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STATEMENT ON THE CITY OF FRESNO'S VOTE TO SUE FRIANT WATER AUTHORITY OVER FRIANT-KERN CANAL REPAIR COSTS

In early 2017, it was discovered that the Friant-Kern Canal's carrying capacity and its ability to deliver water to Friant contractors was significantly impaired due to land subsidence. Since that time, the U.S. Bureau of Reclamation (Reclamation), the canal's owner, and the Friant Water Authority (FWA), the canal's operator, have partnered to restore the canal capacity to back to its original level. All Friant Division contractors who rely on the Friant-Kern Canal are affected by the capacity restrictions and are responsible for a share of the cost of the repairs. FWA is responsible for determining an equitable allocation of the costs for the repairs among the Friant contractors and in 2019 finalized the allocation, including for the City of Fresno. Since the construction of Friant Dam and the Friant-Kern Canal decades ago, operation, maintenance, and replacement (OM&R) costs have been shared by all contractors that utilize the canal; and, since the Friant-Kern Canal Capacity Correction Project has been deemed by FWA and Reclamation an OM&R expense, all contractors who utilize the canal are obligated to pay their proportional share of the project. The estimated cost to complete the project is around \$500 million.

FWA has been working with the City of Fresno for almost a year attempting to address the city's recent opposition to FWA's final allocation of costs for the project. Part of the dispute resolution process involves Reclamation making a final determination as to whether FWA has acted appropriately and within its authority in allocating the costs among the Friant contractors. This determination is expected in the next couple of weeks. Until then, and until FWA has the opportunity to review the legal complaint made by the City of Fresno, FWA will have no comment on the specifics of the litigation.

It's important to note that through the cooperative efforts of our federal partners, the State of California, and local agencies, FWA has an overall finance plan that includes multiple financial partners in addition to Friant contractors. As such, the City of Fresno's obligation on this \$500 million project is currently only \$2.8 million, of which they have already paid more than \$500,000 over the past several years. Still, additional efforts are being made by most FWA Directors and all FWA staff to continue to pursue other funding sources.