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ADMINISTRATION AGREEMENT

This Administration Agreement, made as of January 1, 1992, by and among San Luis & Delta-Mendota Water Authority, a joint powers agency of the State of California, hereinafter called the "Authority" and the public agency set forth on the signature page hereof, hereinafter called the "Member",

WHEREAS, the Member, together with certain other local agencies, has entered into an Amended and Restated Joint Exercise of Powers Agreement - San Luis & Delta - Mendota Water Authority, dated as of January 1, 1992, by and among the parties indicated therein (the "JPA Agreement") for the purposes set forth therein; and

WHEREAS, the Members desire to enter into this Agreement to implement the budgeting provisions of Sections 22 and 23 of the JPA Agreement;

NOW THEREFORE, the parties hereto agree as follows:

Section 1. Definition.

(a) "Activity Agreement" means an agreement (other than a Project Agreement) between and among the Authority and any of its Members or other entities (including associate members) to provide for undertaking and sharing costs and benefits of any authorized activity of the Authority which complies with the provisions of Section 2 hereof.

1/10/92

(b) "Activity Expenses" shall mean Authority Operating Costs which are allocable to Members in accordance with an Activity Agreement or other agreement (other than a Project Agreement).

(c) "General Operating Costs" means all Operating Costs other than Activity Expenses and Operating Costs allocable to Project Agreements.

(d) "Operating Costs" shall mean the Authority rent and other occupancy charges, acquisition cost of office furniture and equipment, including telephone, telecopy, photocopy, cost of cars and other vehicles, insurance premiums, salaries and wages of employees including payments in connection with retirement programs and other benefit programs, fees of creditors, lawyers, engineers and other consultants, travel, telephone, telecopy and photocopy expenses and any other general administrative expenses.

(e) "Project Agreement" shall have the definition set forth in the JPA Agreement.

Section 2. Authorization to Allocate Operating Costs. The Authority and the Member acknowledge that it is the intent of this Agreement that all Operating Costs incurred by the Authority under a Project Agreement be paid by parties which executed the Project Agreement. The Authority and the Member acknowledge that it is the intent of this Agreement that all Operating Costs incurred by the Authority under an Activity Agreement be paid by parties which executed such Activity Agreement. The Authority is authorized by the Member to allocate all remaining Operating

Costs in accordance with the provisions of this Agreement as General Operating Costs.

(a) Participation Percentages. The initial participating percentages of the Members with respect to General Operating Costs shall be as set forth in Exhibit "B" attached hereto and made a part hereof. The parties acknowledge and agree that Exhibit "B" attached hereto is based upon the assumption that all listed Members and Associate Members join the Authority; in the event any entity listed on Exhibit "B" fails to join the Authority prior to April 1, 1992, the parties agree that the participation percentages indicated on Exhibit "B" shall automatically be adjusted to distribute such non-joining entity's participation percentage pro-rata among those entities who have joined by such date without further action by the parties hereto. Upon admission of new Members or withdrawal of current Members, the initial participating percentages set forth in Exhibit "B" hereto shall be amended by action of the Board of Directors. The Authority shall not enter into an Activity Agreement unless cost allocation provisions fixing the participation percentages of each entity executing such Activity Agreement is set forth therein. Members with participation percentages under .1 percent shall be subject to a reasonable minimum fee to be fixed by the Board of Directors from time to time, in lieu of such participation percentage.

Section 3. Member Payments To The Authority.

Expenses Incurred For Member Activities And Payments To The Authority. All General Operating Costs incurred by the Authority shall be allocated to and paid by the Members in accordance with the participation percentage of the Members. All Activity Expenses incurred by the Authority shall be allocated to and paid by Members in accordance with the respective Activity Agreement. All Operating Costs allocable to a Project Agreement shall be allocated to and paid by Members in accordance with the respective Project Agreement.

Section 4. Source of Payments. The Member agrees that it will fix rates, charges or assessments in connection with its water or irrigation system so that it will at all times have sufficient money to meet its obligations hereunder and under the JPA Agreement. The Member hereby confirms that the Authority and other Members are third party beneficiaries of such Member's obligations under this Agreement and may take such actions in law or in equity as may be desirable to enforce payments hereunder.

Section 5. Term. This Agreement shall take effect on January 1, 1992 and shall remain in full force and effect until such time as the Member withdraws from the Authority in accordance with the JPA Agreement or this Agreement is amended, rescinded or terminated by the Authority and the Member.

Section 6. Withdrawal From Further Participation. To withdraw, a Member shall give the Authority written notice of such withdrawal not less than 60 days prior to the date of such

withdrawal. Withdrawal shall be conditioned upon satisfaction of such Member's financial obligations hereunder and as set forth in Section 35 of the JPA Agreement.

Section 7. Amendments. This Agreement may be amended in writing by the parties hereto.

Section 8. Assignment; Binding on Successors. Except as otherwise provided in this Agreement, the rights and duties of the Member may not be assigned or delegated without the written consent of the Authority. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Member.

Section 9. Counterparts. This Agreement may be executed by the Authority and the Member in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10. Choice of Law. This Agreement shall be governed by the laws of the State of California.

Section 11. Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby

agreed by the Member and the Authority that the remainder of the Agreement shall not be affected thereby.

Section 12. Headings. The titles of sections of this Agreement are for convenience only and no presumption or implication of the intent of the parties as to the construction of this Agreement shall be drawn therefrom.

IN WITNESS WHEREOF, the Member and the Authority has executed this Agreement with the approval of its governing body, and caused its official seal to be affixed.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY _____ WATER DISTRICT

By: _____

By: _____

By: _____

By: _____

EXHIBIT B

Schedule of Participation Percentages of General Operating Costs

	Acre Feet	%	
DIVISION 1			
1. Banta-Carbona Irrigation District	25,000	0.87%	
2. Davis Water District	5,400	0.19%	
3. Del Puerto Water District	12,060	0.42%	
4. Foothill Water District	10,840	0.38%	
5. Hospital Water District	34,105	1.19%	
6. Kern Canon Water District	7,700	0.27%	
7. Mustang Water District	14,680	0.51%	
8. Orestimba Water District	15,860	0.55%	
9. Patterson Water District	22,500	0.78%	
10. Plain View Water District	20,600	0.72%	
11. Quinto Water District	8,620	0.30%	
12. Romero Water District	4,690	0.16%	
13. Solado Water District	9,130	0.32%	
14. Sunflower Water District	16,625	0.58%	
15. West Side Irrigation District	7,500	0.26%	
16. West Stanislaus Irrigation District	50,000	1.74%	
Total Division 1	265,310		9.24%
DIVISION 2			
1. Panoche Water District	94,000	3.27%	
2. San Luis Water District	125,080	4.36%	
3. Westlands Water District	1,150,000	40.03%	
Total Division 2	1,369,080		47.66%
DIVISION 3			
1. Central California Irrigation District	532,400	18.53%	
2. Firebaugh Canal Water District	86,000	2.99%	
3. Grassland Water District	53,500	1.86%	
4. San Luis Canal Company (Associate Member)	163,600	5.69%	
5. Columbia Canal Company (Associate Member)	59,000	2.05%	
Total Division 3	894,500		31.12%
DIVISION 4			
1. Santa Clara Valley Water District	152,500	5.31%	
2. San Benito County Water District	43,800	1.52%	
Total Division 4	196,300		6.83%

EXHIBIT B

Schedule of Participation Percentages of General Operating Costs

	Acre Feet	%	
DIVISION 5			
1. Broadview Water District	27,000	0.95%	
2. Eagle Field Water District	4,550	0.16%	
3. Laguna Water District	800	0.03%	
4. Mercy Springs Water District	13,300	0.46%	
5. Oro Loma Water District	4,600	0.16%	
6. Pacheco Water District	10,150	0.35%	
7. Widren Water District	2,990	0.10%	
8. Fresno Slough Water District	4,866	0.17%	
9. James Irrigation District	45,000	1.57%	
10. Reclamation District 1606	570	0.02%	
11. Tranquillity Irrigation District	34,000	1.18%	
12. Turner Island Water District	0	0.00%	
Total Division 5	147,826		5.15%
 TOTAL	 2,873,016	 100.00%	 100.00%

February 4, 1992

WORDPERFECT WORD PROCESSING WORKSHEET

RETURN DOCUMENT TO: _____ TELEPHONE EXTENSION: _____
(if different than Author)

DATE AND TIME SUBMITTED: _____ a.m. _____ p.m.

DATE & TIME REQUIRED BY: _____ a.m. _____ p.m.

SPECIAL INSTRUCTIONS: _____

PROOFING REQUIREMENT

GLOBAL SEARCH AND REPLACE REQUESTS

- () RETURN WITH PROOFER MARKS
- () FINAL (RETURN CLEAN)
- () DO NOT PROOF

Search for:	Replace with:
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_____	_____
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SPECIAL PRIORITY

- () FEDERAL EXPRESS TODAY
- () CLOSING
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IF THE DOCUMENT IS ON THE C-DRIVE, TYPE IN THE STATION NUMBER AND FULL PATH NAME STARTING WITH THE MATTER CODE NUMBER.

EXAMPLE: PC File Name: S10 555808\PK

PC File Name: **W\6578004A\ADMINA.4**
ADMINISTRATION AGREEMENT

CLIENT/MATTER NAME: CVP CONTRACTORS / ADMINISTRATIVE AGREEMENT

AUTHOR: BROWN

DIARY #: 757

OPERATOR: **gp**

DATE & TIME: 1/14 - 12:10p

SLDMWA Definitions – Budget Terms

1. “**Activity Agreement**’ means an agreement (other than a Project Agreement) between and among the Authority and any of its Members or other entities (including associate members) to provide for undertaking and sharing costs and benefits of any authorized activity of the Authority which complies with the provisions of Section 2 hereof.” (Admin. Agr., § 1(a).)
2. “**Activity Expenses**’ shall mean Authority Operating Costs which are allocable to Members in accordance with an Activity Agreement or other agreement (other than a Project Agreement).” (Admin. Agr., § 1(b).)
3. “**General Operating Costs**’ means all Operating Costs other than Activity Expenses and Operating Costs allocable to Project Agreements.” (Admin. Agr., § 1(c).)
 - a. Payment set according to participating percentages of members listed in Exhibit B to the Administration Agreement, which are based on contract amount (e.g. WWD 40.03%, SCVWD 5.31%)
 - b. “Members with participation percentages under .1 percent shall be subject to a reasonable minimum fee to be fixed by the Board of Directors from time to time, in lieu of such participation percentages.” (*Id.*, §2(a).)
4. “**OM&R Costs**: Costs of provision OM&R for the Project Facilities pursuant to the SLDMWA Transfer Agreement, including without limitation conveyance pumping costs associated therewith.” (Friant MOU, Definitions, § 7.)
5. “**OM&R Program**: All activities of the SLDMWA required for the OM&R of the Project Facilities pursuant to the SLDMWA Transfer Agreement, including but not limited to, the program of work to be performed, the preparation and adoption of budgets, funding (including establishment of reserves and creation of debt), purchasing, auditing, inspections, cost recovery methodology and administrative responsibilities.” (Friant MOU, Definitions, § 8.)
 - a. “The OM&R Program shall comply with the standards set forth in the SLDMWA Transfer Agreement; provided, that the OM&R Costs shall not exceed those which are reasonably necessary to OM&R the Project Facilities in accordance with such standards. The parties mutually acknowledge that there are items of deferred maintenance which must be performed on the Project facilities in order for the OM&R Program to meet the applicable standards, and nothing in this paragraph is intended to preclude the performance of those deferred maintenance items or the equitable development of reserves in accordance with this MOU which will permit the OM&R of the Project Facilities in the future in accordance with the SLDMWA Transfer Agreement.” (Friant MOU, Art. II.)

6. **“Operating Costs’** shall mean the Authority rent and other occupancy charges, acquisition cost of office furniture and equipment, including telephone, telecopy, photocopy, cost of cars and other vehicles, insurance premiums, salaries and wages of employees including payments in connection with retirement programs and other benefit programs, fees of creditors, lawyers, engineers and other consultants, travel, telephone, telecopy and photocopy expenses and any other general administrative expenses.” (Admin. Agr., § 1(d).)
 - a. “All operating costs of the Authority shall be allocated among Members in accordance with agreements entered into by the Authority and Members and policies established by the Authority consistent therewith, all to be set forth in a schedule to be attached to each budget. Only the Members who enter into a Project Agreement shall be responsible for paying the costs of the Authority allocable to such Project Agreement. The Authority may enter into activity agreements and other agreements to pay the costs of activities which benefit less than all of the Members which allocate such costs to the Members who execute such agreements.” (Amended JPA, § 23(d).)

7. **“Operation, Maintenance and Replacement’** or **‘OM&R’** shall mean the complete operation and maintenance of the Project Works (as defined below), including such repairs and replacements as are normally considered part of annual operation and maintenance functions and not considered capital costs of the Project in accordance with the *Blue Book* entitled, Replacements—Units, Service Lives, Factors ... OM&R shall include the performance and funding of emergency or unusual operation and maintenance or extraordinary operation and maintenance costs, unusual or extraordinary repair or replacement costs, and betterment costs, but only to the extent the costs thereof are not considered capital costs of the Project in accordance with the *Blue Book* referenced above ... Notwithstanding the foregoing, OM&R shall also include Capital Items ... which the Authority chooses to accomplish and finance pursuant to Article 4(b) hereof.” (OM&R Transfer Agr., § 1(c).)

8. **“Project Agreement’** means an agreement between and among the Authority and any of its Members or other entities (including associate members) to provide for undertaking and sharing in the cost and benefits of any authorized activity of the Authority in connection with the acquisition of capital facilities or the issuance of debt.” (Amended JPA, § 1.i.)