



MEMORANDUM

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

FROM: Pablo Arroyave, Chief Operating Officer

DATE: September 9, 2024

RE: Finance and Administration Committee Recommendation / Board
Authorization to Execute Financial Assistance Agreement with the U.S.
Department of Interior, Bureau of Reclamation, for the Delta-Mendota Canal
– Solar-Over-Canals Project

BACKGROUND

In July 2023, the Bureau of Reclamation (Reclamation) issued an Internal Call for Proposals (CFP) relating to the Inflation Reduction Act – Solar Over Canals. Reclamation issued this CFP under the authority of Section 50232 (Canal Improvement Projects) of the Inflation Reduction Act of 2022 (IRA) (Public Law (PL) 117-169), which made up to \$25 million in appropriations available for a pilot or demonstration project that involved covering a canal(s) associated with a Reclamation project with photovoltaic (PV) solar panels to generate renewable energy. The selected projects are intended to increase water efficiency and assist in implementation of clean energy goals.

Following approval from the Water Authority Board of Directors in October, 2023, staff submitted an application for the Delta-Mendota Canal Floating Solar Project for \$25 million. On April 4, 2025, Reclamation announced selection of the project for \$15 million of non-reimbursable funding. Staff began working with Reclamation on a 5-year Financial Assistance Agreement, the latest draft of which is attached.

ISSUE FOR DECISION

Whether the Finance and Administration Committee should recommend, and the Board should authorize, the execution of the proposed Financial Assistance Agreement.

RECOMMENDATION

Staff recommends execution of the proposed Financial Assistance Agreement.

ANALYSIS

Water Authority staff has coordinated with Reclamation and a private firm that has conceptual ideas that are in alignment with this pilot/demonstration effort. Given the level of interest by Reclamation and the potential for public-private partnership, Water Authority staff sees the merit of executing an agreement for a Delta Mendota Canal (DMC) pilot project. The DMC is a prime

candidate because Reclamation is looking for a project that is operated and maintained by a transferred works operator. With this program, Reclamation is seeking a pilot or demonstration project to evaluate technical capability, economic feasibility, and/or viability for full-scale implementation, or to test an unproven material or technology, for future coverage of canals with solar panels.

Because this project is non-reimbursable, all costs incurred by the Water Authority for this project will be reimbursed by Reclamation. In addition to working with UC Merced and Reclamation, staff will be seeking the services of a consultant project manager and will formally solicit for the installation of the chosen technology. This cost will also be reimbursed by Reclamation.

The draft Financial Assistance Agreement is still under review by Reclamation. Staff requests that the Board action include authority for the Executive Director or his delegate to finalize and execute the agreement once finalized.

BUDGET IMPLICATIONS

The proposed expenditures of up to \$15M would be funded entirely by the non-reimbursable Federal grant.