

**Del Puerto Water District
Cash Flow Projection
2022-23**

IXA

7.18.22

2022-23

	March	April	May	June	July	August	Sept	October	November	December	January	February
	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
CASH IN:												
Beg Balance - Chkg	\$ 83,833	\$ 1,644,113	\$ 19,590	\$ 55,637	\$ 11,471	\$ 42,668	\$ 71,909	\$ 48,349	\$ 8,053	\$ 41,203	\$ 38,538	\$ 72,141
Deposits (From A/R)	\$ 2,821,063	\$ 1,475,910	\$ 2,033,449	\$ 2,219,466	\$ 1,794,019	\$ 2,391,989	\$ 102,900	\$ 102,100	\$ 103,700	\$ 2,806	\$ -	\$ -
Deposits (Other/Misc)	\$ 23,896	\$ 178,347	\$ 8,733	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits (Grants/Loans)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Yr Transfer from Special Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer From Inv/Savings	\$ 280,000	\$ 310,000	\$ 880,000	\$ 575,000	\$ 1,150,000	\$ -	\$ 150,000	\$ 2,510,000	\$ -	\$ -	\$ -	\$ -
Transfer From Money Mkt	\$ -	\$ -	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000	\$ 250,000	\$ 1,600,000	\$ 200,000
TOTAL IN	\$ 3,208,792	\$ 1,964,257	\$ 4,022,181	\$ 2,794,470	\$ 2,944,019	\$ 2,391,989	\$ 252,900	\$ 2,612,100	\$ 853,700	\$ 252,806	\$ 1,600,000	\$ 200,000
CASH OUT:												
Annual OPEB Trust Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rescheduling Fee	\$ 240,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid BOR Water	\$ 66,330	\$ 18,913	\$ 12,060	\$ 18,475	\$ 42,146	\$ 132,386	\$ 12,060	\$ 12,060	\$ 12,060	\$ 12,060	\$ -	\$ -
Prior Month Use	\$ 54,989	\$ 14,810	\$ 49,069	\$ (2,453)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Authority	\$ 68,388	\$ 91,740	\$ 121,493	\$ 140,965	\$ 15,964	\$ 19,447	\$ 3,480	\$ 3,538	\$ -	\$ -	\$ -	\$ -
Prior Month Authority Use	\$ 12,688	\$ 5,742	\$ (16,200)	\$ 3,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NRRWP Supplies COM/COT	\$ -	\$ 610,363	\$ 361,469	\$ -	\$ 1,207,500	\$ -	\$ -	\$ 1,207,500	\$ -	\$ -	\$ 1,207,500	\$ -
Add'l Supplies Water Purchases	\$ 162,771	\$ 577,543	\$ 729,140	\$ 198,044	\$ 1,175,549	\$ -	\$ 23,940	\$ 1,179,150	\$ -	\$ -	\$ -	\$ -
Payroll Expense	\$ 84,546	\$ 87,871	\$ 84,022	\$ 84,365	\$ 161,501	\$ -	\$ 87,786	\$ 87,101	\$ 87,636	\$ 87,638	\$ 88,510	\$ 87,082
SJDMA Dues	\$ 146,180	\$ -	\$ -	\$ -	\$ -	\$ 136,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Admin Expenditures	\$ 117,077	\$ 60,965	\$ 67,445	\$ 70,938	\$ 33,115	\$ 14,259	\$ 13,611	\$ 37,464	\$ 13,746	\$ 30,190	\$ 18,341	\$ 16,234
A/R Returns/Cust Rtn Checks	\$ 2,636	\$ 8,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RWDS Feasibility Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NRRWP Ceres Component	\$ 344,425	\$ 56,965	\$ 351,472	\$ 117,449	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
DPGR Feasibility Study	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 61,907
DPGR Business Plan	\$ 23,708	\$ -	\$ 3,548	\$ 16,430	\$ 3,583	\$ 3,583	\$ 3,583	\$ 3,583	\$ 3,583	\$ 3,583	\$ 3,583	\$ 3,583
O-Creek Recharge Study	\$ 3,964	\$ 55,775	\$ 1,045,133	\$ 33,497	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 43,000
LVRM SLDMAA Activity Agreement	\$ -	\$ -	\$ -	\$ -	\$ 93,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,964	\$ -
IRWM Grant Application	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SGMA Implementation - OCCRP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SGMA Admin	\$ -	\$ -	\$ -	\$ -	\$ 32,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,500	\$ -
Admin Expense (LOAs/Contracts)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
Asset Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SWRCB Fee	\$ -	\$ -	\$ 402,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,073	\$ -	\$ -	\$ -
Cobank Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,462	\$ -	\$ -	\$ -
Prior Yr Final Acctg Recon.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Yr Transfer to Special Funds	\$ 100,000	\$ -	\$ 775,000	\$ 483,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Sav Accts	\$ -	\$ -	\$ -	\$ 1,580,000	\$ -	\$ 1,700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Inv Acct	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Special Funds	\$ -	\$ 3,588,780	\$ 3,986,135	\$ 2,838,636	\$ 2,912,822	\$ 2,362,748	\$ 276,460	\$ 2,652,396	\$ 820,550	\$ 255,471	\$ 1,566,398	\$ 249,837
TOTAL OUT	\$ 1,564,679	\$ 19,690	\$ 55,637	\$ 11,471	\$ 42,668	\$ 71,909	\$ 48,349	\$ 8,053	\$ 41,203	\$ 38,538	\$ 72,141	\$ 22,304
TOTAL PRIMARY CASH ON HAND	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113	\$ 1,644,113
SECONDARY CASH ON HAND @ Month End:												
OVCB Savings	\$ 1,618,697	\$ 1,308,828	\$ 1,203,890	\$ 2,209,009	\$ 1,059,009	\$ 2,759,009	\$ 2,609,009	\$ 99,009	\$ 99,009	\$ 99,009	\$ 99,009	\$ 99,009
Money Market - General Fund ***	\$ 3,107,326	\$ 5,107,348	\$ 4,008,255	\$ 4,010,111	\$ 4,010,111	\$ 4,010,111	\$ 4,010,111	\$ 4,010,111	\$ 3,260,111	\$ 3,010,111	\$ 1,410,111	\$ 1,210,111
Money Market - Rate Stab Fund	\$ 853,673	\$ 1,108,050	\$ 2,159,620	\$ 2,160,675	\$ 2,160,675	\$ 2,160,675	\$ 2,160,675	\$ 2,160,675	\$ 1,160,675	\$ 1,160,675	\$ 1,160,675	\$ 1,160,675
Liquid Cash on Hand	\$ 7,223,809	\$ 7,543,816	\$ 7,427,402	\$ 8,391,266	\$ 7,272,463	\$ 9,501,704	\$ 9,578,144	\$ 7,277,848	\$ 4,560,998	\$ 4,308,334	\$ 2,741,936	\$ 2,492,099
Maturing CD's - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing Bonds - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing US Gov't Sec. - Gen. Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing CD's - Rate Stab Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing Bonds/Munis - Rate Stab Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing US Gov't Sec. - Rate Stab Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing Funds on Hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing after FY - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturing after FY - Rate Stab Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Outside Sales in Other/Misc
 ** Cost Outside Sales/Add'l Supplies Water Purchases
 *** In-Transit

July Meeting Agenda

10:00 a.m. July 15, 2022
 279-666-3100 / ID 878 656 734#

The meeting begins at 10:00 a.m. via MS Teams or the provided call-in number.

1. Opening Business

CBG has updated the Water Users Organization Roster, check it out!

2. Report on EC Meeting

3. 2022 FAC Issues Matrix

2022 FAC Issues Matrix – Updated 5/20/2022	
Priority Issues	Update
1. Future Costs and Potential Rate Impacts	Robert
2. Remediation of CVP Costs	
a. PL 111-11 XM Rate	Sabir
b. Remediation of 2014-2019 costs	
c. Recharacterization of Reimbursability of Costs (BGT 02-02)	
3. CVPIA	
a. True-up and Accounting BPG	
b. Finance Plan	Kevin
c. Progress Activity Report (CPAR)	
4. CBG’s CVP Reserved Works Application	Ann/Duane
5. CVP Final Cost Allocation (FCA) true-up	
6. Folsom SOD Cost Recovery - Dike 1-6	
7. Contractor Contact list	Kevin
Tracking Issues	
1. PL 116-260 Aging Infrastructure Account	
2. WIIN Act Section 4007 Storage Projects	
a. Cost recovery of Op-flex	
3. Reclamation Manual Updates	
4. BORWORKS Enhancements	
5. Warren Act Rates for 2023	Sabir
6. Ability-to-Pay Studies	
7. San Luis Joint Use O&M Cost Reallocation Study	Kevin
8. Annual Budget Review with Stakeholders	
9. Trinity PUD assessment collection	
10. WRDA 2022 draft language	

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5. 2022 FAC Presentations

2022 FAC Schedule of Presentations – Updated 4/22/2022		
Month	Topic	Presenter
January 18	2022 FAC Issues Matrix	Kevin Kasberg
February 18	Regional Director 2022 Priorities	Ernest Conant
March 18	Annual Budget Process	Ann Lubas-Williams
April 22	CVPLA Finance Plan	Brooke White
May 20	BORWORKS 101	Sabir Ahmad, Anthea Hansen
June 17	Reserved Works Application for Aging Infrastructure Account Funding	Duane Stroup, Ed Young, Ann Lubas-Williams
July 15	Future Costs	Robert Ward
August 19	Ratesetting 101 – Rate Development	Sabir Ahmad
September 16	Revenues	Christiane Washington
October 21	Planning (Storage Projects)	Richard Welsh (pending)
November 18	Ability-to-Pay	Steve Pavich
December 16	TBD	

6. May Presentation – Future Costs with Robert Ward

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June Meeting Notes

10:00 a.m. June 24, 2022
279-666-3100 / ID 855 695 156#

The FAC meeting began at 10:00 a.m. and adjourned at 11:45 p.m.

Attendees (25):

- | | | |
|------------------------------|-------------------------------------|---------------------------|
| Ana Ulloa – EBMUD | Minnie Moreno – DPWD | Ann Lubas-Williams – USBR |
| Ansel Lundberg - SMUD | Nicole Branum - WWD | Cynthia Calvillo – USBR |
| Anthea Hansen – DPWD | Pablo Arroyave – SLDMWA | Duane Stroup – USBR |
| Dana Jacobson – Valley Water | Ray Tarka – SLDMWA | Ed Young – USBR |
| David Coxey – BVWD | Shelly Murphy – Colusa
County WD | Robert Ward – USBR |
| Deanna Sereno – CCWD | Skye Grass – Kern-Tulare ID | Sabir Ahmad – USBR |
| Jeff Sutton – TCCA | Stephen Farmer – WWD | |
| Jonathan Bauer – EBMUD | Tiffany Montooth – DEID | |
| Juan Vega – SEWD | Wilson Orvis – FWA | |
| Kevin Kasberg – CVPWA | | |

1. Opening Business

The FAC welcomed a new participant from Reclamation, Ed Young. Ed is the California-Great Basin Budget Officer and one of the five branch heads in the Financial Management Division. Ed is joining the FAC this month to co-present on the Bipartisan Infrastructure Law (BIL) Aging Infrastructure Account.

2. Report on EC Meeting

The FMD has hired three new accountants, two in Accounting Services Branch and one in Water Accounting Team. Two of the hires are remote and one locally. Sabir is hosting two upcoming workshops; July 8: The “R” Component of Warren Act and July 22: XM Rate Development. The notification list includes CVP contractors, and the meetings will be hosted through MS Teams. Two D&S can be reviewed before the Warrant Act presentation,

The EC discussed the positive feedback on the FAC presentations, specifically the introductory financial topics. This curriculum will continue in 2023, with additional presentations on pressing financial issues in the region. Robert Ward’s Future Costs effort can be presented on as the information is updated and further developed.

The presentation this month covers the CVP Reserved Works application for Aging Infrastructure Account funding and is a top priority for the region as there is estimated \$1

Billion maintenance need for the CVP. Duane Stroup is on detail for this application and will provide additional outreach when ready.

3. 2022 FAC Issues Matrix

2022 FAC Issues Matrix – Updated 5/20/2022	
Priority Issues	Update
1. Future Costs and Potential Rate Impacts Robert shared that he is ready to present at the next FAC, scheduled on 7/15/2022.	Robert
2. Remediation of CVP Costs	
a. PL 111-11 XM Rate Sabir is holding a technical workshop on 7/22 on the development of the XM rate.	Sabir
b. Remediation of 2014-2019 costs Sabir shared that this effort is on hold pending resolution of internal issues, no timeline provided.	Sabir
c. Recharacterization of Reimbursability of Costs (BGT 02-02)	
3. CVPIA	
a. True-up and Accounting BPG	
b. Finance Plan	
c. Progress Activity Report (CPAR)	
4. CBG’s CVP Reserved Works Application Ann and Duane provided an update on the region’s effort to secure funding for Reserved Works XM through the Aging Infrastructure Account. In the presentation this month, Duane gave an update that he is dedicated to getting this application together in time to submit this Fall. The current understanding is that there may need to be a letter of support from each contractor to be eligible to apply for the funds.	Ann/Duane
5. CVP Final Cost Allocation (FCA) true-up	
6. Folsom SOD Cost Recovery - Dike 1-6	
7. Contractor Contact list	
Tracking Issues	
1. PL 116-260 Aging Infrastructure Account More information below on Ed’s presentation.	Ed Young
2. WIIN Act Section 4007 Storage Projects	
a. Cost recovery of Op-flex	
3. Reclamation Manual Updates See agenda item 5.	Kevin
4. BORWORKS Enhancements	

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<p>5. Warren Act Rates for 2023 Sabir will hold a technical workshop on 7/8/2022 on the development of the “r” component for Warren Act Rates for new contracts started in FY 2023 and beyond.</p>	<p>Sabir</p>
<p>6. Ability-to-Pay Studies</p>	
<p>7. San Luis Joint Use O&M Cost Reallocation Study Duane and Sabir shared that this effort is not likely to proceed with an updated cost allocation due to lack of interest from DWR. Duane will share additional information on the cost allocation that is understood to have CVP contractors overpaying relative to DWR and CVP use of facilities.</p>	<p>Duane</p>
<p>8. Annual Budget Review with Stakeholders</p>	
<p>9. Trinity PUD assessment collection</p>	
<p>10. WRDA 2022 draft language</p>	

5. Reclamation D&S Comment Period

- a. ADM 04-01 Planning, Approval, and Reporting Conference Related Activities for Spending (comments by 7/15/2022).

There is no plan to submit comments on this draft D&S.

6. CRS Report

- a. Bureau of Reclamation: FY2023 Budget and Appropriations
June 3, 2022

7. WaterSMART Funding Opportunity

- a. WaterSMART Water and Energy Efficiency Grants for FY 2023 Program. Due July 28th. Grants.gov
- b. June 15, 2022 Webinar Click here to view a recording of the webinar. If you have questions regarding applicant and project eligibility, program requirements, or the evaluation criteria, click here to schedule time to talk with the program coordinator.
- c. You may complete this form to receive WaterSMART program notification from the Bureau of Reclamation.

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8. 2022 FAC Presentations

2022 FAC Schedule of Presentations – Updated 6/24/2022		
Month	Topic	Presenter
January 18	2022 FAC Issues Matrix	Kevia Kasberg
February 18	Regional Director 2022 Priorities	Ernest Conant
March 18	Annual Budget Process	Ann Lubas-Williams
April 22	CVPWA Finance Plan	Brooke White
May 20	BORROWERS 101	Sabir Ahmad, Anthea Hansen
June 17	Reserved Works Application for Aging Infrastructure Account Funding	Duane Stroup, Ed Young
July 15	Future Costs	Robert Ward
August 19	Ratesetting 101 – Rate Development	Sabir Ahmad
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October 21	Planning (Storage Projects)	Richard Welsh (pending)
November 18	Ability-to-Pay	Steve Pavich
December 16	TBD	

Sabir requested to split the August presentation into two separate topics – Rate Development and Accounting True-up. The Accounting True-up topic will occur in early 2023 once FMD posts rates and starts the annual accounting process.

9. May Presentation – Reserved Works Application for Aging Infrastructure Account Funding – Duane Stroup, Ed Young

Ed Young gave an overview of the Bipartisan Infrastructure Law that provides \$8.3B to Reclamation, which includes \$3B for aging infrastructure with extended repayment from beneficiaries. The \$3B will be awarded annually through a competitive application process with an application period opening in October. The region would like to secure some of these funds for Reserved Works XM. There was a discussion on the merit of using annual appropriations for XM rather than the aging infrastructure account, especially in the light of a new XM rate being developed to use for extended repayment. There will be ongoing discussion on these two approaches as there is a 7/22/2022 workshop on the new XM rate and some additional meetings on the application for CVP Reserved Works XM. There may a large administrative burden to use the Aging Infrastructure Account, but it is unclear at this time how much of a burden. The region is working with Denver to better understand.

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United States Department of the Interior

BUREAU OF RECLAMATION
2800 Cottage Way
Sacramento, CA 95825-1898



IN REPLY REFER TO:

MP-3400
2.2.4.22

To: All Central Valley Project Water Contractors

Subject: Rate methodology for Extending Repayment on Reimbursable Extraordinary Operation & Maintenance (XM) Costs on Reserved Works in accordance with the Omnibus Public Lands Management Act of 2009 (P.L. 111-11) for the Central Valley Project (CVP) and Computing a Replacement (R) Component for Excess Capacity Charges in the CVP.

Dear Water Contractor:

Bureau of Reclamation Commissioner approved the basis of negotiation to extend repayment for XM cost and recovery of those costs through rates in accordance with the CVP Irrigation and M&I Ratesetting Policies and PEC 05-03.

Additionally, in accordance with PEC 05-10 & PEC 05-11, region has received approval from Commissioner to develop and charge (R) component for Non-Project Use of Excess Capacity (Warren Act) in Reclamation Projects.

CGB Financial Management Division, Ratesetting Branch is holding two technical workshops to explore methods of XM rate and (R) Component for Excess Capacity Charges in the CVP. In order to be transparent and to continue our commitment to excellent customer service we will be sending meeting invitations for your valuable participation. Initially, there will be two virtual meetings on these subjects.

For computing Replacement (R) Component for Excess Capacity Charges in the CVP, a meeting will take place on July 8th from 10am to noon.

For development of new XM rate methodology, a meeting will be held on July 22nd from 10am to noon.

If you have any questions or need additional information, please contact Mr. Travis Hawkins at thawkins@usbr.gov/916-978-5356, or Mr. Sabir Ahmad at sahmad@usbr.gov. For TTY access call the Federal Relay Service at 800-877-8339.

Sincerely,

ANN LUBAS-WILLIAMS

Digitally signed by ANN LUBAS-
WILLIAMS
Date: 2022.06.15 15:27:40 -07'00'

Ann Lubas-Williams
Financial Manager

INTERIOR REGION 10 • CALIFORNIA-GREAT BASIN

CALIFORNIA*, NEVADA*, OREGON*

* PARTIAL

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WBR:SAhmad:ALubasWilliams:

P:\MP-3400 Secretary\Correspondence\Letters-3400\xxxxxxxxxxxxdocx

CC: Area offices, CGB-400, NCCAO, SCCAO, CCAO, NCAO

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Reclamation Manual

Directives and Standards

- Subject:** Contracting for Non-Project Use of Excess Capacity in Reclamation Project Facilities
- Purpose:** To set forth the requirements for contracting for the use of excess capacity in Reclamation facilities. This Directive and Standard (D&S) establishes general requirements for excess capacity contracting, including identifying appropriate contracting authorities, and will assist Reclamation in addressing major rehabilitation and replacement needs of its facilities.
- Authority:** The Reclamation Act of 1902 (ch.1093, 32 Stat. 388) and acts amendatory and supplementary thereto, especially Section 1 of the Warren Act of 1911 (36 Stat. 925; 43 USC 523); the Interior Department Appropriation Act for 1928 (44 Stat. 943); Section 14 of the Reclamation Project Act of 1939 (1939 Act) (53 Stat. 1197; 43 USC 389); Office of Management and Budget (OMB) Circular A-25 (July 8, 1993); project-specific authorizations; and acts amending and supplementing these laws and circulars.
- Approving Official:** Director, Policy and Programs
- Contact:** Reclamation Law Administration Division (84-55000)

1. **Introduction.** Reclamation law authorizes contracts for the use of excess capacity in Bureau of Reclamation facilities. PEC 05-10, together with Reclamation Manual (RM) D&S, *Charges for Non-Project Use of Excess Capacity in Reclamation Project Facilities* (PEC 05-11), establishes requirements for contracts through which Reclamation makes excess capacity in Federal facilities available for storage or conveyance of non-project water. PEC 05-10 establishes basic contracting requirements. PEC 05-11 establishes Reclamation-wide methods for establishing the various charge components related to the non-project use of excess capacity. Together, these D&Ss provide a framework for Reclamation to develop funding for aging infrastructure needs throughout Reclamation by focusing pricing on project replacement costs and values—the Replacement or “R” component of operation, maintenance, and replacements (OM&R).
2. **Applicability.** This D&S applies to Reclamation personnel involved in proposing, approving, negotiating, and executing contracts for the use of excess capacity in Reclamation projects and facilities.
3. **Requirements and Responsibilities:**
 - A. **Basis of Negotiation (BON) Requirements.** Where a BON and an approval memorandum are required, refer to RM D&S, *Preparing Bases of Negotiation for New and Amendatory Water Service, Repayment, and Other Water-Related Contracts* (PEC 06-01) for the general requirements of the BON and approval memorandum. In addition to the requirements of PEC 06-01, excess capacity BONs will include the following:

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Directives and Standards

- (1) identification of the facility or facilities in which excess capacity has been determined to be available;
- (2) the maximum annual quantity of excess capacity to be made available;
- (3) a determination that the use of such excess capacity will not impair the ability of the project to serve its authorized purposes;
- (4) the contract term, up to a maximum of 40 years; and
- (5) the pricing methodology and applicable considerations in accordance with PEC 05-11.

B. Excess Capacity Contracting. Excess capacity contracts will include the following:

- (1) **Evaporation and Spills.** Each excess capacity contract will identify the methodology to quantify the loss due to evaporation during storage and conveyance that will be assessed against the non-project water and require the non-project water to be the first water to be spilled.
- (2) **Contract Term.** The contract will include a term to not exceed more than 40 years, or as provided pursuant to applicable reclamation law.
- (3) **Charges for Use of Excess Capacity.** Where contracting authority is already delegated, the regional director will develop pricing in accordance with RM D&S PEC 05-11. Each excess capacity contract will assess an operations, maintenance and replacement charge. They will include fixed charges as appropriate.
 - (a) **Annual Operations and Maintenance (O&M) Component.** An appropriate share of annual costs of O&M of Reclamation facilities will be assessed in each excess capacity contract. This charge is for routine and recurring O&M of the Reclamation project facilities. In accordance with the Interior Department Appropriations Act for 1928, of January 12, 1927 (1927 Act), the annual O&M component will be identified for the purpose of meeting annual O&M needs for the project and will be used in the following ways:¹
 - (i) **Reserved Works.** The annual O&M component of the OM&R charge will reflect those costs allocable to the use of excess capacity and will be paid annually in advance to Reclamation.
 - (ii) **Transferred Works.** Where responsibility for O&M of Reclamation project facilities has been transferred to a transferred works operating

¹The 1927 Act states, in relevant part, "That any moneys which may have been heretofore or may be hereafter advanced for operation and maintenance of any project or any division of a project shall be covered into the reclamation fund and shall be available for expenditure for the purposes for which advanced in like manner as if said funds had been specifically appropriated for said purposes" (Act of January 12, 1927, ch. 27, 44 Stat. 934).

Reclamation Manual

Directives and Standards

entity, the annual O&M component of the OM&R charge will be established by the operating entity and reflect those costs allocable to the use of excess capacity that will be assessed and paid as directed by the operating entity.

- (b) **Replacement Component.** The replacement component of the OM&R charge will be established as described in PEC 05-11. In accordance with the 1927 Act, the excess capacity contract will identify the replacement component and describe the purpose as providing funding for future Extraordinary Maintenance (XM) needs as defined in Section 3.C. of RM D&S, *Extended Repayment of Extraordinary Maintenance Costs* (PEC 05-03). The replacement component will be allocated to the project that is providing excess capacity, unless otherwise established by law.²
- (i) **Reserved Works.** For reserved works, the replacement component will be retained and used for project-specific XM.
- (ii) **Transferred Works.** When excess capacity contracts are entered on transferred works, a formal commitment³ must be received from the transferred works operating entity affirming that the funds will only be used for defined purposes. The formal commitment must be received prior to the conveyance or storage of non-project water pursuant to an excess capacity contract. The operating entity will then collect the replacement component from the excess capacity contractor and manage the replacement fund according to the agreed terms.
- (c) **Fixed Charge.** Any identified fixed charge will be credited in accordance with the requirements of Paragraph 3.G.(2) of RM D&S *Crediting Requirements for Incidental Revenues* (PEC 03-01), unless otherwise established by law.
- (4) **Acreage Limitations.** The storage and conveyance of non-project water in excess capacity must be in accordance with the acreage limitation provisions of Federal reclamation law, unless the project is exempt from the Reclamation Reform Act of 1982 (RRA).
- (a) **Acreage Limitations for Contracts Entered Pursuant to the Warren Act.** Excess capacity contracts entered pursuant to the Warren Act will specifically identify the applicability of the 160-acre ownership limitation provisions of the Warren Act. Such contracts cannot be written to take advantage of, or if executed prior to the date of enactment of the RRA, as

²The funds developed through replacement components will reduce reliance on appropriated funds and therefore lower reimbursable costs across the project purposes to which those costs are allocated on any given project.

³In circumstances where the transferred works operating entity is a signatory to the excess capacity contract, no further commitment is required.

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Directives and Standards

amended, cannot be amended to conform to the discretionary provisions of the RRA.

- (b) **Entities with a Contract Entered Pursuant to the Warren Act and a Water Service or Repayment Contract.** In cases where an entity has both a contract entered pursuant to the Warren Act and a water service or repayment contract for project water (i.e., the entity is both an excess capacity contractor and a project contractor), the acreage limitation provisions of the water service or repayment contract will prevail, notwithstanding the provisions of subparagraphs (ii) and (iii) below.
- (i) **Contracts Prior to October 1, 1981.** For water service or repayment contracts entered into prior to October 1, 1981, the RRA validates all provisions addressing the commingling of project and non-project water.
- (ii) **Contracts Executed On or After October 1, 1981.** For water service or repayment contracts entered into on or after October 1, 1981, the acreage limitation regulations provide that when non-project water is commingled in project facilities with project water which is subject to acreage limitations, then acreage limitation must be applied to the commingled water unless the party contracting to use excess capacity pays Reclamation an “incremental fee which reasonably reflects an appropriate share of the cost to the Federal government, including interest, of storing or delivering the non-project water” [43 CFR §426.15(c)(2)]. The charges required by Paragraph 3.B.(3) above, will be deemed to constitute this incremental fee so long as these charges include the interest component required by 43 CFR §426.15(c)(2) and are in addition to any other charges due from the contractor (i.e., the entity which is both an excess capacity contractor and a project contractor) to Reclamation pursuant to its water service or repayment contract. If these conditions are met, then the acreage limitations will apply only to the project water.
- (iii) **Commingling.** The acreage limitations regulations further provide that when non-project water is commingled with project water in non-project facilities, then the acreage limitations must be applied only to those landholders who receive project water; provided that the water requirements for eligible lands can be established and that the quantity of project water used is less than or equal to the quantity needed to irrigate the contractor’s eligible lands as defined in those regulations [43 CFR §426.15(c)(1)].
- C. **Indian Trust Assets.** Reclamation’s Indian trust policy and procedures will be applied when considering requests for excess capacity contracts. Reclamation will agree to make excess capacity available only when this can be accomplished without impairing

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Directives and Standards

the Secretary of the Interior's trust obligations and without adverse effects on Indian trust resources, or when any adverse impacts can be adequately mitigated or compensated. The costs of any required mitigation or compensation shall be funded by the party or parties requesting the excess capacity contract.

- D. **Mitigation of Environmental Impacts.** Reclamation will only execute excess capacity contracts after considering whether and how adverse effects could be avoided and whether such effects should be mitigated. Mitigation requirements, if any, will be determined on a case-by-case basis. The costs of any required mitigation shall be funded by the party or parties requesting the excess capacity contract.
- E. **Public Involvement.** Public participation is required for all excess capacity contracts; refer to RM Policy, *Water-Related Contracts and Charges – General Principles and Requirements (PEC P05)* for general public participation requirements for water-related contracts.
- F. **Environmental Compliance.** The appropriate level of environmental documentation will be completed to ensure compliance with the National Environmental Policy Act, Endangered Species Act, National Historic Preservation Act, and other relevant laws, regulations, and Executive Orders prior to the execution of any excess capacity contract.
- G. **O&M Contractor Consultation.** Before making a final decision concerning any request it receives for an excess capacity contract, Reclamation will notify, consult with, and take into account the views of the project contractors that receive water from the project facilities involved, and will coordinate with the operating entity if the facilities involved are transferred works.

4. Definitions.

- A. **Excess Capacity.** Diversion, storage, conveyance, or pumping capacity in Reclamation project facilities that is not needed to meet Reclamation's obligations for authorized project purposes.
- B. **Excess Capacity Contract.** For purposes of this D&S, any contract entered under the authority of the Warren Act of February 21, 1911 (Warren Act), or Section 14 of the Reclamation Project Act of August 4, 1939 (Section 14), or any other applicable reclamation law, which facilitates diversion, storage, conveyance or pumping of non-project water through available excess capacity, as defined above at Paragraph 3.A.
- C. **Non-Project Water.** Surface or ground water:
 - (1) that is pumped, diverted, exchanged, and/or stored based upon the exercise of water rights that have not been appropriated or acquired by, or apportioned to, the United States or others, or which have not been decreed, permitted, certificated, licensed, or otherwise granted to the United States or others, for a Reclamation project, or

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- (2) that is not reserved, allocated, or withdrawn from appropriation by the United States for a Reclamation project.
- D. **Operation and Maintenance (O&M).** The definition in Paragraph 4.K. of RM Policy, *Water-Related Contracts and Charges – General Principles and Requirements* (PEC P05) applies to this D&S.
- E. **Project Water.** The definition in Paragraph 4.L. of PEC P05 applies to this D&S.
- F. **Replacement.** The definition for XM in Paragraph 3.C. of RM D&S, *Extended Repayment of Extraordinary Maintenance Costs* (PEC 05-03) is the relevant definition for Replacement in this D&S.
- G. **Reserved Works.** Reclamation-owned facilities for which Reclamation manages and performs O&M, either through Reclamation personnel or through a maintenance contract.
- H. **Transferred Works.** Reclamation-owned facilities for which the responsibility to manage and perform O&M has been transferred by contract or agreement to a non-federal operating entity.
5. **Review Period.** The originating office will review this release every two years.

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RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: 01/13/2021

Release No. 662 and 663

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Contracting for Non-Project Use of Excess Capacity in Reclamation Project Facilities (PEC 05-10)
Charges for Non-Project Use of Excess Capacity in Reclamation Project Facilities (PEC 05-11)

Summary of Changes

PEC 05-10 (Release 662) and PEC 05-11 (Release 663) are new Reclamation Manual (RM) Releases, to supersede and replace existing RM Policy, Use of Excess Capacity In Reclamation Projects for the Impoundment, Storage, and Carriage of Non-Project Water (WTR P04) and RM Directive and Standard, Use of Excess Capacity in Reclamation Projects for the Impoundment, Storage, and Carriage of Non-Project Water (WTR 04-01).

The new releases update and clarify material covered, emphasize the use of excess capacity pricing to address aging infrastructure costs, and establish methods for doing so; move the material into the more appropriate PEC series in the RM; and update to current formatting and standard content requirements.

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

WTR P04 pp 1-5
WTR 04-01 pp 1-4

Insert Sheets

PEC 05-10 pp 1-6
PEC 05-11 pp 1-6

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: Katherine J. Wheeler

Date: 01/15/2021 15

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Reclamation Manual

Directives and Standards

- Subject:** Charges for Non-Project Use of Excess Capacity in Reclamation Project Facilities
- Purpose:** Describes procedures for determining charges when contracting for the use of excess capacity in Reclamation project facilities. The benefit of this Directive and Standard (D&S) is to promote consistency and transparency in the establishment of contract rates, and to help ensure a fair return to the Federal taxpayer for the value of the service provided.
- Authority:** The Reclamation Act of 1902 (ch.1093, 32 Stat. 388) and acts amendatory and supplementary thereto, especially Section 1 of the Warren Act of 1911 (36 Stat. 925; 43 USC 523); the Interior Department Appropriation Act for 1928 (44 Stat. 943); Section 14 of the Reclamation Project Act of 1939 (1939 Act) (53 Stat. 1197; 43 USC 389); Office of Management and Budget (OMB) Circular A-25 (July 8, 1993); project-specific authorizations; and acts amending and supplementing these laws and circulars.
- Approving Official:** Director, Policy and Programs
- Contact:** Reclamation Law Administration Division (RLAD) (84-55000)

1. **Introduction.** Reclamation law allows pricing discretion when contracting for the use of excess capacity in Reclamation facilities, specifying in the Warren Act that the costs of construction and maintenance of project facilities will be considered. This D&S describes the procedures Reclamation will use to determine appropriate charges for non-project use of excess capacity, consistent with Reclamation Manual (RM) D&S, *Contracting for Non-Project Use of Excess Capacity in Reclamation Project Facilities* (PEC 05-10). This includes direction for determining appropriate operation, maintenance and replacement (OM&R) charges that incorporate a facility's use charge for value of the services being provided. Together, PEC 05-10 and PEC 05-11 provide a framework for Reclamation to develop funding for aging infrastructure needs throughout Reclamation by focusing pricing on project replacement costs and values—the Replacement or “R” component of OM&R.
2. **Applicability.** This D&S applies to all Reclamation personnel involved in the negotiation, execution, and administration of contracts for the use of excess capacity in Reclamation project facilities.
3. **Requirements and Responsibilities.**
 - A. **Charges for the Use of Excess Capacity.** Appropriate charges will be assessed for the non-project use of excess capacity in Reclamation projects. The Director, Policy and Programs, is responsible for supporting the Commissioner's Office in reviewing a regional director's justification of a proposed excess capacity contract charge, and

evaluating its compliance with the requirements of this D&S. Charges will include OM&R, and a fixed (construction) charge where appropriate, as described below, and will be utilized as described in PEC 05-10.

- (1) **Annual Operation and Maintenance (O&M) Component.** (The “OM” of OM&R). This component is for an appropriate share of the annual costs for routine and recurring O&M of Reclamation facilities associated with the project including costs that do not meet the criteria of Extraordinary Maintenance (XM) as described in Paragraph 3.C. of RM D&S, *Extended Repayment of Extraordinary Maintenance Costs* (PEC 05-03).¹

- (2) **Replacement Component.** (The “R” of OM&R). This will reflect an appropriate value of the service being provided for use of project facilities pertinent to the proposed non-project use. The replacement component will be determined by Reclamation as described in Paragraph 3.B., herein, except where the regional director determines, and the Commissioner concurs, that there is compelling information supporting an alternate methodology as described in Paragraph 3.C., herein. The replacement component will be established and applied equally to all excess capacity contracts regardless of the end use of the water. It will be available for the project, which is providing excess capacity, unless otherwise established by law. Reclamation will establish an appropriate replacement component based on the instructions in Paragraph 3.B., herein, except as the following considerations may apply:²
 - (a) If the region demonstrates that applying these procedures is unlikely to result in net benefits or revenues to the Federal government greater than those that otherwise will accrue by continuing currently applicable rate-setting practices, those current practices will be maintained.

 - (b) Where establishing the replacement component in the manner specified in this D&S would directly conflict with fulfillment of the Federal government’s responsibilities regarding Native American water interests, Reclamation will reduce or waive this replacement component as appropriate.

 - (c) Where establishing the replacement component in the manner specified would directly conflict with the implementation of statutory law, binding agreements, or treaties, Reclamation will not apply this replacement component.

 - (d) Where establishing the replacement component in the manner specified would jeopardize substantial operational and administrative benefits or efficiencies that accrue to the Federal project as the result of an alternative

¹ Reclamation uses O&M and OM&R interchangeably. This D&S refers to OM&R in order to emphasize the replacement component, however the replacement component is technically a part of the Maintenance component, and O&M always includes Replacement even if not specified.

² RLAD will work with Regions on implementation timeline.

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arrangement to exchange, replace, or deliver non-project water, Reclamation will not apply this replacement component.

- (3) **Fixed (Construction) Charge.** There is no requirement to assess a Fixed Charge. The region has discretion to determine whether any Fixed Charge or construction cost component will be assessed. When assessed, this Fixed Charge will reflect a proportional share of project construction costs.
 - (4) **Total Charge.** In no case will the combined Annual O&M component, replacement component, and Fixed Charge described herein in Paragraphs 3.A.(1), 3.A.(2), and 3.A.(3) result in excess capacity contract charges that are less than charges assessed on similarly situated contractors for the storage, conveyance, and delivery of project water.³
- B. Determining the Replacement Component.** The replacement component will be calculated using the estimated replacement value of the relevant project facilities pertinent to the proposed non-project use as follows:⁴
- (1) **Relevant Project Facilities.** Identify and include all Reclamation-owned project facilities, and/or portions of those facilities determined essential for servicing the proposed non-project use.
 - (2) **Capacity Made Available.** The replacement value will be prorated based on the amount of project (or facility) capacity being made available for non-project use divided by total project (or facility) capacity. This calculation will establish the prorated share (even if that entire capacity will be used only intermittently). Where the capacity to be made available cannot confidently be quantified in advance, it is acceptable to estimate this share on the basis of historic operations and/or hydrologic projections.
 - (3) **Replacement Value.** The replacement value will be identified for the Reclamation project or facilities being used. The value will be determined through indexing the historical as-built final construction cost to the current year using the Bureau of Reclamation Construction Cost Index or other methods used to develop the current replacement value of facilities identified in the Federal Real Property Profile. This index will be applied from the year the construction was completed.⁵

³ "Similarly situated" refers to situations in which some contractors are paying construction charges and others are not. To the extent Reclamation can compare benefits, excess capacity contractors will not pay less than project contractors.

⁴ Because this component addresses an approximation of the value of the use of Federal facilities, and is not a construction cost recovery strategy, the extent to which original construction costs have been repaid by project beneficiaries, including any payments made by the prospective excess capacity contractor, has no bearing on the determination of this value.

⁵ Where the relevant project facilities consist of multiple features with varying and/or uncertain dates of completion, it is acceptable to apply the index to an estimated average year of completion, weighted by the original cost of each relevant facility or facility feature. Similarly, a single overall facility or project index may be applied by the region to all excess capacity contracts pertaining to the use of that facility or project, where the Commissioner has approved the use of that index, and the region has documented how the index was derived.

- (4) **Annualization Options.** The replacement value identified in Paragraph 3.B.(3) multiplied by the portion of capacity made available identified in Paragraph 3.B.(2) will be used in calculating the annualized value. Replacement value, determined as described under Paragraph 3.B.(3), herein, will be annualized as follows:
 - (a) Option 1: If only project costs allocated to water supply purposes are used for the calculation of replacement cost, the costs will be annualized over (i.e., divided by) a 50-year replacement period.
 - (b) Option 2: If total project costs for all project purposes are used in the calculation of replacement cost, the costs will be annualized over (divided by) a 75-year replacement period.
- (5) **Unit Replacement Cost.** The replacement charge, adjusted according to Paragraph 3.D., as appropriate, and divided by the capacity being contracted,⁶ will be used to calculate the replacement component per acre-foot or other appropriate unit of measurement.
- (6) **Documentation.** The region will document the methodology and analysis used to derive the proposed replacement value of facilities for the replacement component in its basis of negotiation or other relevant decision-making materials. This will include all of the analysis and information used in performing the steps of Paragraph 3.A. through 3.B.(5), herein. The region will share this document with the prospective excess capacity contractor.

C. **Establishing the Replacement Component.** The procedures described in Paragraph 3.B, herein, will determine the replacement component. The regional director has discretion to consider and propose using an alternate methodology for determining the “R” component, subject to Commissioner approval, if it better represents the value of the use of Federal facilities. The alternate methods that may be considered are:

- (1) an analysis of locally relevant economic, socioeconomic, engineering, and/or market data; or
- (2) an analysis of projected XM of the facilities being used. The calculation shall include the total cost of XM needs of the facilities identified in Reclamation’s major replacement and rehabilitation (MR&R) list, at a minimum⁷, and the time period used to annualize charges will be commensurate with the time period of the identified XM needs.⁸

D. **Replacement Charge Adjustments for Other Federal Benefits.** Both the regional office’s determination of a replacement value of facilities (as described herein in

⁶ Typically, this capacity will be quantified in terms of a volume (e.g., acre-feet) or a rate of flow (e.g., cubic feet per second).

⁷ Reclamation’s MR&R list is periodically updated, and include safety of dams, deferred maintenance, and extraordinary maintenance needs.

⁸ Here, “time period of the identified XM needs” refers to the period over which XM needs are assessed, not the anticipated useful life of the implemented XM.

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Paragraph 3.B.(3)) and any proposed alternative replacement charge (as described herein in Paragraph 3.C.) will take into consideration the benefits that would accrue to the Federal project as a result of the proposed excess capacity contracting action (monetary, operational, environmental, or otherwise). The replacement charge will be adjusted to reflect the estimated equivalent financial value of those benefits to the Federal project. However, no adjustments will be made for any benefits obtained from additional head for, or water going through, Reclamation-owned electric power generators at Reclamation project facilities as a result of storage or conveyance of non-project water.

- E. **Charge Escalator.** The excess capacity contract will specify that the negotiated facility replacement charge, determined as described above, will be adjusted to account for the effects of inflation on the value of the payments made by the contractor, either through updates at intervals of no less than once every five years or through contractually established periodic cost escalators. This periodic adjustment will be made by applying the Gross Domestic Product deflator published by the U.S. Department of Commerce, Bureau of Economic Analysis.⁹
- F. **Administrative Costs.** The party requesting the contract will be required to pay Reclamation's costs for negotiating and entering into a contract to the extent and in the manner required by the then applicable policies concerning payment of Reclamation's contracting costs. That party also must bear all costs associated with its compliance with state, tribal, and local laws, and all costs of compensating third parties whose legally cognizable interests under state, tribal, or local laws will be affected by the use of excess storage or carrying capacity for the storage or conveyance of non-project water.

4. Definitions.

- A. **Excess Capacity.** Diversion, storage, conveyance, or pumping capacity in Reclamation project facilities that is not needed to meet Reclamation's obligations for authorized project purposes.
- B. **Excess Capacity Contract.** For purposes of this D&S, any contract entered under the authority of the Warren Act of February 21, 1911 (Warren Act), or Section 14 of the Reclamation Project Act of August 4, 1939 (Section 14), or any other applicable reclamation law, which facilitates diversion, storage, conveyance or pumping of non-project water through available excess capacity, as defined above at Paragraph 4.A.
- C. **Non-Project Water.** Surface or ground water:
- (1) that is pumped, diverted, exchanged, and/or stored based upon the exercise of water rights that have not been appropriated or acquired by, or apportioned to, the United States or others, or which have not been decreed, permitted, certificated, licensed, or otherwise granted to the United States or others, for a Reclamation project, or

⁹ An alternative source of this economic data can be found at <https://fred.stlouisfed.org/series/GDPDEF/>.

- (2) that is not reserved, allocated, or withdrawn from appropriation by the United States for a Reclamation project.
- D. **Operation and Maintenance.** The definition in Paragraph 4.K. of RM Policy, *Water-Related Contracts and Charges – General Principles and Requirements (PEC P05)* applies to this D&S.
- E. **Project Water.** The definition in Paragraph 4.L of PEC P05 applies to this D&S.
- F. **Replacement.** The definition for XM in Paragraph 3.C. of RM D&S, *Extended Repayment of Extraordinary Maintenance Costs (PEC 05-03)* is the relevant definition for Replacement in this D&S.
- G. **Reserved Works.** Reclamation-owned facilities for which Reclamation manages and performs O&M, either through Reclamation personnel or through a maintenance contract.
- H. **Transferred Works.** Reclamation-owned facilities for which the responsibility to manage and perform O&M has been transferred by contract or agreement to a non-federal operating entity.
5. **Review Period.** The originating office will review this release every two years.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: 01/13/2021 Release No. 662 and 663

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Contracting for Non-Project Use of Excess Capacity in Reclamation Project Facilities (PEC 05-10)
Charges for Non-Project Use of Excess Capacity in Reclamation Project Facilities (PEC 05-11)

Summary of Changes

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The new releases update and clarify material covered, emphasize the use of excess capacity pricing to address aging infrastructure costs, and establish methods for doing so; move the material into the more appropriate PEC series in the RM; and update to current formatting and standard content requirements.

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Filing instructions

Remove Sheets	Insert Sheets
WTR P04 pp 1-5	PEC 05-10 pp 1-6
WTR 04-01 pp 1-4	PEC 05-11 pp 1-6

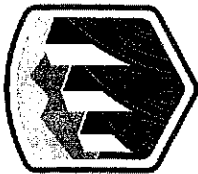
All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: Katherine J. Wheeler

Date: 01/15/2021

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— BUREAU OF —
RECLAMATION

DRAFT

**Computing a Replacement (R) Component for
Excess Capacity Charges in the Central Valley
Project (CVP)**

July 08, 2022

Purpose:

- Basis of Negotiation (BON) was approved for calculating and including R component charge for Non project water.
- New rate will now have minimum O&M **plus** R.
- Effective 2023 all new non project contracts will pay O&M plus R , no change to old contracts till they expire and have new contracts.



Requirements for R component

Requirements per PEC 05-10 & 11:

- R component shall result in net benefit greater than applicable current practices.
- Fixed (Construction) Charge: There is no requirement to assess a fixed charge.



Criteria (Determination) for R component

- R component shall be based on major replacement and rehabilitation MR&R list.
- Identify and include all Reclamation-owned project facilities, and/or portions of those facilities determined essential for servicing the proposed non-project use.
- Replacement value will be determined through indexing or other method used to develop current replacement value.
- Annualization Option: Replacement cost may be annualized.



R Component Formula:

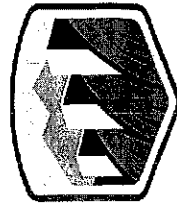
- **R Component rate = ((30 years reimbursable MR&R × Interest rate) ÷ 30) ÷ 7 years average CVP deliveries**
 - 30 years– MR&R reserved works only (~\$1B)
 - CVP Reimbursable cost (No Direct Power cost) (~\$356M)
 - Cost allocation IRR (~86%)& M&I (~14%)
 - 7- years average CVP deliveries
- **Annual Commissioner’s approved rate of Interest for CVP (P.L. 99-546) , current rate (FY 2022) 1.875%**



R vs. Construction Rate Comparison IRR:

Based on 2022 IRR rate:

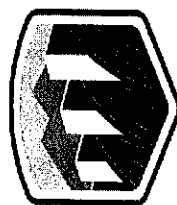
- IRR Construction rate: \$4.94 (currently paying).
- IRR- R Component Rate estimated: \$8.20 (Starting in 2023), only applicable to new CVP Warren Act contracts.
- No CVPIA restoration charges.



R vs. Construction Rate Comparison M&I:

Based on 2022 M&I rate:

- M&I Construction rate: \$5.18 (currently paying).
- M&I- R Component Rate estimated: \$6.22 (Starting in 2023), only applicable to new CVP Warren Act contracts.
- No CVPIA restoration charges.



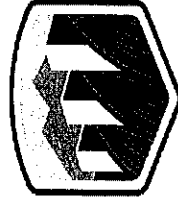
Questions & Comments



— BUREAU OF —
RECLAMATION

Glossary of Terms:

- O&M: annual costs for routine and recurring O&M of Reclamation facilities associated with the project.
- XM: Major nonrecurring maintenance on a project facility that is intended to ensure the continued safe, dependable, and reliable delivery of authorized project benefits. Extend repayment per PL 111-11.
- Construction: Development of new assets, Rehabilitation, and renovation. Extend repayment up to 50-years.



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MEMORANDUM

TO: Anthea Hansen, General Manager, Del Puerto Water District
FROM: Andy Neal
DATE: July 18, 2022
RE: Del Puerto Canyon Reservoir Progress Update for July 2022 Board Meeting

Ms. Hansen:

Below is a summary of our progress on the Del Puerto Canyon Reservoir project.

Project Goals:

- 1) Design, permit, and construct an 82,000 AF south-of-delta reservoir to provide locally-owned and controlled water storage for agricultural and west-side communities water supply.
- 2) Seek to obtain up to 25% federal cost share through the Water Infrastructure Improvements in the Nation (WIIN) Act. A proportional share of the project benefits are the federal benefits.

Dam Design/Engineering

The big milestone this month was a field visit and workshop with the Technical Review Board (TRB). On June 13 and 14, Ross Boulanger, Kerry Cato, Gregg Korbin, and Mike Pauletto of the TRB assembled in Patterson to participate in a multi-stop tour, review selected core samples from prior investigation work, and listen to presentations by the Project partners and consultants at DPWD headquarters on the project development to date. David Gutierrez, the 5th TRB member, was unable to attend but did contribute to the TRB Meeting No. 1 summary report authored by all of the TRB members. The next TRB meeting is scheduled for October 26 – 18, 2022 in Patterson, CA.

Subsequent to delivery of the detailed Data Collection Plan (DCP) at the end of May, follow-up with the DSOD to continue to engage with them in our field investigation planning was underway. We received initial questions about particular boring locations and have addressed those in responses to DSOD. We continue to await their overall comments on the plan but are prioritizing our fieldwork based on activities that are cleared with DSOD.

Utility Relocation

PG&E and Stantec work has continued at pace. The teams are working to advance the transmission tower relocations to 30% design. PG&E is near completion of 30% engineering documentation. They plan to begin the 60% engineering submittal at the end of June or early July and be completed in Q1 2023. The submittals will be provided to our team for review by PG&E.

PG&E is reviewing the TGP team's proposal for geotechnical investigations of their transmission relocation design. The proposal is being updated to include WAPA needs for SLTP relocation. Our team is planning to discuss the access road system design to coordinate with PG&E 60% design development.

Environmental

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Our environmental team has developed guidance for our teams performing initial exploration work. Detailed plans are being developed around specific borehole locations and environmental monitoring and compliance needs.

The EIS is under review with cooperating agencies. It is expected to be published at the end of September or early October for public review.

New Road Alignment

No new work to report this month.

Public Outreach

We are developing a communication plan with Ellen Cross to get ahead of upcoming project activities. We anticipate a plan that covers stakeholder engagement across all elements of the DPCR program. In the near term, our communication plan will be tailored to the upcoming geotechnical investigation activities onsite.

Political Outreach and Project Financing

No new work to report this month.

Programmatic

- 1) Weekly client meetings
- 2) Weekly Reclamation meetings
- 3) Weekly internal team meetings
- 4) Bi-weekly internal meetings with the TGP dam design team and clients
- 5) Submitted April invoice and drafted May invoice

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Woodard
& Curran

Progress Report

Del Puerto Canyon Reservoir Program Management

Subject: May 2022 Progress Report
Prepared for: Anthea Hansen (DPWD) and Chris White (SJRECWA)
Prepared by: Andy Neal and Katie Cole (Woodard & Curran)
Date: July 15, 2022
Project No.: 0011297.00

This progress report summarizes the work performed by Woodard & Curran and subconsultants for the period through May 27, 2022, for Del Puerto Canyon Reservoir Program Management. Please contact aneal@woodardcurran.com or (925) 627-4114 with any questions.

Work Performed

A summary of work performed during the current reporting period is summarized in the following table.

Task Description	Work Completed This Period
<p>Task 1 Program Management</p>	<ul style="list-style-type: none"> Weekly internal team and external client coordination meetings. Project management tool maintenance (EVA, document management portal, staff management and tracking, sub billing calendar). Budget, schedule, and scoping tracking and updates. Coordination with and management of subcontractors. SJRECWA and DPWD Board Meeting update memos.
<p>Task 2 Agency Coordination and Permitting Plan</p>	<ul style="list-style-type: none"> USBR weekly meetings and preparation. Internal meetings and staff coordination related to permitting and agency coordination efforts.
<p>Task 3 Reservoir Operations Analysis</p>	<ul style="list-style-type: none"> None.
<p>Task 4 Funding</p>	<ul style="list-style-type: none"> None.

Task Description	Work Completed This Period
<p>Task 5 CEQA/NEPA Project Phase Authorization</p>	<ul style="list-style-type: none"> • Ongoing coordination with Reclamation regarding EIS, Biological Assessment and Section 106 consultation. • Reviewed EIS formatting for Reclamation and assisted project partners in reviewing and commenting on EIS. • Working on Biological Assessment. • Working with legal counsel to assist in responding legal briefs from Friant contractors and Sierra Club. • Our team sent biological habitat experts out to field check Eagle nest locations that were mapped in previous years as indicated on our permit and determined that the only active nest is about a mile further west than last year. • Work was performed to develop work products and overview maps of the geotechnical investigation program to prepare for environmental permitting. The dam design team and ICF coordinated efforts to generate applications to clear the site environmentally while the other work that does not require a permit can move forward.
<p>Task 6 Validate Facilities</p>	<ul style="list-style-type: none"> • None.
<p>Task 7 Procure Design Consultants</p>	<ul style="list-style-type: none"> • None.

Task Description	Work Completed This Period
<p style="text-align: center;">Task 8</p> <p>Design Consultant Management</p>	<ul style="list-style-type: none"> • The Program focused a lot of its efforts this period coordinating with the TERRA-GeoPentech (TGP) Joint Venture team as the new dam design team ramped up their project onboarding. With a goal to execute a summer 2022 field investigation program, the team has done a lot of work evaluating probable field conditions, designing investigation techniques to capture site geologic, geotechnical, and geophysical properties, and preparing for a kickoff meeting with California DSOD. • TGP reviewed data collected previously during the Feasibility studies and developed plans to advance the site condition assessment studies. A targeted layout of boring locations, test pits, and paleoseismic trenches have been mapped to maximize the subsurface imaging in order to evaluate underground conditions. These locations have been screened through an environmental lens to ensure permits are acquired for sensitive areas and areas that do not require permits can be moved along to maintain schedule. • Fieldwork was conducted to review the site for access and other planning purposes. • An initial kickoff meeting with DSOD took place on May 10th in person in Sacramento at DSOD offices. Members from DSOD leadership and technical teams were in attendance with representatives from the DPCR owners, program, and design teams to begin a highly coordinated design process that set the foundation for advancing the DPCR project. A second, follow-up meeting is expected to further refine any investigation locations that are discussed during the initial meeting. • The Technical Review Board (TRB) panel was assembled and contracts to get TRB members in place to support the project were developed. The TRB participants will meet with the team in mid-June to tour the site and prepare for their roles on the project. A multi-disciplinary panel of experienced professionals will represent DPCR as TRB members and provide an added layer of technical credibility to the overall program team. • Reviewed schedule and 2022/2023 scope items with TGP.
<p style="text-align: center;">Task 9</p> <p>Conveyance Facilities Preliminary Design</p>	<ul style="list-style-type: none"> • None.

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Task Description	Work Completed This Period
<p>Task 10 USBR Feasibility Report</p>	<ul style="list-style-type: none"> • None.
<p>Task 11 Land-Owner Coordination</p>	<ul style="list-style-type: none"> • Coordination with Richard Smith to facilitate upcoming conversations with property owners in the geotechnical investigation footprint.
<p>Task 12 Survey/Mapping</p>	<ul style="list-style-type: none"> • Filing record of survey with County
<p>Task 13 Utility Company Coordination</p>	<ul style="list-style-type: none"> • Representatives from our teams meet with PG&E, Stantec, and WAPA continue to meet on a bi-weekly basis on Tuesdays. • Ongoing efforts continue to advance the PG&E transmission tower relocations to 30% design. PG&E will release the 30% design to the Program team when it is available. • PG&E PM and CM staff determined proposed access road conceptual network is satisfactory for advancing design. Program team to advance access road design in concert with PG&E 60% design development work. • Stantec has incorporated new mapping from O'Dell into their designs for PG&E. Stantec anticipates having the 30% design ready at the early June. • Ongoing outreach efforts to Crimson Pipeline have not been successful. Crimson is requiring design plans for the dam and related facilities impacting their pipeline. Dam design team will issue concept design package for use by Crimson to initiate their work on relocating the petroleum pipeline.
<p>Task 14 Outreach Support</p>	<ul style="list-style-type: none"> • Continued updates on social media engagement on the project. • We continue to engage Ellen Cross (Strategy Drivers) in our planning for outreach services.

Budget Status

As of this invoice, 86% of the project budget has been billed (\$8,462,729.07.00 of \$9,894,289). A budget breakdown by task is included in the below table.

Table 1: Budget Breakdown By Task

Task No.	Description	Budget	Previously Billed	Billed This Period	Total Billed to Date	Budget Remaining	% Billed to Date
1	Program Management	\$913,108.01	\$745,091.61	\$7,075.00	\$752,166.61	\$160,941.40	82%
2	Agency Coordination and Permitting Plan	\$726,775.42	\$491,015.03	\$2,722.50	\$493,737.53	\$233,037.89	68%
3	Reservoir Operations Analysis	\$583,833.50	\$373,206.00	\$0.00	\$373,206.00	\$210,627.50	64%
4	Funding Strategy	\$179,000.00	\$6,812.75	\$0.00	\$6,812.75	\$172,187.25	0%
5	CEQA/NEPA Compliance	\$2,366,939.04	\$2,054,584.24	\$10,960.00	\$2,065,544.24	\$301,394.80	87%
6	Validate Facilities	\$2,155,442.87	\$2,155,442.84	\$0.00	\$2,155,442.84	\$0.03	100%
7	Procure Design Consultants	\$424,493.25	\$113,929.55	\$0.00	\$113,929.55	\$310,563.70	27%
8	Design Consultant Management	\$70,182.08	\$20,451.25	\$10,757.50	\$31,208.75	\$38,973.33	0%
9	Conveyance Facilities Preliminary Design	\$1,082,317.94	\$1,082,317.94	\$0.00	\$1,082,317.94	\$0.00	100%
10	USBR Feasibility Study	\$571,778.64	\$571,778.64	\$0.00	\$571,778.64	\$0.00	100%
11	Land Owner Coordination	\$123,021.12	\$44,846.80	\$165.00	\$45,011.80	\$78,009.32	37%
12	Survey/Mapping	\$173,364.88	\$173,364.88	\$0.00	\$173,364.88	\$0.00	100%
13	Utility Company Coordination	\$139,032.25	\$306,633.85	\$2,062.50	\$308,696.35	(\$169,664.10)	222%
14	Outreach Coordination	\$385,000.00	\$323,253.69	\$1,908.50	\$325,162.19	\$59,837.81	84%
Total		\$9,894,289.00	\$8,462,729.07	\$35,651.00	\$8,498,380.07	\$1,395,908.93	86%

Notes:

¹ Task budgets are internally allocated and may be reallocated between tasks based on program need.

Schedule Status

The Feasibility Report was accepted by the Secretary of Interior and submitted to congress with the determination of feasibility pursuant to the WIIN Act, section 4007(b). Schedule is currently being driven by the EIS schedule; coordination with Reclamation is ongoing.

Outstanding Issues

Bureau of Reclamation Coordination

- The draft EIS was originally scheduled to be published in October 2020, with a Record of Decision slated for April 2021, but that schedule continues to slip on the Reclamation side. We received draft EIS for review on 27 November, but Reclamation has informed us that adding in the expanded corridor for the transmission lines will cause the schedule to slip. We are working with Reclamation to include the most recent powerline alignments in the EIS so that the WAPA powerline relocation can be accurately addressed in the EIS. Reclamation has said that Draft EIS would be published in September, but continued schedule slippage appears likely.
- We are continuing to wait for a response confirming our position that the Del Puerto Canyon Reservoir project is under construction, consistent with the requirements in section 4013(2) cited per criteria in section 4011f(2). Our project manager at USBR, Allison Jacobson, has indicated that the letter has been reviewed and there are no objections to our position.

Army Corps Coordination

- The Corps is officially a cooperating agency for the USBR NEPA process. They have designated Reclamation to act on their behalf in the Section 7 consultation. We have a Preliminary Jurisdictional Determination from the Corps, which we have agreed is sufficient for the Project. We had a meeting with the Corps and determined that an Approved Jurisdictional Determination is not needed.

State Water Resources Control Board Coordination

- After the initial water rights application was reviewed by the State Board, additional coordination and analyses were required for the water availability analysis portion of the application. This has required more detailed data collection and analyses to estimate downstream impacts of flow reduction in the Del Puerto Creek. The State Board does not have streamlined guidelines for the requirements of the water availability analyses, and it is unknown what level of detail will be required for completion of the application at this time. The team has developed a strategy for the water availability analysis and drafted a TM which will be presented to the State Board for further discussion before re-submitting the application.

Utility Company Coordination

- Crimson has not been responsive and the Program team is strategizing on how to get Crimson engaged.
- Stantec team is using received supplemental LIDAR survey files for north and south extents to update their PLS-CAD files needed to submit the 30% for PG&E acceptance end in early June 2022. PG&E 60% engineering will follow.

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XI.B.

DEL PUERTO WATER DISTRICT (DPWD) AND
SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY (SJRECWA)

**DEL PUERTO CANYON RESERVOIR PROJECT
TECHNICAL REVIEW BOARD MEETING NO. 1**

July 15, 2022

Anthea Hansen, General Manager
Del Puerto Water District
PO Box 1596
Patterson, CA 95363

Subject: Technical Review Board Meeting No. 1, Del Puerto Canyon Reservoir Project,
June 13-14, 2022

Dear Anthea,

The first meeting of the Technical Review Board (TRB or Board) regarding the Del Puerto Canyon Reservoir Canyon (DPCR) Project was held June 13-14, 2022 in Patterson, California.

The meeting was attended by representatives of the project partners, Del Puerto Water District (DPWD) and San Joaquin River Exchange Contractors Water Authority (SJRECWA), their consultants (Woodard & Curran, TERRA/GeoPentech, InfraTerra, Schnabel), and four members of the TRB. The fifth member of the TRB, David Gutierrez, did not attend the meeting but did review the read-ahead materials and participated in preparation of this letter report. A list of meeting attendees is provided in Attachment A.

The meeting comprised of site tours, review of selected cores, presentations by the project partners and their consultants, discussions by participants, and initial verbal responses by the TRB to questions raised during the discussions. The meeting agenda is provided in Attachment B. The TRB was provided with the read-ahead documents listed in Attachment C prior to the meeting. In addition, the TRB was provided with copies of the meeting presentations at the meeting. The TRB found that the information presented in the read-ahead documents and meeting sessions provided a good basis to understand the current status of the design work.

This letter report contains the Board's responses to four questions posed during the meeting. This letter report was finalized after addressing the review comments received from you and the Design Team regarding the draft submitted on June 22, 2022.

Question 1:

Does the TRB agree that potential design and construction challenges associated with the proposed earthen dams and appurtenant structures at the project site were adequately identified in prior design and feasibility study documents?

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The TRB concurs that the potential design and construction challenges associated with the proposed earthen dams and appurtenant structures for the Del Puerto Canyon Reservoir (DPCR) project were identified adequately in the prior design and feasibility study documents. The site and foundation conditions for the main dam and saddle dams appear adequate for earthen embankments. The embankment designs with internal zoning and foundation grouting are appropriate. The potential challenges with characterizing and utilizing different borrow materials for the embankment shells and cores are adequately recognized, as is the anticipated need to import filter, drain, and riprap materials. The potential challenges with characterizing the seismic sources and hazards are recognized. The design of the sloping intake, spillway, and discharge systems recognized the challenges associated with passing flood flows through the congested area at the Main Dam toe. Overall, the TRB did not identify any additional design or construction challenges of concern for the present feasibility level of design.

Question 2:

Does the TRB have comments or concerns regarding potential design concepts for the main embankment, diversion plan, tunnel, or spillway as presented at the meeting?

The Design Team presented initial concepts for potential modifications to the designs of the Main Dam, diversion works, tunnel, and spillway. The TRB offers the following comments for consideration by the Design Team as they further explore design refinements.

For the Main Dam, the Design Team examined how the embankment performance might be affected by the resistant Fanglomerate unit, which forms the outcrops visible in both abutments, being relatively stiffer than the other foundation bedrock units. The Design Team explored options to shift the dam crest axis downstream or to curve the embankment in the downstream direction, with both modifications placing the dam core more centrally over the foundation exposure of the stiffer Fanglomerate unit. The potential disadvantages of these modifications include reducing the space between the dam toe and Interstate-5 (I-5) highway, introducing the slight construction complication of curved fill placements, and introducing an embankment curvature that might be questioned as reducing horizontal stresses in the downstream shell under hydraulic loading. The TRB believes the potential disadvantages of these conceptual design modifications outweigh the potential advantages.

For the river diversion and low-level outlet works, the Design Team presented the concept of replacing the tunnel with a pipeline installed within a concrete backfilled trench excavated in the dam foundation. Initially, the pipeline would be used for stream flow diversion during dam construction, and after, connected to the inlet/outlet facilities for conveyance. Advantages to this concept include removing the tunnel construction from the critical path (tunnel was reportedly to be used for diversion) and overall cost savings. Furthermore, employing the tunnel for diversion with the proposed 84-inch pipeline is likely undersized for the design storm event.

The TRB endorses the basic concept for the low-level outlet works for further study and has the following suggestions for consideration. As indicated above, storm water diversion will likely require a larger diameter pipeline than the 84-inch required for conveyance and there is also the issue of possible damage to the diversion pipe from operation. Accordingly, installing the smaller 84-inch conveyance pipeline within the diversion pipe is an option that: addresses the issue of damage; allows for inspection and maintenance of the conveyance pipeline; and eliminates the possibility that a leak within the pressurized conveyance pipeline could impact the dam. This pipe within a pipe concept also addresses differential

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settlement during dam raising and, should sympathetic displacements due to a seismic event become an issue, the conveyance pipeline would be isolated from minor offsets. The impact to the Main Dam needs to be assessed, as the trench and diversion pipeline installation adds time and risk to the construction schedule (the upstream-to-downstream trench across the dam foundation is an asset for foundation exploration but also introduces an element of risk to dam performance and construction schedule). Since this concept is a change from the conceptual design, the regulatory agencies should be informed of the proposed change in a timely manner, and until such time as approvals are obtained, the tunnel option including the proposed exploration program should continue.

The feasibility level concept included a curved spillway within the right abutment of the dam. The TRB agrees with the Design Team's presentation that a curved spillway concept will have hydraulic challenges and complexities. Therefore, the Design Team proposed a concept of a side channel spillway leading to a straight channel located on the right abutment of the main dam. It is noted that the drainage area is approximately 47,493 acres per the Draft EIR. Historical flows through the creek are 373 cfs and 5,270 cfs for mean and maximum flows, respectively, per the draft EIR. The total minimum freeboard of the project will be driven by the California Division Safety of Dams (DSOD) requirement of 5 percent of the dam height plus 5 feet. This factor provides an important fixed minimum parameter that will be used during design of the spillway control section. The concept of a side channel spillway and straight chute seems appropriate considering the complexities of the abutments. The side channel spillway will also have complex hydraulics since spatially varied flow will need to be considered with the potential for weir submergence, but the design should be able to accommodate this considering the availability of a taller weir considering the geometry of the site. Spillway sites in other saddles look impractical and were likely considered by the Design Team.

The Design Team examined two design features that could increase the space between the Main Dam downstream toe and I-5 highway embankment. One design feature was optimizing the spillway hydraulics so it could pass the PMF with less hydraulic head, which could enable lowering the dam crest elevation while maintaining the same freeboard. Lowering the dam crest elevation could produce significant cost savings and increase space at the dam toe. Another design feature was potentially using higher quality borrow materials, such as Panoche Formation sandstone from the upstream end of the future reservoir, for constructing the shells. Stronger materials in the downstream shell would enable the design of a steeper slope, which would increase space at the downstream toe. The TRB concurs that these design approaches offer potential advantages and thus should be further developed.

Question 3:

Does the TRB agree that TERRA/GeoPentech's Geotechnical Data Collection and Laboratory Testing Plan is adequate and appropriate for supporting the design of the earthen dams and appurtenant structures proposed at the project site?

Core borrow materials: There appear to be adequate materials available for core construction. Test digging and drilling will verify this. Quantity summaries should be made with the borings and test digging. If there are excess core materials the shell volume may be reduced. It would be best to balance the available core and shell materials in the design.

Shell borrow materials: Evaluating Panoche sandstone has advantages. One major advantage is the more resistant beds of sandstone maybe of acceptable quality for riprap. Another is for use of the stronger

material within the downstream shell which could enable steeper slopes and increase the available space at the downstream toe. This would reduce project costs.

Riprap materials: Panoche sandstone is being evaluated as a potential borrow area for riprap. Compare geophysical results and core strengths with those for Los Vaqueros Dam, considering they ultimately chose to import riprap. Quality riprap may be available from the Basalt Quarry above the San Luis Reservoir (SLR). Improvements at the SLR will be on going for the next 5 plus years.

Filter and drain materials: Consider evaluating feasibility for selective borrowing and washing of aggregates for the filter and drain materials. The borings or test trenches in all the terrace and stream bed borrows are important to determine possible available granular resources. Quality and quantity of the granular materials should be summarized. Off-site granular sources for filters will be more expensive. For construction water source consider evaluating ground water within the reservoir floor. Also, consider performing pump tests on possible aquifers to evaluate the volume of ground water during summer/fall.

Trial compaction sections: Perform trial sections for establishing compaction effectiveness for different means, methods, and materials. This is typically done on all earth fill dams. This is done to prove out the means and methods used to perform the work, and to determine the constructability of the design and the quality of the in-place material after embankment.

Main Dam foundation and abutments: Consider trenches along the abutment axes for investigation of extension/joints similar to that observed at Los Vaqueros Dam. Consider angling the borings into the abutments. Observe ground conditions and the effort to excavate the trenches to estimate the effort for dam foundation excavation.

Saddle Dams 1 and 2: The exploration plans for Saddle Dams 1 and 2 appear appropriate and well suited for supporting the designs for these embankments.

Tunnel/Diversion: As indicated in Question 2, the TRB endorses the concept of replacing the tunnel with a pipeline in the dam foundation, but until the concept is approved it may be prudent to keep site investigations and design work for the tunnel on a timeline that does not become critical path. The proposed site investigations including the borings, downhole testing, piezometer installation, and the type and number of laboratory tests are appropriate for the ground conditions anticipated and scale of this tunnel facility. The TRB would like to emphasize the importance of obtained water pressure tests within zones of low or no recovery and reaches of significant drilling water loss to avoid data gaps.

Landslides: Landslides are located within, and upslope of, the footprint of the proposed reservoir. These mass movements occur primarily within the interbedded claystone and siltstone members of the Moreno Formation. The Moreno strata, along with all other formations within the project, dip 45 to 50 degrees towards the east. The Moreno is present along both sides of Del Puerto Creek; but the unit is not present in any of the dam foundations. Approximately 13 mapped landslides within the reservoir footprint were shown on documents presented by the Design Team. Mapped landslides include shallow debris flows and deeper earthflows that developed within clayey slope deposits derived from weathered fine-grained rock.

The investigation program will focus on providing the necessary data to evaluate mapped landslides and determine if they can remobilize, or if new landslides can form, during reservoir filling or subsequent

operational variations in reservoir level. The program will also investigate whether some of the clayey materials found in the landslides may be suitable borrow sources for any of the embankment zones and if a borrow operation could be feasibly developed without adversely affecting the stability of surrounding materials.

Question 4:

Does the TRB have any comments or concerns with TERRA/GeoPentech's approach for characterizing seismic hazards at the project site?

Past tectonic activity left an imprint on geologic features observed at the dam site. From tilting of stratigraphic units, abrupt delineation of the eastern Diablo Mountain front with the Great Valley plain, to disseminated seismicity within region, all of these and other site elements were influenced or created by tectonic activity. There is precedence for dams to be built and operate successfully in this environment; for example, the nearby San Luis Reservoir and Los Vaqueros Dams (located 29 miles south and 37 miles northwest, respectively) exist in similar tectonic and geologic terrains.

Seismic hazard at the Del Puerto Canyon project site is controlled by the San Joaquin Fault (aka. Oristemba Fault) which is located east of the proposed Main Dam, and perhaps other more distant faults in the region. Although the activity and slip rate of the San Joaquin fault are poorly constrained, research suggests that it would be considered conditionally active under DSOD criteria. The fault is west-dipping and likely extends beneath the dam with the potential for producing strong ground motions, broad tilting, and localized fault offset along secondary back-thrusts.

Rather than attempting to prove the fault is inactive, the program will focus on understanding the degree of fault activity and establishing the location, style, and amount of potential surface deformation on the fault relative to the project structures. Definition of the primary fault location, potential for surface rupture, and magnitude/orientation of permanent ground displacements are critical to the design of the Main Dam and appurtenances. Determining the temporal activity and slip rate on this blind thrust fault will be a secondary objective using an analysis of deformation that may have occurred to fluvial terraces that exist along the Del Puerto Creek channel. The idea is that uplift or warping of the exposed landform surfaces should be recognizable as a difference from their initial position since their deposition by creek processes. The planned exploratory trench along the axis of Saddle Dam 1 may reveal supporting information.

For the Ground Motion determination, the Design Team will develop ground motions that will be used for seismic stability evaluations of the Main Dam and Saddle Dams. The basic seismic parameters are that the San Joaquin Fault is a low-lying (dips 20-degrees from horizontal) blind thrust reverse fault with the updip edge of the seismogenic portion of the fault projecting a few hundred meters east of the main dam. The updip edge is buried about 4 miles below the ground surface and, thus, is not exposed at the ground surface. For ground motion consideration, the project site sits on the hanging wall of the fault. The fault activity rate and maximum earthquake magnitude are not well constrained, but this uncertainty will be captured via Probabilistic Seismic Hazard Analysis (PSHA).

Specifically, the Design Team will calculate site-specific response spectra to represent Maximum Considered Earthquake (MCE) using site-specific VS30 and distances unique to each element of the system. For the Main Dam and Saddle Dam 1, three seed acceleration time histories will be selected and

spectrally matched to the MCE design spectra for nonlinear response history evaluations. Deterministic MCE will be supplemented by a Probabilistic Seismic Hazard Analysis (PSHA) for the site. The dam performance to seismicity will be evaluated for operational events as well as rare events to be used as sensitivity cases (e.g., 2,475-yr, 5,000-yr and 10,000-yr annual return periods, as appropriate). This approach is consistent with current methodology accepted by DSOD.

The TRB believes these approaches are appropriate and should result in actionable information needed to guide future investigations and as input to the project design.

Other Considerations:

For complex or schedule driven projects, there are several contracting approaches or delivery methods that can potentially save the owner time and cost. They go by names such as Best Value, Construction Manager/General Contractor (CMGC), or originally, the Portland Model, but have a common approach where the client selects a contractor based on some combination of qualifications and price. The basic idea is by selecting a highly qualified contractor to perform the work, not just one with minimum qualification, the work is performed more efficiently. Basic aspects of this delivery method are:

- Contractor is selected well before completion of the final design (typically, within 30 to 60% design) to incorporate the contractor's preferred means and methods into the Contract Documents. This significantly reduces project risks, the need for change orders, and potential for claims due to the contractor's direct involvement in the design process.
- Innovations from the selected contractor that add value are incorporated into the design well before construction.
- Owner gets the advantage of selecting a proposal that emphasizes the experience of the key personnel assigned to the project. While company experience is important it is nowhere near as important as the key personnel employed to do the work.
- When changes or unforeseen conditions occur, and they will, the client, contractor, and designer work as a team to address the issue.
- A phased approach, pre-construction and construction, allows owner and contractor to work together to complete the design before moving forward with construction, and if the owner does not believe they are getting the best value (i.e., cannot agree on cost/schedule), there is an offramp.
- More realistic pricing and schedule are obtained before start of construction as contractor's means and methods are incorporated into the Contract Documents.

There is a downside to these contracting approaches/delivery methods, as they require more effort from the designer to prepare the request for qualifications for short listing the contractors, request for proposals from short listed contractors (typically, three), and development of the proposal scoring/evaluation procedures. While these efforts can be carried out in parallel with the design, it is time-consuming. The TRB suggests considering use of these delivery methods in a format that would be acceptable to the project partners, compatible with the legal requirements in their bidding procedures (if any), or if needed, possibly pursue enabling legislation. If the district is interested, it is important to start the process early.

Closure:

The TRB commends the Design Team for the clarity of their presentations and the collaborative discussions during the meeting.

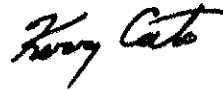
The next meeting of the TRB is scheduled for October 26-28, 2022, with the alternative dates of November 9-11, 2022 being held in reserve.

The TRB appreciates the opportunity to be of assistance to DPWD and SJRECWA in this assignment.

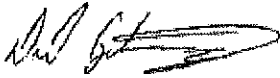
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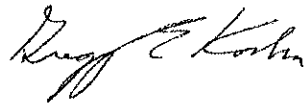
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Attachment A: Agenda for TRB Meeting No. 1
Attachment B: List of Participants for TRB Meeting No. 1
Attachment C: List of Read Ahead Documents

**Attachment B:
Agenda for TRB Meeting No. 1**

TECHNICAL REVIEW BOARD

**Meeting No. 1
June 13 and 14, 2022
Patterson, CA**

AGENDA

June 13, 2022

- 8:30 AM Meet at Starbucks - 2952 Speno Dr, Patterson, CA 95363 (across street from Best Western Hotel)
- Introductions
 - Overview of Itinerary and Points of Interest for Site Tour
 - Environmental Constraints
- 9:00 AM Site Tour – Part 1
- 12:30 PM Return to the office of Del Puerto Water District for Lunch - 17840 Ward Ave, Patterson, CA 95363
- 1:30 PM Remarks by Project Partners and Program Team Introductions (X. Irias)
- 1:45 PM Project Management (G. Roussel)
- Dam Design Team Organization
 - Overall Approach to Design and TRB Reviews
 - ✓ Major Activities
 - ✓ Summary Timeline and Key TRB Reviews
- 2:30 PM Proposed Reservoir Facilities and Existing Data (A. Dinsick)
- 3:00 PM Break
- 3:15 PM Spillway Concepts and Optimization (T. Hepler)
- 3:45 PM Low Level Outlet/Diversion of Stream Flow during Construction (R. Eldridge)
- 4:15 PM Dam Foundation Conditions and Borrow Material Overview (R. Kirby)
- 5:00 PM Close for the Day
- 6:30 PM Group Dinner – TBD

June 14, 2022

- 8:30 AM Meet at Starbucks
- 9:00 AM Site Tour – Part 2
- 11:00 AM Travel to Storage Facility to Inspect Selected Core Samples– 340 South 1st Street, Patterson, CA
- 12:30 PM Return to the office of Del Puerto Water District for Lunch

- 1:30 PM Geologic Characterization, Key Hazards, and Faulting Study (C. Hitchcock)
- 2:00 PM Ground Motion Approach and Objectives of Data Collection Plan (DCP) (A. Dinsick)
- 2:30 PM Details of DCP Field and Laboratory Program (C. Hitchcock/A. Dinsick)
- 3:00 PM TRB Closed-Door Session
- 4:00 PM Presentation of TRB Findings and Comments
- 4:30 PM Closing Statements and Schedule of Next TRB Meeting
- 5:00 PM Close for the Day

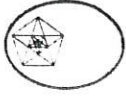


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**Attachment C:
List of Read Ahead Documents**

The read ahead documents and comment logs comprised the following PDFs:

- Del Puerto Canyon Reservoir, Feasibility Report, November 18, 2020.
[FR Draft 11.18.20_Final_508.pdf]
- Del Puerto Canyon Reservoir, Design of Earthen Dams and Appurtenant Structures, Geotechnical Data Collection and Laboratory Testing Plan, DRAFT, May 2022.
[DPCR – DCP_Draft_05-31-2022.pdf]
- Del Puerto Canyon Reservoir, Final Environmental Impact Report, Volume 1, October 2020.
[Del-Puerto-Canyon-Reservoir-Final-EIR-Vol-I.pdf]
- Geotechnical Data Report, Del Puerto Canyon Reservoir Conveyance Facilities, Stanislaus County, California, Project No. 919.01, February 12, 2020
[91901R01 Data Report Conv.pdf]


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Progress Report

DEL PUERTO CANYON RESERVOIR

Progress Report No.: PR-01

DESIGN OF DAMS AND APPURTENANT STRUCTURES

Prepared by: G. Roussel

Reporting Period: Project Start through July 1, 2022

Date: 07/15/2022

ACTIVITIES DURING REPORTING PERIOD

This progress report exceptionally covers a three-month period from Project Start (i.e., April 1, 2022) through July 1, 2022. Future progress reports will be submitted monthly.

Task 1 – Project Administration

- Prepared for and attended biweekly status meetings with Program Team, prepared meeting notes, and maintained action item list.
- Made several modifications to the initial project schedule (submitted with TGP's proposal) to take into account the required phasing of the explorations and the Partners' funding limits, and produced several cash flow curves for consideration by the Partners.
- Held weekly internal status meetings with TGP technical staff involved in the work to monitor progress and address issues, as necessary.
- Prepared for and attended meeting with DSOD on May 10th to introduce the design team, and discuss overall strategy and general technical approach for the design; provide an overview of the geological and geotechnical investigations; and receive initial feedback from DSOD.
- Developed scope and cost estimate of geotechnical explorations for proposed relocated PG&E towers and submitted to Program Team for transmittal to PG&E.
- Started working on CAD drawing of proposed structures and major utilities to support the Partners' initial negotiations with Crimson Midstream.

Task 3 – Geotechnical Evaluation

- Reviewed available geotechnical data and reports developed during the initial and feasibility studies for the project and inspected available rock cores from previous investigations.
- Established scope of geotechnical data collection and laboratory testing required to support the design.
- Prepared overview of exploration program for DSOD.
- Developed location maps for proposed geotechnical explorations with overlays to address environmental and cultural resources constraints.
- Attended multiple meetings with ICF staff to discuss environmental requirements and modify locations of proposed geotechnical explorations as much as possible to avoid sensitive areas and the need for permits.
- Phased the explorations based on the need for environmental permits, focusing on gathering the required information to proceed with the 30% design within the available funding for 2022.
- Developed information necessary to secure environmental permits required for explorations that could not be moved outside sensitive areas and submitted this information to ICF for permitting.
- Prepared comprehensive Data Collection Plan (DCP) and submitted draft document to Program Team for review and transmittal to DSOD.
- Prepared for and attended site tour and first meeting of the Technical Review Board (TRB) on June 13th and 14th.

- Began work on detailed geological mapping.
- Met on site with driller and ICF staff to assess accessibility and constraints associated with borings proposed in borrow and landslide areas.

SIGNIFICANT ISSUES ENCOUNTERED / ADDRESSED

A delay in the award and execution of the design contract combined with the need to complete enough geotechnical explorations during the 2022 drilling season to support the 30% design and the fundings constraints of the Partners led us to focus on preparing the DCP for review by DSOD and to delete, delay, or reduce the scope of, non-critical activities in 2022. Consequently, some activities that were scheduled to happen upon Notice-to-Proceed (e.g., preparation of the Project Work Plan) will now be completed in the next one to two reporting periods.

ACTIVITIES PLANNED FOR NEXT REPORTING PERIOD (thru July 29, 2022)

Task 1 – Project Administration

- Prepare for and attend biweekly status meetings with Program Team, prepare meeting notes, and maintain action item list.
- Prepare Project Work Plan
- Prepare resource-loaded schedule and establish baseline for schedule and cost monitoring.
- Monitor weekly progress and address issues, as necessary.
- Address special requests from Program Team, as necessary.

Task 3 – Geotechnical Evaluation

- Submit permit applications for Phase 1 borings to Stanislaus County and address comments, as necessary to secure the permits.
- Finalize locations of borrow and landslide area borings in the field with ICF biologist.
- Visit site with Fugro driller and ICF biologist to evaluate access and constraints for borings at the dams and appurtenant structures and finalize exploration locations to satisfy environmental constraints.
- Finalize drilling costs and schedules.
- Continue detailed geologic mapping

PROGRESS AND COST TO DATE

The following is a summary of the cost and progress by task for Task Order 01 as of July 1, 2022.

ACTIVITY	Task Order 01 Estimate	Prior Billed (\$)	Current Billed (\$)	Total Billed (\$)	Remaining Budget (\$)	Percent Spent	Percent Complete
Task 1 - Project Administration	499,025	0.00	60,307	60,307	438,718	12.1%	12%
Task 3 - Geotechnical Evaluation	2,038,993	0.00	128,828	128,828	1,910,165	6.3%	6%
Task 4 - Preliminary Design (30% Design)	458,780	0.00			458,780		
Total Task Order 01	2,996,799	0.00	189,135	189,135	2,807,663	6.3%	6%

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As of the writing of this report we do not anticipate any issues meeting the overall schedule and budget established for Task Order 01. As indicated above, some activities that would normally be completed at the start of the project had to be delayed to focus on the first phase of the geotechnical explorations; thus, the resource-loaded project schedule was not available to perform an Earned Value Analysis (EVA) at this time. Once this schedule has been completed, we will begin performing EVAs on a monthly basis and will report the results of these evaluations of schedule and budget in our progress reports.

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