

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
BOARD OF DIRECTORS TELEPHONIC REGULAR MEETING  
MINUTES FOR AUGUST 5, 2021

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 9:30 a.m. This meeting was held via teleconference/ZOOM in accordance with the Governor's Executive Order (N-08-21), with Chair Cannon Michael presiding.

**Directors and Alternate Directors in Attendance Division 1**

Dave Weisenberger, Director (via Teleconference)  
Bobby Pierce, Director (via Teleconference)  
Anthea Hansen, Director  
Lea Emmons, Alternate for Rick Gilmore

**Division 2**

Ryan Ferguson, Director - Ceil W. Howe, III, Alternate (via Teleconference)  
William Bourdeau, Director  
John Bennett, Director (via Teleconference)  
Bill Diedrich, Director

**Division 3**

Dan McCurdy, Director (via Teleconference)  
Chris White, Director (via Teleconference) - Jarrett Martin, Alternate (via Teleconference)  
Cannon Michael, Director  
Ric Ortega, Director (via Teleconference)

**Division 4**

John Varela, Director (via Teleconference) - Aaron Baker, Alternate  
Gary Kremen, Director (via Teleconference)  
Jeff Cattaneo, Director (via Teleconference)

**Division 5**

Bill Pucheu, Director (via Teleconference)  
Tom Birmingham, Director (via Teleconference), Jose Gutierrez, Alternate (via Teleconference)  
Manny Amorelli, Director

**Authority Representatives Present**

Federico Barajas, Executive Director  
Pablo Arroyave, Chief Operating Officer  
Frances Mizuno, Special Projects Administrator  
Rebecca Akroyd, General Counsel  
Scott Petersen, Water Policy Director  
Joyce Machado, Director of Finance  
Stewart Davis, IT Officer  
Gerald Robbins, Special Programs Manager  
Jaime Bowker, Summer Clerk  
John Brodie, Water Resources Program Manager

**Others in Attendance**

Tom Boardman, Westlands Water District  
Brandon Souza, California Farm Water Coalition  
Wilson Orvis, Friant Water Authority  
Kristi Robinson, WaterWise  
Dennis Cardoza, Foley & Lardner, LLP  
Mitchell Partovi, The Water Agency, Inc.

**1. Call to Order/Roll Call**

The meeting was called to order by Chair Cannon Michael and roll was called.

**2. Board to Consider Additions or Corrections to the Agenda of Items, as authorized by Government Code Section 54950 et seq.**

General Counsel Rebecca Akroyd reported that there was a minor correction to the Agenda, in that the reference to the Governor's Executive Order should be to N-08-21.

**3. Opportunity for Public Comment**

Don Wright encouraged the Board to continue holding online meetings for the public.

**CONSENT ITEMS**

**4. Agenda Items 4-6: Board to Consider: a) August 5, 2021 Meeting Minutes, b) Acceptance of the Financial & Expenditures Reports, c) Staff Reports.**

On a motion of Director Bill Pucheu, seconded by Director William Bourdeau, the Board accepted the Meeting Minutes, Financial Expenditures Reports, and Staff Reports. The vote on the motion was as follows:

AYES: Weisenberger, Pierce, Hansen, Emmons, Ferguson, Bourdeau, Bennett, Diedrich, McCurdy, White, Michael, Ortega, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Amorelli  
NAYS: None  
ABSTENTIONS: None

**ACTION ITEMS**

**5. Agenda Item 7: Board of Directors to Consider Finance & Administration Committee Recommendation Regarding Plan for Remote Public Viewing and/or Participating in Committee and Board Meetings.**

Chief Operating Officer Pablo Arroyave reported that with the expectation that Authority Committee and Board meetings will resume in person, unless the Governor's Executive Order N-08-21 is rescinded or modified, and given interest in both resuming meetings in person and in allowing access from remote locations, staff has been researching options for remote public viewing and participation. Arroyave reported that staff has explored solutions to accommodate both in person and remote scenarios while providing an acceptable combination of video and audio access. Arroyave reported that staff is recommending the Owl Labs Pro configuration with dual microphones. General Counsel Rebecca Akroyd reported that the current Executive Order regarding Brown Act relaxations is expected to end September 30. After a brief discussion the Board members decided to move forward with an audio upgrade only.

On a motion of Alternate Lea Emmons, seconded by Director Anthea Hansen, the Board approved moving forward with an audio upgrade only. The vote on the motion was as follows:

AYES: Weisenberger, Pierce, Hansen, Emmons, Ferguson, Bourdeau, Bennett, Diedrich, McCurdy, White, Michael, Ortega, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Amorelli

NAYS: None

ABSTENTIONS: None

**6. Agenda Item 8: Board of Directors to Consider Resolution Authorizing Execution of the First Amended and Restated Los Vaqueros Reservoir Expansion Project Activity Agreement and Los Vaqueros Reservoir Joint Exercise of Powers Agreement, and Authorizing Actions Related Thereto.**

Special Projects Administrator Frances Mizuno provided a brief background. Mizuno reported that the potential benefits from the LVE Project include the operational flexibility to Reclamation to move CVP water south of Delta, conveyance and storage of water purchased through water transfers, and storage of rescheduled and/or transfer water for CVP contractors and Level IV Refuge Water for Grasslands Water District. Mizuno reported that the Authority on December 12, 2011 entered into a Memorandum of Understanding (MOU) regarding CalFed Bay-Delta Program Studies on the expansion of LVE with Contra Costa Water District and other water agencies. Mizuno reported that since the Authority's participation in the MOU, individual member agencies (Byron-Bethany Irrigation District, Del Puerto Water District, Grassland Water District, San Luis Water District, Santa Clara Valley Water District, and Westlands Water District) also entered into the MOU to seek potential storage/conveyance benefits directly for their respective districts. Mizuno reported that on April 1, 2019, Byron Bethany Irrigation District,

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Del Puerto Water District, Panoche Water District and Westlands Water District entered into the San Luis & Delta-Mendota Water Authority Los Vaqueros Reservoir Expansion Project Activity Agreement to participate in the LVE Cost Share Agreement for LVE Project Planning.

General Counsel Rebecca Akroyd reported staff recommends the Board adopt the proposed Resolution Authorizing Execution of the First Amended and Restated Los Vaqueros Reservoir Expansion Project Activity Agreement and Los Vaqueros Reservoir Joint Exercise of Powers Agreement, and Authorizing Actions Related Thereto, including the appointment of Anthea Hansen as the Water Authority's LVR JPA Director and Jose Gutierrez as the alternate. Akroyd reported that upon adoption of the resolution, the Executive Director would execute the First Amended and Restated Activity Agreement. Akroyd reported that following execution by the four above-named Activity Agreement Members, the Authority would be authorized to execute the JPA Agreement and notify the LVR JPA of the appointment of Ms. Hansen and Mr. Gutierrez as the Water Authority's representatives. Akroyd reported that execution of the first amended and Restated Activity Agreement and the JPA Agreement does not legally bind or otherwise commit the Water Authority or the Activity Agreement Members to participate in or otherwise proceed with the LVE Project. Akroyd reported that the Authority and the LVR JPA will comply with the California Environmental Quality Act, as applicable, prior to participating or otherwise proceeding with the LVE Project. Akroyd reported that executing the First Amended and Restated Activity Agreement and joining the LVR JPA are both administrative and organizational actions that will not result in a direct physical change in the environment or a reasonably foreseeable indirect change to the environment, and thus are not projects as defined by CEQA Guidelines section 15378(b)(5). Akroyd provided a brief summary of the attachments included in the packet. t.

On a motion of Director Tom Birmingham, seconded by Director Ric Ortega, the Board authorized execution of the first amended and restated Los Vaqueros Reservoir Expansion Project Activity Agreement and Los Vaqueros Reservoir Joint Exercise of Powers Agreement, and authorizing actions related thereto. The vote on the motion was as follows:

AYES:	Weisenberger, Pierce, Hansen, Emmons, Ferguson, Bourdeau, Bennett, Diedrich, McCurdy, White, Michael, Ortega, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Amorelli
NAYS:	None
ABSTENTIONS:	None

## REPORT ITEMS

7. **Agenda Item 9: Report on State and Federal Affairs.**

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Water Policy Director Scott Petersen highlighted items in his report included in the packet. Petersen reported last month, the Senate took action on several of President Biden's nominations, including Tracy Stone-Manning as Director of the Bureau of Land Management, Robert Anderson as Solicitor of the Department, Todd Kim to head the Justice Department's Environment and Natural Resources division, amongst others. Lawmakers voted 58-41 on Kim's nomination as assistant attorney general in charge of DOJ's Environment and Natural Resources Division, where he would oversee the defense of federal environmental policies, the enforcement of anti-pollution laws, and a broader portfolio of eminent domain and tribal law issues. Petersen reported that several nominees advanced through Senate Committees, and they are listed in his report.

Petersen reported that the U.S. Fish and Wildlife is currently conducting a Species Status Assessment for the San Francisco Bay-Delta Distinct Population Segment (DPS) of the longfin smelt, which will help inform its decision-making process under the Endangered Species Act. Petersen reported that the San Francisco Bay-Delta Fish and Wildlife Office is the lead field office working on the status review of the San Francisco Bay-Delta DPS of the longfin smelt. Petersen reported that at this time, they expect to make a determination on the status of the San Francisco Bay-Delta DPS of the longfin smelt and publish a proposed finding in the Federal Register no later than September 2022.

Petersen reported that on July 30, the Environmental Protection Agency (EPA) and the Army Corps of Engineers released an initial schedule for public meetings to engage stakeholders on how to define and implement "waters of the United States" (WOTUS) under the Clean Water Act. Petersen reported that the agencies previously announced their intent to revise the definition of WOTUS in June 2021 and are pursuing a two rulemaking approach. Petersen reported that the first rulemaking will restore the pre-2015 WOTUS definition while adhering to relevant U.S. Supreme Court decisions; the second will further refine and build upon that regulatory foundation. Petersen reported that virtual public meetings to receive input on the WOTUS rewrite will be held throughout August, starting on Aug. 18, with the potential to stretch into September if needed. Petersen reported that interested parties can register to attend or potentially speak at the meetings via EPA's website. Petersen reported that written recommendations can also be submitted to the docket until Sept. 3. Petersen reported that both the public meetings and written recommendations will be used to inform the upcoming WOTUS rulemaking process.

Petersen reported that the House last month approved a seven-bill package of appropriations measures for Fiscal Year 2022, including the Energy and Water (E&W) Development Appropriations bill. Petersen reported that the House E&W bill is \$1.5 billion above

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the FY 21 level and includes a little over \$1.9 billion for the Bureau of Reclamation, just under a 14 percent increase over Reclamation's FY 2021 appropriation. Petersen reported that the bill includes \$67 million for the WIIN Act authorized water storage account, the same level approved by the House for FY 21, but half the amount ultimately approved in the final FY 21 E&W bill. Petersen reported that the Senate Appropriations Committee voted 25-5 on Wednesday to advance its \$53.6 billion fiscal 2022 funding bill for the Energy Department, Army Corps of Engineers and Bureau of Reclamation. Petersen reported that the measure marks a \$1.87 billion boost above fiscal year 2021 enacted levels for Energy-Water and lands slightly above House appropriators own \$53.2 billion Energy-Water measure.

Petersen reported that the White House and a bipartisan group of senators reached an agreement on infrastructure stimulus legislation more than a month after tentatively agreeing to a framework. Petersen reported that the Senate voted 67-32 on July 28 to move forward with the deal, which includes significant support for Western water infrastructure. Petersen reported that while the Senate vote is a positive sign, the bill may not clear the chamber until this week.

Petersen reported that Reps. Jared Huffman (D-Calif.) and Ed Case (D-Hawaii) introduced legislation to update and reauthorize the Magnuson-Stevens Act, which governs federal fisheries management and conservation. Petersen reported that Authority staff will provide input into the legislation and will report on further developments.

Petersen reported that SB 559 advanced through the Assembly Water, Parks and Wildlife Committee last month and now heads to the Appropriations Committee. Petersen reported that they anticipate that potential amendments to the bill are likely to be negotiated between now and the return of the Legislature in advance of the bill being heard at the Assembly Appropriations Committee.

Dennis Cardoza provide a brief update regarding canal funding.

Kristin Olsen reported that 100 million dollars was secured for restoring conveyance capacity in the canals in the state budget, with the agreement that they will allocate another 100 million in next year's state budget.

Olsen reported that CalStrat is working with Scott Petersen on scheduling legislative tours in the fall.

## 8. Agenda Item 10: Executive Director's Report.

a) B.F. Sisk– Chief Operating Office Pablo Arroyave reported that the geotechnical work on Highway 152 has concluded, and the appropriate data has been gathered. Arroyave reported that the process to get the feasibility addendum completed is on the right track. Arroyave reported that there is very good engagement with Reclamation on the operational sub-

configuration.

b) **DMC Subsidence Mitigation Project** – Executive Director Federico Barajas reported that the critical geotechnical work for Phase I that is required for Reclamation to do a feasibility level cost estimate has been completed. Barajas reported that the Authority is working closely with Reclamation on the drafting of a cooperative agreement, and plans to bring it to the Board for action in September.

c) **Del Puerto** – Director Anthea Hansen reported that project proponents are continuing to move forward. Hansen reported that they are still trying to get a cooperative agreement for funding.

d) **August 23 Workshop** – Barajas reminded Board members that a Joint Workshop is scheduled August 23 regarding the San Luis Transmission Project, and it will be a ZOOM meeting.

e) **September Meetings** – Barajas reported that the September meetings will follow same format and be held in-person and by phone.

#### 9. **Agenda Item 11: Chief Operating Officer's Report.**

Special Projects Administrator Frances Mizuno provided a brief update on transfers. (1) Yuba Transfer-Reclamation started pumping June 16. (2) NOD Transfers- no changes from last month. (3) SEWD Transfer- Environmental Assessment was released by the Bureau on July 28th, and comments were due today. (4) OID Transfer- draft Environmental Assessment was posted today, and comments are due August 12.

Chief Operating Officer Pablo Arroyave reported that Jones Pumping Plant and the DMC is 70 years old. Arroyave reported that O&M Manager Paul Stearns is leaving the Authority after 22 years, and will be going to Del Puerto Water District. Arroyave further reported that Steve Larson has agreed to act in that position until the vacancy is filled.

#### 10. **Agenda Item 12: Update on Water Operations and Forecasts**

Westlands Water District's Tom Boardman reported that Shasta storage is the second lowest on record at 1.41 MAF. Storage drawdown is trending slightly higher than expected such that the carry over storage may exceed the latest projection of 1.1 MAF. Boardman explained that Reclamation may decide to backup transfer water into Shasta in efforts to increase carry over storage. Folsom was reported to be the 3<sup>rd</sup> lowest storage on record at 238 TAF. Storage may drop to about 150 TAF by December if dry conditions persist. Delta conditions were discussed in addition to the current and near-term export pumping rates.

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Boardman explained that Reclamation's reported CVP share of San Luis storage is 50 TAF higher than actual because DWR exchanged 50 TAF with the CVP on July 15. Boardman explained San Luis storage projection charts and the factors that could affect the projected low storage levels reached by late September.

Responding to a question from Director Diedrich, Boardman briefly explained the terms of the 50 TAF exchange in SLR. Boardman also responded to other questions from the public regarding water operations and forecasts.

11. **Agenda Item 13: Committee Reports.**

- a. **Water Resources Committee** – Chair Tom Birmingham reported that the committee met, and addressed agenda items.
- b. **Finance & Administration Committee** – Vice-Chair William Bourdeau reported that the committee met, and addressed agenda items.
- c. **O&M Committee** – No report.

12. **Agenda Item 14: Outside Agency/Organization Reports.**

- a. **State and Federal Contractors Water Agency (SFCWA)**  
No report.
- b. **Family Farm Alliance (FFA)**  
Report included in the packet.
- c. **Farm Water Coalition.**

Brandon Souza provided a brief update on current Authority publications including the Authority Insider, Executive Director Briefing, and press releases/statements. Souza reported that they are working on fact sheets for legislative outreach. Souza reported that they have been coordinating communications outreach for the Western Water Infrastructure Coalition.

- d. **Association of California Water Agencies**

Director Bill Diedrich reported that it is an ACWA election year. Diedrich reported that the Fall Conference may be an in-person event.

- e. **San Joaquin Valley Water Blueprint Effort**

Water Policy Director Scott Petersen reported that the Blueprint Executive Committee has made a recommendation to the Plenary group to contract with Providence Strategic Consulting for Association Management services. Petersen reported that a contract is in process of being executed to develop a strategic plan and to perform a critical path regulatory analysis to advance that plan. Petersen reported that Authority staff will



ensure that westside representatives are engaged during the development of the Strategic Plan and as part of the study group.

f. CVPWA

No report.

13. **Agenda Item 15: Board Member Reports.**

No report.

14. **Agenda Items 16-17: Closed Session Report.**

Chair Cannon Michael adjourned the open session to address the items listed on the Closed Session Agenda at approximately 11:35 a.m. Upon return to open session at approximately 12:20 p.m., Chair Cannon Michael stated that no reportable actions were taken.

15. **Agenda Item 18: Reports Pursuant to Government Code Section 54954.2 (a) (3)**

No reports.

16. **Agenda Item 19: Adjournment.**

The meeting was adjourned at approximately 12:22 p.m.

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September 16, 2021

To: Pablo Arroyave, Chief Operating Officer  
From: Bob Martin, Facilities O&M Director  
Subject: O&M Report for August 2021

### Operations Department

The C.W. "Bill" Jones Pumping Plant (JPP) operated at one unit for the entire month of August. The average rate of pumping for the JPP was 868 cfs for the month.

Total pumping for the month at the JPP was 53,381 acre-feet. The O'Neill Pump/Generating Plant (OPP) generated 53,586 acre-feet through the month of August, and 363 acre-feet was pumped. No water was pumped at the Delta-Mendota Canal/California Aqueduct Intertie Plant (DCI) and no water was reversed from the California Aqueduct to the DMC.

The Federal share in San Luis Reservoir on August 31<sup>st</sup> was 24,888 acre-feet compared to 249,003 acre-feet on August 31<sup>st</sup>, 2020.

During the month of August, releases from Friant Dam ranged from 260 to 275 cfs with no flows entering the Mendota Pool. Flows past the Mendota Dam for the San Joaquin River Restoration Program (SJRRP) were 0 for the month of August.

Canal Operations staff members performed open channel and closed-pipe flow measurements, routine patrols, flow meter moss removal, bi-weekly meter readings, water samples, well soundings, and meter maintenance during the month of August. Staff also conducted DMC flow testing for the North Valley Regional Recycled Water Plant with representatives from the City of Modesto, and the California Department of Water Resources. The DMC Meter Replacement Project continued during the month of August, with replacement meters being installed on the upper portion of the DMC.

Control Operations staff performed the following switching/clearance placements for the month of August:

- Tracy 13.8 kV switchgear building UZ11A placed grounds
- JPP Unit 2; annual maintenance
- JPP Unit 1 & 2; suction elbow entry
- OPP Unit 3; vane control
- DCI UAA; insulator cleaning and electrical panel verification

### **Civil Maintenance Department**

The Civil Maintenance crews worked on the following projects this month:

- Moss removal from turnout trash racks and flow meters
- Trash rack installation at MP81.08
- TFO settling basin repairs
- Grading and repair of DMC, SLD, and Wasteway operating roads
- LBFO minor facility repairs
- Haul generator to TFO for use at Tracy Fish Collection Facility
- Haul JPP Unit 1 bearing to Kingsbury (Yuba City, CA) for repairs
- Assisted with OPP Unit 3 repairs
- DMC road repairs MP3.49 to MP14.80
- Chemical and mechanical weed control on DMC and SLD
- Replace turnout gate at MP46.02 with divers
- Installation of stairs and handrails to DMC turnout gates and meters
- Maintenance and repairs to float lines, signs, fences, guard rails and gates
- Maintain bait stations along DMC
- Cleaning of DMC drain inlets
- Garbage collection on DMC and Wasteways

### **Plant Maintenance Department**

The Plant Maintenance crews worked on the following projects this month:

#### **Electrical/C&I Staff:**

- DCI ventilation system troubleshooting
- JPP lighting repairs
- JPP Unit 2 annual maintenance
- TFCF power distribution preventive maintenance, planning and execution
- OPP unit speed head bearing replacements for all units
- OPP Unit 3 re-assembly support

#### **Mechanical Staff:**

- JPP Unit 1 Rewind: Assist contractor with crane support, sandblast and paint components
- JPP Unit 1 bearing and thrust collar/runner support
- JPP Unit 2 cavitation repairs to the impeller
- JPP sandblast & paint Unit 2 cooling fans, deck plates, and TFCF stoplogs
- OPP Unit 3 fabricate miscellaneous repair parts. Blast and paint components
- OPP Unit 3 re-assembly has the pump assembly complete to the point of installation of the motor assembly
- JPP Unit 2 annual maintenance

### **USBR Support Services**

Water Authority crews performed the following work at USBR facilities this month:

- Perform electric panel PMs for all 13.8KV to 480V equipment and majority of 480V distribution panels
- Sandblast and paint stoplogs for TFCF and replace seals

## **Engineering Department**

The Engineering staff worked on the following projects this month:

- JPP Unit 1 rewind project, and thrust bearing inspection and repairs
- JPP Unit 4 rewind project
- JPP West discharge tube inspection with USBR
- JPP switchgear buildings relay settings update
- DMC MP115.90 flowmeter evaluation
- Upper DMC communication upgrades
- RO&M exam responses to recommendations
- Data management of well readings and creation of Warren Act hydrographs
- OPP Penstock Cathodic Protection System Replacement project
- TFCF secondary channel equipment support
- FY2023 O&M budget planning and estimates
- OPP oil tanks disposal
- OPP electrical drawings updates
- JPP industrial water settling basin repair
- Topographic survey of TFO canal maintenance yard
- TFF electrical PM support
- OU-3 stator inspection
- OU-3 ramp testing
- OPP electrical PM support
- JPP Accusonic flowmeter panel replacement
- O&M PM setup in NetSuite
- TFCF electrical panel preventive maintenance and support
- OPP Unit 3 support for assembly, and preparation for alignment

## **Land Management Activity Summary**

The Engineering staff issued one (1) access permit this month:

- Access permit P2202014 was issued to California Department of Water Resources to use the Jones Pumping Plant intake channel roadway from Milepost 0.33-L to Milepost 0.74-L to access private property adjacent to the canal right-of-way.

The Engineering staff were involved with the following land management projects this month:

- Orestimba Creek Recharge Project
- Costco Annexation Project, Tracy, CA
- City of Patterson Rogers Road Bridge Replacement

## **Safety Department**

The Safety Department worked on the following items this month:

- Conduct new hire safety orientation for Chris Etheridge and Rehman Khan.
- Provided job hazard analysis support for the crews.
- Conduct weekly safety tailgate talks with maintenance and operations crews.
- Sent out weekly safety tailgate topics – 8-1 Respiratory Protection, 8-2 HAZCOM SDS, 8-3 NFPA 704 Placards, 8-4 Spill Response, 8-5 Spill Prevention Control and Countermeasures SPCC
- Provided safety message for August Monthly Newsletter – When to call 9-1-1.
- Conducted quarterly facilities site inspections.

- Provide permit required confined space rescue standby for OPP Unit 3 rebuild and JPP – Discharge tube inspection

### **Work & Asset Management Department**

The Work & Asset Management Department worked on the following items this month:

- WAM manager, Inventory Clerk and management continue testing various inventory procedures and brainstorming for best solutions for inventory check-out issues

### **Contracts/PO Agreements/LOA's in Progress and Executed**

- F22-OPP-059, OPP Main Transformer Rehab solicitation document development in progress. Estimated release date is September 13, 2021
- F22-DMC-058, DMC Chipseal Contract – Awarded to Talley Oil (\$191.879.64) Estimated start date is September 20, 2021
- F22-JPP-060 JPP Unit 1 Thrust Collar and Bearing Repairs, Emergency Contract. Currently around \$250k, In progress
- F22-OPP-061 Cathodic Protection System informal bid, notice inviting informal bids to be issued September 9, 2021

### **Ongoing:**

- Purchasing in support of the O&M crews, to maintain warehouse stock
- Warehouse receiving, stocking, and distribution
- Invoicing/vendor bills/vendor credits processing
- Janitorial cleaning & disinfecting per COVID-19 guidelines
- Contract management/administration activities, including bi-weekly contract update meetings with engineering staff
- Developing/implementing purchasing/procurement and asset/inventory procedures/boilerplate templates
- Bi-weekly WAM staff meetings to discuss updates/issues
- Contract invoice payment reviews, invoice disputes as needed, invoice payments

### **Information Technology Department**

The Information Technology Department worked on the following items this month:

- Netsuite
  - Online training, User and Administration
  - Weekly Implementation Team meetings
  - Selected vendor for Netsuite Support
- Continuing support for our "Work at Home" users
- Assist with August FAC, WRC and BOD meetings with Zoom
- Desktop support calls.
- Email server upgrade preparations- Vendor SOW
  - Hardware requirements and quotes
- Planning for server refresh
- Planning for laptop refresh
- Planning process to evaluate upgrading/replacing copiers
- Started development of updated companywide cyber security training and awareness
  - Selected 9 training videos for all staff and management to view
  - HR distributed to all to view

- Research hybrid Zoom sound system upgrade for September BOD, FAC, and WRC
- Upgraded Symantec anti-virus management console, pushed new version to users
- Research security camera options for warehouse personnel to monitor gates
- Prepared desktop for deployment to new Junior Civil Engineer

### **Human Resources Department**

The Human Resources Department worked on the following items this month:

#### **General Administrative Activities:**

- Recruitments:
  - Heavy Equipment Operator, Tracy (continued recruitment)
  - HR Coordinator, Los Banos – filled internally, started September 7<sup>th</sup>
  - Hydro Electric Electrician, Tracy
  - SCADA Engineer, recruitment closed, reviewing candidates
  - Office Assistant, Tracy – new employee starts September 20<sup>th</sup>
  - O&M Manager, recruitment closed
    - Interviews scheduled
- Background checks for PIV cards (continuing)

#### **Trainings/ Conferences:**

- Remain up to date with webinars to ensure compliance with new legislation as it pertains to COVID-19
- Cyber Security Training (all staff being scheduled for training)
- Harassment Prevention Training (staff being scheduled for bi-annual training)

#### **Government Reporting:**

- Merced County Public Health COVID Reporting
- Veterans 4212 report (due 9/2021)
- EEO-4 reporting (deadline 10/2021)

#### **Ongoing:**

- COVID Protocols
- FMLA notices/follow ups
- COBRA notices/follow ups
- Worker's Comp follow ups
- Monthly safety points distribution
- Health benefits eligibility/employee assistance
- Maintain OSHA logs for calendar year
- Wellness program

## **EXTRAORDINARY O&M & CAPITAL PROJECTS**

### **DELTA-MENDOTA CANAL (DMC)**

#### **Bridge Abutment Repair at MP 92.73**

Status: The abutment repair is on hold until PGE relocates the pipeline. The 6-inch pipe owned by PG&E that crosses under the bridge, adjacent to the abutment, is the main transmission line for the City of Dos Palos. All parties have agreed that it would be a safety hazard to conduct work with the gas line in place, and PG&E is currently planning to remove the existing pipeline from the bridge and HDD install a new pipeline under the canal. PG&E plans to perform geotechnical explorations to support their design efforts and plan for the 30% design review in October. PG&E, Water Authority, and Reclamation are meeting monthly to keep the project moving forward.

#### **DMC Subsidence Correction Project**

Status: SLDMWA executed a \$817k Professional Services Agreement with Terracon on May 6<sup>th</sup> for the Phase 1 Geotechnical Exploration work after receiving board approval at the May board meeting. Fieldwork and lab work is complete, and Terracon has submitted the draft report for USBR/WA review and comments. Project completion is currently estimated at the end of August. Terracon will also submit a Phase 2 cost estimate in support of Task execution once funding is secured.

The Water Authority is currently working with Reclamation on a Cooperative Agreement to allow the transfer of funds to the Authority. The scope of the Agreement encompasses preliminary work necessary prior to final design. The scope includes the current Geotechnical work being performed by Terracon, Cultural Records search, Feasibility Report, Environmental Compliance, and labor associated with managing the contracts and participating in the USBR DEC Review. Agreement is scheduled to be executed by 9/24/21.

Reclamation approved the pump submittal for the supply contract for the two additional pumps at the DMC/CA Intertie Pumping Plant (DCI). The installation of the government furnished items will be completed by Unico Services. Unico is scheduled to mobilize to DCI on September 27, 2021 with completion scheduled by the end of the year.

#### **DMC Turnout Flowmeter Upgrade Program – Phase 2**

Status: Phase 1 is complete. Phase 2 has started with the collection of current meter measurements. The SLDMWA will be pursuing a sole source purchase of the same type of McCrometer meters that were purchased in Phase 1.

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## **EXTRAORDINARY O&M & CAPITAL PROJECTS**

### **DMC O&M Road Maintenance Program, Phase 1 of 10**

Status: The successful bidder for the DMC O&M Roadway Maintenance (Chipseal) contract was Talley Oil Inc.(Talley) from Madera with a \$191,879.64 bid. The Notice of Intent to Award was sent to Talley on August 24<sup>th</sup> and the Construction Agreement was signed on September 3<sup>rd</sup>. The job is scheduled to be completed by October 1, 2021.

### **C.W. "BILL" JONES PUMPING PLANT (JPP)**

#### **JPP Excitation Cabinet & Control Panel Refurbishment (FY2018 Project)**

Status: Site visit was completed in March by USBR Denver Office staff to evaluate the installation plans for the project. The 90% design was scheduled to be completed late August but have not been received yet. Additional funds have been requested to complete the project, and the Water Authority is working with Reclamation on a revised Letter of Agreement.

#### **JPP Unit No. 5 Rewind**

Status: Project is complete. The final invoice has been approved by Reclamation and partial payment was received in July. The final balance will be paid to the Authority in October.

#### **JPP Unit No. 1 Rewind**

Status: The stator core laminations have been installed and tested. The new ring bus is installed and tested, and the new windings have been installed and are currently being connected. The thrust bearings, upper guide bearing, thrust runner and pump bearing were all sent to Kingsbury Inc. in Yuba City for repair.

#### **JPP Unit No. 4 Rewind**

Status: Due to steel shortages and price increases in Europe, the Water Authority issued the Notice to Proceed and initial payment for the Unit 4 Rewind in June to secure materials and ensure the project remained on schedule. Materials have been secured and no delays are expected with the Unit 4 rewind.

#### **JPP/OPP/DCI Fire Protection Systems Assessment**

Status: Water Authority awarded a contract to FRA to perform a systems assessment in January 2021. The site surveys and exchange of documents are complete. Final reports have been received and engineering is currently preparing an implementation plan. Engineering estimates provided by the consultant total \$500K. Anticipate EO&M construction projects for FY24, as Reclamation will likely want to review the modifications to their facilities.

#### **JPP Wear Ring Purchase**

Status: No activity this month.

## ***EXTRAORDINARY O&M & CAPITAL PROJECTS***

### ***O'NEILL PUMPING/GENERATING PLANT (OPP)***

#### ***Main Transformers Rehabilitation/Replacement Project***

Status: SLDMWA continued with the review of the specifications and cost estimates. Received and reviewed project management plan for TSC Engineering Support. Development of the RFP documents is in progress.

#### ***Arc Flash Hazard Analysis, Facility Rating, & Protective Relays Reviews (Electrical Equipment Periodic Reviews)***

Status: Received Facility Rating Review report. Arc Flash Hazard Analysis and Protective Relays Review is still pending.

#### ***Pump Bowl Modification (Design and USBR Approval)***

Status: Water Authority is working with USBR on the replacement of the existing bowls.

#### ***Penstock Cathodic Protection System Replacement***

Status: USBR – TSC has approved the design from JDH, with some changes requested. The changes are complete and solicitation is being prepared for the construction contract.

#### ***UPS Battery Charging System Replacement***

Status: No activity this month.

### ***TRACY FACILITIES (TFO)***

#### ***TFO Domestic Water Treatment Plant Replacement***

Status: Engineering review of the water treatment plant data has begun. A topographic drawing was prepared to address the flooding issue of the existing treatment building and will include underground utility coordination. Underground utilities have been drawn up and supplementary surveys to support the drainage improvements are being performed. Water quality testing, drainage design and equipment specifications will begin in the following months.

### ***MULTIPLE FACILITIES: TFO/ LBFO/ DCI***

#### ***Arc Flash Hazard Analysis***

Status: The Arc Flash Hazard Analysis is tentatively scheduled in June 2022.



## MEMORANDUM

TO: SLDMWA Finance & Administration Committee, Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer

DATE: September 13, 2021

RE: Recommendation to Authorize Execution of Delta-Mendota Canal Subsidence Correction Project Cooperative Agreement and Memorandum of Agreement with the U.S. Bureau of Reclamation

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### BACKGROUND

The Delta-Mendota Canal (DMC) has experienced, and is currently experiencing, a significant amount of ground subsidence that has impacted the structural integrity of the canal and has resulted in lost conveyance capacity. The San Luis & Delta-Mendota Water Authority (Water Authority) and the U.S. Bureau of Reclamation (USBR) have been working closely studying the deficiencies of the canal and associated facilities with the ultimate goal to restore the capacity of the DMC. Lidar, bathymetric, and benchmark surveys (2014, 2016, 2018, 2021) have been completed to quantify the subsidence effects and to build a HEC-RAS model. A DMC Subsidence Correction Project Value Planning study and Appraisal Level Cost Estimate have been completed thus far, and the Feasibility Level cost estimate is being prepared and is scheduled to be complete by October 1, 2021.

Reclamation received \$3 Million in WIIN Act Funding for the purpose of conducting Studies for the proposed Delta-Mendota Canal Subsidence Correction Project and has \$2.1 million remaining for a Cooperative Agreement with the Water Authority to fund preliminary studies for the Project. Preliminary studies include the following six (6) tasks:

1. Geotechnical Investigations
2. Cultural Resources Records Search
3. Feasibility Report
4. Environmental Compliance
5. USBR DEC Review
6. Cooperative Agreement Management

The substantially complete Cooperative Agreement has been drafted with a total cost of \$5,677,080. The Water Authority's 50/50 cost share portion is \$2,838,540. The term of the Cooperative Agreement is 5 years.

A substantially complete draft Memorandum of Agreement for Conducting Feasibility Level Activities and Preparation of a Feasibility Report for the Proposed Delta-Mendota Canal Subsidence Correction Project and a Memorandum of Agreement (MOA) for Sharing of Costs has been prepared to define the obligations and responsibilities of both the Water Authority and USBR as the objectives of the Cooperative Agreement are completed.

#### **ISSUE FOR DECISION**

Whether the Board of Directors should delegate authority to the Executive Director, Federico Barajas, to execute the MOA and delegate authority to the Chief Operating Officer, Pablo Arroyave, to execute the Delta-Mendota Canal Subsidence Correction Project Cooperative Agreement with the U.S. Bureau of Reclamation.

#### **RECOMMENDATION**

Staff recommends approval of the of the above-listed actions.

#### **ANALYSIS**

The DMC Subsidence Correction Project is a high priority project to the Water Authority, USBR, and to the those that receive water deliveries via the DMC. As per recent USBR guidance, a complete Feasibility Report that includes analysis of various repair alternatives, economic effects of the repair and costs and project budget along with the required environmental analyses needs to be completed prior to final design and construction. Tasks covered with this Cooperative Agreement will include all anticipated tasks/activities associated with developing the Feasibility Report and NEPA/CEQA requirements.

Authorizing execution of the MOA and the Cooperative Agreement are both administrative and organizational actions that will not result in a direct change in the environment or a reasonably foreseeable indirect change to the environment; they are government fiscal activities that do not involve commitment to any specific project and thus do not constitute projects under the California Environmental Quality Act (CEQA Guidelines Sections 15378(b)(4) and (b)(5); and both are also statutorily exempt from CEQA because they anticipate only feasibility and planning studies with no adverse relationship to environmental factors and no commitment to specific future actions.

#### **BUDGET**

An additional \$1,571,904 is anticipated to be requested as part of the FY23 Budget packet to fund the remaining SLDMWA cost share of the Cooperative Agreement.

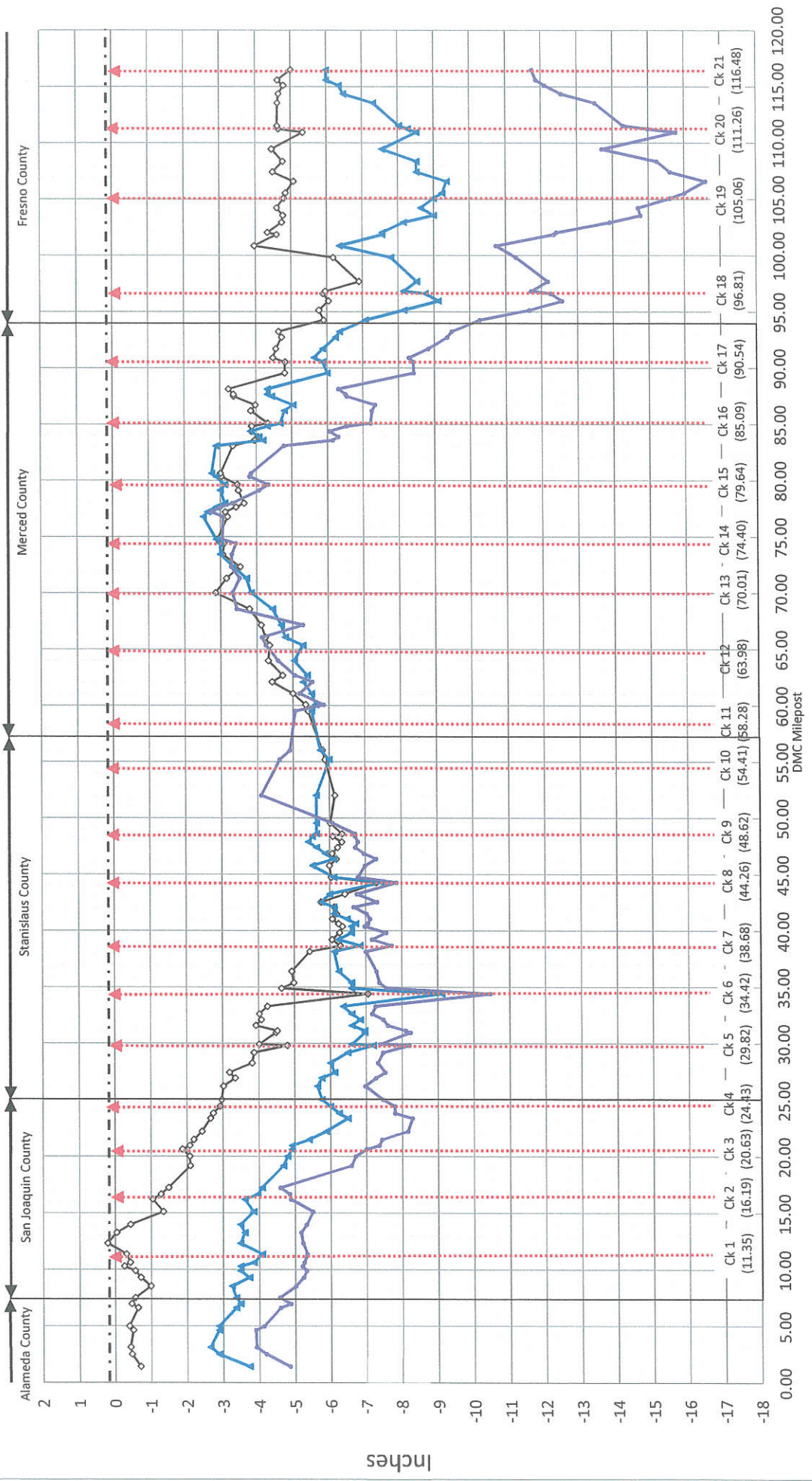
#### **ATTACHMENTS**

1. Substantially Complete Cooperative Agreement
2. Substantially Complete Memorandum of Agreement
3. Cooperative Agreement Estimated Costs Break Down

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XIII.A

### Delta-Mendota Canal Elevation Differences between 2014, 2016, 2018 & 2021 Subsidence Surveys



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## MEMORANDUM

TO: SLDMWA Finance & Administration Committee, Board of Directors, Alternates

FROM: Frances Mizuno, Special Projects Administrator

DATE: September 13, 2021

RE: Recommendation to Board of Directors to Pursue Self-Funding or Public-Private Partnership Option for San Luis Transmission Project Financing

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### BACKGROUND

The San Luis Transmission Project (SLTP) would consist of:

- A new 230 kV transmission line about 65 miles in length between the new Tracy East and Los Banos West Substations;
- A new 230 kV transmission line about 3 miles in length between the new Los Banos West Substation and Western Area Power Administration's (Western) existing San Luis Substation;
- A new 230 kV transmission line about 20 miles in length between Western's existing San Luis Substation and Western's existing Dos Amigos Substation or a new 230 kV transmission line about 18 miles in length between the new Los Banos West Substation and Western's existing Dos Amigos Substation; and
- A new 70 kV transmission line about 7 miles in length between the existing San Luis and O'Neill Substations.

Western would construct, own, maintain, and operate the lines, which would be located mostly adjacent to existing transmission lines in Alameda, San Joaquin, Stanislaus, and Merced Counties in California.

Additional components of the SLTP would include new 230 kV line terminal bays at Western's San Luis and Dos Amigos Substations, which are operated and maintained by DWR, as well as a new 230/70 kV transformer bank and interconnection facilities at the San Luis Substation.

The 230 KV transmission line will provide for 600MW of bi-directional capacity. Reclamation's need for the project is 400M of North to South Capacity. The excess capacity is available to be marketed to third party(s). The cost to build a 400 MW vs a 600 MW project is essentially the same. Western advised that the impact to the construction cost of a 400 MV vs a 600 MW project would be negligible related to the overall cost. The current design has a very low economy of scale and downgrading it further does little to impact cost. For example, the transmission line

right-of-way and structures would remain the same and the only real cost savings would be downsizing the conductor which would result in about a \$3M savings overall.

The overall construction costs of the project are estimated to be approximately \$282 million dollars (July 2020 estimate). The estimated annual O&M costs of the project are between \$500,000 and \$750,000 per year. The planned financing period is assumed to be 30 years, with the estimated life of the SLTP to exceed 40 years in life.

On October 5, 2020, the Water Authority issued a Request for Proposals (RFP) relating to the SLTP. The RFP was distributed by the energy division of Foley & Lardner, LLP to various transmission investors (coordinated through Dennis Cardoza), published in transmission/energy trade newsletters (e.g. Power Finance and Risk), distributed by Mark Gabriel, Western Administrator and CEO to various transmission investors, and posted on the Water Authority website.

A Special Board of Directors Workshop was held on August 23 where the financing options by private investors and self-financing using taxable Bond financing were presented. The least cost option presented was the Water Authority self-financing option. The Board requested staff to bring the financing options (private versus self-financing) to the Board of Directors for action in the September 16 Board meeting.

Subsequent to the workshop, staff provided an addendum to the RFP to the three private investors that provided proposals under the original RFP to allow for an opportunity to provide a best and final offer that would be comparable to the Water Authority self-financing option. Details for the Water Authority financing was provided under the Addendum.

All three private investors were asked to submit best and final offers by Wednesday, September 8. The results of the analysis of these best and final proposals compared to Water Authority financing will be presented at the Board of Directors meeting on September 16<sup>th</sup>.

#### **ISSUE FOR DECISION**

Whether to pursue financing of the SLTP by:

1. Water Authority issuance of a 100% taxable bond (self-financing option);
2. Selection of a private investor and negotiation for Public Private Partnership (P3) financing; and/or
3. Retention of consultants/attorneys to assist in contracting with Western and long-term leases for excess capacity.

#### **ANALYSIS**

1. SLDMWA Financing Option – (See attached schedule and cost estimate for Bond issuance)

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- Water Authority would issue a 100% taxable bond (taxable bond provides more flexibility and would not limit marketing of excess capacity for only public use).
- Water Authority would enter into a Project Development Agreement (PDA) with Reclamation and Western Area Power Administration (Western) to provide funds for the SLTP with terms and conditions for long term use of capacity.
  - Western would own, operate and maintain and own the capacity. Western would reserve 400 MW of N-S capacity for CVP use.
  - Western would enter into long-term (30-year) transmission service agreements with the Water Authority for the 200 MW of N-S and 600 MW of S-N capacity rights with first right to renew after 30-years.
  - Water Authority can enter into long term lease agreements with solar developer(s)/others (off takers) for the capacity rights under the transmission service agreement.
  - Water Authority collects payment from CVP contractors/Reclamation and off takers to make full debt payment.
- Golden State Energy would need to assign the queue to the Water Authority for transmission service connection to Western's transmission system.
- Water Authority would enter into a Transmission Service Agreement (TSA) with Western for 200 MW of N-S and 600 MW of S-N capacity.
- Would require CVP contractors to take on 100% of cost of financing unless/until excess capacity is marketed.
- Golden State Energy/Westland Solar has expressed interest in entering into contract for 600 MW of S-N Capacity at a rate of approximately \$6.15M/year with 1.5% escalator per year.
- Requires Water Authority to market excess capacity at negotiated rates. Would require retention of consultant to perform this task and possibly additional staff to manage the contracts.
- Revenue from excess capacity sales would offset cost to Reclamation (CVP contractor cost) for the term of the Bond repayment (30-years).
- Reclamation's cost for the SLTP would be included in the Project Use Energy (PUE) rate and Reclamation would collect from CVP rate payers and remit payment to the Water Authority or establish direct payment methodology to the Water Authority for STLP debt obligation.
- Revenue from excess capacity sales after 30-year when debt has been paid would be retained by the Authority.

Pros:

- Lowest cost option
- Cleanest and understandable concept
- Most expedient option to provide funds for Western to proceed with construction
- Water Authority would have long-term rights to capacity on entire project
- Greatest revenue generation potential

- Golden State Clean Energy is currently in the queue for transmission connection to Western's system and has indicated willingness to assign its position to the Water Authority
- Golden State Clean Energy willingness to enter into long-term lease for 600 MW of S-N capacity with the Water Authority

Cons:

- Water Authority responsible for 100% of debt payment
- Potential impacts to future Water Authority borrowing capacity
- Requires assurance from Reclamation to collect from CVP contractors to pay debt
- Water Authority responsible for marketing excess capacity for off takers
- Greater risk/exposure for non-payment by parties (CVP Contractors and off takers)
- Requires Water Authority to negotiate long term leases for excess capacity
- Requires Water Authority to administer bonds, collect for debt payment and market excess capacity.

2. Initial Public/Private Partner (P3) Proposals Received-with the best and final offer analysis will be provided for the September 16<sup>th</sup> Board of Director's meeting.

- Horizon West
  - Would serve as a banker to finance 100% of the project
  - Horizon would contract with Western to provide the funds for construction and the use of the total 600 MW of bi-directly capacity and the responsibility for the entire cost of the Project financing. Reclamation CVP contractors would be able to utilize 400 MW of N-S capacity but would need to assume the entire cost of financing. Western would market excess capacity including the 600 MW S-N capacity at a rate based on actual cost of the project. Western does not have the discretion to negotiate rates. Rate has to be based on actual cost. Revenue received from excess capacity sales would be applied to Reclamation to offset costs.
  - Assuming the 600 MW of S-N Capacity can be contracted to a Solar Developer at a rate of \$6.150M per year with a 1.5% /year escalation this would be the lowest P3 cost option.
  - Would require Golden State Energy to assign their place in Western's queue to the Water Authority.
- Starwood Energy
  - Would finance 100% of Project
  - Starwood would need to submit a TSR to Western to get in the queue for transmission service for SLTP. Golden State Clean Energy would need to agree to assign their place in the queue.
  - Starwood would enter into a TSA with Western for 600 MW bi-directly capacity for long-term capacity rights.

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- Starwood would enter into separate contract with Reclamation for 400 MW of N-S capacity and be responsible for the entire financing cost of the Project
- Starwood Energy will the market excess capacity with revenue applied to Reclamation to reduce cost. (Third Party marketing of excess capacity allows for negotiated rates.)
- Golden State Clean Energy/Westlands Solar Project (*Conditioned on Golden State's ability to purchase 5000 acres of land for the Westlands Solar Project*)
  - Would finance 100% of Project
  - Golden State has submitted a TSR to Western and has been accepted in the queue for SLTP transmission capacity (replaced DATC). If another party finances the SLTP, it would require Golden State to assign the queue to that party.
  - Golden State would enter into TSA with Western for long term rights to the 600 MW of bi-directional capacity.
  - Golden State would enter into contract with Reclamation for 400 MW of N-S capacity at a fixed annual rate.
  - Golden State would enter into a contract with Westlands Solar Project for 600 MW of S-N capacity at agreed upon rate.
  - Golden State would market excess capacity and share in the revenue with Reclamation to reduce annual cost.
  - GSE working with WWD on an Options Land Purchase Agreement for the Westlands Solar Project.

#### **IMPLICATIONS**

Without a viable financing option to present to Western soon, Western will not be able to continue to provide staff to support the SLTP and will take this project off of their work list. The SLTP EIS/EIR was completed and adopted in 2016. Continued delay could also increase the cost of the project and its financing. In addition, CVP contractors will continue to pay increasing Transmission Access Charges (TAC) to CAISO.

#### **BUDGET**

The Authority has included a total of \$100K in the FY22 O&M and Activity budget for financial consultant and outside legal counsel to support Reclamation in developing a financing option. It is anticipated that at a minimum, outside legal counsel and possibly a consultant with experience with contracting with Western and with solar developers will be needed. More significant costs associated with this effort will be included in the cost of issuance of the Bond and will be paid out through bond proceeds. See Attachment for the estimated cost of issuance.

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## STAFF MEMORANDUM

TO: Board Members and Alternates

FROM: Scott Petersen, Water Policy Director

DATE: September 16, 2021

RE: Update on Science Program

### SUMMARY

The San Luis & Delta-Mendota Water Authority's ("Water Authority") current science commitments for Fiscal Year 22 (March 1, 2021 – February 28, 2022) may be considered in three categories. First, the Water Authority re-budgeted \$245,252 in the current budget to fund eight activities and/or studies previously authorized to be funded. Second, the Water Authority began the year with approximately \$4,628 in funds remaining from the State and Federal Contractors Water Agency ("SFCWA") to fund one study initially authorized by SFCWA and transferred to the Water Authority for funding and management. Third, the Water Authority has budgeted \$450,000 in the current budget for science studies. More detail regarding the various science commitments is provided below. In total, the Water Authority started the current fiscal year with approximately \$924,089 available to fund science, of which \$644,089 has been obligated.

#### 1. Previous Commitments - \$245,252 in FY 22 Budget

Subject	Description of Work / Objective(s)	FY 22 Budget
Delta Coordination Group Summer Fall Habitat Action Structured Decision Making Facilitation Support	Funds support facilitation and assistance with Delta Coordination Group Structured Decision Making for Delta Coordination Group recommendations to Reclamation and DWR related to Summer Fall Habitat Actions in the Biological Opinions and State Incidental Take Permit	\$21,000
Joint Funding of Delta Smelt Structured Decision Making Phase 3	This funding would support management and technical analyses required to conduct Phase 3 for the CSAMP Delta Smelt Structure Decision Making (SDM) project. Technical analyses would include modeling and the application of other analytical tools to evaluate the consequences of proposed management actions for Delta Smelt as well as the evaluation of potential consequences to other resource values including water supply and	\$30,000

	agriculture. Phase 3 is scheduled to occur from September 2020 to September 2021.	
Joint Funding for Hanson Environmental as CAMT Technical Support	This funding would support continued CAMT participation by Dr. Charles Hanson through a contract with the State Water Contractors. Dr. Hanson assists in the development of various workplans and products, including Charters, presentations, whitepapers, and other materials to support collaborative science.	\$30,000
Development of eDNA monitoring tool for detection of Delta Smelt	Goal to develop an accepted eDNA monitoring tool for species detection in tidally mixed aquatic ecosystems in the Delta, and to advance eDNA aquatic monitoring towards a state-of-science that can be applied in the context of scientific, policy, and regulatory decision-making	\$63,000
Sacramento-San Joaquin Delta Fallowing Pilot Evapotranspiration Monitoring Program	Study between April 1, 2018 and September 30, 2018 of consumptive use on between 2,000 and 4,000 acres in the legal Delta during the 2018 irrigation season. Goal to identify a method of reliable measurement of the reduction in consumptive use associated with temporary crop idling on lands within the legal Delta.	\$7,000
Interior Delta Export Effects Study	Study of specific data gaps related to export operation effects on juveniles salmonids. Goal to fill information gaps on juvenile salmonid survival in the south Delta to update salmonid loss models, optimize survival for salmonids near salvage facilities, and support water reliability through enhanced coordinated operations.  Last year, the Study didn't receive its anticipated Proposition 1 grant to go to scale, so Authority funding provided for the study to continue and provide capacity for a grant application for the recent Proposition 1 grant funding notification, which was recently awarded.	\$25,000
Delta Smelt Incidental Take Limit Research	Funds support the evaluation of differences in salvage between pre- and post-BiOp conditions and the determination of how much variance in salvage can be explained by each of the predictor variables. Support provided to ICF Jones & Stokes, Inc., through a cost share with SWC.	\$14,252
CAMT Facilitation	Funds support facilitation and assistance with CAMT and CSAMP meetings. Main contracts with Essex Partnership (Bruce DiGennaro) and Hansen Environmental (Chuck Hansen) held by SWC.	\$55,000

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**2. SFCWA-Funded Studies Being Managed by the Water Authority - \$4,628 Remaining**

Subject	Description of Work / Objective(s)	SFCWA Funds Remaining
Measuring Impact of Control of yellow Starthistle in the Northern Sac. Valley and Superior California on Watershed Runoff and Groundwater Levels	Study of the water benefits of yellow Starthistle (YST) control. If there appears to be replicable water supply benefit from YST removal, will prepare plan of recommended YST removal in California that results in increased runoff and/or improved groundwater levels.	\$4,628

**3. New Science - \$450,000 in FY 22 Budget**

Subject	Description of Work / Objective(s)	FY 22 Budget
Science Studies/Efforts		\$450,000
None Approved to date	None approved to date	--

**FUTURE SCIENCE PROGRAM DIRECTION**

The recently released federal Biological Opinions require annual scientific review of the Reasonable and Prudent Measures scientific panel review in years 4 and 8 of the implementation of the Biological Opinions.

It is anticipated that increased engagement on scientific studies to prepare sufficient scientific bodies of knowledge on the adaptive management provisions of the new biological opinions will be necessary from public water agencies in order to adequately prepare for the 4- and 8-year scientific review of the implementation of the new Biological Opinions. Staff is coordinating with CSAMP/CAMT, as well as Reclamation, NOAA Fisheries and U.S. FWS to determine anticipated annual scientific investments necessary to prepare for the scientific panels.

Authority staff is planning to focus on key areas for the 2021 and future budgets, in order to assist in the development of a more coordinated science strategy between public water agencies and state and federal agencies who fund the scientific enterprise. Specifically, these recommended areas are:

- Technical Support for Authority Engagement in Regulatory Processes
- Steelhead Monitoring and Protection
- Delta Smelt Structured Decision Making Scientific Expertise
- CSAMP/CAMT Support
- Delta Coordination Group Support
- Development of Voluntary Agreement Science Plan

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- Permit Streamlining

### **Technical Support for Authority Engagement in Regulatory Processes**

The Authority has need of additional biological expertise to provide comments and a higher level of engagement with regulatory entities, including the State Water Resources Control Board, NOAA Fisheries, the U.S. Fish and Wildlife Service, California Department of Fish and Wildlife and others. Specifically, Authority staff is proposing to issue an RFQ for scientific and biological support services and to establish contracting authority with a number of consultants for on-demand services centered on the areas of expertise of the respective consultant and staffing availability.

### **Steelhead Monitoring and Protection**

The status of steelhead population trends continues to pose a threat to water supply reliability for south-of-Delta Central Valley Project contractors. Significant data gaps exist in the scientific body of knowledge regarding steelhead, including a method for estimating population levels and continued support of the I/E ratio in state level regulatory proposals. Steelhead species receive less funding than other scientific research, indicating an opportunity where the Authority could add value to the scientific enterprise. Specifically, there is a need for better data analysis and synthesis for steelhead.

### **Delta Smelt Structured Decision Making Scientific Expertise**

Compass Resources, who manages the Delta Smelt Structured Decision Making process, has identified a need for a biologist for biological resource support, including literature searches that would better inform the SDM process. The Authority and the State Water Contractors are jointly funding this expertise.

### **CSAMP/CAMT Support**

The Authority has remained engaged in CSAMP/CAMT and has jointly funded facilitation support, technical support and scientific studies related to management actions associated with project operations.

### **Delta Coordination Group Support**

Authority staff is a member of the Delta Coordination Group (DCG), a group formed this year pursuant to Reclamation's Proposed Action and the Incidental Take Permit for the Coordinated Operations of the Central Valley Project and State Water Project. The DCG is charged with providing recommendations to Reclamation/DWR pertaining to Summer-Fall Habitat Actions for delta smelt.

### **Development of Voluntary Agreement Science Plan**

The Authority has previously funded facilitation of the Governance, Science and Adaptive Management Working Group and staff is proposing to continue that commitment through contributing funds for the development of the Science Plan for implementation of the Voluntary Agreements.

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## MEMORANDUM

TO: SLDMWA Finance & Administration Committee, Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer  
Joyce Machado, Director of Finance

DATE: September 13, 2021

RE: Staff Recommendation for Allocation of Settlement Payment

### BACKGROUND

On August 6, 2021, a \$1,047,804.99 wire transfer was made by Panoche Water District to the Water Authority pursuant to a Settlement Agreement and Limited Release. Staff proposes to allocate the settlement payment in accordance with relevant guidance documents, as discussed below.

### ISSUE FOR DECISION

Whether the Finance & Administration Committee should recommend, and the Board of Directors should adopt, staff's recommendation for allocation of the settlement payment.

### RECOMMENDATION

Staff recommends adoption of its recommendation for allocation of the settlement payment, including the following: \$952,317 to be refunded/credited<sup>1</sup> as surplus; \$26,711 to be treated as miscellaneous revenue in FY21; and \$68,776.99 to be treated as miscellaneous revenue in current fiscal year.

### ANALYSIS

The settlement payment includes dollar amounts associated with four components: (1) OM&R costs incurred between January 1, 2009 and April 30, 2015, (2) associated interest calculated through August 5, 2021, (3) actual Water Authority costs incurred prior to FY22 (cost of sealing diversion sites), and (4) actual staff/attorney time costs in FY22.

The Water Authority's Transfer Agreement discusses the Water Authority's ability to adopt cost recovery methodology, and notes that Reclamation has approved the Water Authority's existing cost recovery methodology. The referenced cost recovery methodology is documented in the First Amended and Restated Memorandum of Understanding between Friant Water Users Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and

<sup>1</sup> The refund/credit would not accrue to Panoche Water District.

Payment of Operation, Maintenance & Replacement Costs for Water Delivered through Certain Central Valley Project Facilities (Friant MOU) and SLDMWA OM&R Cost Recovery Plan. These two documents include provisions that address how the Water Authority should treat both “surplus” funds and “miscellaneous revenues.” As explained below, some components of the settlement payment constitute surplus and other components miscellaneous revenues.

OM&R Costs Component: Staff proposes to treat the amount received as surplus, and refund or credit those that overpaid in the associated water years (WY 2009 - WY2019) according to actual deliveries in each of those years. Under the SLDMWA OM&R Cost Recovery Plan, “[i]n the event payments made by or on account of a SLDM Contractor exceed costs allocated to that SLDM 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 amounts otherwise due under this ... Plan.”

Interest Component: Staff proposes to treat interest calculated through Water Year 2019 as surplus for each of the associated water years (WY2009 – WY2019), and refund or credit those that overpaid in those water years according to actual deliveries. For the interest received that is associated with Water Year 2020 (\$8,945) and Water Year 2021 (\$8,974), staff proposes to treat these amounts as miscellaneous revenue in those respective open fiscal years (true-ups are yet to be completed).

Miscellaneous revenues are addressed in the Water Authority’s Friant MOU, in Section III.A.4:

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.

Actual Costs Component: The settlement payment includes payment for actual costs incurred prior to the current fiscal year. Staff proposes to treat this portion of the payment as miscellaneous revenue in FY21. In addition, the portion of the payment that is assigned to actual costs incurred during the current fiscal year (staff/outside counsel time) would be treated as miscellaneous revenue in FY22. This FY21 and FY22 miscellaneous revenue would be captured as a separate step in the WY20 and WY21 final accountings true-up process.