



## 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

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### 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.

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

Attest:

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Federico Barajas, Secretary

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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.

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Federico Barajas