



Official Memorandum

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To: SLDMWA Planning Committee, Alternates
SLDMWA Finance & Administration Committee, Alternates
SLDMWA Board of Directors, Alternates

From: Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer

Date: May 11, 2026

RE: Recommendations Regarding Revised Cost Allocation and Revised Scope for Phase 1 of the DMC Subsidence Correction Project

Background

The Planning Committee began holding meetings in September 2024 to address the allocation of costs for the Delta-Mendota Canal (DMC) Subsidence Correction Project (Project). In May 2025, the Planning Committee recommended approval of a cost allocation methodology for the initial phase of the Upper DMC portion of the DMC Subsidence Correction Project that relies on non-reimbursable grant funding, with the commitment that the Planning Committee will develop a cost allocation methodology for Phase 1 prior to contract award. Also in May 2025, the Finance & Administration Committee recommended pursuit of a phased approach for the Upper DMC portion of the DMC Subsidence Correction Project. The Board of Directors adopted both committees' recommendations.

In September 2025, following Planning Committee and Finance & Administration Committee recommendation, the Board of Directors adopted refinements to the scope for Phase 1 of the Upper DMC portion of the Project, as well as refinements to the cost allocation methodology.

In October 2025, the Planning Committee met and unanimously voted to adopt cost allocation recommendations for Phase 1, Tasks 1-4, of the Project. In November 2025, the Finance & Administration Committee unanimously recommended adoption of the same, and the Board adopted the recommended cost allocations.

Following adoption of cost allocations, the Water Authority formally solicited proposals to provide Construction Manager/General Contractor (CM/GC) Services for Phase 1, and in February 2026, the Board awarded a CMGC Agreement to Kiewit Corporation. The executed contract covers preconstruction services for Task 1 and Task 2 only, with Preconstruction Services for Tasks 3 and 4 to be added in the future by amendment at the Water Authority's discretion. Since execution, Water Authority staff has been working with Kiewit Corporation to complete preconstruction services and to develop a Guaranteed Maximum Price (GMP) for Tasks 1 and 2 for the construction phase of the Project.

On March 17, the Department of Interior announced an award of \$235 million in nonreimbursable funding to the Project from the One Big Beautiful Act. At the April 6, 2026 Planning Committee meeting, staff discussed implications of the funding award direction for revising the cost allocation for Phase 1 of the Project.



Issues for Decision

1. Whether the Planning Committee and Finance & Administration Committee should recommend, and the Board of Directors should adopt, a revised cost allocation for Phase 1 of the DMC Subsidence Correction Project.
2. Whether the Finance & Administration Committee should recommend, and the Board of Directors should adopt, a revised scope for Phase 1 of the DMC Subsidence Correction Project.

Recommendation

1. Staff recommends a revised cost allocation for Phase 1 of the DMC Subsidence Correction Project that utilizes nonreimbursable funds only.
2. Staff recommends a revised scope for Phase 1 of the DMC Subsidence Correction Project consistent with the following:
 - Task 1: No changes (Approximate 2 ft. freeboard raise between MP 3.5 (JPP) to MP 7.2 (DCI), based on 4,600 cfs design flow and no future anticipated subsidence)
 - Task 2: Revised (expanded sag area repairs on Upper DMC)
 - Task 3: Replaced (instead of panel repair program, address 3 critical bridges on Upper DMC)
 - Task 4: Replaced (instead of panel repair program, address 1-2 critical bridges on Lower DMC)

Analysis

1. Recommended Revisions to Cost Allocation

In keeping with the direction provided at the April 6, 2026 Planning Committee meeting, Water Authority staff recommends pursuing a revised cost allocation for Phase 1 of the Project that utilizes the \$265 million of available nonreimbursable funds.

Adopting this revised cost allocation would mean that no collection would be required for Phase 1 of the Project; instead, the focus of the Finance & Administration Committee and Board of Directors would shift to planning use of the \$265 million in the most efficient and effective manner.

2. Recommended Revisions to Phase 1 Scope

Water Authority staff recommends advancement of the following Phase 1 scope to address conveyance limitations and maximize the use of \$265 million in nonreimbursable funds:

- Task 1: Approximate 2 ft. freeboard raise between MP 3.5 (JPP) to MP 7.2 (DCI), based on 4,600 cfs design flow and no future anticipated subsidence.
- Task 2: Expanded sag areas and concrete panel repairs on Upper DMC
- Task 3: Address 3 critical bridges on Upper DMC.
- Task 4: Address 1-2 critical bridges on Lower DMC.