277	\$3,986,612	\$492,727	\$5,000,000	\$380,000	\$300,000	\$450,000	\$10,450,000	\$2,000,000	\$4,605,000	\$61,049,649	
ACRE FEET	1,274,757	611,692	1,254,877	2,400	831,457	379,678	944,828	% of 10 Yr Historical Use	% of 10 Yr Historical Use	% of 10 Yr Historical Use	% of 10 Yr Historical Use	277,230	273,530	273,530		
RATE PER AF	\$7.08	\$3.32	\$15.06	\$18.45	\$4.07	\$10.50	\$0.52	\$3.77	\$0.29	\$0.23	\$0.65	\$37.69	\$7.31	\$16.84		

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

SLDMWA COMPONENT RATE PER ACRE FOOT - BY DELIVERY AREA / CONTRACTOR		
Upper DMC	\$30.92	A+Aa+B+F+G+H+I+J
Exchange/Wtr Rts (Upper)	\$26.95	A+B+F+G+H+I Excludes Intertie & 2021A Bonds Reserve
Lower DMC/Pool	\$34.99	A+Aa+B+D+F+G+H+I+J
San Felipe	\$40.90	A+Aa+B+E+G+H+I+J
San Luis Canal Above Dos Amigos	\$78.59	A+Aa+B+E+G+H+I+J+K
San Luis Canal Below Dos Amigos	\$102.74	A+Aa+B+E+G+H+I+J+K+L+M
Exchange/Wtr Rts (Lower)	\$31.02	A+B+D+F+G+H+I Excludes Intertie & 2021A Bonds Reserve
Refuge (Lower)	\$34.99	A+Aa+B+D+F+G+H+I+J
Volta Wells	\$18.45	C
San Luis Drain	\$0.80	\$200,962

Direct	Storage
O&M = \$4.83	O&M = \$.24
O&M DWR = \$.47	O&M DWR = \$.02
Pwr = \$.520	Pwr = \$.26

O&M	\$4.83	\$0.24
DWR	0.47	\$0.02
PUE	5.20	\$0.26
	\$10.50	\$0.52

**WATER SUPPLY ASSUMPTIONS**

Irrigation	0%
M&I	50%
Refuge	75%
Ex/Wtr Rts	75%

Note: Supply assumptions are based on contractor estimates

**COSTS TO BE ALLOCATED		included in \$		
O&M Budget per above -(excludes Volta Wells O&M)	\$14,714,934	\$ 2,059,339.81	\$ 1,832,812.43	4.827281093
Required Reserve Funding	\$5,000,000		\$ 226,527.38	0.23975515
Rewind Reserve Funding -Debt Service 1st BOR Rpmt Contract	\$380,000		\$ 2,059,339.81	
Rewind Reserve Funding (Est) -Debt Service 2nd BOR Rpmt Contract	\$300,000			
Rewind Reserve Funding -2021A Bonds	\$450,000			
San Luis Drain	\$200,962			
Volta Wells -DPWD/SLWD	\$44,270			
Intertie: DWR Wheeling	\$1,460,445			
<b>POWER</b>				
JPP	\$18,900,000			
Intertie	\$325,000			
Volta Wells	\$0			
O'Neill	\$2,220,000	\$ 2,220,000.00	\$ 1,975,800.00	5.203883291
<b>SAN LUIS JOINT USE</b>				
			\$ 244,200.00	0.258459741
			\$ 2,220,000.00	
DWR - San Luis Canal O&M	\$10,450,000			
DWR - Dos Amigos O&M	\$2,000,000			
DWR - O'Neill	\$200,000	\$ 200,000.00	\$ 178,000.00	0.468818314
<b>POWER</b>				
			\$ 22,000.00	0.023284661
			\$ 200,000.00	
Dos Amigos	\$4,605,000			
	\$61,250,611			

O'Neill Split  
89%/11%

# **PROPOSED RECALCULATED WY 2021 O & M WATER RATES**

***AT 5% AG ALLOCATION***

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# San Luis & Delta-Mendota Water Authority

Notes to Support the Proposed RECALCULATED WY21 O&M Rates to FAC 6.7.21 / BOD 6.10.21

1

## 1 O&M Budget - Self Funded

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RO&M = \$15,031,622

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## 2 Delivery Assumptions

Ag - Contractor Estimates, 5%, with Contractor projections

M&I - Contractor Estimates, 55%, with Contractor projections

Refuge - 75% used BOR Refuge Estimate

Exchange/Water Rights - 75%

Estimated Rescheduled Water

Pump-Ins

Miscellaneous Transfers

Mendota Pool Pumpers

Volta Well Pumping

## 3 Intertie

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M&I	55%	60%	-5%
Refuge	75%	100%	-25%
Exchange/Water Rights	75%	100%	-25%
<b>RATES</b>			
Upper DMC	\$29.13	\$25.27	\$3.86
Upper DMC - Exchange/Wtr Rts	\$25.56	\$21.77	\$3.79
Lower DMC/Pool	\$33.19	\$28.21	\$4.98
Lower DMC/Pool - Exchange/Wtr Rts	\$29.62	\$24.71	\$4.91
San Felipe	\$37.73	\$37.19	\$0.54
SLC Above Dos Amigos	\$69.93	\$85.84	(\$15.91)
SLC Below Dos Amigos	\$90.51	\$118.10	(\$27.59)
Volta Wells	\$18.45	\$18.45	\$0.00
San Luis Drain	\$0.67	\$1.10	(\$0.43)

Note: Current WY21 rates did not include water transfers



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ACRE FEET	1,345,026	681,961	1,325,146	2,400	833,565	437,491	956,784	% of 10 Yr Historical Use	% of 10 Yr Historical Use	% of 10 Yr Historical Use	% of 10 Yr Historical Use	324,512	320,812	320,812	
RATE PER AF	\$6.71	\$2.98	\$14.26	\$18.45	\$4.06	\$9.12	\$0.52	\$3.59	\$0.27	\$0.21	\$0.59	\$32.20	\$6.23	\$14.35	

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San Felipe	\$37.73	A+Aa+B+E+G+H+I+J
San Luis Canal Above Dos Amigos	\$69.93	A+Aa+B+E+G+H+I+J+K
San Luis Canal Below Dos Amigos	\$90.51	A+Aa+B+E+G+H+I+J+K+L+M
Exchange/Wtr Rts (Lower)	\$29.62	A+B+D+F+G+H+I Excludes Intertie & 2021A Bonds Reserve
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San Luis Drain	\$0.67	\$200,962

Direct	Storage
O&M = \$4.19	O&M = \$.24
O&M DWR = \$.41	O&M DWR = \$.02
Pwr = \$4.52	Pwr = \$.26

O&M	\$4.19	\$0.24
DWR	0.41	\$0.02
PUE	4.52	\$0.26
	\$9.12	\$0.52

**WATER SUPPLY ASSUMPTIONS**

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M&I	55%
Refuge	75%
Ex/Wtr Rts	75%

Note: Supply assumptions are based on contractor estimates

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<b>SAN LUIS JOINT USE</b>				
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DWR - Dos Amigos O&M	\$2,000,000		\$ 2,220,000.00	
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	\$61,250,611		\$ 200,000.00	

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89%/11%