



BOARD OF DIRECTORS MEETING | Agenda

THURSDAY, MARCH 28, 2024

CLOSED SESSION – 8:30 AM • OPEN SESSION – 10:30 AM

BELLO VITA 4211 W. GOSHEN AVE., VISALIA, CA 93291

At the discretion of the Board of Directors, all items appearing on this agenda, whether or not expressly listed for action, may be subject to action by the Board. The order of agenda items is subject to change.

Below is the meeting link for members of the public that would like to access the open session of the Board meeting remotely via Teams at 10:30 a.m.

Join the meeting now

Meeting ID: 288 340 069 683

Passcode: t4gyxL

CALL TO ORDER/ROLL CALL – (ERICKSON)

APPROVAL OF THE AGENDA – (ERICKSON)

PUBLIC COMMENT ON CLOSED SESSION ITEMS – (DAVIS)

ADJOURN TO CLOSED SESSION

1. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Government Code section 54956.9(d)(1))

1. *NRDC v. Rogers*, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-CV-1658-JAM-GGH.
2. *California Natural Resources Agency v. Raimondo*, United States District Court for the Eastern District of California, Case No. 1:20-CV-00426-DAD-EPG.
3. *CDWR Water Operations Cases*, Sacramento County Superior Court, Case No. JCCP 5117.

B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

(Government Code section 54956.9(d)(2))

Significant Exposure to Litigation: Four potential matters.

C. CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

(Government Code section 54956.9(d)(4))

Initiation of Litigation: Two potential cases.

D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(Government Code section 54956.8)

Property: Friant-Kern Canal facilities and right-of-way
Agency negotiator: CEO, COO, CFO, General Counsel
Negotiating parties: United States (Bureau of Reclamation)
Under negotiation: Middle Reach Capacity Correction Project Cost Share Agreement (price and terms of payment)

RECONVENE INTO OPEN SESSION (10:30 AM) (announce any reportable closed session action.) - (ERICKSON)

PUBLIC COMMENT / PUBLIC PRESENTATIONS – (ERICKSON)

Public comment is welcome at this time on any matter within the jurisdiction of the Board that is not on the agenda. Under the State's open meeting law - the Brown Act - no action may be taken on any item not on the agenda. Public comment on items on the agenda will be allowed at the time the Board considers the item.

2. CONSENT CALENDAR – (5 MINUTES)

The following routine matters will be acted upon by one vote, unless a Board Member requests separate consideration of the item.

- A. Approval of the Minutes – Board of Directors Meeting of February 29, 2024. (Erickson)
- B. Ratify March 2024 Bills and Accept the Financial Reports for February 2024. (Orvis)
- C. Approval of Previously Budgeted Copper Sulfate Purchase for Fiscal Year 2024. (Hickernell).

3. ACTION ITEMS (25 MINUTES)

- A. Resolution 2024-02 - Approving the Second Amended and Restated Memorandum of Understanding Between the Friant Water Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered through Certain Central Valley Project Facilities, and Authorizing Certain Related Actions. (Davis/Orvis/Phillips) (15 minutes)
- B. Third Quarter, Fiscal Year 2024 Call-for-Funds - General Membership. (Orvis) (10 minutes)

4. GENERAL UPDATES & REPORTS (65 MINUTES)

- A. FKC Middle Reach Capacity Correction Project Update - Construction Progress Report and Financial Summary. (Stantec - Atkinson/Amaral/Davis/Orvis/Phillips) (10 minutes)
- B. Water Operations Update. (Buck-Macleod/Duncan) (15 minutes)
- C. External Affairs Activities. (Villines/Amaral) (10 minutes)
- D. O&M Report. (Hickernell) (5 minutes)
- E. San Joaquin Valley Blueprint Update. (Ewell) (5 minutes)
- F. San Luis & Delta-Mendota Water Authority Update. (Phillips/Orvis) (5 minutes)
- G. South of Delta Drought Resiliency Framework MOU Update. (Phillips) (10 minutes)
- H. CEO Report. (Phillips) (5 minutes)

ADJOURNMENT

PUBLIC PARTICIPATION INFORMATION

Agenda reports and other disclosable public records related to each Open Session agenda item are available on FWA's website under "Calendar" at Friantwater.org and at FWA's main office, 854 N. Harvard Ave., Lindsay, CA 93247, during regular business hours. Under the Americans with Disabilities Act, if you require a disability-related modification or accommodation to participate in this meeting, including auxiliary aids or services, please contact Vivian Felipe at 559-562-6305 or vfelipe@friantwater.org at least 48 hours prior to the meeting.



BOARD OF DIRECTORS MEETING | Minutes

FRIDAY, FEBRUARY 29, 2024

CLOSED SESSION – 8:30 A.M. /OPEN SESSION – 10:00 A.M.

VISALIA CONVENTION CENTER 303 E. ACEQUIA AVENUE, VISALIA, CA 93291

CALL TO ORDER/ROLL CALL

Chairman Jim Erickson called to order the noticed meeting of the Board of Directors of the Friant Water Authority at 8:31 a.m.

ATTENDANCE:

Directors Present:

Edwin Camp	Arvin-Edison W.S.D. (AEWSD)
Roger Schuh	Chowchilla W.D. (CWD)
Brock Buche	City of Fresno (CofF)
Kelley Hampton	Delano Earlimart Irrigation District (DEID)
George Porter	Fresno I.D. (FID)
Chris Tantau	Kaweah Delta W.C.D. (KDWCD)
Kent Stephens	Kern-Tulare W.D. (KTWD)
Michael Brownfield	Lindmore I.D. (LID)
Cliff Loeffler	Lindsay-Strathmore I.D. (LSID)
Josh Pitigliano	Lower-Tule River I.D. (LTRID)
Jim Erickson	Madera I.D. (MID)
Arlen Miller	Orange Cove I.D. (OCID)
Bill DeGroot	Pixley Irrigation District (PIXID)
Brett McCowan	Porterville I.D. (PID)
Steven G. Kisling	Saucelito I.D. (SID)
Matthew Leider	Teapot Dome W.D. (TPWD)
Edwin Wheaton	Terra Bella I.D. (TBID)
Rick Borges	Tulare I.D. (TID)

Associate Members:

Joseph Ferrara	Exeter Irrigation District (EID)
Doug Phillips	Ivanhoe Irrigation District (IID)

Directors Absent:

Craig Fulwyler	Shafter Wasco Irrigation District (SWID)
----------------	--

Associate Members Absent:

Loren Booth	Hills Valley I.D. (HVID)
John Werner	Stone Corral I.D. (SCID)

APPROVAL OF THE AGENDA

The Board approved the agenda as presented.

M/S/C – Motion by Director Loeffler, seconded by Director Hampton, to approve the agenda as presented. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, CofF, DEID, FID, KDWCD, KTWD, LID, LTRID, LSID, MID, OCID, PID, PIXID, SID, TBID, TID, TPWD; Nays – o; Absent – SWID)

PUBLIC COMMENT ON CLOSED SESSION ITEMS

None.

ADJOURN TO CLOSED SESSION (DAVIS)

1. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code section 54956.9(d)(1))
 - 1. *NRDC v. Rogers*, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-CV-1658-JAM-GGH.
 - 2. *California Natural Resources Agency v. Raimondo*, United States District Court for the Eastern District of California, Case No. 1:20-CV-00426-DAD-EPG
 - 3. *CDWR Water Operations Cases, Sacramento County Superior Court, Case No. JCCP 5117* (Formerly *Tehama Colusa Canal Authority v. California Dept. of Water Resources*)
 - 4. *Sanchez et al. v. Friant Water Authority et al.*, United States District Court for the Eastern District of California (Fresno Division), Case No. 1:23-CV-01-01698-NODJ-SAB

- B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code section 54956.9(d)(2))
Significant Exposure to Litigation: Four potential matters.

- C. CONFERENCE WITH LEGAL COUNSEL-INITIATION OF LITIGATION
(Government Code section 54956.9(d)(4))
Initiation of Litigation: Two potential cases.

- D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code section 54956.8)
Property: Friant-Kern Canal facilities and right-of-way
Agency negotiator: CEO, COO, CFO, General Counsel
Negotiating parties: United States (Bureau of Reclamation)
Under negotiation: Middle Reach Capacity Correction Project Cost Share Agreement
(price and terms of payment)

RECONVENE INTO OPEN SESSION

(10:27 a.m.) – Nothing to report out of closed session.

PUBLIC COMMENT / PUBLIC PRESENTATIONS

Director Cliff Loeffler provided an invocation . Jason Phillips reminded the audience that the California primary would be on March 5. There was no further public comment.

2. CONSENT CALENDAR

- A. Approval of the Minutes – Board of Directors Meeting of January 19, 2024.
- B. Ratify January and February 2024 Bills and Accept the Financial Reports for January 2024.
- C. Approval of Previously Budgeted Fuel Management System Upgrade Purchase for Fiscal Year 2024.

M/S/C – Motion by Director Porter, seconded by Director Loeffler, to approve the consent calendar as presented. The motion carried. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, CofF, DEID, FID, KDWCD, KTWD, LID, LTRID, LSID, MID, OCID, PID, PIXID, SID, TBID, TID, TPWD; Nays – 0; Absent – SWID)

3. ACTION ITEMS

- A. Fiscal Year 2023 Independent Financial Statement Audit. CFO Orvis presented the agenda report on the Audit.

M/S/C – Motion by Director Borges, seconded by Director Tantau, to accept the Financial Statement Audit as presented. The motion carried. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, CofF, DEID, FID, KDWCD, KTWD, LID, LTRID, LSID, MID, OCID, PID, PIXID, SID, TBID, TID, TPWD; Nays – 0; Absent – SWID)

- B. Nominations and Appointment for Vacancy on Finance/HR Committee. General Counsel Davis presented the agenda report which included an update that three directors had expressed an interest in the vacancy and in light of that interest that Director Tantau was willing to step down from the committee. As there were three candidates for two positions, Board Chair Erickson nominated Directors McCowan and Miller for the regular committee member seats and Director Wooten to serve as an alternate.

M/S/C – Motion by Director Erikson, seconded by Director Tantau, to approve the new committee members for the two vacancies to be filled by Director Arlen Miller and Director Brett McCowan, and Director Heath Wooten (alternate). The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, CofF, DEID, FID, KDWCD, KTWD, LID, LTRID, LSID, MID, OCID, PID, PIXID, SID, TBID, TID, TPWD; Nays – 0; Absent – SWID)

- C. Third Amendment to Agreement for Conveyance of Water (Restoration Flows) with Banta-Carbona Irrigation District and Fifth Amendment to Agreement for Conveyance of

Water (Restoration Flows) with Patterson Irrigation District. General Counsel Davis and WRMBuck-Macleod provided the report explaining the reasons and timing for the extension of these agreements, including an increase in conveyance costs.

M/S/C – Motion by Director Camp, seconded by Director Stephens, to approve the amended agreements as presented. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, Coff, DEID, FID, KDWCD, KTWD, LID, LTRID, LSID, MID, OCID, PID, PIXID, SID, TBID, TID, TPWD; Nays – 0; Absent – SWID)

D. Resolution No. 2024-01 Authorizing an Application to the California Department of Water Resources for Grant Funding Under the Flood Diversion Recharge Enhancement Initiative For Friant-Kern Canal Repairs .

WRM Buck-Macleod and EITDuncan presented the report on the potential funding opportunity under this DWR grant program and the proposed use of these funds for repairs to the Friant-Kern Canal.

M/S/C – Motion by Director Stephens, seconded by Director Camp, to approve the resolution as presented . The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, Coff, DEID, FID, KDWCD, KTWD, LID, LTRID, LSID, MID, OCID, PID, PIXID, SID, TBID, TID, TPWD; Nays – 0; Absent – SWID)

4. GENERAL UPDATES & REPORTS

A. FKC Middle Reach Capacity Correction Project Update - Construction Progress Report and Financial Summary. Stantec’s Janet Atkinson provided a project update. It was reported that construction personnel is working from 6 am to 5 pm, there are 190 workers at this time. As of the end of January (based on cost) approximately 95 percent of the original contract amount of work has been performed, and the elapsed time was approximately 79.4 percent of the total contract time. There was one change order this month for a total amount of \$8,000.

B. Water Operations Update. Friant Operations – WRM Buck-Macleod covered water operations as outlined in the agenda report. It was reported February storms have allowed many locations to increase from around 30% of average to around 70% of average. Internal operational projections using recent forecast data were developed to forecast operations through the end of summer and are compared to the most recent Reclamation projections which were developed based on the February 1st runoff forecast. Reclamation issued initial allocations for all contractors on February 21st, including 60% Friant Division Class I allocation. The most recent allocations confirmed that the Exchange Contractors are to receive 100% of contract and that sufficient supply is forecast to be available to not require a call on Friant with 15% South-of-Delta (SOD) Ag allocation.

C. External Affairs Activities– COO/CEA Amaral provided the report on external affairs. In State affairs, California is facing a potential \$50 billion deficit. The Legislature had until this Friday, February 16, to submit all new bill requests. There will be roughly 2000 new bills introduced this session. We are watching the daily bill introductions and will have a review of bills important to Friant in early March. In Federal Affairs, The House and Senate are in

session this week after last week's recess, returning Wednesday and Monday, respectively. After Congress failed to release Fiscal Year (FY) 2024 government funding legislation on Sunday, the odds of at least a temporary partial federal government shutdown are high. Lawmakers will face their first government funding deadline on Friday, March 1.

D. O&M Report– General Superintendent Hickernell provided an update on some of the work being done and the conclusion of the canal dewatering. He also reported that Friant staff has worked 2563 days without a lost-time injury accident; additionally, staff has worked 22 days without a liability accident.

E. San Joaquin Valley Blueprint Update – CEO Jason Phillips provided the agenda report on the activities of the Blueprint's strategic priorities including Advocacy, Groundwater Quality and Disadvantaged Communities, Land Use Changes & Environmental Planning, Outreach & Communications, SGMA Implementation, Water Supply Goals, Governance, Operations & Finance. The new Board Treasurer and Finance Committee have created a Board approved 2024 budget and identified contribution levels for 2024, requests will be sent in the coming weeks.

F. San Luis & Delta-Mendota Water Authority Update – CFO Orvis provided the agenda report on current activities of SLDMWA. He reported that SLDMWA presented their Budget Formulation, the rates were based upon 20% and 40% South-of-Delta agricultural service allocation scenarios with the initial rates based upon an assumed 20% South-of-Delta allocation. Additionally, it was confirmed that FWA and SLDMWA have executed a Memorandum of Agreement which set forth an agreed-upon framework for changes to the existing Memorandum of Understanding (2002) between FWA and SLDMWA regarding governance, OM&R cost allocation, and dispute resolution. Currently staff from SLDMWA and FWA are working together to incorporate the provisions of the MOA framework into an amendment to the Memorandum of Understanding.

G. CEO Report – CEO Phillips provided an update on staff changes to the Blueprint group: Eddie Ocampo is now Chair and Geoff Van Heuvel is Vice Chair. He also reported that he will be headed south for the Urban Water Institute, where he will sit on a panel for discussion. He informed all directors that the dates for the next offsite will be November 19th through the 21st.

ADJOURNMENT

The meeting adjourned at 12:07 p.m.

Jason R. Phillips, Chief Executive Officer
Friant Water Authority

Vivian Felipe, Recording Secretary
Friant Water Authority

OTHERS IN ATTENDANCE:

Aaron Fukuda	Tulare I.D.
Alan Doud	Young Wooldridge
Alex Peltzer	Counsel Various Districts
Andrew Hart	KTWD
Bill Stretch	Fresno I.D.
Bill Luce	Luce Consulting
Brandon Tomlinson	CWD
Brian Henderson	Henderson CPA
Brian Thomas	FWA Consultant
Chris Hickernell	FWA
Chris Hunter	Lindmore I.D.
Craig Wallace	Lindsay-Strathmore I.D.
David Cameron	Counsel
David Wierenga	Delano-Earlimart I.D.
Dina Nolan	Madera I.D.
Don Davis	FWA Counsel
Don Wright	Water Wrights
Douglas DeFlicht	Douglas DeFlicht Consulting LLC.
Douglas Jackson	Water & Land Solutions
Dyson Schnider	Limoneira
Eric Limas	LTIRD, TPDWD, PIXID
Eric Quinley	Delano-Earlimart I.D.
Fergus Morrissey	OCID
Gene Kilgore	EID, IID, SCID
Geoff Vanden Heuvel	Milk Producers Council
Heoth Wooten	DEID
Ian Buck-Macleod	FWA
Janet Atkinson	Stantec
Jason Phillips	FWA
Jeevan Muhar	Arvin-Edison W.S.D.
Jeff Noble	SID
John Bezdek	FWA Counsel
Johnny Amaral	FWA
Johnny Gailey	DVWA
Kathy Mahar	Rep. Jim Costa
Katie Duncan	FWA
Kris Lawrence	SWID
Lisa McEwen	Reporter, SJV Water
Maggie Suarez	FWA
Mark Larsen	GKGS
Matt Vickery	Grimmway Farms
Mia Swenson	FWA
Mike Hagman	Lindmore I.D./EKGSA
Mike Villines	Villines Group
Nick Keller	HVID
Roland Gross	SSJMUD

Rufino Gonzalez	USBR
Sean Geivet	SID, PID, Terra Bella I.D.
Shane Smith	KDWCD
Skye Grass	KTWD
Steve Ottemoeller	FWA Consultant
Tom Barcellos	LTRID
Tom Greci	Madera I.D.
Vivian Felipe	FWA
Wilson Orvis	FWA

AGENDA REPORT

AGENDA NO. 2.B.

DATE: March 28, 2024

TO: Board of Directors

FROM: Wilson Orvis, CFO

SUBJECT: **Approve Bills for the Month of March 2024 and Accept the Financial Reports for Month Ending February 29, 2024**

SUMMARY:

The Finance Committee met on March 25, 2024 and reviewed the bills for March 2024 and the financial reports for month ending February 29, 2024. There was a quorum at the meeting.

FINANCE COMMITTEE ACTION:

At the March 25, 2024 meeting, the Finance Committee acted to recommend that Board of Directors approve payment of the March 2024 bills in the amount of \$8,312,609.26 and accept the Financial Reports for month ending February 29, 2024.

SUGGESTED MOTION:

I move that the Board of Directors approve payment of the March 2024 bills in the amount of \$8,312,609.26 and accept the Financial Reports for month ending February 29, 2024.

BUDGET IMPACT:

- \$2,353,430.32 (bills) and \$353,719.37 (payroll) is chargeable to the Operations, Maintenance, and Replacement (OM&R) Budget.
- \$86,168.28 (bills) and \$80,409.04 (payroll) is chargeable to the General Membership Budget;
- \$1,394,525.28 is attributable to San Luis & Delta-Mendota Water Authority (SLDMWA) for projected Settlement Contractor deliveries in the months of January and February 2024;
- \$21,419.36 is to be recovered under existing grant agreements; and
- \$4,022,937.50 is chargeable to Middle Reach Capacity Correction Project, Phase 1.

ATTACHMENTS:

Bills to be Paid, Budget-to-Actuals, and Cash Activity Reports

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MARCH 2024

BILLS PAID MARCH 08, 2024

NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
1	AAA QUALITY SERVICES, INC.	\$ 230.61	\$ -	\$ 230.61	Outdoor Restroom Rental Final
2	ACWA	-	90.00	90.00	ACWA Conference Registration
3	ACWA / JPIA	82,453.95	-	82,453.95	Medical & Dental Insurance
4	AECOM TECHNICAL SERVICES, INC.	-	2,250.00	2,250.00	Consulting Services-February
5	AMAZON CAPITOL SERVICES, INC.	56.37	-	56.37	Office Supplies
6	ARVIN-EDISON WATER STORAGE DISTRICT	166,481.30	-	166,481.30	FY2023 FKC Refund
7	AUTO ZONE, INC.	625.45	-	625.45	Parts- OC & Lindsay Shop
8	BELLO VITA VENUE	9,284.61	-	9,284.61	Friant Annual Meeting Catering
9	BIG GREEN IT, LLC	2,164.00	-	2,164.00	I.T Help Desk, Teams Subscription
10	Bank of America	15,270.14	9,592.93	24,863.07	Various Visa Charges
11	CALIFORNIA INDUSTRIAL RUBBER CO.	215.92	-	215.92	Parts-OC Shop
12	CINTAS CORPORATION #2	1,042.56	-	1,042.56	Uniform Services- Lindsay & OC Yard
13	CINTAS CORPORATION #3	365.48	-	365.48	Uniform Services-Delano Yard
14	CITY OF DELANO	153.18	-	153.18	Utility
15	CITY OF FRESNO	71,807.37	-	71,807.37	FY2023 FKC Refund
16	CITY OF LINDSAY	2,665.84	-	2,665.84	FY2023 FKC Refund
17	CITY OF ORANGE COVE	2,011.58	-	2,011.58	FY2023 FKC Refund
18	COUNTY OF FRESNO TREASURER	841.88	-	841.88	Weed & Pest-Squirrel Bait
19	DELANO EARLIMART IRR. DISTRICT	176,035.26	-	176,035.26	FY2023 FKC Refund
20	DIGI-KEY	989.99	-	989.99	C. & I. Maintenance
21	DILIGENT CORPORATION	15,618.10	-	15,618.10	BOD Software Renewal
22	DINUBA LUMBER COMPANY	718.71	-	718.71	Parts & Supplies-OC Yard
23	EXECUTIVE SUITES AT RIVER BLUFF, LP	-	2,005.00	2,005.00	Office Rent Fresno
24	EXETER IRRIGATION DISTRICT	19,070.39	-	19,070.39	FY2023 FKC Refund
25	FAMILY FARM ALLIANCE	15,000.00	-	15,000.00	Annual Dues Renewal
26	FASTENAL COMPANY	1,785.76	-	1,785.76	Parts -Water Ops
27	FOOTHILL AUTO TRUCK & AG PARTS, INC.	2,002.18	-	2,002.18	Parts & Supplies-OC Shop & Water Ops

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MARCH 2024

BILLS PAID MARCH 08, 2024

NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
28	FORK LIFT SPECIALITES, INC.	981.57	-	981.57	Pressure Washer Service
29	FRANZEN- HILL CORPORATION	144.15	-	144.15	Parts-Delano Yard
30	FRESNO IRRIGATION DIST.	14,433.16	-	14,433.16	FY2023 FKC Refund
31	FRONTIER	967.05	-	967.05	Utilities - Phone Services
32	FRUIT GROWERS SUPPLY CO	106.60	-	106.60	Supples-OC Yard & Water Ops
33	GARFIELD WATER DISTRICT	3,955.93	-	3,955.93	FY2023 FKC Refund
34	GRAINGER	201.41	-	201.41	Supples-OC Yard & Water Ops
35	GSI ENVIRONMENTAL INC.	2,210.00	-	2,210.00	Consulting Services-February
36	HACH COMPANY	2,790.34	-	2,790.34	Water Meter and Tester
37	HENDERSON CPAS	4,080.00	-	4,080.00	Auditing Services
38	HILLS VALLEY IRRIGATION DISTRICT	1,715.32	-	1,715.32	FY2023 FKC Refund
39	HOME DEPOT CREDIT SERVICES	730.07	-	730.07	Parts & Supplies-Water Ops & Lindsay Yard
40	INTERNATIONAL WATER DISTRICT	1,472.04	-	1,472.04	FY2023 FKC Refund
41	IVANHOE IRRIGATION DIST	8,599.27	-	8,599.27	FY2023 FKC Refund
42	KAWEAH DELTA WATER CONSERVATION DISTRICT	6,082.06	-	6,082.06	FY2023 FKC Refund
43	KERN - TULARE WATER DISTRICT	7,874.77	-	7,874.77	FY2023 FKC Refund
44	LEE'S SERVICE, INC.	1,018.37	-	1,018.37	Parts & Service-OC Shop Truck 1105, 1033
45	LEWIS CREEK WATER DISTRICT	1,201.71	-	1,201.71	FY2023 FKC Refund
46	LINCOLN NATIONAL LIFE INSURANCE CO.	4,072.13	390.60	4,462.73	Disability Insurance
47	LINDMORE IRRIGATION DIST	48,991.92	-	48,991.92	FY2023 FKC Refund
48	LINDSAY STRATHMORE IRR DISTRICT	37,057.02	-	37,057.02	FY2023 FKC Refund
49	LINDSAY TRUE VALUE	7.00	-	7.00	Supplies-Water Ops
50	LOWER TULE RIVER I D	180,432.08	-	180,432.08	FY2023 FKC Refund
51	MARTENS CHEVROLET	152.26	-	152.26	Parts-OC Shop
52	MARTIN TERMITE & PEST CONTROL	100.00	-	100.00	Pest Control-CSO House
53	MBK ENGINEERS	18,865.50	1,995.00	20,860.50	Consulting Services-January
54	McCARTY, DEVLIN	60.00	-	60.00	QAC Renewal Reimbursement
55	MEDALLION SUPPLY COMPANY	2,320.89	-	2,320.89	Parts & Supplies-Water Ops

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MARCH 2024

BILLS PAID MARCH 08, 2024

NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
56	MOBILE AG & INDUSTRIAL SUPPLY	71.69	-	71.69	Meter Repair
57	MODERN PLUMBING & SUPPLY	320.00	-	320.00	CSO House-Plumbing Issue
58	MOONLIGHT MAINTENANCE SERVICES	2,177.00	-	2,177.00	Janitorial Services-All Yards
59	OPTIMAL AVIATION SERVICE, LLC	-	16,304.28	16,304.28	Chartered Flight: USBR Conference (\$12,500 Refundable)
60	ORANGE COVE IRR DISTRICT	49,213.44	-	49,213.44	FY2023 FKC Refund
61	ORANGE COVE TIRE SERVICE	90.00	-	90.00	Tire Repair
62	OTTEMOELLER CONSULTING SERVICES, LLC	1,678.25	308.25	1,986.50	Consulting Services-December
63	PACIFIC GAS & ELECTRIC	60.00	-	60.00	Utilities
64	PATTERSON IRRIGATION DISTRICT	194,805.00	-	194,805.00	Water Recapture-December
65	PICK-EM UP TRUCK STORE	595.36	-	595.36	Tool Box-Water Ops
66	PORTERVILLE IRR DISTRICT	30,211.06	-	30,211.06	FY2023 FKC Refund
67	QUILL CORPORATION	630.58	-	630.58	Office & Kitchen Supplies
68	QUINN COMPANY	40,144.02	-	40,144.02	Excavator Rental
69	SAN JOAQUIN PEST CONTROL	110.00	-	110.00	Pest Control-December & January
70	SAN JOAQUIN PEST CONTROL	160.00	-	160.00	Pest Control-December & February
71	SAUCELITO IRRIGATION DIST	40,543.70	-	40,543.70	FY2023 FKC Refund
72	SHAFTER WASCO IRRIGATION	80,179.83	-	80,179.83	FY2023 FKC Refund
73	SHERWIN WILLIAMS CO.	520.58	-	520.58	Paint Supplies-Lindsay Yard
74	SO CAL GAS	623.64	-	623.64	Utility
75	SOUTHERN CALIF EDISON	3,452.71	-	3,452.71	Utility
76	SOUTHERN SAN JOAQUIN MUD	144,482.90	-	144,482.90	FY2023 FKC Refund
77	STANDARD INSURANCE CO	7,560.50	1,865.50	9,426.00	Long-term life insurance
78	STOEL RIVES LLP	-	2,963.25	2,963.25	Professional Services-January
79	STONE CORRAL IRR DISTRICT	12,137.19	-	12,137.19	FY2023 FKC Refund
80	TEA POT DOME WATER DISTRICT	8,911.84	-	8,911.84	FY2023 FKC Refund
81	TERRA BELLA IRRIGATION DISTRICT	35,439.59	-	35,439.59	FY2023 FKC Refund
82	THE REDESIGN GROUP	12,000.00	-	12,000.00	IT Help Desk (\$3,000) & Server Network Refresh (\$9,000)
83	TRI-VALLEY WATER DISTRICT	484.71	-	484.71	FY2023 FKC Refund

FRIANT WATER AUTHORITY EXPENDITURES TO BE APPROVED, MARCH 2024

BILLS PAID MARCH 08, 2024

NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
84	TULARE IRRIGATION DISTRICT	96,218.67	-	96,218.67	FY2023 FKC Refund
85	UNITED RENTALS, INC.	1,399.03	-	1,399.03	Towable Boom, Steer Tractor
86	UNWIRED BROADBAND, INC.	299.98	-	299.98	Internet Service-Delano & OC Yard
87	VALLEY PACIFIC PETROLEUM SERVICES, INC.	5,176.13	-	5,176.13	Unleaded Fuel 1267 Gal, Diesel Fuel 250 Gal
88	VERIZON WIRELESS	2,868.47	-	2,868.47	SCADA Mobile to Mobile, Ipad Contract Service
89	WATER BLUEPRINT SJV-EDUCATION	-	10,000.00	10,000.00	Annual Dues
90	WEISENBERGERS	132.01	-	132.01	Parts-Lindsay Yard
91	WIENHOFF DRUG TESTING	90.00	-	90.00	Annual Query
92	XEROX FINANCIAL SERVICES	5,028.18	-	5,028.18	Office Equip Lease- December, January, February
93	YSI, INC.	1,631.25	-	1,631.25	Updated Meters
94	SUBTOTAL SPENDING	\$ 1,716,960.56	\$ 47,764.81	\$ 1,764,725.37	
95	PAYROLL FWA	176,430.64	40,204.52	216,635.16	Total Mid-Month Payroll
	TOTAL OM&R	\$ 1,893,391.20	\$ 87,969.33	\$ 1,981,360.53	FY2023 FKC Refund Allocation \$1,247,709.95

96	Pumpback Project				
97	CDM SMITH	\$ 8,428.04	\$ -	\$ 8,428.04	Consulting Services-February
98	STANTEC CONSULTING SERVICES INC.	3,153.00	-	3,153.00	Consulting Services-January
	SUBTOTAL - PUMPBACK	\$ 11,581.04	\$ -	\$ 11,581.04	

99 TOTAL - MID MONTH \$ 1,904,972.24 \$ 87,969.33 \$ 1,992,941.57

NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
BILLS TO BE PAID MARCH 29, 2024					
NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
100	A.R.E AUTO PARTS	\$ 63.06	\$ -	\$ 63.06	Parts & Supplies-Lindsay Shop
101	AMAZON CAPITOL SERVICES, INC.	51.90	-	51.90	Office Supplies
102	WORLD OIL ENVIRONMENTAL SERVICES	140.94	-	140.94	Recycled Oil Services
103	COMMUTER INDUSTRIES	-	800.00	800.00	Newsletter Updateds & Annual Water Meeting Updates
104	AUTO ZONE, INC.	34.49	-	34.49	Parts & Supplies-Lindsay Shop
105	AWARDS & SIGNS UNLIMITED	55.34	-	55.34	Name Plates for Committee Member
106	BATTERY SYSTEMS INC.	286.98	-	286.98	Batteries-Lindsay Shop
107	BILL LUCE CONSULTING	330.00	1,963.50	2,293.50	Consulting Services-February
108	BOOT BARN INC.	173.19	-	173.19	Safety Boots
109	BURKE, WILLIAMS & SORENSEN, LLP	27,225.50	275.00	27,500.50	Consulting Services-January
110	NUTRIEN AG SOLUTIONS	98,403.78	-	98,403.78	Chemical Stock-Pre-Emergent
111	CINTAS CORPORATION #2	520.89	-	520.89	Uniform Services-Lindsay & OC Yard
112	CINTAS CORPORATION #3	365.48	-	365.48	Uniform services- Delano
113	CITY OF ORANGE COVE	435.94	-	435.94	Utilities
114	CULLIGAN OF LINDSAY	243.76	-	243.76	Water Services-Lindsay & CSO Houses
115	DACO FARM SUPPLY	69.93	-	69.93	Parts-Delano Shop
116	DINUBA LUMBER COMPANY	238.24	-	238.24	Parts & Supplies-OC Yard
117	DUDEK	1,025.00	-	1,025.00	Environmental Consulting Services-January
118	ESRI	3,800.00	-	3,800.00	Arc GIS Subscription
119	EVOLUTION AUTO GLASS & WINDOW TINT	280.00	-	280.00	Replacement Window-Lindsay
120	FREMONT AUTO PARTS	88.83	-	88.83	Parts- Truck 3105 & 3206
121	FEDEX	11.13	-	11.13	Shipping Services
122	THE FERGUSON GROUP, LLC	-	2,333.33	2,333.33	Consulting Services-January
123	FOOTHILL AUTO TRUCK & AG PARTS, INC.	91.21	-	91.21	Parts & Supplies-OC Yard
124	FRUIT GROWERS SUPPLY CO	662.02	-	662.02	Parts & Supplies-Water Ops & OC Yard
125	HOLT LUMBER INC.	1,217.10	-	1,217.10	Lumber Supplies-Lindsay Yard
126	HOME DEPOT CREDIT SERVICES	264.69	-	264.69	Parts - Supplies
127	HENDERSON CPAS	7,440.00	-	7,440.00	FY 2023 Audit Final
128	INTELLISITE, LLC	1,653.00	-	1,653.00	Gateway Ethernet Adapter
129	KINGS INDUSTRIAL OCCUPATIONAL MEDICAL CENTER	125.00	-	125.00	DOT Certification
130	LINDSAY TRUE VALUE	65.92	-	65.92	Supplies-Water Ops
131	MARTENS CHEVROLET	50.68	-	50.68	Supplies-OC Shop
132	MEDALLION SUPPLY COMPANY	544.13	-	544.13	Supplies-Water Ops
133	MERLE STONE CHEVROLET CADILLAC	422.55	-	422.55	Parts & Service-Delano Shop
134	MID VALLEY DISPOSAL	169.05	-	169.05	Trash Disposal
135	ORANGE COVE TIRE SERVICE	230.00	-	230.00	Tire Repair 1024 & 1034
136	OTTEMOELLER CONSULTING SERVICES, LLC	6,233.50	582.25	6,815.75	Consulting Services-January

NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
137	PACIFIC GAS & ELECTRIC	735.29	-	735.29	Utilities
138	PACIFIC GAS AND ELECTRIC	60.38	-	60.38	Non-Energy Invoices
139	PATTERSON IRRIGATION DISTRICT	393,650.00	-	393,650.00	Water Recapture-February (\$158 per acre feet)
140	PAPE KENWORTH	1,665.08	-	1,665.08	Parts - Lindsay & Delano Shop
141	PBW DISTRIBUTOR INC	308.25	-	308.25	Parts - Lindsay & Delano Shop
142	PORTERVILLE FORD	463.10	-	463.10	Parts- Truck 1026 & 2032
143	PROVOST & PRITCHARD INC	2,365.20	-	2,365.20	Consulting Services-January
144	QUADIENT LEASING USA, INC.	694.50	-	694.50	Lease Office Equipment
145	QUILL CORPORATION	346.89	-	346.89	Office & Kitchen Supplies
146	QUINN COMPANY	37.37	-	37.37	Parts - Lindsay Yard
147	RAMIREZ, BRYAN	450.00	-	450.00	Reimbursement: Boots & Crane Operator Training
148	ROBERT V. JENSEN, INC.	8,849.67	-	8,849.67	Diesel Fuel 700 Gal, Unleaded 1644 Gal
149	SAN JOAQUIN WINE COMPANY, INC	100.00	-	100.00	Deposit-Annual Water Meeting
150	SAN JOAQUIN PEST CONTROL	94.00	-	94.00	Pest Control-Lindsay Yard
151	SAN JOAQUIN VALLEY WATER INFRASTRUCTURE AUTHORITY	-	3,111.00	3,111.00	Annual Dues
152	SEVIERS AUTO SUPPLY	202.87	-	202.87	Parts - Lindsay Shop
153	SHERWIN WILLIAMS CO.	427.33	-	427.33	Paint Supplies-Lindsay Yard
154	SOMACH SIMMONS & DUNN	-	5,365.00	5,365.00	Consulting Services-February
155	SOUTHERN CALIF EDISON	74.61	-	74.61	Utilities
156	SO CAL GAS	161.24	-	161.24	Utilities
157	SOUTHERN TIRE MART	1,047.60	-	1,047.60	Parts & Service- Lindsay Yard
158	STANTEC CONSULTING SERVICES INC.	52,250.00	-	52,250.00	Consulting Services-February
159	SOUTH TULARE RICHGROVE REFUSE	112.44	-	112.44	Trash Disposal
160	STUART'S JOHANSON & THOMAS	1,713.86	-	1,713.86	Parts - Supplies truck 2107
161	SUAREZ, MARGARITA	100.13	-	100.13	Reimbursement: Mileage
162	SUNSHINE SANITATION	900.00	-	900.00	Portable Restroom
163	TOSHIBA FINANCIAL SERVICES	2,827.39	-	2,827.39	Lease Office Equipment
164	VALLEY PACIFIC PETROLEUM SERVICES, INC.	5,289.76	-	5,289.76	Unleaded Fuel 1293 Gal
165	VILLINES GROUP, LLC	-	4,000.00	4,000.00	Consulting Services-February
166	WATER AND POWER LAW GROUP PC	-	19,973.39	19,973.39	Consulting Services-February
167	WEISENBERGERS	149.23	-	149.23	Parts & Supplies-Lindsay & Water Ops
168	WESTAIR GASES & EQUIPMENT INC.	179.07	-	179.07	Welding Supplies-Delano Yard
169	YSI, INC.	8,201.38	-	8,201.38	Updated Meters
170	SUBTOTAL SPENDING	\$ 636,469.87	\$ 38,403.47	\$ 674,873.34	
171	PAYROLL FWA	177,288.73	40,204.52	217,493.25	End of Month Payroll Estimate
	TOTAL OM&R	\$ 813,758.60	\$ 78,607.99	\$ 892,366.59	

NO.	PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
172	Middle Reach Capacity Correction Project Phase 1				
173	BUREAU OF RECLAMATION	\$ 4,000,000.00	\$ -	\$ 4,000,000.00	MRCCP Phase 1 Construction Pay
174	BURKE, WILLIAMS & SORENSEN, LLP	1,410.00	-	1,410.00	Consulting Services-January
175	STANTEC CONSULTING SERVICES INC.	9,527.50	-	9,527.50	Consulting Services-February
176	THE FERGUSON GROUP, LLC	6,000.00	-	6,000.00	Consulting Services-January
177	VILLINES GROUP, LLC	6,000.00	-	6,000.00	Consulting Services-February
	SUBTOTAL - MRCCP	\$ 4,022,937.50	\$ -	\$ 4,022,937.50	
178	Pumpback Project				
179	CDM SMITH	9,838.32	-	9,838.32	Consulting Services-March
	SUBTOTAL - PUMPBACK	\$ 9,838.32	\$ -	\$ 9,838.32	
180	San Luis & Delta-Mendota Canal				
181	SLDMWA OM & R CHARGES - PAID VIA WIRE	1,394,525.28	-	1,394,525.28	April 2024 Estimate \$1,739,974.73 & WY23 Credit Adjustment -\$345,449.45
	SUBTOTAL- SLDMWA	\$ 1,394,525.28	\$ -	\$ 1,394,525.28	
182	TOTAL - END OF MONTH	\$ 6,241,059.70	\$ 78,607.99	\$ 6,319,667.69	
183	GRAND TOTALS	\$ 8,146,031.94	\$ 166,577.32	\$ 8,312,609.26	

FRIANT WATER AUTHORITY

CASH ACTIVITY BALANCE MONTH ENDING FEBRUARY 29, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
FKC Operations & Maintenance	\$ 53,012,394	\$ 3,948,201	\$ (2,710,213)	\$ 54,250,382
SLDMWA	2,529,358	469,976	(1,164,736)	1,834,598
Total	\$ 55,541,753	\$ 4,418,177	\$ (3,874,949)	\$ 56,084,980
General Member	402,933	26,034	(191,957)	237,010
			Total	\$ 56,321,990

BANK ACTIVITY BALANCE MONTH ENDING FEBRUARY 29, 2024

Local Agency Investment Fund	\$ 134,259	\$ -	\$ -	\$ 134,259
California Asset Management Program	55,762,185	242,532	(250,000)	55,754,717
Bank of the Sierra	48,242	4,201,679	(3,816,906)	433,015
			Total	\$ 56,321,990

Note:

Most Current Interest Rate: For the month ended February 29, 2024, effective yield 4.122%

The Authority's investments are in compliance with its Statement of Investment Policy dated March 3, 2023.

Management believes it is fully able to meet its expenditure requirements for the next six months.

**FRIANT WATER AUTHORITY
O&M FUND
CASH ACTIVITY REPORT
MONTH ENDING FEBRUARY 29, 2024**

	<u>Checking & Investments</u>	<u>Payroll Checking</u>	<u>Petty Cash</u>	<u>Total</u>
CASH BALANCE JANUARY 31, 2024	\$ 55,540,953	\$ -	\$ 800	\$ 55,541,753
Increases:				
District O&M receipts	\$ 2,155,731			\$ 2,155,731
Revenue from MRCCP	998,593			998,593
SLDMWA receipts	469,976			469,976
Recapture	97,065			97,065
Conveyance Fee	18,142			18,142
Interest Revenue	241,601			241,601
Miscellaneous deposits	2,122			2,122
Administration Allocation	4,813			4,813
Payroll deposits		430,134		430,134
Total Increases	<u>\$ 3,988,042</u>	<u>\$ 430,134</u>	<u>\$ -</u>	<u>\$ 4,418,177</u>
Decreases:				
O&M Routine Expenditures	\$ 1,098,778			\$ 1,098,778
Pumpback	12,162			12,162.37
Dewatering Expenses	337,167			337,166.80
MRCCP	42,522			42,522
Wire to SLDMWA - O&MR Charges - March Estimate	1,164,736			1,164,736
FKC Systemwide Capacity Correction Cost Share MOU	54,215			54,215
Recapture	305,100			305,100
Payroll Cash Outlays	430,134	430,134		860,269
Total Decreases	<u>\$ 3,444,815</u>	<u>\$ 430,134</u>	<u>\$ -</u>	<u>\$ 3,874,949</u>
CASH BALANCE BEFORE INTERFUND ACTIVITY	<u>\$ 56,084,180</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 56,084,980</u>
Interfund transfer to O&M	-			-
CASH BALANCE FEBRUARY 29, 2024	<u>\$ 56,084,180</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 56,084,980</u>

**FRIANT WATER AUTHORITY
GENERAL MEMBERS FUND
CASH ACTIVITY REPORT
MONTH ENDING FEBRUARY 29, 2024**

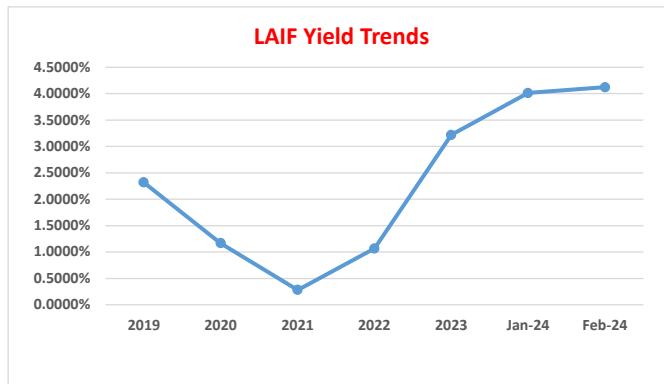
CASH BALANCE JANUARY 31, 2024		\$	<u>402,933</u>
Increases:			
Member Assessments	\$	24,999	
Interest Revenue		1,034	<u>26,034</u>
Decreases:			
Consulting	\$	92,477	
Meetings		22,505	
Board Retreat		6,410	
Professional Services		2,425	
Rent & Facility Expense		2,005	
Administrative Service Fees		1,200	
	<u>\$</u>	<u>127,022</u>	
Reimburse O&M:			
Current Month Payroll & Benefits		76,222	
Current Month Payroll & Benefits to O&M		(16,101)	
Administration Allocation		4,813	
Less Total Cash Disbursements		<u>\$</u>	<u>191,957</u>
CASH BALANCE BEFORE INTERFUND ACTIVITY		<u>\$</u>	<u>237,010</u>
Interfund transfer to O&M			-
CASH BALANCE FEBRUARY 29, 2024		<u>\$</u>	<u>237,010</u>

**FRIANT WATER AUTHORITY
CASH ACTIVITY REPORT
MONTH ENDING FEBRUARY 29, 2024
LOCAL AGENCY INVESTMENT FUND (L.A.I.F)
(FUNDS ON DEPOSIT WITH STATE OF CALIFORNIA)**

CASH BALANCE JANUARY 31, 2024		\$	<u>134,259</u>
Increases:			
Transfer from checking	-		
Interest Revenue	-		-
Decreases:			
Transfer to checking	-		
CASH BALANCE FEBRUARY 29, 2024		\$	<u><u>134,259</u></u>
Balance ascribed to:			
O&M Fund	\$		133,694
General Member Fund			<u>565</u>
	\$		<u><u>134,259</u></u>

Note:

*Most Current Interest Rate: For the month ended February 29, 2024, effective yield 4.122%
The Authority's investments are in compliance with its Statement of Investment Policy dated March 3, 2023.
Management believes it is fully able to meet its expenditure requirements for the next six months.*



2019	2.3201%
2020	1.1679%
2021	0.2837%
2022	1.0660%
2023	3.2188%
Jan-24	4.0120%
Feb-24	4.1220%

**FRIANT WATER AUTHORITY
CASH ACTIVITY REPORT
MONTH ENDING FEBRUARY 29, 2024
CALIFORNIA ASSET MANAGEMENT PROGRAM (C.A.M.P.)**

CASH BALANCE JANUARY 31, 2024 \$ 55,762,185

Increases:

Transfer from checking	\$	-	
Interest Revenue		<u>242,532</u>	242,532

Decreases:

Transfer to checking		(250,000)	
----------------------	--	-----------	--

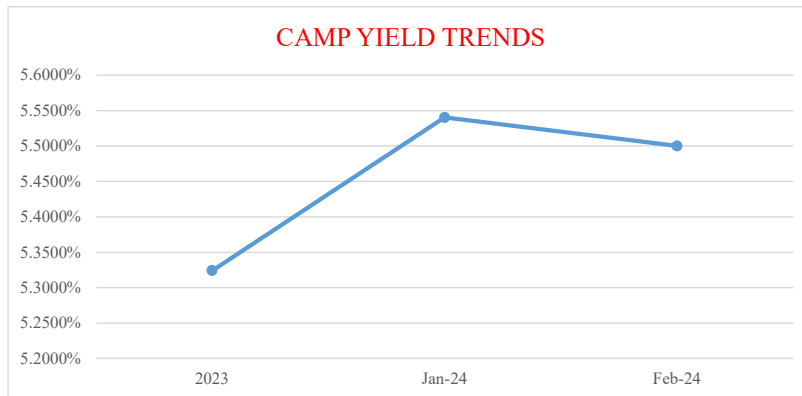
CASH BALANCE FEBRUARY 29, 2024 \$ 55,754,717

Balance ascribed to:

O&M Fund	\$	55,518,272	
General Member Fund		<u>236,445</u>	
		<u><u>\$ 55,754,717</u></u>	

The Authority's investments are in compliance with its Statement of Investment Policy dated March 3, 2023.

Management believes it is fully able to meet its expenditure requirements for the next six months.



2023	5.3240%
Jan-24	5.5400%
Feb-24	5.5000%

Reviewed by:
Edwin Roberts and Patricia Cruz

Interest Revenue Summary						
	O&M Interest Revenue	SLDMWA Interest Revenue	GM Interest Revenue	MRCCP Phase 1 Interest Revenue	Total	
<u>CAMP Interests</u>						
Oct-23	\$ 29,727.51	\$ 9,374.61	\$ 1,110.36	\$ 200,212.25	\$ 240,424.73	
Nov-23	\$ 33,274.39	\$ 12,152.68	\$ 2,793.36	\$ 214,451.28	\$ 262,671.71	
Dec-23	\$ 35,189.70	\$ 13,057.40	\$ 2,448.11	\$ 212,377.46	\$ 263,072.67	
Jan-24	\$ 34,201.13	\$ 11,724.33	\$ 1,586.89	\$ 210,604.90	\$ 258,117.25	
Feb-24	\$ 32,935.69	\$ 7,934.26	\$ 1,034.45	\$ 200,627.57	\$ 242,531.97	
Subtotal-CAMP	\$ 165,328.42	\$ 54,243.28	\$ 8,973.17	\$ 1,038,273.46	\$ 1,266,818.33	
<u>LAIF Interests</u>						
Oct-23	\$ -	\$ -	\$ -	\$ -	\$ -	
Nov-23	\$ -	\$ -	\$ -	\$ -	\$ -	
Dec-23	\$ -	\$ -	\$ -	\$ -	\$ -	
Jan-24	\$ 170.88	\$ 60.02	\$ 10.97	\$ 1,093.55	\$ 1,335.42	
Feb-24	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal-LAIF	\$ 170.88	\$ 60.02	\$ 10.97	\$ 1,093.55	\$ 1,335.42	
<u>Bank Interests</u>						
Oct-23	\$ 10.33	\$ 3.26	\$ 0.39	\$ 69.58	\$ 83.55	
Nov-23	\$ 10.40	\$ 3.80	\$ 0.87	\$ 67.03	\$ 82.10	
Dec-23	\$ 21.36	\$ 7.92	\$ 1.49	\$ 128.87	\$ 159.64	
Jan-24	\$ 10.86	\$ 3.72	\$ 0.50	\$ 66.90	\$ 81.98	
Feb-24	\$ 14.05	\$ 3.38	\$ 0.44	\$ 85.57	\$ 103.44	
Subtotal-Bank	\$ 67.00	\$ 22.08	\$ 3.69	\$ 417.95	\$ 510.71	
Grand Total	\$ 165,566.30	\$ 54,325.38	\$ 8,987.83	\$ 1,039,784.96	\$ 1,268,664.46	

FWA Revenue Presentation

FY 2024

Budget year: **41.7%** Completed

Operations & Maintenance	FY 2024 Budget	02/29/2024 Year to Date	Budget Remaining	Budget Spent %
Revenue				
Interest Income	-	165,566	(165,566)	
Miscellaneous Income	-	10,060	(10,060)	
Reverse Pumping Fee	-	-	-	
Conveyance Fees	-	275,334	(275,334)	
FKC System-Wide MOU	481,888	167,500	314,388	34.8%
O & M Revenue	12,441,625	5,184,010	7,257,615	41.7%
Water Supply Cord./Monitoring Revenue	-	166,811	(166,811)	
Total Revenue	12,923,512	5,969,281	6,954,232	46.2%
Expenses				
Total Operations	1,884,374	970,539	913,835	51.5%
Total Maintenance	7,647,865	3,851,983	3,795,882	50.4%
Administration Costs	2,317,956	1,136,957	1,180,999	49.0%
Special Projects	1,073,317	362,538	710,780	33.8%
Total OM&R Expenses	12,923,513	6,322,017	6,601,495	48.9%

FWA Budget Presentation

FY 2024

Budget year: **41.7%** Completed

Operations & Maintenance	FY 2024 Budget	02/29/2024 Year to Date	Budget Remaining	Budget Spent %
Operations Dept				
Employee Salaries/Pay	930,728	349,466	581,261	37.5%
Employee Benefits	471,067	185,005	286,062	39.3%
Supplies & Services	482,579	436,068	46,511	90.4%
Total Operations	1,884,374	970,539	913,835	51.5%
Maintenance Dept				
Employee Salaries/Pay	2,940,772	1,247,792	1,692,981	42.4%
Employee Benefits	1,379,988	578,135	801,853	41.9%
Supplies & Services	3,327,105	2,026,057	1,301,048	60.9%
Total Maintenance	7,647,865	3,851,983	3,795,882	50.4%
Administration Costs	2,488,413	1,164,056	1,324,357	46.8%
Administration Costs allocated to GM	(170,456)	(27,099)	(143,357)	15.9%
Total Operations & Maintenance	11,850,196	5,959,480	5,890,716	50.3%
Special Projects				
Cost Recovery	-	-	-	
Spending	1,073,317	362,538	710,780	33.8%
Total Special Projects	1,073,317	362,538	710,780	33.8%
Total OM&R	12,923,513	6,322,017	6,601,495	48.9%

Friant Water Authority
Budget vs Actual Expenses
YTD - 02/29/2024

Budget year: 41.7% Completed

		Total			Labor				Materials				
		Annual Budget	YTD Actual	% Of Bud	Projected Remaining	Budget	YTD Actual	Projected Remaining	Budget	YTD Actual	Projected Remaining		
1	MAINTENANCE												
1	Vehicle & Equipment Service	\$ 620,505	\$ 316,325	51.0%	\$ 304,180	\$ 192,525	\$ 96,134	49.9%	\$ 96,391	\$ 427,980	\$ 220,191	51.4%	\$ 207,789
2	Maintenance Supervision	431,905	129,563	30.0%	302,343	265,227	123,688	46.6%	141,539	166,678	5,875	3.5%	160,804
3	Right-of-Way Management	57,024	24,884	43.6%	32,140	57,024	24,884	43.6%	32,140	-	-	0.0%	-
4	Weed & Pest Control	984,850	432,060	43.9%	552,790	321,807	43,563	13.5%	278,244	663,043	388,497	58.6%	274,546
5	Implem Biol. Opinion	22,000	8,106	36.8%	13,894	-	-	0.0%	-	22,000	8,106	36.8%	13,894
6	Road Maintenance	67,702	17,433	25.7%	50,269	30,763	10,689	34.7%	20,074	36,939	6,744	18.3%	30,195
7	Yard & Building Maintenance	327,915	88,590	27.0%	239,325	151,600	32,047	21.1%	119,553	176,316	56,543	32.1%	119,772
8	Structure & Gate Maintenance	524,135	210,426	40.1%	313,709	352,577	153,715	43.6%	198,862	171,558	56,710	33.1%	114,847
9	Cleaning Right-of-Way	74,263	6,233	8.4%	68,030	74,263	6,233	8.4%	68,030	-	-	0.0%	-
10	Bargate & Guardrail Maint	45,531	10,136	22.3%	35,395	15,036	5,322	35.4%	9,714	30,495	4,814	15.8%	25,681
11	Embankment Maintenance	73,446	14,532	19.8%	58,914	61,930	13,984	22.6%	47,946	11,516	548	4.8%	10,968
12	Bridge Maintenance	67,459	4,851	7.2%	62,608	26,158	4,851	18.5%	21,307	41,301	-	0.0%	41,301
13	Concrete Lining Maintenance	870,141	908,882	104.5%	(38,741)	308,145	404,863	131.4%	(96,718)	561,996	504,019	89.7%	57,977
14	Drainditch & Channel Maint.	129,124	77,234	59.8%	51,890	79,516	64,002	80.5%	15,514	49,608	13,232	26.7%	36,376
15	Fence Maintenance	86,643	7,667	8.8%	78,976	63,071	6,499	10.3%	56,572	23,573	1,168	5.0%	22,405
16	Mudjacking	23,462	8,854	37.7%	14,608	21,404	-	0.0%	21,404	2,059	8,854	430.1%	(6,796)
17	Painting	34,668	2,587	7.5%	32,080	21,209	1,072	5.1%	20,138	13,459	1,516	11.3%	11,943
18	Sump Pump Maintenance	2,029	5	0.3%	2,024	1,152	-	0.0%	1,152	877	5	0.6%	872
19	Cross Drainage Structure Mtce	1,152	712	61.8%	441	1,152	712	61.8%	441	-	-	0.0%	-
20	Rip-Rapping	2,721	-	0.0%	2,721	2,721	-	0.0%	2,721	-	-	0.0%	-
21	Operations Reports	-	410	0.0%	(410)	-	410	0.0%	(410)	-	-	0.0%	-
22	Operations Supervision	54,906	19,334	35.2%	35,572	54,906	19,334	35.2%	35,572	-	-	0.0%	-
23	Water supply coordination & monitoring	632,215	607,348	96.1%	24,867	186,607	64,804	34.7%	121,803	445,608	542,544	121.8%	(96,936)
24	Legal Expense - Direct	101,500	28,651	28.2%	72,849	-	-	0.0%	-	101,500	28,651	28.2%	72,849
25	Safety & First Aid Training	33,663	11,002	32.7%	22,660	14,978	2,820	18.8%	12,158	18,684	8,182	43.8%	10,502
26	Office Admin (Typing etc.)	8,631	1,017	11.8%	7,614	8,631	1,017	11.8%	7,614	-	-	0.0%	-
27	Payroll Preparation	4,557	747	16.4%	3,811	4,557	747	16.4%	3,811	-	-	0.0%	-
28	Meetings	275,209	143,267	52.1%	120,139	73,839	61,134	82.8%	12,705	201,370	82,132	40.8%	119,237
29	Education & Training	46,443	2,443	5.3%	44,000	23,760	2,203	9.3%	21,557	22,683	240	1.1%	22,443
30	Procurement	20,826	4,764	22.9%	16,062	20,826	4,764	22.9%	16,062	-	-	0.0%	-
31	Inventory & Property Mgt.	1,439	-	0.0%	1,439	1,439	-	0.0%	1,439	-	-	0.0%	-
32	Employee Benefits	1,379,988	578,135	41.9%	803,435	321,531	177,392	55.2%	144,140	1,058,457	399,161	37.7%	659,296
33	Personnel Administration	115,881	96,373	83.2%	19,508	115,881	96,373	83.2%	19,508	-	-	0.0%	-
34	Workers Comp. Insurance	82,980	32,683	39.4%	50,297	-	-	0.0%	-	82,980	32,683	39.4%	50,297
35	Utilities	101,219	54,075	53.4%	47,144	-	-	0.0%	-	101,219	54,075	53.4%	47,144
36	Dues & Subscriptions	9,795	5,078	51.8%	4,717	-	-	0.0%	-	9,795	5,078	51.8%	4,717
37	Budget Preparation	3,800	-	0.0%	3,800	3,800	-	0.0%	3,800	-	-	0.0%	-
38	Archiving & Data Storage	2,877	-	0.0%	2,877	2,877	-	0.0%	2,877	-	-	0.0%	-
39	Vehicle & Equipment Acquisition	325,260	(3,214)	-1.0%	325,260	-	-	0.0%	-	325,260	(3,214)	-1.0%	328,474
40	Outside Service - DEID	-	1,928	0.0%	(1,928)	-	1,928	0.0%	(1,928)	-	-	0.0%	-
41	TOTAL EXPENSES: MAINTENANCE	7,647,865	3,851,983	50.4%	3,792,668	2,940,772	1,425,183	48.5%	1,515,589	4,707,093	2,426,800	51.6%	2,280,293

Friant Water Authority
Budget vs Actual Expenses
YTD - 02/29/2024

Budget year: 41.7% Completed

	Total				Labor				Materials			
	Annual Budget	YTD Actual	% Of Bud	Projected Remaining	Budget	YTD Actual	Projected Remaining	Budget	YTD Actual	Projected Remaining		
OPERATIONS												
42 Vehicle & Equipment Service	\$ 2,000	\$ 957	47.87%	\$ 1,043	\$ -	\$ -	0.00%	\$ -	\$ 2,000	\$ 957	47.87%	\$ 1,043
43 Yard & Building Maintenance	62,374	36,261	58.14%	26,113	25,427	9,057	35.62%	16,370	36,947	27,204	73.63%	9,743
44 Structure & Gate Maintenance	219,196	234,115	106.81%	(14,919)	79,070	103,688	131.13%	(24,618)	140,126	130,426	93.08%	9,699
45 Cleaning Right-of-Way	1,456	1,068	73.36%	388	656	954	145.33%	(297)	800	115	14.33%	685
46 Bargate & Guardrail Maint	2,200	-	0.00%	2,200	-	-	0.00%	-	2,200	-	0.00%	2,200
47 Reverse Flow Pump	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-
48 Draineditch & Channel Mtce - Desilting	-	9,447	0.00%	(9,447)	-	9,447	0.00%	(9,447)	-	-	0.00%	-
49 Sump Pump Maintenance	27,560	2,847	10.33%	24,713	-	-	0.00%	-	27,560	2,847	10.33%	24,713
50 Finance Charge	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-
51 C. & I. Maint (ESI Equipment)	280,991	190,307	67.73%	90,683	44,292	20,077	45.33%	24,216	236,698	170,231	71.92%	66,468
52 Meter Repair	125,702	84,282	67.05%	41,420	50,854	15,941	31.35%	34,914	74,848	68,341	91.31%	6,507
53 Canal Patrol	383,080	103,829	27.10%	279,251	382,423	103,414	27.04%	279,010	656	415	63.22%	241
54 Operations Reports	116,801	45,685	39.11%	71,115	116,472	45,685	39.22%	70,787	328	-	0.00%	328
55 Operations Supervision	89,601	35,275	39.37%	54,326	89,601	35,275	39.37%	54,326	-	-	0.00%	-
56 Water Measurement	3,937	5,987	152.05%	(2,049)	2,625	525	20.02%	2,099	1,312	5,461	416.12%	(4,149)
57 Safety & First Aid Training	3,500	1,825	52.16%	1,674	1,312	1,625	123.85%	(313)	2,187	200	9.14%	1,987
58 Meetings	9,187	2,994	32.59%	6,192	9,187	2,994	32.59%	6,192	-	-	0.00%	-
59 Education & Training	5,687	99	1.73%	5,589	1,312	-	0.00%	1,312	4,375	99	2.25%	4,276
60 Retirement, Health Ins, PR Taxes	343,572	128,580	37.4%	214,991	-	-	0.0%	-	343,572	128,580	37.4%	214,991
61 Employee Benefits	471,067	185,005	39.27%	286,062	127,496	56,425	44.26%	71,071	343,572	128,580	37.42%	214,991
62 Workers Comp. Insurance	36,505	12,674	34.72%	23,831	-	-	0.00%	-	36,505	12,674	34.72%	23,831
63 Utilities	35,832	11,863	33.11%	23,968	-	-	0.00%	-	35,832	11,863	33.11%	23,968
64 Vehicle & Equipment Acquisition	7,700	-	0.00%	7,700	-	-	0.00%	-	7,700	-	0.00%	7,700
65 Services for outside contracts - Kern-Tulare	-	6,019	0.00%	(6,019)	-	785	0.00%	(785)	-	5,235	0.00%	(5,235)
66 TOTAL EXPENSES: WATER OPERATIONS	\$ 1,884,374	\$ 970,539	51.5%	\$ 913,835	\$ 930,728	\$ 405,891	43.6%	\$ 524,837	\$ 953,646	\$ 564,648	59.2%	\$ 388,998

Friant Water Authority
 Budget vs Actual Expenses
 YTD - 02/29/2024

Budget year: 41.7% Completed

	Total				Labor				Materials			
	Annual Budget	YTD Actual	% Of Bud	Projected Remaining	Budget	YTD Actual	Projected Remaining	Budget	YTD Actual	Projected Remaining		
ADMINISTRATION												
67 Water supply coordination & monitoring	\$ 84,209	\$ 38,183	45.34%	\$ 46,026	\$ 74,855	\$ 39,305	52.51%	\$ 35,550	\$ 9,354	\$ (1,122)	-12.00%	\$ 10,477
68 Safety & First Aid Training	97,767	22,649	23.17%	75,119	7,844	2,291	29.20%	5,553	89,923	20,358	22.64%	69,565
69 Office Admin (Typing etc.)	120,704	46,941	38.89%	73,763	120,704	46,932	38.88%	73,772	-	9	0.00%	(9)
70 Payroll Preparation	17,216	7,566	43.95%	9,650	17,216	7,566	43.95%	9,650	-	-	0.00%	-
71 Meetings	73,497	10,351	14.08%	63,145	69,097	9,624	13.93%	59,473	4,400	727	16.53%	3,673
72 Education & Training	83,490	5,337	6.39%	78,152	25,691	2,569	10.00%	23,122	57,799	2,768	4.79%	55,031
73 Inventory & Property Mgt.	4,921	391	7.95%	4,530	4,921	391	7.95%	4,530	-	-	0.00%	-
74 Employee Benefits	501,787	218,680	43.58%	283,107	128,376	73,294	57.09%	55,082	373,412	145,386	38.93%	228,026
75 Data Processing	286,149	141,863	49.58%	144,286	48,949	29,489	60.25%	19,460	237,200	112,374	47.38%	124,826
76 Travel	42,067	7,379	17.54%	34,688	-	-	0.00%	-	42,067	7,379	17.54%	34,688
77 Accounting & Auditing	493,589	210,376	42.62%	283,213	393,716	187,220	47.55%	206,496	99,873	23,156	23.19%	76,717
78 Personnel Administration	104,417	36,720	35.17%	67,697	71,638	35,300	49.28%	36,338	32,779	1,420	4.33%	31,359
79 Liability Insurance	164,248	163,595	99.60%	653	-	-	0.00%	-	164,248	163,595	99.60%	653
80 Workers Compensation Insurance	3,655	1,225	33.51%	2,430	-	-	0.00%	-	3,655	1,225	33.51%	2,430
81 Finance Charge	-	265	0.00%	(265)	-	-	0.00%	-	-	265	0.00%	(265)
82 Utilities	72,307	22,827	31.57%	49,480	-	-	0.00%	-	72,307	22,827	31.57%	49,480
83 Office Supplies	29,288	13,563	46.31%	15,725	-	-	0.00%	-	29,288	13,563	46.31%	15,725
84 Postage	7,747	3,888	50.18%	3,860	-	-	0.00%	-	7,747	3,888	50.18%	3,860
85 Dues & Subscriptions	11,614	-	0.00%	11,614	-	-	0.00%	-	11,614	-	0.00%	11,614
86 Budget Preparation	21,918	838	3.82%	21,080	21,918	838	3.82%	21,080	-	-	0.00%	-
87 Lease office equipment	34,122	21,183	62.08%	12,939	-	-	0.00%	-	34,122	21,183	62.08%	12,939
88 Vehicle & Equipment Acquisition	233,701	190,157	81.37%	43,543	-	-	0.00%	-	233,701	190,157	81.37%	43,543
89 Admin Reimb - GM Fund - see Note #1	(170,456)	(27,099)	15.90%	(143,357)	-	-	0.00%	-	(170,456)	(27,099)	15.90%	(143,357)
90 TOTAL EXPENSES: ADMINISTRATION	\$ 2,317,956	\$ 1,136,957	49.0%	\$ 1,180,999	\$ 984,923	\$ 434,819	44.1%	\$ 550,103	\$ 1,333,034	\$ 702,138	52.7%	\$ 630,896

Note #1

O&M	98%	\$ 1,136,957
GM	2%	\$ 27,099
	100%	\$ 1,164,056

Friant Water Authority
Budget vs Actual Expenses
YTD - 02/29/2024

Budget year: 41.7% Completed

	Total				Labor				Materials			
	Annual Budget	YTD Actual	% Of Bud	Projected Remaining	Budget	YTD Actual	Projected Remaining	Budget	YTD Actual	Projected Remaining		
SPECIAL PROJECTS												
93 Subsidence - System Wide	149,914	19,427	13.0%	130,487	1,833	6,072	331.2%	(4,239)	148,081	13,355	9.0%	134,726
94 FKC System-wide Capacity Correction Project MOU	481,888	148,982	30.9%	332,906	14,570	15,970	109.6%	(1,400)	467,318	133,012	28.5%	334,306
95 GSA Engagement - East	297,399	120,468	40.5%	176,931	96,168	11,443	11.9%	84,725	201,231	109,025	54.2%	92,206
96 GSA Engagement - West	102,464	6,449	6.3%	96,015	36,376	6,449	17.7%	29,927	66,088	-	0.0%	66,088
97 Water Quality	41,652	46,042	110.5%	(4,390)	102,340	13,975	13.7%	88,365	(60,688)	32,067	-52.8%	(92,754)
98 Pump Back Project	-	21,170	0.0%	(21,170)	-	8,207	0.0%	(8,207)	-	12,963	0.0%	(12,963)
99 TOTAL EXPENSES: SPECIAL PROJECTS	\$1,073,317	362,538	33.8%	\$710,780	\$488,012	\$62,115	12.7%	\$425,896	\$585,305	\$300,422	51.3%	\$284,883

CARRY OVER ITEMS FY 2023

	Budget	Actual	Variance
SEE NOTE			
100 CSO Operations Pickup	27,100	31,835	(4,735)
101 Crane/Boom Truck	198,138	-	198,138
102 Mechanic Service Bed	10,000	3,214	6,786
103 TOTAL CARRY OVER ITEMS FY 2023	\$235,238	\$35,049	\$200,189

BUDGET TO ACTUALS REPORT

	FY 2024 Approved Budget	FY 2024 Actuals	Surplus /(Shortage)	% of Budget YTD 41.67%
Consultants				
General Counsel				
<i>Burke, Williams & Sorenson, LLC</i>	3,000	450	2,550	15.00%
Special Counsel				
<i>Water & Power Law Group</i>	230,000	83,161	146,839	36.16%
<i>Burke, Williams & Sorensen, LLC</i>	39,000	2,250	36,750	5.77%
<i>Somach, Simmons, & Dunn</i>	136,750	59,179	77,571	43.28%
<i>Kaplan & Kirsch</i>	260,000	-	260,000	
<i>CEQA Litigation (Stoel Rives)</i>	100,000	8,821	91,179	8.82%
Special Counsel Subtotal	765,750	153,410	612,340	20.03%
Professional Support - Operations				
<i>General Consulting - as needed (Bill Luce, Steve O. & MBK)</i>	104,770	25,332	79,438	24.18%
<i>AECOM</i>	150,000	48,147	101,853	32.10%
Professional Support - Operations Subtotal	254,770	73,479	181,291	28.84%
Professional Support - Communications & Outreach				
<i>Kan Ventures</i>	61,100	17,351	43,749	28.40%
<i>External Affairs - Federal (Ferguson Group)</i>	60,000	8,357	51,643	13.93%
<i>External Affairs - State (Villines)</i>	61,100	12,000	49,100	19.64%
<i>Media & Materials - (Commuter Industries)</i>	30,000	4,332	25,668	14.44%
<i>Communication Activities</i>	36,000	2,138		5.94%
Professional Support - Comm. & Outreach Subtotal	248,200	44,177	170,160	17.80%
Consultants Subtotal	1,271,720	271,517	1,000,203	21.35%
Staff				
<i>Leadership</i>	583,962	232,088	351,874	39.74%
Staff Subtotal	583,962	232,088	351,874	39.74%
Other Activities				
<i>CDTFA - State Water Resources Control Board</i>	85,000	82,499	2,501	97.06%
<i>Family Farm Alliance</i>	15,000	-	15,000	
<i>CVPWA dues</i>	45,000	45,000	0	100.00%
<i>SJV Blueprint</i>	15,000	-	15,000	
<i>Public Policy Institute of California</i>	10,000	-	10,000	
<i>Cal-Farm Water Coalition</i>	5,000	5,000		100.00%
<i>Misc Organizational Contributions</i>	10,000	1,700	8,300	17.00%
Dues & Fees Subtotal	185,000	134,199	50,801	72.54%
Other Supplies & Services				
<i>Travel</i>	60,000	3,221	56,779	5.37%
<i>Hotel</i>	37,500	13,682	23,818	36.49%
<i>Meals</i>	45,000	6,123	38,877	13.61%
<i>Miscellaneous visa receipts</i>	10,000	292	9,708	2.92%
<i>Annual Meeting</i>	11,000	-		
<i>Promotional Items</i>	5,500	-		
<i>Meeting expenses -</i>	45,000	47,521	(2,521)	105.60%
Other Supplies & Services Subtotal	214,000	70,840	126,660	33.10%
Admin Allocation	170,456	27,099	143,357	15.90%
Direct Expenses (including rent, mileage)				
<i>Mileage</i>	14,400	6,000	8,400	41.67%
<i>Rent</i>	24,360	10,025	14,335	41.15%
<i>Office Supplies</i>	5,000	31	4,969	0.61%
Direct Expenses Subtotal	43,760	16,056	27,704	36.69%
Other Activities Subtotal	613,216	248,193	348,523	40.47%
Subtotal Base Budgets	2,468,898	751,798	1,700,600	30.45%
Special Projects				
<i>Regulatory Engagement & Advocacy</i>	200,000		200,000	0.00%
Total Special Projects	200,000	0	200,000	0.00%
Total Budgets	2,668,898	751,798	1,900,600	28.17%

Middle Reach Capacity Correction Project, Phase 1
Bureau of Reclamation and Friant Water Authority
Monthly Financial Status Report - Budget to Actual Spending
Expenditures through February 29, 2024

Sources of Funds	Federal Funding			FWA Spending Plan Funds	Friant Water Authority (FWA) Funding					
	SJRRP funds	WIIN funds	Total Federal Funds	Advance Payments for Construction Costs	FWA Contractors	Eastern Tule GSA	Pixley GSA	State Funding-DWR	Misc. Revenue	Total FWA funds
Anticipated Funding	\$41M-\$46.9M	\$ 210,550,000		\$ 118,645,000	\$ 50,000,000	\$125M-\$200M	\$ 11,000,000	\$ 74,480,000	\$ -	
Funds Secured/Received to date	\$ 41,900,000	\$ 208,100,000	\$ 250,000,000	\$ 79,118,000	\$ 49,902,252	\$ 16,164,216	\$ 11,000,000	\$ 67,032,000	\$ 2,458,523	\$ 146,556,991
Expenditures to date	(33,316,951)	(112,377,704)	(145,694,655)	(78,753,482)	(37,044,353)	(14,046,101)	(11,000,000)	(34,990,343)	(480,815)	(97,561,612)
Remaining Funding Available	\$ 8,583,049	\$ 95,722,296	\$ 104,305,345	\$ 364,518	\$ 12,857,899	\$ 2,118,115	\$ -	\$ 32,041,657	\$ 1,977,708	\$ 48,995,379

Project Cost Category	Budget Estimate (2023)			Prior Period Expenditures (Cumulative)			February 29, 2024 Expenditures			Total Expenditures through February 29, 2024			Remaining Budget		
	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total
Pre-Construction Costs Total	\$ 20,967,906	\$ 3,525,733	\$ 24,493,639	\$ 20,967,906	\$ 3,525,733	\$ 24,493,639	\$ -	\$ -	\$ -	\$ 20,967,906	\$ 3,525,733	\$ 24,493,639	\$ -	\$ (0)	\$ (0)
ROW & Land Acquisition Total	\$ 6,704,604	\$ 15,276,761	\$ 21,981,365	\$ 4,912,330	\$ 14,002,726	\$ 18,915,056	\$ (1,102)	\$ 3,072	\$ 1,970	\$ 4,911,228	\$ 14,005,798	\$ 18,917,026	\$ 1,793,376	\$ 1,270,963	\$ 3,064,339
Legal & Administration (Facilitating Services) & IT Services	\$ 51,251	\$ 863,646	\$ 914,897	\$ 60,167	\$ 616,852	\$ 677,019	\$ -	\$ 36,450	\$ 36,450	\$ 60,167	\$ 653,302	\$ 713,469	\$ (8,916)	\$ 210,343	\$ 201,428
Permitting, NEPA/CEQA, Cultural Resources, & Environmental Monitoring	\$ 822,997	\$ 501,908	\$ 1,324,905	\$ 607,627	\$ 101,908	\$ 709,535	\$ (1,000)		\$ (1,000)	\$ 606,627	\$ 101,908	\$ 708,535	\$ 216,370	\$ 400,000	\$ 616,370
Project Management	\$ 2,970,519	\$ 1,668,595	\$ 4,639,114	\$ 1,255,581	\$ 497,237	\$ 1,752,818	\$ 31,060	\$ 8,375	\$ 39,435	\$ 1,286,641	\$ 505,612	\$ 1,792,253	\$ 1,683,879	\$ 1,162,983	\$ 2,846,861
Construction Management	\$ 13,338,075	\$ -	\$ 13,338,075	\$ 9,273,020	\$ -	\$ 9,273,020	\$ 374,481		\$ 374,481	\$ 9,647,501	\$ -	\$ 9,647,501	\$ 3,690,574	\$ -	\$ 3,690,574
Design & Specifications	\$ 729,148	\$ -	\$ 729,148	\$ 185,813	\$ -	\$ 185,813	\$ 8,444		\$ 8,444	\$ 194,256	\$ -	\$ 194,256	\$ 534,892	\$ -	\$ 534,892
Construction Support	\$ 22,547,496	\$ 12,102	\$ 22,559,598	\$ 12,050,634	\$ 15,776	\$ 12,066,411	\$ 472,990		\$ 472,990	\$ 12,523,624	\$ 15,776	\$ 12,539,400	\$ 10,023,872	\$ (3,675)	\$ 10,020,197
Construction Contract & Contingency Total	\$ 95,182,187	\$ 141,465,439	\$ 236,647,626	\$ 90,107,993	\$ 78,690,190	\$ 168,798,184	\$ 5,388,584	\$ 63,291	\$ 5,451,875	\$ 95,496,577	\$ 78,753,482	\$ 174,250,059	\$ (314,390)	\$ 62,711,957	\$ 62,397,567
Total	\$ 163,314,183	\$ 163,314,183	\$ 326,628,366	\$ 139,421,071	\$ 97,450,424	\$ 236,871,494	\$ 6,273,457	\$ 111,189	\$ 6,384,645	\$ 145,694,528	\$ 97,561,612	\$ 243,256,140	\$ 17,619,656	\$ 65,752,571	\$ 83,372,226

% Cost-Share 50% 50% 100% *Actual cost-share percentages:* 60% 40%

Please Note:

* The difference on the cost-share percentages is due to the timing of when the FWA Spending Plan Funds are being expended by BOR.

* The expenditures above reflect the actual spending between USBR & FWA including the split between BOR & FWA to the construction contract payments.

FWA Master List

Key Vendors (Consultant/Legal/Misc)

Last Updated of March 21, 2024

Vendor Name	Type of Support	Principal Vendor POC	Key Support Activities
AECOM	Consultant	Brian Person	Support for San Joaquin River Restoration Program Activities
Bender, Rosenthal, and Inc.	Consultant	Lindy lee	Right of way acquisition & real property appraisal services in support of the Subsidence Correction Project.
Bill Luce Consulting	Consultant	Bill Luce	Represent FWA Restoration goal of the settlement of the litigation entitled NRDC, et al. v. Rogers et al. & implementation of the terms of the settlement occurring thru the SJRRP, San Joaquin River Restoration Program. As-needed support for CVP policy issues.
Burke Williams & Sorenson	General Counsel	Don Davis	General Counsel for FWA - direct support for Board, Subcommittee meetings, Brown Act compliance, reviews proposed contracts as to form, and various legal support for FWA operations on both O&M and GM activities. Legal support (environmental, land acquisition, etc.) for extraordinary maintenance / special projects, as needed.
CDM Smith, Inc	Consultant	Chris Park	Environmental compliance support for Reverse Flow Pump-Back Project EIS/R.
Commuter Industries	Graphic Design	Robert Maurer, Glen Warren	Website design and maintenance, branding, informational material design, newsletter, podcast support
Environmental Science Associates	Consultant	Cathy McEfee	Environmental compliance services for the Friant-Kern Canal (FKC) Water Quality Guidelines Program (Guidelines).
Gordon, Thomas, Honeywell, Malanca	Facilitator	Jim Waldo	Facilitation services for MOU Negotiation
Hudson, Henderson, & Co.	Auditor	Brian Henderson	Annual Independent Financial Statement Audit services
Kan Ventures, Inc. DBA Ewell Group, Consultant	Consultant	Austin Ewell	Advocacy on behalf of FWA with local, State & Federal governmental relations, legislative affairs, management, operations & policy matters. Lead support of San Joaquin Valley Blueprint initiative.
Kaplan Kirsch	Special Counsel	Matt Adams	Special Counsel for BIOps litigation.
MBK Engineers	Consultant	Walter Bourez	Perform weekly tracking and reporting of current and projected water project operations; tracking precipitation forecasts, river flows, snow pack & runoff forecasts, reservoir storage levels, potential flood operations, in-basin usage, delta conditions, fish monitoring & salvage, and other water supply forecasts. In addition tracking regulatory requirements, operations agreements & fishery actions.
Ottomoeller Consulting	Consultant	Steve Ottomoeller	Represent FWA for Water Management Goal(s) of the settlement of the litigation, entitled NRDC, et al v. Rogers et al. as well as, implementation of terms of settlement of San Joaquin River Restoration Program. Supports weekly water supply outlook reporting, monitoring, and forecasting, as needed.

Vendor Name	Type of Support	Principal Vendor POC	Key Support Activities
Provost & Pritchard	Architecture & Engineering Consultant	Alex Collins	(1) Engineering, design, and cost estimating support for the Reverse Flow Pump-Back Project. As-needed survey support for various other canal projects. (2) Engineering/Water Consulting Support for the Groundwater Sustainability Agency Engagement - East-Side
Rego Consulting	IT Consultant	Jocelyn Bean	IT Consultant supporting FWA on developing PowerApps applications to streamline and make more efficient internal processes such as purchasing, payroll, etc.
Somach, Simmons, & Dunn	Special Counsel	Ali Stevens, Ramsey Kropf	Represent/advise FWA on water law, water rights, water supply, and related environmental and regulatory issues; track and monitor water rights proceedings as requested.
Stantec Consulting Services	Architecture & Engineering Consultant	Janet Atkinson, Bill Swanson, Jamil Ibrahim	(1) Engineering, Environmental Compliance, and Project Management support for various FWA initiatives including: design and cost-estimation; water quality modeling and policy support; economic modeling; and water resources tracking, reporting, and forecasting. Planning, design, and construction management services on behalf of the subsidence correction project. (2) Engineering/Design/Study support for the FKC Capacity Correction Project Phase 2+ Recon Study
Stoel Rives	Special Counsel	Tim Taylor	CEQA litigation related to State of CA's Incidental Take Permit for SWP operations.
The Ferguson Group	Lobbyist	Mark Limbaugh	Advocacy on behalf of FWA with Federal legislative & regulatory activities that may affect Friant Division interests, including repairing the Friant-Kern Canal and the quantity, quality, reliability & cost of Friant water supplies.
The Villines Group	Lobbyist	Mike Villines	Advocacy, monitoring, and strategic planning for State legislative affairs, including running bills and scheduling/holding meetings with Legislators, Gov's Office, and executive officials.
Water & Power Law Group	Special Counsel	John Bezdek	Special Counsel for FWA with legal services focused on Supply, Tracking, Policies, and Defense for Friant Supply, Delta Operations, and San Joaquin River Restoration Program.

Vendors	Description	Vendors	Description	Vendors	Description	Vendors	Description	Vendors	Description
<u>Licensing/Software</u>		<u>Services</u>		<u>Equipment</u>		<u>Education</u>		<u>Consulting</u>	
Adobe	PDFs	AT&T	Local calling Delano & OC	Amazon	Keyboards, monitors, cables, etc.	Coursera	Field Training	Grossmayer	Accounting/Great Plains
Atlassian	Help Desk program	Frontier	Phone, fax, & alarm lines- Lindsay	Dell	Laptops, network equipment	Fortinet	Firewall Training	Redesign	IT support
Automox	Deploys windows updates to devices	Fusion	Long distance calling	Fortinet	Firewalls, switches	Kaseya	Phishing Training	Rego	PowerApps
Barracuda	Email protection	Unwired	Internet provider- Delano & OC	Lenovo	Laptops				
Big Green IT	Microsoft	Vast	Internet provider- Lindsay	Redesign	Network equipment				
Bit Warden	Password manager	Verizon	Cell phones & tablets	Ubiquity	Wi-Fi access points				
Carbonite	Backup software for laptops								
Connect Wise	Remote access								
CrowdStrike	Antivirus								
Godaddy	Domains, example: owning friantwater.org								
Horizon	Runs environment for Great Plains for accounting								
Kaseya	Email banner, phishing reporting tool, Office 365								
Redesign	Azure/Entra ID, manages user profiles & logins								
Slack	Troubleshooting channel								
Squarespace	Website Hosting								
Twilio	Messaging alerts for Canal to Water Ops								
Vmware	Manages the servers environment								
Zix	Email encryption								
Zoom	Conference Calling/Meeting								



Agenda Report

2.C.

DATE: March 28, 2024

TO: Board of Directors

FROM: Chris Hickernell, General Superintendent

SUBJECT: **Previously Budgeted Copper-Sulfate Program Purchase – Fiscal Year 2024**

SUMMARY:

The Fiscal Year (FY) 2023 Operations, Maintenance, and Replacement (OM&R) budget for the Friant-Kern Canal was approved by the Board of Directors at the September 28, 2023, meeting. The approved budget included a line-item for FWA’s annual Copper-Sulfate Herbicide Program. FWA received three bids and based upon the low bid, staff is recommending the purchase order be awarded for 120,000 lbs. of Copper-Sulfate to Cygnet Enterprises West Inc. at \$1.58 per lb. for a total cost of \$189,600.00, which is \$40,000 less than the approved FY 2023 budget line-item for the program.

DISCUSSION:

Annual Copper-Sulfate Herbicide Program. The approved FY 2024 OM&R budget included \$233,166 for the purchase of copper-sulfate for algae treatment within the Friant-Kern Canal. FWA staff conducted a solicitation for 120,000 lbs. of Copper-Sulfate where vendors were emailed or faxed a Request for Quotation and the returned bids are detailed in the table below.

		Helena Chemical Co.	Cygnet Enterprises West Inc.	Nutrien Ag Solutions	
Copper Sulfate 120,000 lbs.	\$	\$207,495.00	\$189,600.00	\$203,580.00	
		BID	BID	BID	

FWA was able to obtain three bids for this requirement. The apparent low bidder was Cygnet Enterprises West, Inc. and staff is recommending awarding the purchase order to the low bidder. At this pricing level, the unit cost is \$1.58/lb. for a total cost of \$189,600.00. The price includes tax and delivery to the Friant Water Authority Lindsay yard. Depending on water conditions, combined with current stock on-hand, this purchase should provide FWA enough materials to last throughout the year. The final, negotiated cost is \$43,566.00 less than the amount budgeted for in FY 2024.

FINANCE COMMITTEE RECOMMENDATION:

At the March 25, 2024 meeting, the Finance Committee voted to recommend that the Board of Directors approve the purchase of Copper-Sulfate from Cygnet Enterprises West, Inc. based upon the bids received.

SUGGESTED MOTION:

I move that the Board of Directors to approve the purchase of Copper-Sulfate from Cygnet Enterprises West, Inc. based upon the bids received.

BUDGET IMPACT:

There is no adverse impact on the budget. The recommended purchase is below the amount budgeted within the FY 2024 OM&R budget for the Friant-Kern Canal for the annual Herbicide program.

Agenda Report

No. 3.A.

DATE: March 28, 2024

TO: Board of Directors

FROM: Jason Phillips, CEO; Wilson Orvis, CFO; Don Davis, General Counsel

SUBJECT: **Second Amended and Restated Memorandum of Understanding with San Luis & Delta-Mendota Water Authority Regarding Allocation, Collection and Payment of OM&R Costs for Water Delivered through Certain Central Valley Project Facilities and Proposed Letter Agreement**

SUMMARY:

At the January 19, 2024, Board of Directors meeting, the Board approved a Memorandum of Agreement (MOA) with San Luis & Delta-Mendota Water Authority (SLDMWA) which set forth the terms and process for amending the existing 2002 Memorandum of Understanding Regarding Allocation, Collection and Payment of OM&R Costs for Water Delivered through Certain Central Valley Project Facilities (MOU). Since the approval of the MOA, FWA and SLDMWA staff have worked collaboratively to incorporate the terms agreed to in the MOA into amendments to the MOU as well as develop a separate “Letter Agreement” to memorialize the parties’ commitment in the MOA to assist the Bureau of Reclamation (Reclamation) in seeking additional funding to offset potential increases in operations, maintenance, and replacement (OM&R) costs for water deliveries to federal wildlife refuges resulting from revised cost allocations. The “Second Amended MOU” and Letter Agreement are now ready for FWA and SLDMWA Board approval, and it is anticipated that FWA will first take action at the March 28, 2024, Board meeting and SLDMWA will act shortly thereafter at its April 4, 2024, meeting.

Upon approval of the Second Amended MOU, and consistent with the terms of its Transfer Agreement with Reclamation, SLDMWA will release the amended OM&R Cost Recovery Plan (Exhibit B of the Second Amended MOU) for a 60-day contractor review. SLDMWA is also planning to prepare amendments to its Bylaws and JPA to incorporate specific terms of the Second Amended MOU (i.e., FWA’s participation as a voting member on the Board of Directors) and FWA will also need to amend its Bylaws. Final action on the respective Bylaws/JPA, and the full effectiveness of the Second Amended MOU is anticipated in the June/July 2024 timeframe.

At its meeting on March 11, 2024, the Executive Committee recommended that the Board of Directors authorize the execution of the Second Amended MOU and the Letter Agreement as they are consistent with the MOA terms that were approved by the Board in January.

The authorizations needed to approve the Second Amended MOU and the Letter Agreement, as well as a finding under the California Environmental Quality Act (CEQA) that these actions are exempt from CEQA for the reasons stated, are incorporated as part of proposed Resolution 2024-02.

SUGGESTED MOTION:

I move that the Board of Directors approve Resolution 2024-02 which authorizes execution of the Second Amended Memorandum of Understanding with the San Luis & Delta-Mendota Water Authority regarding allocation, collection and payment of OM&R costs for water delivered through certain Central Valley Project facilities and the Letter Agreement, and find such actions exempt from the California Environmental Quality Act.

ATTACHMENTS:

- Attachment 1 – Resolution 2024-02
- Attachment 2 – Second Amended MOU (Clean Version)
- Attachment 3 – Letter Agreement
- Attachment 4 – Redline of changes to current First Amended MOU
- Attachment 5 – January 2024 MOA (Signed)

Resolution No. 2024-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FRIANT WATER AUTHORITY AUTHORIZING THE EXECUTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE FRIANT WATER AUTHORITY AND SAN LUIS & DELTA-MENDOTA WATER AUTHORITY RELATING TO ALLOCATION, COLLECTION AND PAYMENT OF OPERATION, MAINTENANCE AND REPLACEMENT COSTS FOR WATER DELIVERED THROUGH CERTAIN CENTRAL VALLEY PROJECT FACILITIES, AND AUTHORIZING CERTAIN RELATED ACTIONS, AND FINDING ALL SUCH ACTIONS EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

The Board of Directors of the Friant Water Authority resolves as follows.

Section 1. General Findings. The Board finds as follows:

A. The Friant Water Authority (“FWA”) is a joint powers authority formed under the Joint Exercise of Powers Act set forth in the California Government Code sections 6500 and following.

B. The United States Bureau of Reclamation (“Reclamation”) constructed and owns the facilities of the Friant Division of the Central Valley Project (“CVP”), including the Friant Dam and the Friant-Kern Canal (sometimes as “FKC”).

C. Beginning in 1998, the operations, maintenance and replacement (OM&R) obligations with respect to the FKC have been governed by that certain Agreement Between the United States and FWA to Transfer the Operations, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the Friant-Kern Canal (FKC) and Associated Works (Contract No. 9-07-20-X0356-X, as amended) (“FWA Transfer Agreement”).

D. Beginning in 1998, the OM&R obligations with respect to the San Luis Unit facilities of the CVP have been governed by that certain Agreement Between the United States of America and San Luis & Delta-Mendota Water Authority (“SLDMWA”) to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, C.W. “Bill” Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, O’Neill Pumping/Generating Plant, San Luis Drain and Associated Works (Contract No. 8-07-20-XO354-X, as amended) (“SLDMWA Transfer Agreement”).

E. FWA and SLDMWA agreed that in operating under their respective Transfer Agreements, they would replace Reclamation’s historic CVP-wide pooling of costs of operating, maintaining and replacing CVP conveyance facilities with direct funding by each agency to cover the operation, maintenance, and replacement costs of the facilities assumed by each pursuant to their respective Transfer Agreement.

F. Because certain deliveries of San Joaquin River water to Friant Division Contractors are dependent upon the delivery of certain water to entities referred to as the “Settlement Contractors,” Friant Division Contractors have a critical interest in the OM&R of the CVP facilities transferred to SLDMWA and agreed to pay the OM&R costs incurred by SLDMWA under the SLDMWA Transfer Agreement associated with the delivery of the water to the Settlement Contractors.

G. FWA, under the FWA Transfer Agreement, agreed to apportion among and collect from the Friant Division Contractors the OM&R Costs incurred by SLDMWA in delivering water to the Settlement Contractors and other types of water that may be agreed to for which FWA is responsible on behalf of the Friant Division Contractors and remit these costs to SLDMWA.

J. The obligations of the Friant Division Contractors and FWA described in Recitals F and G, were first incorporated into that certain Memorandum of Understanding between FWA and SLDMWA Relating to the Allocation, Collection and Payment of Operation, Maintenance and Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities dated March 1, 1998 (“MOU”), that was subsequently amended and restated effective September 1, 2002 (“First Amended MOU”).

K. In the intervening years since the execution of the First Amended MOU, there have been changes in how Reclamation has operated the CVP along with many changes in federal and state regulations, as well as litigation and settlement agreements such as the San Joaquin River Settlement, which have collectively affected water supplies and the operation and delivery of water supplies through CVP facilities, including those transferred to FWA and SLDMWA.

L. In response to the above-referenced changes in water supplies and operations, as well as in recognition of the need to clarify certain provisions of the First Amended MOU, on February 1, 2023, FWA requested negotiation of modifications to the First Amended MOU under Article VII of the First Amended MOU.

M. Beginning in July 2023 and continuing through December 2023, representatives of FWA and SLDMWA met on a monthly basis (with other working group meetings in between) to discuss potential amendments to the First Amended MOU.

N. As a result of the negotiations, FWA and SLDMWA developed and ultimately executed a Memorandum of Agreement effective January 19, 2024 (“MOA”). The MOA set forth the general terms of proposed amendments to the First Amended MOU that are to be incorporated into a Second Amended and Restated MOU (“Second Amended MOU”).

O. Following the adoption of the MOA, representatives of FWA and SLDMWA have met and conferred on a regular basis to draft the agreed upon amendments to the First Amended MOU, which the parties have incorporated, along with other mutually desired changes, into the proposed Second Amended MOU, which is attached to this Resolution as Attachment No. 1.

P. In recognition of the potential increases in the allocation of OM&R costs to federal wildlife refuges under the proposed Second Amended MOU, FWA and SLDMWA agreed in the MOA to work collaboratively with Reclamation to seek additional appropriations for the refuges to address these potential cost increases. A letter to Reclamation setting forth such commitment ("Refuge Funding Commitment Letter") is attached to this Resolution as Attachment No. 2.

Q. The Board determines it to be in the best interest of FWA to authorize the Board Chair and Secretary to execute the Second Amended MOU, and to further authorize the Chief Executive Officer or his designee to execute of such other documents and agreements that may be necessary to implement the parties' agreement set forth in the MOA, including the Refuge Funding Commitment Letter.

Section 2. Environmental Findings. The Board finds with respect to the application of the California Environmental Quality Act (CEQA) as to the approval of this Resolution as follows:

A. The Board's approval of this Resolution does not qualify as a "project" subject to CEQA because it constitutes (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3).) Moreover, the approval of the Resolution does not qualify as a "project" because it does not have a potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, § 15378(a), (b)(2)(4) and (5).)

B. The Board's approval of this Resolution is statutorily exempt from CEQA under State CEQA Guidelines section 15273, as the Resolution and the subject Second Amended MOU concerns the establishment, modification, structuring, restructuring, or approval of rates or other charges by public agencies which the public agency finds are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment, or materials, (3) meeting financial reserve needs and requirements, and (4) obtaining funds for capital projects, necessary to maintain service within existing service areas. (State CEQA Guidelines, § 15273.)

C. The Board's approval of the Resolution is also exempt from CEQA under the common sense exemption set forth in State CEQA Guidelines section 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. None of the exceptions to this exemption identified in CEQA Guidelines § 15300.2 exist here.

Based on the above findings, the Board authorizes the Chief Executive Officer or his designee to file a CEQA Notice of Exemption ("NOE") with the State Office of Planning and Research.

Section 3. Approval of Second Amended MOU and Authorization to Execute or Prepare all Necessary Implementing Agreements and Documents. The Board authorizes the Board Chair and Secretary to execute the Second Amended MOU, and further authorizes the Chief Executive Officer or his delegees to execute such other documents and agreements that may be necessary to implement the Second Amended MOU, including the Refuge Funding Commitment Letter, and to prepare for Board consideration and approval any related actions contemplated in the MOA and the Second Amended MOU necessary to effectuate the parties' agreements set forth in the MOA and the Second Amended MOU.

PASSED AND ADOPTED on March 28, 2024, by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

Dated: March 28, 2024

Jim Erickson
Chair, Board of Directors

Attest: March 28, 2024

Josh Pitigliano
Secretary-Treasurer, Board of Directors

Attachment No. 1
Second Amended MOU

Attachment No. 2
Refuge Funding Commitment Letter

**SECOND AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING BETWEEN
FRIANT WATER AUTHORITY AND
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
RELATING TO ALLOCATION, COLLECTION, AND PAYMENT OF
OPERATION, MAINTENANCE, AND REPLACEMENT COSTS FOR
WATER DELIVERED THROUGH
CERTAIN CENTRAL VALLEY PROJECT FACILITIES**

This Second Amended and Restated Memorandum of Understanding is made effective as of [DATE], by and among the Friant Water Authority (“FWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 6500, *et seq.* and the San Luis & Delta-Mendota Water Authority (“SLDMWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 6500, *et seq.*, and amends and restates the First Amended and Restated Memorandum of Understanding made and entered into by the parties effective as of September 1, 2002.

DEFINITIONS

As used in this MOU, the following terms have the meanings indicated below. Terms with their initial letters capitalized but not defined below have the same meanings ascribed to them in the FWA Transfer Agreement and the SLDMWA Transfer Agreement.

1. Extraordinary OM&R: Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.
2. Friant Division Contractors: Water Delivery Contractors receiving water service from the Friant Division of the Central Valley Project (“CVP”), including members and non-members of FWA.
3. FWA: Friant Water Authority.
4. FWA Transfer Agreement: That certain Agreement Between the United States of America and Friant Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works effective October 5, 2020, as it may be amended.

5. Memorandum of Understanding or “MOU”: This Second Amended and Restated Memorandum of Understanding.
6. OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement.
7. OM&R Budget: SLDMWA’s annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.
8. OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.
9. OM&R Program: All activities of SLDMWA required for the OM&R of the Project Facilities pursuant to the SLDMWA Transfer Agreement, including but not limited to, the program of work to be performed, the preparation and adoption of budgets, funding (including establishment of reserves and creation of debt), purchasing, auditing, inspections, cost recovery methodology, and administrative responsibilities.
10. Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer Agreement in connection with the delivery of “Other Water,” as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
11. Project Facilities: The physical works and appurtenances associated with the C.W. “Bill” Jones Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), Kesterson Reservoir, O’Neill Pumping/Generating Plant and Switchyard, the federal share of the O’Neill Forebay, Mendota Pool¹, the federal share of San Luis Unit joint use conveyance and conveyance pumping facilities, and the San Luis Drain; this term includes the facilities defined as the “Project Works” in the SLDMWA Transfer Agreement.

¹ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal or contractual obligations of the United States. Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

12. Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.
13. Settlement Contractors: Those contractors listed in the attached Exhibit A entitled to receive water service through the Project Facilities without charge, except as provided in the OM&R Cost Recovery Plan.
14. Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.
15. SLDM Contractors: Water Delivery Contractors that receive water (other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement.
16. SLDMWA: San Luis & Delta-Mendota Water Authority.
17. SLDMWA Cost Recovery Plan: The cost allocation methodology described in the attached Exhibit B, also referred to as the “Cost Recovery Plan.”
18. SLDMWA Transfer Agreement: That certain Agreement Between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, C.W. “Bill” Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, O’Neill Pumping/Generating Plant, San Luis Drain and Associated Works effective January 14, 2020, as amended.
19. USBR: United States Department of the Interior, Bureau of Reclamation.
20. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which “Project Water” is to be supplied from or through Project Facilities and (2) any exchange contract, water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project

Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

21. Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

RECITALS

1. Since March 1, 1998, the costs of operating, maintaining and replacing certain CVP conveyance facilities and the San Luis Drain, and the costs of conveyance pumping, no longer have been funded by the USBR through federal appropriations and instead are being funded pursuant to those certain agreements to transfer the operation, maintenance and replacement and certain financial and administrative activities (the “Transfer Agreements”) entered into between USBR and (i) SLDMWA, (ii) FWA, and (iii) Madera Irrigation District and Chowchilla Water District, and the October 1, 1996 Transfer Agreement between the USBR and the Tehama-Colusa Water Authority, respectively (referred to as the “Conveyance Contractors”), except that the USBR has entered into, or agreed to enter into, other appropriate legal instruments to fund OM&R Costs for Water Delivery Contractors that have a deficiency, as that term is defined in Article 12(c) of the SLDMWA and FWA Transfer Agreements, in payment to the Conveyance Contractors.

2. The Conveyance Contractors have agreed to the principle that in operating under their respective Transfer Agreements, the Conveyance Contractors will replace the USBR’s historic CVP-wide pooling of costs of operating, maintaining and replacing CVP conveyance facilities with direct funding by each Conveyance Contractor to cover the operation, maintenance, and replacement costs of the facilities assumed by each pursuant to their respective Transfer Agreements.

3. Pursuant to the terms of the SLDMWA Transfer Agreement, the cost of OM&R of CVP conveyance facilities and the San Luis Drain, and the costs of conveyance pumping for water delivered through the Project Facilities will be funded by SLDMWA, and SLDMWA will establish budgets and methods for direct recovery of OM&R Costs of such facilities from the Water Delivery Contractors and Parties Entitled to Receive or Utilize Other Water receiving such water.

4. Because certain deliveries of San Joaquin River water to Friant Division Contractors are dependent upon the delivery of Settlement Water to the Settlement Contractors, those Friant Division Contractors have a critical interest in the OM&R of the Project Facilities and have agreed to pay the OM&R Costs incurred by SLDMWA under the SLDMWA Transfer Agreement associated with the delivery of the Settlement Water as determined in accordance with this MOU.

5. FWA, by virtue of the FWA Transfer Agreement, is willing to apportion among and collect from the Friant Division Contractors the OM&R Costs incurred by SLDMWA in delivering Settlement Water and other types of water that may be agreed to for which FWA is responsible on behalf of the Friant Division Contractors under this MOU and remitting the same to SLDMWA, all in accordance with the terms of this MOU.

AGREEMENT

The parties enter into this MOU based upon the facts and definitions stated above, and for the purposes and upon the terms and conditions set forth below:

I. PURPOSES OF THE MOU

The purposes of this MOU are as follows:

- A. To establish the standards for OM&R of the Project Facilities by SLDMWA, and to set forth certain assurances relating thereto;
- B. To establish the methodology for allocating and recovering OM&R Costs;
- C. To establish the process for remittance by FWA to SLDMWA of payments collected from the Friant Division Contractors for OM&R Costs allocable to the Friant Division Contractors under this MOU;
- D. To establish the principles for and rights of participation in decision-making by FWA in the OM&R Program, which includes providing input, and as applicable voting, on cost allocation, collection and payment procedures, and budgeting;
- E. To establish the process of resolution of any disputes that may arise in the implementation of this MOU; and
- F. To establish the conditions or events which would trigger renegotiation and/or renegotiation of this MOU.

II. STANDARD FOR OM&R OF THE PROJECT FACILITIES

The OM&R Program will comply with the standards set forth in the SLDMWA Transfer Agreement; provided, that the OM&R Costs may not exceed those which are reasonably necessary to OM&R the Project Facilities in accordance with such standards. The parties mutually acknowledge that there are items of deferred maintenance which must be performed on the Project Facilities in order for the OM&R Program to meet the applicable standards, and nothing in this paragraph is intended to preclude the performance of those deferred maintenance items or the equitable development of reserves in accordance with this MOU which will permit the OM&R of the Project Facilities in the future in accordance with the SLDMWA Transfer Agreement.

III. DEVELOPMENT OF COST RECOVERY METHODOLOGY

A. Cost Recovery Methodology for OM&R Costs

1. Principles of Cost Allocation. The OM&R Costs in which FWA will share will be allocated to OM&R activities in accordance with (i) generally accepted accounting principles and (ii) the SLDMWA Cost Recovery Plan, which will be applied consistently for all OM&R activities of SLDMWA. To the extent the allocation of the costs for specific acquisitions or OM&R activities is not addressed by the SLDMWA Cost Recovery Plan, such costs will be allocated in a manner consistent with the following principles, also contained in the SLDMWA Cost Recovery Plan:

a) Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this MOU;

b) Water rates will be comprised of various cost pool components based on the principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used for such deliveries; and

c) All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

If the actual use of Project Facilities, including any subsequently acquired property or facilities, proves to be materially different from the use that is anticipated, appropriate adjustments will be made in order to more accurately reflect an appropriate allocation of OM&R Costs.

2. Reserves. Reserves for Extraordinary OM&R, capital replacement, emergencies, and other appropriate purposes will be established in accordance with the SLDMWA Transfer Agreement and the SLDMWA Cost Plan. Only items meeting the criteria attached hereto as Exhibit C (“Reserve Criteria”) will constitute Reserves in which FWA must participate for purposes of this MOU.

3. Disbursements of Interest or Reserves. While it is anticipated that all amounts paid by FWA to SLDMWA under this MOU and any associated interest earnings will be retained by SLDMWA and utilized to support the OM&R Program, in the event of any distributions of interest or of Reserves, such distributions will be made to the parties providing the funds being distributed or the funds on which the interest to be distributed was earned, including FWA.

4. Miscellaneous Revenues. The parties anticipate that SLDMWA may from time to time realize miscellaneous revenues from sources directly related to the OM&R Program, including without limitation revenues from (i) rebates from vendors of products and/or services used in the OM&R Program, (ii) the sale of used equipment originally acquired for use in the OM&R Program, and (iii) amounts collected from third parties for whom SLDMWA performs contract services using employees, equipment and/or materials otherwise used in the OM&R

Program. All such miscellaneous revenues will be retained by SLDMWA and utilized to support the continued OM&R Program, as an offset to budgeted OM&R Costs that would have been allocated to Friant Division and SLDM Contractors.

IV. ALLOCATION, COLLECTION, AND REMITTANCE OF COSTS BY FWA

A. Recovery from Friant Division Contractors

FWA will, as a part of the FWA cost recovery methodology developed under the FWA Transfer Agreement, provide for the recovery of OM&R Costs allocated to Settlement Contractors under the SLDMWA Cost Recovery Plan, which OM&R Costs are to be paid by Friant Division Contractors. To the extent the USBR has conferred upon FWA the legal authority to do so, FWA will allocate such costs among, and collect such costs from, the Friant Division Contractors, and will promptly remit such costs to SLDMWA.

B. Remedies for Non-Payment or Delinquent Payment

In the event of any non-payment or delinquent payment to FWA by a Friant Division Contractor of amounts to be collected by FWA and remitted to SLDMWA under this MOU, FWA will diligently exercise its available remedies, (whether under Article 12 of the FWA Transfer Agreement, or under California law), in a manner FWA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to SLDMWA. If FWA is unable to collect and remit any amount owing from the delinquent Friant Division Contractor before the last day of the month before the scheduled month of delivery (whether from such Friant Division Contractor or from the USBR via offset or direct payment), or if FWA fails to promptly remit to SLDMWA all amounts received from any Friant Division Contractor, the USBR will be deemed to have directed SLDMWA to deliver or convey Settlement Water despite a delinquency under Article 12 of the SLDMWA Transfer Agreement, and the United States will be liable to SLDMWA for the costs to be recovered on account of such Settlement Water under this Agreement; provided, that FWA will also continue to diligently exercise its available remedies in the manner FWA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to SLDMWA. Nothing contained in this MOU authorizes SLDMWA to terminate Settlement Contractor deliveries in the event of delinquencies in payment by the Friant Division Contractors.

V. FWA INPUT AND PARTICIPATION IN SLDMWA OM&R ACTIVITIES

A. FWA Participation

FWA will participate in SLDMWA decision-making relating to the OM&R of the Project Facilities and the OM&R Program through representation and voting on the SLDMWA Board of Directors, Finance and Administration Committee, OM&R Technical Subcommittee, and the Planning Committee.

1. Board of Directors. FWA will be entitled to representation on the SLDMWA Board of Directors, in that the FWA representative may vote on any action item

funded, in whole or in part, from any OM&R fund or Reserves to which Friant Division Contractors have or will have contributed.

2. Finance and Administration Committee. FWA will be entitled to one of eight positions on the Finance and Administration Committee (“FAC”), with the right to vote on all OM&R budgetary matters. The FAC is an advisory committee to the Board of Directors. A recommendation of the FAC to the Board of Directors to adopt or amend the OM&R Budget will be adopted by the “yes” vote of at least 5 of 8 members. The FWA representative and an alternate will be selected by FWA. The FWA alternate representative will participate and may cast the vote of FWA in the absence of the FWA representative, or in case such representative is barred from voting due to conflict of interest.

3. OM&R Technical Committee. FWA will be entitled to one of ten positions on the OM&R Technical Committee, with the right to vote on all matters. The OM&R Technical Committee is a subcommittee of the FAC and is advisory to the FAC and the Board of Directors. As long as this MOU is in effect, the OM&R Technical Committee will be comprised of the following members, with no Water Delivery Contractor entitled to have more than one representative on such committee at any time:

Contractors served from the Mendota Pool	1
Contractors served from the Lower DMC	1
Contractors served from the Upper DMC	1
Contractors served from the San Luis Canal (1 from Westlands + 1 from others)	2
Contractors served from the San Felipe Division	1
Exchange Contractors	1
FWA	1
USBR	1
SLDMWA Technical Staff	1

One alternate will be appointed for each such representative, and each such alternate will participate and cast the vote of the represented party in the absence of such party’s representative or in case the representative is barred from voting due to conflict of interest.

The SLDM and Settlement Contractors in each of the above-referenced service areas are listed in the attached Exhibit D.

A recommendation of the OM&R Technical Committee to the FAC to adopt or amend OM&R Budget levels will be adopted by the “yes” vote of at least 8 of 10 members. At any point in the budget approval process, a budget or a budgetary issue may be remanded back to the OM&R Technical Committee, which will diligently meet to reconsider the matter and provide its recommendation.

4. Planning Committee. The Planning Committee is a subcommittee of the FAC and is advisory to the FAC and the Board of Directors.

a) FWA will be entitled to one of six voting positions on the Planning Committee, with the right to vote on all matters. As long as this MOU is in effect, the Planning Committee will be comprised of the following members, with no Water Delivery Contractor entitled to have more than one representative on such committee at any time:

SLDMWA Division 1	1
SLDMWA Division 2	1
SLDMWA Division 3	1
SLDMWA Division 4	1
SLDMWA Division 5	1
FWA	1

One alternate will be appointed for each such representative, and each such alternate will participate and cast the vote of the represented party in the absence of such party's representative or in case the representative is barred from voting due to conflict of interest.

b) In addition, the Planning Committee will include five non-voting members:

SLDMWA staff/consultant representative	1
FWA staff/consultant representative	1
USBR representative	1
SLDMWA technical representative	1
FWA technical representative	1

The non-voting members will not count in the calculation of a quorum.

c) The Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project for which SLDMWA's estimated total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs. The Planning Committee's cost allocation recommendation will be informed by preparation of a beneficiary analysis that will provide supply benefits broken down by water service type and contractor. The anticipated benefits to be analyzed will be comprised of two components: 1) attributable water supply direct benefits (water entitlements and priority of service), including increases in water deliveries due to an Extraordinary OM&R project, and 2) system-wide indirect benefits, including economic considerations.

d) The Planning Committee should be involved in review of a potential Extraordinary OM&R project as early as possible in order to make a cost allocation recommendation so that prudent and cost-effective decisions related to the proposed Extraordinary OM&R project can be made on a timely basis. As the owner of the Project Facilities, USBR will be consulted on proposed Extraordinary OM&R projects involving such Facilities given its independent role in developing project feasibility studies and environmental documents.

Second Amended and Restated Memorandum of Understanding

e) Initial cost allocation recommendations from the Planning Committee require a unanimous vote by all members present. If, after exploring various solutions to achieve unanimity, members who represent agencies that are not proposed to be allocated the Extraordinary OM&R project costs continue to object to the proposed findings or recommendation, such members' objection will not preclude a recommendation moving forward from the Planning Committee provided that all remaining members of the committee representing agencies that will be allocated Extraordinary OM&R project costs unanimously approve the findings and recommendation.

f) Once a recommendation on cost allocation has been made by the Planning Committee, the recommendation will be forwarded to the FAC for its consideration and/or possible recommendation to the SLDMWA Board of Directors. If the FAC proposes any "material change"² to the Planning Committee recommendation, the proposed material change, including a summary of the reasons for the change(s), must be referred back to the Planning Committee for review.

g) Upon receipt of a proposed material change to an initial recommendation, the Planning Committee can 1) concur in the FAC's proposed material change, 2) unanimously support revisions to the material change (including reasons why the Planning Committee recommendation is preferable to the FAC-proposed material change), or, 3) if unanimous support or revisions cannot be agreed to, the original Planning Committee recommendation will stand, and the Planning Committee recommendation will be sent, along with the separate FAC recommendation, to the SLDMWA Board of Directors for action.

h) The Planning Committee's review of and response to the FAC-proposed material change(s) must occur within thirty (30) days of any referral from the FAC, unless the FAC agrees to a longer review and response period.

i) Initial cost allocations related to an Extraordinary OM&R project that the Planning Committee has reviewed will be periodically reviewed by the Planning Committee, FAC, and/or SLDMWA Board of Directors to determine if changes in allocated costs are warranted.

5. SLDMWA Committee Structure. All matters pertaining to the OM&R Budget and the OM&R Program will be addressed by the FAC, OM&R Technical Committee, and/or Planning Committee, for matters within their respective jurisdiction. SLDMWA will not alter that delegation of responsibility or the structure/composition of the committees or subcommittees while this MOU is in effect without the consent of FWA; provided, that FWA will not withhold such consent in the event SLDMWA wishes to form new committees or subcommittees to deal with OM&R budgetary and/or OM&R Program matters if FWA is entitled to participate on such committees or subcommittees by representation and with voting rights that are equivalent to the rights described in this MOU. Reorganizations of committee

² For the purposes of this Section V.A.4, a "material change" is one that would increase the overall costs of the Extraordinary OM&R project by more than 10% based on the engineer's estimate, or increase the project costs allocated to any participating OM&R payor by more than 10%.

structure that do not affect FWA participation on OM&R budgetary and/or OM&R Program matters, such as splitting off administrative matters or other non-OM&R budgets, will not be affected by the terms of this MOU.

B. Provision of Information

SLDMWA will share with FWA in a timely manner all relevant information available regarding SLDMWA OM&R Budgets; actual OM&R Costs incurred, including but not limited to power costs; water deliveries; and all similar information that affects the OM&R Budget, the OM&R Program, the SLDMWA Cost Recovery Plan, and adjusting estimated costs to actual. All such information will be provided to FWA at the same time it is provided to all other members of the Board of Directors or members of any committee or subcommittee as part of a regular or special meeting, and if a separate request for information is made by FWA representatives outside of any board, committee or subcommittee meeting, such information will be provided as soon as reasonably practical.

1. Reports. SLDMWA will provide such information by means of its draft and final budgets and any budget addenda on OM&R; monthly Financial Report, including budget-to-actual expenditures; USBR and/or SLDMWA Water Delivery Reports; and such other reports as may be developed for such purposes from time to time.

2. Access. FWA will be afforded access to inspect SLDMWA records on the same terms as are provided to the USBR pursuant to Article 15(a) of the SLDMWA Transfer Agreement.

C. Notices and Meeting Dates

SLDMWA will give FWA, its designated representatives and the designated alternate for each timely notice of all meetings of the Board of Directors, FAC, OM&R Technical Committee, and Planning Committee. All information and notices provided to FWA by SLDMWA will be provided in the same detail, and at the same time, as the information and notices provided to SLDMWA members or their representatives participating in the same decision-making. To facilitate FWA participation as described herein, SLDMWA will use its best efforts to establish regular meeting dates for meetings of the Board of Directors, committees, and subcommittees that deal with the OM&R Program or any OM&R-related issue on dates that do not conflict with regularly-scheduled FWA meeting dates, to coordinate meeting dates for special meetings of such committees or subcommittees with the schedules of FWA representatives, and to permit FWA to participate by telephone or other electronic means, and FWA will use best efforts to make its representatives available for such participation.

VI. RESOLUTION OF DISPUTES

A. Process

Disputes relating to interpretation or performance of this MOU will be resolved according to the process described in this Article.

1. Informal Dispute Resolution. Should any dispute arise between SLDMWA and FWA concerning any matter that is the subject of this MOU, the party raising the disputed issue must promptly give written notice (“Dispute Notice”) to the other party. The Dispute Notice must contain the date or general period the dispute arose, a detailed explanation of the issue (including proposed resolution of the issue), and the name and contact information of the disputing party's representative who should be contacted by the responding party. The parties must schedule and participate in an initial meeting no later than thirty (30) days from the date of the Dispute Notice, and if the issue is not resolved at the initial meeting, the parties must thereafter continue to engage in good faith efforts to resolve the issue at the earliest opportunity. Each party must make available, at such party's expense, such policy-level staff members, technical staff, consultants, or Board members as are reasonably necessary to the equitable and expedient resolution of the issue. At any time during this process, either party may request that the Regional Director of the USBR participate in the process to facilitate the resolution, and the other party will accept such participation if it is provided. In the event the parties have not reached agreement on resolution of the disputed issue within ninety (90) days of the date of the Dispute Notice, or such extended period as the parties may mutually agree to, either party may pursue the remedies described in Section VI.A.2 or 3, as applicable.

2. Alternative Dispute Resolution. At any time during the informal dispute resolution process described in Section VI.A.1 above, or following the expiration of the time period established for such process, either party may propose a form of alternative dispute resolution (“ADR”) such as mediation or arbitration to resolve the dispute. The utilization of such voluntary ADR process will require mutual agreement as to the specifics of the process, and the decision as to whether to utilize such voluntary ADR process in the first place and the details of such process will be at the sole discretion of the parties. The parties will endeavor, where applicable, to select a mediator or arbitrator with general familiarity with the OM&R of water conveyance facilities and the CVP. The decision by any party not to utilize ADR or the inability to agree upon the specifics of an ADR process will not constitute bad faith under this MOU.

3. Resolution by USBR. In the event the parties have not reached agreement on resolution of the dispute through informal dispute resolution within the time period described in Section VI.A.1., with or without the assistance of the Regional Director as facilitator, or through the voluntary utilization of ADR under Section VI.A.2, then the dispute will be determined by the Regional Director using the following procedure:

a) Within fifteen (15) days after the expiration of the period for informal dispute resolution and after the termination of any ADR proceedings, the parties will request in writing a determination of the dispute by the Regional Director (“Request for Dispute Determination”).

b) Upon receipt of a Request for Dispute Determination, the Regional Director, with non-binding input from the parties, will select a panel of USBR personnel (“Panel”) with appropriate financial, operational, policy, or technical backgrounds to assist in the resolution of the dispute.

c) The Regional Director, in coordination with the parties, will set dates for the submission of position papers on the dispute (including page limitations) and for the parties to present their positions to the Regional Director and the Panel. Unless the parties agree otherwise, the meeting at which the parties present their positions must take place within sixty (60) days of the date of submission of the Request for Dispute Determination.

d) Within sixty (60) days of the meeting at which the parties present their positions, or such other reasonable date as may be agreed upon by the parties and USBR, the Panel will prepare an analysis and recommendation on the dispute and the Regional Director, upon review of such recommendation and following an opportunity to request any additional information or to have any additional meetings with the parties, will issue a final written decision on the dispute. Nothing in this MOU is intended to or will limit the discretion of the Regional Director to apply applicable Reclamation law, policies, or procedures, where appropriate, in resolving any disputes submitted by the parties under this Section VI.A.3.

e) The Regional Director's determination will constitute a final written determination of the Contracting Officer pursuant to Article 10 of the parties' existing Transfer Agreements, and the parties must promptly comply with the determination until the same is stayed, reversed, or modified by a decision of a court of competent jurisdiction. Any challenge to the Regional Director's determination must be filed in federal court within sixty (60) days thereafter, and such determination will be subject to judicial review under the applicable standards of the federal Administrative Procedure Act (5 U.S.C. § 706). Except as set forth in Section VI.B, if the Regional Director's determination results in a payment obligation to either party, any such payment need not be made prior to the final resolution of any judicial proceedings commenced in accordance with this subsection.

f) If the Regional Director's determination under Section VI.A.3.e results in a payment obligation to either party, and an appeal is not timely filed in federal court, the following provisions will apply:

1. If the Regional Director determines FWA owes payment to SLDMWA under the MOU, FWA must promptly pay the sums owed to SLDMWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. After sixty (60) days from the Regional Director's final decision, any unpaid amounts will be deemed a "deficiency" within the meaning of Article 12 of the SLDMWA Transfer Agreement.

2. If the Regional Director determines SLDMWA owes payment to FWA under the MOU, SLDMWA must promptly pay the sums owed to FWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. If after sixty (60) days from the Regional Director's final decision SLDMWA has not paid the sums owed FWA, then FWA may apply the total obligation as a credit towards any pending or future cost invoice to FWA until the obligation is fully offset.

g) The parties agree to share equally any costs imposed by USBR associated with the participation of the Regional Director and Panel personnel in the dispute resolution process under this Section VI.A.3.

B. Disputes Causing Cash Flow Difficulties

The parties recognize that circumstances could arise in which the non-payment of amounts due by one party could create material cash flow difficulties for the other party. In the event a dispute results in the non-payment of obligations owed to SLDMWA by FWA or a demand from FWA for payment by SLDMWA at such time or in such amount that the other party becomes unable to reasonably meet its cash flow needs, the affected party will not be obligated to pursue informal dispute resolution or ADR for a period of longer than ten (10) days, after which time the party will be entitled to issue a Request for Dispute Determination to USBR under Section VI.A.3. In addition, in the event the Regional Director determines that a payment is due from a party, and if the party owed the payment needs the funds to reasonably meet cash flow needs, payment must be made promptly notwithstanding the pendency of any judicial proceedings to review the Regional Director's determination, subject to the reimbursement of the disputed payment amount if the Regional Director's determination regarding a payment obligation is later set aside in whole or in part by a court. For the purposes of this subsection, the phrases "material cash flow difficulties" and "reasonably meet cash flow needs" means the applicable party lacks sufficient unrestricted funds to pay current costs owed without being able to collect the funds associated with the disputed matter. "Unrestricted funds" has the same meaning as categories of unrestricted cash as reported by each party in its annual, audited financial statements.

C. Status of Obligations During Pendency of Dispute

1. **Payment Obligations.** During the period of any dispute between the parties regarding annual OM&R Costs collected via water rates, FWA must pay all disputed annual OM&R Costs collected from Friant Division Contractors during the course of the dispute. With respect to disputed payment obligations for Extraordinary OM&R projects or cost allocations for projects for which the budget is greater than 50% of the current year's routine OM&R Budget, to the extent costs are imposed on SLDM Contractors during the first ninety (90) days following a Dispute Notice, FWA will pay all disputed costs collected into an escrow or trust account. If the dispute is not resolved within ninety (90) days, any funds deposited into the escrow or trust account will be paid to SLDMWA, and FWA must thereafter remit all disputed payments collected to SLDMWA, unless the parties agree otherwise.

2. **Changes to Payment Obligations Resulting from Resolution of Dispute.** The resolution of any dispute for which a Dispute Notice is issued under Section VI.A will include an agreement between the parties (if resolved voluntarily) or a determination by USBR or a federal court as to the amount and timing of the retroactive adjustment or prospective adjustment, as applicable, in disputed payment obligations.

D. Termination of Transfer Agreements

The parties acknowledge that they each have a right to terminate their respective Transfer Agreement on 12 months' notice under Article 2(c) thereof, and that a material dispute relating to the interpretation or performance of this MOU, or the unsatisfactory resolution thereof, could lead to such a termination. In order to facilitate mutually acceptable resolution of disputes and reduce the possibility of a termination of either the FWA Transfer Agreement or the SLDMWA Transfer Agreement, the parties agree that neither of them will give notice of termination of a Transfer Agreement under Article 2(c) thereof for a period of at least 6 months after the date of the notice described in Section VI.A.1; provided, that if matters unrelated to any such dispute arise which cause a party to desire termination, such notice may be sooner given.

VII. RENEGOTIATION PRINCIPLES

A. Basis for Agreement

This MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, represents the parties' negotiated agreement on an equitable apportionment of the OM&R Costs by SLDMWA. In entering into this MOU, the parties have made assumptions that water supplies and operations of the parties' respective members will not materially change while this MOU is in effect and that there will be no material change in the use of or access to facilities utilized by the parties and their members after the effective date of this MOU. Further, they have assumed the accuracy of financial data provided and/or developed by the USBR and the SLDMWA in connection with the negotiation of this MOU, the SLDMWA Cost Recovery Plan and Reserve Criteria. The parties acknowledge that all such assumptions were material to their respective decisions regarding the provisions of this MOU, including the SLDMWA Cost Recovery Plan and in the Reserve Criteria, and agree that in the event any of those assumptions proves to be incorrect, or upon the occurrence of certain other events described in Section VII.B., renegotiation of this MOU, the SLDMWA Cost Recovery Plan, and/or Reserve Criteria is appropriate.

B. Events Triggering Renegotiation of MOU

In addition to the express provisions of this MOU that require consideration of potential amendments should certain events occur, should a party conclude that this MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, can and should be modified to address (i) such party's determination that one or more of the fundamental assumptions described in Section VII.A. was in error, (ii) an administrative or court order materially affecting the water supply or operations of one or more of the agencies comprising such party, or which makes it reasonably foreseeable that such agency(ies) will thereafter suffer a material and adverse change in its/their water supply or operations, or (iii) another significant event which makes it reasonably foreseeable that such party will bear a material increase in OM&R Costs on a per acre foot ("AF") basis, the parties commit to entering into negotiations in good faith and timely efforts to modify this MOU, the SLDMWA Cost Recovery Plan or Reserve Criteria, as applicable.

C. Inability to Reach Agreement on Modification of MOU

In the event a party seeks modification of this MOU pursuant to Section VII.A., neither party will give notice of termination of its Transfer Agreement pursuant to Article 2(c) thereof for six (6) months after the first negotiation date; provided, that if matters unrelated to the event giving rise to the party's request for modification of this MOU arise which cause a party to desire termination, such notice may be sooner given. Following such 6-month period, either party will be free to exercise its right to terminate its Transfer Agreement under Article 2(c) thereof if a mutually acceptable modification of this MOU has not been developed.

VIII. MISCELLANEOUS

A. Term of MOU

This MOU will remain in effect until it is terminated by the mutual agreement of the parties; provided, that this MOU will automatically terminate without further action of the parties upon the termination, as applicable, of either the FWA Transfer Agreement or the SLDMWA Transfer Agreement. Upon any termination of this MOU, the SLDMWA Cost Recovery Plan will also terminate, although if the FWA Transfer Agreement terminates, SLDMWA would proceed in promptly developing a new cost recovery methodology. In that regard, the parties acknowledge that the agreements described in this MOU, and particularly the agreements contained in the SLDMWA Cost Recovery Plan, are part of a negotiated and comprehensive arrangement which reflects numerous compromises and tradeoffs by the parties. Accordingly, no aspect of this MOU or the SLDMWA Cost Recovery Plan is to be construed as precedent, and all aspects thereof must be renegotiated if this MOU is terminated.

B. Attorneys' Fees

In the event of any judicial action by any of the parties seeking enforcement or interpretation of any of the terms and conditions of this MOU, the prevailing party in such action will be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses including, without limitation, taxable costs and reasonable attorneys' fees.

C. Entire Agreement

This MOU and its exhibits contain all of the agreements of the parties with respect to the subject matter of this MOU. No other prior agreement or understanding pertaining to any such matter will be effective for any purpose. No provisions of this MOU may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized representatives of each of the parties.

D. Exhibits

This MOU includes Exhibit A, a list of Settlement Contractors; Exhibit B, the SLDMWA Amended OM&R Cost Recovery Plan; Exhibit C, Reserve Criteria; and Exhibit D, a list of SLDM Contractor Service (Delivery) Areas. The parties anticipate that Exhibit A and Exhibit D

may be amended by SLDMWA from time to time in coordination with USBR. Exhibit B may be amended consistent with Section VII of this MOU and pursuant to Article 12(b)(3) of the SLDMWA Transfer Agreement. Exhibit C may be amended consistent with Section VII of this MOU, and may include coordination with the OM&R Technical Committee and/or the Finance & Administration Committee during the annual OM&R Budget development process. Any and all such updated exhibits will be attached to this MOU and replace all prior versions of such exhibits.

E. Interpretation

The validity and interpretation of this MOU (including all exhibits) will be governed by the laws of the State of California. The MOU will be construed simply, as a whole, and in accordance with its fair meaning. The use of the singular includes the plural, and vice versa.

IN WITNESS WHEREOF, the parties have executed this MOU as of the date first above written.

SAN LUIS & DELTA-MENDOTA
WATER AUTHORITY

FRIANT WATER AUTHORITY

By: _____
Cannon Michael, Chair

By: _____
Jim Erickson, Chair

By: _____
Federico Barajas, Secretary

By: _____
Josh Pitigliano, Secretary

EXHIBIT A

SETTLEMENT CONTRACTORS

The following contractors are entitled to receive, without charge, the designated acre feet of Settlement Water through the Project Facilities as stated below or as may be amended.

	Contract#	Acre Feet
Coelho Family Trust (Formerly Mason A. Loundy Trustee)	14-06-200-7859A	1,332
State of California, Dept. of Fish & Game (Mendota Wildlife Area) (Formerly Mason A. Loundy Trustee)	14-06-200-7859A Assign 1	1,321
State of California (Mendota Wildlife Area)	14-06-200-4359A AMD1	1,143
San Joaquin River Exchange Contractors Water Authority: <ul style="list-style-type: none"> • Central California Irrigation District • Columbia Canal Company • San Luis Canal Company • Firebaugh Canal Company 	llr-1144	840,000
Fresno Slough Water District	14-06-200-40 19A	866
Tranquillity Public Utility District (Formerly Hughes, Melvin & Mardella)	14-06-200-3537A	93
James Irrigation District	14-06-200-700-A	9,700
M.L. Dudley and Company, John G. Indart, and Doris J. Indart	14-06--200-4448A	2,280
Patterson Irrigation District	14-06-200-3598A-LTR1-P	6,000
Reclamation District No. 1606	14-06-200-3802A	342
Tranquillity Irrigation District	14-06-200-701A	20,200
Marvin A. & Patricia Meyers	9-07-20-W1608	210
Kenneth and Karen Carvalho Revocable Trust (Formerly Virginia L. Lempesis Separate Property Trust)	11-WC-20-0026	600
Total		884,087

EXHIBIT B

2024 SLDMWA OM&R COST RECOVERY PLAN

This 2024 SLDMWA OM&R Cost Recovery Plan was developed consistent with Article 12(b) of the SLDMWA Transfer Agreement, and was provided to all parties with payment obligations not less than sixty (60) days to the effective date of [REDACTED] (“Effective Date”). Notwithstanding the Effective Date of this Plan, the cost recovery methodology will be applied retroactively to March 1, 2024.

I. INTRODUCTION - The following is a description of the allocation and recovery of OM&R Costs for the following facilities by the San Luis & Delta-Mendota Water Authority:

1. Delta-Mendota Canal (“DMC”);
2. C.W. “Bill” Jones Pumping Plant (“Jones PP”);
3. C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex;
4. O’Neill Pumping/Generating Plant (“O’Neill PGP”) and Switchyard;
5. Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”)
6. Mendota Pool³;
7. Kesterson Reservoir;
8. Federal share of the San Luis Joint Use conveyance and conveyance pumping facilities; and
9. San Luis Drain including Redfern Drain.

This 2024 SLDMWA OM&R Cost Recovery Plan is an exhibit to the Second Amended and Restated Memorandum of Understanding Between the Friant Water Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation,

³ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal and contractual obligations of the United States. Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities (“MOU”). The MOU defines the terms and conditions for allocating and recovering the costs associated with the OM&R of the above referenced facilities. Friant Division Contractors will be obligated to pay the OM&R Costs associated with the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this Cost Recovery Plan. FWA will, as part of the FWA cost recovery methodology developed under the FWA Transfer Agreement, provide for the recovery of OM&R Costs allocated to the Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan. To the extent the USBR has conferred upon FWA the legal authority to do so, FWA will allocate such costs among, and collect such costs from, the Friant Division Contractors. For ease in representation and for practical considerations, and for the purposes of the MOU and this SLDMWA OM&R Cost Recovery Plan only, Friant Division Contractors will be considered a single Water Delivery Contractor whose water deliveries constitute the total Settlement Water deliveries of the Settlement Contractors. The USBR will be allocated the costs associated with the delivery of Other Water under the provisions of the SLDMWA Transfer Agreement, except to the extent that such Other Water is specifically attributable to another party (e.g. non-CVP water delivered under a Warren Act contract wherein the Warren Act contractor will be allocated applicable OM&R Costs). For purposes of completeness, OM&R Costs associated with Project Facilities that are unnecessary for the delivery of Settlement Water (such as the San Luis Drain) are allocated in this SLDMWA OM&R Cost Recovery Plan, but no part of such OM&R Costs will be allocated, under this Cost Recovery Plan, to the Friant Division Contractors, except as expressly noted.

The MOU dictates that the allocation of costs for specific acquisitions or OM&R activities not already addressed by this Cost Recovery Plan will be allocated in a manner consistent with the principles contained in this Cost Recovery Plan. Those principles include:

1. Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of the MOU and this Cost Recovery Plan;
2. Water rates will be comprised of various cost pool components based on the

principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used; and

3. All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

II. DEFINITIONS - As used in this Cost Recovery Plan, the following terms have the meanings as set forth below. To the extent the following terms are defined in the MOU, their definitions are restated here for convenience:

- A. Extraordinary OM&R: Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.
- B. Friant Division Contractors: Water Delivery Contractors receiving water service from the Friant Division of the CVP, including members and non-members of FWA.
- C. FWA Transfer Agreement: That certain *Agreement Between the United States of America and Friant Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works* effective October 5, 2020, as amended.
- D. OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement.
- E. OM&R Budget: SLDMWA's annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.

- F. OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.
- G. Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer Agreement in connection with the delivery of “Other Water,” as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
- H. Project Facilities: The physical works and appurtenances associated with the C.W. “Bill” Jones Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), O’Neill Pumping/Generating Plant and Switchyard, the federal share of the O’Neill Forebay and Dam, Mendota Pool (see footnote no. 4 above in the Introduction) Kesterson Reservoir, the federal share of San Luis Unit Joint Use conveyance and conveyance pumping facilities, and the San Luis Drain.
- I. Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.
- J. Settlement Contractors: Those contractors, listed in Exhibit A of the MOU, entitled to receive water service through the Project Facilities without charge, except as provided in this Cost Recovery Plan.
- K. Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.
- L. SLDM Contractors: Water Delivery Contractors that receive water (other than Settlement Water) via any of the Project Facilities described in the SLDMWA

Transfer Agreement.

- M. SLDMWA: The San Luis & Delta-Mendota Water Authority.
- N. SLDMWA Transfer Agreement: That certain *Agreement between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, C.W. "Bill" Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works* effective January 14, 2020, as amended.
- O. USBR: United States Department of Interior, Bureau of Reclamation.
- P. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which "Project Water" is to be supplied from or through Project Facilities and (2) any exchange contract, water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
- Q. Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.
- R. Year: March 1 through February 28/29.

III. COST POOLS - OM&R Costs will be accumulated into eight cost pools, defined as the Upper DMC and Jones PP cost pool ("Upper Cost Pool"), the Lower DMC cost pool ("Lower Cost Pool"), the Intertie Variable cost pool ("Intertie Variable Cost Pool"), the Mendota Pool cost pool ("Mendota Pool Cost Pool"), the San Luis Joint Use conveyance and conveyance pumping facilities cost pool ("DWR Cost Pool"), the Jones PP power cost pool ("Jones Power

Cost Pool”), the O’Neill PGP cost pool (“O’Neill Cost Pool”) and the San Luis Drain cost pool (“San Luis Drain Cost Pool”).

A. The Upper Cost Pool includes:

1. The OM&R Costs for the Jones PP and related Jones PP Operations and Maintenance Complex, excluding energy costs;
2. A pro rata share of the OM&R Costs for the DMC from the Jones PP to Check 13 based on miles of DMC serviced above and below Check 13 (70/116 miles or 30.64%) (“Upper DMC”);
3. The OM&R Costs associated with routine OM&R of the Intertie, except that SLDMWA will work with USBR to ensure the State of California pays routine Intertie OM&R Costs associated with the movement of State water through the Intertie;
4. The OM&R Costs for the Westley, Newman, and Volta Wasteways; and
5. The OM&R Costs for the intake channel from the Tracy Fish Facility to the Jones Pumping Plant.

B. The Lower Cost Pool includes:

1. A pro rata share of the OM&R Costs for the DMC from Check 13 to (but not including) the Mendota Pool based on miles of DMC serviced above and below Check 13 (46/116 miles or 39.66%) (“Lower DMC”); and
2. The OM&R Costs for the Firebaugh Wasteway.

C. The Intertie Variable Cost Pool includes:

1. DWR wheeling charges for conveyance of water from the Intertie through the California Aqueduct to O’Neill Forebay; and
2. USBR’s project use energy (“PUE”) costs associated with Intertie operations.

D. The Mendota Pool Cost Pool includes the operational costs associated with activities at Mendota Pool that are specifically required to fulfill statutory or contractual obligations of the United States, including but not limited to, managing deliveries from the DMC into Mendota Pool, coordination actions to

assist CCID in maintaining certain elevations at Mendota Pool, coordination of flood releases from the San Joaquin River and Kings River into Mendota Pool, and monitoring and measuring water deliveries taken by contractors at Mendota Pool. Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

- E. The DWR Cost Pool includes the federal share of the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities and the energy costs incurred in pumping water at the Dos Amigos Pumping Plant. The DWR costs associated with the OM&R Costs of the O’Neill Forebay and Dam are included in the O’Neill Cost Pool and, therefore, are not included in the DWR Cost Pool.
- F. The Jones Power Cost Pool includes the energy costs incurred at the Jones PP and related Jones PP Operations and Maintenance Complex.
- G. The O’Neill Cost Pool includes:
 - 1. The OM&R Costs for the O’Neill PGP;
 - 2. The OM&R Costs for the O’Neill PGP intake upstream of Check 13 from the DMC to the O’Neill PGP;
 - 3. The energy costs, net of regeneration credits, incurred in pumping water at the O’Neill PGP; and
 - 4. The DWR OM&R Costs for the federal share of the O’Neill Forebay and Dam.
- H. The San Luis Drain Cost Pool includes:
 - 1. The OM&R of the San Luis Drain; and
 - 2. The Maintenance of the Kesterson Reservoir, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 will be assigned in accordance with the Report.

IV. COST ALLOCATION - The OM&R Costs assigned each Year to each of the cost pools described above will be allocated to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water using the facilities described above for each cost pool in accordance with the following methodology:

- A. Upper and Lower Cost Pools - Costs accumulated in the Upper and Lower Cost Pools will be allocated to each Water Delivery Contractor or Party Entitled to Receive or Use Other Water based upon the party's cost allocation percentage, subject to the following:
1. The cost allocation percentage for the Upper and Lower Cost Pools will be determined by dividing a Water Delivery Contractor's or Party Entitled to Utilize or Receive Other Water's "delivery base" by the total delivery base for all Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water sharing in each cost pool.
 2. The delivery base for each SLDM Contractor will be computed for the Upper Cost Pool and the Lower Cost Pool as the greater of the actual water delivered to the SLDM Contractor utilizing that cost pool's facilities during the Year, or the amount established under the Minimum Participation requirements described in Section V.A. hereof.
 3. 25% of the OM&R Costs for the Lower Cost Pool will be allocated in the Mendota Pool Cost Pool.
- B. Intertie Variable Cost Pool – Costs accumulated in the Intertie Variable Cost Pool will be allocated to each Water Delivery Contractor and Party Entitled to Utilize or Receive Other Water on the same basis as the Upper and Lower Cost Pool, subject to the following:
1. In water years where the south-of-Delta agricultural water allocation is 0% and/or in water years where 0% agricultural service water is available for delivery during the contract year (regardless of the south-of-Delta agricultural service water allocation): 65% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors. The remaining 35%

- will be allocated to all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool.
2. In water years where the south-of-Delta agricultural water allocation is 1% - 5%:
 - i. The first time such event occurs, 20% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors, with the remaining 80% being allocated to all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool;
 - ii. The second time such event occurs, no cost will be imposed on Friant Division Contractors (i.e., SLDM Contractors and Parties Entitled to Utilize or Receive Other Water will pay on the same basis as the Upper Cost Pool); and
 - iii. The third time such event occurs, FWA, SLDMWA, and USBR will negotiate a new allocation methodology for 1% to 5% allocation years.
 3. In water years where the south-of-Delta agricultural service water allocation is greater than 5%: Friant Division Contractors will not be allocated any variable Intertie OM&R Costs; 100% of variable Intertie OM&R Costs will be allocated to SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool.
 4. In water years where the south-of-Delta agricultural service water allocation is greater than 5% and San Joaquin River Restoration Program Delta recapture flows are pumped at Jones PP, the daily acre-feet of recapture flows pumped at Jones PP that coincide with days that the Intertie is in operation will be presumed to have moved through the Intertie. Friant Division Contractors will be allocated a share of variable OM&R Costs for the Intertie by including these presumed flows in the

total acre-feet calculation for SLDM Contractors and Parties Entitled to Utilize or Receive Other Water for that water year, and allocating a corresponding share of variable OM&R Costs to Friant Division Contractors. For water years where the south-of-Delta agricultural service water allocation is less than or equal to 5%, regardless of what volumes are pumped at Jones PP, no additional OM&R Costs for the Intertie will be allocated to Friant Division Contractors above what is enumerated in subsections 2.A-C above.

5. Intertie operations will be reviewed upon request by either Party to determine if changes in the allocation methodology are warranted.
6. NOTE: SLDMWA will work with USBR to ensure the State of California pays variable Intertie OM&R Costs associated with the movement of State water through the Intertie; Friant Division Contractors will not be allocated any such costs.

C. Mendota Pool Cost Pool – Costs within the Mendota Pool Cost Pool will be allocated to the contractors taking delivery in Mendota Pool based upon the Water Delivery Contractor’s or Party Entitled to Utilize or Receive Other Water’s cost allocation percentage, using similar methodology to that described in Section IV.A.1 above, subject to the following:

1. In addition to the OM&R Costs for Mendota Pool activities, the Mendota Pool Cost Pool will include 25% of the OM&R Costs of the Lower Cost Pool.
2. Deliveries from the Mendota Pool that do not originate from the DMC (such as San Joaquin and Kings River flows and Mendota Pool pump-ins) will be excluded from the allocation of all other OM&R Costs, including O’Neill Storage, Extraordinary OM&R, and Reserve cost allocations, unless specifically agreed to by SLDMWA and FWA.
3. Minimum Participation requirements as described in Section V.A. will not apply to the allocation of the Mendota Pool Cost Pool.

D. DWR Cost Pool - Costs within the DWR Cost Pool will be sub-allocated into two cost pools, defined as the North of Dos Amigos Cost Pool and the South of Dos Amigos Cost Pool.

1. The North of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal north of the Dos Amigos Pumping Plant.
2. The South of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal south of the Dos Amigos Pumping Plant, the federal share of the DWR OM&R Costs associated with the Dos Amigos Pumping Plant, and the energy costs incurred at the Dos Amigos Pumping Plant.

OM&R Costs for the North of Dos Amigos Cost Pool and South of Dos Amigos Cost Pool will be allocated to the Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water directly utilizing the facilities in each such cost pool. The percentage of costs allocated to each such contractor/party will be determined by dividing the total water deliveries to such contractor/party utilizing the Project Facilities in each cost pool by the total water deliveries to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water utilizing such facilities during the Year.

E. Jones Power Cost Pool - Costs within the Jones Power Cost Pool will be allocated to those Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water whose water is made available by virtue of water being pumped at the Jones PP. The percentage of costs allocated to each such contractor/party will be determined by dividing the total water deliveries made available to each such contractor/party by the total of all such water deliveries made available. Minimum Participation requirements as described in Section V.A. will not apply to the allocation of the Jones Power Cost Pool.

- F. O'Neill Cost Pool - Each Year, the O'Neill Cost Pool will be sub-allocated between two cost pools, the "Direct Pumping Cost Pool" and the "Storage Pumping Cost Pool" as follows:
1. For purposes of allocating the O'Neill Cost Pool between the Direct Pumping Cost Pool and Storage Pumping Cost Pool only, water deliveries made during the Year through the San Luis Joint Use or San Felipe facilities will be deemed water delivered in the Direct Pumping Cost Pool and water released from the O'Neill Forebay through the O'Neill PGP into the DMC will be deemed water delivered in the Storage Pumping Cost Pool. Water that is not conveyed through the DMC will not be deemed water delivered in either the Direct Pumping Cost Pool or the Storage Pumping Cost Pool.
 2. The O'Neill Cost Pool will be sub-allocated to the Direct Pumping Cost Pool and the Storage Pumping Cost Pool pro rata based upon the percentage obtained by dividing each respective pools' share of water deemed delivered, during the Year as described above, against the sum of the two pools' water deliveries during the Year.
 3. The Direct Pumping Cost Pool will be further sub-allocated to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water taking delivery of water directly from the San Luis Joint Use or San Felipe facilities during the Year based upon the percentage obtained by dividing the water delivered to a contractor/party utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities or the San Felipe facilities by the total water deliveries utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities and the San Felipe facilities during the Year.
 4. The Storage Pumping Cost Pool will be further sub-allocated to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other

Water taking delivery of water directly from the DMC or Mendota Pool facilities based on the percentage obtained by dividing the water delivered directly from the DMC or Mendota Pool facilities to such contractor/party by the total water delivered directly from the DMC or Mendota Pool facilities to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water during the Year. Deliveries to Mendota Pool that are not conveyed through the DMC will be excluded from the Storage Pumping Cost Pool allocation.

None of the allocations described above for the O'Neill Cost Pool will be subject to the Minimum Participation requirements as described in Section V.A.

- G. San Luis Drain Cost Pool - The maintenance costs assigned to the San Luis Drain Cost Pool will be allocated to those Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water with contractual requirements for the payment of such maintenance costs, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 will be assigned in accordance with the Report.

V. MISCELLANEOUS COST ALLOCATION PROVISIONS

- A. Minimum Participation - In recognition of the value of providing OM&R even in Years when an individual SLDM Contractor's pro rata share of costs based upon that Year's water deliveries is very low or non-existent, there will be created Minimum Participation amounts of assumed minimum water deliveries, for purposes of cost allocation only, as follows: In Years when an irrigation SLDM Contractor's total deliveries (i.e., deliveries under its contract with the USBR plus other deliveries made available through the Jones PP and the DMC) are below 25% of its maximum contractual entitlement, the delivery base for purposes of allocating the Upper Cost Pool and Lower Cost Pool will be 25% of that irrigation

SLDM Contractor's maximum contractual entitlement.

- B. Water Transfers - A SLDM Contractor who receives transfer water ("SLDM Transferee") from a Water Delivery Contractor will have such water deliveries included in the SLDM Transferee's delivery base for each applicable cost pool described in Section I. above for purposes of allocating OM&R Costs for the Year (but not for delivery purposes in establishing reserves). As a result, all costs associated with the delivery of transferred water will be allocated to the SLDM Transferee in the same manner as costs are allocated to the SLDM Transferee for its CVP contractual supply and will be subject to Year-end adjustment and reconciliation per Section VIII below.
- C. Other Water –
1. All costs associated with the conveyance of Other Water through Project Facilities, including all components that may be required by Reclamation, will be assigned to the Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water that takes delivery of such Other Water. As a result, all costs associated with the delivery of Other Water will be allocated to the Water Delivery Contractor in the same manner as costs are allocated to that Water Delivery Contractor for its CVP contractual supply and will be subject to Year-end adjustment and reconciliation per Section VII.D. below. In the case of deliveries of Other Water to the Settlement Contractors, the applicable Settlement Contractors, not the Friant Division Contractors, will be responsible for all costs associated with the delivery of the Other Water, including an allocable share of the OM&R Costs and Reserve Costs (Section VI.D) addressed by this SLDMWA OM&R Cost Recovery Plan.
 2. Losses - A loss factor of five percent (5%), or the loss percentage provided in the governing contract or agreement, as applicable, will be applied to the delivery of any Other Water conveyed in any Project Facilities (e.g., if the loss factor is five percent (5%), and 100 AF of Other Water is pumped

at Jones PP, or as otherwise metered, that will result in 95 AF being considered available for delivery and will be allocated OM&R Costs accordingly).

VI. RESERVES - In recognition of the multiple year benefits of performing certain long-term OM&R activities for Project Facilities (excepting the San Luis Joint Use conveyance and conveyance pumping facilities and Mendota Pool, unless pursuant to separate agreement), including, but not limited to, the long-term capital outlays for the purchase of equipment and vehicles and reserves mandated by the SLDMWA Transfer Agreement, SLDMWA will accumulate Reserves and regularly use these Reserves for these activities in accordance with the following:

A. Reserves -

1. Annually, a ten-year projection of expenditures in specified Reserve Categories as listed in Exhibit C to the MOU will be made (“Ten-Year Plan”), along with a single year projection of expenditures in those categories for the forthcoming fiscal year. The Reserve cash requirement for the forthcoming fiscal year will be allocated to each Water Delivery Contractor pro rata based upon the past ten years of historic water deliveries (ten-year rolling average of deliveries), net of funds collected from Parties Entitled to Utilize or Receive Other Water.
2. Each Water Delivery Contractor’s ten-year rolling average of deliveries will include all Water Delivery Contract deliveries, water transferred out to other Water Delivery Contractors that utilize Project Facilities for which costs are allocated under this Cost Recovery Plan, and Other Water deliveries to that Water Delivery Contractor, subject to the following:
 - i. Each Water Delivery Contractor’s ten-year rolling average of deliveries will be subject to the inclusion of the annual Minimum Participation amounts as determined in Section V.A above;
 - ii. Ten-year rolling average of deliveries will not include:

- a. Water transferred in by the applicable Water Delivery Contractor;
 - b. Water transferred out by the applicable Water Delivery Contractor that does not utilize Project Facilities for which costs are allocated hereunder; or
 - c. Deliveries to Mendota Pool not conveyed through the Lower DMC (e.g. San Joaquin River flood flows, Kings River flood flows, water released from Millerton Reservoir, Mendota Pool pump-in water, etc.).
- iii. Notwithstanding the reference above to water transferred out to other Water Delivery Contractors being included in each Water Delivery Contractor's ten-year rolling average of deliveries, water transferred from a San Joaquin River Exchange Contractor ("Exchange Contractor") to a Water Delivery Contractor will be included in the San Joaquin River Exchange Contractor Water Authority's ("SJRECWA") total deliveries for the purposes of allocating Reserve costs and Extraordinary OM&R Costs, and costs associated with such transfers will not be an obligation of Friant Division Contractors, subject to the following:
- a. Beginning in Water Year 2026 (March 1, 2026 – February 28, 2027), deliveries associated with Water Transfer Program for the San Joaquin River Exchange Contractors Water Authority ("Exchange Contractor Transfer Program"), as that program may be amended, will be excluded from FWA's Reserve allocation.
 - b. In the interim, the Reserve calculations to support final accountings for Water Years 2022, 2023, 2024, and 2025 will continue to include the deliveries associated with Exchange Contractor transfers in FWA's Reserve

allocation. The same methodology (utilizing offsetting adjustments) used to calculate the reserve obligation for FWA in Water Year 2019 will apply.

- c. Beginning in Water Year 2026, SLDMWA will no longer make the offsetting adjustments to the delivery data used to calculate the Reserves as outlined in Section VI.A.2.iii.b. All delivery volumes associated with the Exchange Contractor Transfer Program will be moved from FWA's Reserve allocation to the SJRECWA's Reserve allocation.⁴ Any offsetting adjustments (including historical adjustments) will be removed in their entirety from the Reserve calculation for the SJRECWA.
3. In any one Year, Reserve expenditures may benefit some Project Facilities or cost pools more than others. However, in the long-term, it is expected that Reserves will be spent generally in accordance with the overall apportionment of the OM&R Budget for each facility as that facility's OM&R Budget relates to the entire OM&R Budget (without consideration or inclusion of the cost of energy, the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities, the OM&R Costs of the Mendota Pool, or costs associated with the San Luis Drain).
4. One-time or de minimis use of Project Facilities (i.e., the delivery of Other Water to an individual or entity that otherwise has irregular or infrequent deliveries made through Project Facilities maintained by SLDMWA) will be charged the SLDMWA Board-adopted Reserve rate component(s) for the delivery(ies). Such one-time or de minimis water deliveries will not be included in any water delivery base in the determination of Reserves or Reserve allocations hereunder. Revenues generated to Reserves for this

⁴ SLDMWA anticipates that SJRECWA will pass through any costs associated with the Reserve allocation to the entities receiving transfers.

one-time or de minimis use of Project Facilities will be used to reduce that Year's total Reserve requirement. Reserve contributions from one-time or de minimis use of Project Facilities will not be subject to annual reconciliation and adjustment.

5. Consistent with Sections VI.A.1-4 above and Section VII below, SLDMWA will include a Reserve component in the calculation of OM&R Water Rates for all deliveries utilizing Project Facilities, unless expressly excluded.

B. Emergency Reserves – SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement. SLDMWA will include a sub-component in the Reserve component described in Section VI.A above for the Emergency Reserve Fund when required.

C. Other – SLDMWA may also utilize Reserve funds to repay specific Extraordinary OM&R Costs that utilize long-term financing or debt. When the SLDMWA Board of Directors takes action to authorize such long-term financing or debt and the collection of Reserve funds to repay the same, the SLDMWA Board of Directors will establish whether and how the additional Reserve fund component(s) will be included in the calculation of OM&R Water Rates for some or all deliveries utilizing Project Facilities. It is understood that the cost allocation methodology for individual Extraordinary OM&R projects may differ from the cost allocation methodology used to allocate Reserve costs.

VII. RATE COMPONENT CALCULATIONS / WATER RATES

A. Rate components will be established for each cost pool listed in Section III on a per AF basis. Rate components will be calculated in accordance with the cost allocation to Water Delivery Contractors in Section IV using budgeted amounts for the Year for each cost pool divided by projected water deliveries utilizing the Project Facilities and/or energy associated with the applicable cost pool for the Year. The Reserve rate component(s) will be computed by dividing each Water

Delivery Contractor's expected annual contribution, in accordance with Section VI.A-B, by projected water deliveries to that Water Delivery Contractor for the Year.

- B. The "OM&R Water Rate" for a given delivery will be calculated by adding together various cost pool components and/or the Reserve rate component(s) associated with that delivery. For example, the OM&R Water Rate for a delivery along the Lower DMC will include the following components: Upper Cost Pool + Jones Power Cost Pool + Intertie Variable Cost Pool (if applicable) + Lower Cost Pool + O'Neill Storage Cost Pool + Reserves (more than one reserve component potentially applicable). The proposed water rates for deliveries to various geographic locations, including the cost pool and/or Reserve components, will be provided to the SLDMWA Board of Directors when OM&R Water Rates are presented to the Board of Directors for action.
- C. Reference to "adjusted" OM&R Water Rates on rates sheets presented to the SLDMWA Board of Directors will refer to rates that utilize some, but not all rate components for a delivery that does not incur certain OM&R Costs. For example, an "adjusted" OM&R Water Rate is charged to deliveries that are pumped-in along the Lower DMC and do not utilize Upper Cost Pool facilities.

VIII. PAYMENT AND RECONCILIATION

- A. Amounts payable for water delivered to Water Delivery Contractors each calendar month will be computed by multiplying the sum of the rate components (Rate) applicable to water deliveries by the quantity (acre feet) of such water deliveries scheduled for the month, adjusted for differences between actual and scheduled deliveries, at the applicable Rate, for prior months.
- B. SLDMWA will bill FWA to provide for recovery of OM&R Costs allocated to the Settlement Contractors that are payable by the Friant Division Contractors under this SLDMWA OM&R Cost Recovery Plan.
- C. Payments due under this SLDMWA OM&R Cost Recovery Plan for water

deliveries will be made in advance. All payments must be received by SLDMWA by the 15th of the month prior to the month of such scheduled water deliveries. For instances where SLDMWA invoices FWA after the 10th of the month, a minimum of five (5) calendar days will be afforded FWA for payment. Notification of electronic transfer of funds payments to the SLDMWA will be provided in advance of or concurrent with such payment.

- D. Payments received after the due dates noted above are delinquent and will be subject to an interest charge, as well as to any remedies for deficiencies provided in Article 12 of the SLDMWA and FWA Transfer Agreements and IV.B of the MOU. The interest charge will be calculated pursuant to the Prompt Payment Act, as amended (31 U.S.C. § 3901, et seq.). The interest charge will be based upon any and all accumulated advance payment deficiencies. Interest will accrue for each day past the due date and will be accumulated based upon a 360-day year (interest will compound on a simple interest basis).
- E. Annual reconciliation and adjustment of the OM&R Costs and their allocation to each Water Delivery Contractor (“Final Accounting”) will be made within sixty (60) days following the completion and SLDMWA Board of Directors’ acceptance of the annual audited financial statements containing the costs to be allocated. The Final Accounting for a given Year will be treated as final and no longer subject to any dispute following the expiration of the applicable statute of limitations, as may be modified by law. The parties also agree that SLDMWA may reopen a Final Accounting under appropriate circumstances.
- F. Reconciled and adjusted OM&R Cost allocation applicable to each Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water, including annual reserve amounts, will be compared to payments made by or on account for each Water Delivery Contractor for water deliveries during the Year. In the event payments made by or on account of a Water Delivery Contractor exceed costs allocated to that Water Delivery Contractor (surplus), SLDMWA will refund the amount of the surplus to the payee or the payee may direct SLDMWA to apply

such surplus to future amounts due under this SLDMWA OM&R Cost Recovery Plan. In the event costs allocated to the Water Delivery Contractor exceed payments made by or on account of a Water Delivery Contractor (deficiency), the payee will have thirty (30) days from the notice of such deficiency to make payment. Payments not received within thirty (30) days will be subject to the late payment provision as described in Section VII.B above starting on the date of delinquency, as well as subject to any remedies for deficiencies provided in Article 12 of the SLDMWA and FWA Transfer Agreements and IV.B of the MOU.

- G. SLDMWA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section 12 of the SLDMWA Transfer Agreement.
- H. FWA will collect and remit payments due for OM&R Costs allocated to Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan in accordance with the terms of this section. FWA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section IV of the MOU and Section 12 of the FWA Transfer Agreement.

EXHIBIT C

RESERVE CRITERIA

In recognition of the long-term benefits associated with certain OM&R activities, expenditures meeting the criteria established below will be made from Reserve funds accumulated for such purposes, consistent with Section VI of the SLDMWA OM&R Cost Recovery Plan.

1. Reserve Categories:

A. Major Non-Routine Maintenance/Extraordinary OM&R:

- i. Major non-routine maintenance improvements, modifications, replacements, or repairs, additions, or modernizations with long term benefits, exceeding one year, that have a total cost greater than **\$60,000**, including labor and labor related costs for projects identified on the Ten-Year Plan.
- ii. For any Extraordinary OM&R project for which SLDMWA's estimated total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs, the Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project.

B. Equipment: Replacement of mobile/stationary equipment and heavy equipment identified on the Ten-Year Plan with a total replacement cost greater than **\$30,000**.

Equipment types and examples are as follows:

- i. Heavy Equipment (Off-Road – Unlicensed): Motor graders, loaders, backhoes, excavators, dozers, skid-steers, cranes, tractors, implements (i.e., discs, mowers, etc.), man-lifts, forklifts, etc.
- ii. Heavy Equipment (On-Road – Licensed): Truck/tractors, spray trucks, dump trucks, water trucks, boom trucks, utility trucks heavier than 1.5 ton, heavy transport trailers, tilt trailers, flatbed trailers, trailer-mounted pumps/generators/compressors, belly dump trailers, etc.
- iii. Shop Support Stationary Equipment: Machine Shop equipment, Electric Shop test equipment, Vehicle Maintenance Shop equipment, Sandblast and Paint Shop equipment, etc.

C. Vehicles: Replacement of light passenger/utility vehicles identified on the Ten-Year Plan that have a total replacement cost (including labor) greater than **\$25,000** (e.g., sedans, pickups, utility vehicles, vans, etc.).

D. Office & Computer/Network Equipment: Replacement of office and electronic equipment and computer software identified on the Ten-Year Plan with an annual aggregate replacement cost greater than **\$20,000**.

E. Facility Infrastructure Rehabilitation/Replacement: Improvement, modification, replacement, repair, addition, or modernization projects on the SLDMWA Project Facilities identified on the Ten-Year Plan that have a total cost greater than **\$30,000**, including labor and labor-related costs. The typical types of projects for this category, include but are not limited to:

- i. Roofing Systems repair or replacement,
- ii. Building Interior/Exterior Components repair, remodel/upgrade,
- iii. Building HVAC Systems replacement,
- iv. Building Electrical & Communication Systems modernization,
- v. Building Plumbing Systems replacement,
- vi. Building/Facility Fire Protection & Security Systems replacement/modernization,
- vii. O&M Shop Support Equipment/Systems replacement/modernization, and
- viii. Facility Pavement & Grounds repairs/replacement & upgrades.

F. Supervisory Control and Data Acquisition (SCADA): Improvements, modifications, replacements, repairs, additions, or modernizations of SCADA system and associated hardware and software identified on the Ten-Year Plan with a total replacement cost (including labor) greater than **\$20,000**.

G. NOTES:

- i. Each Reserve Category requires the development and management of a specific Ten-Year Plan for the category's replacement, additions, rehabilitation, and modernization needs.
- ii. These cost thresholds will apply beginning on the Effective Date of the SLDMWA OM&R Cost Recovery Plan. Prospectively, during the annual budget development process, staff will work with the OM&R Technical

Committee to evaluate any necessary increases to the cost thresholds, utilizing the USBR Operations and Maintenance Cost Index and other available tools.

2. Emergency Reserves: SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement.
3. Other: The Finance & Administration Committee may recommend necessary changes to the Reserve Categories or the accumulation of additional Reserve funds (e.g. to fund debt/financed OM&R Costs).

DRAFT

EXHIBIT D

CONTRACTOR SERVICE (DELIVERY) AREAS

	Upper DMC	Lower DMC	Mendota Pool	San Felipe	San Luis Joint Use
Banta-Carbona Irrigation District	X				
Del Puerto Water District	X				
Patterson Water District	X				
Byron Bethany Irrigation District	X				
West Stanislaus Irrigation District	X				
City of Tracy	X				
Santa Nella County Water District	X				X
Eagle Field Water District		X			
Mercy Springs Water District		X			
Oro Loma Water District		X			
Pacheco Water District		^			X
Panoche Water District		X			X
San Luis Water District	X	X	X		X
City of Dos Palos					X
State of California, Mendota Wildlife Area	X	X	X		
Fresno Slough Water District			X		
Tranquillity Public Utility District			X		
James Irrigation District			X		
Laguna Water District			X		
Reclamation District #1606			X		
Coelho Family Trust			X		
Tranquillity Irrigation District			X		
Westlands Water District			X		X
Santa Clara Valley Water District				X	
San Benito County Water District				X	
Exchange Contractors					
Central California Irrigation District	X	X	X		
Firebaugh Canal Company		X	X		
Columbia Canal Company			X		
San Luis Canal Company			X		
City of Coalinga					X
City of Avenal					X
City of Huron					X
Refuge	X	X	X		X
Meyers Farm Family Trust			X		
Dudley-Indart (CGH) (incl. Robinson Family Farms LP, Vista Verde Farms)			X		
Kenneth & Karen Carvalho Trust			X		

DRAFT

4878-7782-9295 v3

Second Amended and Restated Memorandum of Understanding – Exhibit D
Page 2 of 1

San Luis & Delta-Mendota Water Authority



P.O. Box 2157
Los Banos, CA 93635
Phone:(209) 826-9696
Fax: (209) 826-9698

Friant Water Authority



854 N. Harvard Ave
Lindsay, CA 93247
Phone: (559) 562-6305

April XX, 2024

VIA EMAIL

Karl Stock, Regional Director
California-Great Basin Regional Office
Federal Office Building
2800 Cottage Way
Sacramento, CA 95825-1898
kstock@usbr.gov

Re: **Commitment to Assist U.S. Bureau of Reclamation in Seeking Additional Funds through Appropriations to Offset Potential Increases in OM&R Costs for Water Deliveries to Refuges**

Dear Regional Director Stock:

This letter memorializes the commitment of the San Luis & Delta-Mendota Water Authority ("SLDMWA") and Friant Water Authority ("FWA") (collectively, the "Agencies") to jointly assist the U.S. Bureau of Reclamation ("Reclamation") in seeking additional funds through appropriations to offset potential increases in costs related to water deliveries to wildlife refuges using the project facilities transferred to SLDMWA.

The Agencies, with the confirmation of Reclamation, have executed a *Second Amended and Restated Memorandum of Understanding Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered through Certain Central Valley Project Facilities* ("Second Amended MOU").

The Agencies recognize that the Second Amended MOU includes amendments to the SLDMWA OM&R Cost Recovery Plan, which may result in increased allocations of OM&R Costs to the United States to deliver water to the refuges. The Agencies acknowledge that OM&R Costs allocated to the United States for deliveries to refuges are paid primarily from the CVPIA Restoration Fund.

In recognition of potential increases in OM&R Costs allocated to the United States to deliver water to the refuges, FWA and SLDMWA agree to jointly assist Reclamation in seeking additional

funds through appropriations to offset these potential cost increases by taking such reasonable actions as may be appropriate for the Agencies to undertake.

We request that Reclamation reach out to the executive officers of the Agencies when such funding needs become apparent, to schedule a meeting or meetings where an appropriate course of action can be discussed.

The Agencies' commitment expressed in this letter agreement will be effective on the date of transmission to Reclamation, and will remain in effect unless and until the Agencies agree otherwise.

APPROVED AND AGREED.
Friant Water Authority

APPROVED AND AGREED.
San Luis & Delta-Mendota Water Authority

Jason Phillips
Chief Executive Officer

Federico Barajas
Executive Director

cc: Ernest Conant
Rain Emerson

DRAFT

~~FIRST~~ SECOND AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING BETWEEN
FRIANT WATER ~~USERS~~ AUTHORITY AND
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
RELATING TO ALLOCATION, COLLECTION, AND PAYMENT OF
OPERATION, MAINTENANCE, AND ~~&~~ REPLACEMENT COSTS FOR
WATER DELIVERED THROUGH
CERTAIN CENTRAL VALLEY PROJECT FACILITIES

This ~~First~~ Second Amended and Restated Memorandum of Understanding is made effective as of [DATE], by and among the Friant Water ~~Users~~ Authority (“FWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 65000, *et seq.* and the San Luis & Delta-Mendota Water Authority (“SLDMWA”), a joint powers agency of the State of California organized and existing pursuant to Government Code Section 65000, *et seq.*, and amends and restates the First Amended and Restated Memorandum of Understanding made and entered into by the parties effective as of ~~March~~ September 1, ~~1998~~ 2002.

DEFINITIONS

As used ~~herein~~ in this MOU, the following terms have the meanings indicated below. Terms with their initial letters capitalized but not defined below have the same meanings ascribed to them in the FWUA Transfer Agreement and the SLDMWA Transfer Agreement.

- ~~1. CVP Contractors: Parties that receive water pursuant to Water Delivery Contracts or that receive Other Water as such said terms are defined in Article 1 of the SLDMWA and FWUA Transfer Agreements.~~
- ~~2.~~
 1. Extraordinary OM&R: As used in this MOU, Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.
 2. Friant Division Contractors: CVP Water Delivery Contractors receiving water service from the Friant Division of the Central Valley Project (“CVP”), including members and non-members of ~~the~~ FWUA.
 3. FWUA: ~~The~~ Friant Water ~~Users~~ Authority.

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 1 of ~~18~~ 3

4. FWUA Transfer Agreement: That certain Agreement Between the United States of America and Friant Water Authority for the to Transfer of the Operation, Maintenance and Replacement, and Certain Financial and Administrative Activities Related to of the Friant-Kern Canal and Related Associated Works between the Friant Water Users Authority and the United States of America effective October 5 March 1, 1998 2020, as it may be amended.
5. Memorandum of Understanding or "MOU": This Second Amended and Restated Memorandum of Understanding Agreement.
6. OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement Extraordinary OM&R.
- ~~7. : To the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.~~
7. OM&R Budget: -SLDMWA's annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.
8. OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.
9. OM&R Program: All activities of the SLDMWA required for the OM&R of the Project Facilities pursuant to the SLDMWA Transfer Agreement, including but not limited to, the program of work to be performed, the preparation and adoption of budgets, funding (including establishment of reserves and creation of debt), purchasing, auditing, inspections, cost recovery methodology, and administrative responsibilities.
- ~~9.2. OM&R Budget: SLDMWA's annual budget to fund the OM&R Program which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.~~
10. Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer Agreement in connection with the delivery of "Other Water," as such terms are

defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

- ~~10.~~11. Project Facilities: The physical works and appurtenances associated with the Tracy C.W. “Bill” Jones Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, ~~the~~ Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), Kesterson Reservoir, ~~the~~ O’Neill Pumping/Generating Plant, and Switchyard, the federal share of the O’Neill Forebay, ~~the~~ Mendota Pool¹, the federal share of San Luis Unit joint use conveyance and conveyance pumping facilities, and the San Luis Drain; this term ~~is intended to encompass the same~~ includes the facilities defined as the “Project Works” in the SLDMWA Transfer Agreement.
- ~~11.~~12. Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.
- ~~12.~~13. Settlement Contractors: Those contractors listed ~~in~~ the attached Exhibit A entitled to receive water service through the Project Facilities without charge, ~~–~~ except as provided in the OM&R Cost Recovery Plan.
14. Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.
- ~~13.~~15. SLDM Contractors: ~~CVP~~ Water Delivery Contractors that receive water (~~water-~~ other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement. ~~–~~
- ~~14.~~16. SLDMWA: ~~The~~ San Luis & Delta-Mendota Water Authority.
- ~~15.~~17. SLDMWA Cost Recovery Plan: The cost allocation methodology described ~~in~~ the ~~at~~ attached Exhibit B, also referred to as the “Cost Recovery Plan.”

¹ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal or contractual obligations of the United States. ~~–~~ Unless undertaken pursuant to ~~under~~ separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 3 of **183**

~~16-18.~~ SLDMWA Transfer Agreement: That certain Agreement Between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, Tracy C.W. "Bill" Jones Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertie Pumping Plant, and O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works ~~between the San Luis & Delta Mendota Water Authority and the United States of America~~ effective ~~March~~ January 14, 2020, 1998, as amended.

19. USBR: United States Department of the Interior, Bureau of Reclamation.

20. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which "Project Water" is to be supplied from or through Project Facilities and (2) any exchange contract, water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

~~17-21.~~ Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

RECITALS

1. Since March 1, 1998, the costs of operating, maintaining and replacing certain ~~Central Valley Project (the "CVP")~~ conveyance facilities and the San Luis Drain, and the costs of conveyance pumping, no longer have been funded by the USBR through federal appropriations and instead are being funded pursuant to those certain ~~Agreements~~ agreements to for the Transfer of the oOperation, mMaintenance and Replacement, and certain financial and aAdministrative aActivities (the "Transfer Agreements") entered into between USBR and (i) ~~the~~ SLDMWA, (ii) ~~the~~ FWUA, and (iii) ~~the~~ Madera Irrigation District and ~~the~~ Chowchilla Water District, and the October 1, 1996 Transfer Agreement between the USBR and the Tehama-Colusa Water Authority, respectively (referred to as the "Conveyance Contractors"), except that the USBR has entered into, or agreed to enter into, other appropriate legal instruments to fund OM&R Costs for Water Delivery Contractors ~~that~~ which have a deficiency, as that term is defined in Article ~~1+2~~ (c) of the SLDMWA and FWUA Transfer

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 4 of ~~183~~

Agreements, in payment to the Conveyance Contractors.

2. The Conveyance Contractors have agreed to the principle that in operating under their respective Transfer Agreements, the Conveyance Contractors will replace the USBR's historic CVP-wide pooling of costs of operating, maintaining and replacing CVP conveyance facilities with direct funding by each Conveyance Contractor to cover the operation, maintenance, and replacement ~~and maintenance~~ costs of the facilities assumed by each pursuant to their respective Transfer Agreements.

3. Pursuant to the terms of the SLDMWA Transfer Agreement, the cost of OM&R of ~~CVP~~ conveyance facilities and the San Luis Drain, and the costs of conveyance pumping for water delivered through the Project ~~F~~ facilities will be funded by ~~the~~ SLDMWA, and ~~the~~ SLDMWA will establish budgets and methods for direct recovery of OM&R Costs of such facilities from the CVP Water Delivery Contractors and Parties Entitled to Receive or Utilize Other Water receiving such water.

4. Because certain deliveries of San Joaquin River water to Friant Division Contractors are dependent upon the delivery of Settlement Water to the Settlement Contractors, those Friant Division Contractors have a critical interest in the OM&R of the Project Facilities and have agreed to pay the O&M&R Costs incurred by ~~the~~ SLDMWA under the SLDMWA Transfer Agreement associated with the delivery of the Settlement Water as determined in accordance with this MOU.

5. FWUA, by virtue of the FWUA Transfer Agreement, is willing to apportion among and collect from the Friant Division Contractors the OM&R Costs incurred by ~~the~~ SLDMWA in delivering Settlement Water and other types of water that may be agreed to for which ~~the~~ FWUA is responsible on behalf of the Friant Division Contractors under this MOU and remitting the same to ~~the~~ SLDMWA, all in accordance with the terms of this MOU.

AGREEMENT

The parties ~~hereby~~ enter into this MOU ~~Memorandum of Understanding for the purposes set forth herein, based upon the facts and definitions stated above, and for the purposes and upon the terms and conditions set forth below, to wit:~~

I. PURPOSES OF THE MOU

The purposes of this MOU are as follows:

- A. To establish the standards s for OM&R of the Project Facilities by ~~the~~ SLDMWA, and to set forth certain assurances relating thereto;
- B. To establish the methodology for allocating and recovering OM&R Costs;

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 5 of 183

C. To establish the process for remittance by ~~the FWUA~~ to ~~the~~ SLDMWA of payments collected from the Friant Division Contractors for OM&R Costs allocable to the Friant Division Contractors under this MOU;

D. To establish the principles for ~~and rights of input and~~ participation in decision-making by ~~the FWUA~~ in the OM&R Program, ~~which including includes providing input, and as applicable voting, on~~ cost allocation, collection and payment procedures, and budgeting;

E. To establish the process of resolution of any disputes that may arise in the implementation of this MOU; and

F. To establish the conditions or events which would trigger renegotiation and/or renegotiation of this MOU.

II. STANDARD FOR OM&R OF THE PROJECT FACILITIES

The OM&R Program ~~will shall~~ comply with the standards set forth in the SLDMWA Transfer Agreement; provided, that the OM&R Costs ~~may will shall~~ not exceed those which are reasonably necessary to OM&R the Project Facilities in accordance with such standards. ~~The~~ parties mutually acknowledge that there are items of deferred maintenance which must be performed on the Project Facilities in order for the OM&R Program to meet the applicable standards, and nothing in this paragraph is intended to preclude the performance of those deferred maintenance items or the equitable development of reserves in accordance with this MOU which will permit the OM&R of the Project Facilities in the future in accordance with the SLDMWA Transfer Agreement.

III. DEVELOPMENT OF COST RECOVERY METHODOLOGY

A. ~~Cost~~ Recovery Methodology for OM&R Costs

1. ~~Principles of Cost Allocation.~~ ~~The~~ OM&R Costs in which ~~the FWUA~~ will share ~~will shall~~ be allocated to OM&R activities in accordance with (i) generally accepted accounting principles and (ii) the SLDMWA Cost Recovery Plan, which ~~will shall~~ be applied consistently for all OM&R activities of ~~the~~ SLDMWA. To the extent the allocation of the costs for specific acquisitions or OM&R activities is not addressed by the SLDMWA Cost Recovery Plan, such costs ~~will shall~~ be allocated in a manner consistent with the following principles, also contained in the SLDMWA Cost Recovery Plan:

a) Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this MOU;

b) Water rates will be comprised of various cost pool components based on the principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used for such deliveries; and

c) All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

~~;~~ ~~provided, that if~~ the actual use of Project Facilities, including any subsequently ~~such~~ acquired property or facilities, ~~use~~ proves to be materially different from the use that is anticipated, appropriate adjustments will shall be made in order to more accurately reflect an appropriate allocation of OM&R Costs ~~such costs~~.

2. Reserves. Reserves for Extraordinary OM&R, capital replacement, emergencies, and other appropriate purposes will shall be established in accordance with the SLDMWA Transfer Agreement and the SLDMWA Cost Plan. Only items meeting the criteria attached hereto as Exhibit C (the "Reserve Criteria") will shall constitute Reserves in which ~~the FWUA~~ must participate for purposes of this MOU.

3. Disbursements of Interest or Reserves. While it is anticipated that all amounts paid by ~~the FWUA~~ to ~~the~~ SLDMWA under this MOU and any associated interest earnings will be retained by ~~the~~ SLDMWA and utilized to support the ~~e~~ontinued OM&R Program, in the event of any distributions of interest or of Reserves, such distributions will be made to the parties providing the funds being distributed or the funds on which the interest to be distributed was earned, including ~~the FWUA~~.

4. Miscellaneous Revenues. The parties ~~It is anticipated that the~~ SLDMWA may from time to time realize miscellaneous revenues from sources directly related to the OM&R Program, including without limitation revenues from (i) rebates from vendors of products and/or services used in the OM&R Program, (ii) the sale of used equipment originally acquired for use in the OM&R Program, and (iii) amounts collected from third parties for whom ~~the~~ SLDMWA performs contract services using employees, equipment and/or materials otherwise used in the OM&R Program. All such miscellaneous revenues will be retained by ~~the~~ SLDMWA and utilized to support the continued OM&R Program, as an offset to budgeted OM&R Costs that would have been allocated to Friant Division and SLDM Contractors.

IV. ALLOCATION, COLLECTION AND REMITTANCE OF COSTS BY FWUA

A. Recovery from Friant Division Contractors

~~The~~ FWUA will shall, as a part of the FWUA cost recovery methodology developed under the FWUA Transfer Agreement, provide for the recovery of OM&R Costs allocated to Settlement Contractors under the SLDMWA Cost Recovery Plan, which OM&R Costs are to be paid by Friant Division Contractors. To the extent the USBR has conferred upon ~~the~~ FWUA the legal authority to do so, ~~the~~ FWUA will shall allocate such costs among, and collect such costs

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 7 of **183**

from, the Friant Division Contractors, and will shall promptly remit such costs to ~~the~~SLDMWA.

B. Remedies for Non-Payment or Delinquent Payment

In the event of any non-payment or delinquent payment to ~~the~~FWUA by a Friant Division Contractor of amounts to be collected by ~~the~~FWUA and remitted to ~~the~~SLDMWA under this MOU, ~~the~~FWUA will shall diligently exercise its available remedies, (whether under Article 12+ of the FWUA Transfer Agreement, or under California law), in a manner ~~the~~FWUA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to ~~the~~SLDMWA. If ~~the~~FWUA is unable to collect and remit any amount owing from the delinquent Friant Division Contractor before the last day of the month before the scheduled month of delivery (whether from such Friant Division Contractor or from the USBR via offset or direct payment), or if FWA fails to promptly remit to SLDMWA all amounts received from any Friant Division Contractor, the USBR will shall be deemed to have directed ~~the~~SLDMWA to deliver or convey Settlement Water despite a delinquency under Article 12+ of the SLDMWA Transfer Agreement, and the United States will shall be liable to ~~the~~SLDMWA for the costs to be recovered on account of such Settlement Water under this Agreement; provided, that ~~the~~FWUA will shall also continue to diligently exercise its available remedies in the manner ~~the~~FWUA reasonably believes is most likely to result in the prompt collection and remittance of such amounts to ~~the~~SLDMWA. Nothing contained in this MOU authorizes ~~the~~SLDMWA to terminate Settlement Contractor deliveries in the event of delinquencies in payment by the Friant Division Contractors.

V. FWUA INPUT AND PARTICIPATION IN SLDMWA OM&R ACTIVITIES

A. FWUA Participation

~~The~~FWUA will shall participate in SLDMWA decision-making relating to the OM&R of the Project ~~F~~facilities and the OM&R Program through representation and voting on the SLDMWA Board of Directors, Finance and Administration Committee, ~~and the~~ OM&R Technical Subcommittee, and the OM&R Planning Committee.

1. Board of Directors. ~~The~~FWUA will shall not, by virtue of this MOU, be entitled to limited representation on the SLDMWA Board of Directors through a single seat, in that the FWA representative may vote on any action item funded, in whole or in part, from any OM&R fund or Reserves to which Friant Division Contractors have or will have contributed and this MOU shall not be deemed to alter the authority of the SLDMWA Board of Directors to adopt and amend budgets for the conduct of SLDMWA business, including for OM&R of the Project Facilities.

2. Finance and Administration Committee. ~~The~~FWUA will shall be entitled to one of eight positions on the Finance and Administration Committee ("FAC"), with the right to vote on all OM&R budgetary matters. The FAC is an advisory committee to the Board of

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 8 of 183

4. ~~OM&R Planning~~ Planning Committee. The ~~OM&R Planning~~ Planning Committee is a subcommittee of the FAC and is advisory to the FAC and the Board of Directors.

a) FWA will be entitled to one of six voting positions on the ~~OM&R Planning~~ Planning Committee, with the right to vote on all matters. As long as this MOU is in effect, the ~~OM&R Planning~~ Planning Committee will be comprised of the following members, with no Water Delivery Contractor entitled to have more than one representative on such committee at any time:

<u>SLDMWA Division 1</u>	<u>1</u>
<u>SLDMWA Division 2</u>	<u>1</u>
<u>SLDMWA Division 3</u>	<u>1</u>
<u>SLDMWA Division 4</u>	<u>1</u>
<u>SLDMWA Division 5</u>	<u>1</u>
<u>FWA²</u>	<u>1</u>

One alternate will be appointed for each such representative, and each such alternate will participate and cast the vote of the represented party in the absence of such party's ~~primary~~ representative or in case the representative is barred from voting due to conflict of interest.

b) In addition, the ~~OM&R Planning~~ Planning Committee will include five non-voting members, ~~including the following~~:

<u>SLDMWA staff/consultant representative</u>	<u>1</u>
<u>FWA staff/consultant representative</u>	<u>1</u>
<u>USBR representative</u>	<u>1</u>
<u>SLDMWA technical representative</u>	<u>1</u>
<u>FWA technical representative</u>	<u>1</u>

The non-voting members will not count in the calculation of a quorum.

c) The ~~OM&R~~ Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project for which SLDMWA's estimated ~~budget~~ total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs. The ~~OM&R Planning~~ Planning Committee's cost allocation recommendation will be informed by preparation of a beneficiary analysis that will provide supply benefits broken down by water service type and contractor. The anticipated ~~b~~enefits to be analyzed will be comprised of two components: 1) attributable water supply direct benefits (water entitlements and priority of service), including increases in water deliveries due to an Extraordinary OM&R project, and 2) system-wide indirect benefits.

²The FWA representative will be appointed by the SLDMWA Chair, as recommended by FWA.
4861-0450-2194 v1

including economic considerations.

d) The ~~OM&R-Planning~~ Planning Committee should be involved in review of a potential Extraordinary OM&R project as early as possible in order to make a cost allocation recommendation so that prudent and cost-effective decisions related to the proposed Extraordinary OM&R projects can be made on a timely basis. As the owner of the Project Facilities, USBR will be consulted on proposed Extraordinary OM&R projects involving such Facilities given its independent role in developing project feasibility studies and environmental documents.

e) Initial cost allocation recommendations from the ~~OM&R-Planning~~ Planning Committee require a unanimous vote by all members present. If, after exploring various solutions to achieve unanimity, members who represent agencies that are not proposed to be allocated the Extraordinary OM&R project costs continue to object to the proposed findings or recommendation, such members' objection will not preclude a recommendation moving forward from the ~~OM&R-Planning~~ Planning Committee provided that all remaining members of the committee representing agencies that will be allocated Extraordinary OM&R project costs unanimously approve the findings and recommendation.

f) Once a recommendation on cost allocation has been made by the ~~OM&R-Planning~~ Planning Committee, the recommendation will be forwarded to the FAC for its consideration and/or possible recommendation to the SLDMWA Board of Directors. If the FAC proposes any "material change(s)"³ to the ~~OM&R-Planning~~ Planning Committee recommendation, the proposed material change(s), including a summary of the reasons for the change(s), must be referred back to the ~~OM&R-Planning~~ Planning Committee for review.

g) Upon receipt of a proposed material change(s) to an initial recommendation, the ~~OM&R-Planning~~ Planning Committee can 1) concur in the FAC's proposed material change(s), 2) unanimously support revisions to the material change (including reasons why the ~~OM&R-Planning~~ Planning Committee recommendation is preferable to the FAC-proposed material change), or, 3) if unanimous support or revisions cannot be agreed to, the original ~~OM&R-Planning~~ Planning Committee recommendation will stand, and the ~~OM&R-Planning~~ Planning Committee recommendation will be sent, along with the separate FAC recommendation, to the SLDMWA Board of Directors for action.

h) ~~OM&R-Planning~~ The Planning Committee's review of and response to the FAC-proposed material change(s) must occur within thirty (30) days of any referral from the FAC, unless the FAC agrees to a longer review and response period.

³ For the purposes of this Section V.A.4, a "material change" is one that would increase the overall costs of the Extraordinary OM&R project by more than 10% based on the engineer's estimate, or increase the project costs allocated to any participating OM&R payor by more than 10%.

i) Initial cost allocations related to an Extraordinary OM&R project that the Planning Committee has reviewed will be periodically reviewed by the ~~OM&R-Planning~~ Planning Committee, FAC, and/or SLDMWA Board of Directors to determine if changes in allocated costs are warranted.

~~4.5.~~ SLDMWA Committee Structure. All matters pertaining to the OM&R ~~B~~budget and the OM&R Program will shall be addressed by the FAC, ~~and/or~~ OM&R Technical Committee, ~~and/or~~ ~~OM&R-Planning~~ Planning Committee, for matters within their respective jurisdiction. ~~The~~ SLDMWA will shall not alter that delegation of responsibility or the structure/composition of ~~the~~ ~~at~~ committees ~~and/or~~ subcommittees while this MOU is in effect without the consent of ~~the~~ FWUA; provided, ~~that~~ ~~the~~ FWUA will shall not withhold such consent in the event ~~the~~ SLDMWA wishes to form new committees or subcommittees to deal with OM&R budgetary and/or OM&R Program matters if ~~the~~ FWUA is entitled to participate on such committees or subcommittees by representation and with voting rights that are equivalent to the rights described in this MOU. Reorganizations of committee structure that do not affect ~~the~~ FWUA participation on OM&R budgetary and/or OM&R Program matters, such as splitting off ~~a~~ Administrative matters or other non-OM&R budgets, will shall not be affected by the terms of this MOU.

B. Provision of Information

~~The~~ SLDMWA will shall share with ~~the~~ FWUA in a timely manner all relevant information available regarding SLDMWA OM&R ~~B~~budgets; actual OM&R ~~C~~costs incurred, including but not limited to power costs; water deliveries; and all similar information that affects the OM&R ~~B~~budget, the OM&R Program, the SLDMWA Cost Recovery Plan, and adjusting estimated costs to actual. All such information will shall be provided to ~~the~~ FWUA at the same time it is provided to all other members of the Board of Directors or members of any committee or subcommittee as part of a regular or special meeting, and if a separate request for information is made by FWA representatives outside of any board, committee or subcommittee meeting, such information will be provided as soon as reasonably practical.

1. Reports. ~~The~~ SLDMWA will shall provide such information by means of its ~~final~~ draft and final ~~b~~Budgets and any ~~B~~budget ~~A~~addenda on OM&R; monthly Financial Report, including budget-to-actual expenditures; USBR and/or SLDMWA Water Delivery Reports; and such other reports as may be developed for such purposes from time to time.

2. Access. ~~The~~ FWUA will shall be afforded access to inspect SLDMWA records on the same terms as are provided to the USBR pursuant to Article 1~~5~~4(a) of the SLDMWA Transfer Agreement.

C. Notices and Meeting Dates

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 12 of 183

The SLDMWA ~~will~~ shall give the FWUA, its designated representatives and the designated alternate for each timely notice of all meetings of the Board of Directors, FAC, and OM&R Technical Committee, and OM&R Planning Committee. All information and notices provided to the FWUA by the SLDMWA ~~will~~ shall be provided in ~~at least~~ the same detail, and at the same time, as the ~~comparable~~ information and notices provided to SLDMWA members or their representatives participating in the same decision-making. To facilitate FWUA participation as described herein, the SLDMWA ~~will~~ shall use its best efforts to establish regular meeting dates for meetings of the Board of Directors, committees, and subcommittees that deal with the OM&R Program or any OM&R-related issue on dates that do not conflict with regularly-scheduled FWUA meeting dates, to coordinate meeting dates for special meetings of such committees or subcommittees with the schedules of FWUA representatives, and to permit the FWUA to participate by telephone or other electronic means, and the FWUA ~~will~~ shall use best efforts to make its representatives available for such participation.

VI. RESOLUTION OF DISPUTES

A. Process

Disputes relating to interpretation or performance of this MOU ~~will~~ shall be resolved according to the process described in this Article.

1. Informal Dispute Resolution. Should any dispute arise between the SLDMWA and the FWUA concerning any matter that is the subject of this MOU, the party raising the disputed issue ~~must~~ shall promptly give written notice ("Dispute Notice") to the other party, ~~and the parties shall thereafter diligently meet and confer in good faith in an effort to resolve the issue.~~ The Dispute Notice shall must contain the date or general period the dispute arose, a ~~detailed~~ explanation of the issue (including proposed resolution of the issue), and the name and contact information, ~~address and telephone and fax numbers~~ of the disputing party's representative who should be contacted by the responding party. The parties must schedule and participate in an initial meeting no later than thirty (30) days from the date of the Dispute Notice, and if the issue is not resolved at the initial meeting, the parties must thereafter continue to engage in good faith efforts to resolve the issue at the earliest opportunity. Each party ~~shall~~ must make available, at such party's expense, such policy-level staff members, technical staff, consultants, or Board members as are reasonably necessary to the equitable and expedient resolution of the issue. At any time during this process, either party may request that the Regional Director of the USBR participate in the process to facilitate the resolution, and the other party ~~will~~ shall accept such participation if it is provided. In the event the parties have not reached agreement on resolution of the disputed issue within ninety (90) days of the date of the Dispute Notice, or such extended period as the parties may mutually agree to, either party may pursue the remedies described in Section VI.A.2 or 3, as applicable.

2. Alternative Dispute Resolution. At any time during the informal dispute

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 13 of 183

resolution process described in Section VI.A.1 above, or following the expiration of the time period established for such process, either party may propose a form of alternative dispute resolution (“ADR”) such as mediation or arbitration to resolve the dispute. The utilization of such voluntary ADR process will require mutual agreement as to the specifics of the process, and the decision as to whether to utilize such voluntary ADR process in the first place and the details of such process will be at the sole discretion of the parties. The parties will endeavor, where applicable, to select a mediator or arbitrator with general familiarity with the OM&R of water conveyance facilities and the CVP. The decision by any party not to utilize ADR or the inability to agree upon the specifics of an ADR process will not constitute bad faith under this MOU.

3. Resolution by USBR through Trial by Reference. In the event the parties have not reached agreement on resolution of the disputed ~~through informal dispute resolution within the time period issue by the first anniversary 90 days of the date of the notice~~ described in Section VI.A.1., with or without the assistance of the Regional Director as facilitator, ~~or through the voluntary utilization of ADR under Section VI.A.2, then the dispute will be determined by the Regional Director using the following procedure either party may pursue a formal dispute determination from the Regional Director, USBR, file suit in the Superior Court of Fresno County for proceedings in accordance with Section 638 et seq. of the Code of Civil Procedure; provided that the procedure for such reference shall be modified as follows:~~

a) Within fifteen (15) days after the expiration of the period for informal dispute resolution and after the termination of any ADR proceedings, the parties will request in writing a determination of the dispute by the Regional Director (“Request for Dispute Determination”).

b) Upon receipt of a Request for Dispute Determination, the Regional Director, with non-binding input from the parties, will select a panel of USBR personnel (“Panel”) with appropriate financial, operational, policy, or technical backgrounds to assist in the resolution of the dispute.

c) The Regional Director, in coordination with the parties, will set dates for the submission of position papers on the dispute (including page limitations) and for the parties to present their positions to the Regional Director and the Panel. Unless the parties agree otherwise, the meeting at which the parties present their positions must take place within sixty (60) days of the date of submission of the Request for Dispute Determination.

d) Within sixty (60) days of the meeting at which the parties present their positions, or such other reasonable date as may be agreed upon by the parties and USBR, the Panel will prepare an analysis and recommendation on the dispute and the Regional Director, upon review of such recommendation and following an opportunity to request any additional information or to have any additional meetings with the parties, will issue a final written decision on the dispute. Nothing in this MOU is intended to or will limit the discretion of the Regional Director to apply applicable Reclamation law, policies or procedures, where appropriate, in

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 14 of 183

resolving any disputes submitted by the parties under this Section VI.A.3.

e) The Regional Director's determination will constitute a final written determination of the Contracting Officer pursuant to Article 10 of the parties' existing Transfer Agreements, and the parties must promptly comply with the determination until the same is stayed, reversed, or modified by a decision of a court of competent jurisdiction. Any challenge to the Regional Director's determination must be filed in federal court within sixty (60) days thereafter, and such determination will be subject to judicial review under the applicable standards of the federal Administrative Procedure Act (5 U.S.C. § 706). Except as set forth in Section VI.B, if the Regional Director's determination results in a payment obligation to either party, any such payment need not be made prior to the final resolution of any judicial proceedings commenced in accordance with this subsection.

f) If the Regional Director's determination under Section VI.A.3.e results in a payment obligation to either party, and an appeal is not timely filed in federal court, the following provisions will apply:

1. If the Regional Director determines FWA owes payment to SLDMWA under the MOU, FWA must promptly pay the sums owed to SLDMWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. After sixty (60) days from the Regional Director's final decision, any unpaid amounts will be deemed a "deficiency" within the meaning of Article 12 of the SLDMWA Transfer Agreement.

2. If the Regional Director determines SLDMWA owes payment to FWA under the MOU, SLDMWA must promptly pay the sums owed to FWA, and until paid any such amounts will accrue interest at the same rate SLDMWA charges contractors for delinquent payments under this MOU. If after sixty (60) days from the Regional Director's final decision SLDMWA has not paid the sums owed FWA, then FWA may apply the total obligation as a credit towards any pending or future cost invoice to FWA until the obligation is fully offset.

g) The parties agree to share equally any costs imposed by USBR associated with the participation of the Regional Director and Panel personnel in the dispute resolution process under this Section VI.A.3.

~~a) Each party shall name one person to serve as referee within 10 days of the date of the Court's order granting the petition for reference, and within 10 days of their selection the two persons so named shall name a third person to serve as referee. If they are unable to agree on a third person, the Court shall appoint the third person. All referees shall have general familiarity with the OM&R of water conveyance facilities and the CVP.~~

~~b) A hearing of the matter before the referees shall be conducted as expeditiously as possible.~~

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 15 of 183

~~e) The referees shall issue a draft report of their findings within 20 days after the testimony is closed.~~

~~d) Within 10 days after the date of mailing the draft report, any party may file objections to it with the referees.~~

~~e) If no objection is filed to the draft report, it shall be filed forthwith with the Court. If an objection to the draft report is filed, the referees shall file their final report with the Court within 20 days of the date the objection is filed.~~

~~f) The report of the referee shall be subject to review by the Court upon exception thereto being filed with the Court within 10 days after the filing of the final report by the referees; provided, no exception to the report shall be considered unless it appears that the matter of the exception was presented to the referees in the form of an objection. The Court shall hear the objection at the first available law and motion calendar at least 28 days after the exception was filed.~~

~~g) The report filed by the referee shall be prima facie evidence of the facts therein reported, but the Court may hear such evidence as may be offered by any party to rebut the report, and render the court's own decision.~~

~~h) If no objection to the referees' report is filed with the Court, the report of the referees upon the whole issue shall stand as the decision of the Court.~~

B. Disputes Causing Cash Flow Difficulties

The parties recognize that circumstances could arise in which the non-payment of amounts due by one party could create material cash flow difficulties for ~~one of the other parties~~. In the event a dispute results in the non-payment of obligations owed to ~~the~~SLDMWA by ~~the~~FWUA or a demand from ~~the~~FWUA for payment by ~~the~~SLDMWA at such time or in such amount that the other party becomes unable to reasonably meet its cash flow needs, ~~through the terms of this MOU and Article II(c) of the SLDMWA Transfer Agreement or the FWUA Transfer Agreement, as applicable,~~ the affected party will ~~shall~~ not be obligated to pursue ~~the~~ informal ~~d~~Dispute ~~r~~Resolution or ADR described in Section A.1. of this Article VI for a period of longer than ten (10) days, after at which time the party it shall will be entitled to issue a Request for Dispute Determination to USBR under Section VII.A.3. In addition, in the event the Regional Director determines that a payment is due from a party, and if the party owed the payment needs the funds to reasonably meet cash flow needs, payment must be made promptly notwithstanding the pendency of any judicial proceedings to review the Regional Director's determination, subject to the reimbursement of the disputed payment amount if the Regional Director's determination regarding a payment obligation is later set aside in whole or in part by a court. For the purposes of this subsection, the phrases "material cash flow difficulties"² and "reasonably meet cash flow needs" means the applicable party lacks sufficient unrestricted funds

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 16 of ~~18~~**3**

to pay current costs owed without being able to collect the funds associated with the disputed matter. “Unrestricted funds” has the same meaning as categories of unrestricted cash as reported by each party in its annual, audited financial statements. ~~commence a court proceeding pursuant to Section A.2. of this Article VI.~~

C. Status of Obligations During Pendency of Dispute

A. Payment Obligations. During the period of any dispute between the parties regarding annual OM&R Costs collected via water rates, FWA must pay all disputed annual OM&R Costs collected from Friant Division Contractors during the course of the dispute. With respect to disputed payment obligations for Extraordinary OM&R projects or cost allocations for projects for which the budget is greater than 50% of the current year’s routine OM&R Budget, to the extent costs are imposed on SLDM Contractors during the first ninety (90) days following a Dispute Notice, FWA will pay all disputed costs collected into an escrow or trust account. If the dispute is not resolved within ninety (90) days, any funds deposited into the escrow or trust account will be paid to SLDMWA, and FWA must thereafter remit all disputed payments collected to SLDMWA, ~~unless the parties agree otherwise affecting payment obligations under this MOU, any disputed payments shall continue to be made during the pendency of the dispute as they had been made prior to such dispute, and any changes resulting from the resolution of the dispute shall be implemented by retroactive adjustment of amounts paid to the date when the dispute arose, as indicated on the notice required in Section A.1. above, unless the parties agree upon an alternate adjustment period.~~

B. Changes to Payment Obligations Resulting from Resolution of Dispute. The resolution of any dispute for which a Dispute Notice is issued under Section VI.A will include an agreement between the parties (if resolved voluntarily) or a determination by USBR or a federal court as to the amount and timing of the retroactive adjustment or prospective adjustment, as applicable, in disputed payment obligations.

~~C.~~ D. Termination of Transfer Agreements

The parties acknowledge that they each have a right to terminate their respective Transfer Agreement on 12 months’ notice under Article 2(c) thereof, and that a material dispute relating to the interpretation or performance of this MOU, or the unsatisfactory resolution thereof, could lead to such a termination. In order to facilitate mutually acceptable resolution of disputes and reduce the possibility of a termination of either the FWUA Transfer Agreement or the SLDMWA Transfer Agreement, the parties agree that neither of them will give notice of termination of a Transfer Agreement under Article 2(c) thereof for a period of at least 12-6 months after the date of the notice described in Section ~~VI.A.1. of this Article VI~~; provided, that if matters unrelated to any such dispute arise which cause a party to desire termination, such notice may be sooner given.

VII. RENEGOTIATION PRINCIPLES

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 17 of ~~18~~ **3**

A. Basis for Agreement

This MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, represents the parties' negotiated agreement on an equitable apportionment of the OM&R Costs ~~to be incurred by the~~ SLDMWA. In entering into this MOU, the parties have made assumptions ~~ed that the~~ that water supplies and operations of the parties' respective members will not materially change while this MOU is in effect and that there will be no material change in the use of or access to facilities utilized by the parties and their members after the effective date ~~hereof~~ of this MOU. Further, they have assumed the accuracy of financial data provided and/or developed by the USBR and the SLDMWA in connection with the negotiation of this MOU, the SLDMWA Cost Recovery Plan and Reserve Criteria. The parties acknowledge that all such assumptions were material to their respective decisions regarding the provisions of this MOU, including to reach the agreements described herein, in the SLDMWA Cost Recovery Plan and in the Reserve Criteria, and agree that in the event any of those assumptions proves to be incorrect, or upon the occurrence of certain other events described in Section VII.B., renegotiation of this MOU, the SLDMWA Cost Recovery Plan and/or Reserve Criteria is appropriate.

B. Events Triggering Renegotiation of MOU

In addition to the express provisions of this MOU that require consideration of potential amendments should certain events occur, should a party conclude that this MOU, including the SLDMWA Cost Recovery Plan and Reserve Criteria, can and should be modified to address (i) such party's determination that one or more of the fundamental assumptions described in Section VII.A. was in error, (ii) an administrative or court order materially affecting the water supply or operations of one or more of the agencies comprising such party, or which makes it reasonably foreseeable that such agency(ies) will thereafter suffer a material and adverse change in its/their water supply or operations, or (iii) another significant event which makes it reasonably foreseeable that such party will bear a material increase in OM&R Costs on a per acre foot ("AF") basis, the parties commit to entering into negotiations in good faith and timely efforts to modify this MOU, the SLDMWA Cost Recovery Plan or Reserve Criteria, as applicable.

C. Inability to Reach Agreement on Modification of MOU

In the event a party seeks modification of this MOU pursuant to Section VII.A. ~~of this Article VII,~~ neither party will shall give notice of termination of its Transfer Agreement pursuant to Article 2(c) thereof for 126 months after the first negotiation date; provided, that if matters unrelated to the event giving rise to the party's request for modification of this MOU arise which cause a party to desire termination, such notice may be sooner given. ~~Following such 126 month~~ minimum period, either party will shall be free to exercise its right to terminate its Transfer Agreement under Article 2(c) thereof if a mutually acceptable modification of this MOU has not been developed.

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 18 of 183

VIII. MISCELLANEOUS

A. Term of MOU

This MOU ~~will~~ remain in effect until it is terminated by the mutual agreement of the parties; provided, that this MOU ~~will~~ automatically terminate without further action of the parties upon the termination, as applicable, of either the FWA Transfer Agreement or the SLDMWA Transfer Agreement. ~~Upon any termination of this MOU, the SLDMWA Cost Recovery Plan will~~ also terminate, although if the FWA Transfer Agreement terminates, SLDMWA would proceed in promptly developing a new cost recovery methodology. In that regard, the parties acknowledge that the agreements described ~~herein~~ in this MOU, and particularly the agreements contained in the SLDMWA Cost Recovery Plan, are part of a negotiated and comprehensive arrangement which reflects numerous compromises and tradeoffs by the parties. Accordingly, no aspect of this MOU or the SLDMWA Cost Recovery Plan is to be construed as precedent, and all aspects thereof must be renegotiated if this MOU is terminated.

B. Attorneys' Fees

In the event of any judicial action by any of the parties seeking enforcement or interpretation of any of the terms and conditions of this MOU, ~~including without limitation any action commenced under Article VI~~, the prevailing party in such action will be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses including, without limitation, taxable costs and reasonable attorneys' fees.

C. Entire Agreement

This MOU and its exhibits contain all of the agreements of the parties ~~hereto~~ with respect to the subject matter ~~hereof~~ of this MOU. No other prior agreement or understanding pertaining to any such matter will be effective for any purpose. No provisions ~~hereof~~ of this MOU may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized representatives of each of the parties ~~hereto~~.

D. Exhibits.

This MOU includes Exhibit A, a list of Settlement Contractors; Exhibit B, the SLDMWA Amended OM&R Cost Recovery Plan; Exhibit C, Reserve Criteria; and Exhibit D, a list of SLDM Contractor Service (Delivery) Areas. The Parties anticipate that Exhibit A and Exhibit D may be amended by SLDMWA from time to time in coordination with USBR. Exhibit B may be amended consistent with Article Section Section-VII of this MOU and pursuant to Article 12(b)(3) of the SLDMWA Transfer Agreement. Exhibit C may be amended consistent with Article Section Section-VII of this MOU, and may include coordination with the OM&R Technical Committee and/or the Finance & Administration Committee during the annual OM&R

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding

Page 19 of 183

Budget development process. Any and all such updated exhibits will be attached to this MOU and replace all prior versions of such exhibits.

E. Interpretation

The validity and interpretation of this MOU (including all exhibits) will be governed by the laws of the State of California. The MOU will be construed simply, as a whole, and in accordance with its fair meaning. The use of the singular includes the plural, and vice versa.

IN WITNESS WHEREOF, the parties have executed this MOU as of the date first above written.

SAN LUIS & DELTA-MENDOTA
WATER AUTHORITY

FRIANT WATER AUTHORITY

By: _____ By: _____
Cannon Michael, Chair Jim Erickson, Chair

By: _____ By: _____
Federico Barajas, Secretary Josh Pitigliano, Secretary

~~[SIGNATURE BLOCKS]~~

DRAFT

EXHIBIT A**SETTLEMENT CONTRACTORS**

The following contractors ~~are will~~shall be entitled to receive, without charge, the designated acre feet of Settlement Wwater through the Project Facilities as stated below or as may be amended.

	Contract#	Acre Feet
Coelho Family Trust (Formerly Mason A. Loundy Trustee)	14-06-200-7859A	1,332
State of California, Dept. of Fish & Game (Mendota Wildlife Area) (Formerly Mason A. Loundy Trustee)	14-06-200-7859A Assign 1	1,321
State of California (Mendota Wildlife Area)	14-06-200-4359A AMD1	1,143
San Joaquin River Exchange Contractors Water Authority: <ul style="list-style-type: none"> • Central California Irrigation District • Columbia Canal Companyy • San Luis Canal Companyy • Firebaugh Canal Company 	llr-1144	840,000
Fresno Slough Water District	14-06-200-40 19A	866
Tranquillity Public Utility District (Formerly Hughes, Melvin & Mardella)	14-06-200-3537A	93
James Irrigation District	14-06-200-700-A	9,700
M.L. Dudley and Company, John G. Indart, and Doris J. Indart	14-06--200-4448A	2,280
Patterson Irrigation District	14-06-200-3598A-LTR1-P	6,000
Reclamation District No. 1606	14-06-200-3802A	342
Tranquillity Irrigation District	14-06-200-701A	20,200
Marvin A. & Patricia Meyers	9-07-20-W1608	210
Kenneth and Karen Carvalho Revocable Trust (Formerly Virginia L. Lempeis Separate Property Trust)	11-WC-20-0026	600
Total		884,087

Second Amended and Restated Memorandum of Agreement - Exhibit A

Page 1 of 1

4861-0450-2194 v1

EXHIBIT B

2024 SLDMWA OM&R COST RECOVERY PLAN

This 2024 SLDMWA OM&R Cost Recovery Plan was developed consistent with Article 12(b) of the SLDMWA Transfer Agreement, and was provided to all parties with payment obligations not less than sixty (60) days to the effective date of [REDACTED] (“Effective Date”). Notwithstanding the Effective Date of this Plan, the cost recovery methodology will be applied retroactively to March 1, 2024.

I. INTRODUCTION - The following is a description of the allocation and recovery of ~~operation, maintenance and replacement costs~~ OM&R Costs for the following facilities by the San Luis ~~&and~~ Delta-Mendota Water Authority:

1. ~~The~~ Delta-Mendota Canal (hereinafter “DMC”);
2. ~~The~~ Tracy C.W. “Bill” Jones Pumping Plant (hereinafter “Tracy Jones PP”);
- ~~2.3.~~ C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex;
- ~~3.4.~~ The O’Neill Pumping/Generating Plant (hereinafter “O’Neill PGP”) and Switchyard;
5. Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”)
6. ~~The~~ Mendota Pool⁴;
- ~~4.7.~~ Kesterson Reservoir;
- ~~5.8.~~ The federal share of the San Luis Joint Use conveyance and conveyance pumping facilities; and
- ~~6.9.~~ The San Luis Drain including Redfern Drain.

This 2024 SLDMWA OM&R Cost Recovery Plan is an exhibit to the Second First Amended and Restated *Memorandum of Understanding Between the Friant Water Users Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection*

⁴ As Mendota Pool is a non-Federal facility, SLDMWA’s operational responsibilities related to Mendota Pool are limited to those activities specifically required to fulfill the legal and contractual obligations of the United States. Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

and Payment of Operation, Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities (hereinafter the "MOU"). The MOU defines the terms and conditions for allocating and recovering the costs associated with the OM&R of the above referenced facilities. Friant Division Contractors ~~will~~shall be obligated to pay the OM&R Costs associated with the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of this Cost Recovery Plan. ~~The FWUA will~~shall, as part of the FWUA cost recovery methodology developed under the FWUA Transfer Agreement, provide for the recovery of OM&R Costs allocated to the Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan. To the extent the USBR has conferred upon ~~the FWUA~~ the legal authority to do so, ~~the FWUA will~~shall allocate such costs among, and collect such costs from, the Friant Division Contractors. For ease in representation and for practical considerations, and for the purposes of the MOU and this SLDMWA OM&R Cost Recovery Plan only, Friant Division Contractors will be considered a single CVP Water Delivery Contractor whose water deliveries constitute the total Settlement Water deliveries of the Settlement Contractors. The USBR will be allocated the costs associated with the delivery of Other Water under the provisions of the SLDMWA Transfer Agreement, except to the extent that such Other Water is specifically attributable to another party (e.g. non-CVP water delivered under a Warren Act contract wherein the Warren Act contractor will~~shall~~ be allocated applicable OM&R Costs). For purposes of completeness, OM&R ~~Ce~~osts associated with Project Facilities that are unnecessary for the delivery of Settlement Water (such as of the San Luis Drain) are allocated in this SLDMWA OM&R Cost Recovery Plan, but no part ~~thereof~~ such OM&R Costs will~~shall~~ be allocated, under ~~this~~e Cost Recovery Plan, to the Friant Division Contractors, except as expressly noted.

The MOU dictates that the allocation of costs for specific acquisitions or OM&R activities not already addressed by this Cost Recovery Plan will be allocated in a manner consistent with the principles contained in this Cost Recovery Plan. Those principles include:

1. Except where expressly noted otherwise, Friant Division Contractors are responsible for paying OM&R Costs for Project Facilities used for the delivery of Settlement Water to the Settlement Contractors in accordance with the terms of

Second Amended and Restated Memorandum of Understanding – Exhibit B
Page 2 of ~~24~~20

4861-0450-2194 v1

the MOU and this Cost Recovery Plan;

2. Water rates will be comprised of various cost pool components based on the principle that OM&R Costs are allocated to water deliveries based on the Project Facilities used; and
3. All Water Delivery Contractors and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

II. DEFINITIONS - As used herein in this Cost Recovery Plan, the following terms have the meanings as set forth below. To the extent the following terms are defined used in the MOU, their definitions are restated here for convenience:

~~A. CVP Contractors: Parties that receive water pursuant to Water Delivery Contracts or that receive Other Water as said such terms are defined in Article 1 of the SLDMWA and FWUA Transfer Agreements.~~ Extraordinary OM&R: As used in this SLDMWA OM&R Cost Recovery Plan, Extraordinary OM&R has the same meaning as the non-capitalized term included in the definition of OM&R in the SLDMWA Transfer Agreement. That is, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.

B.

~~2. SLDM Contractors: CVP Contractors that receive water (water other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement. Extraordinary OM&R: The performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.~~

Formatted: Font: 12 pt

Formatted: Normal, Left, Space Before: 0 pt, Line spacing: single, No bullets or numbering

Formatted: Normal, Left, Line spacing: single, No bullets or numbering

Friant Division Contractors: ~~CVP~~ Water Delivery Contractors receiving water service from the Friant Division of the CVP Central Valley Project, including members and non-members of ~~the~~ FWUA.

3. ~~C.~~ C.

FWUA Transfer Agreement: That certain Agreement Between the United States of America and Friant Water Authority to Transfer the Operation, Maintenance and Replacement; and Certain Financial and Administrative Activities Related to ~~of~~ the Friant-Kern Canal and Associated Works effective ~~March 1~~ October 5, 1998 2020, as amended.

4. ~~D.~~ D.

OM&R: Operation, maintenance and replacement as that phrase is defined in the SLDMWA Transfer Agreement Extraordinary OM&R.

OM&R Budget: SLDMWA's annual budget to fund the OM&R Program, which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.

F.

~~Extraordinary OM&R: The performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs to the extent such costs are not considered Capital Improvement costs (as defined in the SLDMWA Transfer Agreement) unless SLDMWA chooses to accomplish and finance such Capital Improvements under Article 5(b) of its Transfer Agreement.~~

but not limited to, the performance, funding, and financing of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs. ("Extraordinary OM&R").

Formatted: Body Text, Left, Indent: Left: 0.5", Hanging: 0.5", Space Before: 2 pt, No bullets or numbering

Formatted: Body Text, Left, Indent: Left: 0.5", Hanging: 0.5", Space Before: 2 pt, No bullets or numbering

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Body Text, Indent: Left: 0.5", Hanging: 0.5", Space Before: 2 pt, Line spacing: 1.5 lines

Formatted: Body Text, Left, Indent: Hanging: 0.5", Space Before: 2 pt

Formatted: Body Text, Indent: Left: 0.5", Hanging: 0.5", Space Before: 2 pt, Line spacing: 1.5 lines

~~OM&R Budget: SLDMWA’s annual budget to fund the OM&R Program which is developed and approved in accordance with the procedures set forth in Article 12(a) of the SLDMWA Transfer Agreement.~~

OM&R Costs: Costs of providing OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.

~~5. G.~~

Party Entitled to Utilize or Receive Other Water: A party required to pay SLDMWA the amounts described in Article 12 of the SLDMWA Transfer Agreement in connection with the delivery of “Other Water,” as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

H. Project Facilities: The physical works and appurtenances associated with the C.W. “Bill” Jones ~~Tracy~~ Pumping Plant (formerly Tracy Pumping Plant), C.W. “Bill” Jones Pumping Plant Operations and Maintenance Complex, ~~the~~ Delta-Mendota Canal, Delta-Mendota Canal – California Aqueduct Intertie Pumping Plant (“Intertie”), ~~the~~ O’Neill Pumping-/Generating Plant and Switchyard, the federal share of the ~~associated~~ O’Neill Forebay and Dam, ~~the~~ Mendota Pool (see footnote no. 4 ~~above in the Introduction~~), Kesterson Reservoir, the federal share of San Luis Unit Joint Use conveyance and conveyance pumping facilities, and the San Luis Drain.

~~6. I.~~

Reserves: Funds accumulated to meet unexpected emergencies or planned multi-year financial commitments of Extraordinary OM&R and/or capital improvement projects to replace or repair Project Facilities and equipment that are not included in the annual costs of ongoing, regular, or routine operations, maintenance, repairs, replacements, and other activities and actions necessary for continued structural integrity and operational reliability of Project Facilities required for the

Formatted: Body Text, Left, Indent: Hanging: 0.5", Space Before: 2 pt

Formatted: Body Text, Left, Indent: Left: 0.5", Hanging: 0.5", Space Before: 2 pt, No bullets or numbering

delivery of “Project Water,” as defined in the SLDMWA Transfer Agreement.

J. Settlement Contractors: Those contractors, listed in Exhibit A of the MOU, entitled to receive water service through the Project Facilities without charge, except as provided in this Cost Recovery Plan.

~~7.~~ K.

Settlement Water: Water the Settlement Contractors are entitled to receive without charge from Project Facilities.

~~8.~~ L.

SLDM Contractors: Water Delivery Contractors that receive water (other than Settlement Water) via any of the Project Facilities described in the SLDMWA Transfer Agreement.

M. SLDMWA: The San Luis & Delta-Mendota Water Authority.

~~9.~~ N.

SLDMWA Transfer Agreement: That certain Agreement between the United States of America and San Luis & Delta-Mendota Water Authority to Transfer the Operation, Maintenance and Replacement, and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, C.W. “Bill” Jones Tracy Pumping Plant, Delta-Mendota Canal/California Aqueduct Intertic Pumping Plant, and O’Neill Pumping/Generating Plant, San Luis Drain and Associated Works effective March January 14, 1998 2020, as amended.

~~10.~~ O.

USBR: United States Department of Interior, Bureau of Reclamation.

P. Water Delivery Contract: (1) Any contract entered into by the Secretary of the United States Department of the Interior under the provisions of Sections 9(c), 9(d), or 9(e) of the Reclamation Project Act of 1939 or Section 3404 of the Central Valley Project Improvement Act pursuant to which “Project Water” is to be supplied from or through Project Facilities and (2) any exchange contract.

water rights settlement contract, or similar agreement pursuant to the terms of which water is to be supplied by the United States from or using the Project Facilities, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

Q. Water Delivery Contractor: A party holding a Water Delivery Contract with the United States, as such terms are defined in Article 1 of the SLDMWA and FWA Transfer Agreements.

Formatted: Font: 12 pt

~~12.~~ R.

~~13.~~ Year: March 1 through February 28/29.

III. COST POOLS - OM&R Costs ~~will~~shall be accumulated into ~~six~~eight cost pools, defined as the Upper DMC and ~~Tracy-Jones~~ PP cost pool (~~hereinafter~~"Upper Cost Pool"), the Lower DMC/~~Mendota Pool~~ cost pool (~~hereinafter~~"Lower Cost Pool"), ~~the Intertie Variable Cost~~ cost pool ("Intertie Variable Costs-Cost Pool"), the Mendota Pool cost pool ("Mendota Pool Cost Pool"), the San Luis Joint Use conveyance and conveyance pumping facilities cost pool (~~hereinafter~~"DWR Cost Pool"), the ~~Tracy-Jones~~ PP power cost pool (~~hereinafter~~"Tracy-Jones Power Cost Pool"), the O'Neill PGP cost pool (~~hereinafter~~"O'Neill Cost Pool") and the San Luis Drain cost pool ("San Luis Drain Cost Pool").

A. The Upper Cost Pool includes:

1. The OM&R Costs for the Jones PP and related Jones PP Operations and Maintenance Complex~~field office facilities~~, excluding energy costs;
2. A pro rata share of the OM&R Costs for the DMC from the Jones PP to Check 13 based on miles of DMC serviced above and below Check 13 (70/116 miles or 30.64%) (~~hereinafter~~"Upper DMC");
3. The OM&R Costs associated with routine OM&R of the Intertie, except that SLDMWA will work with USBR to ensure the State of California pays routine Intertie OM&R Costs associated with the movement of State water through the Intertie;
- ~~3.~~4. The OM&R Costs for the Westley, Newman, and Volta Wasteways; and

Formatted: Indent: Left: 0.5"

Second Amended and Restated Memorandum of Understanding – Exhibit B
Page 7 of ~~24~~20

4861-0450-2194 v1

~~4.5.~~ The OM&R Costs for the intake channel from the Tracy Fish Facility to the Jones Pumping Plant.

B. The Lower Cost Pool includes:

~~5.1.~~ A pro rata share of the OM&R Costs for the DMC from Check 13 to (but not including) the Mendota Pool based on miles of DMC serviced above and below Check 13 (46/116 miles or 39.66%) (hereinafter "Lower DMC"); and

~~6.~~ ~~The OM&R Costs for the Mendota Pool; and~~

2. The OM&R Costs for the Firebaugh Wasteway.

C. The Intertie Variable Cost Pool includes:

1. DWR wheeling charges for conveyance of water from the Intertie through the California Aqueduct to O'Neill Forebay; and

2. USBR's project use energy ("PUE") costs associated with Intertie operations.

D. The Mendota Pool Cost Pool includes the operational costs associated with activities at Mendota Pool that are specifically required to fulfill statutory or contractual obligations of the United States, including but not limited to, managing deliveries from the DMC into Mendota Pool, coordination actions to assist CCID in maintaining certain elevations at Mendota Pool, coordination of flood releases from the San Joaquin River and Kings River into Mendota Pool, and monitoring and measuring water deliveries taken by contractors at Mendota Pool. -Unless undertaken pursuant to separate agreements with beneficiaries that will bear the cost, SLDMWA does not conduct additional operation, maintenance, or replacement activities for Mendota Pool.

E. The DWR Cost Pool includes the federal share of the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities and the energy costs incurred in pumping water at the Dos Amigos Pumping Plant. The DWR costs associated with the OM&R Costs of the O'Neill Forebay and Dam are included the O'Neill Cost Pool and, therefore, are not included in the DWR Cost

Pool.

~~F.~~ The ~~Jones~~ ~~Tracy~~ Power Cost Pool includes the energy costs incurred at the ~~Tracy~~ ~~Jones~~ PP and related ~~Jones PP Operations and Maintenance Complex~~ ~~Tracy field~~ ~~office facilities~~.

~~G.~~ The O'Neill Cost Pool includes:

- ~~7.1.~~ The OM&R Costs for the O'Neill PGP;
- ~~8.2.~~ The OM&R Costs for the O'Neill PGP intake upstream of Check 13 from the DMC to the O'Neill PGP;
- ~~9.3.~~ The energy costs, net of regeneration credits, incurred in pumping water at the O'Neill PGP; and
- ~~10.4.~~ The DWR OM&R Costs for the federal share of the O'Neill Forebay and Dam.

~~B.H.~~ The San Luis Drain Cost Pool includes:

1. The OM&R of the San Luis Drain; and
2. The Maintenance of the Kesterson Reservoir, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 ~~will~~ ~~shall~~ be assigned in accordance with the Report.

~~C.~~

~~The OM&R Costs for the DMC shall be allocated between the Upper Cost Pool and Lower Cost Pool pro-rata based on miles of DMC serviced above and below Check 13 (70/116 or 60.34 percent in the Upper Cost Pool and 46/116 or 39.66 percent in the Lower Cost Pool).~~

IV. COST ALLOCATION ~~TO SLDM CONTRACTORS~~- The OM&R Costs assigned each Year to each of the cost pools described above will be allocated to Water Delivery SLDM Contractors and Parties Entitled to Utilize or Receive Other Water using the facilities described above for each cost pool in accordance with the following methodology:

~~A.~~ Upper and Lower Cost Pools - Costs accumulated in the Upper and Lower Cost Pools will be allocated to each ~~SLDM Contractor~~ Water Delivery Contractor or

Formatted: Font: 12 pt

Formatted: Left, Indent: Hanging: 0.49"

Formatted: Font: 12 pt

Party Entitled to Receive or Use Other Water based upon the ~~SLDM-Contractor party's~~ cost allocation percentage, subject to the following:-

1. The cost allocation percentage for the Upper and Lower Cost Pools will~~shall~~ be determined by dividing a Water Delivery Contractor's or Party Entitled to Utilize or Receive or Use Other Water's ~~SLDM-Contractor's~~ "delivery base" by the total delivery base for all ~~SLDM Water Delivery Contractors and Parties Entitled to Utilize or Receive or Use Other Water~~ sharing in each cost pool.
2. The delivery base for each SLDM Contractor will~~shall~~ be computed for the Upper Cost Pool and the Lower Cost Pool as the greater of the actual water delivered to the SLDM Contractor utilizing that cost pool's facilities during the Year, or the amount established under the Minimum Participation requirements described in Section V.A. hereof.
3. 25% of the OM&R Costs for the Lower Cost Pool will be allocated in the Mendota Pool Cost Pool.

Formatted: Indent: Left: 1.01"

1. In water years where the south-of-Delta agricultural water allocation is 0% and/or in water years where 0% agricultural service water is available for delivery during the contract year (regardless of the south-of-Delta agricultural service water allocation): 65% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors. The remaining 35% will be allocated to ~~contractors other than Friant Division Contractors~~ all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool.

Formatted: Font: 12 pt

Formatted: Left, Indent: Left: 0.56", Hanging: 0.49", Space Before: 2 pt

B. Intertie Variable Cost Pool – Costs accumulated in the Intertie Variable Cost Pool will be allocated to each Water Delivery Contractor and Party Entitled to Utilize or Receive Other Water on the same basis as the Upper and Lower Cost Pool, subject to the following:

1. In water years where the south-of-Delta agricultural water allocation is 0% and/or in water years where 0% agricultural service water is available for delivery during the contract year (regardless of the south-of-Delta agricultural service water allocation): 65% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors. The remaining 35% will be allocated to ~~contractors other than Friant Division Contractors~~ all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water on the same basis as the Upper Cost Pool.

Formatted: Indent: Hanging: 0.5"

2. In water years where the south-of-Delta agricultural water allocation is 1% - 5%:

- i. The first time such event occurs, 20% of variable Intertie OM&R Costs will be allocated to Friant Division Contractors, ~~Friant Division Contractors~~ with the remaining 80% being allocated to all other SLDM Contractors and Parties Entitled to Utilize or Receive Other Water ~~contractors other than Friant Division Contractors~~ on the same basis as the Upper Cost Pool;
- ii. The second time such event occurs, no cost will be imposed on Friant Division Contractors (i.e., SLDM Contractors and Parties Entitled to Utilize or Receive Other Water will pay on the same basis as the Upper Cost Pool); and
- iii. The third time such event occurs, FWA, SLDMWA, and USBR will negotiate a new allocation methodology for 1% to 5% allocation years.

3. In water years where the south-of-Delta agricultural service water allocation is greater than 5%: ~~FWA~~ Friant Division Contractors will not be allocated any variable Intertie OM&R Costs; 100% of variable Intertie OM&R Costs will be allocated to SLDM Contractors and Parties Entitled to Utilize or Receive Other Water ~~other than Friant Division Contractors~~ on the same basis as the Upper Cost Pool.

4. In water years where the south-of-Delta agricultural service water allocation is greater than 5% and San Joaquin River Restoration Program Delta recapture flows are pumped at Jones PP, the daily acre-feet of recapture flows pumped at Jones PP that coincide with days that the Intertie is in operation will be presumed to have moved through the Intertie. Friant Division Contractors will be allocated a share of variable OM&R Costs for the Intertie by including these presumed flows in the total acre-feet calculation for SLDM Contractors and Parties Entitled to

Formatted: Indent: Hanging: 0.5"

Utilize or Receive Other Water for that water year, and allocating a corresponding share of variable OM&R Costs to Friant Division Contractors. For water years where the south-of-Delta agricultural service water allocation is less than or equal to 5%, regardless of what volumes are pumped at Jones PP, no additional OM&R Costs for the Intertie will be allocated to Friant Division Contractors above what is enumerated in subsections 2.A-C above.

5. Intertie operations will be reviewed upon request by either Party to determine if changes in the allocation methodology are warranted.
6. NOTE: SLDMWA will work with USBR to ensure the State of California pays variable Intertie OM&R Costs associated with the movement of State water through the Intertie; Friant Division Contractors will not be allocated any such costs.

C. Mendota Pool Cost Pool – Costs within the Mendota Pool Cost Pool will be allocated to the contractors taking delivery in Mendota Pool based upon the Water Delivery Contractor’s or Party Entitled to Utilize or Receive Other Water’s cost allocation percentage, using similar methodology to that described in Section IV.A.1 above, subject to the following:

1. In addition to the OM&R Costs for Mendota Pool activities, the Mendota Pool Cost Pool will include 25% of the OM&R Costs of the Lower Cost Pool.
2. ~~Water delivered in Mendota Pool that does not move through the Lower DMC will be allocated Mendota Pool operational costs and 25% Lower Cost Pool costs.~~ Deliveries from the Mendota Pool that do not originate from the DMC (such as San Joaquin and Kings River flows and Mendota Pool pump-ins) will be excluded from the allocation of all other OM&R Costs, including O’Neill Storage, Extraordinary OM&R, and Reserve cost allocations, unless specifically agreed to by SLDMWA and FWA.
3. Minimum Participation requirements as described in Section V.A. will not

Formatted: Left, Indent: Left: 0.5", Hanging: 0.5",
Numbered + Level: 1 + Numbering Style: A, B, C, ... +
Start at: 1 + Alignment: Left + Aligned at: 0.56" +
Indent at: 1.05"

apply to the allocation of the Mendota Pool Cost Pool.

~~Water delivered in Mendota Pool that moves through the Lower DMC will be allocated Mendota Pool operational costs and 100% Lower Cost Pool costs (see Section IV.2.A above).~~

~~NOTE: Water delivered in Mendota Pool that is not conveyed through the DMC will not be allocated O'Neill Storage costs or Reserve costs, unless specifically agreed to by SLDMWA and FWA.~~

~~2.D.~~ DWR Cost Pool - Costs within the DWR Cost Pool ~~will shall~~ be sub-allocated into two cost pools, defined as the North of Dos Amigos Cost Pool and the South of Dos Amigos Cost Pool.

~~A.1.~~ The North of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal north of the Dos Amigos Pumping Plant.

~~B.2.~~ The South of Dos Amigos Cost Pool includes the federal share of the DWR OM&R Costs associated with the San Luis Canal south of the Dos Amigos Pumping Plant, the federal share of the DWR OM&R Costs associated with the Dos Amigos Pumping Plant, and the energy costs incurred at the Dos Amigos Pumping Plant.

OM&R Costs for the North of Dos Amigos Cost Pool and South of Dos Amigos Cost Pool ~~will shall~~ be allocated to the Water Delivery SLDM Contractors and Parties Entitled to Utilize or Receive Other Water directly utilizing the facilities in each such cost pool. The percentage of costs allocated to each such ~~SLDM Contractor/party will shall~~ be determined by dividing the total water deliveries to such ~~contractor/party SLDM Contractor~~ utilizing the Project Facilities in each cost pool by the total water deliveries to Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water SLDM Contractors utilizing such facilities during the Year.

~~3.E.~~ Traey-Jones Power Cost Pool - Costs within the JonesTraey Power Cost Pool ~~will shall~~ be allocated to those ~~SLDM Water Delivery~~ Contractors and Parties

Formatted: Numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.04" + Indent at: 1.53"

Formatted: Justified, Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.56" + Indent at: 1.05"

Formatted: Left, Indent: Left: 0.51", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.56" + Indent at: 1.05"

Entitled to Utilize or Receive Other Water whose water is made ~~directly~~-available by virtue of water being pumped at the Tracy-Jones PP. The percentage of costs allocated to each such ~~SLDM Contractor/party will~~shall be determined by dividing the total water deliveries made available to each such ~~SLDM Contractor/party, as described above in this sub-article (C)~~ by the total of all such water deliveries made available. Minimum Participation requirements as described in Section V.A. ~~will~~shall not apply to the allocation of the Tracy-Jones Power Cost Pool.

~~4.F.~~ O'Neill Cost Pool- Each Year, the O'Neill Cost Pool will be sub-allocated between two cost pools, the "Direct Pumping Cost Pool" and the "Storage Pumping Cost Pool" as follows:

~~A.1.~~ For purposes of allocating the O'Neill Cost Pool between the Direct Pumping Cost Pool and Storage Pumping Cost Pool only, water deliveries made during the Year through the San Luis Joint Use or San Felipe facilities will be deemed water delivered in the Direct Pumping Cost Pool and water released from the O'Neill Forebay through the O'Neill PGP into the DMC will be deemed water delivered in the Storage Pumping Cost Pool. Water that is not conveyed through the DMC will not be deemed water delivered in either the Direct Pumping Cost Pool or the Storage Pumping Cost Pool.

~~B.2.~~ The O'Neill Cost Pool ~~will~~shall be sub-allocated to the Direct Pumping Cost Pool and the Storage Pumping Cost Pool pro rata based upon the percentage obtained by dividing each respective pools' share of water deemed delivered, during the Year as described above, against the sum of the two pools' water deliveries during the Year.

~~C.3.~~ The Direct Pumping Cost Pool ~~will~~shall be further sub-allocated to Water Delivery SLDM Contractors and Parties Entitled to Utilize or Receive Other Water taking delivery of water directly from the San Luis Joint Use or San Felipe facilities during the Year based upon the percentage

Formatted: Left, Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.56" + Indent at: 1.05"

obtained by dividing the water delivered -to a ~~SLDM-C~~contractor/party utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities or the San Felipe facilities by the total water deliveries utilizing the O'Neill PGP for water deliveries through the federal share of the San Luis Joint Use facilities and the San Felipe facilities during the Year.

~~D.4.~~ The Storage Pumping Cost Pool ~~will/shall~~ be further sub-allocated to Water Delivery ~~SLDM-C~~Contractors and Parties Entitled to Utilize or Receive Other Water taking delivery of water directly from the DMC or Mendota Pool facilities based on the percentage obtained by dividing the water delivered directly from the DMC or Mendota Pool facilities to such ~~SLDM-C~~contractor/party by the total water delivered directly from the DMC or Mendota Pool facilities to ~~SLDM-C~~Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water ~~ontractors~~ during the Year. Deliveries to Mendota Pool that are not conveyed through the DMC will be excluded from the Storage Pumping Cost Pool allocation.

None of the allocations described above for the O'Neill Cost Pool ~~will/shall~~ be subject to the Minimum Participation requirements as described in Section V.A.

G. San Luis Drain Cost Pool - The maintenance costs assigned to the San Luis Drain Cost Pool ~~will/shall~~ be allocated to those Water Delivery~~CVP~~ Contractors and Parties Entitled to Utilize or Receive Other Water with contractual requirements for the payment of such maintenance costs, except that maintenance activity relating to the Cleanup Program as defined in the Bureau of Reclamation, U.S. Department Interior Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995 ~~will/shall~~ be assigned in accordance with the Report.

Formatted: Left, Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.56" + Indent at: 1.05"

V. MISCELLANEOUS COST ALLOCATION PROVISIONS

~~A.~~ Minimum Participation - In recognition of the value of providing OM&R even in

Second Amended and Restated Memorandum of Understanding – Exhibit B

Page 15 of ~~24~~20

4861-0450-2194 v1

Years when an individual SLDM Contractor's pro rata share of costs based upon that Year's water deliveries is very low or non-existent, there will be created Minimum Participation amounts of assumed minimum water deliveries, for purposes of cost allocation only, as follows:

~~B. In Years when San Joaquin River flood flows partially or fully meet the Settlement Water delivery demands of any of the Settlement Contractors, the Settlement Contractors' allocation of the Upper Cost Pool shall be based on the actual deliveries of Settlement Water to the Settlement Contractors utilizing the Upper Cost Pool facilities or 60 percent of the aggregate of all Settlement Contractors' maximum contractual Settlement Water entitlement, whichever is larger. Provided, however, this Minimum Participation amount shall be reduced by the amount of Settlement Water transferred from the Settlement Contractors to other SLDM Contractors. Provided, further, that no such reduction shall be made in the event that the SLDM Contractor receiving the transferred water has at least the majority of its contractual water supply delivered for irrigation purposes (hereinafter "SLDM Irrigation Water Contractor") and the SLDM Irrigation Water Contractor has a total water supply, including CVP water, transferred water and any non-CVP water delivered using Project Facilities, of less than 25 percent of its contractual maximum for that Year. Accordingly, in determining the Minimum Participation requirement associated with the Settlement Water transfers of Settlement Water by a Settlement Contractor to a SLDM Irrigation Water Contractor shall reduce the Settlement Contractors' Minimum Participation amount by the lesser of the amount of Settlement Water transferred or the amount of the total water supply delivered to a SLDM Irrigation Water Contractor less 25 percent of the maximum contractual entitlement of that SLDM Irrigation Water Contractor, but not less than zero. The portion of the Lower Cost Pool to be allocated to the Settlement Contractors will be based on total actual Settlement Water deliveries made to the Settlement Contractors through the Lower DMC and/or the Mendota Pool. Thus, the Settlement Water deliveries that~~

originate as flood flows on the San Joaquin River and delivered through the Mendota Pool and/or the Lower DMC shall be included in the Settlement Contractors' delivery base for allocation of the Lower Cost Pool. (Examples: A Settlement Contractor transfers 10,000 a.f. of water to a SLDM Irrigation Water Contractor which has a maximum contractual entitlement of 100,000 a.f. in a Year in which 45% of the Settlement Water deliveries to the Settlement Contractors are made via the San Joaquin River and Mendota Pool (i.e., the Project Facilities associated with the Upper Cost Pool are not utilized), thus invoking this Minimum Participation clause. For purposes of these examples, the maximum contractual Settlement Water entitlement is presumed to be 880,000 a.f., thus 60% (the Minimum Participation applicable to Settlement Water) of the maximum contractual Settlement Water entitlement is presumed to be 528,000 a.f. **Scenario A:** If a SLDM Irrigation Water Contractor takes water deliveries, including contractual supplies, water transferred in from a SLDM Contractor other than a Settlement Contractor, and any non-CVP water (e.g., Warren Act water), (collectively "total water supply") in excess of 25% (25,000 a.f.) of the SLDM Irrigation Water Contractor's contractual maximum supply, the Minimum Participation applicable to the Settlement Contractors under this will be reduced by 10,000 a.f. (60% of the total Settlement Water equals 528,000 a.f. less 10,000 a.f. of transferred water results in the Minimum Participation applicable to the Settlement Contractors of 518,000 a.f.). **Scenario B:** If the same 10,000 a.f. of water is transferred by the Settlement Contractor and the total water supply (excluding this 10,000 a.f. of Settlement Water transferred) of the SLDM Irrigation Water Contractor is 21,000 a.f., the Minimum Participation applicable to the Settlement Contractors under this section will be reduced by 6,000 a.f. (4,000 a.f. of the transferred water is required to bring the total water supply of the SLDMW Irrigation Water Contractor to 25% (25,000 a.f.) of its maximum contractual supply; thus only the amount of the Settlement Water transferred that results in the SLDM Irrigation Water Contractor to exceed 25% (25,000 a.f.) of its

Second Amended and Restated Memorandum of Understanding – Exhibit B

Page 17 of ~~21~~20

4861-0450-2194 v1

~~maximum contractual supply will result in the reduction of the Minimum Participation applicable to the Settlement Contractors under this section: 21,000 a.f. total water supply plus 10,000 a.f. Settlement Water transferred (equals 31,000 a.f.) less 25,000 a.f. (25% of the 100,000 a.f. maximum contractual supply) equals 6,000 a.f.) Scenario C: If the same 10,000 a.f. of water is transferred by the Settlement Contractor and the total water supply of the SLDM Irrigation Water Contractor, including the Settlement Water transfer, is less than 25,000 a.f. (25% of the 100,000 a.f. maximum contractual entitlement), then no reduction in the Minimum Participation will be provided to the Settlement Contractors as a result of this transfer. Scenario D: If the same 10,000 a.f. of water is transferred to a non-SLDM Irrigation Water Contractor (i.e., an M&I contractor or the USBR) under any water supply scenario, the Minimum Participation will be reduced by the amount of the Settlement Water transfer, i.e., a 10,000 a.f. reduction of the 528,000 a.f., (60% of 880,000 maximum contractual Settlement water to the Settlement Contractors) results in a Minimum Participation of 518,000 a.f.)~~

~~C.A.~~ In Years when an SLDM Irrigation Water SLDM Contractor's total deliveries (i.e., deliveries under its contract with the USBR plus other deliveries made available through the Tracy Jones PP and the DMC) are below 25% ~~percent~~ of its maximum contractual entitlement, the delivery base for purposes of allocating the Upper Cost Pool and Lower Cost Pool will shall be 25% ~~percent~~ of that SLDM Irrigation SLDM Water Contractor's maximum contractual entitlement.

~~D.B.~~ Water Transfers - A SLDM Contractor who receives transfer water (~~hereinafter~~ "SLDM Transferee") from a Water Delivery CVP Contractor will shall have such water deliveries included in the SLDM Transferee's delivery base for each applicable cost pool described in Section H. above for purposes of allocating OM&R Costs for the Year (but not for delivery purposes in establishing reserves). As a result, all costs associated with the delivery of transferred water will shall be allocated to the SLDM Transferee in the same manner as costs are allocated to the SLDM Transferee for its CVP contractual supply and will shall be subject to Year-

end adjustment and reconciliation per Section VII.D. below.

E.C. Warren Act Contracts Other Water –

1. All costs associated with the conveyance of Other Water ~~non-CVP water~~ through Project Facilities, including all components that may be required by Reclamation, ~~whether pursuant to a contract under the Warren Act, authorized pursuant to Section 3408(e) of the Central Valley Project Improvement Act. or under other authority,~~ will shall be assigned to the SLDM Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water that takes delivery of such Other Wwater. As a result, all costs associated with the delivery of Other non-CVP wWater will shall be allocated to the SLDM Water Delivery Contractor in the same manner as costs are allocated to that SLDM Water Delivery Contractor for its CVP contractual supply and will shall be subject to Year-end adjustment and reconciliation per Section VII.D. below. ~~In the case of non-CVP water deliveries of Other Water to the Settlement Contractors, the applicable Settlement Contractors, not the Friant Division Contractors, will be responsible for all costs associated with the delivery of the non-CVP Other w~~Water, including an allocable share of the OM&R Costs and Rreserve Costs (Section VI.D.) addressed by this SLDMWA OM&R Cost Recovery Plan.
2. Losses - A loss factor of five percent (5%), ~~or as may that is be the loss percentage provided in the governing Warren Act contract or agreement,~~ as applicable, will shall be applied to the delivery of any ~~non-CVP Other - w~~Water conveyed in any Project Facilities (e.g., if the loss factor is five percent (5%), and 100 acre-feet AF of Other Water non-CVP water is pumped at Jones Tracy PP, or as otherwise metered, that will shall result in 95 AF acre-feet being considered available for delivery and will be allocated OM&R Costs accordingly).

VI. RESERVES - In recognition of the multiple year benefits of performing certain long-term OM&R activities for Project Facilities (excepting the San Luis Joint Use conveyance and conveyance pumping facilities and Mendota Pool, unless pursuant to separate agreement), including, but not limited to, the long-term capital outlays for the purchase of equipment and vehicles and reserves mandated by the SLDMWA Transfer Agreement, ~~the SLDMWA will~~ shall accumulate Reserves and regularly use these Reserves for these activities in accordance with the following:

A. Reserves -

1. Annually, a ~~Ten-y~~ Year projection of ~~reserve~~ expenditures in specified Reserve Categories as listed in Exhibit C to the MOU will be made (“Ten-Year Plan”), along with a single year projection of expenditures in those categories for the forthcoming fiscal year. ~~The reserve expenditure projections will be discounted to arrive at a levelized annual reserve contribution. The discount rate will be determined annually based on the previous year's annualized LAIF interest rate. The Reserve cash requirement for the forthcoming fiscal year will be is annual contribution will be~~ allocated to each SLDM Water Delivery Contractor pro rata based upon the past ~~Ten~~ ten y-Years of historic water deliveries (ten-year rolling average of deliveries), net of funds collected from Parties Entitled to Utilize or Receive Other Water.

2. Each Water Delivery SLDM Contractor's ~~total~~ Ten-y Year rolling average of historical deliveries will include all ~~CVP contractual~~ Water Delivery Contract deliveries, CVP water transferred out to other Water Delivery SLDM Contractors that utilize Project Facilities for which costs are allocated ~~here under~~ this Cost Recovery Plan, and Other Water non-CVP water deliveries to that Water Delivery SLDM Contractor, subject to the following:

- i. Each Water Delivery Contractor's ten-year rolling average of deliveries and will be subject to the inclusion of the annual Minimum Participation amounts as determined in Section V.A above;
- ii. ~~Ten-Year historical rolling average of deliveries will not include:~~
- a. ~~W~~CVP water transferred in by the ~~relevant~~ applicable Water Delivery Contractor;
 - b. ~~CVP~~W water transferred out by the applicable Water Delivery Contractor that does not utilize Project Facilities for which costs are allocated hereunder; or
 - c. Deliveries to Mendota Pool not conveyed through the Lower DMC (e.g. San Joaquin River flood flows, Kings River flood flows, water released from Millerton Reservoir, Mendota Pool pump-in water, etc.).
- iii. Notwithstanding the reference above to CVP water transferred out to other Water Delivery Contractors being included in each Water Delivery Contractor's ten-year rolling average of deliveries, CVP water transferred from a San Joaquin River Exchange Contractor ("Exchange Contractor") to a Water Delivery Contractor will be included in the San Joaquin River Exchange Contractor Water Authority's ies ("SJRECWA") total deliveries for the purposes of allocating R~~eserve include CVP water transferred in by the relevant SLDM Contractor nor CVP water transferred out by the SLDM Contractor which does not utilize Project Facilities for which costs are allocated hereunder.~~costs and Extraordinary OM&R Ce costs, and costs associated with such transfers will not be an obligation of ~~FWA~~Friant Division Contractors, subject to the following:

- a. Beginning in Water Year 2026 (March 1, 2026 – February 28, 2027), deliveries associated with Water Transfer Program for the San Joaquin River Exchange Contractors Water Authority (“Exchange Contractor Transfer Program”) ~~Transfer Program~~, as that program may be amended, will be excluded from FWA’s Reserve allocation.
- b. In the interim, the Reserve calculations to support final accountings for Water Years 2022, 2023, 2024, and 2025 will continue to include the deliveries associated with Exchange Contractor’s transfers in FWA’s Reserve allocation. The same methodology (utilizing offsetting adjustments) used to calculate the reserve obligation for FWA in Water Year 2019 will apply. ~~ten-year Exchange Contractor allocable to for Reserves~~
- a.c. Beginning in Water Year 2026, SLDMWA will no longer make the offsetting adjustments to the delivery data used to calculate the Reserves as outlined in Section VI.A.2.iii.b. - All delivery volumes associated with the Exchange Contractor’s Transfer Program will be moved from FWA’s Reserve allocation to the SJRECWA’s Reserve allocation.⁵ -Any offsetting adjustments (including historical adjustments) will be removed in their entirety from the Reserve calculation for the SJRECWA. ~~-and all deliveries associated with Exchange Contractor transfers will be excluded from FWA’s Reserve allocation and will instead be included in the SJRECWA Reserve allocation.~~

⁵ SLDMWA anticipates that SJRECWA will pass through any costs associated with the Reserve allocation to the entities receiving transfers.

~~Any offsetting adjustments (including historical adjustments) will be removed from the FWA ten-year rolling average of Settlement Contractor deliveries allocated to FWA in their entirety.~~

~~2.3.~~ In any one Year, R~~e~~serve expenditures may benefit some Project F~~e~~acilities or cost pools more than others. However, in the long-term, it is expected that R~~e~~serves will be spent generally in accordance with the overall apportionment of the OM&R B~~e~~udget for each facility as that facility's OM&R B~~e~~udget relates to the entire OM&R Budget (without consideration or inclusion of the cost of energy, the OM&R Costs of the San Luis Joint Use conveyance and conveyance pumping facilities, the OM&R Costs of the Mendota Pool, or costs associated with the San Luis Drain).

~~4.~~ One-time or de minimis use of Project Facilities (i.e., the delivery of Other Water under a Warren Act contract to an individual or entity that otherwise has ~~no irregular or infrequent deliveries made through Project Facilities other water delivery contract maintained by SLDMWA~~) will be charged ~~an imputed rate the SLDMWA Board-adopted for R~~e~~serve rate component(s) for the delivery(ies) based upon the annual reserve contribution computed in VI.A, divided by one-tenth of the past 10 Years of historic deliveries computed in VI.A.~~ Such one-time or de minimis water deliveries will not be included in any water delivery base in the determination of R~~e~~serves or R~~e~~serve allocations hereunder. Revenues generated to R~~e~~serves for this one-time or de minimis use of Project Facilities will be used to reduce that Year's total R~~e~~serve requirement. Reserve contributions from one-time or de minimis use of Project Facilities ~~will shall~~ not be subject to annual reconciliation and adjustment.

~~5.~~ Consistent with Sections VI.A.1-4 above and Section VII below, SLDMWA will include a Reserve component in the calculation of

OM&R Water Rates for all deliveries utilizing Project Facilities, unless expressly excluded.

B. Emergency Reserves – SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement. SLDMWA will include a sub-component in the Reserve component described in Section VI.A above for the Emergency Reserve Fund when required.

C. Other – SLDMWA may also utilize Reserve funds to repay specific Extraordinary OM&R Costs that utilize long-term financing or debt. When the SLDMWA Board of Directors takes action to authorize such long-term financing or debt and the collection of Reserve funds to repay the same, the SLDMWA Board of Directors will establish whether and how the additional Reserve fund component(s) will be included in the calculation of OM&R Water Rates for some or all deliveries utilizing Project Facilities. -It is understood that the cost allocation methodology for individual Extraordinary OM&R projects may differ from the cost allocation methodology used to allocate Reserve costs. -

VII. RATE COMPONENT CALCULATIONS / WATER RATES

A. Rate components will~~shall~~ be established for each cost pool listed in Section III on a per AF~~acre-foot~~ basis. Rate components will~~shall~~ be calculated in accordance with the ~~C~~Cost ~~a~~Allocation to Water Delivery SLDM Contractors in Section IV using budgeted amounts for the Year for each cost pool divided by projected water deliveries utilizing the Project Facilities and/or energy associated with the applicable cost pool for the Year. The Reserve rate component(s) will~~shall~~ be computed by dividing each Water Delivery SLDM Contractor's expected annual contribution, in accordance with Section VI.A-B., by projected water deliveries to that ~~SLDM~~Water Delivery Contractor for the Year.

B. The "OM&R Water Rate" for a given delivery will be calculated by adding together various cost pool components and/or the Reserve rate component(s) associated with that delivery. For example, the OM&R Water Rate for a delivery

along the Lower DMC will include the following components: Upper Cost Pool + Jones Power Cost Pool + Intertie Variable Cost Pool (if applicable) + Lower Cost Pool + O'Neill Storage Cost Pool + Reserves (more than one reserve component potentially applicable). The proposed water rates for deliveries to various geographic locations, including the cost pool and/or Reserve components, will be provided to the SLDMWA Board of Directors when OM&R Water Rates are presented to the Board of Directors for action.

C. Reference to "adjusted" OM&R Water Rates on rates sheets presented to the SLDMWA Board of Directors will refer to rates that utilize some, but not all rate components for a delivery that does not incur certain OM&R Costs. For example, an "adjusted" OM&R Water Rate is charged to deliveries that are pumped-in along the Lower DMC and do not utilize Upper Cost Pool facilities.

~~1-~~

VIII. PAYMENT AND RECONCILIATION

- A. Amounts payable for water delivered to Water Delivery SLDM Contractors each calendar month will~~shall~~ be computed by multiplying the sum of the rate components (Rate) applicable to water deliveries by the quantity (acre feet) of such water deliveries scheduled for the month, adjusted for differences between actual and scheduled deliveries, at the applicable Rate, for prior months.
- B. ~~The~~ SLDMWA will bill ~~the~~ FWA to provide for recovery of OM&R Costs allocated to the Settlement Contractors ~~which~~ that are payable by the Friant Division ~~C~~ contractors under this SLDMWA OM&R Cost Recovery Plan ~~pursuant~~ hereto.
- C. Payments due under this SLDMWA OM&R Cost Recovery Plan for water deliveries will~~shall~~ be made in advance. All payments must be received by ~~the~~ SLDMWA by the 15th of the month prior to the month of such scheduled water deliveries. -For instances where SLDMWA invoices FWA after the 10thth of the

~~month, a minimum of five (5) calendar days will be afforded FWA for payment.~~

Notification of electronic transfer of funds payments to the SLDMWA ~~will~~shall be provided in advance of or concurrent with such payment.

D. Payments received after the due dates noted above are delinquent and ~~will~~shall be subject to an interest charge ~~As~~ as well as to any remedies for deficiencies provided in Article ~~12+~~ of the SLDMWA and FWUA Transfer Agreements and IV.B. of the MOU. ~~The~~ interest charge ~~will~~shall be calculated pursuant to the Prompt Payment Act, as amended (31 U.S.C. § 3901, et seq.). The interest charge will be based upon any and all accumulated advance payment deficiencies. Interest ~~will~~shall accrue for each day past the due date and ~~will~~shall be accumulated based upon a 360-day year (interest ~~will~~shall compound on a simple interest basis).

E. Annual reconciliation and adjustment of the OM&R Costs and their allocation to each ~~SLDM-Water Delivery~~ Contractor (“Final Accounting”) will be made within ~~sixty (60) 90~~ days ~~following the completion and SLDMWA Board of Directors’ acceptance of the annual audited financial statements containing the costs to be allocated of the end of each Year, excepting the DWR Cost Pool and Tracy Power Cost Pool, which will be reconciled and adjusted within 90 days of when the actual costs are known. The Final Accounting for a given Year will be treated as final and no longer subject to any dispute following the expiration of the applicable statute of limitations, as may be modified by law. The parties also agree that SLDMWA may reopen a Final Accounting under appropriate circumstances.~~

F. Reconciled and adjusted OM&R Cost allocation ~~is~~ applicable to each ~~Water Delivery SLDM-Contractor or Party Entitled to Utilize or Receive Other Water,~~ including annual reserve amounts, ~~will~~shall be compared to payments made by or on account for each ~~SLDM-Water Delivery~~ Contractor for water deliveries during the Year. In the event payments made by or on account of a ~~SLDM-Water Delivery~~ Contractor exceed costs allocated to that ~~SLDM-Water Delivery~~

Formatted: Not Highlight

Formatted: Not Highlight

Contractor (surplus), ~~the~~ SLDMWA will refund the amount of the surplus to the payee or the payee may direct ~~the~~ SLDMWA to apply such surplus to future amounts ~~otherwise~~ due under this SLDMWA OM&R Cost Recovery Plan. In the event costs allocated to the ~~SLDM-~~Water Delivery Contractor exceed payments made by or on account of a ~~SLDM-~~Water Delivery Contractor (deficiency), the payee ~~will~~shall have thirty (30) days from the notice of such deficiency to make payment. Payments not received within thirty (30) days ~~will~~shall be subject to the late payment provision as described in Section VII.B above starting on the date of delinquency, as well as subject to any remedies for deficiencies provided in Article 12+ of the SLDMWA and FWUA Transfer Agreements and IV.B. of the MOU.

- G. ~~The~~ SLDMWA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section 12+ of the SLDMWA Transfer Agreement.
- H. ~~The~~ FWUA will collect and remit payments due for OM&R Costs allocated to Settlement Contractors under this SLDMWA OM&R Cost Recovery Plan in accordance with the terms of this section. ~~The~~ FWUA will apply funds to cover deficiencies paid by the USBR under appropriate legal instruments in accordance with terms outlined in Section IV of the MOU and Section 12+ of the FWUA Transfer Agreement.

EXHIBIT C

RESERVE ~~CRITERIA~~^S

In recognition of the long-term benefits associated with certain OM&R activities, expenditures meeting the criteria established below ~~will shall~~ be made from ~~R~~reserve funds accumulated for such purposes, consistent with Section VI of the SLDMWA OM&R Cost Recovery Plan.

I. Reserve Categories:

~~A. Extraordinary OM&R~~Major Non-Routine Maintenance/Extraordinary OM&R:

A.

i. Major non-routine maintenance improvements, modifications, replacements, or repairs, additions, or modernizations with long term benefits, exceeding one year, that have a total cost greater than \$~~20~~60,000, including labor and labor related costs for projects identified on the Ten-Year Plan(e.g., ~~liner replacement, structure painting, road repairs/rehab, building and structure construction and/or remodeling, pump/generator rewinds and repairs).~~

ii. For any Extraordinary OM&R project for which SLDMWA's estimated total project cost is greater than 50% of the current year's routine OM&R Budget, excluding power and Reserves costs, the Planning Committee will review, evaluate, and establish a recommendation for the allocation of costs of any Extraordinary OM&R project.

~~B. Equipment and Vehicles:~~ Replacement of

B. Mobile ~~or~~ stationary equipment and heavy equipment identified on the Ten-Year Plan with a total replacement cost greater than \$30,000. Equipment types and examples are as follows:

i. Heavy Equipment (Off-Road – Unlicensed): Motor graders, loaders, backhoes, excavators, dozers, skid-steers, cranes, tractors, implements (i.e., discs, mowers, etc.), man-lifts, forklifts, etc.

Second Amended and Restated Memorandum of Understanding – Exhibit C

Page 1 of 21
4861-0450-2194 v1

i. ~~with a purchase price exceeding \$15,000 (e.g., pumps;~~

ii. ~~compressors, trailers, generators, motors, control mechanisms);~~

iii. ~~—~~

ii. Heavy Equipment (On-Road – Licensed): Truck/tractors, spray trucks, dump trucks, water trucks, boom trucks, utility trucks heavier than > 1.5 ton, heavy transport trailers, tilt trailers, flatbed trailers, trailer-mounted pumps/generators/compressors, belly dump trailers, etc. ~~with a purchase price exceeding \$20,000 (e.g., dump trucks, cranes, loaders, excavators, motor graders, forklifts, tractors, belly dumps);~~

~~iv.~~iii. Shop Support Stationary Equipment: Machine Shop equipment, Electric Shop test equipment, Vehicle Maintenance Shop equipment, Sandblast and Paint Shop equipment, etc.

C. Vehicles: Replacement of light passenger/utility vehicles identified on the Ten-Year Plan that have a total replacement cost (including labor) greater than ~~with a purchase price exceeding \$15,000~~ (e.g., sedans, pickups, utility vehicles, vans, etc.); and

D. Office & Computer/Network Equipment: Replacement of office and electronic equipment and computer software identified on the Ten-Year Plan with an ~~with an annual aggregate purchase replacement cost price~~ greater than \$20,000 (e.g., computers and peripherals, copiers, printers, telecommunications, radios, electronic instrumentation excepting replacement parts, upgrades or peripherals with a purchase price of less than \$1,000, e.g., monitors, modems, keyboards, hard drives, RAM, mother boards, printer drums, repairs).

E. Facility Infrastructure Rehabilitation/Replacement: Improvement, modification, replacement, repair, addition, or modernization projects on the SLDMWA O&M Project Facilities identified on the Ten-Year Plan that have a total cost greater than \$530,000, including labor and labor-related costs. The typical types of projects for this category, include but are not limited to:

i. Roofing Systems repair or replacement,

Second Amended and Restated Memorandum of Understanding – Exhibit C

Page 2 of 21
4861-0450-2194 v1

- ii. Building Interior/Exterior Components repair, remodel/upgrade,
- iii. Building HVAC Systems replacement,
- iv. Building Electrical & Communication Systems modernization,
- v. Building Plumbing Systems replacement,
- vi. Building/Facility Fire Protection & Security Systems replacement/modernization,
- vii. O&M Shop Support Equipment/Systems replacement/modernization, and
- viii. Facility Pavement & Grounds repairs/replacement & upgrades.

F. Supervisory Control and Data Acquisition (SCADA): Improvements, modifications, replacements, repairs, additions, or modernizations of SCADA system and associated hardware and software identified on the Ten-Year Plan with a total replacement cost (including labor) greater than \$20,000.

G. NOTES:

- i. Each Reserve Category requires the development and management of a specific Ten-Year Plan for the category's replacement, additions, rehabilitation, and modernization needs.
- ii. These cost thresholds will apply beginning on the Effective Date of the SLDMWA OM&R Cost Recovery Plan. Prospectively, during the annual budget development process, staff will work with the OM&R Technical Committee to evaluate any necessary increases to the cost thresholds, utilizing the USBR Operations and Maintenance Cost Index and other available tools.

2. Emergency Reserves: SLDMWA will establish and maintain an Emergency Reserve Fund consistent with Article 14 of the SLDMWA Transfer Agreement.

~~As mandated per Article 13 of the General Form Agreement for the Transfer of the Operation, Maintenance, and Replacement, and Certain Financial and Administrative Activities of the Delta Mendota Canal and Related Works, between the United States Department of Interior Second Amended and Restated Memorandum of Understanding – Exhibit C~~

~~Bureau of Reclamation and the San Luis & Delta-Mendota Water Authority.~~3.

Other: The Finance & Administration Committee may recommend necessary changes to the Reserve Categories or the accumulation of additional Reserve funds (e.g. to fund debt/financed OM&R Costs).

DRAFT

Second Amended and Restated Memorandum of Understanding – Exhibit C

Page 4 of 23
4861-0450-2194 v1

EXHIBIT D

CONTRACTOR SERVICE (DELIVERY) AREAS

	Upper DMC	Lower DMC	Mendota Pool	San Felipe	San Luis Joint Use
Banta-Carbona Irrigation District	X				
Centinella Water District	X				
Del Puerto Water District	X				
Patterson Water District	X				
Plain View Water District <u>Byron Bethany Irrigation District</u>	X				
West Side Irrigation District	X				
West Stanislaus Irrigation District	X				
City of Tracy	X				
<u>Santa Nella County Water District</u>	<u>X</u>				<u>X</u>
Broadview Water District		X			
Eagle Field Water District		X			
Mercy Springs Water District		X			
Oro Loma Water District		X			
Pacheco Water District		X			X
Panoche Water District		X			X
San Luis Water District	<u>X</u>	X	<u>X</u>		X
<u>City of Dos Palos</u>					<u>X</u>
Widren Water District		X			
<u>State of California, Mendota Wildlife Area</u>	<u>X</u>	<u>X</u>	<u>X</u>		
Fresno Slough <u>Water District</u>			X		
Hughes, M&M <u>Tranquility Public Utility District</u>			X		
James Irrigation District			X		
Laguna Water District			X		
Reclamation District #1606			X		
Traction Ranch <u>Coelho Family Trust</u>			X		
Tranquility Irrigation District			X		
Westlands Water District			X		X
Santa Clara Valley Water District				X	
San Benito County Water District				X	
Exchange Contractors					
Central California Irrigation District	X	X	X		
Firebaugh Canal Company		X	X		
Columbia Canal Company			X		
San Luis Canal Company			X		
City of Coalinga					X
City of Avenal					X
City of Huron					<u>X</u>
Refuge	X	X	X		X

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding – Exhibit D

Page 1 of 1

Meyers Farm Family Trust			X		
Dudley-Indart (CGH) (incl. Robinson Family Farms LP, Vista Verde Farms)			X		
Kenneth & Karen Carvalho Trust			X		

DRAFT

4861-0450-2194 v1

Second Amended and Restated Memorandum of Understanding – Exhibit D

Page 2 of 1

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (“**MOA**”) is between the Friant Water Authority (“**FWA**”) and the San Luis & Delta-Mendota Water Authority (“**SLDMWA**”), both joint powers agencies formed pursuant to California Government section 6500 and following, which are referred to individually as a “**Party**” and collectively as “**Parties**,” and is effective as of January 19, 2024 (“**Effective Date**”).

RECITALS

A. FWA and SLDMWA are parties to that certain *First Amended and Restated Memorandum of Understanding Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered through certain Central Valley Project Facilities* effective as of September 1, 2002 (“**MOU**”). Unless otherwise defined in this MOA, all initially capitalized terms have the meaning defined in the MOU.

B. The MOU includes an Exhibit B, which is the SLDMWA OM&R Cost Recovery Plan (“**Cost Recovery Plan**”) and an Exhibit C regarding reserves (“**Reserve Criteria**”). Unless otherwise expressly stated, references to the MOU, including proposed amendments to the MOU, include the Cost Recovery Plan, Reserve Criteria, and other exhibits to the MOU and proposed amendments to such documents.

C. Beginning in 2011, FWA objected to SLDMWA’s proposal for Friant Division Contractors to pay a share of the operational costs of the Delta-Mendota Canal-California Aqueduct Intertie (“**Intertie**”) on behalf of the Settlement Contractors, and invoked the informal dispute resolution process under Article VI.A.1 of the MOU. More recently, in 2022 and 2023, FWA disputed a number of charges imposed on Friant Division Contractors under the MOU, and FWA and SLDMWA invoked the informal dispute resolution process relative to 2022 and 2023 disputed charges and non-payments. Together, the Intertie and 2022-2023 disputes may be referred to as the “**Disputes**.”

E. During the course of the informal dispute resolution process, on February 1, 2023, FWA requested negotiation of modifications to the MOU under Article VII of the MOU.

E. Beginning in July 2023 and continuing through December 2023, representatives of FWA and SLDMWA met on a monthly basis (with other working group meetings in between) to discuss potential amendments to the MOU and the resolution of the Disputes.

F. The Parties retained the services of Jim Waldo and Jane North (“**Facilitators**”) to help facilitate these negotiation meetings, and were also assisted at these meetings by the Regional Director of the U.S. Bureau of Reclamation’s (“**USBR**”) California-Great Basin Region, Ernest Conant, and senior USBR staff members (“**USBR Representatives**”).

G. As a result of the negotiations, the Parties have developed a term sheet (“**Term Sheet**”) attached as Attachment 1 setting forth in general terms of proposed amendments to the MOU that are intended to be incorporated into a Second Amended and Restated MOU (“**Second Amended MOU**”), settlement terms regarding the Disputes that are intended to be incorporated into a settlement agreement (“**Settlement Agreement**”), and amendments to other SLDMWA and FWA governing documents such as the SLDMWA Joint Powers Agreement (“**SLDMWA JPA**”), the SLDMWA Bylaws (“**SLDMWA Bylaws**”), and the FWA Bylaws (“**FWA Bylaws**”).

H. The Parties acknowledge that in addition to the preparation and approval of the Second Amended MOU and Settlement Agreement, other related documents and actions must be prepared and approved (some by legal entities other than the Parties). The related documents and actions include: amendments to the SLDMWA JPA, FWA’s execution of the amended SLDMWA JPA, amendments to the SLDMWA Bylaws and the FWA Bylaws, a minimum 60-day review of the proposed amendments to the Cost Recovery Plan by parties with payment obligations, USBR approval of the Second Amended MOU and amended cost recovery methodology, and changes in rates under the amended Cost Recovery Plan following contractor review of such changes. A general summary and proposed timeline of such related documents, actions and approvals is set forth in Attachment 2 (“**MOU Amendment Process**”).

I. The purposes of this MOA are to confirm the terms of the Term Sheet and establish a framework for the MOU Amendment Process so that the Parties may proceed in good faith to prepare the Second Amended MOU (including amendments to the exhibits), Settlement Agreement, and other related documents noted in the MOU Amendment Process for appropriate final action by the Parties and other entities whose approval or consent is required.

AGREEMENT

1. **Approval of Term Sheet and MOU Amendment Process.** The Parties agree to the general terms set forth in the Term Sheet and to follow the general steps set forth in the MOU Amendment Process that are necessary to effectuate and implement the Second Amended MOU and Settlement Agreement, and acknowledge that such actions are also contingent on the approval and consent of legal entities other than the Parties. Accordingly, the Parties acknowledge that the timelines set forth in the MOU Amendment Process are goals and that additional time may be necessary in order to complete the requisite documents and obtain the requisite approvals or consents; provided further, and consistent with Section 2 below, the Parties desire to complete the MOU Amendment Process as early as possible in 2024 and agree that time is of the essence.

2. **Cooperation; Preparation and Execution of Documents; Subsequent Actions.** Each Party agrees to cooperate fully in the preparation, approval, and execution of any and all documents necessary to effectuate the stated purposes of this MOA, including but not limited to those documents specifically described in this MOA and the MOU Amendment Process, and in the completion of any additional action that may be necessary or appropriate to give full force and effect to the terms and intent of the MOA.

3. **Further Assistance from Facilitators and USBR Representatives.** In recognition of the complexities associated with drafting the Second Amended MOU, Settlement Agreement, and other related documents set forth in the MOU Amendment Process in a manner that is mutually acceptable and acknowledging that disagreements may arise during such process, the Parties agree that either Party may request further assistance from the Facilitators and USBR Representatives to help complete the drafting of such documents for final consideration by the boards of the respective Parties, and that the Parties further agree to share equally all costs associated with such additional assistance from the Facilitators and USBR Representatives.

4. **Application of MOU.** Nothing in this MOA alters the terms and conditions of the MOU and FWA's obligations to allocate and collect from Friant Division Contractors OM&R Costs and remit such amounts to SLDMWA in the manner provided in the MOU.

5. **Non-Waiver Regarding the Disputes.** The Parties acknowledge that by entering into this MOA, such approval does not cause either Party to waive or release any claims it may have regarding the Disputes unless and until the Settlement Agreement becomes effective and that each Party expressly reserves its right to make any and all claims or assert any defenses it may have now or in the future pursuant to the MOU, including claims and defenses regarding the Disputes.

6. **Amendments.** Either Party may propose amending this MOA, whereupon the Parties will consult for no more than 30 days to consider such amendment. Any amendment must be in writing and signed by both Parties. If the Parties cannot agree to appropriate terms to amend this MOA, either Party may terminate the MOA in accordance with Section 8 below.

7. **Term.** Unless amended or sooner terminated under Section 8 below, the initial term of this MOA will be for the shorter of: (a) the Parties' mutual determination that all terms of this MOA have been satisfactorily completed and all contemplated agreements and documents are in effect; or (b) 12 months from the Effective Date.

8. **Termination.** This MOA may be terminated as follows:

- a. By mutual written agreement of the Parties.
- b. Unilaterally by either Party if this MOA is not amended as provided for in Section 6 above, or, if either Party proposes termination of this MOA for other reasons, the Party proposing termination must, in writing, notify the other Party, explain the reasons for proposing termination, and consult with the other Party for at least 30 days to seek alternatives to termination. Should such consultation fail to result in an agreement on an alternative to termination, the Party proposing termination must notify the other Party in writing of its decision to terminate the MOA and upon issuance of such determination this MOA will be of no further effect.

9. **Notices.** Any notices or other correspondence required under or arising from the terms of this MOA must be delivered by email (with a copy sent by regular U.S. Mail) to the other Party's representative at the address listed below.

FWA:

Friant Water Authority
854 N Harvard Ave.
Lindsay, CA 93247
Attn: Jason Phillips, Chief Executive Officer
(jphillips@friantwater.org)

SLDMWA:

San Luis & Delta-Mendota Water Authority
P.O. Box 2157
Los Banos, CA 93635
Attn: Federica Barajas, Executive Director
(federico.barajas@sldmwa.org)

10. **Entire MOA.** All terms and conditions with respect to this MOA are expressly contained in this MOA and supersede all previous oral and written statements and documents regarding the subject matter of this MOA.

11. **Severability.** If any term, provision, covenant, or condition of this MOA is determined to be unenforceable by a court of competent jurisdiction, it is the Parties' intent that the remaining provisions of this MOA will remain in full force and effect and will not be affected, impaired, or invalidated by such a determination.

12. **Governing Law; Interpretation.** The validity and interpretation of this MOA will be governed by the laws of the State of California. Each Party has had the opportunity to review this MOA with legal counsel. The MOA will be construed simply, as a whole, and in accordance with its fair meaning. It will not be interpreted strictly for or against either Party.

13. **Disputes.** In the event of any disputes between the Parties arising from or related to this MOA, the Parties will first attempt in good faith to resolve the dispute informally for a period not to exceed 30 days, unless the Parties mutually agree to extend the 30-day informal dispute resolution period. If the dispute is not resolved informally, either Party may bring a legal action in accordance with Article VI.A.2 of the MOU.

14. **Electronic Signatures.** This MOA and any amendments to the MOA will be considered executed when the signature of a Party is delivered to the other Party by electronic transmission. Such electronic signatures will have the same effect as an original signature.

15. **Authority to Execute.** Each Party represents and warrants that all necessary action has been taken by such Party to authorize the undersigned to execute this Agreement and to bind it to the performance of its obligations under this MOA.

The Parties execute this MOA, which will become effective as of the Effective Date, upon the signatures from both Parties.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

By: 

Federico Barajas
Executive Director

Date: January 12, 2024

FRIANT WATER AUTHORITY

By: 

Jason Phillips
Chief Executive Officer

Date: January 19, 2024

ATTACHMENT 1

MOA TERM SHEET

I. Amendments to SLDMWA-FWA MOU, including Cost Recovery Plan and other Exhibits

- a. Principles of Cost Allocation (Article III.A.1 and Cost Recovery Plan)
 - i. Friant Division Contractors are responsible for paying OM&R Costs for the delivery of Settlement Water to the Settlement Contractors in accordance with the MOU;
 - ii. Water rates will be comprised of various cost pool components based on the principle that OM&R Costs are allocated to water deliveries based on facilities used; and
 - iii. All SLDM and Friant Division Contractors have a critical interest in the effective and efficient OM&R of the Project Facilities.

- b. Dispute Resolution (Article VI)
 - i. Informal Dispute Resolution: Revisions to notice process, mandatory initial meeting within 30 days, and initial 3-month (90-day) time period for informal dispute resolution
 - ii. Alternative Dispute Resolution: Addition of optional ADR options, and effort to select mediator/arbitrator with extra qualifications where appropriate
 - iii. Resolution by USBR: Parties may submit unresolved disputes to the Regional Director, who will convene a panel of USBR personnel with appropriate backgrounds to assist the Director in making a final determination on the dispute that will be binding unless modified by a federal court. If the Regional Director's determination results in a payment obligation to either party that is not appealed but is also not timely paid by the party that owes the payment, then the parties have the following rights, as applicable: (a) an amount owed SLDMWA will be deemed a deficiency under Article 12 of the SLDMWA Transfer Agreement; and (b) amount owed FWA will be deemed a credit that may be applied towards any pending of future cash invoices.
 - iv. Disputes Causing Cash Flow Difficulties: Changes to prior procedure, including providing context for FWA demands for payment.
 - v. Status of Obligations During Pendency of Dispute: FWA must pay all disputed annual OM&R Costs collected from Friant Contractors during the course of any dispute regarding those costs. With respect to disputed XM Costs and cost allocations to the extent costs are imposed on SLDM Contractors during the first 90 days following a Dispute Notice, FWA will

pay all disputed costs into an escrow or trust account. If the dispute is not resolved within 90 days, any funds deposited into the escrow or trust account will be paid to SLDMWA, and FWA must thereafter remit all disputed payments collected to SLDMWA, unless the parties agree otherwise.

- vi. New provision: “The resolution of any dispute for which a Dispute Notice is issued under Section VI.A.1 will include an agreement between the parties (if resolved voluntarily) or a determination by USBR or a court as to the amount and timing of the retroactive adjustment or prospective adjustment, as applicable, in disputed payment obligations.”

c. FWA Participation (Article V)

- i. Amend Article V to address FWA participation on Board of Directors, and the establishment of a new Planning Committee.

d. Cost Pools (Cost Recovery Plan)

- i. Cost pools will only include costs associated with OM&R of those federally owned facilities of which the OM&R has been transferred to SLDMWA. The only water deliveries that will be used to calculate allocation percentages among CVP contractors will be water that is conveyed directly through federally owned facilities of which the OM&R has been transferred to SLDMWA. All water conveyed through the San Joaquin River and Kings River into Mendota Pool and other water that is produced at Mendota Pool without the delivery through the federally-owned facilities (e.g. Mendota Pool pump-in program) will be removed from all cost allocation calculations unless expressly provided otherwise.

ii. New “Mendota Pool Cost Pool”

1. Costs associated with activities at Mendota Pool that are specifically required to fulfill obligations of the United States will be pooled and allocated on an annual basis based upon all water deliveries at the Mendota Pool, including deliveries from the DMC and deliveries from the river. These activities could include managing deliveries from the DMC into Mendota Pool, coordination actions to assist CCID in maintaining certain elevations at Mendota Pool, and by monitoring and measuring water deliveries taken by Contractors at Mendota Pool.
2. In addition to the costs of Mendota Pool activities, the new Mendota Pool Cost Pool will include 25% of the Lower Cost Pool costs.
3. Deliveries from the Mendota Pool that do not originate in the DMC will be allocated the costs of the Mendota Pool operations expenses and 25% of the costs associated with the Lower Cost Pool.

These deliveries will be excluded from allocation of all other OM&R, extraordinary maintenance, and reserve cost allocations.

4. In recognition of potential increases in OM&R Costs allocated to the United States to deliver water to the refuges, FWA and SLDMWA agree to jointly assist the Bureau of Reclamation in seeking additional funds through appropriations to offset the potential cost impacts.
- e. Minimum Participation (Cost Recovery Plan)
 - i. Remove Section V.A.1 regarding SJR flood flows in its entirety.
 - f. Treatment of Transfers Out in Reserve Calculation/Allocation (Cost Recovery Plan)
 - i. Amendments to clarify that costs associated with transfers made by the Settlement Contractors are not an OM&R obligation of FWA. Deliveries of Settlement Contractor transfers would be included in the transferee's total deliveries for the purposes of allocating annual OM&R costs, and included in the transferors' [the San Joaquin River Exchange Contractor Water Authority (SJRECWA)] total deliveries for the purposes of allocating reserve costs and extraordinary maintenance costs, as applicable, subject to the following:
 1. Moving the volumes associated with the SJRECWA's transfer program from FWA's reserve allocation to SJRECWA's reserve allocation will not go into effect until Water Year 2026 (March 1, 2026 – February 28, 2027).
 2. In the interim, the reserve calculations to support final accountings for Water Years 2022, 2023, 2024, and 2025 will continue to include the volumes associated with the SJRECWA's transfer program in FWA's reserve allocation. For the new water years added to the rolling average (2020, 2021, 2022, and 2023), SLDMWA will continue to calculate adjusted annual deliveries for FWA by adding transfers out and subtracting transfers in to the annual deliveries for the year. An adjustment will continue to be made that reduces this delivery calculation using the exact same methodology used to calculate the adjustment to the Water Year 2019 delivery volume.
 3. After the agreed upon transition period (through Water Year 2025), SLDMWA will no longer make these types of offsetting adjustments to the delivery data to calculate the reserves. Beginning with the Water Year 2026, all volumes associated with the SJRECWA's transfer program will be moved from FWA's reserve allocation to the SJRECWA's reserve allocation.¹ Any offsetting adjustments (including historical adjustments) will be removed in their entirety.

¹ SLDMWA anticipates that the SJRECWA will pass through any costs associated with the reserve allocation to the entities receiving transfers.

- g. Intertie Routine OM&R Costs (New addition to Cost Recovery Plan)
 - i. Annual “fixed” costs associated with routine OM&R of the Intertie facilities will be included in the Upper Cost Pool, and allocated to contractors on the same basis as the Upper Cost Pool (including 25% minimum participation by Agricultural Service Contractors and all other considerations used to develop the annual delivery base for allocating the Upper DMC cost pool) (Cost Recovery Plan, Section IV.A).

- h. Intertie Variable Costs Cost Pool (New addition to Cost Recovery Plan)
 - i. A new “Intertie Variable Costs” cost pool will be created to capture and allocate conveyance charges for conveyance of water through the California Aqueduct and project use energy costs associated with operations of the Intertie, subject to the following:
 - 1. In water years where the south-of-Delta agricultural water allocation is 0% and/or in water years where 0% agricultural service water is available for delivery during the contract year (regardless of the south-of-Delta agricultural service water allocation): 65% of the variable Intertie OM&R costs associated with the conveyance of CVP water will be allocated to FWA. The remaining 35% will be allocated to contractors other than Friant Division Contractors on the same basis as the Upper Cost Pool.
 - 2. In water years where the south-of-Delta agricultural water allocation is 1% - 5% the following will apply: (1) the first time such event occurs, 20% of the variable OM&R costs associated with the conveyance of CVP water will be allocated FWA, with the remaining 80% being allocated to contractors other than Friant Division Contractors on the same basis as the Upper Cost Pool; (2) the second time such event occurs, no cost allocation will be imposed on Friant Division Contractors (i.e., SLDM Contractors will pay); and (3), the third time such event occurs, FWA, Reclamation, and SLDMWA will negotiate a new allocation methodology for 1% to 5% allocation years.
 - 3. In water years where the south-of-Delta agricultural service water allocation is greater than 5%: FWA will not be allocated any variable OM&R costs.
 - 4. Intertie operations will be reviewed periodically to determine if changes in the allocation methodology are warranted.
 - ii. Friant Division Contractors will not be allocated any costs associated with the movement of State water through the Intertie.

- i. New Adjusted Cost Pool Rate subsection (Cost Recovery Plan)

- j. Rate Component Calculations (Cost Recovery Plan)
 - i. Add clarifying language to the SLDMWA Cost Recovery Plan about how water rates are calculated/comprised of specific cost pool components
- k. Updated references to “Other Water” (Cost Recovery Plan)
- l. Updated language to address cost allocation of debt/financed costs (Cost Recovery Plan)
- m. Reserves (Cost Recovery Plan; Exhibit C)
 - i. Updated description of reserve calculation/allocation process
 - ii. Updates to Exhibit C
 - 1. Increasing the cost threshold for major non-routine maintenance projects to be included in the EO&M categories of the Reserve budget (above \$20k)
 - 2. Increasing the cost threshold for equipment and vehicles
 - 3. Adding two new Reserve Categories and establishing cost thresholds for those categories (Facility Infrastructure Replacement and SCADA Replacement)
- n. Additional administrative updates to various exhibits, including updated definitions, references to facilities and transfer agreements, etc.

II. Amendments to SLDMWA JPA

- a. Providing FWA a seat on the SLDMWA board of directors with full voting rights for any item that is funded, in whole or in part, from any OM&R fund or Reserves to which Friant Division Contractors have contributed unless SLDMWA makes express findings, including appropriate documentation, that no such funds will be used, in whole or in part, on the item.

III. Amendments to SLDMWA Bylaws

- a. Friant Participation
 - i. Providing FWA a seat on the SLDMWA board of directors with full voting rights for any item that is funded, in whole or in part, from any OM&R fund or Reserves to which Friant contractors have contributed unless SLDMWA makes express findings, including appropriate documentation, that no such funds will be used, in whole or in part, on the item.
- b. Planning Committee
 - i. For all Extraordinary Maintenance or Capital Improvement projects of a certain size (see Section III.b.ii.), a Planning Committee that includes FWA

representation will develop a recommendation on the allocation of all costs for the project (including pre-construction costs) based on a benefits analysis.

- ii. The Planning Committee will be subject to provisions of the Brown Act and comprised of the following:
 1. Six Voting Members, with representatives from the following:
 - a. Division 1
 - b. Division 2
 - c. Division 3
 - d. Division 4
 - e. Division 5
 - f. Friant Water Authority
 2. Advisory/Ex Officio Representative (five non-voting members) –
 - a. Authority Representatives – a staff/consultant representative from each of SLDMWA and FWA
 - b. Reclamation Representative
 - c. Technical Representatives – a technical representative from each of SLDMWA and FWA
- iii. The Planning Committee will be constituted to review, evaluate, and establish a recommendation for allocation of XM Project costs based on a benefits analysis along with a beneficiary analysis. Planning Committee review of an XM Project will take place for any proposed project equal to or greater than 50% of SLDMWA's RO&M budget, excluding power and reserves, or for any XM Project that the Planning Committee requests to review.
- iv. The beneficiary analysis will provide water supply benefits broken down by water service type and contractor. Benefits will be reviewed in conjunction with Project authorized capacities and be comprised of two components: 1) attributable water supply direct benefits (water entitlements and priority of service), including increases in water deliveries due to an XM Project and 2) system wide indirect benefits, including economic considerations.
- v. The Planning Committee should be involved in review of a potential project as early as possible in order to make findings so that prudent and cost-effective decisions related to the proposed XM Projects can be made on a timely basis. As the owner of the facilities, Reclamation will be consulted on proposed XM Projects given its independent role in developing project feasibility studies and environmental documents.
- vi. To achieve unanimous findings and a recommendation on proposed cost allocation, the committee members will explore creative solutions, including project phasing to address funding concerns.

- vii. If after exploring various solutions to achieve unanimity any committee members continue to object to the proposed findings or recommendation, if such members represent agencies that are not proposed to be allocated the XM Project costs, their objection will not preclude a recommendation moving forward from the Planning Committee provided that all remaining members of the committee representing agencies that will be allocated XM Project costs unanimously approve the findings and recommendation.
- viii. Once a recommendation on cost allocation has been made by the Planning Committee, the proposed recommendation will be forwarded to the appropriate SLDMWA Committee for consideration and a recommendation to the SLDMWA Board. If one of the SLDMWA committees proposes any material changes to the Planning Committee recommendation, the proposed material changes, including a summary of the reasons for the changes, must be referred back to the Planning Committee for appropriate review.
- ix. The Planning Committee can (a) concur in the other committee's proposed material change, (b) unanimously support revisions to the material change (including reasons why the original recommendation as proposed or modified is preferable to the proposed action), or, (c) if unanimous support or revisions cannot be agreed to, the original Planning committee recommendation will stand, and the Planning Committee recommendation will proceed, along with the separate committee recommendation, to the SLDMWA Board for action.
- x. The Planning Committee review and response back to the applicable committee must occur within 30 days of any referral from the committee, unless in its referral the committee agrees to a longer review and response period. For the purposes of this section, a "material change" is one that would increase the overall costs of the project by more than (10%) based on the engineer's estimate, or increase the project costs allocated to any participating OM&R payor by more than (10%).
- xi. Initial cost allocations related to an XM Project will be periodically reviewed to determine if changes in allocated costs are warranted.

IV. OM&R Water Rates

- a. With the exception of delaying the transition of the volumes associated with the Settlement Contractors' transfer program in the calculation of the 10-year rolling average for the allocation of the Reserves from FWA to the transferees of such water to Water Year 2026, the amended cost recovery provisions in the Second Amended MOU (including the new Mendota Pool cost pool, fixed and variable Intertie costs, and other amendments) will be effective following execution of the Second Amended MOU and amendments to the Cost Recovery Plan becoming effective following 60-day contractor review, but will applied retroactively to March 1, 2024.

V. Settlement Agreement

- a. Summary of Disputed Costs
 - i. IDR 1: Charges for Call on Friant Deliveries (2014, 2015, 2016, 2022), Minimum Participation charges in two Call on Friant Years (2014 and 2015), Inclusion of SJR releases in 10-year rolling average (1998-present)
 - ii. IDR 3: O’Neill Storage and Reserve cost components in rates for flood flow deliveries to Settlement contractors in WY23
 - iii. Intertie: Share of routine and variable OM&R costs 2012-2023
- b. As part of the agreement on the Second Amended MOU, FWA and SLDMWA will concurrently enter into a separate settlement agreement under which any and all financial disputes regarding OM&R costs allocated in Water Year 2021 and prior (i.e., IDR 1 and 3 and Intertie OM&R costs) will be released and no cost recovery will be pursued by either party.
- c. To arrive at a “Final Settlement Amount,” the parties will apply the amended cost recovery provisions in the Second Amended MOU (with the exception of delaying the transition of the transfer program) to the final accountings for Water Year 2022 and Water Year 2023, for the purposes of a “true-up” of each parties’ respective obligations. If the Final Settlement Amount for a particular Water Year is in FWA’s favor, such amount will be credited to the OM&R cost obligations of Friant Division Contractors spread equally over the next three fiscal years. If the Final Settlement Amount for a particular Water Year is in SLDMWA’s favor, Friant Division Contractors will be assessed such amount as OM&R cost obligations of Friant Division Contractors spread equally over the next three fiscal years. Notwithstanding the foregoing, in no event will either party’s obligation to pay the Final Settlement Amount exceed a total of \$3 million.
- d. The parties anticipate that disputes regarding OM&R costs in Water Year 2024 will be resolved through the retroactive application of water rates to March 1, 2024 (see Section IV.a above). If retroactive application does not occur, the parties will apply the amended cost recovery provisions in the Second Amended MOU (with the exception of delaying the transition of the transfer program) to the final accounting for Water Year 2024.

ATTACHMENT 2

MOU AMENDMENT PROCESS

2024 Month	Actions	Drafting
January	<ul style="list-style-type: none"> MOA presented to SLDMWA and FWA Boards for action 	MOU Cost Recovery Plan Reserve Criteria Settlement Agreement
February/March	<ul style="list-style-type: none"> Present draft Second Amended MOU and Exhibits and Settlement Agreement to SLDMWA and FWA Boards for action Provide for 60-day review of Cost Recovery Plan Transmit letter requesting USBR confirmation of MOU and Cost Recovery Plan approvals 	Refinements to MOU, Cost Recovery Plan, Reserve Criteria, and Settlement Agreement USBR Confirmation CEQA exemption JPA amendments Bylaws amendments
March/April/May	<ul style="list-style-type: none"> Present JPA amendments and Bylaws amendments to SLDMWA Board for action Present JPA amendments to SLDMWA member home Boards for action Present FWA membership in amended JPA, FWA Bylaws amendments to FWA Board for action 	Revised WY24 OM&R Water Rates
May/June	<ul style="list-style-type: none"> Present proposed amendment to WY24 OM&R Water Rates to SLDMWA Board for action once 60-day review of Cost Recovery Plan completed and USBR approval obtained 	

Agenda Report

No. 3.B.

DATE: March 28, 2024
TO: Board of Directors
FROM: Wilson Orvis, Chief Financial Officer
SUBJECT: **Third Quarter, Fiscal Year 2024 - General Membership Call-for-Funds**

SUMMARY:

The Board of Directors approved the Fiscal Year 2024 General Membership Budget at the August 31, 2023 meeting. In October 2024, based upon a recommendation from the Finance Committee, the Board approved a first quarter call-for-funds. Based upon the availability of cash reserves and the rate of expenditures, the Finance Committee did not recommend a second quarter call for funds.

Considering the current and projected cash position for the third quarter (April through June 2024), staff is recommending a Call-for-Funds due April 26, 2024 for the General Membership in the amount of \$667,225.00 to fund activities for the third quarter of FY 2024.

An Exhibit A for General Member Budget Call-for-Funds is attached for your review. The “Exhibit A” delineates the amount to be invoiced from each member district. Should the Call-for-Funds be approved by the Board, the invoices will be prepared and sent out by the end of March 2024 and would be due by April 26, 2024.

FINANCE COMMITTEE RECOMMENDATION:

At the March 25, 2024 meeting, the Finance Committee voted to recommend that the Board of Directors approve the April 2024 Call-for-Funds in the amount of \$667,225.00 for the third quarter per the Exhibit A for the FY 2024 General Membership Budget.

SUGGESTED MOTION:

I move that the Board of Directors approve the April 2024 Call-for-Funds in the amount of \$667,225.00 for the third quarter per the Exhibit A for the FY 2024 General Membership Budget.

BUDGET IMPACT:

\$667,225 in Cash Receipts to fund FY 2024 General Membership Budget activities.

ATTACHMENTS:

FY 2024 General Member Budget - Exhibit A.

Friant Water Authority Exhibit A for General Member Budget FISCAL YEAR 2024 Effective as of October 1, 2023*								Contract Supply % 50.00% Equal % 50.00% Total 100.00%							October 1 664,225 January 1 664,225 April 1 664,225 Final 664,225 Associate Dues 12,000 Total 2,668,898	
District	CLASS I	CLASS I TIMES 2	CLASS II	2 X CLASS I PLUS CLASS II	CONTRACT WATER PERCENT	EQUAL ALLOCATION PERCENT	TOTAL ALLOCATION PERCENT	Standard Quarterly Call for Funds Amount	October 1 Call for Funds	January 1 Call for Funds	April 1 Call for Funds	July 1 Call for Funds	Total Call for Funds			
Arvin-Edison WSD	40,000	80,000	311,675	391,675	7.390%	2.632%	10.021%	66,564.00	66,564.00		66,564.00	66,564.00	199,692.00			
City of Fresno	60,000	120,000	0	120,000	2.264%	2.632%	4.896%	32,518.00	32,518.00		32,518.00	32,518.00	97,554.00			
Chowchilla WD	55,000	110,000	160,000	270,000	5.094%	2.632%	7.726%	51,315.00	51,315.00		51,315.00	51,315.00	153,945.00			
Delano-Earlimart ID	108,800	217,600	74,500	292,100	5.511%	2.632%	8.143%	54,085.00	54,085.00		54,085.00	54,085.00	162,255.00			
Fresno ID	0	0	75,000	75,000	1.415%	2.632%	4.047%	26,878.00	26,878.00		26,878.00	26,878.00	80,634.00			
Kaweah Delta WCD	1,200	2,400	7,400	9,800	0.185%	2.632%	2.816%	18,708.00	18,708.00		18,708.00	18,708.00	56,124.00			
Kern-Tulare WD	0	0	5,000	5,000	0.094%	2.632%	2.726%	18,106.00	18,106.00		18,106.00	18,106.00	54,318.00			
Lindmore ID	33,000	66,000	22,000	88,000	1.660%	2.632%	4.292%	28,507.00	28,507.00		28,507.00	28,507.00	85,521.00			
Lindsay-Strathmore ID	27,500	55,000	0	55,000	1.038%	2.632%	3.669%	24,372.00	24,372.00		24,372.00	24,372.00	73,116.00			
Lower Tule River ID	61,200	122,400	238,000	360,400	6.800%	2.632%	9.431%	62,644.00	62,644.00		62,644.00	62,644.00	187,932.00			
Madera ID	85,000	170,000	186,000	356,000	6.717%	2.632%	9.348%	62,092.00	62,092.00		62,092.00	62,092.00	186,276.00			
Orange Cove ID	39,200	78,400	0	78,400	1.479%	2.632%	4.111%	27,304.00	27,304.00		27,304.00	27,304.00	81,912.00			
Pixley ID	0	0	0	0	0.000%	2.632%	2.632%	17,480.00	17,480.00		17,480.00	17,480.00	52,440.00			
Porterville ID	15,000	30,000	30,000	60,000	1.132%	2.632%	3.764%	24,999.00	24,999.00		24,999.00	24,999.00	74,997.00			
Saucelito ID	21,500	43,000	32,800	75,800	1.430%	2.632%	4.062%	26,979.00	26,979.00		26,979.00	26,979.00	80,937.00			
Shafter-Wasco ID	50,000	100,000	39,600	139,600	2.634%	2.632%	5.265%	34,974.00	34,974.00		34,974.00	34,974.00	104,922.00			
Tea Pot Dome WD	7,200	14,400	0	14,400	0.272%	2.632%	2.903%	19,284.00	19,284.00		19,284.00	19,284.00	57,852.00			
Terra Bella ID	29,000	58,000	0	58,000	1.094%	2.632%	3.726%	24,748.00	24,748.00		24,748.00	24,748.00	74,244.00			
Tulare ID	30,000	60,000	141,000	201,000	3.792%	2.632%	6.424%	42,668.00	42,668.00		42,668.00	42,668.00	128,004.00			
Associate Member																
Hills Valley ID							\$12,000 Annually	3,000.00	3,000.00		3,000.00	3,000.00	9,000.00			
Totals	663,600	1,327,200	1,322,975	2,650,175	50.000%	50.000%	100.000%	667,225.00	667,225.00	0.00	667,225.00	667,225.00	2,001,675.00			

* Due to expenditures and available cash, no Second Quarter Call-for-Funds was Issued



Begin Phase 1 Project

Avenue 136

LTRID

TPDWD

Porterville Municipal Airport

Avenue 128

Siphon 4

Avenue 120

SID

Avenue 112

Siphon 5

Borrow Area

Avenue 104

DCTRA

Staging Area

Deer Creek Check/Siphon

SID

Terra Bella

TBID

Siphon 6

Siphon 7

SID

Avenue 88

Siphon 8

Avenue 95

Terra Bella Avenue

Avenue 80

Siphon 9

SID

Road 192

DEID

Siphon 10

Avenue 64

End Phase 1 Project

FRIANT-KERN CANAL MIDDLE REACH CAPACITY CORRECTION PROJECT PHASE 1

Construction Progress Report: February 2024



Construction Narrative

The weather was mostly cloudy with eight (8) significant rain days and seven (7) days with light showers that impacted the canal trimming and paving activities, canal sealing, roadwork and earthwork. All segments of the embankment are at approximately 99 % complete. Earthen embankment freeboard was placed in the northern segment of the alignment.

The canal trimming and lining operations continued this month. The canal trimming and lining was completed on canal left to between Avenue 80 and Avenue 88. The machine trimming and paving operations continue to be conducted in the daytime hours, with work shutdowns due to rain and saturated subgrade conditions. Hand paving lining was placed at various locations along the alignment and joint sealing was conducted on completed segments.

At the Deer Creek check structure, the Contractor grouted the gate seals and stop-log guides for the gates and weir. The Contractor also installed geotextile fabric, riprap bedding and riprap at Deer Creek. Finish grading and general site cleanup was conducted. Leak testing for completed siphon at Avenue 95, with cleanup work conducted at all siphon locations.

Turnout work continued at all turnouts. Work included installing ladders, gratings, trash racks, flow meters; grouting the stop log guides; installing falsework/formwork for the top wall/deck; and conducting pipe pressure testing. At the Terra Bella weir, the gate and outfall pipe installation were completed, and stop log guides installed. Work was conducted on the Avenue 80 irrigation pipelines and the TBID pipeline

Electrical and instrumentation work was conducted at the TBID, Casa Blanca, and DCTRA turnouts. Insulation resistance and grounding tests were completed. Start-up and dry checks were conducted at the Casa Blanca turnout.

Environmental

Biological construction monitoring continued. To-date, no evidence has been found to indicate the presence of kit fox or burrowing owls within the work area.

Change Orders

There were three change orders totaling \$57,551 this past month.

Construction Progress Photographs ¹



North Canal Tie-In At Avenue 136.



South Canal Tie-in Hand Paving Completed.

¹ Photographs courtesy of Reclamation



Canal Trimming Equipment North of Avenue 80.



Canal Machine Paving Near Avenue 74 Bridge.



Existing And New Deer Creek Check Structures Looking Northwards.



Deer Creek Wasteway and Check Structure and DCTRA and SID-S2 Turnouts.



Earthen Freeboard Placement And Compaction.



Siphon Leak Test In Progress At Avenue 95.

Progress Map



Progress Map continued



Financial Summary

Middle Reach Capacity Correction Project, Phase 1
 Bureau of Reclamation and Friant Water Authority
 Monthly Financial Status Report - Budget to Actual Spending
 Expenditures through February 29, 2024

Sources of Funds	Federal Funding			FWA Spending Plan Funds	Friant Water Authority (FWA) Funding					
	SIRRP funds	WIIN funds	Total Federal Funds	Advance Payments for Construction Costs	FWA Contractors	Eastern Tule GSA	Pixday GSA	State Funding-DWR	Misc. Revenue	Total FWA funds
Anticipated Funding	\$41M-\$46.9M	\$ 210,550,000		\$ 118,645,000	\$ 50,000,000	\$125M-\$200M	\$ 11,000,000	\$ 74,480,000	\$ -	
Funds Secured/Received to date	\$ 41,900,000	\$ 208,100,000	\$ 250,000,000	\$ 79,118,000	\$ 49,902,252	\$ 15,165,624	\$ 11,000,000	\$ 67,032,000	\$ 2,253,424	\$ 145,353,299
Expenditures to date	(53,316,951)	(112,377,704)	(165,694,655)	(78,753,482)	(37,044,353)	(14,046,101)	(11,000,000)	(34,960,343)	(480,815)	(97,561,612)
Remaining Funding Available	\$ 8,583,049	\$ 95,722,296	\$ 104,305,345	\$ 364,518	\$ 12,857,899	\$ 1,119,523	\$ -	\$ 32,041,657	\$ 1,772,609	\$ 47,791,687

Project Cost Category	Budget Estimate (2023)			Prior Period Expenditures (Cumulative)			February 29, 2024 Expenditures			Total Expenditures through February 29, 2024			Remaining Budget		
	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total	Reclamation	FWA (Non-Federal)	Total
Pre-Construction Costs Total	\$ 20,967,906	\$ 3,525,733	\$ 24,493,639	\$ 20,967,906	\$ 3,525,733	\$ 24,493,639	\$ -	\$ -	\$ -	\$ 20,967,906	\$ 3,525,733	\$ 24,493,639	\$ -	\$ (0)	\$ (0)
ROW & Land Acquisition Total	\$ 6,704,604	\$ 15,276,761	\$ 21,981,365	\$ 6,569,174	\$ 14,002,726	\$ 20,571,901	\$ (1,102)	\$ 3,072	\$ 1,970	\$ 6,568,072	\$ 14,005,798	\$ 20,573,871	\$ 136,532	\$ 1,270,963	\$ 1,407,494
Legal & Administration (Facilitating Services) & IT Services	\$ 51,251	\$ 863,646	\$ 914,897	\$ 949	\$ 616,852	\$ 617,801		\$ 36,450	\$ 36,450	\$ 949	\$ 653,302	\$ 654,251	\$ 50,302	\$ 210,343	\$ 260,645
Permitting, NEPA/CEQA, Cultural Resources, & Environmental Monitoring	\$ 822,997	\$ 501,908	\$ 1,324,905	\$ 699,503	\$ 101,908	\$ 801,411	\$ (1,000)		\$ (1,000)	\$ 698,503	\$ 101,908	\$ 800,411	\$ 124,494	\$ 400,000	\$ 524,494
Project Management	\$ 2,970,519	\$ 1,668,595	\$ 4,639,114	\$ 1,065,400	\$ 497,237	\$ 1,562,637	\$ 31,060	\$ 8,375	\$ 39,435	\$ 1,096,460	\$ 505,612	\$ 1,602,072	\$ 1,874,060	\$ 1,162,983	\$ 3,037,042
Construction Management	\$ 13,338,075	\$ -	\$ 13,338,075	\$ 9,281,744	\$ -	\$ 9,281,744	\$ 374,481		\$ 374,481	\$ 9,656,225	\$ -	\$ 9,656,225	\$ 3,681,850	\$ -	\$ 3,681,850
Design & Specifications	\$ 729,148	\$ -	\$ 729,148	\$ 811,124	\$ -	\$ 811,124	\$ 8,444		\$ 8,444	\$ 819,568	\$ -	\$ 819,568	\$ (90,420)	\$ -	\$ (90,420)
Construction Support	\$ 22,547,496	\$ 12,102	\$ 22,559,598	\$ 12,160,831	\$ 15,776	\$ 12,176,607	\$ 472,990		\$ 472,990	\$ 12,633,821	\$ 15,776	\$ 12,649,597	\$ 9,913,675	\$ (3,675)	\$ 9,910,001
Construction Contract & Contingency Total	\$ 95,182,187	\$ 141,465,439	\$ 236,647,626	\$ 86,222,690	\$ 78,690,190	\$ 164,912,880	\$ 5,388,584	\$ 63,291	\$ 5,451,875	\$ 91,611,274	\$ 78,753,482	\$ 170,364,755	\$ 3,570,913	\$ 62,711,957	\$ 66,282,871
Total	\$ 163,314,183	\$ 163,314,183	\$ 326,628,366	\$ 137,779,320	\$ 97,450,424	\$ 235,229,744	\$ 6,273,457	\$ 111,189	\$ 6,384,645	\$ 144,052,777	\$ 97,561,612	\$ 241,614,389	\$ 19,261,406	\$ 65,752,571	\$ 85,013,977

% Cost-Share 50% 50% 100%

Actual cost-share percentages: 60% 40%

Please Note:

* The difference on the cost-share percentages is due to the timing of when the FWA Spending Plan Funds are being expended by BOR.

* The expenditures above reflect the actual spending between USBR & FWA including the split between BOR & FWA to the construction contract payments.

DATE: March 28, 2024

TO: Board of Directors

FROM: Ian Buck-Macleod, Water Resources Manager
Katie Duncan, Water Resources EIT

SUBJECT: **Water Operations Update**

SUMMARY:

March temperatures have generally near average across most of the State, with cooler departures in many areas and slightly warmer temperatures throughout the Central Valley. Precipitation as a whole has generally been near to slightly above average in nearly all locations in the State. A large storm over the first weekend of March resulted in a significant boost to snowpack, with many locations now near average. Internal operational projections using recent forecast data were developed to forecast operations through the end of summer and are compared to the most recent Reclamation projections which were developed based on the March 1st runoff forecast. Reclamation issued updated allocations for all contractors on March 22, including an increase to 65% for the Friant Division Class I allocation. The most recent allocations confirmed that the Exchange Contractors are to receive 100% of contract and that sufficient supply is forecasted to be available to not require a call on Friant with a 35% South-of-Delta (SOD) Ag allocation.

DISCUSSION:

Inflow Forecasts

March precipitation in the San Joaquin watershed has been approximately 112% of average and is currently about 83% of average for the water year. Temperatures in March have generally been slightly below average, with parts of the Central Valley experiencing slightly above average temperatures. Snow water equivalent (SWE) in the San Joaquin watershed currently ranges from about 85% to 100% of normal and of the April 1 value. Elsewhere across the State, water year precipitation currently ranges from 79% to 92% of average and SWE ranges from about 91% to 115% of normal (90% to 115% of the April 1 value). A moderate storm is forecasted to affect most of the State this weekend, with 2-3 inches of precipitation expected in the upper watersheds, including the San Joaquin. Current forecasts suggest the first few weeks of April may remain cool and potentially unsettled.

Table 1 shows the unimpaired inflow forecasts for Shasta Lake and Millerton Lake from the California Nevada River Forecast Center (CNRFC), California Department of Water Resources (DWR), and current Millerton forecast developed for the Restoration Program for the 2024 water year. The CNRFC and DWR forecasts are fairly consistent at the 50% level for both Shasta and Millerton. The current CNRFC 50% forecast would result in a water year flow this is 103% and 96% of average for Shasta and Millerton, respectively.

Table 1. Unimpaired Inflow Forecasts for WY 2024

Item	Exceedance		
	90%	50%	10%
CNRFC Shasta Unimpaired Inflow (TAF) ¹	5,500	5,720	6,340
DWR Shasta Unimpaired Inflow (TAF) ²	5,140	5,850	7,430
CNRFC Millerton Unimpaired Inflow (TAF) ¹	1,490	1,710	1,970
DWR Millerton Unimpaired Inflow (TAF) ²	1,345	1,700	2,210
BOR Millerton Unimpaired Inflow (TAF) ³	1,328	1,579	1,999

Notes:

¹ As of March 25.

² As of March 19.

³ As of March 14, smoothed and adjusted.

North-of-Delta Operations

Overall Central Valley Project (CVP) North-of-Delta (NOD) reservoirs have been making flood control releases for the last several weeks, as most reservoirs are at or above the flood control diagram. Storage levels based on the 15-year average at Trinity, Shasta, and Folsom are currently at 121%, 120%, and 114% of average, respectively. The SWP updated their Table A allocation to 30% and the CVP updated their allocations on March 22nd. For the CVP, Sacramento River Settlement Contractors, Exchange Contractors, all Refuge supplies, and NOD M&I and Ag are 100% of contract; SOD M&I is 75% of contract and SOD Ag is 35% of contract.

Internal operational forecasts have been prepared for the 90% and 50% exceedance levels based on recent CNRFC forecasted hydrology, while Reclamation’s projection is based off the March 1 runoff forecast at the 90% and 50% levels. The March 1 90% was generally drier (a few 100 TAF drier) than current forecasts, while the 50% is very comparable. Note that both internal and Reclamation projections operate under a Below Normal year in the 90% projection and an Above Normal year under the 50% projection. The change in water year results in different operational requirements for Shasta, along with different COA sharing percentages between the CVP and SWP, and different Delta water quality requirements (including Fall X2 under the 50% exceedance level). The internal projection makes a slightly more conservative estimate of the Delta Outflow required for Fall X2 based off 2023 operations. For the internal projection, this results in slightly greater use of both Shasta and Folsom storage and slightly lower exports in September and October.

Figures 1 and 2 show the projected Shasta Lake and Folsom Lake storage through September based off these projections, as compared to actuals to date. Shasta is currently trending near all forecasts, with some larger fluctuations due to flood control operations. Summer operations under each projection are similar, except the Reclamation 90% (since it is drier), with the other three projections showing Shasta end of September storage between 2.9 and 3.1 MAF. Folsom storage is currently trending near the forecasts and summer operations show fewer differences between the internal and Reclamation projections, except for a lower end of September storage under the internal 50% due to greater use of Folsom to meet the higher assumed Delta Outflow requirement for Fall X2.

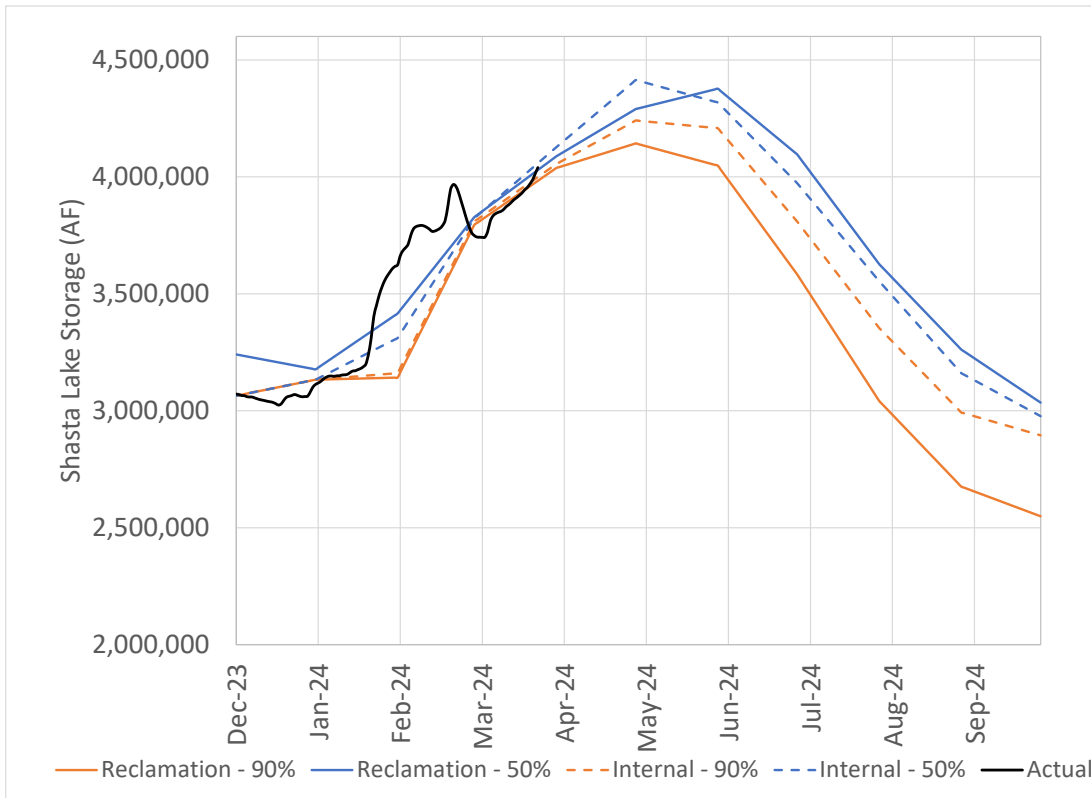


Figure 1. Shasta Lake Storage – March Internal and Reclamation Projections

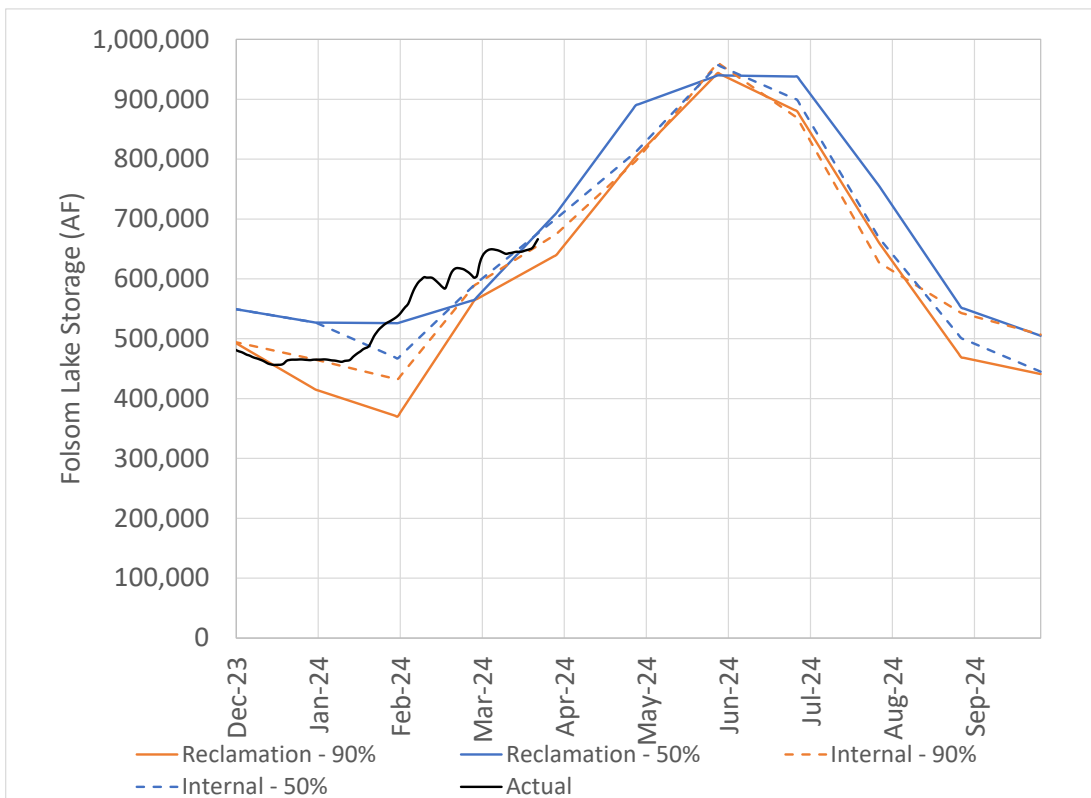


Figure 2. Folsom Lake Storage – March Internal and Reclamation Projections

South-of-Delta Operations

Delta Operations

For most of February, Jones was at a 5-unit operation outside the first week of the month. In March, pumping levels have largely been controlled by OMR requirements, which have ranged from -2500 cfs to -500 OMR for the last two weeks (both limits due to high levels of steelhead take). Higher San Joaquin River flows in the first part of March limited the effects of these requirements, but lower San Joaquin River flows in recent weeks have limited CVP pumping to a two-unit operation. This may change based on updated conditions through agency discussions, with Reclamation and DWR requesting a relaxation to a combined -1500 OMR. Although there is still some uncertainty, beginning April 1 the Projects are expected to be operating to a San Joaquin I/E ratio of 3:1 through the end of May, per the Interim Operations Plan (IOP). This will likely limit combined exports to around 1,500 cfs given current San Joaquin River levels. Figure 3 shows the internal and Reclamation projections for daily Jones pumping through September as compared to actuals to date. Both projections show similar exports through most of the period, with both internal projections showing lower pumping in June (due to differences in accretion/depletion assumptions) and slightly lower July exports under the 50% (due to a minor difference in upstream operations).

An approximately 6-week outage at O’Neill pumping plant due to transformer replacement had originally been scheduled for mid-April through late-May. Based on delivery constraints during this period, the outage is likely to be rescheduled for the fall.

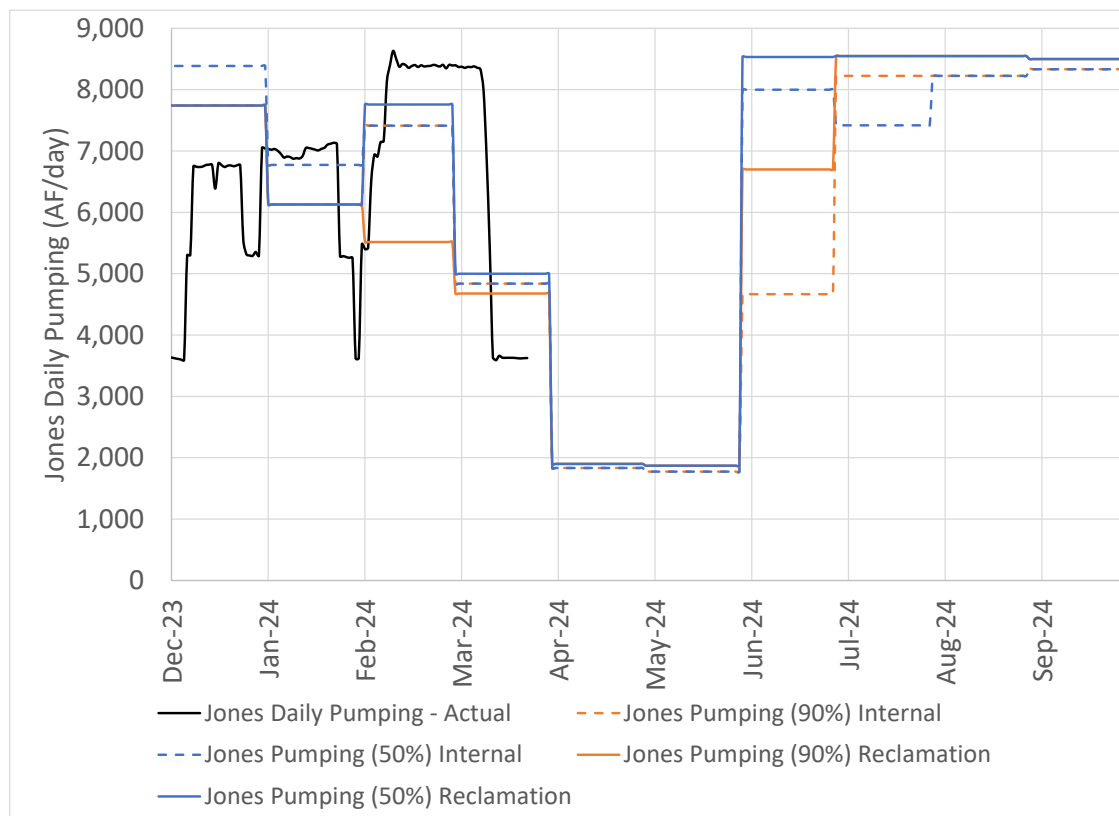


Figure 3. Daily Jones Pumping – March Internal and Reclamation Projections

San Luis Operations

CVP San Luis storage is at 965 TAF—137% of its 15-year average and essentially full. CVO is continuing to export as much as possible, with “unused” export going to either “surcharge” into the SWP portion of San Luis and/or payback the approximately 50 TAF owed to the SWP from exchanges in O’Neill during 2023. Neither condition will initiate foregone pumping/spill of rescheduled water. As part of the March 22 allocation announcement, CVO confirmed that 185 TAF of 2023 water supply is rescheduled into 2024. CVO also indicated that approximately 83 TAF of the water currently in CVP San Luis is reserved for a “drought reserve pool” and is not available for water supply allocations. Given current conditions and expected pumping limitations, CVO does not expect any foregone pumping to occur. As such, it can be assumed that approximately 700 TAF of current CVP San Luis storage is Project storage available for 2024.

Figure 4 shows the internal and Reclamation 90% projections for CVP San Luis physical storage, and project (including drought pool storage) and non-project storages, all through September, as compared to actual. Current storage is trending near both forecasts (essentially full). Lowpoint is forecasted to occur in August or September at about 150 TAF (including the 83 TAF of storage reserved for the drought reserve pool). The internal and Reclamation 50% forecasts show similar storage patterns as the only difference is the SOD allocation.

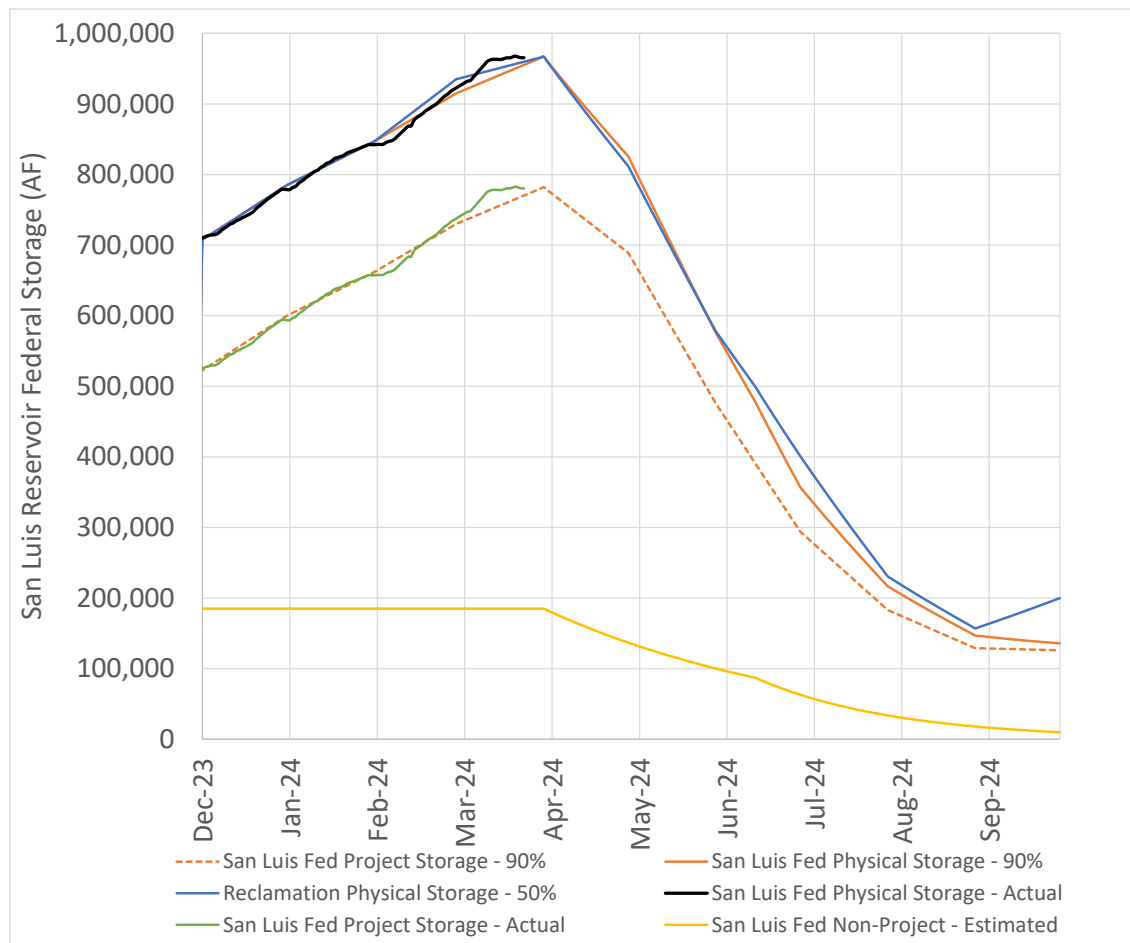


Figure 4. San Luis Federal Storage – March Internal and Reclamation Projections

SOD Ag Allocation and Exchange Contractors

As part of the March 22 allocation announcement, Reclamation confirmed the 100% allocation to the Exchange Contractors and increased the CVP SOD Ag allocation from 15% to 35% of contract. Our internal forecast suggests a 40-45% SOD Ag allocation may be possible under the 90% projection and up to a 50% allocation may be possible under the 50% projection. Although systemwide the 50% is currently noticeably wetter than the 90%, the increased Delta water quality requirements necessary under the 50% projection in an Above Normal year (including Fall X2) limit the amount of additional water available for SOD water supply.

Friant Division

Millerton and Friant Allocation

As of March 25th, Millerton Lake is at 390,800 AF of storage. Significant atmospheric river events in February and into March brought significant precipitation to the San Joaquin, but total precipitation and snow water content for the region are still below average for the water year.

On February 21st, Reclamation provided an initial allocation of 60% to Friant Contractors for the 2024 contract year, on March 22nd Reclamation increased the Class 1 allocation to 65%. The allocation is based off a 90% blended, exceedance forecast and is conservative to account for uncertainty in future forecasts and fall low-point management in Millerton. Reclamation's March 90% exceedance forecast reflects a total water year runoff of 1.29 MAF and 65% Class I allocation, and the 75% exceedance forecast reflects a 1.4 MAF water year with an 80% Class I allocation. Current models show that the chance of uncontrolled season is very low. Staff will continue to closely coordinate with Reclamation on allocation and to continue tracking reservoir conditions.

In January, due to unique circumstances in contract year 2023 and in coordination with FWA, Reclamation's SCCAO announced that a Friant Division wide 17% Class 1 carryover (12% after April 30th) was approved, with individual district carryover ranging from 0 to 37%. FWA staff has been coordinating with district managers to manage the total carryover volume. Increased carryover will allow Friant Contractors to maximize beneficial use of Contract Year 2023 allocated supply and provide some management flexibility as we enter the new contract year. As of March 7th, there is still 126 TAF of undelivered carryover for Friant contractors, 38 TAF of that volume must be delivered by April 30th.

It is anticipated that the San Joaquin River Restoration Program will release a 1st block of unreleased restoration flows (URFs) as soon as this week, and FWA staff have been coordinating closely with the Program office and SCCAO to ensure that reservoir storage and available supply including available URFs and carry over can be maximized.

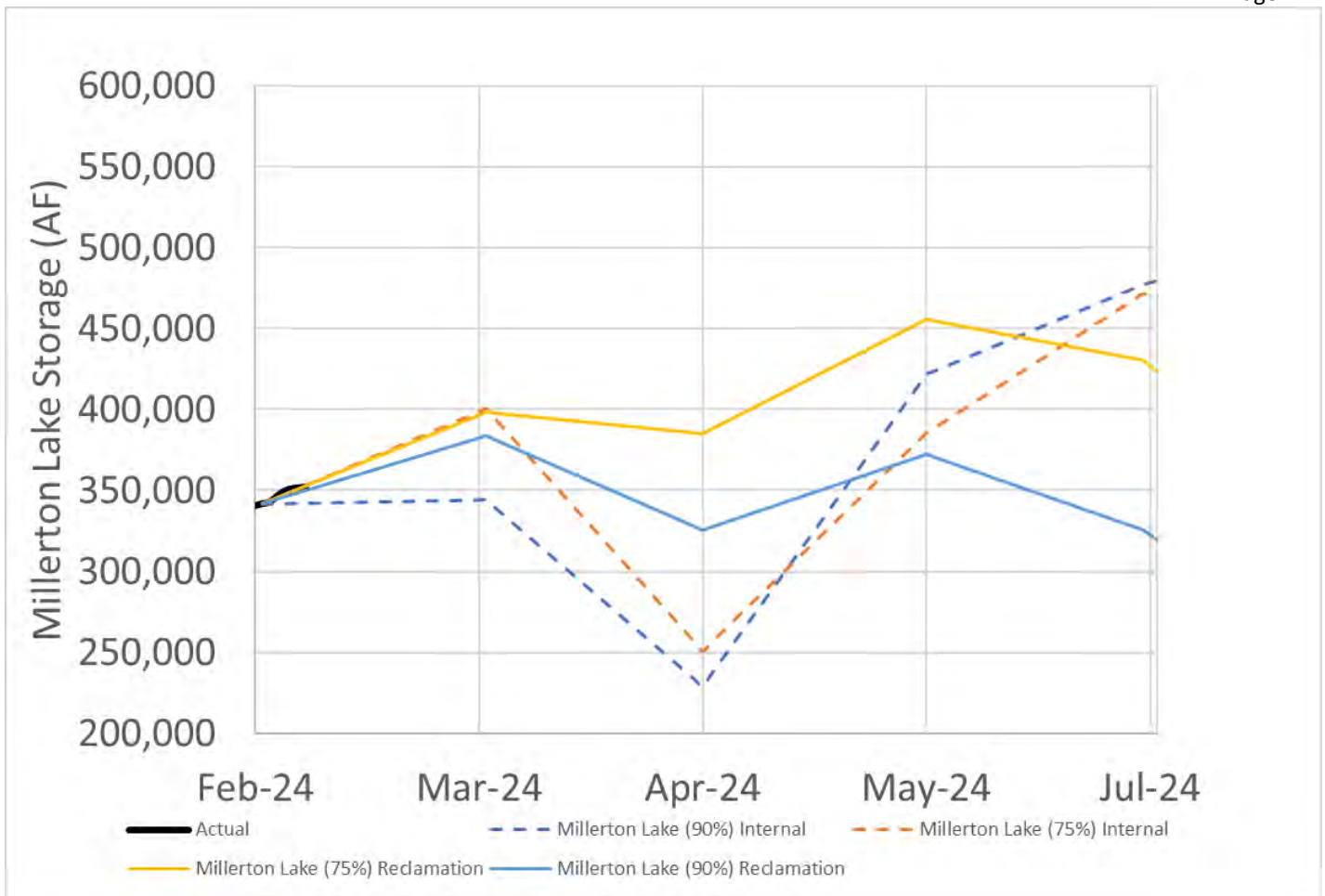


Figure 5. Millerton Storage – March Reclamation and Internal Projections

Phase I of the Middle Reach Capacity Correction Project (MRCCP) construction is anticipated to continue into April, at which time the planned bifurcation will be removed and the permanent canal configuration will be constructed, and the new, parallel canal will be fully commissioned. FWA is actively monitoring and coordinating with contractors regarding potential water quality concerns as flows are being reintroduced during and after construction.

Airborne Snow Observatory

The second ASO flight of the year for the upper San Joaquin River Basin occurred on February 22-25. Full basin SWE was estimated to be 810 TAF +/- 28 TAF (an increase of 462 TAF from the January flight), with the snowline estimated to be at 5,630 feet. Figure 6 provides a summary of the estimated SWE at each elevation band for the two ASO flights. ASO’s third flight occurred on March 26-27, and we anticipate that results from this flight will reflect peak SWE for the basin. Despite State budget constraints, DWR will fund four flights for the upper San Joaquin River Basin, and Reclamation is actively pursuing funding for a 5th flight.

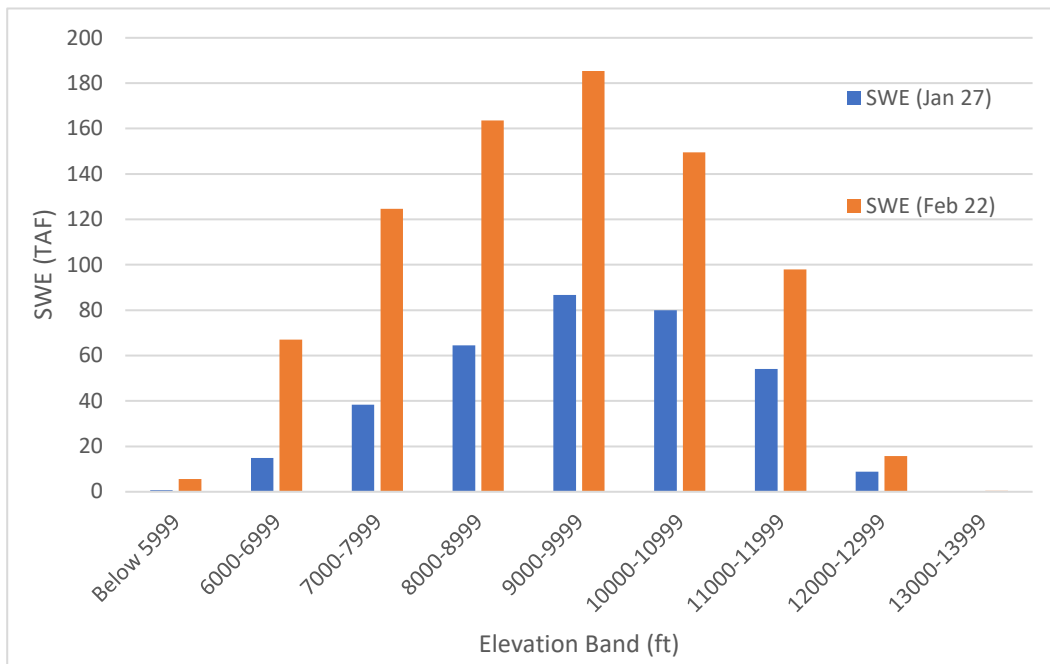


Figure 6. ASO SWE Estimate by Elevation Band

San Joaquin River Restoration Allocation

On March 15, the SJRRP transmitted to the Restoration Administrator (RA) an updated Restoration Allocation for the 2024/25 water year. The Allocation is based on a 75% Exceedance forecast of 1,382 TAF (down from 1,479 TAF) for the water year, which is a Normal-Dry Restoration year type and results in an allocation of 274,201 AF as measured at Gravelly Ford (a decrease of about 13 TAF from the initial allocation). On March 1st, the RA provided an updated schedule relative to the February 16th allocation. The schedule provides near-maximum flow to the river (limited by seepage constraints below Sack Dam) through April 24, then ramps down to enhanced summer base flow to protect coldwater pool in Millerton. The spring high flow period may be extended if reservoir temperature conditions warrant. Following the recession of spring flows, the schedule targets maintaining a connected river through October 30 by targeting at least 50 cfs at EBM. Exhibit B base flows are then resumed from November 1 through February 2025. The fall pulse is likely to be deployed in two parts in November and December to support a river science experiment. The recommendation anticipates the release of about 186 TAF to the river, leaving about 101 TAF as URFs. **The release of the first block of URFs was delayed pending other Reclamation declarations and forecast clarity.**

The Gravelly Ford Restoration flow target is 375 cfs through March (a decrease from 395 cfs due to seepage issues) and increases to 410 cfs in April. Total Restoration Flows at Gravelly Ford on March 25 were 375 cfs (380 cfs total flow). The expected rate of Restoration Flows passing Sack Dam was approximately 275 cfs.

San Joaquin River Restoration Recapture

PID recaptured 1,777 AF in February. Some recapture has occurred at Mendota Pool in March due to seepage limitations below Sack Dam. PID is currently recapturing at a rate of 37 cfs and BCID is recapturing at a rate between 60 and 65 cfs. Since CVP San Luis is essentially full, recaptured water may be delivered

via direct delivery in lieu of being stored in San Luis. This risk of recaptured water spilling is low given CVO's expectation that foregone pumping will not occur.

AGENDA REPORT

AGENDA NO. 4.C.

DATE: March 28, 2024

TO: Board of Directors

FROM: Johnny Amaral, Chief of External Affairs and Mike Villines, Villines Group, LLC

SUBJECT: External Affairs Update

SUMMARY:

Update on State and Federal affairs and communications activities.

RECOMMENDED ACTION:

None; informational only.

SUGGESTED MOTION:

None; informational only.

DISCUSSION:

STATE AFFAIRS

Sacramento is primarily dealing with the fallout from the state budget deficit and the worsening projections. Currently, the projected deficit is \$55 Billion dollars but some estimates from the LAO have it pegged at closer to \$73 Billion. Because of this, The Governor and the Legislative Leadership are preparing to take “early action” on the budget because of the worsening budget scenario. The early actions include: Program Reductions, especially in any new programs; Borrowing from unused funds (spend it when you get it!); fund shifts; Delayed funding of bills and costs signed into law last year; Deferrals which most likely is what hurts local governments the most. We can expect to see this early action sometime in early April. As background on the upcoming budget schedule, the May Revise occurs in Mid-May and the overall state budget must be signed by June 15th.

Legislation of Note

Legislatively, the schedule has intensified dramatically. Committee hearings started in March but will really engage in April starting next week. All bills must be out of Committee(s) by essentially the end of April so the sprint is on. Of many bills we are tracking, two stand out for concern. While they still could be amended to be improved (or made worse), these three bills are problematic: (1) AB 2709 (Bennet) – relates to large diameter/high capacity well permits and the effective prohibition of new wells by creating mandated actions by local governments on any and all applications for new wells. (2) SB 1156 Hurtado – mandates GSA Board Member and Executive Team members provide public financial disclosures that

match FPPC requirements related to Conflict of Interests and Financial Interests. (3) AB 828 Connolly – allows small community water systems serving a disadvantaged community and managed wetland to continue to pump their average annual groundwater usage between 2015-2020 without being subject to allocations by a GSA. Any usage above that average will be subject to regulation by a GSA. We will continue to monitor and engage on these bills and others as the process unfolds this year.

Finally, in terms of the proposed water bond in the legislature, it is clear that any bond will have to be shrunk to get approval of both houses and the Governor. The Governor has been more evasive on saying what he is comfortable with in terms of cost but between legislators and staff it seems that \$7 billion keeps being repeated as “manageable.” A wide range of groups from ACWA to Environmental organizations are advocating for \$11-\$15 billion still but we will have to see how the overall deficit and budget process unfolds. The legislature will most likely have to vote to put a Bond onto the November 2024 general election by the end of June. There are a few scenarios where they could vote later than June to put a bond on the ballot but generally the end of June will be the timeline.

FEDERAL AFFAIRS

The House and Senate were in session last week. Congress has until Friday (3/22) at 11:59 pm ET to pass additional Fiscal Year (FY) 2024 government funding legislation to avoid a partial shutdown for numerous federal departments and agencies amounting to nearly 70 percent of overall discretionary federal funding.

Government funding for the Defense, Financial Services-General Government, Labor-Health and Human Services-Education, Legislative Branch, Homeland Security, and State-Foreign Operations spending bills is at the top of the Congressional to-do list, and issues remain unresolved with a Friday deadline looming. Many issues center around funding for the Department of Homeland Security, while the remaining five bills are all but settled. Lawmakers have wavered over whether they will include the Homeland Security spending bill in the second minibus package or work to pass the bill in a standalone manner. Last week, all signs pointed to Congress passing an individual full-year continuing resolution (CR) for the Homeland Security spending bill. President Joe Biden reportedly threatened a veto of the CR proposal of the Homeland Security bill over the weekend. On Sunday, through last minute negotiations, Congress reversed course and decided to include a full-year fiscal 2024 Homeland Security appropriations bill to the minibus package. Congressional leaders, however, have not come to an agreement on specific funding measures within the second FY24 “minibus” spending package, slowing the process of finalizing the overall text. Due to these challenges, Congress will not release text for the funding deal today, missing a critical deadline. In the House, GOP leadership upholds a 72-hour rule, allowing members time to review released bill text. Because of this procedural rule, the potential for a partial government shutdown has increased. A shutdown would mark the latest in the calendar year since 1976.

BUDGET IMPACT:

None.



tfg
40 YEARS

Special Report

Highlights of the First FY 2024 Appropriations Minibus Package

March 20, 2024



Contents

Introduction	1
Federal Earmarks	3
Division A – Military Construction, Veterans Affairs, and Related Agencies	3
Military Construction	3
Department of Veterans Affairs	4
Division B – Agriculture, Rural Development, Food and Drug Administration, and Related Agencies	4
Agriculture	5
Rural Development	5
Nutrition	6
Division C – Commerce, Justice, Science, and Related Agencies	7
Department of Commerce	7
Department of Justice (DOJ)	8
National Science Foundation	9
National Aeronautics and Space Administration (NASA)	9
Division D – Energy and Water Development, and Related Agencies	9
Department of Energy	9
U.S. Army Corps of Engineers	10
Bureau of Reclamation	10
Nuclear Regulatory Commission	11
Appalachian Regional Commission	11
Northern Border Regional Commission	11
Southeast Crescent Regional Commission	11
Division E – Department of the Interior, Environment, and Related Agencies	11
Bureau of Land Management (BLM)	12
U.S. Fish and Wildlife Service (USFWS)	12
National Park Service (NPS)	12
Native American Programs	12
Environmental Protection Agency (EPA)	12
Wildland Fire Management	13
Related Agencies	13
Land and Water Conservation Fund (LWCF)	13
Division F – Transportation, Housing and Urban Development, and Related Agencies	13
Department of Transportation (DOT)	14



Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants	14
Staffing and Modernization at the Federal Aviation Administration	14
Highways and Bridges	14
Rail Safety and Amtrak	14
Transit Infrastructure	15
Maritime Administration	15
Transportation Infrastructure for Tribes	15
Department of Housing and Urban Development (HUD)	15
Homelessness Reduction and Health Care	15
Expanded Access to Housing Assistance for Tribes	16
Supports Rental Assistance Programs	16
Affordable Housing Program Reforms:	16
Division G – Other Programs	16
Health Programs	16
Other Extensions	18

Introduction

On March 9, 2024, President Joe Biden [signed](#) the *Consolidated Appropriations Act, 2024* ([P.L. 118-42](#)) into law, which includes approximately \$436 billion in annual appropriations for numerous federal departments and agencies for Fiscal Year (FY) 2024, which ends on September 30, 2024. Federal agencies had been operating under several short-term continuing resolutions (CRs) that extended enacted FY 2023 funding levels for more than five months since October 1, 2023. The first enacted “minibus” FY24 spending package includes the final versions of six of the twelve FY24 spending bills, and accounts for approximately 25 percent of total federal discretionary spending:

- **Military Construction—Veterans Affairs**
- **Agriculture—Rural Development—FDA**
- **Commerce—Justice—Science**
- **Energy—Water Development**
- **Interior—Environment**
- **Transportation—Housing and Urban Development**

The House passed the FY24 minibus package on March 6 by a vote of [339-85](#). The Senate passed the package on March 8 by a vote of [75-22](#). In addition to providing FY 2024 appropriations for the Departments of Veterans Affairs, Agriculture, Commerce, Justice, Energy, Interior, Transportation, and Housing and Urban Development, the minibus also provides funding for the Environmental Protection Agency, the National Aeronautics and Space Administration, the Food and Drug Administration, the U.S. Army Corps of Engineers, and the Bureau of Reclamation (in addition to other smaller agencies). The enacted minibus includes [6,628 earmarks](#) (formally known as “Community Project Funding” [CPF] in the House and “Congressionally Directed Spending” [CDS] in the Senate), totaling \$12.7 billion.

Congress has until Friday, March 22, 2024, to pass a second FY24 minibus spending package for the remaining six FY24 spending bills:

- **Defense**
- **Financial Services—General Government**
- **Homeland Security**
- **Labor—Health and Human Services—Education**
- **Legislative Branch**
- **State—Foreign Operations**

As of the afternoon of March 20, Congressional leaders had still not yet publicly released the bill text for the second FY24 minibus package. Absent passage and enactment of the second FY24 minibus or another short-term CR by the current March 22 deadline, a partial government shutdown would occur beginning at 12:01 am ET, Saturday, March 23 (with real impacts being felt across the nation beginning the morning of Monday, March 25). Summaries of the six spending bills contained within the first FY24 package are provided in this report, which was assembled largely with summary information provided by the House and Senate Appropriations Committees. Summaries of the appropriations provisions are available from the House Appropriations Committee [here](#) and [here](#), and from the Senate Appropriations Committee [here](#)

and [here](#). TFG will publish an updated Special Report upon the enactment of the second FY24 minibuss package.

Federal Earmarks

Congressional earmarks, which returned in 2021 after a decade-long hiatus, returned for the third year in a row in the enacted appropriations legislation. House Members were [permitted](#) to submit a total of 15 requests for projects in their congressional district to the House Appropriations Committee in March 2023, while there was no [project limit](#) for Senators to submit requests to the Senate Appropriations Committee in March and April 2023. House earmarks were once again dubbed “Community Project Funding,” while the Senate used the term “Congressionally Directed Spending.” The first FY24 minibus spending package includes more than [6,600 earmarks](#); the second minibus package will also include several hundred additional earmarks.

As of March 20, 2024, neither the House nor Senate Appropriations Committees have formally kicked off the FY 2025 earmark process. However, many House and Senate offices have already begun to publish their internal FY25 earmark deadlines for local and county governments in their districts and states, and it is anticipated that the Committees will set FY25 earmark submission deadlines for congressional offices between mid-late April 2024. For more information on which earmark accounts will likely be available in FY 2025, please reference TFG’s Special Report entitled “[FY 2025 Appropriations.](#)”

Division A – Military Construction, Veterans Affairs, and Related Agencies



The FY 2024 bill provides \$172.5 billion in mandatory funding and \$134.75 billion in non-defense discretionary spending. Together with funds provided in this FY 2024 legislation and those appropriated in the Fiscal Responsibility Act of 2023 (FRA), the bill provides roughly \$346.7 billion in appropriations, an increase of \$24 billion, over 7% higher, than FY 2023. The bill includes funding to rebuild infrastructure at military bases across the globe, supports the childcare needs of active duty servicemembers, improves housing on and off military bases, supports the health care of veterans, and also ensures that veterans are cared for once they

leave the Armed Forces.

Earmarks included in the MilCon-VA bill can be found in the [Division A Joint Explanatory Statement](#) accompanying [P.L. 118-42](#) with a full list of MilCon-VA earmarks available [here](#).

Military Construction

The bill provides \$18.7 billion for the Department of Defense’s military construction projects, a decrease of \$325 million compared to the FY 2023 enacted level. The legislation funds approximately 300 military construction and housing projects, as well as modernizes U.S. military infrastructure globally. The funding provides over \$1.8 billion for projects in the Indo-Pacific that support the Pacific Deterrence Initiative. The bill also funds \$2 billion worth of family housing construction and funds to maintain and upgrade existing housing units.

- The legislation provides \$336 million for Child Development Centers, more than \$96 million above the FY 2023 budget request, which will support improved facilities and increased capacity for the 1.6 million children of active duty servicemembers worldwide.
- The bill allocates \$293 million for the NATO Security Investment Program, \$73 million higher than the FY 2023 enacted level, for infrastructure necessary for crisis, deterrence, and peace operations. These funds will also support responses to the challenges posed by Russia and threats in the Middle East and Africa.
- \$30 million is provided for planning and design of Climate Change and Resilience measures to mitigate the risks of climate change to military installations.
- The bill also provides \$489 million for Base Realignment and Closure remediation, \$100 million higher than the FY 2024 budget request, with \$50 million allocated for the cleanup of PFAS contaminants on and around military bases.

Department of Veterans Affairs

The bill includes a total of \$307.3 billion in both discretionary and mandatory funding for the Department, an increase of \$48.35 billion over the levels allocated in FY 2023. These funds will allow the Department of Veterans Affairs to adequately carry out the services that the veterans of the United States Armed Forces rely on.

- The bill provides the Department of Veterans Affairs with \$121.011 billion, \$2.3 billion more than FY 2023 levels, to provide critical healthcare services to over 9.1 million veterans. This includes \$343 million to support rural healthcare initiatives such as telehealth, \$2.4 billion to help the VA implement a caregiver's program, \$16.2 billion for mental health programs, including \$559 million for suicide prevention outreach, and nearly \$1 billion for gender-specific health care services and improvements to healthcare facilities.
- The bill provides \$3.9 billion, \$36 million above FY 2023, to administer veterans' benefits, including disability compensation benefits to veterans and their families. This funding is intended to reduce the number of backlogged claims and increase the number and scope of claims processed.
- The legislation also fully funds veterans' health care and toxic exposure-related needs for FY 2024.

Division B – Agriculture, Rural Development, Food and Drug Administration, and Related Agencies



1.5%

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies bill funds agencies and programs within the Department of Agriculture, the Farm Credit Administration, and the Food and Drug Administration.

The FY 2024 bill provides discretionary funding of \$26.23 billion, an increase of \$383 million or 1.5 percent, above FY 2023 funding levels. In total, the bill includes \$211 billion for both discretionary programs funded on an annual basis and mandatory programs such as the

Supplemental Nutrition Assistance Program. Specifically, the bill funds agricultural and food programs and services, including food and medical product safety, animal and plant health programs, rural development, farm services, agricultural trade, financial marketplace oversight, and nutrition programs, both domestic and international. The bill provides no funding for new programs and keeps most accounts funded below the FY23 enacted levels.

Earmarks included in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill can be found in the [Division B Joint Explanatory Statement](#), with a full list of earmarks available [here](#).

Agriculture

Farm Production and Conservation Programs: The bill provides \$30.8 billion for farm and conservation programs, \$4.4 billion below the FY 2023 enacted level. This funding will continue support for various farm, conservation, and emergency loan programs, and assisting farmers and ranchers. It will also meet estimates of demand for the farm loan program.

Animal and Plant Health: The bill includes \$1.6 billion – \$11.2 million below the FY 2023 enacted level – for the Animal and Plant Health Inspection Service. This funding will support programs to help control or eradicate plant and animal pests and diseases that can be crippling to U.S. producers, such as chronic wasting disease, African swine fever, and avian influenza. The bill includes \$15 million for electronic identification tags and related infrastructure needed for stakeholders to comply with federal Animal Disease Traceability rules.

Natural Resources Conservation Service (NRCS): The bill provides \$915 million for the NRCS, approximately \$26 million below the FY 2023 enacted level, to help farmers, ranchers, and private forest landowners conserve and protect their land.

Watershed and Flood Prevention Operations: The bill also includes \$35 million for the Watershed and Flood Prevention Operations program, about \$40 million below the FY 2023 enacted level to support needed investments and necessary expenses to carry out preventive measures, including but not limited to surveys and investigations, engineering operations, works of improvement, and changes in the use of land.

Farm Service Agency (FSA): The bill provides \$1.21 billion for the FSA for various farm, conservation, and emergency loan programs. The bill prohibits the closure of FSA county offices and provides \$10.7 billion for Farm Loan Programs to fully fund anticipated loan demand needs and protect producers' access to capital.

Rural Development

The bill includes \$4.07 billion to support rural development programs across the United States, including \$1.6 billion for affordable housing rental assistance that supports 270,000 low-income families and seniors in rural communities. The bill includes a provision allowing USDA to implement a pilot program to decouple rental assistance from Section 515 loans, which will preserve thousands of affordable housing units.

Rural Infrastructure: The bill includes \$595.9 million in water and waste disposal loan subsidies and grants, including \$255 million in water and waste disposal grants for clean and reliable drinking water systems and sanitary waste disposal systems, which is \$175 million less than the FY 2023 enacted amount. It also includes \$117.5 million in new Community Project Funding/Congressionally Directed Spending. In addition, the bill

includes \$910 million in rural water and waste disposal direct and guaranteed loan authorizations, about \$560 million less than the FY 2023 enacted level.

\$7.42 billion in loan authority is provided for rural electric infrastructure loans which is a decrease of \$90.8 million over the 2023 enacted level.

The bill provides \$169.9 million for the Distance Learning, Telemedicine, and Broadband Program. That includes \$40 million for Distance Learning and Telemedicine (DLT) grants, \$9.6 million for DLT Community Project Funding/Congressionally Directed Spending, \$90 million for Broadband ReConnect Loans and Grants, \$10.4 for ReConnect Community Project Funding/Congressionally Directed Spending, and \$20 million for Community Connect grants.

Rural Housing Loans and Rental Assistance:

The bill provides \$25 billion in lending authority for guaranteed Single-Family Housing loans and \$880 million in direct single family housing loans, meeting the estimated need for these loans, which provide home loan assistance to low-income rural families, many of whom would have few loan options for purchasing a home because of their geographical location.

A total of \$1.61 billion is provided for rental assistance and rental vouchers for affordable rental housing for low-income families and the elderly in rural communities to renew all existing rental assistance contracts. The bill decouples the Rental Assistance Program from Section 515 direct loans and directs the Department to have strong stakeholder engagement and to provide the Committees with monthly updates on the implementation of this policy.

Nutrition

Women, Infants, and Children (WIC): The bill fully funds the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)—which serves nearly seven million women and kids nationwide—by providing \$7.03 billion for the program, a \$1.03 billion increase over FY 2023 that meets the administration’s updated request.

Child Nutrition Programs: The bill provides \$33 billion in funding for child nutrition programs, which are fully funded. It includes \$10 million for school breakfast equipment grants and \$5 million for the Farm to School program. In 2024, this funding will help serve an estimated 5 billion lunches and 2.6 billion breakfasts to kids across the country.

Supplemental Nutrition Assistance Program (SNAP):

The bill provides \$119 billion in mandatory funding for the Supplemental Nutrition Assistance Program (SNAP) to serve an estimated 42 million people per month—and does not include any new restrictions on eligibility.

Division C – Commerce, Justice, Science, and Related Agencies



The Commerce, Justice, Science, and Related Agencies (CJS) bill funds the Departments of Commerce and Justice, the National Aeronautics and Space Administration (NASA), the National Science Foundation, and other related agencies. The total discretionary funding level is \$81.5 billion, \$3.5 billion lower than FY 2023. The bill provides funding for economic development in distressed communities with support for small businesses and small and medium-sized American manufacturers. The bill also provides funding to support local law enforcement while bolstering police and criminal justice reform and expanding gun violence prevention efforts. The bill confronts the climate crisis with strong funding for climate resilience and research at NASA, the National Oceanic and Atmospheric Administration, and the National Science Foundation.

Earmarks included in the Commerce, Justice, Science, and Related Agencies appropriations bill can be found in the [Division C Joint Explanatory Statement](#), with a full list of earmarks available [here](#).

Department of Commerce

The bill includes \$10.8 billion in net discretionary funding for the Department of Commerce, a reversion to FY22 levels, and a \$258 million decrease from enacted FY 2023 levels. This includes funding for the following agencies:

Economic Development Administration (EDA): The bill includes \$468 million for the EDA which is an increase of \$18 million from FY 2023 level. Highlights include:

- \$100 million for EDA’s Public Works program, which supports brick-and-mortar projects in distressed communities across the nation (compared to \$125 million in FY 2023).
- \$75 million for Assistance to Coal Communities, an increase of \$39.5 million from FY 2023.
- \$41 million for the Regional Innovation Program (RIP) to help create jobs by establishing and expanding region-focused innovative technology business endeavors. Within funds provided for RIP, EDA shall award grants of not less than 40 percent to support rural communities. This Program’s funding remains consistent with FY23 funding levels.
- Additionally, \$2.5 million is included for STEM apprenticeships to help align the skills of workers and the needs of employers.

National Telecommunications and Information Administration (NTIA): NTIA is funded at \$57 million, an increase of \$3 million over FY 2023. Funds are included to enhance the National Broadband Map (up to \$7.5 million), to ensure the targeted deployment of broadband in targeted underserved and unserved areas; to allow NTIA to perform cutting edge research and engineering on next generation communications technologies, especially in rural areas, and to coordinate spectrum management, analysis, and operations.

National Institute of Standards and Technology (NIST): NIST is funded at \$1.46 billion, a decrease of \$190 million below FY 2023 enacted funding. Funds are included to strengthen the U.S. cybersecurity posture and cybersecurity supply chains, to expand opportunities in artificial intelligence and next-generation semiconductor research and standards, as well as climate and energy measurement, tools, testbeds, and disaster resilience research grants.

National Oceanic and Atmospheric Administration (NOAA): The bill includes \$4.95 billion for NOAA, an increase of \$1.2 billion above FY 2023. \$1.113 billion is included for the National Marine Fisheries Service operations, an increase of \$3 million above FY 2023, and \$1.25 billion is included for the National Weather Service for operating expenses, a \$5 million decrease below FY 2023 levels. The bill also includes \$1.4 billion for the construction of the National Oceanic and Atmospheric Administration’s (NOAA) weather satellites, which are critical to accurate weather prediction needed to protect life and property (\$86 million above the FY23 level).

Department of Justice (DOJ)

The bill funds DOJ at \$37.52 billion, a decrease of \$1 billion below the FY 2023 enacted level. It includes funding for the following agencies:

- Federal Bureau of Investigation
- US Attorneys
- Drug Enforcement Agency (DEA)
- Bureau of Alcohol, Tobacco, Firearms and Explosives
- Executive Office for Immigration Review (EOIR)
- US Marshals Service

Funding will be used to support the FBI’s domestic terrorism investigations, the U.S. Marshals Service’s judicial security protections, the DEA’s ability to investigate drug trafficking networks, and the ATF’s efforts to stop gun traffickers and illegal firearms.

State and Local Law Enforcement Grant Programs: The bill provides more than \$4.5 billion in DOJ grants to state and local law enforcement and communities to prevent and respond to crime in their communities. That is an increase of \$70 million or a mere 2 percent above fiscal year 2023. Those grant programs are:

- \$713 million for Violence Against Women Act programs (compared to \$700 million in FY 2023).
- \$924.1 million for Byrne Justice Assistance Grants (compared to \$109 million in FY 2023).
- \$664.5 million for grants within the COPS Office (compared to \$583.7 million in FY 2023).
- \$117 million for Second Chance Act grants to reduce recidivism for adults released from jail by offering substance abuse treatment, employment assistance, and other rehabilitation services (A return to previous FY22 enacted levels, compared to \$125 million in FY 2023).
- \$255 million for the STOP School Violence Act (compared to \$195 million in FY 2023).
- \$88 million for grants to improve the NICS firearms background check system (a \$7 million reduction compared to \$95 million in FY23).
- \$204.5 million for initiatives to provide sexual assault kits and other DNA evidence backlogs (a \$44 million reduction compared to \$248 million in FY 2023).
- \$234 million for the State Criminal Alien Assistance Program (a reversion to FY22 funding levels).
- \$420 million to support drug courts, mental health courts, and Veterans treatment courts (compared to \$445 million in FY 2023).
- \$375 million for juvenile justice grants and related programs (compared to \$400 million in FY 2023).

National Science Foundation

The bill provides \$9.06 billion for the National Science Foundation, a decrease of \$480 million below the FY 2023 enacted level to support cutting edge research. Research and related activities are funded at \$7.2 billion, a \$400 million reduction below the \$7.6 billion enacted in FY 2023. The bill authorizes the first National Artificial Intelligence Research Resource pilot to increase access to the resources needed for Artificial Intelligence research. The bill also includes \$1.17 billion to fund NSF's STEM education and training programs to build tomorrow's innovation workforce.

National Aeronautics and Space Administration (NASA)

NASA is funded at \$24.9 billion, a decrease of \$116 million below the FY 2023 enacted level. This funding includes:

- \$2.2 billion is for Earth Science, a \$100 million increase above the FY 2021 level to address climate research priorities, including new observations of Earth and its systems recommended by the Earth Science decadal survey.
- \$935 million for Aeronautics, consistent with FY23 funding levels, to ensure continued U.S. leadership in aviation and to invest in sustainable aviation technologies and to continue efforts to improve environmental sustainability of air travel through increased fuel efficiency and electric flight, as well to improve passenger safety.

Division D – Energy and Water Development, and Related Agencies



24%

The FY 2024 Energy and Water Development (E&W) bill provides funding for the Department of Energy, the U.S. Army Corps of Engineers, the Bureau of Reclamation, and other related agencies. The bill provides \$58.2 billion in discretionary funding, \$11.1 billion above the FY 2023 enacted level and \$1.73 million below the President's budget request.

Earmarks included in the E&W bill can be found in the [Division D Joint Explanatory Statement](#), with a full list of earmarks available [here](#).

Department of Energy

The bill provides \$50.25 billion for the Department of Energy, an increase of \$4 billion above FY 2023 and \$2.3 billion below the President's budget request.

Energy Efficiency and Renewable Energy: The bill provides \$3.5 billion, an increase of \$338 million above FY 2023, to support the development of energy efficiency and renewable energy technologies and programs.

Cybersecurity, Energy Security, and Emergency Response: The bill provides \$200 million level funding to FY 2023 and \$45.48 below the President's budget request. The funding will secure energy infrastructure against all hazards, reduce the risks of and impacts from cybersecurity events, and assist with restoration activities.

Electricity: The bill provides \$280 million, a decrease of \$70 million below FY 2023, to increase the resiliency and efficiency of the nation’s electricity delivery system.

Nuclear Energy: The bill provides \$1.69 billion, an increase of \$212 million above FY 2023, to support research, development, and demonstration activities that develop the next generation of reactors and further improve the current fleet of reactors, among other activities.

Fossil Energy and Carbon Management: The bill provides \$865 million, a decrease of \$25 million above FY 2023. This funding advances carbon reduction and mitigation in sectors and applications that are difficult to decarbonize, including the industrial sector, with technologies and methods such as carbon capture and storage, hydrogen, and direct air capture while assisting in facilitating the transition toward a net-zero carbon economy and rebuilding a U.S. critical minerals supply chain.

Advanced Research Projects Agency—Energy: The bill provides \$460 million, a decrease of \$10 million above FY 2023. This funding supports research aimed at rapidly developing energy technologies that are capable of significantly changing the energy sector.

Indian Energy Policy and Programs: The bill provides \$70 million, a decrease of \$5 million above FY 2023. This funding will provide technical assistance, direct and remote education, policy research and analysis, and financial assistance to Indian tribes, Alaska Native Village and Regional corporations, and Tribal Energy Resource Development Organizations.

U.S. Army Corps of Engineers

The FY 2024 Army Corps of Engineers budget provides \$8.68 billion for the Corps, an increase of \$370 million above FY 2023 and \$1.27 billion above the President’s budget request.

Investigations: The bill provides \$131 million, a decrease of \$40.9 million below FY 2023 and \$1.75 million above the President’s budget request.

Construction: The bill provides \$1.85 billion, a \$36.2 million decrease below FY 2023 and \$169.57 million below the President’s budget request.

Operation and Maintenance: The bill provides \$5.55 billion, an increase of \$474 million above FY 2023 and \$2.92 billion above the President’s budget request.

Harbor Maintenance Trust Fund: The bill provides \$0 for the Harbor Maintenance Trust Fund, level funding with FY 2023 and \$1.73 million below the President’s budget request.

Water Infrastructure Finance and Innovation Program: The bill provides \$7.2 million to provide loans for non-federal water infrastructure, including \$5 million for program development, administration, and oversight, including but not limited to publishing the final fee and program rules, criteria for project eligibility, and Notice of Funding Availability.

Bureau of Reclamation

The bill provides \$1.9 billion for the Bureau of Reclamation, a decrease of \$31 million above the FY 2023 level and \$451 million above the President’s budget request.

WaterSMART Program: The bill provides \$54 million for WaterSMART grants, \$3.39 million for the Water Conservation Field Services Program, \$8 million for the Cooperative Watershed Management Program, \$15.02 million for the Basin Studies Program, \$30 million for the Drought Response and Comprehensive Drought Plans Program, and \$30 million for the Title XVI Water Reclamation and Reuse Program.

Central Valley Project: The bill provides \$48.5 million for the Central Valley Project Restoration Fund.

California Bay-Delta Restoration: The bill provides \$33 million for California Bay-Delta Restoration.

Fish Passage and Fish Screens: The bill provides \$6 million for fish passage and fish screen projects.

Nuclear Regulatory Commission

The bill provides a net appropriation of \$131.98 million for FY 2024 operations (minus fees). These funds will be used for regulatory activities, including nuclear reactor oversight, to ensure the safe use of nuclear reactors and radioactive materials.

Appalachian Regional Commission

The bill provides \$200 million, level to FY 2023 and \$35 million below the President’s budget request. The Commission funds \$15 million in projects for the Northern Appalachian Region to promote economic development, education and job training, critical infrastructure, and community development.

Northern Border Regional Commission

The bill provides \$41 million, \$1 million above FY 2023, and the President’s budget request. This funding targets the economic development needs of distressed portions of Maine, New Hampshire, Vermont, and New York.

Southeast Crescent Regional Commission

The bill provides \$20 million, level funding to FY 2023 and the President’s budget request. This funding targets the economic development needs of distressed portions of Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Virginia.

Division E – Department of the Interior, Environment, and Related Agencies



The FY 2024 Interior, Environment, and Related Agencies appropriations bill includes \$38.55 billion, a slight decrease of \$300 million from the 2023 enacted level. An additional \$2.65 billion of funding is provided under the fire suppression cap adjustment, an accounting mechanism to better ensure funding for wildfire fighting. The bill provides \$15.1 billion in discretionary appropriations for the Department of the Interior, which is the same as the FY 2023 enacted level.

Earmarks included in the Interior, Environment and Related Agencies appropriations bill can be found in the [Division E Joint Explanatory Statement](#), with a full list of earmarks available [here](#).

Bureau of Land Management (BLM)

The bill includes \$1.41 billion for the BLM, \$80 million above the FY 2023 enacted level. Within this amount, the bill includes \$143 million for wildlife habitat management and \$142 million for wild horse and burro management.

U.S. Fish and Wildlife Service (USFWS)

The legislation provides \$1.72 billion for the USFWS, \$51 million less than the FY 2023 enacted level. Within this amount, the bill includes:

- \$288 million for Ecological Services, \$8 million less than the FY 2023 enacted level.
- \$527 million for the National Wildlife Refuge System, \$15 million less the FY 2023 enacted level.
- \$34 million for Science Support, \$1.6 million less than the FY 2023 enacted level.

National Park Service (NPS)

The National Park Service is funded at \$3.25 billion, \$150 million less than the FY 2023 enacted level. Within this amount, the bill includes:

- \$2.88 billion for Operation of the National Park System, \$35 million less than the FY 2023 enacted level.
- \$91 million for National Recreation and Preservation, \$1.3 less than the FY 2023 enacted level.
- \$189 million for the Historic Preservation Fund, \$16 million less than the FY 2023 enacted level.

Native American Programs

For the combined programs of the Bureau of Indian Affairs, Bureau of Indian Education, and the Office of the Special Trustee, \$10.88 billion is provided. Within this amount, the bill provides:

- \$6.96 billion for Indian Health Services (IHS) which is an increase of \$3.6 million over the FY 2023 enacted level. Also included is an advance appropriation for FY 2025 of \$5.19 billion to ensure budget certainty for a health care system across Indian Country.
- \$1.13 billion for the Bureau of Indian Education's Operation of Indian Education Programs, which is maintained from the FY 2023 enacted level.

Environmental Protection Agency (EPA)

The bill provides \$9.2 billion for the EPA, \$976 million less than the FY 2023 enacted level. Of this amount, the bill includes:

EPA's Core Science and Environmental Program: The bill provides \$758 million for this program and transfers \$30.3 million from the Hazardous Substance Superfund.

State and Tribal Assistance Grants: The legislation provides \$4.42 billion for this program, a \$61 million decrease from the FY 2023 enacted level. Within this amount, the bill includes:

- \$2.77 billion for Clean Water and Drinking Water State Revolving Funds, equal to the FY 2023 enacted level.
- \$46 million for Brownfields cleanup.
- \$90 million for Diesel Emissions Reductions grants.

In combination with the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA), total Superfund funding for FY 2024 is \$3.02 billion, an increase of \$1.79 billion above the pre-IIJA and pre-IRA spending levels.

Wildland Fire Management

The bill provides \$6.1 billion for wildlife fire management (WFM), which includes \$2.65 billion in cap adjusted fire suppression funding.

Related Agencies

The legislation provides funding for several additional programs and accounts, including:

- \$8.4 billion for the **Forest Service**, of which \$4.6 billion is for wildland fire preparedness and suppression activities and continued wildland firefighter base salary increases.
- \$207 million each for the **National Endowment for the Arts** and the **National Endowment for the Humanities**, which is equal to FY 2023 enacted levels.
- \$1.1 billion for the **Smithsonian Institution**.

Land and Water Conservation Fund (LWCF)

The bill provides for the allocation of the full \$900 million now permanently available from the Land and Water Conservation Fund as a result of enactment of the Great American Outdoors Act.

Division F – Transportation, Housing and Urban Development, and Related Agencies



The Transportation, Housing and Urban Development, and Related Agencies Fiscal Year 2024 Appropriations Bill provides \$176.9 billion in total budgetary resources, \$2.3 billion more than the enacted FY 2023 level. Senator Brian Schatz (D-Hawaii) is the Chair of the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies.

Notably, the bill improves roads, highways, air, and rail safety. It allocates resources to hire air traffic controllers and rail safety inspectors. Provisions in the bill also combat homelessness, provide rental assistance, and increase the supply of affordable housing.

Earmarks included in the Transportation, Housing and Urban Development, and Related Agencies appropriations bill can be found in the [Division F Joint Explanatory Statement](#), with a full list of earmarks available [here](#).

Department of Transportation (DOT)

The bill provides \$106 billion in DOT funding—\$79 billion from obligation limitations and \$27 billion in discretionary funding. The funds will enhance air traffic control, improve railway safety, and provide capital improvements to transit repair.

Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants

As part of The Infrastructure Investment and Jobs Act (IIJA), \$1.845 billion would be made available in RAISE funds for fiscal year 2024. This program is uniquely consequential to local governments for mobility and safety transportation infrastructure improvements.

Staffing and Modernization at the Federal Aviation Administration

The bill increases available funding for the Federal Aviation Administration from 1.058 billion over fiscal year 2023 to \$20.082 billion.

- **Facility Operations:** \$12.73 billion to promote air traffic controller training, hiring and critical communication systems, enhances aircraft certification and oversight, provides for full implementation of the Aircraft Certification, Safety, and Accountability Act.
- **Facilities and Equipment:** \$3.191 billion for next generation air traffic control improvements; \$15 million over the President's budget request for runway safety through airport ground surveillance.
- **Airport Improvement Program:** \$3.882 billion towards reduced airport emissions and infrastructure for unleaded and sustainable aviation fuels.

Highways and Bridges

The bill includes \$62 billion for federal aid highways and \$2.25 billion for Highway Infrastructure Programs, including funds for federal highways, new bridges including Tribal Transport, Appalachian Development, and Scenic Byways.

Rail Safety and Amtrak

The bill has allotted \$2.97 billion for the Federal Railroad Administration (FRA); including \$2.42 billion for Amtrak operations, safety, and repair. In response to the East Palestine, Ohio train derailment, adds \$27.3 million to safety operations at the FRA. The bill designates research funding for technology, equipment, and continuous monitoring. The bill increases funding for emergency preparedness grants with requirements to research hazardous material identification.

Transit Infrastructure

The bill designates \$16.6 billion in funding for the Federal Transit Administration (FTA), of which \$2.2 billion will be used for Capital Investment Grants. When added to IIAJA advance appropriations, the total comes to \$3.8 billion for fiscal year 2024.

Maritime Administration

The bill allows \$90.47 million, an increase of \$44.6 million from Fiscal Year 2023.

- \$184.7 million towards the United States Merchant Marine Academy, including capital improvement projects.
- \$125.8 million for State Maritime Academies, including the National Security Multi-Mission Vessel Program.
- \$53.6 million for new loan guarantees for commercial ship construction.
- \$120.5 million allocated to the Port Infrastructure Development Program, bringing the total to \$570.5 million this fiscal year with advanced IIAA appropriations.
- \$362 million for defense vessel programs, including the Maritime Security Program, Cable Security Fleet Program, Tanker Security Fleet Program, and design of a new National Reserve Fleet Vessel.

Transportation Infrastructure for Tribes

The bill adds \$25 million to the Rural and Tribal Infrastructure Advancement Pilot Program towards assistance accessing tribal infrastructure grant opportunities at the Department of Transportation. The bill includes \$150 million for the Federal Highway Administration's Tribal Transportation Program and \$500,000 for tribal technical assistance.

Department of Housing and Urban Development (HUD)

The bill allocates \$70.07 billion to maintain rental assistance, expand housing opportunities, and reduce administrative barriers.

Homelessness Reduction and Health Care

The bill funds homeless assistance grants at \$4.05 billion, an increase of \$418 million from the last fiscal year. The funds add to existing support of projects, youth homelessness, and domestic violence by designating funding for permanent supportive housing, hiring and retention of qualified staff, and technical assistance for qualified individuals to access housing and healthcare wrap-around services.

Increased Affordable Housing Supply: The bill increases affordable housing supply through:

- \$1.25 billion for the Home Investment Partnerships Program to create over 7,000 new housing units for renters and homebuyers.
- \$100 million to fund year two of the Yes In My Back Yard Program.
- \$6.7 billion for the Community Development Block Grant Program and Economic Development Initiatives.

Expanded Access to Housing Assistance for Tribes

\$1.344 billion to address significant housing needs in Indian Country through the Native American Housing Block Grant program and Tribal Housing and Related Agency Infrastructure Interagency Task Force.

Supports Rental Assistance Programs

The bill supports critical rental assistance programs through:

- \$32.4 billion towards tenant-based Section 8 vouchers that provide an additional 3,000 incremental vouchers for at-risk foster youth and veterans; the investment is \$2.1 billion above fiscal year 2023.
- \$16 billion for housing contract renewal for project based rental assistance; \$1.1 billion above fiscal year 2023.
- \$8.8 billion in capital needs for public housing; \$297 million above fiscal year 2023.

Affordable Housing Program Reforms:

These programs improve inspection and coordination standards, streamline the voucher award process, and authorize the Secretary to waive persistent obstacles to leasing.

Division G – Other Programs

Health Programs

Extensions: The bill extends funding for several health programs that were set to expire on March 8 through December 31, 2024. This includes:

- \$3.6 billion for the Community Health Center Fund, which provides the bulk of federal funding for community health centers.
- \$297 million for the National Health Service Corps, which provides scholarships and loans to medical students.
- \$164.1 million for the Teaching Health Center Graduate Medical Education Program. The Health and Human Services Department would have to report to Congress on recouped over-payments.
- \$130 million each for the Special Diabetes Program and the Special Diabetes Program for Indians.

The bill appropriates \$1.5 million for the first quarter of FY 2025 for family-to-family health information centers. The bill also extends funding through December 31, 2024 for the Personal Responsibility Education Program, Sexual Risk Avoidance Education Program, area agencies on aging, aging and disability resource centers, and coordination efforts to inform older Americans about federal and state benefits.

Doctor Pay: The bill temporarily increases the Medicare pay rate for physicians by 1.68% from March 9 through December 31, 2024. The pay hike would partially offset a 3.4% decrease that took effect at the start of 2024. Incentive payments for physicians participating in alternative payment models, which expired for the performance year 2024, are extended through December 31, 2024, at a 1.88% rate.

Hospital Payments: The bill further delays \$8 billion in Medicaid payment cuts to disproportionate share hospitals, which treat large numbers of low-income and uninsured patients. The cuts, which were included in the Affordable Care Act (P.L. 111-148) in anticipation of falling uninsured rates, have been continuously delayed. The cuts are now set to go into effect beginning on January 1, 2025.

A floor on the geographic index used to calculate provider payment rates under Medicare is extended to December 31, 2024. Funding to implement Medicare quality measurements is extended through December 31, 2024. The Medicare-dependent hospital program, which was set to expire on October 1, 2024, is now extended through December 31, 2024. Payments to low-volume hospitals are increased at one rate through December 31, 2024, followed by a higher percentage for the rest of FY 2025 and fiscal year-aligned increases starting with FY 2026. An inflation adjustment to the cap amount for hospice care payments, which was set to expire October 1, 2032, is now extended through October 1, 2033.

Medicaid Overhauls: The bill makes permanent an option for states to provide Medicaid coverage of inpatient addiction treatment and makes it easier for individuals to re-enroll in Medicaid services following incarceration. Starting in 2026, the bill prohibits states from removing any individual, not just juveniles, from Medicaid enrollment solely because they become incarcerated. States could suspend coverage while individuals are incarcerated. The Children's Health Insurance Program (CHIP) could not remove pregnant women from enrollment because they are incarcerated.

By March 9, 2025, the U.S. Department of Health and Human Services (HHS) is required to provide grants to states to promote continuity of care in Medicaid and CHIP for incarcerated individuals. The bill appropriates \$113.5 million to implement the program.

By March 9, 2026, HHS is required to issue guidance to states to bolster the workforce for mental health and substance use providers that participate in Medicaid and CHIP. HHS is required to establish and annually update a public online analysis detailing the demographics and numbers of individuals receiving substance use or mental health treatment under Medicaid and CHIP. The bill appropriates \$10 million to HHS to carry out the analyses.

The bill requires state Medicaid programs that monitor children's antipsychotic medication prescriptions to also include adults with disabilities. The bill appropriates \$5 million to HHS to implement the provision along with several other provisions in the same title. Services provided by certified community behavioral health clinics are added to Medicaid coverage under the bill.

Improvement Funds: The bill reduces funding in the Medicaid Improvement Fund from \$5.1 billion to zero. It also cuts the Medicare Improvement Fund from \$2.2 billion to zero. The funds have been regularly used to offset spending or deposit savings in health legislation.

Human Services Programs: The bill extends funding for the Temporary Assistance for Needy Families (TANF) program through September 30, 2024. The bill also extends, through December 31, 2024, the Stephanie Tubbs Jones Child Welfare Services Program and the MaryLee Allen Promoting Safe and Stable Families Program.

National Health Security: The bill extends, through December 31, 2024, HHS authority to:

- Reassign state and local health officials during a public health emergency.
- Prevent disclosure of information that could compromise national security.

- Provide an antitrust exemption to entities that collaborate on countermeasures to a pandemic or other public health emergency.
- Appoint candidates directly to the National Disaster Medical System for intermittent disaster response when the number of personnel is insufficient to respond to an emergency.

Other Extensions

Ghost Guns: The bill extends a 1988 law (P.L. 100-649) regarding undetectable firearms through March 8, 2031. The law makes it illegal for an individual to manufacture, sell, or receive any firearm that is not detectable by walk-through metal detectors or that has any major component that does not generate an accurate image of its shape when inspected by an x-ray machine used at airports. The law has been renewed on a long-term basis three times.

Medicare Sequestration: The bill extends the sequestration of payments—or the automatic reduction of certain federal spending—for Medicare programs in effect for FY 2032 by one month. The payment reduction would be:

- 2% for the first eight months, rather than seven months, in which the order is in effect for the fiscal year.
- 0% for the first four months, rather than five months, in which the order is in effect for the fiscal year.



MEMORANDUM

TO: FRIANT WATER AUTHORITY BOARD OF DIRECTORS
FROM: DAN KEPPEL, EXECUTIVE DIRECTOR
SUBJECT: UPDATE REPORT
DATE: MARCH 25, 2024

The last month has been tough, coping with the loss of our friend and leader, long-time Alliance President Pat O'Toole, who passed away on February 25 in Grand Junction, Colorado. He suffered a stroke at his ranch in Wyoming on February 13. Pat passed away surrounded by his family. A memorial service for Pat will be held at Ladder Ranch on July 20. The response in the past month from those who knew Pat has been extraordinary and overwhelming. However, the board of directors has appointed a new Second Vice-President (Paul Orme, of Arizona) who will spearhead a committee tasked with selecting a new president of the Alliance board of directors at board retreat that will take place in July in Denver.

The remainder of this memo is intended to keep you apprised as to what is happening regarding policy issues the Alliance is engaged in. In the past month, much of our efforts have focused on advancing farm bill ideas with Western Senators and committee staff, hosting our 2024 annual meeting and conference, preparing comment letters for Bureau of Reclamation (Reclamation) and U.S. Fish and Wildlife Service (FWS) administrative proposals, engaging with Congress on new legislation, public outreach, and organizational administrative matters. These issues and other matters important to our members are further discussed in this memo.

BIDEN ADMINISTRATION

1. Congress Finalizes FY 2024 Government Funding

Congress on Friday passed the Further Consolidated Appropriations Act, 2024 ([H.R. 2882](#)). The \$1.2 trillion second “minibus” package covers the Defense, Financial Services, Homeland Security, Labor-HHS-Education, Legislative Branch, and State-Foreign Operations bills. The

House passed the bill by a vote of [286-134](#), and the Senate followed, passing the bill [74-24](#). President Biden signed the legislation into law to avoid a partial government shutdown. This comes after President Biden signed into law the first FY 2024 minibus package of six spending bills on Saturday, March 9. With these actions, all federal departments and agencies have full-year funding through September 30, 2024. Congress will now pivot to the Fiscal Year 2025 appropriations process following the release of President Joe Biden's \$7.3 trillion budget request on March 11. To try to avert a partial shutdown, House Speaker Mike Johnson (R-LA) defied many of the funding conditions House conservatives forced upon former Speaker Kevin McCarthy — resulting in Rep. Marjorie Taylor Greene (R-Ga.) filing a motion to boot him from the speakership during the vote on Friday. Our advocates in Washington, D.C. – The Ferguson Group - will publish an in-depth analysis of the finalized FY 2024 funding in the coming days.

2. Administration Releases FY 2025 Budget Request

The Biden Administration earlier this month released their FY 2025 budget request for the federal government. The budget impacts to those agencies we work with are summarized below.

a. Department of Interior, Reclamation

The FY 2025 budget request includes a proposed a \$17.8 billion budget for DOI in FY 2025, emphasizing increased funding for tribal programs, climate change initiatives, and various conservation efforts. Notably, the \$1.6 billion budget request for Reclamation includes increased allocations to support the Columbia Basin Restoration Initiative aimed at restoring Pacific Northwest salmon populations. Additionally, the proposed Reclamation budget seeks to address ongoing drought issues in the western United States, particularly along the Colorado River System. DOI funds are also budgeted amongst the agencies for national parks, wildlife refuges, endangered species conservation, forest management, wildland firefighting, and offshore energy development.

b. Environmental Protection Agency (EPA)

The Biden Administration's budget request also calls for an increase in the EPA FY 2025 budget to support the President's climate change legacy and support communities facing pollution challenges. The White House has proposed \$11 billion for the EPA in FY 2025, a significant increase compared to the \$9.2 billion appropriated for FY 2024. The budget aims to enhance EPA staffing levels, environmental justice initiatives, and enforcement efforts. Specifically, it allocates funds for air quality improvement, climate change mitigation, and tackling emerging contaminants like PFAS. The budget also prioritizes water infrastructure and cleanup programs, Superfund site remediation, and efforts to address toxic substances. Additionally, the proposal includes funding for the expansion of the American Climate Corps.

c. Department of Agriculture (USDA)

The administration has requested increased funding for USDA in the next fiscal year to address

climate change, farmland conservation, and infrastructure needs. The proposed budget of \$31.6 billion in discretionary spending includes nearly \$12 billion for various climate crisis programs such as clean energy initiatives in rural areas and conservation efforts. The budget also aims to expand USDA regional climate hubs and increases the budget by roughly \$85 million and hire more workers at the Natural Resources Conservation Service (NRCS), and promote equity conservation agreements for underserved farmers. Additionally, the budget proposal includes funding for climate hubs programs, outreach on climate change effects in agriculture and forestry, and a program to incentivize farmers to plant cover crops. These initiatives are intended to promote the administration's stated vision of creating an equitable and climate-smart food and agriculture economy while addressing the needs of rural America.

d. Army Corps of Engineers (Corps)

The administration has proposed a 17 percent reduction in the Corps budget for water resources work, prioritizing funding for projects focused on climate resiliency, public safety, environmental protection, and economic benefits. The \$7.2 billion budget request for FY 2025 follows a trend of past Administrations proposing cuts to the agency's budget to allocate resources to other policy priorities, expecting Congress to restore funding later. The proposed budget allocates \$930 million for operations and maintenance of locks and dams, and \$1.7 billion for coastal port maintenance—a significant reduction from previous years enacted levels. Notable investments include \$444 million for ecosystem restoration in the Everglades and \$145 million for salmon fisheries recovery in the Columbia River Basin. Additionally, the budget includes a paltry \$13 million for small wetland restoration projects negatively impacted by the Supreme Court *Sackett* decision limiting federal Clean Water Act regulation of streams and wetlands.

The likelihood of Congress fully adopting the Biden Administration's FY 2025 budget request is highly unlikely as lawmakers typically use the President's request as a marker to create their own budget through the appropriations process.

3. DOI, FWS: Refuge Rule

FWS has proposed a regulation ([2024-02076.pdf](#)) that would establish a policy to prohibit farming and grazing on public lands in the national wildlife refuge system, unless new, extra-statutory criteria are satisfied. This proposal is an update of a policy issued during the last week of the Clinton Administration, and targets, and points to the elimination of longstanding and widespread agricultural practices on those public lands. FWS late last month notified our friends at American Farm Bureau that the comment period for the proposed regulation is being extended by 60 days. They also said they are happy to take these 60 days to do meetings with interested parties.

We have drafted a comment letter on this proposed rule, which has implications for farmers across the country. We -and many other agriculture and water organizations across the country - are urging that FWS not adopt the proposed regulations. The fact that some of the most litigious anti-farming and ranching organizations are supportive of this regulation speaks volumes. The rule proposes

sweeping, self-granted power that is undefined. We believe this will only invite conflict and litigation that would not serve the public interest. Perhaps our biggest concern with the proposed regulation is that the notice of rulemaking recites reductions in wildlife populations and climate change but does not link the specific policy changes to these underlying concerns. In fact, the proposal imbeds a message that we often hear from certain litigious environmental activist groups. While irrigation has increased agricultural productivity in the arid American West, these critics often focus only on how it has altered the natural landscape. We will urge anyone who works closely with federal wildlife refuges to develop letters of their own.

4. DOI, Reclamation: IJA Implementation

The Alliance helped lead nation-wide coalitions in support of Congressional action to advance the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). The IIJA includes \$8.3 billion for Reclamation, as part of a proposal advanced by over 230 water, ag and urban organizations. That coalition was led by a steering committee that included the Alliance, Association of California Water Agencies (ACWA), California Farm Bureau Federation, National Water Resources Association (NWRA) and Western Growers. The IIJA investment will repair aging water delivery systems, secure dams, complete rural water projects, and protect aquatic ecosystems. The Alliance now wants to ensure that most of these dollars would be spent on-the-ground for the intended purpose. Over the past two years, we worked with a subset of Reclamation leadership, led by the Commissioner's office, to find ways to make implementation of the IIJA - particularly the Aging Infrastructure Account (AIA) and the WaterSMART program - more efficient and responsive to water user concerns.

a. Directives & Standards (D&S)

Reclamation has proposed two new implementing documents that impact use of IIJA funds. As previously reported, on February 28, at the request of the Alliance, Reclamation hosted a public outreach session on draft Directive and Standard (D&S) CMP 08-01 (Capital Investment and Repair Needs). Comments were due March 15. Our comment letter focused on concerns regarding Reclamation's use of information provided by project sponsors for transferred work extraordinary maintenance (XM) projects they believe are high priority. If the operating contractor cannot afford the work, this presents potential liability for those contractors. That's what Reclamation appears to be doing now.

Comments on draft D&S PEC 05-03, "Funding and Extended Repayment of Extraordinary Maintenance Costs" were due last Friday. The Alliance and NWRA in 2021 worked closely with Reclamation to address some troubling provisions contained in the original draft D&S. It's now essentially been completely re-written. Overall, we are pleased with the changes Reclamation made to the revised draft PEC 05-03. Importantly, the revised document shows the changes Reclamation has made to address our concerns regarding the requirement to use a large portion of the contractor's reserve fund prior to using AIA funds. However, we have remaining concerns in two areas: 1) Contracting and contract requirements; and 2) Eligibility for emergency

extraordinary maintenance EXM. These concerns are further detailed in our March 22, 2024 comment letter.

5. Camille Touton’s Address to Family Farm Alliance Annual Conference

Following our conference in Reno last month, several attendees requested the video of Reclamation Commissioner Touton’s February 22 morning address. It took a while, but here’s the link, which is available on YouTube as an unlisted video at <https://youtu.be/F6OxxV7xzxM>.

6. EPA: New Office of Ag and Rural Affairs

EPA on March 1 announced that it was establishing a new office to expand engagement opportunities with agricultural and rural communities. The creation of the first-ever EPA Office of Agriculture and Rural Affairs was announced by EPA Administrator Michael Regan and U.S. Secretary of Agriculture Tom Vilsack while delivering remarks at the 2024 Commodity Classic in Houston, Texas, the largest farmer-led annual convention in the country. The new office will be led by Rod Snyder, who has served as Administrator Regan’s Senior Advisor for Agriculture since October 2021. The new office will expand on the work of the Ag Advisor and increase coordination with a network of existing agriculture policy advisors located in all ten EPA regional offices across the country.

In close coordination with EPA’s program offices and regions, the office will “forge practical, science-based solutions that protect the environment while ensuring a vibrant and productive agricultural system”. Additionally, the new office will facilitate closer coordination with relevant federal and state partners such as the U.S. Department of Agriculture, U.S. Food and Drug Administration, and state departments of agriculture. The office will also house EPA’s existing Farm, Ranch and Rural Communities Federal Advisory Committee. Please visit the [Office of Agriculture and Rural Affairs website](#) for more information.

7. U.S. Department of Agriculture (USDA)

a. U.S. Forest Service: Wildfire and Forest Health

Agriculture Secretary Tom Vilsack last month announced that nearly \$500 million will be invested to expand work on the [USDA Forest Service’s Wildfire Crisis Strategy](#) to reduce risk to communities, critical infrastructure and natural resources from the nation’s ongoing wildfire crisis. USDA has announced that approximately \$400 million of the IRA and IIJA funds will be allocated to ongoing efforts on the [21 designated priority landscapes](#) identified in the strategy, making the total investment to date \$1.6 billion. An additional \$100 million will be allocated under a new program established by the Forest Service - [the Collaborative Wildfire Risk Reduction Program](#) - to expand work outside these landscapes. Inspired by past example and success of programs such as the [Collaborative Forest Landscape Restoration Program](#), the new program expands work in high-risk wildfire areas outside the 21 priority landscapes.

In January 2022, the Forest Service [launched the Wildfire Crisis Strategy](#) with the goal of safeguarding communities and the resources they depend on by increasing hazardous fuels treatments to reduce wildfire risk. This work includes the treatment of more than a million acres across the 21 priority landscapes that is beginning to reduce wildfire risk for some 550 communities, 2,500 miles of power lines, and 1,800 watersheds that supply drinking water to millions of Americans. The Forest Service claims that in 2023 - working with a wide range of partners, communities, and Tribes - accomplished more than 4.3 million acres of hazardous fuels reduction, including nearly two million acres of prescribed burning, on national forests and grasslands across the nation - both are record highs in the agency's 119-year history and over a million acres more accomplished than the previous year.

b. USDA Climate Initiatives

The Alliance continues to engage and discuss potential effects and impacts of climate change in the West, building upon the interest created by the 2007 Alliance report on climate change and active engagement addressing climate change on Capitol Hill and three administrations. Through involvement with Solutions from the Land and the Steering Committee of the North American Climate Smart Agriculture Alliance (NACSAA), the Alliance has been monitoring United Nations (U.N.) global climate talks over the past several years and bringing the voice of North American producers and land managers to the discussion table. The U.N., mainstream media and many Democrat leaders continue to place high priority on climate change initiatives.

i. Carbon Markets

USDA last week published the report, Intent to Establish the [Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program](#) (PDF, 248 KB), authorized under the Growing Climate Solutions Act (GCSA). The GCSA was signed into law on December 29, 2022, as part of the Consolidated Appropriations Act of 2023. This report justifying the Secretary's intent to establish the program follows USDA's earlier publication of [A General Assessment of the Role of Agriculture and Forestry in U.S. Carbon Markets](#), which found that voluntary carbon markets offer a promising tool to achieve greenhouse gas reductions from the agriculture and forest sectors and support producer livelihoods. By adopting science-based practices to reduce emissions or sequester carbon on their land, private landowners can access a new income stream through carbon credit sales while also combatting climate change.

The new report explains how the Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program will facilitate farmer, rancher, and private forest landowner participation in voluntary carbon markets. USDA will work towards formal establishment of the program in 2024, following the release of the report and additional preparatory steps, as outlined in the authorizing legislation. As a first step, USDA will soon solicit information on protocols to be evaluated for inclusion in the list to be published as part of the program. As well as seeking public input, USDA

will establish the charter for the program's advisory council and seek membership nominations in Summer 2024.

ii. EU Farmers Push Back on Climate Mandates

In recent weeks, farmers across the European Union (EU) have protested heavy-handed climate and biodiversity measures that are harming their livelihoods and strangling them with red tape. Thousands of farm tractors and heavy equipment blocked traffic in capitals across Europe, including hundreds that disrupted the EU summit in Brussels last month at a volume that kept some leaders away at night. The disruption triggered reactions from politicians at national and EU level: they committed to rolling back policies, some of them years in the making, on everything from the use of pesticides to limiting the amount of manure that could be spread on fields. A nature restoration law which was seen as another element in the Green Deal aspiration was also watered down to appease farmers before it went to a final legislative. And at a national level, politicians have been bending the same way, from France to Spain and Belgium. (*GREENWIRE*).

At a hearing of the House Agriculture Committee last month, Secretary Vilsack became embroiled in a debate with Rep. Mary Miller (R-Ill.) over the mandated climate measures in Europe and those in the U.S., where USDA programs on climate change and agriculture are based on voluntary conservation programs. The reason farmers in Europe are upset about climate change regulations is that the system there is mandatory, Secretary Vilsack said.

DEVELOPMENTS IN CONGRESS

8. 2023 Farm Bill

The farm bill is an omnibus, multiyear law that is typically renewed about every five years. The House leadership chaos of January 2023 had wide implications for the farm bill — including holding up work on the bill and complicating its eventual path to passage. Given the delays from the debt ceiling and appropriations negotiations, lawmakers have yet to release the draft text of the Farm Bill legislation in both chambers. Key topics of debate between Democrats and Republicans include SNAP (food stamp assistance) and funding levels for climate change and rural energy programs.

a. Food Aid Funding, Conservation Disputes Raise Farm Bill Stakes

The prospects for the 2024 Farm Bill remain uncertain as deep divisions between Democrats and Republicans over key priorities like nutrition, conservation, and funding were evident in a recent House Agriculture Committee hearing. Chairman Glenn "GT" Thompson (R-PA) pledged Republican support for bolstering the farm safety net while maintaining conservation and nutrition benefits, including Supplemental Nutrition Assistance Program (SNAP – formerly known as food stamps). However, Democrats, led by Rep. David Scott (D-GA), are adamant against any cuts to SNAP and resist GOP efforts to redirect climate-friendly conservation funding. Agriculture Secretary Tom Vilsack defended the Biden Administration's priorities, advocating for a more

consistent funding stream for disaster assistance and opposing efforts to divert funding from climate law provisions in the IRA. Despite the challenges, Chairman Thompson remained committed to advancing the bill this year, emphasizing bipartisan opportunities for funding shared priorities without compromising SNAP benefits or essential conservation programs. However, significant hurdles, including a tight legislative calendar and partisan disagreements, may impede progress towards the passage of a comprehensive Farm Bill in the 118th Congress.

b. Briefings from House Agriculture Committee GOP Staff

Josh Maxwell, GOP staff director, House Committee on Agriculture earlier this month briefed the Alliance board of directors on the state of play on the 2023 Farm Bill, which was supposed to be passed by the end of September 2023, but now has a deadline that expires at the end of next September. Challenges remain on reaching agreement between Democrats and Republicans on the House and Senate ag committees. House Ag Committee Chairman Thompson – Josh’s boss – thinks that the \$20 billion Inflation Reduction Act (IRA) injected into USDA conservation programs, is the first opportunity for reinvestment. Because of the process used to pass the IRA, this increased conservation funding peaks in 2026 and ultimately all funds expire in 2031. These dollars are limited in use by climate sideboards and federal bureaucracy. Chairman Thompson thinks they should be refocused toward programs and policies that allow farmers to continue to make local decisions that work for them. Ag Committee Republicans believe the IRA's limitation on how conservation money is used works against farmers who benefit from other practices that don't meet USDA's "climate smart" definition.

Of special importance to Chairman Thompson is the Title 1 Safety Net, which has seen a significant decline in spending. There are three areas he is eyeing on how to boost funding for the Title. In addition to the IRA dollars – which he would like to see reinvested into the permanent baseline and research and development, he is looking the discretionary account set up using Commodity Credit Corporation authorities, and the thrifty food plan of the food stamp program (SNAP).

Staff hope to see a committee markup before Memorial Day. The Chairman is in “go mode” now and they are pressing to mark up as soon as possible. They are waiting to hear back from the Congressional Budget Office and USDA technical services on a few items, and once that happens, things could break loose any day.

c. WACC Meeting in Reno

Once again, the Alliance has worked closely on this with its partners in the Western Agriculture and Conservation Alliance (WACC) on the next Farm Bill. The Alliance and many of its members are strong supporters of the NRCS Watershed and Flood Prevention Operations Program (WFPO, often referred to as the “PL-566” Program). We held our 12th annual WACC meeting on Saturday, February 24, under a cloud of sadness for Pat O’Toole’s illness and subsequent death. Our focus was on our Farm Bill strategy and in particular determining what should be our next steps in the

House. We learned that the Farm Bill Conservation Title is cooked, meaning that the House and Senate have agreed on the substantive provisions of the Committee bill. The next opportunity to amend it is when the bill goes for a committee markup, and individuals can try to get the committee to adopt an amendment.

9. America's Wildlife Habitat Conservation Act

Earlier this month, House Committee on Natural Resources Chairman Bruce Westerman (R-Ark.) rolled out H.R. 7408, America's Wildlife Habitat Conservation Act (AWHCA), intended to restore and maintain habitat for America's wildlife. While the Alliance generally supports the provisions in H.R. 7408, we have grave concerns over the choice of offsets used to pay for authorized spending in the bill, namely by clawing back significant funding from Reclamation accounts provided by the bipartisan IIJA. Importantly, the bill offsets its costs by rescinding \$1.4 billion in unspent funds from previously appropriated funds, including \$775 million from Reclamation loan and grant programs under the IIJA and the IRA. These are funds that the Alliance, our Western water coalition and others fought hard to secure in 2021. Last week, we sent letters to House Natural Resources Committee Chairman Bruce Westerman and House Water, Wildlife and Fisheries Subcommittee Chair Cliff Bentz, outlining our concerns with the proposed offset language. While this likely will not go anywhere, it's disturbing that our allies in the House Resources Committee want to rescind funding from our \$8.3B BOR funding efforts...especially the aging infrastructure account.

10. House T&I Committee Passes Water Permitting, Pesticides Bills

The House Transportation and Infrastructure (T&I) Committee has passed the "*Creating Confidence in Clean Water Permits Act*" in the by a party-line vote of 32 to 30. Sponsored by Water Resources and Environment Subcommittee Chair David Rouzer (R-NC), the legislation, [H.R. 7023](#) aims to make significant changes to the permitting process for energy, mining, and manufacturing projects affecting wetlands and waterways. T&I Democrats raised objections to the legislation, expressing concerns about the potential threat to water quality while Republicans argued that the bill would ensure efficient and timely permitting for important projects. The bill includes measures restricting the EPA's ability to veto Corps Clean Water Act (CWA) permits, limiting litigation time, and shielding permittees from liability. Amendments, including one directing EPA and the Corps to provide more guidance after a landmark Supreme Court ruling on wetlands in *Sackett v. EPA*, were approved. Additionally, the committee voted on a bill clarifying previously approved pesticides from needing CWA discharge permits, and approved a bipartisan bill focused on wildfire recovery and FEMA. The House may take up H.R. 7023 on the floor soon.

11. Senate Bill Would Authorize Enhanced Corps' Drought Programs in the West

Senator Mark Kelly (D-ARIZONA) is spearheading the development of the "*Drought Resilient Infrastructure Act*," aimed to authorize the Corps to further address prolonged drought conditions affecting the Western United States. The legislation, to be introduced when Congress returns from

recess, would establish new programs within the Corps and expand its mandate to undertake projects focused on combating Western drought. Senator Kelly, Chairman of the Environment and Public Works (EPW) Subcommittee on Transportation and Infrastructure highlighted the importance of providing necessary support to Arizona communities through this proposed legislation.

The bill aligns with broader efforts to address water supply challenges within the framework of the WRDA. The proposed legislation aims to mitigate water losses by empowering the Corps to factor in drought conditions when managing water resources, thus optimizing water usage and conservation efforts. The House has already passed related legislation, [H.R. 4385](#), the “*Drought Preparedness Act*” for Reclamation, indicating bipartisan recognition of the urgency of addressing drought concerns. Drafts of the upcoming WRDA are anticipated in the spring, with committee leaders evaluating project proposals for potential inclusion. Sen. Kelly's efforts also complement similar legislative efforts by Representatives Grace Napolitano (D-CA) and Susie Lee (D-NV).

IN THE COURTS

12. Texas, Idaho File Lawsuit Over Biden Administration’s Revised WOTUS Rule

Two Republican-led states, Texas and Idaho, have filed a motion urging a federal court in Texas to immediately dismiss the Biden Administration's revised CWA “waters of the U.S.” (WOTUS) rule, arguing that it still exceeds the agencies' authority and does not comply with the Supreme Court's decision in *Sackett v. EPA*. The Supreme Court's 2023 landmark ruling placed new limits on the EPA and the Corps' authority to protect wetlands under the CWA, stating that wetlands must have a "continuous surface connection" to a relatively permanent waterway to be considered a WOTUS and require a federal CWA permit. The agencies had revised the WOTUS rule to align with the *Sackett* decision, but Texas and Idaho, along with other Republican-led states, remain dissatisfied with the revisions and are seeking a court ruling to block the revised rule and tell the agencies to start the rulemaking process over. The states argue that the revised rule continues to leave individuals uncertain about federal jurisdiction under the CWA.

13. Alliance Engagement in Western Litigation

The Family Farm Alliance board of directors at our February meeting in Reno authorized that the Alliance sign on to two amicus briefs in cases that have implications for our members throughout the West. The first is *PCFFA v Conant*, which deals with the all-important irrigation return flow exemption under the CWA. The environmental litigants are challenging the exemption, and advancing arguments that would essentially render that exemption meaningless. The briefs filed by Reclamation and the San Luis & Delta-Mendota Water Authority were very good, as was the *amicus* brief we joined, which was filed earlier this month. The *amicus* includes the Association of California Water Agencies, California commodity groups, water purveyors and the Alliance. We think the brief is very good, and this effort was time and money well-spent.

The second case involves Klamath Drainage District’s lawsuit with the United States. This is a good appeal and has West-wide implications. It’s another classic ESA vs state water right issue. Under the ESA, when an agency is proposing a federal action and there is some discretion involved, ancillary non-federal issues (such as diversion of state-based water rights, which have nothing to do with Reclamation) should not reach into these matters. Our brief focuses on this issue and was two weeks ago in the Ninth Circuit Court of Appeals.

ALLIANCE INITIATIVES

14. Colorado River Initiative

The Colorado River is a vital water resource in the southwestern United States and northwestern Mexico. It irrigates nearly 5.5 million acres of farmland and sustains life and livelihood for over 40 million people in major metropolitan areas. The Colorado River provides water to two countries, seven western states, 30 Tribal Nations and 40 million residents. It is currently experiencing the longest and worst drought on record, driven by hotter temperatures under climate change. Efforts continue across the Colorado River Basin to find ways to stabilize water storage volumes in Lakes Powell and Mead. Reclamation and water agencies are working to take extraordinary actions to protect the River System. A recent [Reclamation study](#) found that an average of 1.3 MAF of water is lost annually as it evaporates between Lake Mead and Mexico.

Despite the diversity of Colorado River policy opinions within its membership, the Alliance board of directors in 2015 and again in 2022 adopted principles and recommendations intended to guide state and federal decision-makers as they negotiate a long-term operating agreement on the Colorado River. The 2022 policy paper – which has also been adopted by several water agencies served by the Colorado River– has as its top principle the need to “recognize that Western irrigated agriculture is a strategic and irreplaceable national resource”.

a. States Submit Upper/Lower Basin Water Management Proposals

Officials from the seven states sharing the Colorado River presented conflicting proposals to the Biden Administration regarding how to implement necessary cuts amid worsening water scarcity and decades of drought conditions. Both Upper Basin (Colorado/Wyoming/Utah/New Mexico) and Lower Basin (California/Arizona/Nevada) states agree on potential cuts of up to 25% of the river’s flows under extreme conditions but disagree on the distribution of the reductions. Disagreements also continue over accounting for water in the Colorado River system, including whether to include smaller reservoirs in the system alongside Lake Mead and Lake Powell.

DOI and Reclamation will review the proposals and work to seek consensus, aiming to draft a long-term operating plan by the end of the year before the current operating guidelines expire in 2026. The Upper Basin’s plan suggests imposing cuts on the Lower Basin, while the Lower Basin’s proposal advocates for shared cuts across all states. Despite the gap between the plans, basin state

officials express a willingness to collaborate towards a common solution, recognizing the need for collective action to address the long-term challenges facing the Colorado River Basin. Last week, the Biden Administration released a [final Supplemental Environmental Impact Statement](#) (SEIS) for the near-term interim pre-2026 operation of Glen Canyon and Hoover Dams to address the ongoing drought and impacts from chronic water shortages in the Basin. The identified preferred alternative reflects a historic, consensus-based proposal secured in partnership with the seven Basin states that will lead to at least 3 million acre-feet of system water conservation savings through 2026, when the current guidelines expire.

NEWS FROM AROUND THE WEST

20. Klamath River Basin (CALIFORNIA/OREGON)

On February 15, the Klamath River Renewal Corporation (KRRC) announced the completion of the initial drawdown phase in the timeline for the Klamath Dam removal. The draining process for the Iron Gate, Copco, and JC Boyle reservoirs has allowed restoration crews to begin revegetation seeding work on the 2200 acres of exposed reservoir area. The facilities are expected to refill during spring runoff as the river retraces a path through the reservoir footprints. KRRC plans to begin demolition of Iron Gate, Copco, and J.C. Boyle Dams in May. They plan to breach the cofferdams for each dam in August, reconnecting Klamath river flows permanently.

Mostly sailing under the media radar in recent weeks was the report that an unknown number of the 830,000 young Chinook salmon released from a new hatchery were found dead, their eyes bulging, in a federal sampling trap about 9 miles below Iron Gate Dam. State officials called it “a large mortality,” but said there’s no official count yet and released no additional details about the size of the die-off. California’s fish and wildlife officials said they suspect “gas bubble disease,” is to blame — possibly caused when the salmon traveled through a 9-foot-wide tunnel out of Iron Gate dam to reconnect with the Klamath downriver.

Klamath Water Users Association (KWUA) has signed a memorandum of understanding (MOU) with the Klamath Tribes, the Yurok Tribes, the Karuk Tribes (Tribes), and DOI to further the common goals of achieving sustainability and resilience for the Klamath Basin. The MOU sets out a plan to identify and seek funding for restoration projects and other efforts to improve water quality, stability and reliability. There are many laws and initiatives at the state and federal levels, including the IJIA and IRA, that have created sources of significant funding for restoration activities and efforts to address water supply challenges. To leverage these resources, all participants agree to meet within the next 30-days to identify restoration projects that can be started and finished within two years using existing federal or state funding. Then within 60 days, the group will send to DOI, Commerce and USDA a joint letter identifying the prioritized projects. The MOU was signed by Interior Secretary Deb Haaland on January 29.

ADMINISTRATIVE & MISCELLANEOUS

- Rep. Cathy McMorris Rodgers (R-WASHINGTON) has announced that she will not run for Congress again. She has been a good ally on many issues we've engaged on over the years.
- The number of farmers in the U.S. continues to tumble as the industry consolidates, the latest figures from USDA show. The USDA said its five-year [Census of Agriculture](#) showed the biggest five-year decline in number of farmers since at least 2000, which Agriculture Secretary Tom Vilsack said highlights the need to do more to help medium-sized and small operations. State and county profiles are forthcoming, and additional data on specific topics such as irrigation and aquaculture will also follow later this year. (*E&E News PM*).
- Americans are spending more than 11% of their disposable income on food — the highest level in 30+ years, matching 1991, *The Wall Street Journal* [reports](#). Groceries and restaurants are both getting more expensive. This measure could help explain why Americans [feel badly](#) about the economy, despite [promising signs](#) for the nation as a whole. Prices [ticked up again](#) in January, even with overall inflation cooling.
- Colorado College's 14th annual "[Conservation in the West](#)" [poll](#), which surveyed nearly 3,400 registered voters in eight states, found that 67 percent of respondents answered that they are “worried” when they “think about the future of nature, meaning our land, water, air and wildlife.” But only 53 percent listed climate change as an extremely or very serious problem, while 25 percent responded that they do not consider it a problem at all. (GREENWIRE).

This is a quick summary of just a few of the issues the Alliance has been engaged in. Please do not hesitate to contact me at 541-892-6244 or dan@familyfarmalliance.org if you would like further information about what the Alliance is doing to protect water for Western irrigated agriculture.



Operations & Maintenance Report

A compilation of current FWA operations and maintenance activities throughout the 152-mile canal system.

February 2024

OPERATION & MAINTENANCE REPORT

SAFETY, EDUCATION & TRAINING

- Operations Department held tailgate safety meetings in the Lindsay yard, and outlying field office staff attended the Canal and Maintenance meeting.
- Friant staff received environmental training on endangered species completing the annual review.
- Delano, Lindsay, and Orange Cove Foremen held tailgate safety meetings discussing safety hazards and precautions associated with employees' work assignments.
- Employees received various safety training throughout the year, such as Weed and pest labels, new laws and regulations on pesticides and applications, and Working in Extreme temperatures. Anti-Harassment training, Defensive driving, and Industrial Hazard communications.

ACCIDENTS & INJURIES

- Friant staff has worked 2562 days without a lost-time injury accident.
- Friant staff has worked 36 days without a liability accident.

MAINTENANCE SUPERVISION

GENERAL SUPERINTENDENT REPORT

SUBSIDENCE

- Staff worked with Stantec on the Water Quality monitor program.
- Staff continued working with the County of Tulare and Stantec for middle-reach plan reviews.
- Reviewed completion of new turnouts installed during the FY23/24 outage.
- Staff attended MRRCP field meetings and weekly Teams meetings with USBR and JV contractors.
- Managed system leaks in the MRCCP construction zone and met with Bureau and Contractor representatives on system tie-ins.
- Participated in Southern Contractor's water operations coordination meetings.
- Weekly staff meeting with COO, Operations Supervisor, and Division Maintenance Forman.
- Reviewed with Friant staff on completion of the FY24 dewatering schedule and project list.

PERSONNEL ITEMS

- Staff worked on several personnel items, including annual reviews, policy conformance, and other matters.
- The General Superintendent conducted staff meetings with Division Forman and the Operations Supervisor.
- Staff meeting with COO and Supervisor

CONSTRUCTION & MAINTENANCE

FOREMEN REPORTS: DELANO, LINDSAY, & ORANGE COVE MAINTENANCE

WEED & PEST CONTROL

- The following is a summary of the chemical products used during the month by maintenance staff for weed and pest control on various canal sections and the product inventory on hand:

PRODUCTS	UNITS	MAINTENANCE YARD USAGE			TOTAL USAGE	END OF MONTH ON-HAND
		Delano	Lindsay	Orange Cove		
Cleartraxx	Gal	0	0	0	0	0
Copper Sulfate - Old Bridge	Lbs.	0	0	0	1050	0
Copper Sulfate - Chem One	Lbs.	750	3,350	0	4,100	16,637
Argos Copper	Gal	0	0	0	0	0
Captain XTR	Gal	0	0	0	0	0
Deploy	Gal	0	0	0	0	0
Diphacinone	Lbs.	0	0	27	3	92
Diuron 4L - Loveland	Gal	0	0	0	0	0
Diuron 4L - Drexel	Gal	0	0	0	0	1,890
Dimension 2EW	Oz	0	0	0	10	0
Weather Guard Complete	Oz	0	0	0	0	67.00
Finale	Oz	0	0	0	0	0
Milestone VM	Oz	0	0	0	0	220
Roundup - Custom	Gal	4	138	46	143	811
Roundup - Pro Conc	Gal	104	233.50	175	512.50	408.50
Forfeit 280	Oz	0	0	0	0	0
Sonar Genesis	Gal	0	0	0	0	2.00
Cheetah	OZ	7	0	5,856	5,863	12,157
Liberate Lecitech	OZ	0	0	0	0	438

- Lindsay and Orange Cove maintenance staff finished the annual application of Cleantraxx and Dimension as a preemergent for spring and summer weed control.
- Delano and Orange Cove's maintenance staff continued the application of Roundup Pro Concentrate as part of the annual weed control program.
- Orange Cove staff hand-cleared vegetation from around canal structures.
- Lindsay and Delano's maintenance staff continued with the application of Copper Sulfate in the Canal prism to control algae in the FKC.
- Lindsay's maintenance staff began the application of Roundup PRO for post-emergence control of weeds along the FKC right of way.
- Lindsay maintenance staff continued rodent control and damage repair.

CANAL & DIVERSION STRUCTURES

- Lindsay maintenance staff had to repair washouts due to heavy rainfall to avoid additional erosion and potential cavitation behind the liner.
- Orange Cove maintenance staff hand-cleared vegetation from around canal structures.

- Orange Cove maintenance staff continued hauling debris collected from the canal that were filled after heavy rain.



Lindsay maintenance staff clearing tall weeds from ROW and various work sites.

- Orange Cove maintenance staff cleared debris from inlets.
- Delano maintenance staff continues their structure gate maintenance for the year; Repairs Radial and Slide gates such as oil leaks, gearboxes, motor couplers, wire rope inspection, etc. Staff Lubed all grease points and wire ropes, repair all metalwork, security fence repairs, deck cleaning, touch-up painting, Buoy ball and wire rope replacement, and debris removal.
- Orange Cove maintenance staff continued structure inspections and annual maintenance.



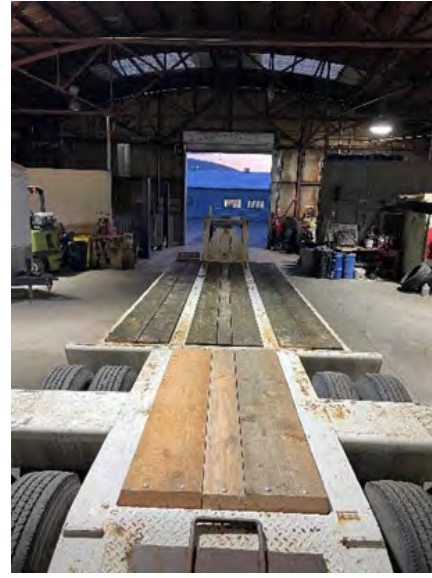
Orange Cove staff removing tumbleweeds and debris with excavator.

- Delano staff continues embankment maintenance to upper and lower Embankments and around structures such as blockhouses, turnouts, bridge abutments, utility tractors, motor graders, and earth-moving equipment. By backfilling eroded areas, compacting, and grading materials. Embankment maintenance will prevent erosion to the inside/outside banks, roads, gate structures, and concrete liners.

- Lindsay maintenance staff removed old deck boards from transport trailer and replaced with new boards
- Orange Cove maintenance staff continued repairing washouts along the embankment.
- LMS installed and painted new bar gates, repainted existing bar gates, and covered graffiti at structures, bridges, and gates.
- Delano Staff continues reverse flow pumping, Maintenance requirements, and installing generators, fuel tanks, electrical lines, and debris screens.

O&M Roads

- Lindsay's maintenance staff continued yearly grading of all roads and the right of way.



Lindsay maintenance staff removed and replaced damaged deck boards.



Lindsay maintenance staff repairing and installing new gate along the canal.



Orange Cove staff cleaning a cross-drain to help prevent local flooding.

YARD & BUILDING

- Delano and Lindsay's maintenance staff continued to perform routine maintenance and repairs, yard cleaning, vehicle/equipment repairs, facility improvements, and office duties.
- Delano and Lindsay's staff continue installing Bollard guard posts to prevent vehicles and heavy equipment from damaging FWA structures.

RIGHT-OF-WAY MAINTENANCE

- Delano, Orange Cove, and Lindsay's maintenance staff continued the removal of illegally dumped trash and removed debris from gate structures to the local solid waste/recycling facility.
- Delano maintenance staff continued to repair and install security fencing to prevent public access from entering the Friant-Kern Canal right-of-way and structured areas.
- Delano staff continue Painting, Bar gates, Bollard posts, guard railings, warning signs, Liner markers, structures, security fence wings, electrical panels, and block house doors.
- Lindsay's maintenance staff made a complete inspection of Lindsay's section and made repairs to guardrails and bar gates in preparation for fresh paint.
- Lindsay maintenance staff repaired chain link and barbed wire fencing throughout the Lindsay section of FKC.
- Orange Cove staff began a desilting project at the St. Johns wasteway

The following is a summary of the vehicle and heavy equipment preventive maintenance services and repairs made by the technical services staff.

DELANO, LINDSAY, & ORANGE COVE	TYPE	QUANTITY
In-House Inspections	B – Semi-annual	5
	C - Annual	6
	E - Equipment	0
	BIT - 90-Day Heavy Equipment	5
Outside Inspections	B – Semi-Annual	0
	C - Annual	0
	Smog Test	0
	Smoke Test	0
DELANO, LINDSAY, & ORANGE COVE	TYPE	QUANTITY
<i>Lindsay staff installed new bar gate posts and supports, repaired, and made preparation for fresh paint.</i>		
	Trucks	14
	Heavy Equipment	11
	Utility Equipment	6
Outside Repairs	Light Vehicles	0
	Trucks	0
	Heavy Equipment	0

ENGINEERING ACTIVITIES

ENGINEER AND ENGINEER TECHNICIAN REPORT

February

RIGHT OF WAY

- Staff continues to work with USBR to ensure ROW boundaries are maintained.
- Staff continues to respond to developers and consultants to ensure the FKC and ROW is maintained.
- Staff continues to better organize computer files with better descriptions of documents contained within and to make finding information easier.
- Completed review of 60% plan check drawings and submitted comments for the proposed PG&E upgrade to Gas Transmission Lines at Mile Post 150.05. Note: the upgrade schedule has been pushed out to Spring 2025.
- On another note, there is another project within PG&E’s Downing Station that will take place at the beginning of February 2024. The project is an in-line inspection, and all work is contained within the Station although there would be some maintenance vehicles that would need to park adjacent

to the Station on the FKC access road while the project is active between 2/19/24 and 5/24/24. However, the majority of activity would be from 5/13/24 to 5/24/23.

OPERATIONS ACTIVITIES

OPERATIONS SUPERVISOR REPORTS

Operations Staff during the month of February delivered 20,590 acre-feet. Total water diverted year-to-date to FKC Contractors is 1,482,132 acre-feet.

Reported sump pump deliveries of 59 acre-feet and a year-to-date total of 607 acre-feet.

- Staff completed and sent out the ROWD's for the month of February
- Staff put 25 meters online for the month of February.
- Staff installed new Honeywell recorders at Kern Tulare #2 and 3.
- Staff installed a transmitter at Lewis Creek and new communication lines.
- Staff checked and calibrated 25 transmitters.
- Staff completed 50 differential head tests.

ELECTRICAL

- Staff repaired all wiring on the Delano yard wash rack
- Staff worked on the Shafter Check electrical upgrade.
- Staff had meetings with SCE for the power and future pump station installation.
- Staff repaired the sump pump for the TID sump pump.
- Staff lubricated all gate motors at every check structure.
- Staff installed temporary power for SWID # 2 turnout at Kimberlina Rd.
- Staff installed new lighting in the Kern Check blockhouse.
- Staff replaced the lighting and wiring in the Casa Blanca blockhouse.

SCADA

- Staff replaced the Ethernet switch at Dodge Ave. to restore communications with SCADA.
- Staff cleaned and calibrated the 4 EC sensors in the Canal.
- Staff met with YSI/ Sontek to go over the programming at the Measuring Bridge side-looking meter and take a look at some of their other products.
- Staff flushed the stilling well at Little Dry and checked the Scada Programing there.
- Staff put Lindmore, Shafter Wasco, and Orange Cove Online.
- Staff worked with Tesco, to finish the programing of the Scadapack @ Casa Blanca and testing the turnout. Tesco is installing SCADA for the new canal realignment.
- Staff continued to make improvements in Geo Scada HMI. Fixed how the Midnight readings are displayed in the trends.
- Staff went to several checks to see if there is available wiring to bring the EC sensor data into SCADA, instead of using epic IO equipment.
- Staff collected NTU samples after flows were restored below the construction area.
- Staff checked on vandalism to our antenna at Ave.56 turnout and ordered a new antenna.

- Staff tightened the meter flange at Kern Tulare #4, after the line was pressurized, a leak developed and flooded the meter pit.
- Staff attended numerous meetings on the new canal start-up and SCADA program.



Kern Tulare #4 Meter leak repair



Avenue 56 Vandalized Antenna

INFORMATION TECHNOLOGY

- Staff and Redesign set up two new 2022 SCADA servers and completed the installation of the latest Geo SCADA Expert 2022 build as well as the migration of all data from the old servers to the new servers. Staff retired the old 2012 R2 servers reducing network vulnerabilities.
- Staff and Redesign set up two new 2022 Domain controllers and completed the migration of all data from the old servers to the new servers. Staff retired the old 2012 R2 servers reducing network vulnerabilities.
- Staff, Redesign, and Grossmayer worked over a weekend to export and back up Friant’s Great Plains customization, install Great Plains client updates, and import the backed-up customizations to the accounting server and the VDI Horizon environment Golden Image. Staff and Grossmayer tested and verified the updates before deploying the new image to the accounting department.
- Staff and EpicIO are working to meet new federal regulations on messaging through Friant’s Twilio account.
- Staff continued working with, Redesign, and EpicIO to identify Servers and network equipment that are approaching the end of life. Staff are collaborating with both consultants to coordinate the retirement and replacement of network equipment and servers.
- Staff and Water Operations started to scope out the replacement of all cradle points on the Friant-Kern-Canal estimated end-of-life summer of 2025. Replacements would be budgeted for in the 2024/2025 Fiscal Year.
- Staff are pursuing a Small-Scale Water Efficiency Grant for potential funding for the replacement of the cradle points next year.

- Staff continues to support Water Operations through the launch, development, and implementation of EpicIO's Deep Insights platform.
- Staff supported the payroll specialist through the replacement of her laptop.
- Staff and Redesign restored access to the Virtual Desktop Infrastructure (VDI) after a brief interruption to services on the Horizon client.

- Staff updated the VDI platform and several VDI user profiles.
- Staff spent several days at both Orange Cove and Delano documenting and planning for the upcoming Network Refresh project in coordination with Redesign.

- Staff worked with Redesign, and EpicIO to update several SSL certificates.
- Staff began the last class required towards completion of a degree in Advanced Information Systems.
- Staff worked closely with Grossmayer and Associates to purchase, and set up new software, and create a new database so that the accounting department could meet the federal requirements for e-filing.

AGENDA REPORT

AGENDA NO. 4.E.

DATE: March 28, 2024
TO: Board of Directors
FROM: Austin Ewell
SUBJECT: **Water Blueprint for the SJV**

SUMMARY:

The Water Blueprint for the San Joaquin Valley (Blueprint) is a non-profit group of stakeholders, working to better understand our shared goals for water solutions that support environmental stewardship with the needs of communities and industries throughout the San Joaquin Valley.

Blueprint's strategic priorities for 2022-2025: Advocacy, Groundwater Quality and Disadvantaged Communities, Land Use Changes & Environmental Planning, Outreach & Communications, SGMA Implementation, Water Supply Goals, Governance, Operations & Finance. Mission Statement: *"Unifying the San Joaquin Valley's voice to advance an accessible, reliable solution for a balanced water future for all."*

Education/Executive: Blueprint contribution requests have been circulated and Board members will be following up with participants. Hallmark's revised scope for defined services and deliverables (Develop & implement a strategic plan to protect operational flexibility of the 2019 Bi Ops) has been approved and will run from 3/1-8/31 and has been approved by the Board.

- **Urban Water Agency Partnerships:** A draft letter agreement with Urban Water Agencies including Metropolitan Water District and the Blueprint is being developed and includes monetary participation and review and analysis of water storage and conveyance opportunities. Stantec is helping scope this work. Including mutual concerns/issues faced by water scarcity as well as opportunities for collaboration including recharge, conveyance, and funding.
- The Blueprint has been accessed to Urban Water Institute's Fall Water Conference in San Diego and the International Water Congress in Toronto. It includes leading water experts on today's most pressing water management issues, representing a broad range of expertise and perspectives.

Farmer to Farmer Summitt (Part II)

The farmers have asked that communications and facilitation continue, especially as Delta solutions were identified by the delegates. Blueprint is rec

Central Valley Community Foundation

CA has engaged CVCF to develop an "inclusive 'community investment plan'" for Fresno, Madera, Tulare, and Kings Counties. It is a part of the State's "Jobs First" (formerly known as Community and Economic Resilience Fund) initiative, which has broken the state down into 13 economic regions and provided grant funding to civic organizations to engage a broad group of stakeholders to develop a "triple bottom line" (economy, environment, equity) economic development plan.

CVCF is working in partnership with the Urban Institute, Fresno State, United Way Fresno Madera Counties, Tulare Workforce Investment Board, and about 120+ community and civic leaders from the four-county region to develop this plan. They completed Phase I in 2023, which involved community engagement, outside learning, and developing the framework for our investment plan. Their framework identifies (1) three priority industry clusters for growth – "climate solutions" (includes clean energy generation and distribution), responsible food systems, and circular manufacturing; (2) essential infrastructure – water and broadband; and (3) community investment areas – education/skill building, community health, and small business development. Here is a link with information on the work so far. <https://www.valleycerf.org/resources>

Water Blueprint SJV & CWI – Unified Water Plan

The Water Blueprint for the San Joaquin Valley Education Fund and the California Water Institute - Research and Education Division are working together to develop a Unified Water Plan for the San Joaquin Valley. This two-year project will culminate in the publication of a report to be submitted to Congress. CWI and the Blueprint have invited water stakeholders to join virtual informational meetings, they provide an overview of the Unified Water Plan for the San Joaquin Valley, the information being gathered, and Stakeholders can learn more about the work being done and ask questions.

Potential Climate Resiliency Bond Water Investment Needs

Last July the Blueprint agreed to coauthor a letter to legislative leadership on the need for capital investment in water systems as part of a potential Climate Resiliency Bond. Since the Legislature and the Governor postponed that potential bond to the November ballot, the Legislature is just now beginning to negotiate the merits, projects, and investment needs for a potential bond for the November election this Fall.

Enclosed is a newly drafted letter for co authorship on the needs to the Legislature and Governor. Intend to submit this letter in two weeks so it can be part of the record and included in the negotiations on the potential Climate Action Bond in November.

RECOMMENDED ACTION:

There is no recommended action at this time. The Board gave initial direction to pursue this collective effort and report back on its status.



March __, 2024

Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Honorable Mike McGuire, President pro Tempore
California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

Honorable Robert Rivas, Speaker
California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

Honorable Ben Allen
California State Senate
1021 O Street, Suite 6610
Sacramento, CA 95814

Honorable Susan Eggman
California State Senate
1021 O Street, Suite 8530
Sacramento, CA 95814

Honorable Eduardo Garcia
California State Assembly
1021 O Street, Suite 8120
Sacramento, CA 95814

Honorable Carlos Villapudua
California State Assembly
1021 O Street, Suite 6340
Sacramento, CA 95814

SUBJECT: 2024 Resources and Climate Resilience Bond Priorities

Dear Governor Newsom, President Pro Tempore McGuire, Speaker Rivas, Senators Allen and Eggman, and Assemblymembers Garcia and Villapudua:

To strengthen California’s resilience to climate-related challenges and to improve water and drought resiliency in a meaningful way, the below signed entities from across the state respectfully request inclusion of \$9.5 billion in water infrastructure investments in any resources and climate resilience bond package that advances to the 2024 general election ballot.

We recognize the challenge before you in 2024 to make policy and fiscal decisions for California that will resonate, will benefit California and its economy, and will be fiscally prudent. We collectively contend that investments in water infrastructure and climate resilience are the foundation upon which the entirety of California’s future will be based. Clearly there is a tremendous need for housing

investment and upgrades in educational facilities throughout the state, but the foundational investments in water infrastructure and climate resilience are a prerequisite for advancing broader societal improvements.

It is in that light that we want to remind you of the water infrastructure and climate resilience investments that our statewide coalition of interests outlined last year and reaffirm as critical and urgently needed to strengthen our water and resources infrastructure and protect our communities against drought, climate whiplash, and other impacts of climate change. California’s overwhelming dependence on rain and snow-based water systems places the state’s residents, businesses, and ecosystems at heightened risk of catastrophic disruption. Similarly, the state’s overwhelming dependence on outdated infrastructure to transport and store water continues to ignore the near-term needs for climate adaptation. The only way to avoid a calamitous water shortage – or catastrophic flooding events – and subsequent environmental and economic degradation is to improve the adaptive management capacity of our current water system, increase water efficiency, conservation, and storage in the state, and to increase the availability of drought-resilient water resources.

It is important to note that California’s water infrastructure needs cannot be met by ratepayers alone. Necessary maintenance and repair of legacy water systems and rising costs to purchase, treat, and distribute water have, in recent years, increased the cost of water across California. The rising costs have left more Californians struggling to keep up. As a resources and climate resilience bond package is considered this year, it is imperative that there is robust water-related infrastructure investment to ensure California can continue to strengthen its resilience to drought and floods.

Additionally, we believe it is imperative that water resilience investments be guided by a lens that recognizes the needs of our state’s disadvantaged communities and populations, and that investments be tailored to improve equity and access to resources for communities of color and seek to improve and mitigate the growing affordability gap for millions of Californians.

We respectfully ask for consideration of the following priorities in the development and shaping of a resources and climate resilience bond package for the 2024 ballot:

BOND INVESTMENT PRIORITY	ADDITIONAL DETAIL	REQUESTED ALLOCATION
Recycled water projects	Small- and medium-sized water recycling projects: \$1 B Large-scale regional water recycling projects: \$800 M	\$1.8 B
Regional water resilience	-Groundwater storage: \$250 M -Water use efficiency: \$500 M (split 50/50 between ag/urban) -Desalination: \$500 M -Stormwater capture and management: \$500 M	\$2.25 B

	-Regional and interregional conveyance: \$500 M	
Dam safety and reservoir operations		\$850 M
BOND INVESTMENT PRIORITY	ADDITIONAL DETAIL	REQUESTED ALLOCATION
Surface water storage inflation adjustments		\$500 M
State Water Project public benefits	-Investments in existing SWP infrastructure and system operations to facilitate water supply storage and delivery capability improvements: \$750 M -Facilitation of achievement of the state's goals for the SWP's energy use to be 100% renewable or zero-carbon emission resources and to provide for operational efficiencies to provide statewide electricity grid reliability benefits: \$750 M	\$1.5 B
Clean water and contaminant prevention		\$500 M
Urban flood resilience	-State flood subvention program: \$300 M	\$1 B
Coastal resilience	-SF Bay Area: \$500 M -State Coastal Conservancy: \$250 M for restoration projects consistent with the SF Bay Restoration Authority -DWR Coastal Watershed Program: \$250 M for flood protection projects in the SF Bay that may not be eligible for either Coastal Conservancy or SF Bay Restoration Authority support	\$1 B
Multi-benefit land repurposing		\$100 M
TOTAL REQUEST		\$9.5 B

Investments in Recycled Water Projects: \$1.8 Billion

To strengthen California's drought resilience, the State Water Resources Control Board's goal is to increase recycled water from 714,000 acre-feet per year in 2015 to 2.5 million by 2030. However, the Board's Water Recycling Funding Program has a huge backlog of shovel-ready recycled water projects. Substantial state investment is urgently needed to strengthen drought resilience while limiting ratepayer impacts. We request your consideration of a recycled water package that includes funding for small-

and medium-scale water recycling projects (\$1 billion), and specifically-identified funding for large-scale regional recycling projects (\$800 million).

Investments in Regional Water Resilience: \$2.25 Billion

Investments in conservation, efficiency, interconnectivity, conjunctive use, groundwater storage, and additional local water supply development, including stormwater management and ocean and brackish water desalination, will help advance the “All of the Above” concept of providing necessary tools and mechanisms for water managers to protect their communities and economies from future drought.

Throughout Southern and Central California alone, there are more than \$20 billion in shovel-ready infrastructure projects that have been identified by water suppliers. In the San Joaquin Valley, the Water Blueprint for the San Joaquin Valley is developing a solution to improve the regional resilience of the San Joaquin Valley and address the imbalance between water supply and demand, which will only grow in the future without significant action. This solution involves a combination of improved utilization of local San Joaquin Valley water supplies, increased reliability of surplus Delta water when available, and demand reduction through land repurposing and agricultural efficiency improvements and conservation.

We request your consideration of a regional water resilience package that includes funding in the following categories:

- Groundwater storage: \$250 million
- Water use efficiency: \$500 million (split 50/50 for urban and agricultural WUE)
- Desalination: \$500 million
- Stormwater capture and management: \$500 million
- Regional and interregional conveyance: \$500 million

Investments in Dam Safety and Reservoir Operations: \$850 Million

According to DWR’s Division of Safety of Dams, 102 California dams are rated less-than-satisfactory. Of those, 84 dams have hazard classifications of significant or above, indicating risk to life or property should the dams fail. However, dam repair and rehabilitation are not an eligible use of State Revolving Funds or Proposition 1 dollars. Eligible grant projects should include, but not be limited to: dam safety projects at high hazard dams; new spillways and repairs at existing dams to facilitate implementation of Forecast Informed Reservoir Operations; and reservoir seismic retrofit projects.

Investments in Surface Water Storage Inflation Adjustments: \$500 Million

A decade has passed since California voters approved \$2.7 billion to support the Water Storage Investment Program as part of Proposition 1. However, due to inflation, the Proposition 1 grant awards no longer cover the full value of the public benefits these projects provide. An adjustment to the grant awards is needed to cover public benefits as originally intended by Proposition 1.

Investments in State Water Project Public Benefits: \$1.5 Billion

As California strives to boost the resilience of its water supply in the face of climate change impacts, we must adapt existing infrastructure to capture and convey as much water as possible during less frequent, more intense weather patterns. Investment in the State Water Project system advances a number of important water- and climate-resilience public benefits for California. Investments are

necessary to improve existing SWP infrastructure and system operations to facilitate water supply storage and delivery capability improvements.

Additionally, capital investments in the SWP are necessary to facilitate achievement of the state's goals for the SWP's energy use to be 100% renewable or zero-carbon emission resources, and to provide for operational efficiencies of the SWP's operations to provide statewide electricity grid reliability benefits.

Investments in Clean Water and Contaminant Prevention: \$500 Million

An estimated 7.5 million Californians rely on drinking water contaminated by Per- and Polyfluoroalkyl Substances (PFAS), a grouping of more than 4,500 chemicals that resist heat, oils, and water. Current scientific research suggests that exposure to high levels of certain PFAS may lead to adverse health outcomes. State budget reductions to address shortfall conditions have resulted in the elimination of millions of dollars in funding to remediate contaminated groundwater and to provide for investments in clean drinking water opportunities. Bond funding is critical to backfill these reductions.

Investments in Urban Flood Resilience: \$1 Billion

Over the past two decades, state bond measures have provided significant flood protection funding to the Central Valley through the Urban Flood Risk Reduction Program and then allocated much smaller sums for statewide purposes. While we recognize the unique challenges in the Central Valley, the result is a decades-long underfunding of flood protection for cities in other areas of the state where most Californians live and work. The state can no longer ignore the intensifying storms and increased runoff that threaten life, property, and key components of the California economy located in our coastal watersheds, which are all likely to become more severe under climate change conditions. Every region of the state is impacted by changing hydrologic conditions due to climate change.

Of the funding in this section, we recommend \$300 million for the State Flood Subvention Program, which reimburses local agencies for the state's cost share in high-risk flood zones for projects authorized and approved by the U.S. Army Corps of Engineers. The voters have not approved bond funding for this program since Proposition 84 and 1E in 2006. With much of the remaining funding barely covering the existing state's cost share, the program is projected to run out of funds soon.

Investments in Coastal Resilience: \$1 Billion

The Ocean Protection Council estimates sea levels will likely (67% probability) increase by over one foot by 2050. The San Francisco Bay Area, which comprises about half of California's total shoreline, is particularly vulnerable given its low, highly developed shoreline. Of the funding allocated in this section, we recommend \$500 million be earmarked for the San Francisco Bay Area broken into the following buckets: \$250 million for the State Coastal Conservancy for restoration projects consistent with the San Francisco Bay Restoration Authority, and \$250 million for the Department of Water Resources Coastal Watershed Program for flood protection projects in the San Francisco Bay that may not be eligible for either Coastal Conservancy or SFBRA support.

Investments in Multi-Benefit Land Repurposing: \$100 Million

Implementation of California's Sustainable Groundwater Management Act in critically overdrafted groundwater basins in the San Joaquin Valley is anticipated to result in the loss of a minimum of 500,000 acres of productive farmland. This funding would increase regional capacity to repurpose

irrigated agricultural land to reduce reliance on groundwater while providing community health, economic well-being, water supply, habitat, renewable energy, and climate benefit.

Thank you for your leadership and considering our views. We look forward to actively engaging over the coming months in the process of shaping and finalizing a resources and climate resilience bond package for the 2024 general election ballot.

Sincerely,



Charles Wilson, Executive Director
Southern California Water Coalition

cc:

Senator Dave Min, Chair – Senate Natural Resources and Water Committee
Assemblymember Diane Papan, Chair – Assembly Water, Parks, and Wildlife Committee
Assemblymember Isaac Bryan, Chair – Assembly Natural Resources Committee
California Natural Resources Secretary Wade Crowfoot
Department of Water Resources Director Karla Nemeth
SWRCB Chair Joaquin Esquivel

AGENDA REPORT

AGENDA NO. 4.F.

DATE: March 28, 2024

TO: Board of Directors

FROM: Wilson Orvis, Chief Financial Officer

SUBJECT: **San Luis & Delta Mendota Water Authority Update**

SUMMARY:

Friant Water Authority staff engaged with San Luis & Delta-Mendota Water Authority (SLDMWA) via the Finance and Administration Committee meeting on March 4, the Board of Directors' (BOD) Meeting on March 7 as well as additional meetings throughout the month.

There was one item associated with SLDMWA over the last month that was of particular interest: (1) Selection of SLDMWA's Board Officers.

Selection of Board Officers:

- SLDMWA elects its Board Officers on an annual basis, based upon the Contract Year (March – February). For Contract Year 2024, Cannon Michael was re-elected to serve as Chair, William Bordeau was re-elected to serve as vice-Chair, and Federico Barajas was re-elected to serve as Secretary of the Board.

Attachment(s):

- None this Month.

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE UNITED STATES OF AMERICA DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
AND
FWA, SLDMWA, AND SJRECWA
FOR
ESTABLISHING A SOUTH OF DELTA DROUGHT RESILIENCY FRAMEWORK**

1. **Preface**

- A. This Memorandum of Understanding ("MOU") is effective as of March 21, 2024, by and between the United States Department of Interior, Bureau of Reclamation ("Reclamation"), Friant Water Authority ("FWA"), San Luis & Delta-Mendota Water Authority ("SLDMWA"), and the San Joaquin River Exchange Contractors Water Authority ("SJRECWA" or "EC"), individually "Party", collectively the "Parties", to cooperate and collaborate on implementation of drought resiliency projects south of the Sacramento-San Joaquin River Delta ("Delta").
- B. The State of California has recently experienced two significant multi-year droughts that have brought to light the need for more dependable water supplies and additional drought resiliency measures for the Central Valley Project ("CVP") south of the Delta in the future. The Parties have collectively identified projects and potential actions aimed at improving drought resiliency south of the Delta hereinafter referred to as the "South of Delta Drought Resiliency Framework" ("Framework").

2. **Purpose of this MOU**

- A. An initial Framework was developed on July 7, 2023, with the recognition that the Framework was and is a living document that will evolve and change over time and will be updated periodically to reflect such changes. Since July 2023, the Parties have made progress on the implementation of many of the components of the Framework. It is anticipated that further implementation of components will be a multi-year process, and therefore, the Parties determined a Memorandum of Understanding ("MOU") would facilitate future implementation and progress of the Framework. The Parties anticipate this MOU will assist the Parties and their respective boards and officials in setting short and long-term goals and expectations regarding the matters included in the Framework that each Party desires to see implemented.

3. **Authority for this MOU**

- A. This MOU is entered into by and through Reclamation pursuant to the applicable authority granted to it generally in the Act of Congress approved June 17, 1902, (32 Stat. 388), and the acts amendatory thereof or supplementary thereto, including, but not limited to, the Act of August 26, 1937 (50 Stat. 844), as amended, and as reauthorized by the Act of October 17, 1940 (54 Stat. 1198), and as reauthorized by the Act of

September 26, 1950 (64 Stat. 1036), the Central Valley Improvement Act of 1992 (106 Stat. 4600, 4702), and the San Joaquin River Restoration Settlement Act, Pub. L. No. 111-11, Title X (123 Stat. 1349).

4. **Components of the Framework**

- A. The components of the Framework are attached hereto as Exhibit A. The Parties will continue to collaborate on the components of the Framework, as it may evolve and change over time. Exhibit A will be updated by Reclamation with the written concurrence of the Parties at least once per year with progress made and new components added as they are identified.

5. **General Provisions**

- A. **Non-binding Nature:** This MOU is legally nonbinding and in no way: (i) impairs any Party from continuing its own planning or project implementation; (ii) limits a Party from exercising its regulatory or discretionary authority in any matter; (iii) infers that a Party's governing body or management will act in any particular manner on a project or other component of the Framework; (iv) gives any of the Parties any authority over matters within the jurisdiction of any other Party; or (v) requires any Party to take any action that exceeds its legal authority or otherwise take any action without compliance with all applicable laws, policies and regulations, including environmental reviews. Nothing in this MOU creates any legal rights, obligations, benefits, or trust responsibilities, substantive or procedural, enforceable at law or in equity, by a Party against any other Party, a Party's officers, employees, or agents, or any other person.
- B. **Term:** This MOU will be effective upon the execution of this MOU by all the Parties, which date is set forth on the first page. This MOU will remain in effect for five years and will automatically renew for additional five-year terms unless terminated in writing as set forth below.
- C. **Dispute Resolution and Termination:** At any time, any Party to this MOU wishing to withdraw from this MOU must provide a 30-day written notice to the other Parties specifying the reason the notifying Party wishes to withdraw. Before the withdrawal takes effect, the Parties will promptly meet and confer in a good-faith effort to address and resolve, if possible, the issue(s) causing the notifying Party to wish to withdraw from this MOU. If following such meeting(s) the notifying Party still wishes to withdraw, such Party may withdraw no sooner than 30 days after the date of the final written notice following a good faith effort to resolve the disputing Party's concern(s) described herein. Upon the effective withdrawal by any Party, the remaining Parties will determine whether they wish to continue the MOU, continue the MOU with changes, or terminate the MOU.
- D. **Amendment:** Modifications or amendments to the terms of this MOU must be in writing and executed by all Parties.
- E. **Authorities Not Altered:** Nothing in this MOU alters, limits, or supersedes the authorities and responsibilities of any Party on any matter within its respective jurisdiction.

- F. **Authorized Representatives:** Each signatory to this MOU represents that this MOU has been reviewed by the respective governing body of such Party or with respect to Reclamation, by appropriate senior management officials, and that the governing body or senior officials support the Framework that is memorialized in this MOU.
- G. **Effect of MOU:** No Party hereto shall assert that any activity under this Agreement shall affect the validity of any existing water rights held by any other Party. This Memorandum of Understanding does not constitute an amendment, modification or alteration of any existing water service, repayment, exchange, or purchase contract, and all the Parties' respective water service, repayment, exchange, and purchase contracts shall remain in full force and effect.

Further, nothing in this MOU will be interpreted as limiting, superseding, or otherwise affecting each Party's normal operations or decisions in carrying out its statutory or regulatory duties. This MOU does not limit or restrict the Parties from participating in similar activities or arrangements with other entities, except to the extent that such activities or arrangements would significantly and adversely interfere with the Parties' abilities to advance the Framework under this MOU.

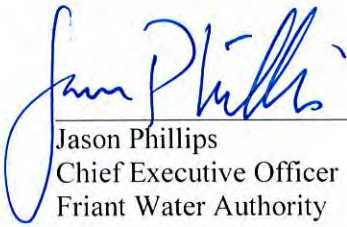
- H. **Relationship of Parties:** Execution of this MOU does not create a new legal entity with a separate existence from the individual Parties. This MOU does not create an "advisory committee" as that term is defined in the Federal Advisory Committee Act, as amended (Pub. L. 92-463). This MOU also does not result in the joint exercise of powers as set forth in California Government Code section 6500 et seq. This MOU neither expands nor is in derogation of those powers and authorities vested in the Parties, or any of them, by applicable laws, statutes, regulations, or Executive Orders, nor does it modify or supersede any other applicable interagency agreements existing as of the date of this MOU.
- I. **Funding and Availability of Funds:** Any funding provided by Reclamation for any of the Framework is subject to the requirements of any and all applicable laws, regulations, and procedures. Nothing in this MOU is intended or will be construed to authorize or require the obligation, appropriation, reprogramming, or expenditure of any funds by Reclamation as permitted by applicable law. As required by the Anti-Deficiency Act, 31 U.S.C. 1341, 1342, and 1517, all binding legal commitments made by Reclamation are subject to the availability of appropriated funds and budget priorities. Any funding commitment or services, if pursued, will be handled in accordance with applicable laws, regulations, and procedures.
- J. **No Third-Party Beneficiaries:** This MOU is for the sole benefit of the Parties and nothing herein, express, or implied, is intended to or will confer upon any other person or entity, including individual FWA, SLDMWA, and SJRECWA member agencies, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this MOU.

6. Signatures



Federico Barajas
Executive Director
San Luis & Delta-Mendota Water Authority

3/21/24
Date



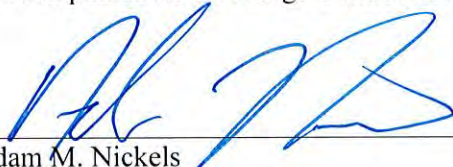
Jason Phillips
Chief Executive Officer
Friant Water Authority

March 21, 2024
Date



Chris White
Executive Director
San Joaquin River Exchange Contractors Water Authority

21 Mar 2024
Date



Adam M. Nickels
Principal Deputy Regional Director
U.S. Department of the Interior, Bureau of Reclamation

03/21/24
Date

Exhibit A:

Components of the South of Delta Drought Resiliency Framework

This Exhibit presents the Framework components and will be periodically updated as provided in the MOU as to progress made to date and additional components that are subsequently identified.

Updated As of March 21 2024

1. Drought Plan

The proposed “Drought Plan” would allow participating entities to voluntarily conserve and securely store or exchange a portion of their CVP south of Delta deliveries for subsequent use with the goal of providing at least a 5% allocation to CVP south of Delta agricultural water service/repayment Contractors, reducing reliance on Delta exports in the driest hydrologic conditions, and reducing the risk for a potential call on Friant Dam for Exchange Contract deliveries while supporting flow and temperature goals of the San Joaquin River Restoration Program (SJRRP). The Parties are fully supportive of the SJRRP Program and have agreed to collaborate towards a full implementation of the Program. The Drought Plan actions are all related to enhanced management of CVP deliveries south of the Delta and are not expected to influence CVP’s north of Delta operations.

- A. The Parties will work towards developing and implementing a Drought Plan that operates within Reclamation’s policies, agreements, and water rights, and that avoids impacts to other CVP Contractors that do not participate in the Drought Plan. (See Attachment 1 for the current description of the Drought Plan.)
- B. The Parties will initiate a Drought Plan “Pilot Program” in 2024. (See Attachment 2 for the description of the 2024 Pilot Program.) The objectives of the Pilot Program are as follows:
 - Understand operation of a “Drought Pool” (i.e., puts, takes, spill, losses, etc.) and its use in conjunction with CVP allocations.
 - Develop and refine accounting procedures for the Drought Pool.
 - Assess benefits and identify any potential third-party impacts of the Drought Pool, if any.
 - Increase interest and participation for the Drought Plan.
 - Understand water cost and compensation related to the Drought Pool operations.
 - Develop Drought Pool governance rules.
 - Investigate the potential federal actions associated with the Drought Pool and the need for evaluating their environmental compliance or flexibilities within current environmental coverage of CVP actions.
- C. The Parties understand that there are many components to the Drought Plan that need to be developed over time and, if mutually agreeable, will modify and extend the Pilot Program beyond one year.

2. **SLDMWA and FWA MOU Relating to Allocation, Collection and Payment of OM&R Costs for Water Delivered through certain CVP Facilities (“SLDMWA-FWA OM&R Cost MOU”)**

SLDMWA and FWA executed a Memorandum of Agreement in January 2024 setting forth, in general terms, proposed amendments to the 2002 SLDMWA-FWA OM&R Cost MOU that are intended to be incorporated into a “Second Amended and Restated MOU”. A draft of the amended MOU, including Exhibits such as an Amended OM&R Cost Recovery Plan, is anticipated to be shared with Reclamation for review and concurrence in February/March 2024.

3. **Allocation of Costs for Large Extraordinary Maintenance (XM) Projects**

Through the negotiations that led to the execution of the Memorandum of Agreement referenced in Section 2 above, SLDMWA and FWA also addressed the process of allocating costs for large extraordinary OM&R (XM) projects, including the DMC Subsidence Correction Project.

4. **DMC Subsidence Correction Project**

- A. The Parties support the development and completion of the DMC Subsidence Correction Project, subject to 3 above, and necessary appropriations, funding and/or financing available to fund the project.
- B. Technical review sessions with FWA were held on August 30, 2023, and October 16, 2023. FWA reviewed the Draft Feasibility Report and provided comments to Reclamation.
- C. In a letter dated January 21, 2024, FWA confirmed support for the continuation of the process to complete the DMC Project, subject to the execution of the process described in the proposed revised MOU for developing cost allocations for large XM projects.

5. **SJRRP Flows Past Sack Dam**

Reclamation and SJRECWA considered several interim mechanisms and are committed to developing processes to ensure that the SJRRP can provide flows past Sack Dam whenever water is being delivered to the Exchange Contractors via the San Joaquin River to Mendota Pool.

6. **FWA and Exchange Contractors’ Resolution on Del Puerto Canyon Reservoir Project**

- A. FWA and the Exchange Contractors are working to resolve Friant Contractor concerns regarding the operation of the proposed Del Puerto Canyon Reservoir to ensure it supports and does not conflict with the objectives outlined in the Drought Plan.
- B. Currently, an alternative with components of the Drought Plan is being proposed to be analyzed in the Del Puerto Reservoir environmental document.

- C. Once a resolution is reached, Reclamation will accept FWA and other Friant Contractors, as requested, as a cooperating agency under NEPA.

7. **Protection of Existing Contracts, Water Rights, and Operational Criteria**

- A. The Parties support continuation of the current San Luis Reservoir 10% rescheduling allowance and recognize that rescheduling is a critical tool of individual CVP Contractors and their growers. As proposed, the Parties do not foresee their respective agencies challenging the use of this water by individual Contractors.
- B. The Parties support the continuation of the existing Exchange Contractors' water transfer programs consistent with legal and regulatory compliance.
- C. Reclamation agrees to continue implementing the Exchange Contract as it has done in recent history as provided in *Contract between the United States and Central California Irrigation District for the Conveyance of Refuge Water Supplies* Number 17-WC-20-5023 signed (9-20-2017).

8. **FWA's Participation in Voluntary Agreements**

FWA committed to working with its members and has resolved outstanding issues related to their support of and participation in the Voluntary Agreements. FWA rescinded its letter of May 25, 2023, withdrawing from the Voluntary Agreements on September 15, 2023, subject to resolution of components 9 through 11 and 15 below.

9. **SJRRP Flows Delta Recapture**

In compliance with all relevant SWRCB permits and authorizations, Reclamation, in coordination with DWR, will develop procedures for Delta recapture and accounting with the goal of implementation by the 2024 Restoration Year. Delta recapture procedures will protect and account for recapture of Restoration Flows, while preventing, avoiding, and mitigating involuntary reductions in contract water allocations to CVP and SWP Contractors, other than Friant Division long-term Contractors, with the goal to make certain amounts of such flows available for the Voluntary Agreements.

10. **SJRRP Reach 1 Losses**

In coordination with FWA and SJRECWA, Reclamation is evaluating losses below Friant Dam and whether unauthorized or excessive diversions and use could be contributing factors.

11. **FWA, SLDMWA, and EC Support for the SJRRP**

- A. FWA, SLDMWA, and EC submitted letters of support to their respective congressional representatives on September 11, 2023, seeking support for levee improvements associated with Reach 2B of the San Joaquin River and raising the cap for the San Joaquin River Restoration Program in coordination with and inclusive of existing SJRRP priorities.

12. **Storage Options for the Drought Plan**

- A. On August 18, 2023, the Parties collectively submitted a letter to Reclamation comprised of a priority list of projects that would help with realization of Drought Plan benefits.
- B. Reclamation will explore options to facilitate a single collection and single payment program utilizing upfront funding that will be reimbursed at the time of water delivery from the pool subject to available funding and appropriations.
- C. Reclamation has identified initial funding using “general planning” money and has committed to initiate a planning study using those appropriations to evaluate potential storage options south of the Delta.

Commitments and Needs Identified After July 7, 2023:

13. **Refuge Incremental Level 4 (IL4) Deliveries**

Reclamation has committed to work with SLDMWA on south of Delta IL4 refuge water supply delivery availability timing and exchange, or carryover needs.

14. **CVP M&I Water Shortage Policy**

- A. The Drought Plan is not intended to change or modify Reclamation’s implementation of the CVP M&I Water Shortage Policy or be a replacement for Delta pumping to meet public health and safety demands. Any contribution to the Drought Pool made by an M&I Contractor will not cause a like reduction to the Contractor’s Historical Use and will not be considered other water available to meet public health and safety demands.

15. **South of Delta Accounting Improvements**

- A. Reclamation has committed to refining the current accounting process for improved San Luis Reservoir monthly water use and contract year delivery forecasting to help monitor, identify, and quantify the storage and delivery of south-of-Delta supplies, including, but not limited to, rescheduled and current year water supplies. Accounting is reliant on information being provided timely and accurately to Reclamation by Contractors and the SLDMWA. Reclamation will implement a process in Contract Year 2024 where monthly actuals (preliminary) and remaining year forecasted use will be provided by Contractors and summarized by Reclamation in the subsequent month.
- B. Reclamation, in coordination with Contractors, will evaluate accounting of storage and conveyance losses of different water types stored in San Luis Reservoir and implement improvements on those accounting procedures where necessary.
- C. Reclamation has committed to confirming that available supply will target building water supply in CVP facilities in the fall and winter, to the extent prudent, practicable, and otherwise allowed by law, and will be based in part on demand patterns that assume full use of allocated supplies and San Luis Reservoir low point with any stored Drought Pool supplies. Allocations will be reviewed monthly by Reclamation during

the allocation season (typically February through May/June) and adjusted as needed based on actual and projected pumping and use of CVP water supplies.

- D. Rescheduled water estimates will be requested by Reclamation for each month, December through February, and rescheduled water will be finalized in March. Monthly rescheduled water use may also be requested by Reclamation to facilitate forecasting and accounting throughout the contract year. Rescheduled water will be managed according to the then current Rescheduling Guidelines. Reclamation may request rescheduling schedules from Contractors annually or monthly, as needed, for accounting purposes.

Attachment 1

SOUTH OF DELTA DROUGHT PLAN

Shared Vision:

To improve the reliability of water supplies for south of Delta (SOD) communities, farms, and ecosystems dependent on Central Valley Project (CVP) water.

Shared Objectives:

- Provide increased water supply reliability to Exchange Contractors, CVP SOD Contractors and CVP Friant contractors and support the success of the San Joaquin River Restoration Program.
- Provide improved water supply reliability through timely and reliable allocations.

Plan Participation:

- Participation is voluntary for individual Contractors. The Authorities may have to secure a commitment to backstop their share of contribution to the Drought Pool with minimum contributions under certain conditions.
- Water added to the Drought Pool will become unallocated CVP water and will be subject to CVP rates when delivered. However, each Party's Drought Pool contribution will be tracked separately.

Coordination and Communication:

- Use of the pool will be discussed amongst the plan participants prior to use, including flexible operation of the pool within the contract year.
- Ultimate use of the pool will be decided by Reclamation.
- Participants will review, on a regular basis, how the Drought Pool was filled and used and make improvements as necessary to maximize use of assets and ensure efficient operations.

Financing and Cost Share:

- Financing and cost share will be developed through the Pilot Program(s).

Location of Drought Pool:

- The Parties agree on collaboratively pursuing surface water and groundwater storage options outside of, and in addition to, the federal share of San Luis Reservoir.
- A portion of Drought Pool is intended to be stored in CVP San Luis Reservoir. Parties acknowledge the risk of increased foregone pumping with increased carry over storage in CVP San Luis Reservoir. Share of Drought Pool storage to be stored in CVP San Luis Reservoir will be determined through the meet and confer process.
- Attachment 2 provides the current description of the Pilot Program defining short-term operation of the Drought Pool.
- Reclamation has full and sole discretion on determining how much of the Drought Pool can be stored in CVP San Luis Reservoir.

Drought Pool Operation:

Parties agree on the following general description of puts, takes, and spill priorities described below and illustrated in Figure 1. The operation of the Drought Pool will further be developed through Pilot Program(s).

Drought Pool Contributions:

- Up to 50 TAF of reduced demand (either voluntary reduction in water made available or reduction in consumptive use under the existing transfer program which doesn't impact current 80 TAF south of Delta transfer agreement) by the Exchange Contractors in any non-critical year until a maximum of 50 TAF is accumulated. Once 50 TAF is reached, it remains stored (subject to losses) until needed or spilled (if stored in a reservoir) after which the reduced demands would begin again in the next non-critical year.
- Up to 50 TAF of unused recapture water (or other source) from Friant Contractors in all years except SJRRP water year type critical-low years, when no restoration flows occur, until a maximum of 50 TAF is accumulated. Once 50 TAF is reached, this remains stored (subject to losses) until needed or spilled (if stored in a reservoir) after which the unused recapture would begin again in the next non-critical low year.
- Up to 5% of CVP allocation water in two separate accounts: "CVP South of Delta Contractor Pool" and "Common Pool". Common Pool account will include SLDMWA's 50 TAF contribution to the Drought Pool. CVP South of Delta Contractor Pool will be 65 TAF and will be managed by SLDMWA for all its members (AG, M&I, and Refuge). This is because SLDMWA members are expected to use Drought Pool much more frequently than FWA or Exchange Contractors. When building storage, Common Pool will fill first; and when using Drought Pool, CVP South of Delta Contractor Pool will be used first towards a 5% CVP SOD allocation for SLDMWA members. Contributions made by M&I Contractors will not cause a like reduction to the Contractor's Historical Use or be considered other water available to meet public health and safety demands under the CVP M&I Water Shortage Policy.
- Up to 50 TAF of unallocated CVP water that is not storable in current CVP reservoirs, but can be stored in accessible groundwater banks, or other current or future storage facilities.

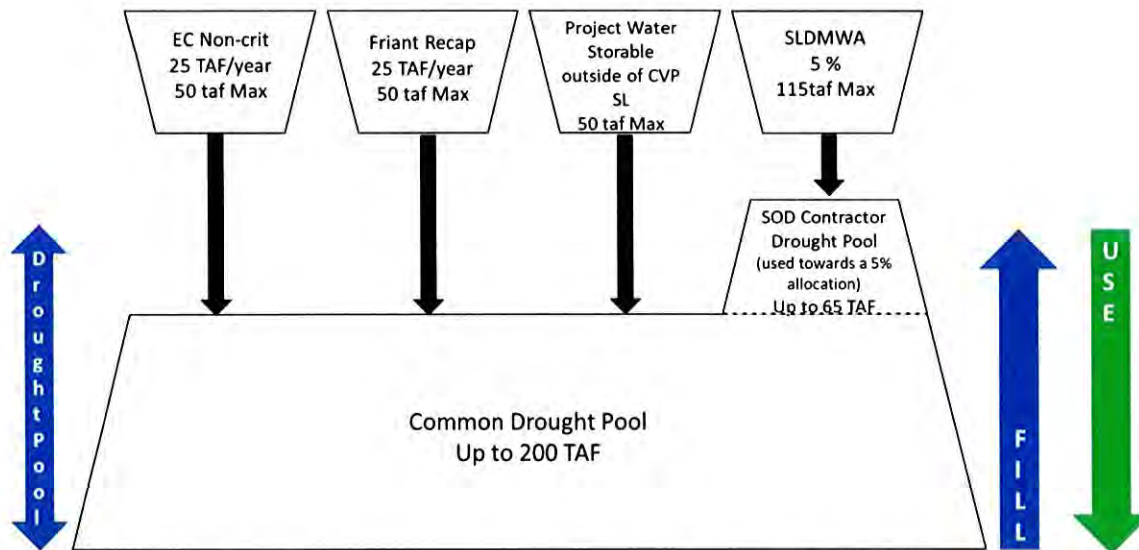


Figure 1. Drought Pool accounts, contributions, fill, take, and spill priorities.

Drought Pool Use:

- Drought Pool water is considered as a supplemental water supply available to contributing Contractors; is in addition to the Contractors' CVP South of Delta allocation; and cannot be transferred into or out of the Drought Pool. Drought Pool water, however, can be exchanged amongst each other to avoid spill or to support each other for Drought Pool contribution.
- Once Drought Pool water is made available to the contributing Contractors, the Authorities (SLDMWA, FWA, and SJRECWA) will determine the split of available Drought Pool water among their participating members. Reclamation will work with the Authorities to make Drought Pool water available for their participating members.
- Drought Pool can be accessed in years when CVP South of Delta AG allocation is less than 5%.
- Drought Pool consists of an up to 200 TAF "Common Pool" and an up to 65 TAF "South of Delta Contractor Pool".
 1. Common Pool is available to all contributing partners (SLDMWA, FWA, SJRECWA).
 2. South of Delta Contractor Pool is only available to SLDMWA.
 - a. Any water available in the South of Delta Contractor Pool is used first prior to using the water available in Common Pool.
- In years where CVP South of Delta AG allocation is less than 5%, Drought Pool water is used to supplement CVP South of Delta Contractor deliveries up to 5% (or 115 TAF).
 1. In these years, any water available in the South of Delta Contractor Pool is used first prior to using the water available in Common Pool.
 2. Common Pool usage is shared equally between Common Pool accounts.
- In years where Exchange Contractor demands cannot be met through diversions at the Delta and stored water in CVP reservoirs, the Common Pool will be divided 2/3 and 1/3:
 1. Up to 2/3 of the water stored in the Common Pool will first be made available to meet Exchange Contractor deliveries.
 2. Up to 1/3 of the water stored in the Common Pool will first be made available to meet SLDMWA demands up to a 5% allocation (or 115 TAF).
 - a. In these years, any water available in the South of Delta Contractor Pool is used first prior to using the water available in Common Pool.
 3. Any unused water by each Party is made available to the other Party to meet EC deficiency or up to 5% (or 115 TAF) CVP SOD delivery.
 4. After the use of Drought Pool water, should there be a gap in meeting the Exchange Contractor demands and there is a reliance on water stored in Millerton Reservoir, the following goals will be followed:
 - a. If the gap in meeting Exchange Contract Deliveries (after Drought Pool) is less than or equal to 100 TAF
 1. Goal: Avoid releasing water down the SJR to protect cold water for the SJRRP
 2. Actions: Exchange Contractors reduce demands by 20 TAF (compensated); Friant facilitate delivering up to 50 TAF through exchanges and Reclamation consider borrowing and/or purchasing actions to provide up to 30 TAF)
 - b. If the gap in meeting Exchange Contract Deliveries (after Drought Pool) is greater than 100 TAF
 1. Goal: Protect small supply for Friant Contractors and public health and safety
 2. Actions: Exchange Contractors reduce demands by 20 TAF (compensated) and remainder is released down the SJR to meet contract obligations. Timing of releases will be determined in coordination with the SJRRP.
- Accounting of Drought Pool Use and Refill:
 1. South of Delta Contractor Pool is used and refilled by the SLDMWA members.

2. When Parties use Drought Pool water from the Common Pool, it is assumed that each Party will use the water they have contributed first.
 3. Each Party is responsible for refilling their respective pools even in the case when another Party takes delivery of water from their pool.
- Flexible Operation of the Drought Pool:
 1. To provide maximum flexibility and minimize potential “spill” of the Drought Pool water; and to minimize foregone pumping for CVP, each Party is allowed to “borrow from” and “return to” the Drought Pool within said Party’s contract year.
 2. Parties may choose to do exchanges between each other to avoid spill or to support each other for Drought Pool contribution.
 3. Flexible use of the Drought Pool will only occur to avoid foregone pumping, facilitate backstopping for Drought Pool contribution, and shall be within existing CVP contractual terms.
 - Spill:
 1. Drought Pool water stored in San Luis Reservoir is assumed to spill at the same priority as rescheduled water, after non-CVP water as presented in Figure 2.
 2. Spill priority between the South of Delta Contractor Pool and the Common Pool within the Drought Pool will be determined through the Pilot Program(s).

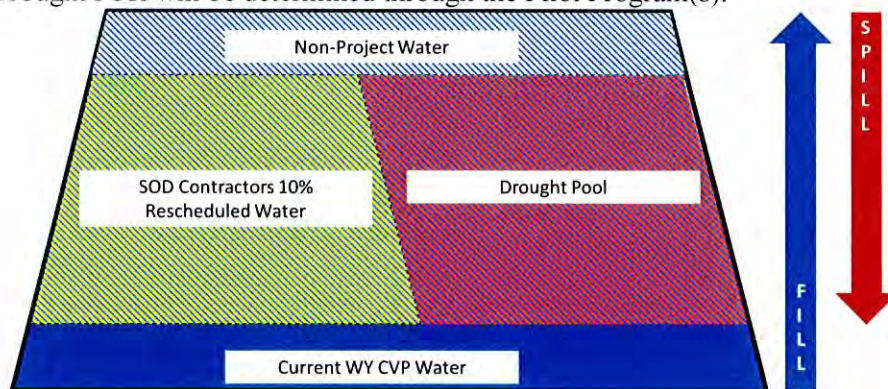


Figure 2. Spill priorities for the Drought Pool.

- Environmental Compliance:
 1. Drought Pool, all of its components, and operations must be in compliance with all applicable laws and regulations, such as NEPA, Endangered Species Act, and all federal laws, including the SJRR Settlement Act.
 2. Reclamation is responsible for environmental compliance for federal actions and each member is responsible for their own environmental compliance.

Outstanding Areas to Refine:

1. Water source for each contributing Party and backstopping each contribution since such contributions are voluntary.
2. Accounting for the Drought Pool contributions.
3. Developing detailed rules on CVP San Luis spill priorities for the Drought Pool which would be in addition to the existing CVP San Luis Rescheduling Guidelines.

4. Funding exchanges and/or reimbursement for contributions to and use of the Drought Pool.
5. Managing risks for the Drought Pool.
6. Timeline of decision making on the use of Drought Pool given forecasting uncertainty and forecast evolution.
7. Timing of Friant releases to avoid impacts on the SJRRP flow and temperature objectives.
8. Improved accounting and tracking of rescheduled water (CVP and non-CVP) in San Luis Reservoir.

Attachment 2: South-of-Delta Drought Plan – Pilot Program

Shared Vision: To increase water supply reliability to Central Valley Project (CVP) water users that rely on Sacramento-San Joaquin River Delta (Delta) exports.

Shared Objectives of the Pilot Program:

Through the Pilot Program, the Parties intend to achieve the following:

- Understand operation of a Drought Pool (puts, takes, spill, losses, etc.) and its use in conjunction with CVP allocations.
- Develop and refine accounting procedures for the Drought Pool.
- Assess benefits and identify potential third-party impacts of the Drought Pool, if any.
- Increase interest and participation for the Drought Plan.
- Understand water cost and compensation related to the Drought Pool operations.
- Develop Drought Pool governance rules.
- Investigate the potential Federal actions and the need for environmental compliance or flexibilities within current environmental coverage of CVP actions.

With information gained from WY2024, Parties intend to update and adjust the operation of the Drought Pool and continue with another Pilot Program until a long-term Program can be put in place.

1. Pilot Program Drought Pool will be comprised of the following accounts (Figure 3):
 - a. Up to 25 TAF of reduced demand (either voluntary reduction in water made available or reduction in consumptive use under the existing Exchange Contractor Long-Term Water Transfer Program which doesn't impact current 80 TAF south of Delta transfer agreement) by the Exchange Contractors in any given non-critical year until a maximum of 25 TAF is accumulated. Once 25 TAF is reached, this remains stored (subject to losses) until needed or spilled (if stored in a reservoir) after which the reduced demands would begin again in the next non-critical year.
 - b. Up to 25 TAF of unused recapture water (or other source) from Friant Contractors in all years except critical-low, when no restoration flows occur, until a maximum of 25 TAF is accumulated. Once 25 TAF is reached, it remains stored (subject to losses) until needed or spilled (if stored in a reservoir) after which the unused recapture would begin again in the next non-critical low year.
 - c. Up to 2.5% of CVP allocation water in two separate accounts: "CVP South of Delta Contractor Pool" and "Common Pool". Common Pool account will include SLDMWA's 25 TAF contribution to the Drought Pool. CVP South of Delta Contractor Pool will be 32.5 TAF and will be managed by SLDMWA for all its members: AG, M&I, and Refuge. When building storage, Common Pool will fill first; and when using Drought Pool, CVP South of Delta Contractor Pool will be used first towards a 2.5% CVP SOD allocation for SLDMWA members.

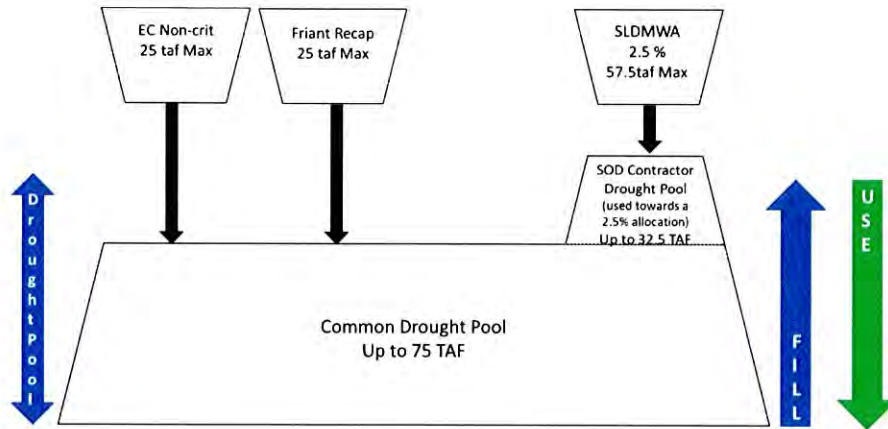


Figure 3. Pilot Program Drought Pool accounts, contributions, fill, take, and spill priorities.

- For the Pilot Program, all Drought Pool water will be stored in CVP San Luis Reservoir and will be subject to spill. CVP water for the current water year has priority. All other water can be stored in CVP San Luis Reservoir as long as there's space available and with Reclamation's discretion subject to spill priority shown below.

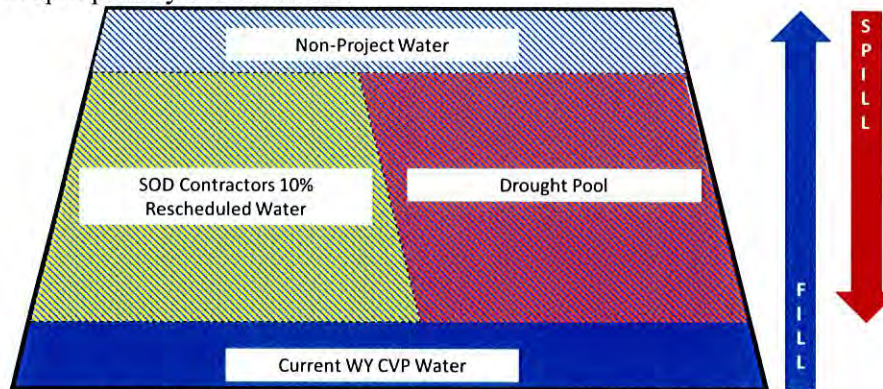


Figure 4. Spill priorities for the Pilot Program Drought Pool.

- Drought Pool will be used in the following manner:

SOD allocation (before Drought Pool)	Exchange Contractor delivery source (before Drought Pool)	Drought Pool use
>2.5%	Delta	Not used – building pool or storing pool
0-2.5%	Delta	Used to increase SOD allocation to 2.5%, remaining is stored and/or building
0%	Delta + San Joaquin (non-surplus)	Used to meet Exchange Contractor demands and provide an allocation 0-2.5%

4. In years when the Drought Pool, in combination with Delta pumping and storage, cannot satisfy the Exchange Contract demands:
 - a. The Common Drought Pool will be divided in thirds: 1/3 will be allocated to SOD and 2/3 will be allocated to the Exchange Contractors. Any remaining water above and beyond EC needs or SOD 2.5% allocation will be made available to the other party to meet the EC demands and/or the 2.5 % CVP SOD allocation.
 - b. Should there be a gap in meeting the Exchange Contractor demands and there is a reliance on water stored in Millerton Reservoir, the following goals will be followed:

Gap in meeting Exchange Contract Deliveries (after Drought Pool)	Goals
<100 TAF	Goal: Avoid releasing water down the SJR to protect cold water for the SJRRP
> 100 TAF	Goal: Protect small supply for Friant Contractors and public health and safety

5. Plan Participation
 - a. Participation is voluntary for members of the Contractors; however, each party will develop a backstop mechanism with minimum pool contributions under certain conditions.
 - b. Water added to the Drought Pool will become unallocated CVP water and subject to applicable CVP rates when delivered.
 - c. Refuge and M&I Participation will be managed by SLDMWA using their share of the Drought Pool benefits.
6. Compensation Plan
 - a. Friant and San Luis Unit Contractors benefitting from Drought Pool water will reimburse for use of other Contractors' Drought Pool supplies based on any up-front incurred costs, such as SOD Contractor conveyance fees once water is delivered. Based on the Pilot Programs operations plan there are no up-front costs associated with the Exchange Contractors' contribution to the 2024/2025 Drought Pool pilot program.
 - b. Cost recovery strategy for water that is carried over multiple years will be developed during the Pilot Program. Reclamation commits to exploring a single pay cost recovery methodology that could include all upfront cost for acquiring water for the Drought Pool.
 - c. Consistent with Reclamation's cost-recovery methodologies and cost recovery methodologies of SLDMWA, costs will be recovered at time of delivery and will be applied to the Friant and San Luis Unit Contractors receiving Drought Pool supplies in that year.
 - d. Reclamation will not charge a Rescheduled water fee as Drought Pool supplies are considered unallocated CVP supplies.
7. Coordination and communication
 - a. Building and disposition of the Drought Pool will be discussed amongst the Drought Plan participants prior to implementing any action under the Pilot Program.
 - b. Ultimate use of the Drought Pool will be decided by Reclamation.

