



## MEMORANDUM

TO: SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer

DATE: June 8, 2023

RE: Increase in B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement Budget of \$2.5 Million

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### BACKGROUND

In March 2022, the San Luis & Delta-Mendota Water Authority (“Water Authority”) Board of Directors authorized execution of the B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement (“Sisk Activity Agreement”) (Resolution No. 2022-506). Following execution by Executive Director Federico Barajas on behalf of Water Authority, ten member agencies also executed the Activity Agreement, becoming “Activity Agreement Members.”

Based on close coordination with Reclamation, it has been determined that two cash calls of \$10M will be necessary from the Activity Agreement Members prior to construction. These funds from the Activity Agreement members will allow Reclamation to begin utilizing the federal funding they have received so far for the project. The first cash call of \$10M is expected to cover pre-construction and preliminary design activities from July 2023-September 2024. The second cash call of \$10M would be used for final design activities and would be required by approximately October 1, 2024 (see Figure 1). The present action, a requested budget increase of \$2.5M, is the first quarterly payment toward the initial \$10M commitment because Stage Gate 1 activities are substantially complete. At this point, the expectation is that these funds will mostly go toward planning and design activities related to the Highway 152 component of the project, including coordination with Caltrans.

Through April 2023, the Water Authority still has approximately \$700K left of the \$1M collected from Activity Agreement Members in 2022. These funds will continue to be used for Hallmark project management, CDM’s continued work on permitting and staff labor costs as well as efforts relating to the execution of a cost share agreement and other agreements with the U.S. Bureau of Reclamation.

### ISSUE FOR DECISION

Whether the Board should authorize increasing the FY 2024 Sisk Activity Agreement budget by \$2.5 million.

**RECOMMENDATION**

Staff recommends increasing the FY 2024 Sisk Activity Agreement budget by \$2.5 million, but delaying collection of such funds from the Activity Agreement Members until the Activity Agreement Members unanimously agree to collection consistent with (1) the agreed-upon Initial Participation Percentages, or (2) revised Participation Percentages.

**ANALYSIS**

While the Sisk Activity Agreement includes an Initial Participation Percentage that identifies each Activity Agreement Member’s percentage allocation of Activity Agreement Expenses based on CVP contract quantity, the Activity Agreement Members have indicated their desire to revise those percentages prior to the Water Authority’s collection of the subject \$2.5 million. Assuming the Activity Agreement Members unanimously agree, the revised Participation Percentages would govern allocation and collection of the \$2.5 million.

**BUDGET**

As this is an Activity Agreement action, there are no budget impacts to any other Water Authority activities. The Water Authority will invoice each Activity Agreement member their allocated share of the funding following agreement.

Sisk Stage Gate Overview: Figure 1

