

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS TELEPHONIC REGULAR MEETING
MINUTES FOR SEPTEMBER 16, 2021

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 9:30 a.m. at 842 6th Street, Los Banos, California, and via teleconference in accordance with the Governor's Executive Order (N-08-21), with Chair Cannon Michael presiding.

Directors and Alternate Directors in Attendance

Division 1

Vince Lucchesi, Alternate (via Teleconference)
Anthea Hansen, Director
Rick Gilmore, Director - Lea Emmons, Alternate

Division 2

Ryan Ferguson, Director
William Bourdeau, Director
Bill Diedrich, Director - Lon Martin, Alternate (both via Teleconference)

Division 3

Dan McCurdy, Director - Jeff Bryant, Alternate (both via Teleconference)
Chris White, Director - Jarrett Martin, Alternate (via Teleconference)
Cannon Michael, Director
Ellen Wehr, Alternate for Ric Ortega (via Teleconference)

Division 4

John Varela, Director - Aaron Baker, Alternate (both via Teleconference)
Gary Kremen, Director - Richard Santos, Alternate (both via Teleconference)
Jeff Cattaneo, Director (via Teleconference)
Sara Singleton, Alternate for Joseph Tonascia (via Teleconference)

Division 5

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

Authority Representatives Present

Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer
Frances Mizuno, Special Projects Administrator
Rebecca Akroyd, General Counsel
Scott Petersen, Water Policy Director
Joyce Machado, Director of Finance
Stewart Davis, IT Officer

Others in Attendance

Tom Boardman, Westlands Water District
Wilson Orvis, Friant Water Authority

DRAFT

Dennis Cardoza, Foley & Lardner, LLP
Kristin Olsen, California Strategies
Joe McGahan, Summers Engineering
Richard Sanchez, USBR
Steve Melavic, USBR
Dana Jacobson, Valley Water
John Wiersma, Henry Miller Reclamation District
Anusha Kashyap, CDM Smith
Chris Park, CDM Smith
Lora Carpenter, Fieldman Rolapp & Associates
Robert Porr, Fieldman Rolapp & Associates

1. Call to Order/Roll Call

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

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

General Counsel Rebecca Akroyd reported that there is an addition to the Agenda. Akroyd reported that there was a need for a modification to Agenda Item 9, to add a second amendment to the referenced contract.

On a motion of Director Tom Birmingham, seconded by Director Rick Gilmore, the Board accepted the addition to the Agenda. The vote on the motion was as follows:

AYES:	Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
NAYS:	None
ABSTENTIONS:	None

Chair Cannon Michael reported that Agenda Item 15 will moved to follow Agenda Item 11.

3. Opportunity for Public Comment

None.

CONSENT ITEMS

4. Agenda Items 4-7: Board to Consider: a) September 16, 2021 Meeting Minutes, and September 23, 2021 Workshop Minutes b) Acceptance of the Financial & Expenditures Reports, c) Treasurer's Report, d) Staff Reports.

DRAFT

On a motion of Director Rick Gilmore, seconded by Director William Bourdeau, the Board accepted the Meeting Minutes, Financial Expenditures Reports, Treasurer's Report, and Staff Reports. The vote on the motion was as follows:

AYES: Hansen, Gilmore, Ferguson, Bourdeau, McCurdy, White, Michael, Wehr, Varela, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
NAYS: None
ABSTENTIONS: Lucchesi, Diedrich, Kremen

ACTION ITEMS

5. Agenda Item 8: Board of Directors to Consider Resolution Approving Project Modification to Extend Potential Transfer Window and Adopting Addendum to the 2019 Final Long-Term Water Transfers EIS/EIR.

Special Projects Administrator Frances Mizuno introduced the item. General Counsel Rebecca Akroyd reviewed two objection letters that were received, and reported that the findings in the CEQA document, the addendum, and the resolution remain strong.

On a motion of Director Tom Birmingham, seconded by Director Rick Gilmore, the Board adopted resolution approving project modification to extend potential transfer window and adopting Addendum to the 2019 Final Long-Term Water Transfers EIS/EIR. The vote on the motion was as follows:

AYES: Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
NAYS: None
ABSTENTIONS: Wehr

6. Agenda Item 9: Board of Directors to Consider Ratifying Execution of Agreement for Services, First Amendment, and Second Amendment to the Agreement for Thrust Collar and Bearing Repair with Kingsbury Inc., Adoption of Single Source Procurement Justification, and Related Expenditure of up to \$305,918 from the FY22 EO&M Budget.

Chief Operating Officer Pablo Arroyave reported that during disassembly of Jones Pumping Plant Unit 1 for rewind project, minor damage was discovered on the thrust runner, upper guide, and pump bearings, along with a modification to the thrust runner and collar that was not previously known to the Authority. Arroyave reported that at the request of Reclamation, Kingsbury Inc., the original manufacturer of the thrust shoes and expert in the field of Babbitt bearings, was contracted to inspect the unit and provide guidance to ensure optimum reliability

114

and operation of the unit upon recommissioning. Arroyave reported that the inspection report identified significant repair needs. Arroyave reported that Reclamation was provided a copy of the report and accepted the Authority's repair plan. Arroyave reported that the required funds are included in the FY22 EO&M budget for the Jones Pumping Plant unit rewind project.

On a motion of Director Chris White, seconded by Director Rick Gilmore, the Board authorized ratifying execution of Agreement for Services, first amendment, and second amendment to the agreement for thrust collar and bearing repair with Kingsbury Inc., adoption of Single Source Procurement Justification, and related expenditure of up to \$305,918 from the FY22 EO&M budget. The vote on the motion was as follows:

AYES: Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli

NAYS: None

ABSTENTIONS: None

7. **Agenda Item 10: Board of Directors to Consider Grassland Basin Drainage Steering Committee Recommendation to Adopt Resolution Authorizing Execution of Memorandum of Understanding Regarding Use of the Supplemental Mitigation Project Fund**

Joe McGahan reported that under the 2009 Use Agreement for Use of the San Luis Drain, the Authority has collected mitigation fees from Grassland Bypass Project participants for selenium discharges into Mud Slough from the San Luis Drain. McGahan reported that the Supplemental Mitigation Project Fund ("SMPF") accumulated \$435,245 through the end of the 2009 Use Agreement in 2019. McGahan reported that a Mitigation Sub-Committee was organized in accordance with the 2009 Use Agreement. McGahan reported that the Sub-Committee met over a period of months in the fall and winter of 2020 and have developed a proposal for use of the mitigation funding. McGahan reported that Reclamation, through the Grassland Bypass Project Oversight Committee, recently authorized the release of the SMPF in accordance with the 2009 Use Agreement, and noted that letters of support for the release had been received by Oversight Committee members, including the California Department of Fish and Wildlife, the United States Fish and Wildlife Service, and the Regional Board. McGahan reported that the Memorandum of Understanding will memorialize the process for project approval, distribution and administration of funds, and will acknowledge that the mitigation requirements of the 2009 Use Agreement have been met. McGahan reported that the funds for the mitigation fund have been set aside in the Grassland Basin Drainers Activity Agreement Budget and are available for transfer. McGahan reported that the Grassland Basin Steering Committee voted at the August 20, 2021 meeting to

DRAFT

recommend approval of the Memorandum of Understanding and authorizing execution by the Authority.

On a motion of Director Bill Diedrich, seconded by Director Chris White, the Board adopted resolution authorizing execution of Memorandum of Understanding regarding use of the Supplemental Mitigation Project Fund. The vote on the motion was as follows:

- AYES: Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
- NAYS: None
- ABSTENTIONS: None

8. Agenda Item II: Board of Directors to Consider Water Resources Committee Recommendation to Adopt Staff Recommendation for Positions on Legislation.

- a. H.R. 3023 (Costa) - Restore WIFIA Eligibility Act
- b. H.R. 4284 (Ruiz) - Clean Drinking Water Equity Act
- c. H.R. 4915 (McClintock) - Water Supply Permitting Coordination Act
- d. S. 2334 (Cortez Masto) - Large Scale Water Recycling Project and Drought Resiliency Investment Act

Water Policy Director Scott Petersen reported that included in the packet is a memo outlining the four pieces of legislation, and that the Water Resources Committee recommended the Board adopt "Support" positions on three of the pieces of legislation (H.R. 3023, H.R. 4284, H.R. 4915), and "Support & Amend" position on one piece of legislation (S. 2334).

On a motion of Director Tom Birmingham, seconded by Director William Bourdeau, the Board adopted staff recommendation for positions on legislation. The vote on the motion was as follows:

- AYES: Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
- NAYS: None
- ABSTENTIONS: None

9. Agenda Item 15: Board of Directors to Consider Water Resources Committee Recommendation Regarding Selection of Proposed Operational Configuration for the B.F. Sisk Dam Raise and Reservoir Expansion Project Alternative.

DRAFT

Chief Operating Officer Pablo Arroyave provided a brief overview of the staff memo included in the packet. Arroyave reported that staff is seeking recommendations, feedback, and comments on two primary questions; 1) Whether Reclamation's proposal for the additional 130,000 acre-feet storage capacity being assigned 50% CVP-only and 50% investor-owned is an acceptable ratio for the project, and 2) Whether the Water Authority should select one of the three specific operational configurations, or an alternative configuration. Executive Director Federico Barajas reported that members of the Authority technical team have expressed concerns with the initial cost allocation in the Feasibility Report and the bearing this initial cost allocation will have in the final cost allocation once construction commences. Barajas reported that there are several policy decisions to be addressed by Reclamation and Authority that could have a bearing on specific investor benefits that could therefore change the participation levels of specific member agencies and could affect the final cost allocation. Arroyave reported that in addition, the final determination of federal benefits and the split of reimbursable verses non-reimbursable may affect participation as well. Arroyave reviewed each question that was submitted to Reclamation.

Chris Park reviewed the B.F. Sisk Dam Raise Project PowerPoint presentation. The presentation provided information on the following subjects; 1) Reservoir Operational Configuration Benefits, 2) Operational Configuration Selection, 3) Next Steps, and 4) Questions Submitted to Reclamation.

After a lengthy discussion the Board did not take any action, but deferred action until more information could be obtained from Reclamation.

10. Agenda Item 12: Board of Directors to Finance & Administration Committee Recommendation Regarding Authorization to Execute Delta-Mendota Canal Subsidence Correction Project Cooperative Agreement and Memorandum of Agreement with the U.S. Bureau of Reclamation.

Executive Director Federico Barajas provided a brief background on the status of the project and then asked Chief Operating Officer Pablo Arroyave to go over the Delta-Mendota Canal Subsidence PowerPoint presentation. The presentation provided information regarding Project Timeline Project Cooperative Agreement Activities (scope of work, budget breakdown, cost share breakdown) and the Memorandum of Agreement with the U.S. Bureau of Reclamation.

On a motion of Director Rick Gilmore, seconded by Director Tom Birmingham, the Board authorized execution of the Delta-Mendota Canal Subsidence Correction Project Cooperative Agreement and Memorandum of Agreement with the U.S. Bureau of Reclamation. The vote on the motion was as follows:

DRAFT

AYES: Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
NAYS: None
ABSTENTIONS: None

11. Agenda Item 13: Board of Directors to Consider Finance & Administration Committee Recommendation to Adopt Staff Recommendation for Allocation of Settlement Payment.

Chief Operating Officer Pablo Arroyave presented a memo regarding the allocation of the Panoche settlement payment received on August 6, 2021. Arroyave referred to Director of Finance Joyce Machado to discuss staff recommendations for redistribution of funds back to member agencies. Machado stated that \$952,317 in settlement funds related to water year 2009 through water year 2019 have been allocated based on final deliveries excluding Panoche from the allocation. Machado then stated that staff recommends \$26,711 be treated as miscellaneous revenue in fiscal year 2021, and that the remaining \$68,776.99 to be treated as miscellaneous revenue in fiscal year 2022. Staff plans to redistribute the \$952,317 within the next week.

On a motion of Director Rick Gilmore, seconded by Director Ryan Ferguson, the Board adopted staff recommendation for allocation of settlement payment. The vote on the motion was as follows:

AYES: Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
NAYS: None
ABSTENTIONS: None

12. Agenda Item 14: Board of Directors to Consider Finance & Administration Committee Recommendation Regarding Pursuit of Self-Funding or Public-Private Partnership Option for San Luis Transmission Project Financing.

Finance & Administration Committee Chair Rick Gilmore reported that no recommendation was reached at the committee meeting.

Special Projects Administrator Frances Mizuno presented the item to the Board. Mizuno began by briefly outlining the financing options presented to the Board at the special workshop on August 23, 2021, these options being to pursue self-funding or a public-private partnership. Mizuno reported that if the Authority were to self-fund the project this would mean the issuance of a 100% taxable bond. Mizuno reported that in addition to the self-funding option, the Authority

has received three separate private investor proposals through the RFP process. Subsequent to the special workshop, the Authority submitted an addendum to the RFP requesting the investors of the three proposals to submit a best and final offer that would be comparable to Authority financing. Mizuno then went on to present the final proposals in comparison to the self-financing option. Mizuno, and Lora Carpenter reviewed the San Luis Transmission Project (SLTP) Summary Findings Options PowerPoint presentation. The presentation provided information on the following subjects; 1) Issue for Decision, 2) SLTP Project Roles of Participants, 3) SLTP Actual TAC Escalation (2001-2021), 4) Annual CAISO TAC Cost for Transmission for the San Luis Facilities since 2016, 5) Financing Options, 6) Water Authority Financing, 7) Bond Financing, 8) Summary of Financing Options, 9) Results of Best and Final Offers, 10) Private Investor 3 Terms, 11) Next Steps for Water Authority Financing, and 12) Timeline for Water Authority Financing.

Director Tom Birmingham thanked staff, consultants, and committee members for all their hard work.

On a motion of Director Tom Birmingham, seconded by Director Rick Gilmore, the Board approved pursuit of Bonds/self-funding option for San Luis Transmission Project financing. The vote on the motion was as follows:

AYES:	Lucchesi, Hansen, Gilmore, Ferguson, Bourdeau, Diedrich, McCurdy, White, Michael, Wehr, Varela, Cattaneo, Singleton, Pucheu, Birmingham, Amorelli
NAYS:	None
ABSTENTIONS:	None

REPORT ITEMS

13. Agenda Item 16: Report on State and Federal Affairs.

Water Policy Director Scott Petersen highlighted items in his report included in the packet. Petersen reported that the House on August 23, 2021 returned to Capitol Hill from their August recess and passed, by a party-line vote, a resolution which includes the adoption of the Senate-passed FY 2022 budget resolution, and commitment to consider the \$1.2 trillion Senate-passed Infrastructure Investment and Jobs Act no later than September 27, 2021. Petersen reported that the adoption of the FY22 budget resolution by both the House and Senate officially kick starts the budget reconciliation process. Petersen reported that items of interest to water users in the Committee's reconciliation package includes:

- \$650 million through Reclamation for emergency drought relief and \$250 million for aquatic ecosystem restoration, including \$100 million for the restoration of canals damaged by subsidence;

DRAFT

- \$9.5 billion through National Marine Fisheries Service for shovel ready restoration projects;
- \$150 million through Fish and Wildlife Service (FWS) for recovery plans and \$50 million for habitat conservation plans; and
- \$3.620 billion for the civilian climate corps (\$3 billion through Interior).

Dennis Cardoza provided additional information regarding the infrastructure bills.

Kristin Olsen reported on the following items; 1) SB559, 2) Brown Act bills AB361 and AB339 which were passed by the legislature, 3) California Strategies will provide a written report regarding end of session wrap-up.

Petersen reported that AB 252 was advanced out of the Senate appropriations committee with amendments that restructured the program in a way that would have limited its applicability for Authority member agencies. Petersen reported that in response to this, the sponsor coalition worked to include the initial proposal, at \$50 million rather than \$500 million, into the resources trailer bill, which was advanced. Petersen reported that staff will be working with member agencies to identify potential projects that could benefit from the funding for this pilot program.

14. **Agenda Item 17: Executive Director's Report.**

a) **Future Board Meeting Format** – After a brief discussion it was decided to continue in-person with phone option available, and wait and see what happens with future legislation/Executive Orders.

b) **TCCA OM&R Transfer Agreement** – Executive Director Federico Barajas reported TCCA is expected to sign their contract with Reclamation soon, and Friant has already executed their contract. Barajas reported that staff will be reviewing both contracts to see if there are any potential modifications to the Water Authority contract that merit consideration by the Board.

c) **Ag Leadership Program** – Executive Director Federico Barajas reported that Scott Petersen was selected for the Class 51 of the California Agricultural Leadership Program.

15. **Agenda Item 18: Chief Operating Officer's Report.**

Special Projects Administrator Frances Mizuno provided a brief update on transfers. Mizuno reported on the following water transfers; 1) Yuba Transfer – Mizuno reported that as of the middle of August the total estimate of Yuba water to the Authority is about 45,988 af. Of that amount about 18,200 af was pumped July-August, and the remainder will be pumped in September-

MA

DRAFT

October, 2) NOD Transfer Program – Mizuno reported that the transfer water started being conveyed at Jones Pumping Plant September 1, 2021. Mizuno reported that the rate and how much is anticipated to be pumped is still being confirmed by CVO; once there is a confirmation an allocation will be sent out to those participants regarding how much water will be available, 3) SEWD - Mizuno reported that the transfer was approved in early August for 7,500 af, with a 10% carriage loss, 6,750 af was available. Mizuno reported that all the water was pumped at Jones Pumping Plant as of September 10, and was allocated to those participating members that reside in San Joaquin and Stanislaus County, and (4) OID – Mizuno reported that this transfer unfortunately was not approved. Mizuno commented that anticipating that next year could be another dry year discussion should start soon on how to proceed with water transfers for next year.

Chief Operating Officer Pablo Arroyave reported that the Jones Pumping Plant Rewind is still on schedule with Unit 1, and once complete Unit 4 will begin.

Arroyave reported that staff has been working with Reclamation on hyacinth efforts, and noted the potential for agreement to cover treatment costs.

16. **Agenda Item 19: Update on Water Operations and Forecasts**

Westlands Water District's Tom Boardman reported that Shasta carryover may be about 1,060 TAF which is almost 100 TAF higher than Reclamation's latest operations forecast. Folsom storage remains steady about 233 TAF. Boardman described conditions that are increasing Delta inflow to support 3 units or 2550 cfs at Jones. Boardman stated that a 2 and 3-unit operation has not occurred since last February.

Boardman stated that the reported CVP share of San Luis of 24 TAF is actually -79 TAF because of several exchanges totally 100 TAF where SWP SLR water was moved to CVP storage to ensure CVP storage to meet CVP demands. The CVP is planning to payback the exchange water in SLR by the end of the calendar year. Boardman also explained that 23.5 TAF of unallocated Friant water has been delivered to the Metropolitan Water District in exchange for a like amount of SWP water made available in the O'Neill Forebay to meet exchange contractor demand.

17. **Agenda Item 20: Committee Reports.**

- a. **Water Resources Committee** – Chair Tom Birmingham reported that the committee met, and addressed agenda items.
- b. **Finance & Administration Committee** – Chair Rick Gilmore reported that the

DRAFT

committee met, and addressed agenda items.

- c. O&M Committee – No report.

18. Agenda Item 21: Outside Agency/Organization Reports.

- a. State and Federal Contractors Water Agency (SFCWA)

No report.

- b. Family Farm Alliance (FFA)

Report included in the packet.

- c. Farm Water Coalition.

No report.

- d. Association of California Water Agencies

Director Bill Diedrich reported the Fall Conference will be in-person/virtual event.

- e. San Joaquin Valley Water Blueprint Effort

No report.

- f. CVPWA

Director Anthea Hansen reported that some WIIN Act overpayments are going back to different agencies.

19. Agenda Item 22: Board Member Reports.

No report.

20. Agenda Items 23-24: Closed Session Report.

Chair Cannon Michael adjourned the open session to address the items listed on the Closed Session Agenda at approximately 12:17 p.m. Upon return to open session at approximately 12:22 p.m., General Counsel Rebecca Akroyd stated that no reportable actions were taken.

21. Agenda Item 25: Reports Pursuant to Government Code Section 54954.2 (a) (3)

No reports.

22. Agenda Item 26: Adjournment.

The meeting was adjourned at approximately 12:23 p.m.

124

Blank



October 7, 2021

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

Operations Department

The C.W. "Bill" Jones Pumping Plant (JPP) operated with 2 to 3 units through September 28th. The average rate of pumping for the JPP was 2,221 cfs through September 28th.

Total pumping at JPP through September 28th was 123,365 acre-feet. The O'Neill Pump/Generating Plant (OPP) generated 221 acre-feet, and pumped 57,833 acre-feet through September 28th. No pumping occurred at the Delta-Mendota Canal/California Aqueduct Intertie Plant (DCI) and 4,703 acre-feet was reversed from the California Aqueduct into the DMC.

The Federal share in San Luis Reservoir on September 28, 2021 was 257,102 acre-feet as compared to 973,856 acre-feet on September 30, 2020.

During the month of September, releases from Friant Dam ranged from 240 to 265 cfs with no flows entering the Mendota Pool. There were no flows past the Mendota Dam for the San Joaquin River Restoration Program (SJRRP) during the month of September.

Canal Operations staff members performed open channel and closed-pipe flow measurements, routine patrols, flow meter moss removal, bi-weekly meter readings, water samples, well soundings, and meter maintenance during the month. Staff also conducted flow testing on the San Joaquin River for the Friant Water Authority.

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

- JPP Unit 1; suction elbow inspection
- JPP Unit 1; motor rewind and annual maintenance
- OPP Unit 3; unplanned outage
- DCI Unit 4; contractor conduit inspection
- JPP Service Air System; air receiver tank inspections

Civil Maintenance Department

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

- Moss removal from turnout trash racks and flow meters
- USBR RO&M examination support
- TFCF stop log seal installation and transportation
- Grading and repair of DMC, SLD, and Wasteway operating roads
- LBFO minor facility repairs
- MP 63.96L leak repairs
- Assisted with OPP Unit 3 repairs
- TFO compound minor maintenance
- DMC road repairs MP3.49 to MP14.80
- Chemical and mechanical weed control on DMC and SLD
- Installation of stairs and handrails to DMC turnout gates and meters (MP44.22L)
- Maintenance and repairs to float lines, signs, fences, guard rails and gates
- Maintain bait stations along DMC
- Cleaning of DMC drain inlets
- Garbage collection on DMC and wasteways

Plant Maintenance Department

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

Electrical/C&I Staff:

- JPP flow totalizer upgrade
- JPP plant lighting repairs
- JPP Unit 2 annual maintenance
- TFCF Velocity Control pump PM
- OPP Unit 3 re-assembly electrical connection

Mechanical Staff:

- JPP Unit 1 Rewind: Assist contractor with crane support, sand blast and paint components, re-assembly postponed until December
- JPP Unit 1 bearing and thrust collar/runner support
- JPP air wash unit, float switch and valve installation
- JPP sandblast & paint items as requested
- OPP Unit 3 re-assembly has the pump assembly at the alignment phase
- JPP Unit 2 annual maintenance

USBR Support Services

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

- Perform electrical PM on velocity control (VC) pumps
- Replace trolley wheels on the TFCF trash rack gripper and repairs to hydraulic system

me

Engineering Department

The Engineering staff worked on the following projects this month:

- JPP Unit 1 rewind project, and thrust bearing inspection and repairs
- JPP Unit 4 rewind project
- JPP switchgear buildings relay settings update
- DMC MP115.90 flowmeter evaluation
- Upper DMC communication upgrades scoping
- DMC RO&M / ASEI Exam
- RO&M exam draft report review
- Data management of well readings and creation of Warren Act hydrographs
- OPP penstock cathodic protection system replacement
- TFCF secondary channel equipment support
- FY2023 O&M budget planning and estimates
- OPP oil tanks removal
- OPP electrical drawings updates
- JPP industrial water settling basin repair
- Topographic survey of TFO canal maintenance yard
- OU-3 stator inspection
- OU-3 ramp testing
- JPP Accusonic flowmeter panel replacement
- O&M PM setup in NetSuite
- TFCF electrical panel preventive maintenance and support
- OPP Unit 3 support for assembly, and alignment
- TFO breaker modifications per 2018 JPP Arc Flash study findings

Land Management Activity Summary

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

- Access permit P2202023 was issued to PG&E to use the Delta-Mendota Canal O&M roadway from milepost 92.23-R to milepost 96.61-L/R to access private property adjacent to the canal right-of-way.

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

- City of Patterson Rogers Road bridge replacement
- International Parkway bridge replacement, PROLOGIS -Tracy, CA
- Corral Hollow bridge replacement

Safety Department

The Safety Department worked on the following items this month:

- Conduct new hire safety orientation for Jessica Gerard.
- Provided Job Hazard Analysis support for the crews.
- Conduct Weekly Safety Tailgate talks with maintenance and operations crews.

127

- Sent out Weekly Safety Tailgate Topics – 9-1 Jobsite Hazards, 9-2 Accident Prevention, 9-3 Accident Reporting, 9-4 Accident Investigation
- Provided Safety Message for September monthly newsletter – 9/2021 Food Safety
- Attended American Society of Safety Professionals Safety 2021 annual safety conference – virtual.
- Provide permit required confined space rescue standby for OPP Unit 3 rebuild.

Work & Asset Management Department

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

Contracts/PO Agreements/LOA's Status Update

- F22-OPP-059 - OPP Main Transformer Rehabilitation solicitation document development in progress. Estimated release date is planned for February/March 2022.
- F22-DMC-058 - DMC Chipseal Contract - Awarded to Talley Oil - Contract completed on September 24, 2021.
- F22-JPP-060 - JPP Unit 1 Thrust Collar and Bearing Repairs - Emergency Contract. Work in progress.
- F22-OPP-061 - OPP Cathodic Protection System Replacement - Informal bid issued and received bids. Bid evaluation in process.
- F22-OPP-062 - OPP Transformer Oil Tank Removal - Informal bid issued and received bids. Bid evaluation in process
- F22-LBFO-063 - Pesticide Supply Contract - RFQ developed and issued. Evaluation of submittals in progress.
- F22-DMC-064 - Aerial Hyacinth Spraying in Mendota Pool - RFQ developed, issued and quotes received. Evaluation of quotes in progress.

Ongoing:

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

Information Technology Department

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

- NetSuite
 - Online training, user and administration

28

- Bi-weekly implementation team meetings
 - Selected vendor for NetSuite support
- Continuing support for our "Work at Home" users
- Assist with September FAC, WRC and BOD meetings with Zoom
- Desktop support calls.
- Email server upgrade preparations - Vendor SOW
 - Hardware requirements and quotes
- Planning for server refresh
- Planning for laptop refresh
- Planning process to evaluate upgrading/replacing copiers
- Started development of updated companywide cybersecurity training and awareness
 - Selected 9 training videos for all staff and management to view
 - HR distributed to all to view
- Research Hybrid zoom sound system upgrade for September BOD, FAC, and WRC
 - Upgraded microphones and tested borrowed sound board for September WRC, FAC, and BOD meetings
- Continued upgraded of Symantec anti-virus management console, pushed new version to additional users
- Research security camera options for warehouse personnel to monitor gates
- Prepared desktop for deployment to new Civil Engineer.
- RO&M budget preparation
- Assist SCADA staff with 3G to 4G cell migration for DMC check structures

Human Resources Department

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

General Administrative Activities:

- Recruitments:
 - Heavy Equipment Operator, Tracy (continued recruitment)
 - Hydro-electric Electrician, Tracy (current status: skills testing/interviewing)
 - SCADA Engineer, (continued candidate review)
 - O&M Manager (candidate interviews continuing)
 - Plant Engineer, Tracy
 - Maintenance Worker, Tracy
 - Work Planning Technician, Los Banos
- Background checks for PIV cards (continuing)
- Benefits open enrollment (October, 2021)

Trainings/ Conferences:

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

Government Reporting:

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

Ongoing:

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

EXTRAORDINARY O&M & CAPITAL PROJECTS

DELTA-MENDOTA CANAL (DMC)

Bridge Abutment Repair at MP 92.73

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

DMC Subsidence Correction Project

Status: SLDMWA executed a \$817k Professional Services Agreement with Terracon on May 6th for the Phase 1 Geotechnical Exploration work after receiving board approval at the May board meeting. Fieldwork and lab work is complete, and USBR/WA has submitted the draft report comments for Terracon to update and finalize. Terracon will also submit a Phase 2 & 3 cost estimate to closeout the project and support Task execution once funding is secured.

The Water Authority executed the Cooperative Agreement and Memorandum of Agreement with Reclamation on 9/24/2021 after acquiring Board approval. The Cooperative Agreement will allow the transfer of funds to the Authority. The scope of the Agreement encompasses preliminary work necessary prior to final design. The scope includes the current Geotechnical work being performed by Terracon, Cultural Records search, Feasibility Report, Environmental Compliance, and labor associated with managing the contracts and participating in the USBR DEC Review. The Authority will immediately begin working with Reclamation on submitting the first invoice for the pre-incurred costs.

Reclamation approved the pump submittal for the supply contract for the two additional pumps at the DMC/CA Intertie Pumping Plant (DCI). The installation of the government furnished items will be completed by Unico Services. Unico's latest schedule is to mobilize late December or early January. Project is to be completed by Spring 2022.

DMC Turnout Flowmeter Upgrade Program – Phase 2

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

EXTRAORDINARY O&M & CAPITAL PROJECTS

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

Status: Talley Oil Inc. started the chip seal project on Tuesday September 21, 2021 by sweeping, oiling and chipping the DMC O&M Roadway from MP14.80 and terminating at MP3.49. It took Talley two days to finish 11.31 miles of chip sealing. Project is complete.

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

JPP Excitation Cabinet & Control Panel Refurbishment (FY2018 Project)

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

JPP Unit No. 5 Rewind

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

JPP Unit No. 1 Rewind

Status: The stator rewind is complete and has been tested. There has been a delay with the rotor field poles being overhauled at the NEC factory which results in a 3 month delay in the contract. NEC will demobilize the week of 9/27/2021 and not return to the site until 11/29/2021 to install the rotor field poles and complete their work. The updated schedule has Unit 1 returning to service 1/25/2022. The previous return to service date was 11/19/2021. Performance testing is tentatively scheduled for January 31 – Feb 4. The thrust bearings, upper guide bearing, thrust runner and pump bearing were all sent to Kingsbury Inc. in Yuba City for repair and are scheduled to be completed in October and November.

JPP Unit No. 4 Rewind

Status: Due to steel shortages and price increases in Europe, the Water Authority issued the Notice to Proceed and initial payment for the Unit 4 Rewind in June and materials were successfully secured. The schedule for Unit 4 has been adjusted accordingly due to the Unit 1 delay. Disassembly by Authority staff is scheduled to begin February 21, 2022, previously December 9, 2021. Production of the Unit 4 laminations is starting in early October. David Roose will travel to Poland in October for a factory inspection during the job.

EXTRAORDINARY O&M & CAPITAL PROJECTS

JPP/OPP/DCI Fire Protection Systems Assessment

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

JPP Wear Ring Purchase

Status: No activity this month.

O'NEILL PUMPING/GENERATING PLANT (OPP)

Main Transformers Rehabilitation/Replacement Project

Status: Continued to develop the RFP contract. Met with Reclamation Tracy Office, CVO, TSC, DWR, and WAPA about the outage schedule of April-May. Met with TSC for further insight about the contract schedule. Due to the additional insight on time constraints, the project should be rescheduled to April-May 2023. This decision is pending results of latest OPP transformer oil testing to confirm their condition can withstand the one-year delay.

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

Status: Worked on recommendations per facility rating review. Arc Flash Hazard Analysis and Protective Relays Review is still pending.

Pump Bowl Modification (Design and USBR Approval)

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

Penstock Cathodic Protection System Replacement

Status: Solicitation was administered to construction contractors and bids are due back by September 30th.

UPS Battery Charging System Replacement

Status: No activity this month.

TRACY FACILITIES (TFO)

TFO Domestic Water Treatment Plant Replacement

Status: Engineering review of the water treatment plant data has begun. A topographic drawing was prepared to address the flooding issue of the existing treatment building and will include underground utility coordination. Underground utilities have been drawn up and supplementary surveys to support the drainage

EXTRAORDINARY O&M & CAPITAL PROJECTS

improvements are being performed. Water quality testing will occur in October, and drainage design is ongoing.

MULTIPLE FACILITIES: TFO/LBFO/DCI

Arc Flash Hazard Analysis

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



STAFF MEMORANDUM

TO: Board Members and Alternates

FROM: Scott Petersen, Water Policy Director

DATE: October 7, 2021

RE: Update on Science Program

SUMMARY

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

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

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

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

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

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

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

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

FUTURE SCIENCE PROGRAM DIRECTION

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

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

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

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

- Permit Streamlining

Technical Support for Authority Engagement in Regulatory Processes

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

Steelhead Monitoring and Protection

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

Delta Smelt Structured Decision Making Scientific Expertise

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

CSAMP/CAMT Support

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

Delta Coordination Group Support

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

Development of Voluntary Agreement Science Plan

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

138



MEMORANDUM

TO: SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer
Frances Mizuno, Special Projects Administrator

DATE: September 30, 2021

RE: San Luis Transmission Project – Review of Proposed Resolution Authorizing the Execution and Delivery of Refunding Bonds and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters

BACKGROUND

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

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

Western would construct, own, maintain, and operate the lines, which would be located mostly adjacent to existing transmission lines in Alameda, San Joaquin, Stanislaus, and Merced Counties in California. Additional components of the SLTP would include new 230 kV line terminal bays at Western’s San Luis and Dos Amigos Substations, which are operated and maintained by DWR, as well as a new 230/70 kV transformer bank and interconnection facilities at the San Luis Substation.

The overall construction costs of the project are estimated to be approximately \$282 million dollars (July 2020¹ estimate). The estimated annual O&M costs of the project are between

¹ An updated estimate is expected in November 2021.

139

\$500,000 and \$750,000 per year. The planned financing period is assumed to be 30 years, with the estimated life of the SLTP to exceed 40 years in life.

In the Water Authority's September 16, 2021 Board Meeting, the Board of Directors approved pursuing financing of the SLTP by issuance of taxable bonds (self-financing). A resolution is expected to come before the Board for approval in the upcoming October 7 meeting pertaining to legal documents relating to the bond financing, with future Board action planned for November and December of this year, and closing of the refinancing expected to occur in January, 2022. The Water Authority is utilizing existing bond counsel and financial advisors specifically to complete this public financing process.

ANALYSIS

Staff and outside consultants are working to enable the Water Authority to fund the SLTP through the issuance of taxable bonds. On Monday, October 4, 2021, a resolution is expected to come to the Finance & Administration Committee and on October 7, 2021, before the Board for approval, which would authorize the issuance of revenue bonds to finance the costs of the Project and approve the following documents in substantial form:

- Indenture of Trust
- Continuing Disclosure Certificate
- Advanced Payment Project Agreement
- Good Faith Estimate of Costs

The Advanced Payment Project Agreement² would be executed by the Water Authority and certain of its members, and would provide the advanced payment to the Water Authority of certain costs by certain Water Authority member agencies in connection with the SLTP. This advanced payment amount would be linked to the share of SLTP costs allocated to the Bureau of Reclamation in any Authority Fiscal Year, and would serve to provide protection for the Water Authority if the payment from Reclamation is not received by the Authority in a given year.

ATTACHMENTS

1. Draft Resolution
2. Indenture of Trust
3. Continuing Disclosure Certificate
4. Advanced Payment Project Agreement

² Pursuant to the Water Authority's Joint Exercise of Powers Agreement, a Project Agreement is an agreement between and among the Water Authority and any of its Members or other entities to provide for undertaking and sharing in the cost and benefits of any authorized activity of the Water Authority in connection with the acquisition of capital facilities or the issuance of debt. (JPA, Art. 1.i.)

140



XIII. A. 1.

Cliff Loeffler
Lindsay-Strathmore I.D.
Chairman of the Board

Edwin Camp
Arvin-Edison W.S.D.
Vice Chairman

Jim Erickson
Madera I.D.
Secretary/Treasurer

Kole Upton
Chowchilla W.D.

Tim Orman
City of Fresno

George Porter
Fresno I.D.

Loren Booth
Hills Valley I.D.

Chris Tantau
Kaweah Delta W.C.D.

Michael Brownfield
Lindmore I.D.

Josh Pitigliano
Lower Tule River I.D.

Kent H. Stephens
Kern-Tulare W.D.

David Brown
Orange Cove I.D.

Eric Borba
Porterville I.D.

Steven G. Kislring
Saucelito I.D.

Matt Leider
Tea Pot Dome W.D.

Edwin L. Wheaton
Terra Bella I.D.

Rick Borges
Tulare I.D.

Jason R. Phillips
Chief Executive Officer

Douglas A. DeFlicht
Chief Operating Officer

854 N. Harvard Ave.
Lindsay, CA 93247

1121 L St., Ste. 610
Sacramento, CA 95814

(559) 562-6305

October 11, 2021

San Luis & Delta-Mendota Water Authority
Federico Barajas, Executive Director
842 6th Street
Los Banos, CA 93635

RE: CONCERNS REGARDING PROPOSED CHARACTERIZATION AND ALLOCATION OF COSTS FOR THE SAN LUIS TRANSMISSION PROJECT

Dear Federico:

This letter is a follow-up to the discussions at the September 30, 2021 special workshop, the October 3, 2021 Finance and Administration Committee meeting, and the October 7, 2021 Board meeting regarding the San Luis & Delta-Mendota Water Authority's (Authority) proposed financing for the San Luis Transmission Project (Project or SLTP). During these meetings, Authority staff walked through the documents related to the financing, including a Resolution, Indenture of Trust, Continuing Disclosure Certificate, and Advanced Payment Project Agreement (Payment Agreement) (collectively, Financing Documents).

We support the Authority's efforts to stabilize power costs, especially given that Friant Contractors pay for a substantial portion of the Authority's annual OM&R costs, to ensure water deliveries to the Settlement Contractors. However, as discussed at the recent meetings, we have unresolved questions and concerns regarding the Authority financing this Project and assuming a debt obligation that we would like to see resolved as soon as possible. These concerns include the basis for characterizing the financing costs as OM&R and the Authority to assume the debt obligation under the Authority's Transfer Agreement and the Friant MOU; how the annual debt service costs will be allocated to all contractors in various water year types; the overall anticipated cost for the Project; and the relative financial benefits to each funding agency.

At this time, we do not object to the Authority's efforts to move forward with the necessary preliminary actions to finance the Project with the understanding that a final recommendation and decision regarding the bond issuance will be requested from the Finance and Administration Committee and the Board of Directors in the December 2021 timeframe, at which time it is anticipated the offering document (Preliminary Official Statement) and other relevant agreements with Western Area Power Administration and the Bureau of Reclamation will be acted upon by the Board.

141

We appreciate the recent commitment from Authority staff to work with FWA and other interested water contractors to resolve the outstanding concerns we have raised. To that end and based upon the timeframe the Authority has laid out to complete the bond issuance, FWA is requesting that the Authority: (1) execute an agreement with FWA tolling the limitations period for any legal challenges to the Board's bond financing actions and (2) work with FWA and other interested contractors to understand the legal framework, relative cost benefits, and the cost allocation methodology with the goal of developing a consensus on the legal framework and mechanics for allocation of the costs for the Project.

Please contact me with questions and/or concerns. We look forward to working with the Authority on this important Project.

Sincerely,



Jason Phillips
Chief Executive Officer
Friant Water Authority

CC:

Cannon Michael, SLDMWA Chairman of the Board
Pablo Arroyave, SLDMWA Chief Operating Officer
Frances Mizuno, SLDMWA Special Projects Administrator
Rebecca Akroyd, SLDMWA General Counsel
Wilson Orvis, FWA Chief Operating Officer
Don Davis, FWA General Counsel
Brian Thomas, FWA Consultant

142