BOARD OF DIRECTORS MEETING | Agenda

JANUARY 16, 2020
8:30AM (Closed Session) 10:00 AM (Open Session)
VISALIA CONVENTION CENTER – SEQUOIA ROOM (2ND FLOOR)
303 E. ACEQUIA AVENUE, VISALIA, CA 93291

At the discretion of the Board of Directors, all items appearing on this agenda, whether or not expressly listed for action may be subject to action by the Board. The order of agenda items is subject to change.

1. CALL TO ORDER/ROLL CALL – (TANTAU)
2. APPROVAL OF THE AGENDA – (TANTAU)
3. PUBLIC COMMENT ON CLOSED SESSION ITEMS – (DAVIS)
4. ADJOURN TO CLOSED SESSION

CLOSED SESSION ITEMS (90 MIN)

5. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
   (Government Code section 54956.9(d)(1))
   NRDC v. Murillo, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-cv-01658-JAM-GGH.

6. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
   (Government Code section 54956.9(d)(2))
   Significant Exposure to Litigation: Three potential matters.

7. CONFERENCE WITH LEGAL COUNSEL-INITIATION OF LITIGATION
   (Government Code section 54956.9(d)(4))
   Initiation of Litigation: Two potential cases.

8. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
   Property: Friant-Kern Canal facilities and right-of-way
   Agency negotiator: CEO, COO, General Counsel
   Negotiating parties: United States (Bureau of Reclamation)
   Under negotiation: OM&R Transfer Agreement (price and terms of payment)

9. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
   (Government Code section 54957)
   Title: Chief Executive Officer

10. RECONVENE INTO OPEN SESSION (START AT 10:00 AM)
    Announce reportable action taken during closed session.
11. **PUBLIC COMMENT / PUBLIC PRESENTATIONS – (TANTAU)**

Public comment is welcome at this time on any matter within the jurisdiction of the Board that is not on the agenda. Under the State's open meeting law - the Brown Act - no action may be taken on any item not on the agenda. Public comment on items on the agenda will be allowed at the time the Board considers the item.

12. **CONSENT CALENDAR – (TANTAU)**

The following routine matters will be acted upon by one vote, unless a Board Member requests separate consideration of the item.

A. Approval of the Minutes – Board of Directors meeting of December 13, 2019. (Tantau)

B. Ratify the bills for December 2019, approve mid-month January 2020 bills, and accept the Cash Activity Reports for November 2019. (Willard)

13. **ACTION ITEMS (15 MINUTES)**

A. Adopt Resolution No. 2020-01 – Support for Johnny Amaral as an ACWA Board Member for Regions 6 & 7 (Tantau/Davis)

B. Appointment of Doug DeFlitch and Johnny Amaral as alternate representatives of FWA on the San Joaquin Valley Water Infrastructure Authority.

14. **GENERAL UPDATES & REPORTS (2 HOURS)**

A. Board Retreat Recap (Phillips) (20 minutes)

B. Friant-Kern Canal Capacity Correction Project Update.
   
   i. FKC Middle Reach Capacity Correction Project Technical Update. (DeFlitch/Davis) (5 minutes)
   
   ii. FKC Middle Reach Capacity Correction Project Financial Update (DeFlitch/Phillips) (15 minutes)
       
       i. Federal Appropriations
       
       ii. Other Financing approaches

C. Review Draft OM&R Transfer Agreement for FKC and Associated Works (Davis) (10 minutes)

D. FKC Title Transfer Study (Bezdek) (15 minutes)

E. Central Valley Project Improvement Act Credit/Offset True-up Update (Phillips/Bezdek) (15 minutes)

F. San Joaquin Valley Blueprint Update (Ewell) (15 minutes)

   i. Economic Impact Study Results and Roll-Out

   ii. Project implementation strategy

      i. MBK Work
ii. Investor Strategy

iii. Governor’s Water Resilience Portfolio Update

G. External Affairs Activities. (Biering/Amaral) (15 minutes)

H. Water Operations Update (Phillips, DeFlitch, Biering, Reclamation) (15 minutes)
   i. 2020 ASO Flights and Current Snowpack/Storage
   ii. Friant Supply Spreadsheet
   iii. Delta/CVP Supply Spreadsheet

I. FWA Staffing (Phillips, DeFlitch) (5 minutes)

J. O&M Report (DeFlitch) (5 minutes)

15. ADJOURNMENT

Public Participation Information
Agenda reports and other disclosable public records related to each Open Session agenda item are available on FWA's website under "Calendar" at Friantwater.org and at FWA's main office, 854 N. Harvard Ave., Lindsay, CA 93247, during regular business hours. Under the Americans with Disabilities Act, if you require a disability-related modification or accommodation to participate in this meeting, including auxiliary aides or services, please contact Toni Marie at 559-562-6305 at least 48 hours prior to the meeting.
1. CALL TO ORDER/ROLL CALL

Chairman Chris Tantau called to order the noticed meeting of the Board of Directors of the Friant Water Authority at 8:30 a.m. Cliff Loeffler led the meeting with an Invocation following closed session.

ROLL CALL

Chief Executive Officer, Jason R. Phillips noted that a quorum of the Board of Directors was present.

ATTENDANCE:

Directors Present:
Edwin Camp Arvin-Edison W.S.D. (AEWSD)
Kole Upton Chowchilla W.D. (CWD)
Chris Tantau Kaweah Delta W.C.D. (KDWCD)
Kent H. Stephens Kern-Tulare W.D.
Michael Brownfield Lindmore I.D. (LID)
Cliff Loeffler Lindsay-Strathmore I.D. (LSID)
Tom Barcellos Lower-Tule River I.D.
Jim Erickson Madera I.D. (MID)
Harvey Bailey Orange Cove I.D. (OCID)
Eric Borba Porterville I.D. (PID)
Steven G. Kisling Saucelito I.D. (SID)
Matthew Leider Teapot Dome W.D.
Edwin Wheaton Terra Bella I.D. (TBID)
Rick Borges Tulare I.D. (TID)

Directors Absent: George Porter, Fresno I.D. (FID); Tim Orman, City of Fresno (CofF); and Loren Booth, Hills Valley I.D. (HVID)

2. APPROVAL OF THE AGENDA

The Chairman announced that the 13.E Resolution would follow the 13.B Call-for-funds. The Board approved the agenda as changed.

M/S/C – Motion by Director Erickson, seconded by Director Loeffler, to approve the agenda as reordered. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, KDWCD, KTWD, LID, LSID, MID, OCID, PID, SID, TBID, TID; Nays – 0; Absent – FID, CofF)
3. **PUBLIC COMMENT ON CLOSED SESSION ITEMS**

There was no public comment on closed session items.

4. **ADJOURN TO CLOSED SESSION**

**CLOSED SESSION ITEMS**

5. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

(Government Code section 54956.9(d)(1))

NRDC v. Murillo, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-cv-01658-JAM-GGH.

6. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

(Government Code section 54956.9(d)(2))

Significant Exposure to Litigation: Three potential matters.

7. **CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION**

(Government Code section 54956.9(d)(4))

Initiation of Litigation: Four potential cases.

8. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Property: Friant-Kern Canal facilities and right-of-way

Agency negotiator: CEO, COO, General Counsel

Negotiating parties: United States (Bureau of Reclamation)

Under negotiation: OM&R Transfer Agreement (price and terms of payment)

9. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

(Government Code section 54957)

Title: Chief Executive Officer

10. **RECONVENE INTO OPEN SESSION**

There was one reportable action taken during closed session. The Board unanimously directed staff to send a comment letter on the Tule Subbasin Groundwater Sustainability Plans.

11. **PUBLIC COMMENT / PUBLIC PRESENTATIONS**

Chairman Tantau introduced Brock Buche and Michael Carbajal from the City of Fresno; he introduced Josh Pitigliano as the Friant Board representative after Lower-Tule River Irrigation District took action at its December meeting, Tom Barcellos was elected as the alternate representative; and Chairman Tantau announced that Director Bailey will be stepping down, after 25 years, as the Orange Cove Irrigation District Friant representative. The Board applauded Director Bailey’s service to the organization.

Geoff Vanden Heuvel, of the Milk Producers Council, attended the Board Retreat as a member of the
public, and thanked the Board for the opportunity to attend what he thought was an incredibly valuable and worthwhile event.

12. **CONSENT CALENDAR**

The following routine matters were acted upon by one vote, unless a Board Member requested separate consideration of the item.

A. Approval of the Minutes – Board of Directors meeting of October 24, 2019.

B. Approval of the Minutes – Special Board of Directors meeting of November 18, 19 & 20, 2019.

C. Ratify the Bills for November 2019 and accept the Cash Activity Reports.

**M/S/C** – Motion by Director Erickson, seconded by Director Loeffler, to approve the agenda as presented. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, KDWCD, KTWD, LID, LSID, MID, OCID, PID, SID, TBID, TID; Nays – 0; Absent – FID, Coff)

13. **ACTION ITEMS**

A. Adopt Resolution No. 2019-05 – Setting the 2020 Regular Board Meeting Dates – The Board of Directors considered and adopted Resolution No. 2019-05 that set the 2020 regular Board meeting dates. It was noted that the January Board meeting was scheduled for January 16th due to the Water Users Conference being held on what originally would have been Friant Board of Directors meeting. The Executive Committee’s January meeting was canceled for the same reason.

**M/S/C** – Motion by Director Erickson, seconded by Director Leider, to adopt Resolution No. 2019-05 – Setting the 2020 Regular Board Meeting Dates. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, KDWCD, KTWD, LID, LSID, MID, OCID, PID, SID, TBID, TID; Nays – 0; Absent – FID, Coff)

B. Call-for-Funds – The Board considered and passed a January 1, 2020 Call-for-Funds in the amount of $528,500 for the second quarter for the General Member Budget for FY 2020. CFO Willard noted that a modification of the Exhibit A, since it was first distributed, was made to reflect the addition of two new members.

**M/S/C** – Motion by Director Erickson, seconded by Director Leider, to issue a January 1 Call-for-Funds on January 1, 2020 in the amount of $528,500 that is consistent with the Exhibit A associated with the approved General Member Budget for FY 2020 and is due by January 31, 2020. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, KDWCD, KTWD, LID, LSID, MID, OCID, PID, SID, TBID, TID; Nays – 0; Absent – FID, Coff)

E. Adopt a Resolution of support for the use of Part III appropriated funds for the Friant-Kern Canal Middle Reach Capacity Correction Project – The Board of Directors reviewed and approved adoption of Resolution 2019-06 with the following changes: 1. Add “The Friant Water Authority and its member districts hereby support, and do not oppose, the allocation of up to $27 million in funding made available from Part III Funds towards
critical repairs to the Middle Reach of the Friant-Kern Canal” and 2. Add “To the extent this funding is not necessary to support the repairs to the Middle Reach of the Friant-Kern Canal, FWA will continue to support and advocate for allocating what remains of the $27 million as well as all future PART III funding towards much needed local projects to improve groundwater recharge.”

M/S/C – Motion by Director Loeffler, seconded by Director Stephens, to adopt Resolution 2019-06 A Resolution of the board of Directors of the Friant Water Authority Supporting the Allocation of Funding for Friant Division Improvements Under Part III of Public Law 111-11 for the Friant-Kern Canal Middle Reach Capacity Correction Project with the changes above. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, KDWCD, KTWD, LID, LSID, MID, OCID, PID, SID, TBID, TID; Nays – 0; Absent – FID, Coff)

C. Approval of Stewardship and Oversight Agreement on Land Acquisition with the Bureau of Reclamation for the Friant-Kern Canal (FKC) Middle Reach Capacity Correction Project – The Board of Directors reviewed and approved the Stewardship and Oversight (S&O) Agreement on land acquisition with the Bureau of Reclamation for the FKC Middle Reach Capacity Correction Project as described in the agenda report. General Counsel Davis did point out that in addition to the documents in the agenda report, a 30-40 page confidential real estate plan was part of the agreement but it could not be released for public review.

M/S/C – Motion by Director Borba, seconded by Director Leider, to authorize the CEO to execute the S&O Agreement. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, KDWCD, KTWD, LID, LSID, MID, OCID, PID, SID, TBID, TID; Nays – 0; Absent – FID, Coff)

D. Approval of Task Order and Budget Adjustment under Master Professional Services Agreement with Bender Rosenthal for Phase I Environment Assessment Work for Potential Right of Way Acquisitions for the Friant-Kern Canal Middle Reach Capacity Correction Project – The Board considered and approved Task Order No. 3 with BRI for Phase I Environment Site Assessment Work for the FKC Middle Reach Capacity Correction Project and approved an increase in the approved budget under the Master Professional Services Agreement with BRI by $80,105 to incorporate the cost of the subconsultant services as outlined in the agenda report. General Counsel Davis said that this report would cover approximately 54 parcels.

M/S/C – Motion by Director Stephens, seconded by Director Borges, to approve Task Order No. 3 with BRI for Phase I Environment Site Assessment work for the FKC Middle Reach Capacity Correction Project and increase the approved budget under the Master Professional Services Agreement with BRI by $80,105 to incorporate the cost of the subconsultant services. The motion carried. (Roll Call Vote: Ayes – AESWD, CWD, KDWCD, KTWD, LID, LSID, MID, OCID, PID, SID, TBID, TID; Nays – 0; Absent – FID, Coff)

14. GENERAL UPDATES & REPORTS

A. Recap of Board Retreat – CEO Phillips reported out on the Board Retreat held at the Cliffs in Pismo Beach, CA from Monday, November 18 to Wednesday, November 20th. He reported that the Retreat was well attended by both Friant Members as well as non-Friant members. An in-depth
report and roadmap for 2020 will be distributed shortly.

B. Friant-Kern Canal Capacity Correction Project Update.
   a. FKC Middle Reach Capacity Correction Project Technical Update – COO DeFlitch and Janet Atkinson from Stantec reported on the current activities of the project as outlined in the agenda report. Janet reported that the 30% design work has been submitted to Reclamation for their review which is expected to occur over the next two weeks.
   b. FKC Middle Reach Capacity Correction Project Financial Update – General Counsel Davis reported on the self-financing component of the project as outlined in the agenda report and asked that each agency fill out the attached “Debt Financing Questionnaire” and return that on or before January 15, 2020.

C. Central Valley Project Improvement Act (CVPIA) Credit/Offset True-up Update – CEO Phillips and DWP Payne reported on the CVPIA Accounting True-up as outlined in the agenda report. They reported that Friant will be requesting that the Bureau set-up a workshop to discuss the True-up within the Friant Division service area and anticipates sending a request to the Bureau to postpone the comment period beyond January 10, 2020. This is being done to accommodate the additional meeting anticipated to be scheduled in the Friant service area as well as providing more time to review and respond to Reclamation’s proposal. DWP Payne will coordinate the meeting with the Bureau as well as a Friant only meeting to review and formulate a response to the Bureau on the proposal.

D. External Affairs Activities – CEA Amaral provided an update on External Affairs activities as outlined in the agenda report. He also reported that Representative Cox introduced legislation to address the capacity constriction of the Friant-Kern Canal funding which is cosponsored by the Committee on Natural Resources Chairman, Raul M. Grijalva (AZ-03), Reps. Jim Costa (CA-16), Josh Harder (CA-10), and John Garamendi (CA-03). The South Valley Water Association and the California Farm Bureau Federation are also supporters.

E. San Joaquin Valley Blueprint (SJVB) Update – CEO Phillips and CEA Amaral provided an update on SJVB activities as outlined in the agenda report. They covered the Governor’s Water Resilience Portfolio; the Economic Impact Study; and the Project implementation strategy.

F. COO Update & October O&M Report – COO DeFlitch provided an update on current O&M Activities as provided in the October O&M Report. He also noted that the ACWA JPIA issued a President’s Special Recognition Award for achieving a loss ratio of less than 20%.

G. CVP Operations Report – DWP Payne provided a CVP Operations report on behalf of the Bureau. He said Shasta Reservoir is nearing capacity and that Reclamation may be moving water to San Luis-Delta Mendota Reservoir in anticipation of high releases.

H. Airborne Snow Observatory (ASO) Program Update – DWP Payne provided an ASO program update as outlined in the agenda report. He reported that Reclamation will providing funding to cover 4 to 5 surveys with an initial flight scheduled for February 1, 2020.

I. CEO Update – CEO Phillips took a moment to thank the Board for coming early and staying late and wished everyone a happy holiday.
15. ADJOURNMENT

The meeting adjourned at 12:43 p.m.

________________________________________
Jason R. Phillips, Chief Executive Officer
Friant Water Authority

________________________________________
Toni Marie, Recording Secretary
Friant Water Authority

OTHERS IN ATTENDANCE:

Jeevan Muhar Arvin-Edison W.S.D.
Michael Carbajal City of Fresno
Brock Buche City of Fresno
William R. Stretch Fresno I.D.
Josh Pitigliano Lower-Tule River I.D.
Mark Larsen Kaweah-Delta W.C.D.
Andrew Pandol Kern-Tulare W.D.
Steve Dalke Kern-Tulare W.D.
Craig Wallace Lindsay-Strathmore I.D.
Eric Limas Delano-Earlimart I.D., Tea Pot Dome W.D.
Fergus Morrissey Orange Cove I.D.
Sean Geivet Porterville I.D., Saucelito I.D., Terra Bella I.D.
Aaron Fukuda Tulare I.D.
Don Davis FWA General Counsel
Toni Marie FWA
Jason Phillips FWA
Doug DeFlitch FWA
Jeff Payne FWA
Don Willard FWA
Vivian Garcia FWA
Chris Hickernell FWA
Alex Biering FWA
Johnny Amaral FWA
Taylor Faria FWA
Mia Swenson FWA
Janet Atkinson Stantec
Tim Gobler Wonderful
Geoff Vanden Heuvel Milk Producers Council
Chase Hurley Water & Land Solutions
Zee Lilani UC Davis
Anne Visser  
Don Wright  
Alan Doud  
Preston Brittian  

UC Davis  
Waterwrights.com  
Young Wooldridge  
PBE/Pacific Resources
DATE: January 16, 2020
TO: Board of Directors
FROM: Finance Committee, Don Willard, CFO
SUBJECT: Ratify the payment of bills for December 2019, approve bills for January 2020 mid-month and accept Cash Activity Reports for November 2019

SUMMARY:
The Finance Committee met on January 13, 2020 and reviewed the bills paid for December 2019, the bills to be paid for January 2020 mid-month and the Cash Activity Reports for November 2019. There was a quorum at the meeting.

FINANCE COMMITTEE ACTION:
The Finance Committee acted to recommend that the Board of Directors ratify the payment of the December 2019 bills, in the amount of $973,185.17. The Committee also acted to recommend that Board of Directors approve payment of the January 2020 mid-month bills in the amount of $131,053.07 and accept the Cash Activity Reports for November 2019.

RECOMMENDED ACTION:
The Finance Committee recommends ratification of the payment of the December 2019 bills in the amount of $973,185.17, approval of the January mid-month bills in the amount of $131,053.07 and acceptance of the November 2019 Cash Activity Reports.

SUGGESTED MOTION:
The Board of Directors ratify the payment of the December 2019 payments in the amount of $973,185.17, approve payment of the January mid-month bills for $131,053.07 and accept the November 2019 Cash Activity Reports.

BUDGET IMPACT:
$551,907.95 chargeable to the FY 2020 O&M Budget; $175,411.80 chargeable to the FY 2020 GM Budget.
$23,996.63 from Temperance Flat Funds.
$88,456.86 wire to SLDMWA for November / December 2019.
$264,465.00 – Patterson Irrigation District – Recapture Water
ATTACHMENTS:

Friant Water Authority Expenditures – December 2019
Friant Water Authority Expenditures – January 13, 2020

Friant Water Authority November 2019 Cash Activity Reports
<table>
<thead>
<tr>
<th>PAYEE</th>
<th>O&amp;M FUND</th>
<th>GM FUND</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ABILITY</strong></td>
<td>$172.25</td>
<td>$-</td>
<td>$172.25</td>
<td>Answering service-Admin, canal-December</td>
</tr>
<tr>
<td><strong>AMAZON CAPITOL SERVICES, INC.</strong></td>
<td>$403.39</td>
<td>$-</td>
<td>$403.39</td>
<td>Office supplies</td>
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<td><strong>AT&amp;T</strong></td>
<td>$494.14</td>
<td>$-</td>
<td>$494.14</td>
<td>Telephone charges</td>
</tr>
<tr>
<td><strong>BRIONES REFRIGERATION, A/C &amp; HEATING</strong></td>
<td>$195.08</td>
<td>$-</td>
<td>$195.08</td>
<td>Heater repairs-Lindsay office</td>
</tr>
<tr>
<td><strong>CALIFORNIA DEPARTMENT OF TAX AND FEES</strong></td>
<td>$-</td>
<td>$64,499.15</td>
<td>$64,499.15</td>
<td>Water rights</td>
</tr>
<tr>
<td><strong>CITY OF DELANO</strong></td>
<td>$215.97</td>
<td>$-</td>
<td>$215.97</td>
<td>Utilities</td>
</tr>
<tr>
<td><strong>CITY OF LINDSAY</strong></td>
<td>$379.13</td>
<td>$-</td>
<td>$379.13</td>
<td>Utilities</td>
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<tr>
<td><strong>COMCAST</strong></td>
<td>$-</td>
<td>$341.80</td>
<td>$341.80</td>
<td>Internet service- Sacramento</td>
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<tr>
<td><strong>COVINGTON &amp; BURLING LLP</strong></td>
<td>$-</td>
<td>$1,625.65</td>
<td>$1,625.65</td>
<td>Professional services-Sept. &amp; Oct.</td>
</tr>
<tr>
<td><strong>CULLIGAN WATER CONDITION</strong></td>
<td>$43.50</td>
<td>$-</td>
<td>$43.50</td>
<td>Water conditioning-Lindsay</td>
</tr>
<tr>
<td><strong>CULLIGAN, CENTRAL VALLEY</strong></td>
<td>$87.75</td>
<td>$-</td>
<td>$87.75</td>
<td>Water conditioning-OC</td>
</tr>
<tr>
<td><strong>EVOLUTION AUTO GLASS &amp; WINDOW TINT</strong></td>
<td>$275.00</td>
<td>$-</td>
<td>$275.00</td>
<td>Replacement pickup windshield</td>
</tr>
<tr>
<td><strong>EXECUTIVE SUITES AT RIVER BLUFF, LP</strong></td>
<td>$-</td>
<td>$35.00</td>
<td>$35.00</td>
<td>Covered parking-Fresno</td>
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<td><strong>FEDEX</strong></td>
<td>$35.19</td>
<td>$11.86</td>
<td>$47.05</td>
<td>Priority (4), standard (1)</td>
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<tr>
<td><strong>GROSSMAYER &amp; ASSOCIATES</strong></td>
<td>$810.00</td>
<td>$-</td>
<td>$810.00</td>
<td>Great Plains support</td>
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<tr>
<td><strong>HOME DEPOT CREDIT SERVICES</strong></td>
<td>$51.58</td>
<td>$-</td>
<td>$51.58</td>
<td>Paint supplies-Delano</td>
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<td><strong>KAN VENTURES, INC.</strong></td>
<td>$4,878.43</td>
<td>$5,823.01</td>
<td>$10,701.44</td>
<td>Consulting services-Nov.</td>
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<td><strong>LINCOLN NATIONAL LIFE INSURANCE CO.</strong></td>
<td>$3,584.45</td>
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<td>$4,093.25</td>
<td>Life insurance premiums</td>
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<td><strong>MARRIOTT VISALIA</strong></td>
<td>$435.54</td>
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<td>$435.54</td>
<td>Managers meeting</td>
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<td><strong>MICROSOFT</strong></td>
<td>$1,372.97</td>
<td>$-</td>
<td>$1,372.97</td>
<td>Intune and Office 365</td>
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<tr>
<td><strong>MOTION INDUSTRIES, INC.</strong></td>
<td>$175.05</td>
<td>$-</td>
<td>$175.05</td>
<td>Shop supplies for Mechanic</td>
</tr>
<tr>
<td><strong>MUNICIPAL MAINTENANCE EQUIPMENT</strong></td>
<td>$151.36</td>
<td>$-</td>
<td>$151.36</td>
<td>Repair parts for JD mower</td>
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<tr>
<td><strong>OFFICE DEPOT INC.</strong></td>
<td>$78.28</td>
<td>$-</td>
<td>$78.28</td>
<td>Office supplies</td>
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<tr>
<td><strong>ORANGE COVE TIRE SERVICE</strong></td>
<td>$707.63</td>
<td>$-</td>
<td>$707.63</td>
<td>Light tires (4) and service</td>
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<tr>
<td><strong>PACIFIC GAS &amp; ELECTRIC</strong></td>
<td>$129.25</td>
<td>$-</td>
<td>$129.25</td>
<td>Utilities</td>
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<tr>
<td><strong>PETTY CASH</strong></td>
<td>$244.41</td>
<td>$-</td>
<td>$244.41</td>
<td>Employee appreciation luncheon</td>
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<td><strong>PORTERVILLE FORD</strong></td>
<td>$84.08</td>
<td>$-</td>
<td>$84.08</td>
<td>Repair parts for pickup</td>
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<td><strong>PRINCIPLE LIFE INSURANCE COMPANY</strong></td>
<td>$-</td>
<td>$1,316.21</td>
<td>$1,316.21</td>
<td>Quarterly admin. services</td>
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<td><strong>PRUDENTIAL OVERALL SUPPLY</strong></td>
<td>$2,935.52</td>
<td>$-</td>
<td>$2,935.52</td>
<td>Safety awards-vests</td>
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<td><strong>QUILL CORPORATION</strong></td>
<td>$248.88</td>
<td>$-</td>
<td>$248.88</td>
<td>Office supplies</td>
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<tr>
<td><strong>FWA DISTRICT REFUND- SLMWA</strong></td>
<td>$68,765.64</td>
<td>$-</td>
<td>$68,765.64</td>
<td>WY 2019-OCTOBER refund</td>
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<td><strong>SCELZI EQUIPMENT, INC.</strong></td>
<td>$15,208.05</td>
<td>$-</td>
<td>$15,208.05</td>
<td>Service body for truck</td>
</tr>
<tr>
<td><strong>SENATOR SEAGATE, L.P.</strong></td>
<td>$-</td>
<td>$125.00</td>
<td>$125.00</td>
<td>Replace mail box lock-Sac.</td>
</tr>
<tr>
<td><strong>SoCalGas</strong></td>
<td>$151.81</td>
<td>$-</td>
<td>$151.81</td>
<td>Utilities</td>
</tr>
<tr>
<td><strong>SOMACH SIMMONS &amp; DUNN</strong></td>
<td>$-</td>
<td>$62.00</td>
<td>$62.00</td>
<td>Professional services-Oct.</td>
</tr>
<tr>
<td><strong>SOUTHERN CALIF EDISON</strong></td>
<td>$405.08</td>
<td>$-</td>
<td>$405.08</td>
<td>Utilities</td>
</tr>
</tbody>
</table>
## FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED/APPROVED

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>O&amp;M FUND</th>
<th>GM FUND</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>STANDARD INSURANCE CO</td>
<td>6,393.75</td>
<td>1,689.49</td>
<td>8,083.24</td>
<td>Survivors life insurance</td>
</tr>
<tr>
<td>STARTING POINT SOLUTIONS, LLC</td>
<td>-</td>
<td>4,000.00</td>
<td>4,000.00</td>
<td>Consulting services-Oct. &amp; Nov.</td>
</tr>
<tr>
<td>THE CLIFF’S RESORT LLC</td>
<td>3,702.46</td>
<td>3,702.46</td>
<td>7,404.92</td>
<td>Board retreat</td>
</tr>
<tr>
<td>UNWIRED BROADBAND</td>
<td>299.98</td>
<td>-</td>
<td>299.98</td>
<td>Internet for two yards - December</td>
</tr>
<tr>
<td>VAST NETWORKS</td>
<td>800.00</td>
<td>-</td>
<td>800.00</td>
<td>Internet for Lindsay office</td>
</tr>
<tr>
<td>VERIZON WIRELESS</td>
<td>559.10</td>
<td>-</td>
<td>559.10</td>
<td>SCADA mobile to mobile</td>
</tr>
<tr>
<td>VILLINES GROUP, LLC</td>
<td>2,700.00</td>
<td>4,050.00</td>
<td>6,750.00</td>
<td>Consulting services-Nov.</td>
</tr>
<tr>
<td>XEROX FINANCIAL SERVICES</td>
<td>1,676.06</td>
<td>-</td>
<td>1,676.06</td>
<td>Copier lease</td>
</tr>
<tr>
<td>ZENITH INSURANCE COMPANY</td>
<td>6,627.00</td>
<td>-</td>
<td>6,627.00</td>
<td>Workers compensation</td>
</tr>
</tbody>
</table>

**BILLS PAID DECEMBER 13, 2019**

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>O&amp;M FUND</th>
<th>GM FUND</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA TRUCK SERVICE, INC.</td>
<td>149.45</td>
<td>-</td>
<td>149.45</td>
<td>Repair parts for pickup</td>
</tr>
<tr>
<td>ACWA / JPIA</td>
<td>73,487.24</td>
<td>6,569.42</td>
<td>80,056.66</td>
<td>Medical, dental, vision ins.</td>
</tr>
<tr>
<td>AMARAL, JOHNNY</td>
<td>-</td>
<td>1,879.78</td>
<td>1,879.78</td>
<td>Expense claim reimbursement:Sept.-Dec.</td>
</tr>
<tr>
<td>AMAZON CAPITOL SERVICES, INC.</td>
<td>317.63</td>
<td>-</td>
<td>317.63</td>
<td>Office supplies</td>
</tr>
<tr>
<td>APPLIED INDUST. TECH</td>
<td>566.21</td>
<td>-</td>
<td>566.21</td>
<td>Supplies for Water Ops</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>215.63</td>
<td>-</td>
<td>215.63</td>
<td>Telephone services</td>
</tr>
<tr>
<td>AUTO ZONE, INC.</td>
<td>1,979.53</td>
<td>-</td>
<td>1,979.53</td>
<td>Repair parts for pickups</td>
</tr>
<tr>
<td>BANK OF AMERICA</td>
<td>9,177.84</td>
<td>11,696.32</td>
<td>20,874.16</td>
<td>Various Visa charges</td>
</tr>
<tr>
<td>BILL LUCE CONSULTING, LLC</td>
<td>-</td>
<td>775.50</td>
<td>775.50</td>
<td>Consulting service-Nov.</td>
</tr>
<tr>
<td>BURKE, WILLIAMS &amp; SORENSEN, LLP</td>
<td>31,126.14</td>
<td>7,234.00</td>
<td>38,360.14</td>
<td>Professional services-Oct.</td>
</tr>
<tr>
<td>CALIFORNIA EMPLOYERS ASSOCIATION</td>
<td>468.50</td>
<td>-</td>
<td>468.50</td>
<td>Quarterly dues</td>
</tr>
<tr>
<td>CHAPAS AUTOMOTIVE</td>
<td>80.00</td>
<td>-</td>
<td>80.00</td>
<td>Smog inspection (1)</td>
</tr>
<tr>
<td>CITY OF ORANGE COVE</td>
<td>415.11</td>
<td>-</td>
<td>415.11</td>
<td>Utilities</td>
</tr>
<tr>
<td>COMCAST</td>
<td>-</td>
<td>351.80</td>
<td>351.80</td>
<td>Internet-Sacramento office</td>
</tr>
<tr>
<td>COMMUTER INDUSTRIES</td>
<td>900.00</td>
<td>900.00</td>
<td>1,800.00</td>
<td>Illustrations for retreat</td>
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<tr>
<td>COVINGTON &amp; BURLING LLP</td>
<td>-</td>
<td>85.50</td>
<td>85.50</td>
<td>Professional services - Nov.</td>
</tr>
<tr>
<td>CRAIGS AUTO PARTS</td>
<td>57.04</td>
<td>-</td>
<td>57.04</td>
<td>Repair parts-pressure washer</td>
</tr>
<tr>
<td>CUMMINS</td>
<td>101.75</td>
<td>-</td>
<td>101.75</td>
<td>Repair parts-hydro lift truck</td>
</tr>
<tr>
<td>DELVALLE LABORATORY INC</td>
<td>978.00</td>
<td>-</td>
<td>978.00</td>
<td>Annual water analysis</td>
</tr>
<tr>
<td>DINUBA LUMBER COMPANY</td>
<td>367.25</td>
<td>-</td>
<td>367.25</td>
<td>Hardware and supplies-OC</td>
</tr>
<tr>
<td>DOUG DeLEO WELDING</td>
<td>16.75</td>
<td>-</td>
<td>16.75</td>
<td>Metal materials-Lindsay yard</td>
</tr>
<tr>
<td>E M THARP INC</td>
<td>1,768.15</td>
<td>-</td>
<td>1,768.15</td>
<td>Repair parts-dump truck</td>
</tr>
<tr>
<td>EXECUTIVE SUITES AT RIVER BLUFF, LP</td>
<td>-</td>
<td>3,365.00</td>
<td>3,365.00</td>
<td>Rent for Fresno office</td>
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<tr>
<td>FASTENAL COMPANY</td>
<td>44.44</td>
<td>-</td>
<td>44.44</td>
<td>Hardware for all three yards</td>
</tr>
<tr>
<td>FEDEX</td>
<td>11.83</td>
<td>92.49</td>
<td>104.32</td>
<td>Fedex - overnight priority-4</td>
</tr>
<tr>
<td>FOOTHILL AUTO TRUCK &amp; AG PARTS, INC.</td>
<td>1,235.55</td>
<td>-</td>
<td>1,235.55</td>
<td>Parts and supplies - OC yard</td>
</tr>
</tbody>
</table>

**BILLS PAID DECEMBER 30, 2019**
<table>
<thead>
<tr>
<th>PAYEE</th>
<th>O&amp;M FUND</th>
<th>GM FUND</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOUNDATION FOR MEDICAL CARE</td>
<td>100.00</td>
<td>-</td>
<td>100.00</td>
<td>Cobra Administration service</td>
</tr>
<tr>
<td>FRONTIER</td>
<td>967.61</td>
<td>-</td>
<td>967.61</td>
<td>Telephone service</td>
</tr>
<tr>
<td>FRUIT GROWERS SUPPLY CO</td>
<td>891.15</td>
<td>-</td>
<td>891.15</td>
<td>Supplies for OC yard</td>
</tr>
<tr>
<td>FUSION CLOUD SERVICES, LLC</td>
<td>254.84</td>
<td>-</td>
<td>254.84</td>
<td>Telephone services</td>
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<tr>
<td>GRAINGER</td>
<td>2,823.76</td>
<td>-</td>
<td>2,823.76</td>
<td>Hardware for all yards</td>
</tr>
<tr>
<td>GRAYBAR</td>
<td>415.39</td>
<td>-</td>
<td>415.39</td>
<td>Supplies for Water Ops</td>
</tr>
<tr>
<td>GROSSMAYER &amp; ASSOCIATES</td>
<td>945.00</td>
<td>-</td>
<td>945.00</td>
<td>Great Plains support</td>
</tr>
<tr>
<td>HELENA CHEMICAL COMPANY</td>
<td>38,266.02</td>
<td>-</td>
<td>38,266.02</td>
<td>Diuron herbicide-2,120 gallons</td>
</tr>
<tr>
<td>HOME Depot CREDIT SERVICES</td>
<td>946.42</td>
<td>-</td>
<td>946.42</td>
<td>Supplies for all yards</td>
</tr>
<tr>
<td>INDEPENDENT PIPE &amp; STEEL, INC.</td>
<td>207.21</td>
<td>-</td>
<td>207.21</td>
<td>Metal materials-Delano yard</td>
</tr>
<tr>
<td>INTRADO ENTERPRISE COLLABORATION, INC.</td>
<td>28.95</td>
<td>263.89</td>
<td>292.84</td>
<td>Conference calls</td>
</tr>
<tr>
<td>IRON MOUNTAIN</td>
<td>30.71</td>
<td>-</td>
<td>30.71</td>
<td>Legal documentation storage</td>
</tr>
<tr>
<td>JACK GRIGGS INC</td>
<td>26.69</td>
<td>-</td>
<td>26.69</td>
<td>Propane-Lindsay yard</td>
</tr>
<tr>
<td>JIM'S STEEL SUPPLY</td>
<td>510.24</td>
<td>-</td>
<td>510.24</td>
<td>Metal materials-Delano yard</td>
</tr>
<tr>
<td>KAN VENTURES, INC.</td>
<td>4,902.90</td>
<td>5,902.91</td>
<td>10,805.81</td>
<td>Consulting services-Oct.</td>
</tr>
<tr>
<td>LEE'S SERVICE, INC.</td>
<td>124.96</td>
<td>-</td>
<td>124.96</td>
<td>Tire sealer</td>
</tr>
<tr>
<td>LINDSAY TRUE VALUE</td>
<td>284.62</td>
<td>-</td>
<td>284.62</td>
<td>Routine hardware and supplies</td>
</tr>
<tr>
<td>LOEFFLER, CLIFFORD RAY</td>
<td>106.96</td>
<td>-</td>
<td>106.96</td>
<td>Expense claim reimbursement</td>
</tr>
<tr>
<td>MAILFINANCE</td>
<td>527.09</td>
<td>-</td>
<td>527.09</td>
<td>Quarterly postage meter leases</td>
</tr>
<tr>
<td>MARIE, TONI</td>
<td>220.98</td>
<td>-</td>
<td>220.98</td>
<td>Expense claim reimbursement</td>
</tr>
<tr>
<td>MARRIOTT VISALIA</td>
<td>604.95</td>
<td>-</td>
<td>604.95</td>
<td>General Managers meeting</td>
</tr>
<tr>
<td>MARTIN TERMITTE &amp; PEST CONTROL</td>
<td>90.00</td>
<td>-</td>
<td>90.00</td>
<td>Pest control-Kaweah house</td>
</tr>
<tr>
<td>MID PACIFIC REGION WATER USERS CONFERENCE</td>
<td>-</td>
<td>1,475.00</td>
<td>1,475.00</td>
<td>Mid Pacific Water conference-5</td>
</tr>
<tr>
<td>MOONLIGHT MAINTENANCE SERVICES</td>
<td>1,930.68</td>
<td>-</td>
<td>1,930.68</td>
<td>Janitor service- all yards</td>
</tr>
<tr>
<td>NOSSAMAN LLP</td>
<td>5,040.00</td>
<td>-</td>
<td>5,040.00</td>
<td>Professional services-Nov.</td>
</tr>
<tr>
<td>NUTRIEN AG SOLUTIONS</td>
<td>808.13</td>
<td>-</td>
<td>808.13</td>
<td>Milestone (2.5 gallons)</td>
</tr>
<tr>
<td>ORANGE COVE TIRE SERVICE</td>
<td>1,062.11</td>
<td>-</td>
<td>1,062.11</td>
<td>Tires, service and repairs</td>
</tr>
<tr>
<td>PACIFIC GAS &amp; ELECTRIC</td>
<td>2,316.95</td>
<td>-</td>
<td>2,316.95</td>
<td>Utilities</td>
</tr>
<tr>
<td>PAPE KENWORTH</td>
<td>139.25</td>
<td>-</td>
<td>139.25</td>
<td>Repair parts for truck tractor</td>
</tr>
<tr>
<td>PAPE MACHINERY</td>
<td>1,301.28</td>
<td>-</td>
<td>1,301.28</td>
<td>Repair parts-road grader</td>
</tr>
<tr>
<td>PATTERSON IRRIGATION DISTRICT</td>
<td>264,465.00</td>
<td>-</td>
<td>264,465.00</td>
<td>Recapture H20-reimbursable</td>
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<tr>
<td>PBM SUPPLY &amp; MFG., INC.</td>
<td>279.51</td>
<td>-</td>
<td>279.51</td>
<td>Repair parts for spray rig-OC</td>
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<tr>
<td>PBW DISTRIBUTOR INC</td>
<td>1,123.95</td>
<td>-</td>
<td>1,123.95</td>
<td>Supplies and repair parts</td>
</tr>
<tr>
<td>PORTERVILLE ROCK &amp; RECYCLE, INC.</td>
<td>639.36</td>
<td>-</td>
<td>639.36</td>
<td>Rock for road maintenance</td>
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<tr>
<td>PRAXAIR DISTRIBUTION, INC</td>
<td>937.09</td>
<td>-</td>
<td>937.09</td>
<td>Welding shop supplies</td>
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<tr>
<td>PRUDENTIAL OVERALL SUPPLY</td>
<td>1,853.33</td>
<td>-</td>
<td>1,853.33</td>
<td>Uniforms for all three yards</td>
</tr>
<tr>
<td>QUAD KNOPF, INC.</td>
<td>1,023.30</td>
<td>-</td>
<td>1,023.30</td>
<td>Survey services</td>
</tr>
<tr>
<td>PAYEE</td>
<td>O&amp;M FUND</td>
<td>GM FUND</td>
<td>TOTAL</td>
<td>DESCRIPTION</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------</td>
<td>----------</td>
<td>------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>QUILL CORPORATION</td>
<td>1,301.83</td>
<td>-</td>
<td>1,301.83</td>
<td>office supplies</td>
</tr>
<tr>
<td>RED WING BUSINESS ADVANTAGE</td>
<td>138.33</td>
<td>-</td>
<td>138.33</td>
<td>Employee safety boots</td>
</tr>
<tr>
<td>ROBERT V. JENSEN, INC.</td>
<td>12,583.52</td>
<td>-</td>
<td>12,583.52</td>
<td>Fuel-Lindsay yard</td>
</tr>
<tr>
<td>ROBERTS &amp; SON MACHINE SHOP</td>
<td>128.00</td>
<td>-</td>
<td>128.00</td>
<td>Radial gate motor repairs</td>
</tr>
<tr>
<td>SAFETY NETWORK TRAFFIC SIGNS</td>
<td>494.15</td>
<td>-</td>
<td>494.15</td>
<td>Safety signs-OC yard</td>
</tr>
<tr>
<td>SAN JOAQUIN PEST CONTROL</td>
<td>120.00</td>
<td>-</td>
<td>120.00</td>
<td>Pest control-Lindsay yard</td>
</tr>
<tr>
<td>SAN JOAQUIN PEST CONTROL</td>
<td>56.00</td>
<td>-</td>
<td>56.00</td>
<td>Pest control-OC yard yard</td>
</tr>
<tr>
<td>SAN JOAQUIN PEST CONTROL</td>
<td>174.00</td>
<td>-</td>
<td>174.00</td>
<td>Pest control-OC &amp; Kings River house</td>
</tr>
<tr>
<td>SAN JOAQUIN PEST CONTROL</td>
<td>40.00</td>
<td>-</td>
<td>40.00</td>
<td>Pest control-Delano yard</td>
</tr>
<tr>
<td>SAN JOAQUIN VALLEY AIR</td>
<td>42.00</td>
<td>-</td>
<td>42.00</td>
<td>Annual permits-storage tanks</td>
</tr>
<tr>
<td>SAN LUIS DELTA MENDOTA WATER AUTHORITY</td>
<td>88,456.86</td>
<td>88,456.86</td>
<td></td>
<td>November/December water payments for contractors (wire)</td>
</tr>
<tr>
<td>SENATOR SEAGATE, L.P.</td>
<td>-</td>
<td>3,505.92</td>
<td>3,505.92</td>
<td>Rent for Sacramento office</td>
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<tr>
<td>SEVIERs AUTO SUPPLY</td>
<td>483.20</td>
<td>-</td>
<td>483.20</td>
<td>Routine parts-Delano yard</td>
</tr>
<tr>
<td>SNAP ON TOOLS</td>
<td>346.10</td>
<td>-</td>
<td>346.10</td>
<td>Underhood light &amp; gloves</td>
</tr>
<tr>
<td>SoCalGas</td>
<td>90.21</td>
<td>-</td>
<td>90.21</td>
<td>Utilities</td>
</tr>
<tr>
<td>SOUTHERN CALIF EDISON</td>
<td>2,275.80</td>
<td>-</td>
<td>2,275.80</td>
<td>Utilities</td>
</tr>
<tr>
<td>SP PLUS CORPORATION-HYATT</td>
<td>-</td>
<td>400.00</td>
<td>400.00</td>
<td>Parking spaces- 2 Sacramento</td>
</tr>
<tr>
<td>SPARKLETTS</td>
<td>64.45</td>
<td>-</td>
<td>64.45</td>
<td>Water conditioning-Kings River</td>
</tr>
<tr>
<td>SWENSON, MIA</td>
<td>-</td>
<td>329.47</td>
<td>329.47</td>
<td>Expense claim reimbursement</td>
</tr>
<tr>
<td>TAMMARA R. KIZZIAR</td>
<td>358.75</td>
<td>-</td>
<td>358.75</td>
<td>Consulting services</td>
</tr>
<tr>
<td>TF TIRE &amp; SERVICE</td>
<td>2,192.35</td>
<td>-</td>
<td>2,192.35</td>
<td>Tires (10), service &amp; repairs</td>
</tr>
<tr>
<td>THE FERGUSON GROUP, LLC</td>
<td>3,000.00</td>
<td>2,102.23</td>
<td>5,102.23</td>
<td>Consulting services-retainer</td>
</tr>
<tr>
<td>THE WILSON BOHANANN CO</td>
<td>89.35</td>
<td>-</td>
<td>89.35</td>
<td>Sales tax</td>
</tr>
<tr>
<td>UNITED RENTALS, INC.</td>
<td>2,835.25</td>
<td>-</td>
<td>2,835.25</td>
<td>Rental equipment-excavator</td>
</tr>
<tr>
<td>VALLEY IRON, INC.</td>
<td>647.85</td>
<td>-</td>
<td>647.85</td>
<td>Metal materials-OC yard</td>
</tr>
<tr>
<td>VALLEY PACIFIC PETROLEUM SERVICES, INC.</td>
<td>4,238.30</td>
<td>-</td>
<td>4,238.30</td>
<td>Fuel-Delano yard</td>
</tr>
<tr>
<td>VERIZON</td>
<td>2,007.67</td>
<td>-</td>
<td>2,007.67</td>
<td>SCADA internet services</td>
</tr>
<tr>
<td>VERIZON WIRELESS</td>
<td>2,360.44</td>
<td>-</td>
<td>2,360.44</td>
<td>Cell phone charges</td>
</tr>
<tr>
<td>VULCAN MATERIALS COMPANY</td>
<td>220.65</td>
<td>-</td>
<td>220.65</td>
<td>Concrete sand for drain project-OC</td>
</tr>
<tr>
<td>WATER AND POWER LAW GROUP PC</td>
<td>6,092.19</td>
<td>14,443.09</td>
<td>20,535.28</td>
<td>Professional services-Nov.</td>
</tr>
<tr>
<td>WEISENBERGERS</td>
<td>211.53</td>
<td>-</td>
<td>211.53</td>
<td>Routine supplies-Lindsay yard</td>
</tr>
<tr>
<td>WESTAIR GASES &amp; EQUIPMENT INC.</td>
<td>232.28</td>
<td>-</td>
<td>232.28</td>
<td>Welding supplies-Delano yard</td>
</tr>
<tr>
<td>WEX BANK</td>
<td>152.13</td>
<td>-</td>
<td>152.13</td>
<td>Various fuel charges</td>
</tr>
<tr>
<td>WILLARD, DON</td>
<td>1,455.18</td>
<td>-</td>
<td>1,455.18</td>
<td>Expense claim reimbursement</td>
</tr>
<tr>
<td>WORLD OIL ENVIRONMENTAL SERVICES</td>
<td>55.00</td>
<td>-</td>
<td>55.00</td>
<td>Hazard waste removal</td>
</tr>
<tr>
<td>XEROX FINANCIAL SERVICES</td>
<td>-</td>
<td>657.84</td>
<td>657.84</td>
<td>Copier leases</td>
</tr>
<tr>
<td>ZOOM IMAGING SOLUTIONS, INC.</td>
<td>1,235.77</td>
<td>124.81</td>
<td>1,360.58</td>
<td>Office supplies</td>
</tr>
</tbody>
</table>

**BILLS PAID DECEMBER 30, 2019**

| Total | 593,839.57 | 62,154.97 | 655,994.54 |
## FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED/APPROVED

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>O&amp;M FUND</th>
<th>GM FUND</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total previously paid</td>
<td>125,517.75</td>
<td>87,790.43</td>
<td>213,308.18</td>
<td></td>
</tr>
<tr>
<td>Grand total to be approved</td>
<td>719,357.32</td>
<td>149,945.40</td>
<td>869,302.72</td>
<td></td>
</tr>
<tr>
<td>Total from Pump Back Grant</td>
<td></td>
<td></td>
<td>38,079.94</td>
<td></td>
</tr>
<tr>
<td>Total from WIIN and SJRRP Grant</td>
<td></td>
<td></td>
<td>65,727.51</td>
<td></td>
</tr>
<tr>
<td>Total from Temperance Flat MOU</td>
<td></td>
<td></td>
<td>75.00</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td>$973,185.17</td>
<td></td>
</tr>
</tbody>
</table>
## FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED/APPROVED

### GRANTS

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>Pump Back</th>
<th>Winn/SJRRP</th>
<th>Temperance Flat</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>VILLINES GROUP, LLC</td>
<td>$ 1,350.00</td>
<td>$ 1,350.00</td>
<td></td>
<td>$ 1,350.00</td>
<td>Consulting services-Nov.</td>
</tr>
<tr>
<td>BENDER ROSENTHAL INCORPORATED</td>
<td>$ 35,023.75</td>
<td>$ 35,023.75</td>
<td></td>
<td>$ 35,023.75</td>
<td>Consulting services-Aug.</td>
</tr>
<tr>
<td>FEDEX</td>
<td>$ 86.19</td>
<td>$ 86.19</td>
<td></td>
<td>$ 86.19</td>
<td>Priority (4), standard (1)</td>
</tr>
</tbody>
</table>

**BILLS PAID DECEMBER 13, 2019**

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>Pump Back</th>
<th>Winn/SJRRP</th>
<th>Temperance Flat</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANK OF AMERICA</td>
<td>$ 213.57</td>
<td>$ 213.57</td>
<td></td>
<td>$ 213.57</td>
<td>Hotel &amp; meal expenses</td>
</tr>
<tr>
<td>BURKE, WILLIAMS &amp; SORENSEN, LLP</td>
<td>$ 28,928.60</td>
<td>$ 75.00</td>
<td></td>
<td>$ 29,003.60</td>
<td>Professional services-Oct.</td>
</tr>
<tr>
<td>PROVOST &amp; PRITCHARD INC</td>
<td>$ 3,643.75</td>
<td>$ 3,643.75</td>
<td></td>
<td>$ 3,643.75</td>
<td>Consulting services-Sept.</td>
</tr>
<tr>
<td>STANTEC CONSULTING SERVICES INC.</td>
<td>$ 34,436.19</td>
<td>$ 34,436.19</td>
<td></td>
<td>$ 34,436.19</td>
<td>Consulting services-Oct.</td>
</tr>
<tr>
<td>FEDEX</td>
<td>$ 125.40</td>
<td>$ 125.40</td>
<td></td>
<td>$ 125.40</td>
<td>Overnight priority-4</td>
</tr>
</tbody>
</table>

**BILLS PAID DECEMBER 30, 2019**

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>Pump Back</th>
<th>Winn/SJRRP</th>
<th>Temperance Flat</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 38,079.94</td>
<td>$ 29,267.57</td>
<td>$ 75.00</td>
<td></td>
<td>$ 67,422.51</td>
<td></td>
</tr>
</tbody>
</table>

**GRAND TOTALS**

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>Pump Back</th>
<th>Winn/SJRRP</th>
<th>Temperance Flat</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAND TOTALS</td>
<td>$ 38,079.94</td>
<td>$ 65,727.51</td>
<td>$ 75.00</td>
<td>$ 103,882.45</td>
<td></td>
</tr>
</tbody>
</table>
# FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED, JANUARY 2020

## BILLS PAID JANUARY 13, 2020

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>O&amp;M FUND</th>
<th>GM FUND</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABILITY</td>
<td>$142.62</td>
<td>$142.62</td>
<td></td>
<td>Answering service-Admin, canal</td>
</tr>
<tr>
<td>ACWA</td>
<td>21,610.00</td>
<td>-</td>
<td>21,610.00</td>
<td>Annual agency dues-2020</td>
</tr>
<tr>
<td>AMAZON CAPITOL SERVICES, INC.</td>
<td>82.59</td>
<td>-</td>
<td>82.59</td>
<td>Office supplies</td>
</tr>
<tr>
<td>APPLIED INDUST. TECH</td>
<td>1,036.45</td>
<td>-</td>
<td>1,036.45</td>
<td>Materials for gate maintenance</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>533.52</td>
<td>-</td>
<td>533.52</td>
<td>Telephone services</td>
</tr>
<tr>
<td>BOOT BARN INC.</td>
<td>173.19</td>
<td>-</td>
<td>173.19</td>
<td>Safety boots for employee-1</td>
</tr>
<tr>
<td>CITY OF DELANO</td>
<td>241.83</td>
<td>-</td>
<td>241.83</td>
<td>Utilities</td>
</tr>
<tr>
<td>COMMUTER INDUSTRIES</td>
<td>-</td>
<td>1,200.00</td>
<td>1,200.00</td>
<td>Waterline newsletter</td>
</tr>
<tr>
<td>CULLIGAN WATER CONDITION</td>
<td>174.24</td>
<td>-</td>
<td>174.24</td>
<td>Water conditioning-Lindsay</td>
</tr>
<tr>
<td>CULLIGAN, CENTRAL VALLEY</td>
<td>94.00</td>
<td>-</td>
<td>94.00</td>
<td>Water conditioning-OC</td>
</tr>
<tr>
<td>DINUBA LUMBER COMPANY</td>
<td>278.78</td>
<td>-</td>
<td>278.78</td>
<td>Hardware and supplies</td>
</tr>
<tr>
<td>FRESNO COUNTY TAX COLLECTOR</td>
<td>377.69</td>
<td>-</td>
<td>377.69</td>
<td>Property tax-Kings River house</td>
</tr>
<tr>
<td>GRAYBAR</td>
<td>870.82</td>
<td>-</td>
<td>870.82</td>
<td>Gear box &amp; motor installation</td>
</tr>
<tr>
<td>ICF CONSULTING GROUP, INC.</td>
<td>27.75</td>
<td>-</td>
<td>27.75</td>
<td>Consulting services-Nov.</td>
</tr>
<tr>
<td>JACK GRIGGS INC.</td>
<td>-</td>
<td>530.00</td>
<td>530.00</td>
<td>Propane-8 gallons</td>
</tr>
<tr>
<td>KAN VENTURES, INC.</td>
<td>4,866.54</td>
<td>5,347.37</td>
<td>10,213.91</td>
<td>Professional services-Dec.</td>
</tr>
<tr>
<td>LINCOLN NATIONAL LIFE INSURANCE</td>
<td>3,582.11</td>
<td>508.83</td>
<td>4,090.94</td>
<td>Life insurance premiums</td>
</tr>
<tr>
<td>LOEFFLER, CLIFFORD RAY</td>
<td>731.42</td>
<td>2,429.71</td>
<td>3,161.13</td>
<td>Expense claim reimbursement</td>
</tr>
<tr>
<td>MBK ENGINEERS</td>
<td>1,272.00</td>
<td>-</td>
<td>1,272.00</td>
<td>Consulting services-Nov.</td>
</tr>
<tr>
<td>MICROSOFT</td>
<td>-</td>
<td>5,126.25</td>
<td>5,126.25</td>
<td>Intune and Office 365</td>
</tr>
<tr>
<td>OTTEMOELLER CONSULTING SERVICES,</td>
<td>-</td>
<td>1,609.75</td>
<td>1,609.75</td>
<td>Consulting services-Dec.</td>
</tr>
<tr>
<td>PETTY CASH - LINDSAY</td>
<td>466.80</td>
<td>-</td>
<td>466.80</td>
<td>Petty cash reimbursement</td>
</tr>
<tr>
<td>PETTY CASH CHECKING</td>
<td>61.53</td>
<td>-</td>
<td>61.53</td>
<td>Petty checking reimbursement</td>
</tr>
<tr>
<td>SMART &amp; FINAL CORP</td>
<td>104.83</td>
<td>-</td>
<td>104.83</td>
<td>Employee appreciation luncheon</td>
</tr>
<tr>
<td>SO CAL GAS</td>
<td>381.48</td>
<td>-</td>
<td>381.48</td>
<td>Utilities</td>
</tr>
<tr>
<td>SPARKLETTS</td>
<td>72.99</td>
<td>-</td>
<td>72.99</td>
<td>Water conditioning-Lindsay</td>
</tr>
<tr>
<td>STANDARD INSURANCE CO</td>
<td>6,323.22</td>
<td>1,689.49</td>
<td>8,012.71</td>
<td>Survivors life insurance</td>
</tr>
<tr>
<td>STANTEC CONSULTING SERVICES INC.</td>
<td>15,991.75</td>
<td>23,996.63</td>
<td>39,988.38</td>
<td>Consulting services-Nov.</td>
</tr>
<tr>
<td>STARTING POINT SOLUTIONS, LLC</td>
<td>-</td>
<td>2,000.00</td>
<td>2,000.00</td>
<td>Consulting services-Dec.</td>
</tr>
<tr>
<td>SUE SA’S CREATIVE CATERING</td>
<td>2,089.45</td>
<td>-</td>
<td>2,089.45</td>
<td>Board of Directors meeting</td>
</tr>
<tr>
<td>TERMINAL AIR BRAKE SUPPLY</td>
<td>180.00</td>
<td>-</td>
<td>180.00</td>
<td>Vehicle smoke tests-3</td>
</tr>
<tr>
<td>UNWIRED BROADBAND, INC.</td>
<td>299.98</td>
<td>-</td>
<td>299.98</td>
<td>Internet service-OC &amp; Delano</td>
</tr>
<tr>
<td>VAST NETWORKS</td>
<td>800.00</td>
<td>-</td>
<td>800.00</td>
<td>Internet-Lindsay office</td>
</tr>
<tr>
<td>VERIZON</td>
<td>1,970.01</td>
<td>-</td>
<td>1,970.01</td>
<td>SCADA internet service</td>
</tr>
<tr>
<td>VERIZON WIRELESS</td>
<td>2,360.91</td>
<td>-</td>
<td>2,360.91</td>
<td>SCADA mobile to mobile</td>
</tr>
<tr>
<td>VILLINES GROUP, LLC</td>
<td>3,150.00</td>
<td>4,950.00</td>
<td>8,100.00</td>
<td>Consulting services-Dec.</td>
</tr>
<tr>
<td>WYNDHAM VISALIA</td>
<td>105.90</td>
<td>-</td>
<td>105.90</td>
<td>Employee appreciation luncheon</td>
</tr>
</tbody>
</table>
### BILLS PAID JANUARY 13, 2020

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>O&amp;M FUND</th>
<th>GM FUND</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>XEROX FINANCIAL SERVICES</td>
<td>1,330.91</td>
<td>-</td>
<td>1,330.91</td>
<td>Copier lease</td>
</tr>
<tr>
<td>ZENITH INSURANCE COMPANY</td>
<td>6,630.00</td>
<td>-</td>
<td>6,630.00</td>
<td>Worker compensation</td>
</tr>
<tr>
<td>ZOOM IMAGING SOLUTIONS, INC.</td>
<td>484.98</td>
<td>-</td>
<td>484.98</td>
<td>Copy overage charges</td>
</tr>
<tr>
<td><strong>TOTAL BILLS PAID JANUARY 13, 2020</strong></td>
<td><strong>78,900.29</strong></td>
<td><strong>49,388.03</strong></td>
<td><strong>128,288.32</strong></td>
<td></td>
</tr>
</tbody>
</table>

| Total from Pump Back Grant | $2,764.75 |
| Total from WIIN and SJRRP Grant | $ - |
| Total from Temperance Flat MOU | $ - |
| **Grand Total** | **$131,053.07** |
## FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED, JANUARY 2020

**BILLS PAID JANUARY 13, 2020**

### GRANTS

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>Pump Back</th>
<th>Winn/SJRRP</th>
<th>Temperance Flat</th>
<th>TOTAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTTEMOELLER CONSULTING SERVICES, LLC</td>
<td>$ 1,609.75</td>
<td>$ 1,609.75</td>
<td></td>
<td>$ 1,609.75</td>
<td>Consulting services-Dec.</td>
</tr>
<tr>
<td>WAVE ENGINEERING, INC.</td>
<td>1,155.00</td>
<td>$</td>
<td>$ 1,155.00</td>
<td>$ 1,155.00</td>
<td>Consulting services-Aug.</td>
</tr>
<tr>
<td><strong>Grand total to be Ratify</strong></td>
<td><strong>$ 2,764.75</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$ 2,764.75</strong></td>
<td></td>
</tr>
</tbody>
</table>
### FRIANT WATER AUTHORITY

#### CASH ACTIVITY BALANCE
**MONTH ENDING NOVEMBER 30, 2019**

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FKC Operations &amp; Maintenance</td>
<td>$4,400,028</td>
<td>$2,602,263</td>
<td>$(2,643,804)</td>
<td>$4,358,486</td>
</tr>
<tr>
<td>SLDMWA</td>
<td>$2,708,281</td>
<td>$387,366</td>
<td>-</td>
<td>$3,095,646</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$7,108,308</td>
<td>$2,989,628</td>
<td>$(2,643,804)</td>
<td>$7,454,133</td>
</tr>
<tr>
<td>General Member</td>
<td>$514,396</td>
<td>$29,739</td>
<td>$(194,844)</td>
<td>$349,291</td>
</tr>
<tr>
<td>Temperence Flat MOU project</td>
<td>$697,368</td>
<td>-</td>
<td>-</td>
<td>$697,368</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,500,793</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### BANK ACTIVITY BALANCE
**MONTH ENDING NOVEMBER 30, 2019**

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund</td>
<td>$6,928,558</td>
<td>$1,040,343</td>
<td>-</td>
<td>$7,968,901</td>
</tr>
<tr>
<td>Bank of the Sierra</td>
<td>$1,391,515</td>
<td>$1,979,024</td>
<td>$(2,838,647)</td>
<td>$531,891</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,500,793</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Interest earned Quarter Ending 09/30/2019 = $40,343

**NOTE:** Cash on deposit with LAIF represents the consolidation of available balances held by all FWA funds. Most Current Interest Rate: For month ended November 30, 2019, effective yield, 2.103%

Total LAIF fund as of November 30, 2019: $24,948,387,014.26

The Authority's investments are in compliance with its Statement of Investment Policy dated July 22, 2004. Management believes it is fully able to meet its expenditure requirements for the next six months.
# FRIANT WATER AUTHORITY

## O&M FUND

### CASH ACTIVITY REPORT

**MONTH ENDING NOVEMBER 30, 2019**

<table>
<thead>
<tr>
<th>Checking &amp; Investments</th>
<th>Payroll Checking</th>
<th>Petty Cash</th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH BALANCE OCTOBER 31, 2019</strong></td>
<td>$ 7,107,507</td>
<td>$ -</td>
<td>$ 801</td>
</tr>
<tr>
<td><strong>Increases:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District O&amp;M receipts</td>
<td>1,451,545</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SLDMWA receipts</td>
<td>318,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from Subsidence Project</td>
<td>780,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest from Bank of Sierra</td>
<td>235</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous deposits</td>
<td>1,858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refund from SLDMWA</td>
<td>68,766</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration Allocation</td>
<td>2,656</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll deposits</td>
<td>-</td>
<td>365,769</td>
<td></td>
</tr>
<tr>
<td><strong>Total Increases</strong></td>
<td>2,623,859</td>
<td>365,769</td>
<td>-</td>
</tr>
<tr>
<td><strong>Decreases:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O&amp;M Expenditures</td>
<td>345,852</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pump Back Project Expenditures</td>
<td>29,970</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidence Project Expenditures</td>
<td>1,251,680</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PID-Recapture of restoration flows</td>
<td>284,715</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Cash Outlays</td>
<td>365,769</td>
<td>365,769</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Decreases</strong></td>
<td>2,278,035</td>
<td>365,769</td>
<td>-</td>
</tr>
<tr>
<td><strong>CASH BALANCE BEFORE INTERFUND ACTIVITY</strong></td>
<td>7,453,332</td>
<td>-</td>
<td>801</td>
</tr>
<tr>
<td>Interfund transfer from O&amp;M</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH BALANCE NOVEMBER 30, 2019</strong></td>
<td>$ 7,453,332</td>
<td>$ -</td>
<td>$ 801</td>
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</tbody>
</table>

---

*Page 12.B.13*
FRIANT WATER AUTHORITY
GENERAL MEMBERS FUND
CASH ACTIVITY REPORT
MONTH ENDING NOVEMBER 30, 2019

CASH BALANCE OCTOBER 31, 2019 $ 514,396

Increases:
Member Assessments 29,739

Total Cash Receipts $ 29,739

Decreases:
Consulting 48,191
Office Supplies 125
Meetings 3,936
Rent & Facility Expense 6,061
Utilities 342
Fedex (1-priority) 67
Professional Services 11,204
Board Retreat 8,010
Pump Back 29,970
Other Payroll Benefits 8,321

Reimburse O&M:
Current Month Payroll & Benefits 75,963
Administration Allocation 2,656

Less Total Cash Disbursements $ 194,844

CASH BALANCE BEFORE INTERFUND ACTIVITY $ 349,291

Interfund transfer from O&M $ -

CASH BALANCE NOVEMBER 30, 2019 $ 349,291
### FRIANT WATER AUTHORITY
### TEMPERANCE FLAT MOU PROJECT
### CASH ACTIVITY REPORT
### MONTH ENDING NOVEMBER 30, 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH BALANCE OCTOBER 31, 2019</td>
<td>$697,368</td>
</tr>
<tr>
<td>Increases:</td>
<td></td>
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<tr>
<td>No increases</td>
<td>-</td>
</tr>
<tr>
<td>Total Cash Receipts</td>
<td>$ -</td>
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<tr>
<td>Decreases:</td>
<td></td>
</tr>
<tr>
<td>No decreases</td>
<td>-</td>
</tr>
<tr>
<td>Less Total Cash Disbursements</td>
<td>$ -</td>
</tr>
<tr>
<td>CASH BALANCE NOVEMBER 30, 2019</td>
<td>$697,368</td>
</tr>
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</table>

**In-Kind Contribution (See Note)** $100,000

<table>
<thead>
<tr>
<th>Staff</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. Payne</td>
<td>39,004</td>
</tr>
<tr>
<td>S. Ottemoeller</td>
<td>191</td>
</tr>
<tr>
<td>Consultants</td>
<td>-</td>
</tr>
<tr>
<td>Burke Williams</td>
<td>43,050</td>
</tr>
<tr>
<td>Bill Luce Consulting</td>
<td>2,719</td>
</tr>
<tr>
<td>Other costs</td>
<td>6,559</td>
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</table>

Note: All FWA spending Expensed
Refund will be proportioned

In-Kind Contribution thru: NOVEMBER 30, 2019 $91,522

In-Kind Contribution balance $8,478
FRIANT WATER AUTHORITY
MONTH ENDING NOVEMBER  30, 2019
CASH ACTIVITY REPORT
LOCAL AGENCY INVESTMENT FUND (L.A.I.F.)
(FUNDS ON DEPOSIT WITH STATE OF CALIFORNIA)
CASH ACTIVITY REPORT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH BALANCE OCTOBER  31, 2019</td>
<td>$6,928,558</td>
</tr>
<tr>
<td>Increases:</td>
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<tr>
<td>Transfer from checking</td>
<td>$1,000,000</td>
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<tr>
<td>Interest earned</td>
<td>$40,343</td>
</tr>
<tr>
<td><strong>Total Increases:</strong></td>
<td><strong>$1,040,343</strong></td>
</tr>
<tr>
<td>Decreases:</td>
<td></td>
</tr>
<tr>
<td>Transfer to checking</td>
<td>-$</td>
</tr>
<tr>
<td><strong>CASH BALANCE NOVEMBER  30, 2019</strong></td>
<td><strong>$7,968,901</strong></td>
</tr>
</tbody>
</table>

Balance ascribed to:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;M Fund</td>
<td>$6,987,731</td>
</tr>
<tr>
<td>General Member Fund &amp; Temp Flat</td>
<td>$981,171</td>
</tr>
<tr>
<td><strong>Total ascribed balances:</strong></td>
<td><strong>$7,968,901</strong></td>
</tr>
</tbody>
</table>

Note: Interest earned Quarter Ending 09/30/2019 = $40,343

NOTE: Cash on deposit with LAIF represents the consolidation of available balances held by all FWA funds. Most Current Interest Rate: For month ended November 30, 2019, effective yield, 2.103%
Total LAIF fund as of November 30, 2019: $24,948,387,014.26
Management believes it is fully able to meet its expenditure requirements for the next six months.
<table>
<thead>
<tr>
<th></th>
<th>O&amp;M</th>
<th>SLMWA</th>
<th>Membership</th>
<th>MOU</th>
<th>Resevoir</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Balance September 30, 2019</td>
<td>$3,773,688</td>
<td>$2,706,854</td>
<td>$205,631</td>
<td>$697,368</td>
<td>$0</td>
<td>$7,383,542</td>
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<tr>
<td>Conveyance Fee Reserve</td>
<td>(3,000,000)</td>
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<td></td>
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<td></td>
<td>(3,000,000)</td>
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<tr>
<td>Emergency Cost Reserve</td>
<td>(1,112,714)</td>
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<td></td>
<td></td>
<td></td>
<td>(1,112,714)</td>
</tr>
<tr>
<td>Insurance Reserve</td>
<td>(100,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(100,000)</td>
</tr>
<tr>
<td>Restricted Use Funds</td>
<td></td>
<td>(697,368)</td>
<td></td>
<td></td>
<td></td>
<td>(697,368)</td>
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<tr>
<td>2018 Refund to Members (estimate)</td>
<td>(1,444,044)</td>
<td></td>
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<td></td>
<td>(1,444,044)</td>
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<tr>
<td>FY 2019 Interest Earned</td>
<td>(32,631)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(32,631)</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>339,850</td>
<td>325,777</td>
<td>7,975</td>
<td></td>
<td></td>
<td>673,602</td>
</tr>
<tr>
<td>Accounts Payables</td>
<td>(1,791,453)</td>
<td>(108,656)</td>
<td></td>
<td></td>
<td></td>
<td>(1,900,109)</td>
</tr>
<tr>
<td>Subsidence Grant Monies Due</td>
<td>780,200</td>
<td></td>
<td></td>
<td></td>
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<td>780,200</td>
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<tr>
<td>FY2020 Deferrals</td>
<td>(914,603)</td>
<td></td>
<td></td>
<td></td>
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<td>(914,603)</td>
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<tr>
<td></td>
<td>($469,076)</td>
<td>$0</td>
<td>$104,950</td>
<td>$0</td>
<td>$0</td>
<td>($364,125)</td>
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</table>

Note: before FY2019 refund
DATE: January 16, 2020
TO: Board of Directors
Jason Phillips, CEO
FROM Johnny Amaral
SUBJECT: Resolution to Approve 2020-1

SUMMARY:
The Board of Directors encourages and supports the participation of the organization in the affairs of the Association of California Water Agencies (ACWA).

Johnny Amaral, FWA’s Chief of External Affairs, has indicated a desire to serve as a Board member of ACWA Regions 6 and 7. Due to his position and experience, Amaral is well qualified to serve on the ACWA Board, and his participation on the ACWA Board will further the interests of FWA and its members.

RECOMMENDED ACTION:
Staff recommends approval of Resolution 2020-1, appointing Johnny Amaral to the ACWA Board of Directors for Regions 6 and 7.

SUGGESTED MOTION:
Motion and roll call vote to approve is recommended

BUDGET IMPACT:
None

ATTACHMENTS:
Resolution 2020-1
RESOLUTION NO. 2020-1

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FRIANT WATER AUTHORITY
PLACING IN NOMINATION JOHNNY AMARAL AS A MEMBER OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 6 AND REGION 7

THE BOARD OF DIRECTORS OF FRIANT WATER AUTHORITY (FWA) RESOLVES AS FOLLOWS:

1. **Findings.** The Board finds as follows:
   
   A. The Board of Directors encourages and supports the participation of the organization in the affairs of the Association of California Water Agencies (ACWA).
   
   B. Johnny Amaral, FWA’s Chief of External Affairs, has indicated a desire to serve as a Board member of ACWA Regions 6 and 7.
   
   C. Due to his position with FWA and experience, Amaral is well qualified to serve on the ACWA Board, and his participation on the ACWA Board will further the interests of FWA and its members.

2. **Support for Amaral.**

   A. The Board does place its full and unreserved support in the nomination of Johnny Amaral for the Board of Directors of ACWA Regions 6 and 7.
   
   B. The Board determines that the expenses attendant with the service of Johnny Amaral in ACWA Regions 6 and 7 will be borne by the Friant Water Authority.


___________________________
Chris Tantau, Chair

ATTEST:

___________________________
Cliff Loeffler, Secretary
I, Cliff Loeffler, Secretary of the Board of Directors of Friant Water Authority, hereby certify that the foregoing Resolution was introduced at a regular meeting of the Board of Directors, held on January 16, 2020, and was adopted at that meeting by the following roll call vote:

AYES:

NOES:

ABSENT:

______________________________________
Cliff Loeffler, Secretary
Friant Water Authority
DATE: January 16, 2020
TO: Board of Directors
FROM: Johnny Amaral
SUBJECT: Resolution to Approve SJWIA Board Alternates

SUMMARY:
The San Joaquin Valley Water Infrastructure Authority requires each member agency to appoint alternate r(s) who shall serve in the absence of the regular representative appointed by that agency. FWA’s regular representative is Jason Phillips.

RECOMMENDED ACTION:
Staff recommends approval of Johnny Amaral and Doug DeFlitch as Board Alternates.

SUGGESTED MOTION:
Motion to approve the recommended action.

BUDGET IMPACT:
None. Costs of membership in the SJWIA are covered in the current budget.

ATTACHMENTS:
SJWIA Board Alternate Designation
January 16, 2020

Christina Guzman
Department of Public Works and Planning, Water and Natural Resources
2220 Tulare Street, 6th Floor
Fresno, CA 93711

Dear Ms. Guzman:

This letter is to inform you that effective immediately, the following individuals will be serving as the Friant Water Authority (FWA) alternate representatives along with Jason Phillips on the San Joaquin Valley Water Infrastructure Authority (SJWVIA) Board:

Douglas DeFlitch, Chief Operating Officer
Johnny Amaral, Chief of External Affairs

This matter was discussed at the FWA meeting of the Board of Directors on January 16, 2020 and the board voted unanimously to make these appointments. As representatives of FWA, both Doug DeFlitch and Johnny Amaral are authorized to speak and act on behalf of the FWA Board of Directors on matters that come before the SJWVIA.

Sincerely,

Chair, Friant Water Authority
DATE: January 16, 2020
TO: Board of Directors
FROM: Jason Phillips, CEO
SUBJECT: 2019 Board Retreat Summary

DISCUSSION:
See attached summary.

ATTACHMENT:
2019 Board Retreat Summary
2019 BOARD RETREAT SUMMARY

SESSIONS 1: WATER BLUEPRINT FOR THE SAN JOAQUIN VALLEY (PART 1)

Friant Water Authority (FWA) led the effort in 2019 to launch the Water Blueprint for the San Joaquin Valley (“Blueprint”). The effort seeks to begin addressing the numerous policy and climate related water challenges facing the San Joaquin Valley. In 2019, the Blueprint has grown into a diverse group of water districts, GSAs, Farm Bureaus, agriculture associations, industry groups, private companies, academic institutions, and local governments.

Staff and consultant, Austin Ewell, provided an update on Blueprint activities including its Water Resilience Portfolio submittal, the Socio-Economic Impact Report led by Dr. David Sunding of UC Berkeley, and engagement and outreach with the state, elected leaders, environmental NGOs and disadvantaged communities.

During Session 1, directors and managers considered several questions related to the Blueprint:

- Concerns or gaps in the assessment of; the drivers of imbalance and the options for addressing.
- Is there urgency? Are there reasons to wait?
- What does Friant define as success for the Blueprint?
- How should Friant approach key projects? Should Friant support others to take initiative? Should Friant assert leadership?

The group expressed broad support for the Blueprint effort. There was discussion about the need to balance internal (agriculture community, local policymakers) and external (environmental NGOs, disadvantaged communities, state policymakers) communication related to Blueprint efforts. Discussion about the role the Blueprint and its participants, including Friant, can or should play in leading project pursuit and implementation. There is continued interest and encouragement about the Blueprint projects and the Socio-Economic Impact Report.

On the issue of key projects, there was agreement that Friant should take an active role in advancing projects. The group recognized that traditional government-led efforts to develop infrastructure have been, for the most part, ineffective.

NEXT STEPS

Proceed forward as follows:

1. In order to expand the influence and effectiveness of the Blueprint, Friant will continue to support efforts to engage with state and federal leadership, environmental NGOs and disadvantaged communities as well as other key stakeholders in the state.

2. Seek to further engage Friant contractors and others throughout the San Joaquin Valley about the Blueprint effort. The group acknowledged the Blueprint’s progress while recognizing that many in the San Joaquin Valley need further communication about the imminent water policy challenges.

3. FWA leadership will continue to play an active leadership role within the Blueprint and seek to advance Blueprint goals and related projects.
SESSIONS 2: WATER BLUEPRINT FOR THE SAN JOAQUIN VALLEY (PART 2)

The discussion made it clear that the effort to launch the San Joaquin Valley Blueprint was worth the time and resources devoted in 2019 and the progress made exceeded the expectations established in 2018. It was also clear that as the effort advances into 2020, FWA should work to ensure the following:

- FWA should maintain a leadership and steering role in the effort
- FWA must always ensure the protection of the Friant Division water supply
- The effort must continue to grow, especially the number of partners, the diversity of partners, and the public education program.
- New projects to develop and convey water need to be fast tracked

NEXT STEPS

FWA will continue a leadership role in the Blueprint in 2020. We will ensure the completion and professional roll out of the socio-economic report (January 2020), work with the Newsom Administration to seek to include the Blueprint ideals and projects into the Water Resiliency Portfolio, and continue outreach efforts to broaden the number and diversity of Blueprint partners.

SESSION 3: FKC MIDDLE REACH CAPACITY CORRECTION – SELF FINANCING

Darren Hodge and Brian Thomas of Public Financial Management (PFM) provided an overview of the current bond market and the bond issuance process related to any self-financing that FWA and Friant Division Contractors may need to undertake in order to finance a portion of the FKC Middle Reach Capacity Correction Project (Project). Tax-exempt bonds are an attractive investment at this time, and interest rates on bonds are at historic lows. The interest rate that participating contractors (Participants) would pay on bond debt service will depend on: (1) market conditions; (2) credit ratings of the Participants; and (3) the duration of the repayment obligation. PFM provided a hypothetical allocation of annual debt service for all Friant Division long-term contractors under bond issuance scenarios of $50MM, $100MM, and $150MM, so that districts could begin to understand how such an obligation would affect them.

PFM outlined what a financing structure would entail whereby Participants would directly assume a fixed share of the bonded indebtedness under a Participation Agreement that would likely include a “step-up” provision where the Participants would need to take on an additional allocation of debt if any of the other Participants failed to make debt service payments. PFM explained that having such a step-up provision is viewed favorably by rating agencies; otherwise, bonds would be rated to the lowest rating of the Participants.

NEXT STEPS

Proceed forward as follows:

1. Collect financial information from districts, including anticipated borrowing and indebtedness.
2. Begin developing a Project and Participant finance summary and plan that can be submitted as part of the rating assessment process.
3. Work on the structure of a Participation Agreement.
4. Set up an ad hoc finance group, particularly involving the larger districts below the Middle Reach constriction point.
SESSION 4: FKC CAPACITY CORRECTION – MIDDLE REACH PROJECT
OVERVIEW AND FUNDING

While following a somewhat very difficult discussion on potential Project financing, a run through of the current needs and funding options was welcomed by the group. There was consensus to keep going full bore on the Project’s environmental, feasibility and design components in 2020. Additionally, there was agreement that if this Project is going to be successful at its full design potential that federal, state and local funding would be needed for construction.

Themes heard across the group included:

- Sharpening the focus on those who cause the subsidence and have them pay.
- Phasing would be beneficial if the full Project funding cannot be met by the time construction is ready.
- $46 Million of Part III funding would be appropriate to spend on the Project but would warrant an analysis or assessment of contractors’ alternative needs for these funds.
- Completing the design but stopping short of real-estate purchases should funding be short.
- Delaying the use of the $50 Million “Family Plan” funding as a final stop-gap measure.

NEXT STEPS

Proceed forward as follows:

1. Establish a consensus and resolution surrounding the desire to utilize all Public Law 111-11, Part III funds for the Project.
2. Go full bore on finalizing the pre-construction approvals, permits and design.
3. Go full bore to secure the necessary federal, state and local funding needed for construction, while working on contingency plans for reducing the footprint and costs of the Project.

SESSION 5: GOVERNANCE

Having directors and managers from districts that are not currently FWA members participate in this year’s retreat was a big step and added value to the discussion on FWA governance. Some participants noted that the group “couldn’t have done this three years ago, or even one year ago.” Both FWA and non-FWA members felt that this was good progress forward, although some sticking points remain and determining the next steps to take may prove difficult.

The discussion on governance spanned multiple topics, from the composition of the Board of Directors and committees to general improvements on how the Board conducts business and holds meetings.

Governance on O&M Matters:

There continue to be multiple views on whether changes, if any, should be made to FWA governance, particularly with respect to decisions related to the operation and maintenance (O&M) of the Friant-Kern Canal. Several districts that are not members of FWA voiced support for modifying the governance to allow O&M contractors a vote on O&M matters regardless of general membership in FWA. There were also several districts that are members of FWA who felt that the current governance laws and practices for FWA are appropriate and no changes are necessary at this time.
Ideas generated regarding O&M governance included:

- Establish an O&M membership under the existing governance structure, with O&M member districts having representation and a vote at Board meetings. O&M matters would be scheduled separately at the meetings, to the extent feasible.
- Create a separate O&M Board with a separate budget, chief, and staff only for O&M. Votes could be weighted. These O&M Board meetings could be held prior to the regularly scheduled FWA Board meetings.
- Continue with governance as-is, including continuing to allow non-FWA member districts a seat at the Board of Directors’ table in open session to encourage direct participation.

A key challenge to some of the proposals is that they oversimplify the distinctions between O&M and other activities, especially as defining what constitutes “O&M” is becoming increasingly difficult. Also, the above proposals don’t have clear benefits or advantages with respect to FWA’s core work on canal O&M and the capacity correction project, neither of which the non-member districts said they were dissatisfied with.

There were no suggestions made as to how to solve the problem of collective decision-making related to the San Joaquin River Restoration Settlement, but FWA members and non-FWA districts acknowledged that this was also important.

Other Recommendations for Improving Board/Executive Committee Meetings:

- Larger facilities are needed, particularly for Executive Committee meetings.
- Improved AV is needed for Board meetings.
- The Board should consider having one meeting in Bakersfield/south end of Friant territory and one in Madera/north end of the Friant territory each year.
- The current level of information for agenda reports and presentations is sufficient; it is not necessary to create a memo or report if there is nothing to report.
- Begin with closed session at 8:30 or 9:00 am, hold it until a set time, then move to open session and end with a continued closed session, if needed. Consider brunch?
- Go digital for Board meeting material. Some districts provide tablets but if they do not, FWA can provide them.
- Host 30-minute webinars on key topics a few times per year, as well as an annual Delta tour for directors, managers, and staff, and possibly non-FWA districts.

**NEXT STEPS**

Options for proceeding forward are as follows:

1. Establish an ad hoc committee to develop detail options for how to revise O&M governance within FWA; or
2. Keep the governance structure in its current format, including continued outreach to non-FWA member districts on O&M issues and allow seats at the board table for non-FWA district representatives to ensure issues are appropriately vetted before decisions are made.
SESSION 6: TITLE TRANSFER

There was a very good conversation and exchange of ideas on the question of exploring the merits of title transfer and whether Friant should continue to perform due diligence. Having Brian Person of AECOM available to provide his perspective and experiences as a former Reclamation manager who has been involved in several transfers was helpful. Dennis Keller also participated in the discussion, providing his perspective and identifying certain issues that warrant further consideration. There were several different opinions in the group discussions, but many went to the overall question of whether Friant should accept title transfer, rather than the current question before the Board of whether to execute a Memorandum of Understanding, which will provide structure and a comprehensive approach to the due diligence process.

Brian Person of AECOM briefly described his experiences as a Reclamation manager who has negotiated title transfer agreements in his career. Brian expressed his experience that districts that have accepted title remain pleased with the overall outcome and have not articulated any concerns, such as experiencing disparate treatment by conservation agencies such as the Fish and Wildlife Service. Brian also expressed that in his experience, the conservation agencies treated him, as a Reclamation manager, no differently than they have treated other non-federal entities. He added that such regard by conservation agencies may be case specific and vary with the individuals representing the agency when interacting with a particular water user entity. Dennis Keller also spoke and identified some key issues to be aware of, including the potential for an increase in costs and the need to develop new procedures such as Friant Operating Guidelines.

There were a wide range of views in the table discussions, although many were influenced by the question of whether Friant should accept title, which was not the specific question presented to the group. Most tables were generally supportive of continuing the due diligence, but concerns about prioritizing work were also expressed, including getting final resolution of issues such as whether there will be an increase in costs after title transfer, whether there will be an on-the-ground change when interacting with regulatory agencies, development of Friant Operating Guidelines, and how title transfer might affect governance of the canal.

NEXT STEPS

The general sense of the group was not to sign the MOU with Reclamation at this point in time, rather, undertake further due diligence review prior to the January Board meeting and provide a report out on findings to date.
AGENDA REPORT

NO. 14.B.i

DATE: January 16, 2020

TO: Board of Directors

THROUGH: Douglas DeFlitch, Chief Operating Officer

FROM: Janet Atkinson and Bill Swanson

SUBJECT: Friant-Kern Canal Capacity Correction Project Update

SUMMARY:
The FKC Capacity Correction Project (Project) is to correct the conveyance capacity problems caused by subsidence and original Project design deficiency from MP 88 (Fifth Avenue Check) to MP121.5 (Lake Woollomes Check). The Board of Directors (BOD) selected the proposed alternative that consists of a parallel or realigned canal along with enlargement of certain segments of the existing canal (Canal Enlargement & Realignment – “CER”) at the April 25th BOD meeting for continued design development, environmental compliance and permitting. Current work items include 1) final design; 2) completion of the Feasibility Report; 3) environmental compliance/permitting activities; and 4) land acquisition program.

DISCUSSION/UPDATE: The following is a summary of the work completed since the last BOD update:

Reclamation Schedule Update and Coordination Meetings – Several working group meetings were conducted (Environmental, Right-of-Way, Design, and Project Management). Provided below is the current milestone implementation schedule.

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOI/NOP Published</td>
<td>December 2, 2019</td>
</tr>
<tr>
<td>Feasibility Report provided to OMB</td>
<td>late January/early February</td>
</tr>
<tr>
<td>30-Percent Design Report - Final</td>
<td>January 17, 2020</td>
</tr>
<tr>
<td>NOA/Draft EIS/EIR Published</td>
<td>May 01, 2020</td>
</tr>
<tr>
<td>Biological Opinion Issued</td>
<td>May 7, 2020</td>
</tr>
<tr>
<td>Project Section 106 Complete</td>
<td>May 28, 2020</td>
</tr>
<tr>
<td>100-Percent Bid Issue Design Completion</td>
<td>August 4, 2020</td>
</tr>
<tr>
<td>NOA/NOD/FEIS/EIR Published</td>
<td>September 11, 2020</td>
</tr>
</tbody>
</table>
The above is a fairly aggressive schedule that the team is committed to meeting. It is anticipated that it will take several months after the ROD is published to finalize activities such as permit acquisition, right-of-way acquisition and funding program. It is estimated that a construction contract award would occur in the first half of FY 2021.

**Feasibility Report** - Stantec performed additional analysis based on comments provided by the Policy Review Team in their review of the Administrative Draft Feasibility Report that had been provided to Reclamation on November 22nd. This involved developing technical methods to quantify and monetize flood control benefits and fish and wildlife enhancement benefits provided by the project. Stantec provided the 2nd Administrative Draft Feasibility Report to Reclamation and CWS on December 20th. The Commissioner and Department of the Interior (DOI) briefings were conducted the week of January 6th, and DOI has approved the Feasibility Report. The DOI approval is a significant milestone and we anticipate further edits will be minimal as the Feasibility Report moves to OMB. The Stantec team will continue to refine the Feasibility Report as necessary in preparation for a Final Feasibility Report.

**Environmental Compliance, Cultural Resources and Permitting** - This work is needed for both the geotechnical field investigations and for the project, with separate work products, processes and approvals needed. Following is a description of environmental clearance activities for the geotechnical field investigations.

- Received Nationwide permits from US Army Corps on December 23, 2019.
- Continued coordination with California Department of Fish and Wildlife on Lake or Streambed Alteration Agreement for Deer Creek and White River bores.

Following is a description of NEPA/CEQA compliance and Permitting activities for the Project.

- Continued developing draft EIS/EIR including revising the project description to provide details regarding advancement of the CE and CER alternatives to the 2070 subsidence criteria levels and continued resource analysis sections.
- Finalized and released NOI and NOP, and held a scoping meeting on December 18, 2019 (few attendees – hopefully indicative of limited concern over potential environmental impacts); and prepared draft Scoping Report.
- Finalized biological field surveys, habitat assessment and wetland delineation for private lands within project site from December 10–11, 2019 and continued preparation of the draft wetland delineation for the footprint of the project.
- Completed remote camera surveys for SJKF and BVLOS from December 2–9, 2019 (all negative results)
- Completed last field visit for ecological scent-detection dog surveys for SJKF on December 17, 2019 (all negative results).
Finalized avoidance and minimization strategy for the SJKF to provide to Reclamation for inclusion in the Biological Assessment (BA). Reviewed draft BA and provided comments to Reclamation. Reclamation submitted Draft BA to US Fish and Wildlife Service on December 23, 2019.

Provided avoidance and minimization strategy for SJKF and habitat assessment to California Department of Fish and Wildlife to begin discussion of California Endangered Species Act Compliance.

The cultural team has continued to work on the Section 106 report for the long term corrective action. On target for draft submittal to Reclamation on January 13th.

Beginning draft of Historic Property Treatment Plant (HPTP) in January.

**Engineering and Design**

- Worked on action items established during the Design Working Group meetings.
- Received the 30-percent Design Report Reclamation review comments on December 20, 2019 and began responding to review comments.
- Held an all-day 30-percent Design Report review workshop with FWA and Reclamation on January 7, 2020. Future subsidence phasing criteria was brainstormed. There was no official decision reached regarding the future subsidence criteria.
- Continued to explore potential earthwork borrow sources with interested parties.
- Continued development of check structure design.
- Continued developing turnout drawings, conceptual construction staging area needs, and utility relocation concepts.
- Continued to update utility tracking logs, updated mapping files with utility information and coordinated with utility owners, Tulare County, Kern County and Caltrans.
- Continued preparation of site plans for each roadway crossing.
- Supported the environmental team in revising the Project description and other technical analyses needed for further the environmental review.
- Completed preparation of Preliminary Right-of-Way Acquisition exhibits and initiated preparation of legal descriptions and exhibit plats. Submitted legal descriptions and exhibit plats to Reclamation for review.
- The geotechnical team continued preparation of the Geotechnical Data Report, Road Crossing Siphons Report, and Geotechnical Interpretive Report. Preparation of these reports includes coordination with other Stantec design teams.
- Samples from the private borings were submitted to the geotechnical laboratory for analyses.
- Prepared revisions to the 30-percent Design Report.

**Land Acquisition**

- Continued to review and annotate the Project title reports in preparation of the purchase agreements.
- BRI and FWA developed a standard Notice of Decision to Appraise document and Summary Statement Relating to the Purchase of Real Property or Interest Therein.
- BRI and FWA continued to develop purchase agreement template for the Project.
- The appraisal team continued to work with Appraisal Valuation Services Office (AVSO) to approve the first Statement of Work. Continued to gather and investigate the larger parcel issues and comparable data on the project.
• Work was initiated on the ASTM 1527-13 Phase 1 Environmental Site Assessments (Phase 1 ESA).
• Prepared and coordinated the delivery schedule for the appraisals.

Landowner Coordination and Right-of-Entry (ROE) Support –

• FWA, BRI and Stantec held a Dec. 3 conference call to review Reclamation’s comments on the Real Estate Plan. Topics covered include projections of potential legal costs in the application of eminent domain actions; Phase 1 environmental surveys, appraisal exhibits, and scheduling of internal Right-of-Way Team call.
• Revised Real Estate Plan submitted to Reclamation.
• Thirty-two of 36 Right-of-Entry Agreements have been executed or returned signed by the landowner. Friant Water Authority is reviewing comments/changes requested by the remaining landowners. Follow-up continues with two landowners that have not responded to contacts in recent weeks.
• Outreach coordination support during the period included attendance at the Dec. 18 CEQA/NEPA Scoping Meeting in Porterville.

FUTURE ACTIVITIES - The following activities are anticipated to be conducted next month:

Feasibility Report – The Stantec team will continue to refine the Feasibility Report as necessary in preparation for delivery to OMB planned for early 2020. This includes incorporation of Commissioner and Secretary review comments based on briefings scheduled for the week of January 7th.

Environmental Compliance, Cultural Resources, and Permitting – Continue to support obtaining approvals for the geotechnical field investigations including obtaining permits for geotechnical bores and conduct pre-construction surveys for kit fox prior to initiating geotechnical explorations. For the long-term corrective action plan continue weekly coordination calls with Reclamation/Friant and continue coordination with the US Army Corps of Engineers and the California Department of Fish and Wildlife. Continue analyses of potential impacts and technical analysis for EIS/EIR and prepare the first Administrative Draft EIS/EIR. Finalize cultural resources survey and report preparation, and finalize biological characterization (Biological Resources Assessment), including wetland delineation.

Engineering and Design –Complete responses to Reclamation review comments on the 30 percent design report and work towards finalizing the document. Continue design activities progressing designs from the 30% towards the 60% level of completion later in 2020. Awaiting direction of future subsidence bank scope of work. Continue to progress the utility research. Continue to refine the hydraulic analyses. Continue detailed field surveys needed to inform the final design. Continue the development of the Check structures. Support the environmental team in revising the Project description and other technical analyses needed for further the environmental review. The geotechnical team will continue working on the Geotechnical Data Report, Road Crossings Siphons Report, and the Geotechnical Interpretive Report. Currently the Deer Creek and White River borings are scheduled for the week of January 15th, 2020, subject to receipt of agency approvals and weather conditions.

Land Acquisition - BRI and FWA will finalize the standard purchase agreement template for the Project. BRI’s subcontractor will conduct site visits, data collection, and other preparatory work to support preparation of the Phase 1 ESAs. BRI will continue to work with Reclamation to complete the statement
of work for the appraisals as the plats and legals are delivered, these are required for the initiation of the appraisal work. Pending Reclamation’s approval, the appraisal meetings with landowners will commence. BRI will also continue annotations for the title reports for submittal to Reclamation.

Landowner Coordination and Right-of-Entry Support – Activities for the next period include continuation of Right-of-Way Team meetings; continued execution of Right-of-Entry Agreements with the remaining four property owners. Anticipated field coordination includes geologic investigations at Deer Creek and White River in mid-January. Continue follow-up with three landowners regarding potential Project Staging Area(s) and follow-up with landowners for four borrow material candidate sites.

**RECOMMENDED ACTION:**
None.

**SUGGESTED MOTION:**
None.
**DATE:** January 16, 2020  
**TO:** Board of Directors  
**FROM:** Jason Phillips, CEO; Donald M. Davis, General Counsel  
**SUBJECT:** Review of Draft Friant-Kern Canal OM&R Transfer Agreement

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**SUMMARY:**

The agreement (Transfer Agreement) with the Bureau of Reclamation transferring operations, maintenance and repair responsibility for the Friant-Kern Canal (FKC) to the Friant Water Authority expires on March 1, 2023. Based on a recommendation from the financial consultants (PFM) assisting with developing a self-financing plan for the FKC Middle Reach Capacity Correction Project, the Board, in July 2019, authorized staff to initiate early renewal negotiations with Reclamation as FWA’s borrowing ability is directly tied to its operational control over the FKC.

The San Luis Delta-Mendota Water Authority and the Tehama-Colusa Canal Authority also have OM&R transfer agreements for their respective facilities that expire in the near future. The two authorities and FWA determined it would be advantageous and expeditious to collectively negotiate the “standard terms” of the transfer agreements with Reclamation. Public negotiations on the standard terms were held in November 2019 at Reclamation’s offices in Sacramento, and a general consensus between the authorities and Reclamation as to the standard terms was reached.

FWA intends to hold formal negotiations with Reclamation on its Transfer Agreement in the coming weeks. The purpose of this agenda item is to share the draft Transfer Agreement renewal that incorporates the new Reclamation mandated standard terms, as modified by the three water authority negotiations, so that Friant Division Contractors can review the proposed terms and provide any comments in advance of or during the negotiations. Following completion of the negotiations, including public comments, a final version of the renewed Transfer Agreement will be brought back for Board approval.

**RECOMMENDED ACTION:**

That Friant Contractors provide preliminary feedback on the draft Transfer Agreement and, following review by home boards and staff, submit any additional comments and concerns to FWA staff at the earliest opportunity.

**DISCUSSION:**

A redlined and clean copy of the draft renewed Transfer Agreement is attached. The redlined version shows the proposed changes from the current Transfer Agreement that was executed in 1998. Since that time, Reclamation has consolidated and expanded the standard terms that it requires to be in transferred works agreements through a process known as “Directives and Standards” (D&S). Most of the changes in the draft are based on these D&S provisions (which appear in the draft as single spaced
lines). Reclamation regional officials have authority to make only minor changes to D&S terms – significant substantive changes can only be done with the approval of the Commissioner.

Many of the changes are non-substantive and are proposed to ensure consistent use of defined terms, provide clarity, and in many instances eliminate unnecessary legalese in favor of plain language.

The following is a summary of some of the key changes proposed to the Transfer Agreement by Article:

1. **Definitions**: Added a definition of “Capital Improvements,” and clarified that OM&R can include financing of Capital Improvements.

2. **Term**: Extended to 35 years; clarified default/termination process.

3. **OM&R**: FWA is seeking Commissioner approval to maintain existing liability provisions (Article 19) in lieu of the D&S language in proposed Article 3(e); remaining terms are also required D&S provisions.

4. **Capital Improvements**: Clarifies that Capital Improvements not financed with assistance from Reclamation may be deemed OM&R costs.

7. **Administration of Project Lands**: Added a definition of “Project Works Lands” which are distinct from generic “Project Lands” that are CVP-wide. Allows for potential delegation of authority to approve minor right-of-way land use requests to FWA.

11. **Inspections**: While these D&S provisions are more detailed, they do not reflect significant changes in practices or policy regarding costs that are reimbursable or non-reimbursable.

14. **Emergency Reserve Fund**: FWA was careful to exclude OM&R Capital Improvement costs from the 15% average OM&R cost used to calculate the reserve fund. (See 14(b).)

19. **Contamination**: While extensive, and more detailed, liability for new releases of hazardous wastes remains with FWA.

23. **Clear Air and Water**: While extensive, and more detailed, liability for violations of the Clean Air or Clean Water Act remain with FWA.

30. **Protection of Water and Air Quality**: Requires compliance with air and water pollution laws and requires performance of the OM&R of the Project Works in a manner that preserves the quality of the water at the highest feasible level as determined by the Contracting Officer

**ATTACHMENTS:**

1. Redline of Proposed Changes to Renewed Transfer Agreement

2. Clean Copy of Renewed Transfer Agreement.

3. Friant Contractor Letter Regarding Participation in Transfer Agreement Review
REDLINE SHOWING PROPOSED CHANGES FROM CURRENT AGREEMENT

BOR RO Exhibit #1
R.O. Draft 1-15-2020

Contract No. 8-07-20-X0356-07-20-X0356

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

AGREEMENT TO TRANSFER THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND FRIANT WATER AUTHORITY TO TRANSFER THE OPERATION, MAINTENANCE AND REPLACEMENT AND CERTAIN FINANCIAL AND ADMINISTRATIVE ACTIVITIES RELATED TO THE FRIANT-KERN CANAL AND ASSOCIATED WORKS

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Exhibit A: List of Project Works
Exhibit B: List of Obligations to Convey and Distribute Water In and From the Project Works
Exhibit C: Inspection Reports
Exhibit D: Sustainable Operation and Maintenance
 AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND FRIANT WATER
AUTHORITY TO TRANSFER THE OPERATION, MAINTENANCE AND REPLACEMENT
AND CERTAIN FINANCIAL AND ADMINISTRATIVE ACTIVITIES RELATED TO THE
FRIANT-KERN CANAL AND ASSOCIATED WORKS

THIS AGREEMENT, effective the 1st day of March 1998, in pursuance generally of the Act of Congress of June 17, 1902 (32 Stat. 388), and the acts amendatory thereof or supplementary thereto, including Section 5 of the Act of August 13, 1914 (38 Stat. 687), all collectively hereinafter referred to as the Federal Reclamation laws, between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, and the FRIANT WATER USERS AUTHORITY, hereinafter referred to as the Authority, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws of the State of California, The United States and the Authority are referred to collectively as the “Parties,” and individually as a “Party.”

 WITNESS WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the a. The United States Bureau of Reclamation has constructed the Friant Division, Central Valley Project (Project), for storage, diversion, carriage and distribution of water for agricultural, flood control, municipal, industrial, domestic and other beneficial uses and purposes; and
WHEREAS, the Authority represents water users who contract with the United States for water service provided by the Friant Division of the Project; and

WHEREAS, the United States operates the Friant Division of the Project for the benefit, among others, of the water users represented by the Authority; and

WHEREAS, the Authority has for eleven (11) years operated and maintained certain Friant Division facilities pursuant to that certain Cooperative Agreement No. 6-FC-20, 04180 between the parties dated August 19, 1986; and Agreement to Transfer the Operation, Maintenance, and Replacement (OM&R) and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works, Contract No. 8-07-20-X0356 (Transfer Agreement) between the Parties for a term of twenty-five (25) years, effective March 1, 1998; and

and

The Authority requested initiation of the renewal process for the continued OM&R of the Project Works under Contract No. 8-07-20-X0356 by letter dated July 30, 2019; and

and

WHEREAS, the Authority has demonstrated its ability to operate and maintain such facilities to the satisfaction of the United States Contracting Officer and in a manner which best and most economically serves the water users relying on those facilities; and

WHEREAS, it is deemed to be in the best interests of the Parties and the Project’s water users that the operation, maintenance and replacement (continued OM&R), as well as certain administrative and financial activities, of the Project Works (as defined below) be transferred to the Authority as the Operating Non-Federal Entity by renewing the Transfer Agreement; and

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WHEREAS, the part
ies and the Project’s water users to transfer to the Authority the administrative and financial responsibility to continue to perform and hereafter fund the Authority’s operation, maintenance and replacement OM&R of the Project Works while the United States retains the responsibility to fund the capital Capital Improvement costs of the Project Works; and

WHEREAS, the Authority is willing to assume the operation, maintenance and replacement OM&R of the Project Works as the Operating Non-Federal Entity and perform the enumerated administrative and financial activities in accordance with the terms and conditions herein set forth; and

The National Environmental Policy Act compliance requirement for execution of this Agreement has been met by the Categorical Exclusion dated __________, 2020; and

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby agreed as follows:

DEFINITIONS

When used herein, solely for purposes of this Agreement, unless otherwise distinctly expressed or manifestly incompatible with the intent hereof, the term:

(a) “Capital Improvement” shall mean any activity that extends the useful life of a property, plant or equipment asset, expands the capacity or efficiency of an asset, or otherwise upgrades an asset to serve needs different from, or significantly greater than, an asset’s current use, or as defined in the Blue Book entitled Federal Replacements, Units, Service Lives, Factors, as it exists on the date of this Agreement or in accordance with Federal law and
accounting standards, or any other regulations, policies, guidelines, or instructions adopted thereunder.

(b) “Fiscal Year” shall mean the period from and including the first day of October of each calendar year through and including the last day of September of the following calendar year.


(c) “Irrigation Water” shall mean the use Project Water or Other Water to irrigate land primarily for the production of commercial agricultural crops or livestock, and domestic and other uses that are incidental thereto.

(d) “Municipal and Industrial Water” or “M&I Water” shall mean the use of Project Water or Other Water for municipal, industrial, and miscellaneous purposes not falling under the definition of “Irrigation Water” or within another category of water use under applicable Federal authority.

(e) “Operation, Maintenance and Replacement” or “OM&R” shall mean the complete operation and maintenance of the Project Works (as defined below), including performing, funding, and financing such repairs and replacements as are normally considered part of annual operation and maintenance functions and not considered capital improvements costs of the Project in accordance with the Blue Book entitled, Federal Replacements—Units, Service Lives, Factors, as it exists on the date of this Agreement or in

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accordance with Federal law or any other regulations, policies, guidelines or instructions adopted thereunder. OM&R shall include the performance of emergency or unusual operation and maintenance costs, unusual or extraordinary repair or replacement 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 reference referenced above as it exists on the date of this Agreement or in accordance with Federal law or any other regulations, policies, guidelines or instructions adopted thereunder. Notwithstanding the foregoing, OM&R shall also include Capital Improvements, as that term is defined in Article 4(a) hereof, which the Authority chooses to accomplish and finance pursuant to Article 4(b) hereof.

“Other Water” shall mean water other than water conveyed or delivered pursuant to Water Delivery Contracts (as defined below) which the United States has a legal or contractual obligation to convey or deliver through the Project Works. Other Water includes, without limitation, water to be conveyed through the Project Works (1) pursuant to contracts under the Warren Act (43 USC 523, et seq.), Section 305 of the Act of March 5, 1992 (106 Stat. 59), Section 3408(c) of the Central Valley Project Improvement Act (106 Stat. 4706), and Section 215 of the Reclamation Reform Act of 1982 (43 USC 3900a-96 Stat. 1263); (2) under other wheeling or conveyance agreements binding on the Secretary; (3) in accordance with agreements for conveyance of water to wildlife refuges and wildlife management areas; and (4) to satisfy other legally imposed environmental obligations of the Secretary.
(g) “Party Entitled to Utilize or Receive Other Water” shall mean the party required to pay the Authority the amounts described in Article 11 in connection with the delivery of Other Water. In the case of Other Water delivered to satisfy agreements for conveyance of water to wildlife refuges and wildlife management areas, as well as other legally imposed environmental obligations of the Secretary, the Party Entitled to Utilize or Receive Other Water (and therefore required to pay the Authority the amounts described in Article 11 in connection with the delivery thereof) shall be the Contracting Officer.

(h) “Project” shall mean the Central Valley Project owned by the United States and managed by the Department of Interior, Bureau of Reclamation.

(i) “Project Water” shall mean all water that is developed, diverted, stored, or delivered by the Secretary in accordance with the statutes authorizing the Project and in accordance with the terms and conditions of water rights acquired pursuant to California law.

(j) “Project Works” shall mean those facilities listed or described on the attached Exhibit A, which are incorporated herein by this reference, including: the Friant-Kern Canal and related in-line control facilities; wasteways, laterals, holding reservoirs, turnouts, and measuring devices and associated water level control devices and water level recording instruments; appurtenant equipment, structures and maintenance buildings; and such other facilities as the Parties may agree by modification of this definition and/or addendum to Exhibit A from time to time without amending this Agreement.

(k) “Secretary” or “Contracting Officer” shall mean the Secretary of the United States Department of the Interior or his/her duly authorized representative.
(l) “Substantial Change” shall mean a modification in, or addition to, Project Works which involves changes in the original design intent, function, and/or operational parameters of the facility, or changes in benefits of the Project Works, including non-routine maintenance activities that involve construction or reconstruction of a portion of the facility.

(m) “Water Delivery Contract” shall mean (1) any contract entered into by the Secretary under the provisions of Sections 9(c), 9(d) or 9(e) of the Reclamation Project Act of 1939 [43 USC 485h (c), (d) and (e)] or Section 3404 of the Central Valley Improvement Act (106 Stat. 4706) pursuant to which Project water is to be supplied from or through the Project Works, and (2) any exchange contract, water rights settlement contract or similar agreement pursuant to the terms of which water is to be supplied by the Secretary from or using the Project Works.

(n) “Water Delivery Contractor” shall mean a party holding a Water Delivery Contract with the United States.

TERM OF AGREEMENT

2. (a) This Agreement shall be effective as of March 1, 1998, the Effective Date and shall remain in effect for twenty-five thirty-five (25-35) years thereafter; Provided, that this Agreement is not terminated at an earlier date pursuant to Article 2(h) below. Subject to modification acceptable to the United States Contracting Officer and the Authority, the Authority shall have the option to renew this Agreement for successive periods not to exceed twenty-five thirty-five (25-35) years each by providing written notice of such to the Contracting Officer not more than one (1) year, but not less than six (6) months, prior to the end of the then-current term, unless by mutual agreement to renew sooner.
(b) The Contracting Officer may terminate this Agreement at any time before the expiration of its term whenever the Contracting Officer determines that the Authority is in substantial violation of the Agreement as provided in Article 2(b). Provided that, That prior to the effective date of any such termination, the Contracting Officer shall first notify the Authority in writing of the reason for the proposed termination, including with specificity, the specific purported deficiencies of the Authority in carrying out the terms and conditions of this Agreement. Such notice of purported deficiency shall be issued only if it is the intent of the Parties that disputes be resolved pursuant to this Article 2(b) as expeditiously as is reasonably possible without the necessity of other relief at law or in equity. If after the designated representative of the Authority has met with the Contracting Officer or his or her designated representative and attempted in good faith and with the use of best efforts to resolve any dispute arising from the purported deficiency, It is the intent of the parties that disputes be resolved pursuant to this Article 2(b) as expeditiously as is reasonably possible without the necessity of other relief at law or in equity, an agreement is not reached, the Contracting Officer may issue a notice of proposed termination, which includes the specific deficiencies of the Authority’s performance under this Agreement. The Authority shall have at least ninety (90) days from receipt of the written notice of said reasons for proposed termination to correct all deficiencies referred to in said written notice; Provided that, That in the event of a condition which threatens the safety or integrity of the Project Works, the Contracting Officer may specify a shorter notice correction period which the Contracting Officer determines to be appropriate under the circumstances. In the event the Authority does not correct all deficiencies referred to in said written notice within the applicable period, the Contracting Officer may thereafter terminate this agreement. 
Agreement upon thirty (30) days prior written notice to the Authority. Any termination pursuant to this Article shall be subject to the rights and obligations of the parties as more specifically set forth in this Agreement.

(c) The Authority may at any time, upon giving twelve (12) months written notice, terminate this Agreement; Provided, That such termination shall not relieve the Authority of any of its duties, liabilities or obligations accruing from the effective date of this Agreement to the effective date of such termination, except insofar as the Authority lacks funding to perform such obligations due to a failure by the United States to meet any of its obligations under this Agreement.

(d) Upon any termination of this Agreement, the United States will take over from the Authority the care, OM&R of the Project Works and the Authority shall transfer to the United States (1) title to all tools, vehicles, supplies, and equipment transferred under Article 3 (b) hereof of the original agreement 8-07-20-X0356 (to the extent still on hand) or purchased by the Authority for the purposes of this Agreement, and (2) any funds in its possession which were collected for, or allocated to, the OM&R of the Project Works for the then-current Fiscal Year which are in excess of the obligations of the Authority for the OM&R of the Project Works. All other funds and reserves in the Authority’s possession, including without limitation all other funds collected for, or allocated to, the OM&R of the Project Works and the reserve funds established under Article 13 hereof shall be retained or distributed by the Authority in accordance with the direction of the Authority’s board of directors.

TRANSFER OF OM&R TO THE AUTHORITY

The effective date for the transfer of the Project Works to the Authority for

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OM&R pursuant to the terms and conditions of this Agreement shall be March 1, 1998;

Provided, that the effective date for the transfer of any facilities subsequently included as Project Works by way of an addendum to Exhibit A shall be as mutually agreed by the parties. After a transfer of any Project Works to the Authority for OM&R, and so long as such Project Works are necessary for the conveyance of water pursuant to Water Delivery Contracts or to convey or deliver Other Water, the Authority shall be responsible for the OM&R of such Project Works in accordance with the terms and conditions of this Agreement. The Authority shall maintain the Project Works in such a manner that the Project Works shall remain in substantially the same condition for the storage, diversion and carriage of water as they existed on the effective date of the transfer of such Project Works to the Authority for OM&R, excepting ordinary and reasonable wear and Acts of God. In addition, the Authority shall operate, maintain and replace the Project Works consistent with the guidelines provided by existing Designer Operating Criteria, standard operation procedures and/or manufacturer’s technical manuals for the Project Works, in accordance with such sound engineering practices as have been or may be developed for the Project Works, and in accordance with applicable Federal, State, and local environmental laws. Deviations from or changes to these standards shall be approved by the Contracting Officer.

(a) In connection with the transfer of Project Works to the Authority for OM&R as herein provided, the Contracting Officer, at the request of the Authority, shall transfer to the Authority title to all tools, non-passenger vehicles, supplies and equipment owned and used by the United States in the OM&R of the Project Works as such equipment is noted on the property records maintained by the United States for the Project Works. Only title to personal property
owned by the United States shall be transferred to the Authority pursuant to this Article, Title to all Project Works and any real property associated or used in connection with the Project Works shall remain with the United States unless and until the Congress of the United States provides otherwise; Provided, that the United States hereby grants to the Authority a right of possession to all real property owned by the United States which is included in, associated with or used in connections with the OM&R of the Project Works for as long as this Agreement remains in the effect with respect to any of the Project Works.

(e) An Agreement review must be performed at least every fifteen (15) years. A more frequent review will be established if determined to be appropriate by the Contracting Officer. The review and update will be limited to focus on this Agreement’s standard articles and incorporation of any new statutory requirements applicable to this Agreement.

OPERATION AND MAINTENANCE OF PROJECT WORKS

3. (a) The Contracting Officer has transferred, and the Authority has accepted and assumed the care, OM&R of the Project Works. Title to the Project Works will remain in the name of the United States, unless otherwise provided by the Congress of the United States.

(b) The Authority, without expense to the United States, will care for, OM&R the Project Works in full compliance with the terms of this Agreement and in such a manner that the Project Works remain in good and efficient condition, subject to exercise of discretion to fund and carry out Capital Improvements, as described below in Article 5(b).

(c) Necessary repairs of the Project Works will be made promptly by the Authority. In case of unusual conditions or serious deficiencies in the OM&R of the Project Works threatening or causing interruption of water service, the Contracting Officer may issue to the Authority a special written notice of those necessary repairs. Except in the case of an emergency, the Authority will be given sixty (60) days to either make the necessary repairs or submit a plan for accomplishing the repairs acceptable to the Contracting Officer. In the case of an emergency, or if the Authority fails to either make the necessary repairs or submit a plan for accomplishing the repairs acceptable to the Contracting Officer within sixty (60) days of receipt of the notice, the Contracting Officer may cause the repairs to be made, and the cost of those
repairs will be paid by the Authority as directed by the Contracting Officer.

The Authority shall make no substantial change (d) The Authority will not make any Substantial Changes in the Project Works without first obtaining (b) the written approval consent of the Contracting Officer. The Contracting Officer's determination as to whether any change in any such Project Works is or is not substantial shall ordinarily be made after consultation with the Authority and shall be conclusive and binding upon the parties hereto.

(e) The Authority agrees to indemnify the United States for, and hold the United States and all of its representatives harmless from, all damages resulting from suits, actions, or claims of any character, except for intentional torts committed by employees of the United States, brought on account of any injury to any person or property arising out of any act, omission, neglect, or misconduct in the manner or method of performing any construction, care, operation, maintenance, supervision, examination, inspection, or other duties of the Authority or the United States on Project Works required under this Agreement, regardless of who performs those duties.

(f) Omitted.

(g) In the event the Authority is found to be operating the Project Works or any part thereof in violation of this Agreement or the Authority is found to be failing any financial commitments or other commitments to the United States under the terms and conditions of this Agreement, then upon the election of the Contracting Officer, the United States may take over from the Authority the care, OM&R of the Project Works by giving written notice to the Authority of such election and the effective date thereof. Thereafter, during the period of operation by the United States, upon notification by the Contracting Officer the Authority will pay to the United States, annually in advance, the cost of the OM&R of the Project Works as determined by the Contracting Officer. Following written notification from the Contracting Officer the care, OM&R of the Project Works may be transferred back to the Authority.

(h) In addition to all other payments to be made by the Authority under this Agreement, the Authority will pay to the United States, following the receipt of a statement from the Contracting Officer, all reimbursable miscellaneous costs to be incurred by the United States for any work involved in the administration and supervision of this Agreement.

(i) Nothing in this Article will be deemed to waive the sovereign immunity of the United States.

TRANSFER INSPECTION

The Authority (including its predecessors) has been the Operating Non-Federal Entity for the Project Works since 1986. Joint inspections of the Project Works have been...
conducted by the United States and the Authority since _______. The inspection report
signature pages are attached to this Agreement as Exhibit C.

CAPITAL IMPROVEMENTS AND REPAIRS

4.5. (a) Nothing in this Agreement shall be construed to require the Authority to make or fund improvements, modifications, replacements or repairs of any nature to the Project Works, the costs of which should be or will be added to the capital Capital Improvement costs of the Project (herein “Capital Items”). The identification of Capital Items Improvements shall be made in accordance with Federal law or any regulations, policies, guidelines or instructions adopted thereunder. The Contracting Officer’s determination of whether the costs of any improvements, modifications, replacements or repairs should be or will be added to the capital Capital Improvement costs of the Project shall be accepted by the Authority after the contracting Contracting Officer has conferred in good faith with the Authority with respect thereto; Provided, that That such determination shall be subject to review by a court having jurisdiction over the dispute. The Authority shall act in accordance with such determination unless and until it is reversed or modified. The Authority shall submit annual OM&R work forecasts at the start of each Fiscal Year. The OM&R work forecasts shall include all work to Project Works that is projected to be done in the following Fiscal Year and work to be done in the next three (3) Fiscal Years. Following the completion of a Review of Operation and Maintenance (RO&M) examination of the Project Works as set forth in Article 10(b) 11 of this Agreement, if that RO&M examination identifies a potential Capital Improvement, and at such other times as the parties Parties agree are necessary, the Authority and the Contracting Officer shall confer to identify any Capital Items Improvements planned or necessary for the Project Works for the
current and succeeding Fiscal Year next ten (10) years and agree upon the mechanism for
accomplishing and financing the Capital Items Improvements.

(a)(b) Notwithstanding the provisions of Article 4(a) hereof, in the event the
Authority identifies Capital Items Improvements it deems necessary for the OM&R of the
Project Works and the Contracting Officer is unable or unwilling to provide a mechanism for
accomplishing and financing such Capital Items Improvements, the Authority in its sole
discretion may proceed with the accomplishment and financing of such Capital Items
Improvements and deem the costs thereof to be OM&R cost thereunder, costs hereunder,
regardless of whether such costs are capitalized by the Authority added to the Capital
Improvement costs of the Project under Article 5(a). Such Capital Items Improvements may
include, without limitation, the acquisition, repair or replacement of personal property (such as
motor vehicles and heavy equipment) which might otherwise be deemed to be Capital Items and
the construction or improvement of structures utilized by the Authority in connection with the
OM&R of the Project Works.

PERFORMANCE WORK STATEMENT, EMERGENCY ACTION PLANS AND
NOTIFICATIONS

6. (a) The Authority shall maintain the Project Works in such a manner that the
Project Works shall remain in good and efficient condition for the storage, diversion and carriage
of water. The Authority shall perform the OM&R of the Project Works consistent with the
guidelines provided by existing Designer’s Operating Criteria, standard operation procedures
(SOPs) and/or manufacturer’s technical manuals for the Project Works, in accordance with such
sound engineering practices as have been or may be developed for the Project Works, and in
accordance with applicable Federal, State and local environmental laws. Deviations from or
changes to these standards shall be approved by the Contracting Officer.

5.(b) The Authority shall prepare such emergency action plans for the Project Works as required by governmental agencies with jurisdiction over the Authority’s operations. The Authority shall furnish copies of any such plans to the Contracting Officer.

(b) In addition to implementing Article 5(a), the Authority shall notify the Contracting Officer as soon as reasonably practicable after initial observation by the Authority of any event or situation which threatens (1) the safety or integrity of the Project Works, or (2) the well-being of humans or property located adjacent to the Project Works.

Notwithstanding Article 27 hereof, such notification shall be made telephonically or by facsimile transmission via electronic mail rather than by mail.

(d) The Authority shall submit monthly reports to the Contracting Officer outlining all work accomplished.

(e) The Authority shall annually review, and as necessary update, all SOPs and EAPs and provide such updates to the Contracting Officer.

(f) The performance work statement (PWS) will consist of the OM&R work forecast, current SOPs for all the major facilities, and EAPs as applicable.

ADMINISTRATION OF FEDERAL PROJECT LANDS

6.7. (a) The lands and rights-of-way-interests in lands acquired and/or withdrawn or reserved and needed by the United States for the purposes of the construction, care, operation and/or maintenance of OM&R of the Project Works (hereafter referred to as collectively, “Project Lands”) may be used by the Authority for such purposes without being charged any administrative fees therefor. The Authority shall not issue rights of way across such lands or issue any other rights, leases, licenses, permits or special-use agreements involving such lands. All such land use instruments shall only be issued by the Contracting Officer.

ensure that no unauthorized encroachment occurs on Federal Project lands
and rights-of-way. The Authority does not have the authority to issue any land-use agreement or
grant that conveys an interest in Federal real property, nor to lease or dispose of any interest of
the United States.

Where there are existing unauthorized encroachments as of the Effective Date on Project Works
Lands, the Authority will work with the Contracting Officer to resolve the encroachments to the
Contracting Officer’s satisfaction. For the purposes of this Agreement “encroachment” means
any unauthorized building, structure, or object of any kind or character placed, into, over, or
under any Project Works Lands.

(1)(2) The Contracting Officer shall not issue any rights-of-way across
Project Works Lands or any leases, licenses, permits or special-use agreements involving Project
Works, or special-use agreements involving Project Works Lands until the Contracting Officer has
determined that the grant is compatible with the Project purposes and with the OM&R of the
Project Works. The Contracting Officer shall issue such rights-of-way across Project Works
Lands or any leases, licenses, permits or special-use agreements involving Project Works Lands
only after offering the Authority the opportunity to provide appropriate comment concerning the
request. Requests for such grants that are received by the Authority shall be referred to the
Contracting Officer along with appropriate comment concerning the request. A copy of all such
grants issued by the Contracting Officer shall be provided to the Authority.

(b)(b) The Authority shall regularly inspect the Project Works Lands to identify
any trespass, and determine the general condition of the real property itself. Cases of trespass
shall be corrected, where possible, by the Authority. Trespass cases which the Authority feels
may require undue time and/or expense to correct shall be referred without delay to the
Contracting Officer for resolution.
(c) Construction by the Authority of any new facilities on Project Lands, other than new facilities (1) constructed in connection with the OM&R of the Project Works, or (2) the costs of which are added to the capital costs of the Project, shall not be commenced without the written approval of the Contracting Officer. Plans of sufficient detail to describe the proposed location of construction, the employment of sound engineering practices, and the use to be made of the proposed facility shall be reviewed by the Contracting Officer for sufficiency and for consistency with the purposes of the Project. The Contracting Officer, upon finding the proposed new facility to be consistent with this Agreement, sound engineering practices, and the purpose of the Project shall issue the Authority appropriate permission for such use without any use or administrative fee; Provided, that the Authority shall reimburse the Contracting Officer for the Contracting Officer’s actual costs incurred in reviewing and approving the Authority’s plans for such proposed new facilities.

(c) The Authority shall review land-use requests for compatibility within Project Works Lands. The Contracting Officer shall remain responsible for review and action upon all requests for use of the Project Works or Project Works Lands unless a delegation of authority to the Authority is otherwise provided for by the express written consent of the Contracting Officer.

(d) The United States retains responsibility for compliance with the National Historic Preservation Act of 1966, and the Native American Graves Protection and Repatriation Act of 1990. The Authority will notify the Contracting Officer and, only when on tribal land, also notify the appropriate tribal official, immediately upon the discovery of any potential historic properties or Native American human remains, funerary objects, sacred objects, or objects of cultural patrimony.
Oversight and Participation

7.8. (a) The Contracting Officer shall, to the greatest extent possible, afford the Authority the opportunity to: (a) review and where appropriate comment on preliminary and final development plans, environmental documents and other documents which affect the Project Works. A copy of the Authority’s comments shall be provided to the Contracting Officer; and

(b) When appropriate, The Parties shall, to the greatest extent possible, afford each other the opportunity to participate with city, county, State, and Federal governments, or governmental groups and private concerns in meetings, hearings and other activities affecting the Project Works. The Authority Parties shall keep the Contracting Officer each other informed of these activities.

Delivery of Water by the Authority

8.9. (a) The Authority shall convey and distribute water in and from the Project Works in accordance with the directives of the Contracting Officer so that the Contracting Officer can satisfy all valid water delivery obligations of the United States from the Project Works, including without limitation all water delivery obligations of the United States under Water Delivery Contracts and for the delivery of Other Water. The Authority shall deliver water to each party, Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water entitled thereto from the Project Works through turnouts or such temporary diversion facilities as are specified in then-existing Water Delivery Contracts or other arrangements or agreements relating to Other Water specifying such turnouts and delivery points, or as may be agreed to by such party entitled to utilize or receive water from the Project Works, the Authority Water...
Delivery Contractor(s) or Party Entitled to Utilize or Receive Other Water, the Authority, and the Contracting Officer.

(a)(b) A complete list of all valid obligations of the United States to convey and distribute water in and from the Project Works is attached as Exhibit B and incorporated herein by this reference. Exhibit B indicates whether each obligation is under a Water Delivery Contract or is for the delivery of Other Water. The Contracting Officer shall modify Exhibit B from time to time as such obligations change or as new obligations are added.

(b)(c) Prior to the Contracting Officer entering into, renewing or amending any Water Delivery Contract or any other agreement which requires or permits the conveyance of water through any of the Project Works, the Contracting Officer shall consult with the Authority about the terms of such contract action, and shall provide the Authority the opportunity to review and comment thereon. Any such contract action shall be taken by the Contracting Officer only after the Contracting Officer has given due consideration to, and has taken all reasonable actions to mitigate the impacts of such contract action on (1) the quantity or quality of water available to those parties which are Water Delivery Contractors, or Parties Entitled to Utilize or Receive Other Water, as of the date of this Agreement, and (2) the ability of the Authority to perform its obligations under this Agreement. The Contracting Officer shall provide the Authority a copy of all contracts entered into with Water Delivery Contractors or Parties Entitled to Utilize or Receive Other Water utilizing the Project Works for delivery or conveyance.
RESOLUTION OF DISPUTES

9.10. Should any dispute arise concerning delivery or conveyance of water by the Authority through the Project Works between the Authority, and any Water Delivery Contractor(s) and/or any Party(ies) Entitled to Utilize or Receive Other Water from or through the Project Works, which the Authority concludes cannot be resolved through negotiations with the other party(ies) to the dispute, the Authority shall provide its position with respect to such dispute to the other party(ies) thereto in writing. Within sixty (60) days after such notice is provided, the dispute shall be referred to the Contracting Officer for resolution. The Contracting Officer's resolution of the dispute shall be accepted by the Authority and other party(ies) thereto as final and conclusive and the Authority and the other party(ies) shall promptly comply with said decision and shall operate the Project Works in conformance with such decision until the same is stayed, reversed or modified by a decision of a court of competent jurisdiction.

EXAMINATION, INSPECTION, AND TECHNICAL ASSISTANCE, AND AUDIT OF PROJECT WORKS, RECORDS, AND REPORTS FOR DETERMINING ADEQUACY OF OM&R

10. The Contracting Officer shall at all times have access to the Project Works, and may periodically, as reasonably necessary, inspect and investigate the same for the purpose of ascertaining if the Project Works are being operated, maintained and replaced in accordance with this Agreement. The Contracting Officer shall provide the Authority with reasonable advance notice of any such inspections and investigations, and the purpose and scope thereof. The actual costs of such reasonable inspections and investigations shall be reimbursed by the Authority within sixty (60) days after receipt by the Authority of a detailed billing for such costs. Any determinations by the Contracting Officer as to the reasonableness of such inspections and reimbursements shall be conclusive and binding on the Authority.
investigations shall be subject to article 17 hereof.

(a) In addition to the inspection rights of the Contracting Officer provided in Article 10 (a) hereof, no more frequently than annually, the Contracting Officer may upon written notice to the Authority referencing this Article 10 (b), or upon request of the Authority shall, conduct a RO&M examination of any or all of the Project Works to assist the Contracting Officer and/or the Authority in determining the condition of the Project Works and the adequacy of the Authority’s OM&R thereof, as appropriate. A report of the review, including recommendations, if any, shall be prepared by the Contracting Officer and a copy shall be furnished to the Authority. The Authority shall reimburse the United States for the actual costs incurred for each RO&M examination, including the actual costs of any further inspections or investigations the Contracting Officer determines to be necessary as a result of conditions observed during the RO&M examination. The Contracting Officer shall provide a detailed billing to the Authority for such costs and the Authority shall pay such billings within sixty (60) days from the date the billing is received.

11. (a) The Contracting Officer may examine the following: the Authority’s books, records, and reports with respect to OM&R obligations under this Agreement; the Project Works being operated by the Authority; the adequacy of the OM&R program; the reserve fund; and the water conservation program including the water conservation fund, if applicable. Notwithstanding title ownership, where the United States retains a financial, physical, or liability interest in facilities either constructed by the United States or with funds provided by the United States, the Contracting Officer may examine any or all of the Project Works providing such interest to the United States.

(b) If requested by the Authority, the Contracting Officer may undertake special reviews and provide technical assistance relating to the Project Works, and related.

The Contracting Officer may, at the Authority’s request, conduct special inspections of any Project Works being operated by the Authority and special audits of the Authority’s books and records to ascertain the extent of any OM&R deficiencies, if any.
determine the remedial measures required for their correction and to assist the Authority in solving specific problems. Any such reviews or technical assistance provided shall, except in a case of emergency, be requested in writing at least thirty (30) days in advance. The Contracting Officer shall bill the Authority for the actual cost of such reviews and technical assistance and the Authority shall pay such billings within sixty (60) days from the date the billing is received. Except in an emergency, any special inspection or audit shall be made only after written notice thereof has been delivered to the Authority by the Contracting Officer.

(c) The Authority shall provide access to the Project Works, operate any mechanical or electrical equipment, and be available to assist in the examination, inspection, or audit.

(d) The Contracting Officer shall prepare reports based on the examinations, inspections, and audits and furnish copies of such reports and any recommendations to the Authority.

(e) The costs incurred by the United States in conducting OM&R examinations, inspections, and audits and preparing associated reports and recommendations related to high- and significant-hazard dams and associated facilities shall be nonreimbursable. Associated facilities include carriage, distribution, and drainage systems; pumping and pumping generating plants; power plant structures; tunnels/pipelines; diversion and storage dams (low-hazard); Type 2 bridges which are Reclamation-owned bridges not located on a public road; regulating reservoirs (low-hazard); fish passage and protective facilities, including hatcheries; river channelization features; rural/municipal water systems; desalting and other water treatment plants; maintenance buildings and service yards; facilities constructed under Federal loan programs (until paid out); and recreation facilities (reserved works only); and any other facilities as determined by the Contracting Officer.

(f) Expenses incurred by the Authority, as applicable, in participating in the OM&R site examination will be borne by the Authority.

(g) Requests by the Authority for consultations, design services, or modification reviews, and the completion of any OM&R activities identified in the formal recommendations resulting from the examinations (unless otherwise noted) are to be funded as project OM&R and are reimbursable by the Authority to the extent of current OM&R allocations.

(h) Site visit special inspections that are beyond the regularly scheduled OM&R examinations conducted to evaluate particular concerns or problems and provide assistance relative to any corrective action (either as a follow up to an OM&R examination or when requested by the Authority) shall be nonreimbursable.

(i) The Contracting Officer may provide the State of California an opportunity to observe and participate in, at its own expense, the examinations and inspections.
The State of California may be provided copies of reports and any recommendations relating to such examinations and inspections.

COST RECOVERY FOR AUTHORITY OPERATIONS, MAINTENANCE, AND REPLACEMENT (OM&R) ACTIVITIES; TERMINATION OF WATER DELIVERIES

11.12. As of the effective date of this Agreement Effective Date, the Authority shall be responsible for directly funding the OM&R of the Project Works transferred hereby. Except as otherwise provided herein, the Authority Parties acknowledge that the United States will no longer provide funding through the appropriations process for such OM&R. The United States hereby delegates to the Authority all required authority under statutes, contracts, regulations, and policies to collect for OM&R of the Project Works. The procedures and authorities to be utilized by the Authority for such direct funding are set forth in this Article 11.12.

(a) OM&R Budgets. Not later than ninety (90) days before the start of each Fiscal Year, the Authority shall submit to each Water Delivery Contractor, and all Parties Entitled to Utilize or Receive Other Water, the proposed budgets for each of the next two succeeding Fiscal Years for all activities of the Authority to be carried out under this Agreement. The budgets so developed shall include amounts necessary to establish the reserve fund described in Article 13 hereof and such other reserves as may be determined to be necessary by the Authority. The Authority shall afford each Water Delivery Contractor and all Parties Entitled to Utilize or Receive Other Water the opportunity to submit comments on such proposed budgets by thirty (30) days before commencement of the Fiscal Year. Except as otherwise provided in the Memorandum of Understanding described in Article 11(f) hereof, any dispute(s) regarding the proposed budgets shall be resolved in the manner described in Article 9 hereof. The Authority shall submit the final...
budget for each Fiscal Year to the Contracting Officer prior to the start of that Fiscal Year. The Authority shall use reasonable efforts to perform its responsibilities under this Agreement in accordance with the applicable final budget.

(b) Cost Recovery Methodology. The Authority shall develop a methodology to recover all costs incurred by the Authority in carrying out its responsibilities under this Agreement, including without limitation all costs described in the budgets prepared pursuant to Article 11(a) hereof.

(1) The Authority's cost recovery methodology shall (i) provide for the equitable allocation of the costs to be recovered among Water Delivery Contractors with an obligation to pay for water delivered or conveyed through the Project Works and all Parties Entitled to Utilize or Receive Other Water with an obligation to pay therefor, including without limitation the United States Contracting Officer; (ii) provide for the equitable allocation of the costs to be paid to the San Luis and Delta-Mendota Water Authority pursuant to the Memorandum of Understanding described in Article 11(f) hereof; and (iii) clearly set forth the manner in which all such costs shall be collected by the Authority, including deadlines for payments and/or deposits required of Water Delivery Contractors and all Parties Entitled to Utilize or Receive Other Water under the methodology.

(2) Such methodology shall recover costs in lieu of the conveyance operation and maintenance OM&R cost component and the conveyance pumping operation and maintenance OM&R cost component heretofore calculated by the United States pursuant to its ratesetting policies for the Project. In addition to OM&R costs for directly funding the OM&R of the Project Works, such methodology shall recover power costs for conveyance pumping.
 incurred by the United States for the production or transmission of such power that are payable
by the Water Delivery Contractors, Parties Entitled to Utilize or Receive Other Water, and
contractors in the Friant Division pursuant to the Memorandum of Understanding described in
Article 11(f) hereof, in connection with the delivery or conveyance of water through the
Project Works.

(3)(3) The Authority’s cost recovery methodology, and any subsequent
amendments thereto, shall be approved by the Authority and provided to all parties with
payment obligations under this Article 12 by July 1 of each year, or not less than sixty (60)
days prior to the effective date of any amendment thereof. Except as otherwise specified in the
Memorandum of Understanding described in Article 11(f) hereof, any dispute(s) regarding
the Authority’s cost recovery methodology shall be resolved in the manner described in Article 9
hereof. The Contracting Officer has approved the Authority’s initial cost recovery
methodology. All proposed amendments shall be submitted to the Contracting Officer for
review and comment concurrent with the dissemination to all parties with payment obligations
noted above.

(c)(c) Deficiencies in Cost Recovery. The Authority is not obligated to provide
funding from non-Federal sources for the cost of delivering water to Water Delivery
Contractors or Parties Entitled to Utilize or Receive Other Water who do not pay the Authority in
full for the OM&R of Project Facilities.

(1)(1) In the event any Water Delivery Contract or obligation to deliver
Other Water provides for or results in the payment of less than all of the costs to be recovered by
the Authority in accordance with Article 11(b) hereof (a “deficiency”), whether resulting

the inadequacy of contract provisions between the Water Delivery Contractor or Party
Entitled to Utilize or Receive Other Water and the United States to cover the Authority's OM&R
costs, delinquency in payment of amounts due as described in Article 12(d), or otherwise,
the United States shall pay to the Authority the amount of any such deficiency.
Except as otherwise provided under this Article 12(c), payment for such deficiencies shall be made through a separate service contract or such other
appropriate legal instrument as may be entered into by the parties, from time to time, by
the terms of which the United States agrees to pay or provide funding to the Authority for water
delivery services provided under this Agreement to the United States on behalf of the parties
incurring the deficiencies. The solicitation and award of any service contract shall be made
pursuant to the applicable Federal acquisitions laws, regulations, and policies governing such
contracts, including the Federal Acquisition Regulations (FAR), and the Department of the
Interior and Bureau of Reclamation Acquisition Regulations. Payments made by the United
States to the Authority for such deficiencies shall become the financial obligation of the deficient
party, Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water to the
Contracting Officer.
If payments for deficiencies as provided in this Article 12(c) are not timely made by the United States in accordance with said service contract or other
appropriate legal instrument, the Authority may exercise its rights under Article 12(d).
Termination of Water Deliveries. Subject to subparagraphs (1) and (2) of this Article 12(d), in the event any amount due to or to be collected by the Authority
from a Water Delivery Contractor or any other Party, Entitled to Utilize or Receive Other

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Water pursuant to Article 11 hereof is not paid when due (a “delinquency”), the Authority is authorized by the United States to discontinue delivery and conveyance of water to or for such Water Delivery Contractor or other party until such time as the delinquency is cured.

(1) The Authority shall give the Contracting Officer and the delinquent party written notice of the delinquency and of the date deliveries will be terminated if the delinquency is not cured. The Contracting Officer and the Authority shall agree in writing, from time to time, on the appropriate timing and length of such notice period.

(2) In the event, and only in the event, the Contracting Officer directs the Authority in writing to deliver or convey water to or for a delinquent party, the United States shall be liable to the Authority for the costs to be recovered from such party under Article 12(c) of this Agreement, and the Authority shall have no obligation to collect any amounts associated with such water from the delinquent parties.

(e) Interest. In the event any amounts due to the Authority from the United States under this Agreement are not paid when due, in addition to exercising the rights afforded the Authority under Article 11(d) hereof, the Authority will receive interest on the delinquent amounts pursuant to the Prompt Payment Act, as amended (31 USC 3901, et seq.). Provided, That the Authority shall have previously submitted appropriate invoices to the United States in accordance with 48 CFR Section 32.907-1.

(f) Recovery of Certain Costs and Memorandum of Understanding. The parties acknowledge that the OM&R of certain Project facilities benefiting parties in the Friant Division will be performed by the San Luis and Delta-Mendota Water

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Authority pursuant to that certain Agreement to Transfer Operation and Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, Tracy Pumping Plant, and O’Neill Pumping/Generating Plant, San Luis Drain and Associated Works. In connection therewith, the Authority has entered into that certain Memorandum of Understanding Between the Friant Water Authority (as successor to the Friant Water Users Authority) and the San Luis and Delta-Mendota Water Authority Relating to Allocation, Collection, and Payment of Operation, Maintenance, and Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities, effective March 1, 1998, amended February 25, 2003, and as it may be further amended by the parties thereto from time to time. Pursuant to such Memorandum of Understanding, certain OM&R costs described therein will be payable by contractors in the Friant Division of the Project, and collected by the Authority and paid to the San Luis and Delta-Mendota Water Authority in accordance with the terms of such Memorandum of Understanding, as it may be amended by the parties thereto from time to time. The United States acknowledges and agrees that it is not a party to such Memorandum of Understanding. While this Agreement is in effect, the Authority shall comply with the terms of such Memorandum of Understanding, as it may be amended by the parties thereto from time to time.

(g)(g) Direct Changes Charges Replace U.S. Rate Components. After the effective date of this Agreement, the United States shall not charge water rate components for conveyance operation and maintenance or OM&R, conveyance pumping operation and maintenance OM&R, to a Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water, except to the extent (i) financial obligations otherwise properly included in
such components have been incurred by the United States prior to the date of this Agreement and
have not been included as an expense therein under the ratesetting policies for the Project; or (ii)
the United States has paid or provided funding to the Authority for delivering water to a Water
Delivery Contractor or Party Entitled to Utilize or Receive Other Water to cover a deficiency in
payment.

To the extent the Authority’s cost recovery methodology includes
recovery of power costs for conveyance pumping that are incurred by the United States for the
production or transmission of such power, the Authority shall remit such funds to the
Contracting Officer within thirty (30) days after receipt of the Contracting Officer’s billing
therefor.

All costs recovered pursuant to the Authority’s cost allocation
methodology and not required to be remitted to the Contracting Officer pursuant to this Article
shall be immediately available for funding the costs of the Authority pursuant to this
Article.

Deposits of Amounts Collected. Amounts collected by the Authority
pursuant to this Article shall be placed on deposit or otherwise invested in accordance with
the Authority’s investment policy and in conformance with State law to be expended solely
for purposes of this Agreement. All interest accruing on said account shall be property of the
Authority, and not of the United States, and shall be applied against OM&R costs.

The Contracting Officer agrees that material changes in Project operations
affecting the quantity of water to be delivered or in Project finances may affect the ability of the
Authority to carry out its obligations under this Agreement. Under such circumstances, the
Parties Parties will meet and confer as to emergency measures available to reduce the economic hardship to the Authority, the Water Delivery Contractors, and/or Parties Entitled to Utilize or Receive Other Water.

WATER ACCOUNTING

12.13. (a) The Contracting Officer’s water accounting system shall be the source date data utilized in maintaining water delivery records and in allocating costs for all Water Delivery Contractors and all other parties utilizing or receiving water from the Project Works. The Water Parties Entitled to Utilize or Receive Other Water. The water accounting system shall fully and accurately document the allocation and deliveries of water through the Project Works and account for financial transactions affecting the Water Delivery Contractors, the Friant Division Contractors required to make payments via the Friant Water Users Authority to the San Luis and Delta-Mendota Water Authority pursuant to the Memorandum of Understanding described in Article 11(f) hereof, and all Parties Entitled to Utilize or Receive Other Water with an obligation to pay therefor.

(b) The Contracting Officer shall direct the Water Delivery Contractors and other Parties Entitled to Utilize or Receive Other Water to provide the Authority and the Contracting Officer with water delivery and payment information for all water delivered to said Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water pursuant to this Agreement. All water accounting records created or maintained by the Authority under this Agreement shall be subject to Article 14 hereof and shall be accessible by the Contracting Officer.
(b)(c) In order to further their mutual goals and objectives, the Contracting Officer and the Authority shall communicate, coordinate, and cooperate with each other, in order to improve the OM&R of the Project, including the financing thereof. The communication, coordination, and cooperation shall include, but not be limited to, any action which will or may materially affect the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters, including budget and water accounting issues. The communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this Agreement. Each party shall retain exclusive decision making authority for all actions, opinions, and determinations to be made by the respective party.

(e)(d) The Contracting Officer acknowledges that some or all of the Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water may appoint the Authority as agent for such parties or may otherwise designate, in writing, the Authority to act as an intermediary with the Contracting Officer concerning the water accounting or financial information. Upon notice, in writing, of such relationship, the Contracting Officer agrees to recognize the Authority in such capacity.

**EMERGENCY RESERVE FUND**

14. (a) Upon transfer of the OM&R of the Project Works under this Agreement, the Authority shall accumulate and maintain a minimum reserve fund or demonstrate to the satisfaction of the Contracting Officer that other funds are available for use as an emergency reserve fund. The Authority shall establish and maintain that emergency reserve fund to meet costs incurred during periods of special stress caused by damaging droughts, storms, earthquakes, floods, or other emergencies threatening or causing interruption of water service.

13.13 Upon transfer of the OM&R of the Project Works under this Agreement, the Authority shall establish and maintain a minimum reserve fund account balance will be maintained to
finance (1) unusual OM&R costs; (2) costs associated with addressing conditions which threaten
or cause interruption of water service; (3) unforeseen or extraordinary OM&R costs; and (4)
costs associated with addressing conditions which threaten the safety or integrity of the Project
Works; Provided, that such reserve fund may also be utilized as needed to provide funding for
OM&R activities necessary before the collection of monthly billings during periods of
diminished water deliveries. If the funds in the reserve fund rate insufficient to pay the costs
described in the preceding sentence, the Contracting Officer shall, subject to the availability of
funds, make funds available to the Authority terms and conditions on which the Authority and
the Contracting Officer agree.

(a) The targeted minimum reserve fund amount will be accumulated by deposits
made no less frequently than annually. (b) The Authority shall accumulate the reserve fund
with annual deposits or investments over a maximum of ten (10) years and is to be held in an
interest-bearing or dividend-paying account in a Federally insured financial institution, in
Federally interest- or dividend-bearing account or in securities guaranteed by the Federal Government, in the California Local Agency Investment Fund, or, if approved by the
Contracting Officer, in any fiduciary account in a manner provided by the laws of the State of
California. The targeted minimum reserve fund amount shall equal: Provided, That money in the
reserve fund, including accrued interest, shall be available within a reasonable time to meet
expenses for such purposes as those identified in paragraph (d) herein. Such annual deposits and
the accumulation of interest to the reserve fund shall continue until the basic amount of fifteen
percent (15%) of the average annual actual OM&R costs incurred by the Authority for the
Project Works during the three most recent Fiscal Years. For purposes of the preceding sentence,
the Authority’s actual OM&R costs for Fiscal Years 1995-1997 shall be deemed to be the
Contracting Officer’s actual OM&R costs for the Project Works in those Fiscal Years, is
accumulated (excluding any OM&R costs pertaining to Capital Improvements). Following an
emergency expenditure from the fund, the annual deposits shall continue from the year following
the emergency expenditure until the previous balance is restored. After the initial amount is
accumulated or after the previous balance is restored, the annual deposits may be discontinued,
and the interest earnings shall continue to accumulate and be retained as part of the reserve fund.

(c) Upon mutual written agreement between the Authority and the
Contracting Officer, the basic reserve fund or the accumulated reserve fund may be adjusted to
account for risk and uncertainty stemming from the size and complexity of the Project; the size
of the annual OM&R budget; additions to deletions from, or changes in Project Works; and
OM&R costs not contemplated when this Agreement was executed.
(d) The Authority may make expenditures from the reserve fund only for OM&R costs incurred during periods of special stress, as described in paragraph (a) herein; or for meeting unforeseen extraordinary operation and maintenance costs; or for meeting unusual or extraordinary repair or replacement costs; or for meeting betterment costs (in situations where recurrence of severe problems can be eliminated) during periods of special stress. Proposed expenditures from the fund shall be submitted to the Contracting Officer in writing for review and written approval prior to disbursement. Whenever the reserve fund is reduced below the current balance by expenditures therefrom, the Authority shall restore that balance within five (5) years of withdrawal by the accumulation of annual deposits which will be over and above the normal annual contribution to the reserve fund.

(e) During any period in which any of the Project Works are operated and maintained by the United States, the Authority agrees that the reserve fund shall be available for like use by the United States.

(f) On or before October 1, of each year, the Authority shall provide a current statement of the principal and accumulated interest of the reserve fund account to the Contracting Officer.

BOOKS, RECORDS, AND REPORTS

(b) The Authority shall submit proposed expenditures from the reserve fund in writing to the Contracting Officer for review and approval prior to incurring the obligation, and such expenditures shall be deemed approved if the Contracting Officer does not respond within thirty (30) days; Provided, that in the event the Authority determines an expenditure from the reserve fund is necessary to correct an emergency that poses an immediate threat to or is causing interruption of water service, the Authority determines an expenditure from the reserve fund is necessary to correct an emergency that poses an immediate threat to or is causing interruption of water service, the Authority may request and receive oral consent of the Contracting Officer for expenditures of reserve funds to address the emergency. The Contracting Officer shall confirm the consent in writing within five (5) working days, the amount withdrawn from the reserve fund consistent with this Article 13 (e) shall be replaced in the reserve fund within five (5) years of withdrawal, in amounts which will be over and above the normal annual contribution to the
reserve fund. Provided that any withdrawals made to provide funding for OM&R activities
necessary before the collection of monthly billings during periods of diminished water deliveries
shall be replaced in the reserve fund within twelve (12) months of withdrawal.

(c) The Authority may collect other reserve funds as it deems necessary in
addition to the targeted minimum reserve fund set forth under Article 13 (b) hereof. Any such
additional reserve amount collected by the Authority is not subject to the terms and conditions
set forth in this Article 13, but may be incorporated into the budget and the cost allocation
methodology described in Article 11 of this Agreement.

RECORDS

14.15. (a) The Authority shall establish and maintain separate, adequate and
appropriate records and books for the OM&R and financial and administrative activities
undertaken by the Authority relative to the Project Works under accounts and other books and
records pertaining to administration of the terms and conditions of this Agreement, including the
Authority’s financial transactions; water supply data; OM&R logs; Project Works Lands and
rights-of-way use agreements; and other matters that the Contracting Officer may require.
Reports shall be furnished to the Contracting Officer in such form and on such date or dates as
the Contracting Officer may require. Subject to applicable Federal law and regulations, each
Party to this Agreement shall have the right during officer hours to examine and make copies of
the other Party’s books and records relating to matters covered by this Agreement.

All records and books maintained pursuant to this Agreement shall be available to, and subject at
all reasonable times to inspection, examination, copying or audit by authorized
representatives of affected Water Delivery Contractors, Parties Entitled to Utilize or Receive
Other Water delivered or conveyed through the Project Works, and the Contracting Officer.
Each month the Authority shall collect and certify all delivery and measurement records and
report any abnormal findings to the Contracting Officer.
(a)(b) The Authority shall maintain and verify records of actual expenditures in accordance with an accounting system prescribed by the California State Controller in compliance with California Government Code Section 53891. The Contracting Officer and the Authority shall preserve and make available their respective financial and accounting records and books relating to this Agreement until the later of either (1) the final disposition of any litigation or settlement of claims arising out of performance under this Agreement, or (2) the expiration of five (5) years after the activities giving rise to the creation of such records and books. By the January 31 March 31, following the completion of each Fiscal Year, the Authority shall provide the Contracting Officer with a copy of its audited financial statements as of the end of the preceding Fiscal Year.

(b) Pending transfer of such records to the United States (c) Until termination of this Agreement, the Authority shall retain the originals or copies of all significant OM&R records pertinent to the Project Works and/or water operations, including modifications to Project Works; as-built drawings; maintenance and repair logs; equipment tests, equipment operations logs; emergency response plans; spill prevention control and countermeasure plans; written inquiries received by the Authority pursuant to the Federal Freedom of Information Act or analogous State law; Congressional or State Legislative requests; or public or private claims or potential claims against the United States and/or the Authority relative to the Project Works.

(c)(d) The Contracting Officer shall make available to the Authority those operation, maintenance, financial and administrative records relating to

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the Project Works in his possession at the time this agreement is executed, as of the Effective Date and any revisions or modifications to those records subsequent to such execution.

COOPERATION/MUTUAL AID

15. In situations which the Contracting Officer and the Authority determine to be emergencies or other extraordinary circumstances affecting the Project, including without limitation, the Project Works, either the Contracting Officer or the Authority may request the other to furnish personnel, materials, tools, equipment or other resources. The party so requested shall immediately cooperate with the other and render such assistance as the party so requested determines to be available. Unless otherwise agreed, the party making the request, within sixty (60) days of receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance. Such costs shall be determined on the basis of current charges or rates charged by the party rendering the assistance.

(a) In instances in which the total costs of responding to emergencies or other extraordinary circumstances, whether due to a single event or condition or to multiple events or conditions, exceed or substantially deplete the Authority’s minimum reserve fund established pursuant to Article 13 (b) hereof, the Contracting Officer agrees to cooperate with the Authority (1) to promptly identify sources of funding, including but not limited to, sources available from or to the United States; (2) to allocate responsibility for paying the costs of responding to such emergencies or other extraordinary circumstance, including but not limited to, by determining Capital Items under Article 13 (b) hereof; and (2) to develop a timetable for repayment of such
costs that are provided by the United States and are allocated to the Authority.

NOTIFICATION OF THIRD PARTIES

16.16. (a) The Contracting Officer shall instruct all Water Delivery Contractors and all Parties Entitled to Utilize or Receive Other Water delivered or conveyed through the Project Works that, effective March 1, 1998, the Authority became the Operating Non-Federal Entity with respect to the Project Works. The Contracting Officer shall inform all parties to be so notified of the Authority’s rights, authorities, and obligations under this Agreement and any other agreements relevant to the Authority’s status as the Operating Non-Federal Entity and shall cooperate with the Authority in ensuring that all such parties timely and properly make all required payments to the Authority. Without limiting the foregoing, the Contracting Officer shall direct all such parties to simultaneously provide the Authority with copies of all water delivery schedules provided to the Contracting Officer. The Contracting Officer shall also inform all parties to be notified pursuant to this Article 16 (a) that, after the effective date of this Agreement, the United States shall not charge the conveyance operation and maintenance OM&R cost component or, the conveyance pumping operation and maintenance OM&R cost component heretofore calculated by the United States pursuant to its ratesetting policies for the Project to Water Delivery Contractors, or Parties Entitled to Utilize or Receive Other Water, except to the extent financial obligations otherwise properly included in such components have been incurred by the United States prior to the effective date of this Agreement and have not been included as an expense therein under the ratesetting policies for the Project.
(b) In accordance with the original agreement 8-07-20-X0356, the Secretary shall include provision in all agreements providing for the delivery or conveyance of water through the Project Works which were entered into, renewed, or amended after May 29, 1998, provision requiring that, while this Agreement is that agreement remained in effect, the Authority shall be the Operating Non-Federal Entity with respect to the Project Works. All such new, renewed, or amended agreements shall include provisions recognizing the Authority’s status as the Operating Non-Federal Entity, and shall require that the non-Federal parties to such agreements timely and properly make all required payments to the Authority. Such new, renewed, or amended agreements shall also include provisions requiring the non-Federal parties to such agreements to simultaneously provide the Authority with copies of all water delivery schedules and water delivery and payment information provided to the Contracting Officer. The Contracting Officer shall also include in all such new, renewed, or amended agreements a provision confirming that, after May 28, 1998, the United States shall not charge the conveyance operation and maintenance OM&R cost component, or the conveyance pumping operation and maintenance OM&R cost component heretofore calculated by the United States pursuant to its ratesetting policies for the Project to Water Delivery Contractors, or Parties Entitled to Utilize or Receive Other Water, except to the extent financial obligations otherwise properly included in such components have been incurred by the United States prior to the effective date of this Agreement and have not been included as an expense therein under the ratesetting policies for the Project.
OPINIONS AND DETERMINATIONS

17. (a) Where the terms of this Agreement provide for actions to be based upon the opinion or determination of either party, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Agreement, expressly reserve the right to relief from and appropriate adjustment for any such—arbitrary, capricious or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Agreement that are consistent with the expressed and implied provisions of this Agreement, the laws of the United States and the State of California, and rules and regulations applicable to the Contracting Officer. Such determinations shall be made in consultation with the Authority to the extent reasonably practicable.

CHARGES FOR DELINQUENT PAYMENTS

18. (a) The Authority shall be subject to interest, administrative and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Authority shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. When a payment becomes 60 sixty (60) days delinquent, the Authority shall pay, in addition to the interest charge, an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent 90 ninety (90) days or more, the Authority shall pay, in addition to the interest and administrative charges, a penalty charge of 6 percent per year for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of six (6) percent per year. Further, the Authority shall also pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act.
Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(b)(c) When a partial payment on a delinquent account is received, the amount received shall be applied first, to the penalty, secondly to the administrative charges, third to the accrued interest, and finally to the overdue payment.

LIABILITY

The Authority hereby agrees that it will not assert that the United States, its agents and employees are responsible or liable for any liability on account of personal injury, death, or property damage of any nature whatsoever and by whomsoever asserted arising out of any act or omission of the Authority, its agents or employees under this Agreement; Provided, that the Authority does not assume any liability to the United States or any other person or persons for damages or injuries caused by (1) any action or omission by the United States, including any action or omission by the United States in the planning, design, construction, or OM&R of the Project Works prior to the date of transfer of the Project Works to the Authority for OM&R, (2) any directive given by the Contracting Officer to the Authority relating to the OM&R of the Project Works, or (3) acts of God, riot, war, the enactment of any governmental law, executive or judicial order or decree, or by any other cause beyond the reasonable control of the Authority, its members, officers, directors, agents and employees.

The United States hereby agrees that it will not assert that the Authority, its members, officers, directors, agents and employees are responsible or liable for any claims, demands, actions and causes of action, loss or damage, cost or expense, or for any liability on account of personal injury, death or property damage of any nature whatsoever and by whomsoever asserted arising out of any act or omission of the United States, its agents or
employees under this Agreement including, but not limited to (1) any action or omission by the
United States, including any action or omission by the United States in the planning, design,
construction, or OM&R of the Project Works prior to the date of transfer of the Project Works to
the Authority for OM&R, (2) any directive given by the Contracting Officer to the Authority
relating to the OM&R of the Project Works, or (3) acts of God, riot, war, the enactment of any
governmental law, executive or judicial order or decree, or by any other cause beyond the
reasonable control of the Authority, its members, officers, directors, agents and employees;
Provided, that Article 19 (b) (3) shall not apply in circumstances where the damage results from
the failure of the Authority to implement a legally applicable law, executive or judicial order or
decree.

(b) Within thirty (30) days of the receipt of any claim which may result in the
imposition of liability on either party to this Agreement relating to the Project Works or this
Agreement, the parties shall notify each other of such claim and provide a copy of that claim, if it
is in written form. The Authority and the United States shall have the right to intervene in any
action arising from such a claim, and the parties shall have the right to name each other as
indispensable parties in any such action. In the event of such a claim, either party may bring
action against the other if the party against which such claim is made believes some or all of the
liability arising under such claim should be borne by the other party. The parties understand that
the payment of any money damages by the United States may be subject to the availability of
appropriated funds.

HAZARDOUS MATERIALS

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CONTAMINATION OR POLLUTION OF FEDERAL PROPERTY

19. (a) The Authority shall not allow contamination or pollution of Federal Project lands, Project waters, or Project works of the United States or administered by the United States and for which the Authority has the responsibility for care, operation, and maintenance by its employees or agents under this Agreement. The Authority shall also take reasonable precautions to prevent such contamination or pollution by third parties.

20. (b) The Authority shall comply with all applicable Federal, State, and local laws and regulations— and Reclamation policies and instructions existing, or hereafter enacted or promulgated, concerning any Hazardous Material— that will be used, produced, transported, stored, released, or disposed of on or in lands or water of the Project Works, Federal Project lands, Project waters, or Project works.

Project Works that are adversely affected as a result of the violation (c) The Authority shall include the provisions contained in Articles 20 (a) through (c) hereof in any subcontract or third party contract it may enter into pursuant to this Agreement.

(b)

(a) The Authority shall take reasonable steps to prevent the deposit or release of Hazardous Material on or in lands or waters of the Project Works if such deposit or release would violate applicable laws or regulations. The Authority shall initiate immediate remedial action upon discovery of any event or condition which may or does result in such a deposit or release. Within twenty-four (24) hours of the discovery of any such event or condition, the Authority shall report such event or condition to the Contracting Officer with full details of the remedial actions taken and to be taken.

Violation of any of the provisions of this Article 20 shall make the Authority liable for any and all penalties and fines assessed by Federal, State, or local enforcement agencies as a result of such violation, and for the cost of full and complete remediation and/or restoration of the Project Works or water in the (c) “Hazardous material” means (1) any substance falling within the definition of “hazardous substance,” “pollutant or contaminant,” or “hazardous waste” under the Comprehensive Environmental Response, Compensation and...
Liability Act (42 U.S.C. § 9601(14), (29), and (33)); (2) oil, as defined by the Clean Water Act (33 U.S.C. § 1321(a)) and the Oil Pollution Act (33 U.S.C. § 2701(23)); (3) thermal pollution, refuse, garbage, sewage effluent, industrial waste, mine or mill tailings, mineral salts, pesticides, and other solid waste, and (4) any other substance regulated as hazardous or toxic under Federal, State, local or Tribal law.

(d) Upon discovery of any event which may or does result in contamination or pollution of Federal Project lands, Project water, or Project Works, the Authority shall immediately undertake all measures necessary to protect public health and the environment, including measures necessary to contain or abate any such contamination or pollution, and shall report such discovery with full details of the actions taken to the Contracting Officer. Reporting shall be within a reasonable time period but shall not exceed twenty-four (24) hours from the time of discovery if it is an emergency and the first working day following discovery in the event of a non-emergency.

(e) If violation of the provisions of this Article occurs and the Authority does not take immediate corrective action, as determined by the Contracting Officer, the Authority may be subject to remedies imposed by the Contracting Officer, which may include termination of this Agreement in accordance with Article 2(b).

(f) The Authority shall be liable for any response action or corrective measure necessary to protect public health and the environment or to restore Federal Project lands, Project waters, or Project Works that are adversely affected as a result of such violation, and for all costs, penalties or other sanctions that are imposed for violation of any Federal, State, local or Tribal laws and regulations concerning hazardous material. At the discretion of the Contracting Officer, the United States may also terminate this Agreement in accordance with Article 2(b) as a result of such violation.

(g) The Authority shall defend, indemnify, protect and save the United States harmless from and against any costs, expenses, claims, damages, demands, or other liability arising from or relating to Authority’s violation of this Article.

(h) Reclamation agrees to provide information necessary for the Authority, using reasonable diligence, to comply with the provisions of this Article 20.

(e) Notwithstanding any other provision of this Article 20, in addition to any rights the Authority may possess under Article 19 hereof, with respect to any Hazardous Material present in, on or under the Project Works as of August 19, 1986, nothing in the Agreement shall be construed to alter the financial responsibility of the United States, if any, for (1) all penalties...
and fines assessed by Federal, State, or local enforcement agencies in connection therewith and
(2) costs incurred by the Authority in connection with the disposal, cleanup or other remedial
actions the Authority undertakes in connection therewith.

ASSIGNMENT PROHIBITED LIMITED: SUCCESSORS AND ASSIGNS

21.20. The provisions of this Agreement shall apply to and bind the successors and
assigns of the respective Parties, but not assignation or transfer of the Agreement by
the Authority, or any part thereof, right or interest therein, shall not be valid unless and until
approved by the Contracting Officer in writing. Any waiver at any time by any party to this
Agreement of its rights with respect to a default, or any other matter arising in connection with
this Agreement, shall not be deemed to be a waiver with respect to any subsequent default or
matter by either Party shall be valid until approved in writing by the other Party.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

22.21. The expenditure or advance of any money or the performance of any obligation of
the United States under this Agreement shall be contingent upon appropriation or allotment of
funds. Absence of appropriation or allotment of funds shall not relieve the Authority from any
obligations under this Agreement. No liability shall accrue to the United States in case funds are
not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

23.22. No member of or delegate to Congress, Resident Commissioner or official of the
Authority shall benefit from this Agreement other than as a water user or landowner in the same
manner as other water users or landowners.

WATER AND AIR POLLUTION CONTROL

24. The Authority, in carrying out this Agreement, shall comply with all applicable water
and air pollution laws and regulations of the United States and the State of California, and shall
obtain all required permits or licenses from the appropriate Federal, State, or local authorities.
CLEAN AIR AND WATER

23. (a) The Authority agrees as follows:

(1) To comply with all the requirements of section 114 of the Clean Air Act, as amended (42 U.S.C. § 7414), and section 308 of the Clean Water Act (33 U.S.C. § 1318), relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in those sections, and all applicable regulations and guidelines issued thereunder.

(2) That no portion of the work required by this Agreement will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the Effective Date unless and until the Environmental Protection Agency eliminates the name of such facility or facilities from such listing.

(3) To use its best efforts to comply with clean air standards and clean water standards at the facility where the Agreement work is being performed.

(4) To insert the substance of the provisions of this Article into any nonexempt subcontract, including this subparagraph (a)(4).

(b) The following definitions apply for purposes of this Article:


(3) The term “clean air standards” refers to all enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, and other requirements which are contained in, issued under, or otherwise adopted pursuant to the Clean Air Act or Executive Order 11738, an applicable implementation plan as described in section 110 of the Clean Air Act (42 U.S.C. § 7410), an approved implementation procedure or plan under subsection 111(c) or subsection 111(d) of the Clean Air Act (42 U.S.C. § 7411(c) or (d)), or an approved implementation procedure under subsection 112(d) of the Clean Air Act (42 U.S.C. § 7412(d)).

(4) The term “clean water standards” refers to all enforceable limitations, controls, conditions, prohibitions, standards, and other requirements which are promulgated pursuant to the Clean Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a state under an approved program, as authorized by section 402 of the Clean Water Act (33 U.S.C. § 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Clean Water Act (33 U.S.C. § 1317).
The term “comply” refers to compliance with clean air or water standards. It also refers to compliance with a schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency, or an air or water pollution control agency in accordance with the requirements of the Clean Air Act or Clean Water Act and regulations issued pursuant thereto.

The term “facility” means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations owned, leased, or supervised by a contractor or subcontractor to be utilized in the performance of a contract or subcontract. Where a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are collocated in one geographical area.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS


(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, age, sex, or religion, be from being excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation on the grounds of race, color, national origin, disability, or age. By executing this Agreement, the Authority agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs and documents.

(c) The Authority makes this Agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts or other Federal financial assistance extended after the date hereof to the Authority by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance, which were approved before such date. The Authority recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this Article, and that the United States reserves the right to seek judicial enforcement thereof.
(d) Complaints of discrimination against the Authority shall be investigated by the Contracting Officer’s Office of Civil Rights.

EQUAL OPPORTUNITY

26.25 During the performance of this Agreement, the Authority agrees as follows:

(a) The Authority will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, handicap, gender identity, or national origin. The Authority will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Authority agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) The Authority will, in all solicitations or advertisements for employees placed by or on behalf of the Authority, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, sexual orientation, handicap, gender identity, or national origin.

(c) The Authority will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee’s essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Authority’s legal duty to furnish information.

(d) The Authority will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the said labor union or workers’ representative of the Authority’s commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
(d)(e) The Authority will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e)(f) The Authority will furnish all information and reports required by said amended Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f)(g) In the event of the Authority’s noncompliance with the nondiscrimination clauses of this Agreement or with any of the said rules, regulations or orders, this Agreement may be canceled, terminated or suspended, in whole or in part, and the Authority may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g)(h) The Authority will include the provisions of paragraphs (a) through (gh) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Authority will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Authority becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Authority may request the United States to enter into such litigation to protect the interests of the United States.

NOTICES

26. (a) Any notice, demand, or request authorized or required by this Agreement shall be deemed to have been given, on behalf of the Authority, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office of the United States, 1243 N Street, Fresno, California 93721, Bureau of Reclamation, 2366 North Grove Industrial Drive, Suite 106, Fresno, CA 93727-1854, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors, Chief Operating Officer of the Friant Water Users Authority, 854 North Harvard Avenue, Lindsay, CA 93247-1715 or such other address as from time to time may be designated in a written notice to the parties of this Agreement; Provided, that this Article 27. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

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27. (b) This Article 26 shall not preclude the effective service of such notice by other means.

TERMINATION OF COOPERATIVE AGREEMENT

28. Effective March 1, 1998, that certain Cooperative Agreement No. 6 FC-20-01180 between the parties dated August 19, 1986, shall be terminated. Provided, that all obligations of the parties thereunder which survive a termination of such Cooperative Agreement shall be unaffected by such termination.

MODIFICATIONS

29. Each of the parties reserves the right to propose modifications to this Agreement at any time while it is in effect. If either proposes any such modifications, the parties shall promptly attempt to negotiate in good faith an amendatory agreement to accommodate the proposed modifications.

OMITTED

28. [Intentionally Omitted.]

CHANGES IN CONTRACTOR’S ORGANIZATION

29. While this Agreement is in effect, no change may be made in the Authority’s organization, by inclusion or exclusion of lands or by any other changes, which may affect the respective rights, obligations, privileges, and duties of either the United States or the Contractor under this Agreement including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer’s written consent.

PROTECTION OF WATER AND AIR QUALITY

30. (a) The Authority, without expense to the United States, will perform the OM&R of the Project Works in a manner that preserves the quality of the water at the highest feasible level as determined by the Contracting Officer.
(b) The United States will perform the OM&R of reserved works in a manner that preserves the quality of the water at the highest feasible level as determined by the Contracting Officer. The United States does not warrant the quality of the water delivered to the Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water.

(c) The Authority will comply with all applicable water and air pollution laws and regulations of the United States and the State of California; and will obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Authority; and will be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal facilities or Project Water provided by the Authority within its Project Water service area.

(d) This Article will not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION

31. When acquiring land or an interest in land and relocating persons or personal property in connection with the construction, operation, and maintenance of Project Facilities, the Authority shall comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Pub. L. 91-646; 84 Stat. 1894; 42 U.S.C. § 4601, et seq.) and Department of Transportation regulations at 49 C.F.R. part 24.

PEST MANAGEMENT

32. (a) The Authority is responsible for complying with applicable Federal, State, and local laws, rules, and regulations related to pest management in performing its responsibilities under this Agreement.

(b) The Authority is responsible for effectively avoiding the introduction and spread of, and for otherwise controlling, undesirable plants and animals, as defined by the Contracting Officer, on or in Federal Project lands, Federal Project waters, and Federal Project works for which and to the extent that the Authority has operation and maintenance responsibility. The Authority is responsible for exercising the level of precaution necessary in meeting this responsibility, including inspecting its vehicles, watercraft, and equipment for reproductive and vegetative parts, foreign soil, mud or other debris that may cause the spread of weeds, invasive species and other pests, and removing such materials before moving its vehicles, watercraft, and equipment onto any Federal land, into any Federal project facility waters, or out of any area on Federal project land where work is performed.

(c) Where decontamination of the Authority’s vehicles, watercraft, or

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equipment is required prior to entering Federal project land or waters, the decontamination shall be performed by the Authority at the point of prior use, or at an approved offsite facility able to process generated cleaning wastes, pursuant to applicable laws, rules, and regulations. Upon the completion of work, the Authority will perform any required decontamination within the work area before moving the vehicles, watercraft, and equipment from Federal Project lands and waters.

(d) Programs for the control of undesirable plants and animals on Federal Project lands, and in Federal Project waters and Federal Project works for which the Authority has operation and maintenance responsibility will incorporate Integrated Pest Management (IPM) concepts and practices. IPM refers to a systematic and environmentally compatible program to maintain pest populations within economically and environmentally tolerable levels. In implementing an IPM program, the Authority will adhere to applicable Federal and State laws and regulations and Department of the Interior and Bureau of Reclamation policies, directives, guidelines, and manuals, including but not limited to, the Department of the Interior Manual, Part 517 Integrated Pest Management Policy and Part 609 Weed Control Program, the Plant Protection Act of June 20, 2000 (Pub. L. 106-224), and Executive Order 13112 of February 3, 1999.

MEDIUM FOR TRANSMITTING PAYMENTS

33. (a) All payments from the Authority to the United States under this Agreement shall be by the medium requested by the United States on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the United States.

(b) Upon execution of the Agreement, the Authority shall furnish the Contracting Officer with the Authority’s taxpayer’s identification number (TIN). The purpose for requiring the Authority’s TIN is for collecting and reporting any delinquent amounts arising out of the Authority’s relationship with the United States.

SUSTAINABLE OPERATION AND MAINTENANCE

34. The Authority shall comply with Section Two (2) of Executive Order 13834 “Regarding Efficient Federal Operations”. Implementation of this Executive Order as it applies to this Agreement is provided in Exhibit D to this Agreement.

COOPERATION/MUTUAL AID

35. (a) In situations which the Contracting Officer and the Authority determine to be emergencies or other extraordinary circumstances affecting the Project, including without limitation...
limitation, the Project Works, either the Contracting Officer or the Authority may request the
other to furnish personnel, materials, tools, equipment, or other resources. The Party so
requested shall immediately cooperate with the other and render such assistance as the Party so
requested determines to be available. Unless otherwise agreed, the Party making the request,
within sixty (60) days of receipt of properly itemized bills from the other Party, shall reimburse
the Party rendering such assistance for all costs properly and reasonably incurred by it in such
performance. Such costs shall be determined on the basis of current charges or rates charged by
the Party rendering the assistance.

(b) In instances in which the total costs of responding to emergencies or other
extraordinary circumstances, whether due to a single event or condition or to multiple events or
conditions, exceed or substantially deplete the Authority’s minimum reserve fund established
pursuant to Article 14(b), the Contracting Officer agrees to cooperate with the Authority (1) to
promptly identify sources of funding, including but not limited to, sources available from or to
the United States; (2) to allocate responsibility for paying the costs of responding to such
emergencies or other extraordinary circumstances, including but not limited to by determining
Capital Improvements under Article 5(a); and (3) to develop a timetable for repayment of such
costs that are provided by the United States and are allocated to the Authority.

AGREEMENT DRAFTING CONSIDERATIONS

36. This Agreement has been negotiated and reviewed by the Parties hereto, each of
whom is sophisticated in the matters to which this Agreement pertains. Articles 1 through 36 of
this Agreement have been drafted, negotiated, and reviewed by the Parties, and no one Party
shall be considered to have drafted the stated Articles.
IN WITNESS WHEREOF, the parties hereto have executed this Amendment Agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

(SEAL)

APPROVED AS TO LEGAL FROM AND SUFFICIENCY

James E. Turner
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

By: Roger K. Patterson __________________________
    Regional Director, Mid-Pacific Region
    Bureau of Reclamation

FRIANT WATER AUTHORITY

By: Kole Upton __________________________
    Chairman, Board of Directors

Attest:

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Richard M. Moss
Secretary

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BOR RO Exhibit #1
R.O. Draft 1-15-2020

Contract No. 8-07-20- X0356

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND FRIANT WATER
AUTHORITY TO TRANSFER THE OPERATION, MAINTENANCE AND REPLACEMENT
AND CERTAIN FINANCIAL AND ADMINISTRATIVE ACTIVITIES RELATED TO THE
FRIANT-KERN CANAL AND ASSOCIATED WORKS

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND FRIANT WATER
AUTHORITY TO TRANSFER THE OPERATION, MAINTENANCE AND REPLACEMENT
AND CERTAIN FINANCIAL AND ADMINISTRATIVE ACTIVITIES RELATED TO THE
FRIANT-KERN CANAL AND ASSOCIATED WORKS

THIS AGREEMENT, effective the _____ day of __________, _______ (“Effective Date”) in pursuance generally of the Act of Congress of June 17, 1902 (32 Stat. 388), and the acts amendatory thereof or supplementary thereto, including Section 5 of the Act of August 13, 1914 (38 Stat. 687), all collectively hereinafter referred to as the Federal Reclamation laws, between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, and the FRIANT WATER AUTHORITY, hereinafter referred to as the Authority, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws of the State of California. The United States and the Authority are referred to collectively as the “Parties,” and individually as a “Party.”

WITNESSETH, That:

RECITALS

a. The United States Bureau of Reclamation has constructed the Friant Division, Central Valley Project (Project), for storage, diversion, carriage and distribution of water for agricultural, flood control, municipal, industrial, domestic and other beneficial uses and purposes; and
b. The Authority represents water users who contract with the United States for water service provided by the Friant Division of the Project; and

c. The United States operates the Friant Division of the Project for the benefit, among others, of the water users represented by the Authority; and

d. The Authority has operated and maintained certain Friant Division facilities pursuant to that certain Agreement to Transfer the Operation, Maintenance, and Replacement (OM&R) and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works, Contract No. 8-07-20-X0356 (Transfer Agreement) between the Parties for a term of twenty-five (25) years, effective March 1, 1998; and

e. The Authority requested initiation of the renewal process for the continued OM&R of the Project Works under Contract No. 8-07-20-X0356 by letter dated July 30, 2019; and

f. The Authority has demonstrated its ability to operate and maintain such facilities to the satisfaction of the Contracting Officer and in a manner which best and most economically serves the water users relying on those facilities; and

i. It is deemed to be in the best interests of the Parties and the Project’s water users that the continued OM&R, as well as certain administrative and financial activities, of the Project Works be transferred to the Authority as the Operating Non-Federal Entity by renewing the Transfer Agreement; and

j. The United States also believes it to be in the best interests of the Parties and the Project’s water users to transfer to the Authority the administrative and financial responsibility to continue to perform and hereafter fund the Authority’s OM&R of the Project Works while the
United States retains the responsibility to fund Capital Improvement costs of the Project Works;
and

k. The Authority is willing to assume the OM&R of the Project Works as the Operating Non-Federal Entity and perform the enumerated administrative and financial activities in accordance with the terms and conditions herein set forth; and

l. The National Environmental Policy Act compliance requirement for execution of this Agreement has been met by the Categorical Exclusion dated __________, 2020; and

In consideration of the mutual and dependent covenants herein contained, the Parties mutually agree as follows:

DEFINITIONS

1. When used in this Agreement, the term:

(a) “Capital Improvement” shall mean any activity that extends the useful life of a property, plant or equipment asset, expands the capacity or efficiency of an asset, or otherwise upgrades an asset to serve needs different from, or significantly greater than, an asset’s current use, or as defined in the *Blue Book* entitled Federal Replacements, Units, Service Lives, Factors, as it exists on the date of this Agreement or in accordance with Federal law and accounting standards, or any other regulations, policies, guidelines, or instructions adopted thereunder.

(b) “Fiscal Year” shall mean the period from and including the first day of October of each calendar year through and including the last day of September of the following calendar year.

(c) “Irrigation Water” shall mean the use Project Water or Other Water to irrigate land primarily for the production of commercial agricultural crops or livestock, and domestic and other uses that are incidental thereto.
(d) “Municipal and Industrial Water” or “M&I Water” shall mean the use of Project Water or Other Water for municipal, industrial, and miscellaneous purposes not falling under the definition of “Irrigation Water” or within another category of water use under applicable Federal authority.

(e) “Operation, Maintenance and Replacement” or “OM&R” shall mean the complete operation and maintenance of the Project Works, including performing, funding, and financing such repairs and replacements as are normally considered part of annual operation and maintenance functions and not considered Capital Improvement costs of the Project in accordance with the Blue Book entitled Federal Replacements, Units, Service Lives, Factors, as it exists on the date of this Agreement or in accordance with Federal law or any other regulations, policies, guidelines or instructions adopted thereunder. OM&R shall include the performance, funding, and financing 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 Improvement costs of the Project in accordance with the Blue Book referenced above as it exists on the date of this Agreement or in accordance with Federal law or any other regulations, policies, guidelines or instructions adopted thereunder. Notwithstanding the foregoing, OM&R shall also include Capital Improvements, as that term is defined in Article 1(a) which the Authority chooses to accomplish and finance pursuant to Article 5(b).

(f) “Other Water” shall mean water other than water conveyed or delivered pursuant to Water Delivery Contracts which the United States has a legal or contractual obligation to convey or deliver through the Project Works. Other Water includes, without limitation, water to be conveyed through the Project Works (1) pursuant to contracts under the
Section 3408(c) of the Central Valley Project Improvement Act (106 Stat. 4706), and
Section 215 of the Reclamation Reform Act of 1982 (96 Stat. 1263); (2) under other wheeling or
conveyance agreements binding on the Secretary; (3) in accordance with agreements for
conveyance of water to wildlife refuges and wildlife management areas; and (4) to satisfy other
legally imposed environmental obligations of the Secretary.

(g) “Party Entitled to Utilize or Receive Other Water” shall mean the party
required to pay the Authority the amounts described in Article 12 in connection with the delivery
of Other Water. In the case of Other Water delivered to satisfy agreements for conveyance of
water to wildlife refuges and wildlife management areas, as well as other legally imposed
environmental obligations of the Secretary, the Party Entitled to Utilize or Receive Other Water
(and therefore required to pay the Authority the amounts described in Article 12 in connection
with the delivery thereof) shall be the Contracting Officer.

(h) “Project” shall mean the Central Valley Project owned by the United
States and managed by the Department of Interior, Bureau of Reclamation.

(i) “Project Water” shall mean all water that is developed, diverted, stored, or
delivered by the Secretary in accordance with the statutes authorizing the Project and in
accordance with the terms and conditions of water rights acquired pursuant to California law.

(j) “Project Works” shall mean those facilities listed or described on the
attached Exhibit A, which are incorporated herein by this reference, including: the Friant-Kern
Canal and related in-line control facilities; wasteways, laterals, holding reservoirs, turnouts and
measuring devices, associated water level control devices and water level recording instruments;
appurtenant equipment, structures and maintenance buildings; and such other facilities as the
Parties may agree by modification of Exhibit A, without amending this Agreement.

(k) “Secretary” or “Contracting Officer” shall mean the Secretary of the
United States Department of the Interior or his/her duly authorized representative.

(l) “Substantial Change” shall mean a modification in, or addition to, Project
Works which involves changes in the original design intent, function, and/or operational
parameters of the facility, or changes in benefits of the Project Works, including non-routine
maintenance activities that involve construction or reconstruction of a portion of the facility.

(m) “Water Delivery Contract” shall mean (1) any contract entered into by the
Secretary under the provisions of Sections 9(c), 9(d) or 9(e) of the Reclamation Project Act of
1939 [43 USC 485h (c), (d) and (e)] or Section 3404 of the Central Valley Project Improvement
Act (106 Stat. 4706) pursuant to which Project Water is to be supplied from or through the
Project Works and (2) any exchange contract, water rights settlement contract or similar
agreement pursuant to the terms of which water is to be supplied by the Secretary from or using
the Project Works.

(n) “Water Delivery Contractor” shall mean a party holding a Water Delivery
Contract with the United States.

TERM OF AGREEMENT

2. (a) This Agreement shall be effective as of the Effective Date and shall
remain in effect for thirty-five (35) years thereafter; Provided, That this Agreement is not
terminated at an earlier date pursuant to Article 2(b) below. Subject to modification acceptable
to the Contracting Officer and the Authority, the Authority shall have the option to renew this
Agreement for successive periods not to exceed thirty-five (35) years each by providing written
notice of such to the Contracting Officer not more than one (1) year, but not less than six (6)
months, prior to the end of the then-current term, unless by mutual agreement to renew sooner.

(b) The Contracting Officer may terminate this Agreement at any time before
the expiration of its term whenever the Contracting Officer determines that the Authority is in
substantial violation of the Agreement as provided in this Article 2(b); Provided, That prior to
the effective date of any such termination, the Contracting Officer shall first notify the Authority
in writing of, the specific purported deficiencies of the Authority in carrying out the terms and
conditions of this Agreement. It is the intent of the Parties that disputes be resolved pursuant to
this Article 2(b) as expeditiously as is reasonably possible without the necessity of other relief at
law or in equity. If after the designated representative of the Authority has met with the
Contracting Officer or his or her designated representative and attempt in good faith and with the
use of best efforts to resolve any dispute arising from the purported deficiency an agreement is
not reached, the Contracting Officer may issue a notice of proposed termination, which includes
the specific deficiencies of the Authority’s performance under this Agreement. The Authority
shall have at least ninety (90) days from receipt of the written notice of proposed termination to
correct all deficiencies referred to in said written notice; Provided, That in the event of a
condition which threatens the safety or integrity of the Project Works, the Contracting Officer
may specify a shorter correction period which the Contracting Officer determines to be
appropriate under the circumstances. In the event the Authority does not correct all deficiencies
referred to in said written notice within the applicable period, the Contracting Officer may
thereafter terminate this Agreement upon thirty (30) days prior written notice to the Authority.
Any termination pursuant to this Article shall be subject to the rights and obligations of the
Parties as more specifically set forth in this Agreement.
The Authority may at any time, upon giving twelve (12) months written notice, terminate this Agreement; Provided, That such termination shall not relieve the Authority of any of its duties, liabilities or obligations accruing from the effective date of this Agreement to the effective date of such termination, except insofar as the Authority lacks funding to perform such obligations due to a failure by the United States to meet any of its obligations under this Agreement.

Upon any termination of this Agreement, the United States will take over from the Authority the care, OM&R of the Project Works and the Authority shall transfer to the United States:

1. Title to all tools, vehicles, supplies, and equipment transferred under Article 3(b) of the original agreement 8-07-20-X0356 (to the extent still on hand) or purchased by the Authority for the purposes of this Agreement,
2. Any funds in its possession which were collected for, or allocated to, the OM&R of the Project Works for the then-current Year which are in excess of the obligations of the Authority for the OM&R of the Project Works.

All other funds and reserves in the Authority’s possession, including without limitation all other funds collected for, or allocated to, the OM&R of the Project Works and the reserve funds established under Article 14 shall be retained or distributed by the Authority in accordance with the direction of the Authority’s board of directors.

An Agreement review must be performed at least every fifteen (15) years. A more frequent review will be established if determined to be appropriate by the Contracting Officer. The review and update will be limited to focus on this Agreement’s standard articles and incorporation of any new statutory requirements applicable to this Agreement.

OPERATION AND MAINTENANCE OF PROJECT WORKS

3. The Contracting Officer has transferred, and the Authority has accepted and assumed the care, OM&R of the Project Works. Title to the Project Works will remain in
the name of the United States, unless otherwise provided by the Congress of the United States.

(b) The Authority, without expense to the United States, will care for, OM&R the Project Works in full compliance with the terms of this Agreement and in such a manner that the Project Works remain in good and efficient condition, subject to exercise of discretion to fund and carry out Capital Improvements, as described below in Article 5(b).

(c) Necessary repairs of the Project Works will be made promptly by the Authority. In case of unusual conditions or serious deficiencies in the OM&R of the Project Works threatening or causing interruption of water service, the Contracting Officer may issue to the Authority a special written notice of those necessary repairs. Except in the case of an emergency, the Authority will be given sixty (60) days to either make the necessary repairs or submit a plan for accomplishing the repairs acceptable to the Contracting Officer. In the case of an emergency, or if the Authority fails to either make the necessary repairs or submit a plan for accomplishing the repairs acceptable to the Contracting Officer within sixty (60) days of receipt of the notice, the Contracting Officer may cause the repairs to be made, and the cost of those repairs will be paid by the Authority as directed by the Contracting Officer.

(d) The Authority will not make any Substantial Changes in the Project Works without first obtaining written consent of the Contracting Officer.

(e) The Authority agrees to indemnify the United States for, and hold the United States and all of its representatives harmless from, all damages resulting from suits, actions, or claims of any character, except for intentional torts committed by employees of the United States, brought on account of any injury to any person or property arising out of any act, omission, neglect, or misconduct in the manner or method of performing any construction, care, operation, maintenance, supervision, examination, inspection, or other duties of the Authority or the United States on Project Works required under this Agreement, regardless of who performs those duties.

(f) Omitted.

(g) In the event the Authority is found to be operating the Project Works or any part thereof in violation of this Agreement or the Authority is found to be failing any financial commitments or other commitments to the United States under the terms and conditions of this Agreement, then upon the election of the Contracting Officer, the United States may take over from the Authority the care, OM&R of the Project Works by giving written notice to the Authority of such election and the effective date thereof. Thereafter, during the period of operation by the United States, upon notification by the Contracting Officer the Authority will pay to the United States, annually in advance, the cost of the OM&R of the Project Works as determined by the Contracting Officer. Following written notification from the Contracting Officer the care, OM&R of the Project Works may be transferred back to the Authority.

(h) In addition to all other payments to be made by the Authority under this Agreement, the Authority will pay to the United States, following the receipt of a statement from the Contracting Officer, all reimbursable miscellaneous costs to be incurred by the United States for any work involved in the administration and supervision of this Agreement.
Nothing in this Article will be deemed to waive the sovereign immunity of the United States.

TRANSFER INSPECTION

4. The Authority (including its predecessors) has been the Operating Non-Federal Entity for the Project Works since 1986. Joint inspections of the Project Works have been conducted by the United States and the Authority since _______. The inspection report signature pages are attached to this Agreement as Exhibit C.

CAPITAL IMPROVEMENTS AND REPAIRS

5. (a) Nothing in this Agreement shall be construed to require the Authority to make or fund improvements, modifications, replacements or repairs of any nature to the Project Works, the costs of which should be or will be added to the Capital Improvement costs of the Project. The identification of Capital Improvements shall be made in accordance with Federal law or any regulations, policies, guidelines or instructions adopted thereunder. The Contracting Officer’s determination of whether the costs of any improvements, modifications, replacements or repairs should be or will be added to the Capital Improvement costs of the Project shall be accepted by the Authority after the Contracting Officer has conferred in good faith with the Authority with respect thereto; Provided, That such determination shall be subject to review by a court having jurisdiction over the dispute. The Authority shall act in accordance with such determination unless and until it is reversed or modified. The Authority shall submit annual OM&R work forecasts at the start of each Fiscal Year. The OM&R work forecasts shall include all work to Project Works that is projected to be done in the following Fiscal Year and work to be done in the next three (3) Fiscal Years. Following the completion of a Review of Operation and Maintenance (RO&M) examination of the Project Works as set forth in Article 11 of this Agreement, if that RO&M examination identifies a potential Capital Improvement, and at such
other times as the Parties agree are necessary, the Authority and the Contracting Officer shall
confer to identify any Capital Improvements planned or necessary for the Project Works for the
next ten (10) years and agree upon the mechanism for accomplishing and financing the Capital
Improvements.

(b) Notwithstanding the provisions of Article 5(a), in the event the Authority identifies Capital Improvements it deems necessary for the OM&R of the Project Works and the Contracting Officer is unable or unwilling to provide a mechanism for accomplishing and financing such Capital Improvements, the Authority may proceed with the accomplishment and financing of such Capital Improvements and deem the costs thereof to be OM&R costs hereunder, regardless of whether such costs are added to the Capital Improvement costs of the Project under Article 5(a). Such Capital Improvements may include, without limitation, the acquisition, repair or replacement of personal property (such as motor vehicles and heavy equipment) and the construction or improvement of structures utilized by the Authority in connection with the OM&R of the Project Works.

PERFORMANCE WORK STATEMENT, EMERGENCY ACTION PLANS AND NOTIFICATIONS

6. (a) The Authority shall maintain the Project Works in such a manner that the Project Works shall remain in good and efficient condition for the storage, diversion and carriage of water. The Authority shall perform the OM&R of the Project Works consistent with the guidelines provided by existing Designer’s Operating Criteria, standard operation procedures (SOPs) and/or manufacturer’s technical manuals for the Project Works, in accordance with such sound engineering practices as have been or may be developed for the Project Works, and in accordance with applicable Federal, State and local environmental laws. Deviations from or changes to these standards shall be approved by the Contracting Officer.
(b) The Authority shall prepare such Emergency Action Plans (EAPs) for the Project Works as are required by governmental agencies with jurisdiction over the Authority’s operations. The Authority shall furnish copies of any such plans to the Contracting Officer.

(c) In addition to implementing Article 6(a), the Authority shall notify the Contracting Officer as soon as reasonably practicable after initial observation by the Authority of any event or situation which threatens (1) the safety or integrity of the Project Works, or (2) the well-being of humans or property located adjacent to the Project Works. Notwithstanding Article 26, such notification shall be made telephonically or by electronic mail rather than by mail.

(d) The Authority shall submit monthly reports to the Contracting Officer outlining all work accomplished.

(e) The Authority shall annually review, and as necessary update, all SOPs and EAPs and provide such updates to the Contracting Officer.

(f) The performance work statement (PWS) will consist of the OM&R work forecast, current SOPs for all the major facilities, and EAPs as applicable.

ADMINISTRATION OF FEDERAL PROJECT LANDS

7. (a) (1) The lands and interests in lands acquired, withdrawn, or reserved and needed by the United States for the purposes of care, OM&R of the Project Works (collectively, “Project Work Lands”) may be used by the Authority for such purposes without being charged any administrative fees therefor. The Authority shall ensure that no unauthorized encroachment occurs on Federal Project lands and rights-of-way. The Authority does not have the authority to issue any land-use agreement or grant that conveys an interest in Federal real property, nor to lease or dispose of any interest of the United States.

Where there are existing unauthorized encroachments as of the Effective Date on Project Works Lands, the Authority will work with the Contracting Officer to resolve the encroachments to the Contracting Officer’s satisfaction. For the purposes of this Agreement “encroachment” means...
any unauthorized building, structure, or object of any kind or character placed, into, over, or under any Project Works Lands.

(2) The Contracting Officer shall not issue any rights-of-way across Project Works Lands or any leases, licenses, permits, or special-use agreements involving Project Works Lands until the Contracting Officer has determined that the grant is compatible with the Project purposes and with the OM&R of the Project Works. The Contracting Officer shall issue such rights-of-way across Project Works Lands or any leases, licenses, permits or special-use agreements involving Project Works Lands only after offering the Authority the opportunity to provide appropriate comment concerning the request. Requests for such grants that are received by the Authority shall be referred to the Contracting Officer along with appropriate comment concerning the request. A copy of all such grants issued by the Contracting Officer shall be provided to the Authority.

(b) The Authority shall regularly inspect the Project Works Lands to identify any trespass and determine the general condition of the real property itself. Cases of trespass shall be corrected, where possible, by the Authority. Trespass cases which the Authority feels may require undue time and/or expense to correct shall be referred without delay to the Contracting Officer for resolution.

(c) The Authority shall review land-use requests for compatibility within Project Works Lands. The Contracting Officer shall remain responsible for review and action upon all requests for use of the Project Works or Project Works Lands unless a delegation of authority to the Authority is otherwise provided for by the express written consent of the Contracting Officer.

(d) The United States retains responsibility for compliance with the National Historic Preservation Act of 1966, and the Native American Graves Protection and Repatriation Act.
Act of 1990. The Authority will notify the Contracting Officer and, only when on tribal land, also notify the appropriate tribal official, immediately upon the discovery of any potential historic properties or Native American human remains, funerary objects, sacred objects, or objects of cultural patrimony.

OVERSIGHT AND PARTICIPATION

8. (a) The Contracting Officer shall, to the greatest extent possible, afford the Authority the opportunity to review and comment on preliminary and final development plans, environmental documents and other documents which affect the Project Works. The Authority’s comments shall be provided to the Contracting Officer; and

(b) The Parties shall, to the greatest extent possible, afford each other the opportunity to participate with city, county, State and Federal governments, or governmental groups and private concerns in meetings, hearings and other activities affecting the Project Works. The Parties shall keep each other informed of these activities.

DELIVERY OF WATER BY THE AUTHORITY

9. (a) The Authority shall convey and distribute water in and from the Project Works in accordance with the directives of the Contracting Officer so that the Contracting Officer can satisfy all valid water delivery obligations of the United States from the Project Works, including without limitation all water delivery obligations of the United States under Water Delivery Contracts and for the delivery of Other Water. The Authority shall deliver water to each Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water entitled thereto from the Project Works through turnouts or such temporary diversion facilities as are specified in then-existing Water Delivery Contracts or other arrangements or agreements relating to Other Water specifying such turnouts and delivery points, or as may be agreed to by such Water Delivery Contractor(s) or Party Entitled to Utilize or Receive Other Water, the Authority, and the Contracting Officer.
A complete list of all valid obligations of the United States to convey and distribute water in and from the Project Works is attached as Exhibit B and incorporated herein by this reference. Exhibit B indicates whether each obligation is under a Water Delivery Contract or is for the delivery of Other Water. The Contracting Officer shall modify Exhibit B as such obligations change or as new obligations are added.

(c) Prior to the Contracting Officer entering into, renewing or amending any Water Delivery Contract or any other agreement which requires or permits the conveyance of water through any of the Project Works, the Contracting Officer shall consult with the Authority about the terms of such contract action, and shall provide the Authority the opportunity to review and comment thereon. Any such contract action shall be taken by the Contracting Officer only after the Contracting Officer has given due consideration to, and has taken all reasonable actions to mitigate the impacts of such contract action on (1) the quantity or quality of water available to Water Delivery Contractors, or Parties Entitled to Utilize or Receive Other Water, as of the date of this Agreement, and (2) the ability of the Authority to perform its obligations under this Agreement. The Contracting Officer shall provide the Authority a copy of all contracts entered into with Water Delivery Contractors or Parties Entitled to Utilize or Receive Other Water utilizing the Project Works for delivery or conveyance.

RESOLUTION OF DISPUTES

10. Should any dispute arise concerning delivery or conveyance of water by the Authority through the Project Works between the Authority, any Water Delivery Contractor(s) and/or any Party(ies) Entitled to Utilize or Receive Other Water from or through the Project Works, which the Authority concludes cannot be resolved through negotiations with the other party(ies) to the dispute, the Authority shall provide its position with respect to such dispute to the other party(ies) thereto in writing. Within sixty (60) days after such notice is provided, the parties shall...
dispute shall be referred to the Contracting Officer for resolution. The Contracting Officer's resolution of the dispute shall be accepted by the Authority and other party(ies) thereto as final and conclusive and the Authority and the other party(ies) shall promptly comply with said decision and shall operate the Project Works in conformance with such decision until the same is stayed, reversed or modified by a decision of a court of competent jurisdiction.

EXAMINATION, INSPECTION, AND AUDIT OF PROJECT WORKS, RECORDS, AND REPORTS FOR DETERMINING ADEQUACY OF OM&R

11. (a) The Contracting Officer may examine the following: the Authority’s books, records, and reports with respect to OM&R obligations under this Agreement; the Project Works being operated by the Authority; the adequacy of the OM&R program; the reserve fund; and the water conservation program including the water conservation fund, if applicable. Notwithstanding title ownership, where the United States retains a financial, physical, or liability interest in facilities either constructed by the United States or with funds provided by the United States, the Contracting Officer may examine any or all of the Project Works providing such interest to the United States.

(b) The Contracting Officer may, or the Authority may ask the Contracting Officer to, conduct special inspections of any Project Works being operated by the Authority and special audits of the Authority’s books and records to ascertain the extent of any OM&R deficiencies to determine the remedial measures required for their correction and to assist the Authority in solving specific problems. Except in an emergency, any special inspection or audit shall be made only after written notice thereof has been delivered to the Authority by the Contracting Officer.

(c) The Authority shall provide access to the Project Works, operate any mechanical or electrical equipment, and be available to assist in the examination, inspection, or audit.

(d) The Contracting Officer shall prepare reports based on the examinations, inspections, and audits and furnish copies of such reports and any recommendations to the Authority.

(e) The costs incurred by the United States in conducting OM&R examinations, inspections, and audits and preparing associated reports and recommendations related to high- and significant-hazard dams and associated facilities shall be nonreimbursable. Associated facilities include carriage, distribution, and drainage systems; pumping and pumping generating plants; power plant structures; tunnels/pipelines; diversion and storage dams (low-hazard); Type 2 bridges which are Reclamation-owned bridges not located on a public road; regulating reservoirs (low-hazard); fish passage and protective facilities, including hatcheries; river channelization features; rural/municipal water systems; desalting and other water treatment
plants; maintenance buildings and service yards; facilities constructed under Federal loan
programs (until paid out); and recreation facilities (reserved works only); and any other facilities
as determined by the Contracting Officer.

(f) Expenses incurred by the Authority, as applicable, in participating in the
OM&R site examination will be borne by the Authority.

(g) Requests by the Authority for consultations, design services, or
modification reviews, and the completion of any OM&R activities identified in the formal
recommendations resulting from the examinations (unless otherwise noted) are to be funded as
project OM&R and are reimbursable by the Authority to the extent of current OM&R
allocations.

(h) Site visit special inspections that are beyond the regularly scheduled
OM&R examinations conducted to evaluate particular concerns or problems and provide
assistance relative to any corrective action (either as a follow up to an OM&R examination or
when requested by the Authority) shall be nonreimbursable.

(i) The Contracting Officer may provide the State of California an
opportunity to observe and participate in, at its own expense, the examinations and inspections.
The State of California may be provided copies of reports and any recommendations relating to
such examinations and inspections.

COST RECOVERY FOR AUTHORITY OM&R ACTIVITIES; TERMINATION OF WATER
DELIVERIES

12. As of the Effective Date, the Authority shall be responsible for directly funding
the OM&R of the Project Works transferred hereby. Except as otherwise provided herein, the
Parties acknowledge that the United States will no longer provide funding through the
appropriations process for such OM&R. The United States hereby delegates to the Authority all
required authority under statutes, contracts, regulations, and policies to collect for OM&R of the
Project Works. The procedures and authorities to be utilized by the Authority for such direct
funding are set forth in this Article 12.

(a) OM&R Budgets. Not later than ninety (90) days before the start of each
Fiscal Year, the Authority shall submit to each Water Delivery Contractor, and all Parties
Entitled to Utilize or Receive Other Water, the proposed budget for the next Fiscal Year for all
activities of the Authority to be carried out under this Agreement. The budget so developed shall
include amounts necessary to establish the reserve fund described in Article 14 and such other
reserves as may be determined to be necessary by the Authority. The Authority shall afford each
Water Delivery Contractor and all Parties Entitled to Utilize or Receive Other Water the
opportunity to submit comments on such proposed budget by thirty (30) days before
commencement of the Fiscal Year. Except as otherwise provided in the Memorandum of
Understanding described in Article 12(f), any dispute(s) regarding the proposed budget shall be
resolved in the manner described in Article 10. The Authority shall submit the final budget for
each Fiscal Year to the Contracting Officer prior to the start of that Fiscal Year. The Authority
shall use reasonable efforts to perform its responsibilities under this Agreement in accordance
with the applicable final budget.

(b) Cost Recovery Methodology. The Authority shall develop a methodology
to recover all costs incurred by the Authority in carrying out its responsibilities under this
Agreement, including without limitation all costs described in the budgets prepared pursuant to
Article 12(a).

(1) The Authority's cost recovery methodology shall (i) provide for the
equitable allocation of the costs to be recovered among Water Delivery Contractors with an
obligation to pay for water delivered or conveyed through the Project Works and all Parties
Entitled to Utilize or Receive Other Water with an obligation to pay therefor, including without
limitation the Contracting Officer; (ii) provide for the equitable allocation of the costs to be paid
to the Authority pursuant to the Memorandum of Understanding described in Article 12(f); and
(iii) clearly set forth the manner in which all such costs shall be collected by the Authority,
including deadlines for payments and/or deposits required of Water Delivery Contractors and all
Parties Entitled to Utilize or Receive Other Water under the methodology.
Such methodology shall recover costs in lieu of the conveyance OM&R cost component and the conveyance pumping OM&R cost component heretofore calculated by the United States pursuant to its ratesetting policies for the Project. In addition to OM&R costs for directly funding the OM&R of the Project Works, such methodology shall recover power costs for conveyance pumping incurred by the United States for the production or transmission of such power that are payable by the Water Delivery Contractors, Parties Entitled to Utilize or Receive Other Water, and contractors in the Friant Division pursuant to the Memorandum of Understanding described in Article 12(f), in connection with the delivery or conveyance of water through the Project Works.

The Authority’s cost recovery methodology and any subsequent amendments thereto shall be approved by the Authority and provided to all parties with payment obligations under this Article 12 by July 1 of each year, or not less than sixty (60) days prior to the effective date of any amendment thereof. Except as otherwise specified in the Memorandum of Understanding described in Article 12(f), any dispute(s) regarding the Authority's cost recovery methodology shall be resolved in the manner described in Article 10. The Contracting Officer has approved the Authority’s initial cost recovery methodology. All proposed amendments shall be submitted to the Contracting Officer for review and comment concurrent with the dissemination to all parties with payment obligations noted above.

(c) Deficiencies in Cost Recovery. The Authority is not obligated to provide funding from non-Federal sources for the cost of delivering water to Water Delivery Contractors or Parties Entitled to Utilize or Receive Other Water who do not pay the Authority in full for the OM&R of the Project Works.
(1) In the event any Water Delivery Contract or obligation to deliver Other Water provides for or results in the payment of less than all of the costs to be recovered by the Authority in accordance with Article 12(b) (a “deficiency”), whether resulting from the inadequacy of contract provisions between the Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water and the United States to cover the Authority's OM&R costs, delinquency in payment of amounts due as described in Article 12(d), or otherwise, the United States shall pay to the Authority the amount of any such deficiency.

(2) Except as otherwise provided under this Article 12(c), payment for such deficiencies shall be made through a separate service contract or such other appropriate legal instrument as may be entered into by the Parties from time to time, by the terms of which the United States agrees to pay or provide funding to the Authority for water delivery services provided under this Agreement to the United States on behalf of the parties incurring the deficiencies. The solicitation and award of any service contract shall be made pursuant to the applicable Federal acquisitions laws, regulations, and policies governing such contracts, including the Federal Acquisition Regulations (FAR), and the Department of the Interior and Bureau of Reclamation Acquisition Regulations. Payments made by the United States to the Authority for such deficiencies shall become the financial obligation of the deficient Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water to the Contracting Officer.

(3) If payments for deficiencies as provided in this Article 12(c) are not timely made by the United States in accordance with said service contract or other appropriate legal instrument, the Authority may exercise its rights under Article 12(d).
(d) Termination of Water Deliveries. Subject to subparagraphs (1) - (3) of this Article 12(d), in the event any amount due to or to be collected by the Authority from a Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water pursuant to Article 12 is not paid when due (a “delinquency”), the Authority is authorized by the United States to discontinue delivery and conveyance of water to or for such Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water until such time as the delinquency is cured.

(1) The Authority shall give the Contracting Officer and the delinquent party written notice of the delinquency and of the date deliveries will be terminated if the delinquency is not cured. The Contracting Officer and the Authority shall agree in writing on the appropriate timing and length of such notice period.

(2) In the event, and only in the event, the Contracting Officer directs the Authority in writing to deliver or convey water to or for a delinquent party, the United States shall be liable to the Authority for the costs to be recovered from such party under Article 12(c) of this Agreement and the Authority shall have no obligation to collect any amounts associated with such water from the delinquent parties.

(e) Interest. In the event any amounts due to the Authority from the United States under this Agreement are not paid when due, in addition to exercising the rights afforded the Authority under Article 12(c) and Article 12(d), the Authority will receive interest on the delinquent amounts pursuant to the Prompt Payment Act, as amended (31 USC 3901, et seq.);

Provided, That the Authority shall have previously submitted appropriate invoices to the United States in accordance with 48 CFR Section 32.907-1.

(f) Recovery of Certain Costs and Memorandum of Understanding. The Parties acknowledge that the OM&R of certain Project facilities benefiting parties in the Friant...
Division will be performed by the San Luis and Delta-Mendota Water Authority pursuant to that certain Agreement to Transfer Operation and Maintenance and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, Tracy Pumping Plant, and O’Neill Pumping/Generating Plant, San Luis Drain and Associated Works. In connection therewith, the Authority has entered into that certain “Memorandum of Understanding Between the Friant Water Authority (as successor to the Friant Water Users Authority) and the San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities,” effective March 1, 1998, amended February 25, 2003, and as it may be further amended by the parties thereto from time to time. Pursuant to such Memorandum of Understanding, certain OM&R costs described therein will be payable by contractors in the Friant Division of the Project, and collected by the Authority and paid to the San Luis and Delta-Mendota Water Authority in accordance with the terms of such Memorandum of Understanding. The United States acknowledges and agrees that it is not a party to such Memorandum of Understanding. While this Agreement is in effect, the Authority shall comply with the terms of such Memorandum of Understanding, as it may be amended by the parties thereto.

(g) Direct Charges Replace U.S. Rate Components. After the Effective Date, the United States shall not charge water rate components for conveyance OM&R, conveyance pumping OM&R, to a Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water, except to the extent (i) financial obligations otherwise properly included in such components have been incurred by the United States prior to the date of this Agreement and have not been included as an expense therein under the ratesetting policies for the Project; or (ii) the
United States has paid or provided funding to the Authority for delivering water to a Water Delivery Contractor or Party Entitled to Utilize or Receive Other Water to cover a deficiency in payment.

(1) To the extent the Authority’s cost recovery methodology includes recovery of power costs for conveyance pumping that are incurred by the United States for the production or transmission of such power, the Authority shall remit such funds to the Contracting Officer within thirty (30) days after receipt of the Contracting Officer's billing therefor.

(2) All costs recovered pursuant to the Authority’s cost allocation methodology and not required to be remitted to the Contracting Officer pursuant to this Article 12(g) shall be immediately available for funding the costs of the Authority pursuant to this Article 12.

(h) Deposits of Amounts Collected. Amounts collected by the Authority pursuant to this Article 12 shall be placed on deposit or otherwise invested in accordance with the Authority's investment policy and in conformance with State law to be expended solely for purposes of this Agreement. All interest accruing on said account shall be property of the Authority, and not of the United States, and shall be applied against OM&R costs.

(i) The Contracting Officer agrees that material changes in Project operations affecting the quantity of water to be delivered or in Project finances may affect the ability of the Authority to carry out its obligations under this Agreement. Under such circumstances, the Parties will meet and confer as to emergency measures available to reduce the economic hardship to the Authority, the Water Delivery Contractors, and/or Parties Entitled to Utilize or Receive Other Water.
WATER ACCOUNTING

13. (a) The Contracting Officer’s water accounting system shall be the data utilized in maintaining water delivery records and in allocating costs for all Water Delivery Contractors and all Parties Entitled to Utilize or Receive Other Water. The water accounting system shall fully and accurately document the allocation and deliveries of water through the Project Works and account for financial transactions affecting the Water Delivery Contractors, the Friant Division Contractors required to make payments via the Authority to the San Luis and Delta-Mendota Water Authority pursuant to the Memorandum of Understanding described in Article 12(f), and all Parties Entitled to Utilize or Receive Other Water with an obligation to pay therefor.

(b) The Contracting Officer shall direct the Water Delivery Contractors and other Parties Entitled to Utilize or Receive Other Water to provide the Authority and the Contracting Officer with water delivery and payment information for all water delivered to said Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water pursuant to this Agreement. All water accounting records created or maintained by the Authority under this Agreement shall be subject to Article 15 and shall be accessible by the Contracting Officer.

(c) In order to further their mutual goals and objectives, the Contracting Officer and the Authority shall communicate, coordinate, and cooperate with each other, in order to improve the OM&R of the Project, including the financing thereof. The communication, coordination, and cooperation shall include, but not be limited to, any action which will or may materially affect the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters, including but not limited to, budget and water accounting issues. The communication, coordination, and cooperation provided for hereunder shall extend
to all provisions of this Agreement. Each party shall retain exclusive decision making authority
for all actions, opinions, and determinations to be made by the respective party.

(d) The Contracting Officer acknowledges that some or all of the Water
Delivery Contractors and Parties Entitled to Utilize or Receive Other Water may appoint the
Authority as agent for such parties or may otherwise designate, in writing, the Authority to act as
an intermediary with the Contracting Officer concerning the water accounting or financial
information. Upon notice, in writing, of such relationship, the Contracting Officer agrees to
recognize the Authority in such capacity.

EMERGENCY RESERVE FUND

14. (a) Upon transfer of the OM&R of the Project Works under this Agreement,
the Authority shall accumulate and maintain a minimum reserve fund or demonstrate to the
satisfaction of the Contracting Officer that other funds are available for use as an emergency
reserve fund. The Authority shall establish and maintain that emergency reserve fund to meet
costs incurred during periods of special stress caused by damaging droughts, storms,
earthquakes, floods, or other emergencies threatening or causing interruption of water service.

A minimum reserve fund account balance will be maintained to finance (1) OM&R costs; (2)
costs associated with addressing conditions which threaten or cause interruption of water service;
(3) unforeseen or extraordinary OM&R costs; and (4) costs associated with addressing
conditions which threaten the safety or integrity of the Project Works.

(b) The Authority shall accumulate the reserve fund with annual deposits or
investments over a maximum of ten (10) years and is to be held in a Federally insured, interest-
or dividend-bearing account or in securities guaranteed by the Federal Government, in the
California Local Agency Investment Fund, or, if approved by the Contracting Officer, in any
fiduciary account in a manner provided by the laws of the State of California: Provided, That
money in the reserve fund, including accrued interest, shall be available within a reasonable time
to meet expenses for such purposes as those identified in paragraph (d) herein. Such annual
deposits and the accumulation of interest to the reserve fund shall continue until the basic
amount of fifteen percent (15%) of the average annual actual OM&R costs incurred by the
Authority for the Project Works during the three most recent Fiscal Years is accumulated
(excluding any OM&R costs pertaining to Capital Improvements). Following an emergency
expenditure from the fund, the annual deposits shall continue from the year following the
emergency expenditure until the preview balance is restored. After the initial amount is
accumulated or after the previous balance is restored, the annual deposits may be discontinued, and the interest earnings shall continue to accumulate and be retained as part of the reserve fund.

(c) Upon mutual written agreement between the Authority and the Contracting Officer, the basic reserve fund or the accumulated reserve fund may be adjusted to account for risk and uncertainty stemming from the size and complexity of the Project; the size of the annual OM&R budget; additions to deletions from, or changes in Project Works; and OM&R costs not contemplated when this Agreement was executed.

(d) The Authority may make expenditures from the reserve fund only for OM&R costs incurred during periods of special stress, as described in paragraph (a) herein; or for meeting unforeseen extraordinary operation and maintenance costs; or for meeting unusual or extraordinary repair or replacement costs; or for meeting betterment costs (in situations where recurrence of severe problems can be eliminated) during periods of special stress. Proposed expenditures from the fund shall be submitted to the Contracting Officer in writing for review and written approval prior to disbursement. Whenever the reserve fund is reduced below the current balance by expenditures therefrom, the Authority shall restore that balance within five (5) years of withdrawal by the accumulation of annual deposits which will be over and above the normal annual contribution to the reserve fund.

(e) During any period in which any of the Project Works are operated and maintained by the United States, the Authority agrees the reserve fund shall be available for like use by the United States.

(f) On or before October 1, of each year, the Authority shall provide a current statement of the principal and accumulated interest of the reserve fund account to the Contracting Officer.

BOOKS, RECORDS, AND REPORTS

15. (a) The Authority shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Agreement, including the Authority's financial transactions; water supply data; OM&R logs; Project Works Lands and rights-of-way use agreements; and other matters that the Contracting Officer may require. Reports shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal law and regulations, each Party to this Agreement shall have the right during officer hours to examine and make copies of the other Party's books and records relating to matters covered by this Agreement.

All records and books maintained pursuant to this Agreement shall be available to, and subject at all reasonable times to inspection, examination, copying or audit by authorized representatives of affected Water Delivery Contractors, Parties Entitled to Utilize or Receive Other Water, and the
Contracting Officer. Each month the Authority shall collect and certify all delivery and measurement records and report any abnormal findings to the Contracting Officer.

(b) The Authority shall maintain and verify records of actual expenditures in accordance with an accounting system prescribed by the California State Controller in compliance with California Government Code section 53891. The Contracting Officer and the Authority shall preserve and make available their respective financial and accounting records and books relating to this Agreement until the later of either (1) the final disposition of any litigation or settlement of claims arising out of performance under this Agreement, or (2) the expiration of five (5) years after the activities giving rise to the creation of such records and books. By March 31, following the completion of each Fiscal Year, the Authority shall provide the Contracting Officer with a copy of its audited financial statements as of the end of the preceding Fiscal Year.

(c) Until termination of this Agreement, the Authority shall retain the originals of all significant OM&R records pertinent to the Project Works and/or water operations, including modifications to Project Works; as-built drawings; maintenance and repair logs; equipment tests, equipment operations logs; emergency response plans; spill prevention control and countermeasure plans; written inquiries received by the Authority pursuant to the Federal Freedom of Information Act or analogous State law; Congressional or State Legislative requests; or public or private claims or potential claims against the United States and/or the Authority relative to the Project Works.

(d) The Contracting Officer shall make available to the Authority those OM&R, financial and administration records relating to the Project Works in his possession as of the Effective Date and any revisions or modifications to those records subsequent to such execution.
NOTIFICATION OF THIRD PARTIES

16. (a) The Contracting Officer shall instruct all Water Delivery Contractors and all Parties Entitled to Utilize or Receive Other Water that, effective March 1, 1998, the Authority became the Operating Non-Federal Entity with respect to the Project Works. The Contracting Officer shall inform all parties to be so notified of the Authority’s rights, authorities, and obligations under this Agreement and any other agreements relevant to the Authority's status as the Operating Non-Federal Entity and shall cooperate with the Authority in ensuring that all such parties timely and properly make all required payments to the Authority. Without limiting the foregoing, the Contracting Officer shall direct all such parties to simultaneously provide the Authority with copies of all water delivery schedules provided to the Contracting Officer. The Contracting Officer shall also inform all parties to be notified pursuant to this Article 16(a) that, after the Effective Date of this Agreement, the United States shall not charge the conveyance OM&R cost component, the conveyance pumping OM&R cost component heretofore calculated by the United States pursuant to its ratesetting policies for the Project to Water Delivery Contractors, or Parties Entitled to Utilize or Receive Other Water, except to the extent financial obligations otherwise properly included in such components have been incurred by the United States prior to the Effective Date of this Agreement and have not been included as an expense therein under the ratesetting policies for the Project.

(b) In accordance with the original agreement 8-07-20-X0356, the Secretary included in all agreements providing for the delivery or conveyance of water through the Project Works which were entered into, renewed, or amended after May 29, 1998, a provision requiring that, while that agreement remained in effect, the Authority shall be the Operating Non-Federal Entity with respect to the Project Works. All such new, renewed, or amended agreements shall include provisions recognizing the Authority’s status as the Operating Non-Federal Entity, and
shall require that the non-Federal parties to such agreements timely and properly make all
required payments to the Authority. Such new, renewed, or amended agreements shall also
include provisions requiring the non-Federal parties to such agreements to simultaneously
provide the Authority with copies of all water delivery schedules and water delivery and
payment information provided to the Contracting Officer. The Contracting Officer shall also
include in all such new, renewed, or amended agreements a provision confirming that, after
May 28, 1998, the United States shall not charge the conveyance OM&R cost component, or the
conveyance pumping OM&R cost component heretofore calculated by the United States
pursuant to its ratesetting policies for the Project to Water Delivery Contractors, or Parties
Entitled to Utilize or Receive Other Water, except to the extent financial obligations otherwise
properly included in such components have been incurred by the United States prior to the
Effective Date of this Agreement and have not been included as an expense therein under the
ratesetting policies for the Project.

OPINIONS AND DETERMINATIONS

17. (a) Where the terms of this Agreement provide for actions to be based upon
the opinion or determination of either party, said terms shall not be construed as permitting such
action to be predicated upon arbitrary, capricious or unreasonable opinions or determinations.
The Parties, notwithstanding any other provisions of this Agreement, expressly reserve the right
to relief from and appropriate adjustment for any such arbitrary, capricious or unreasonable
opinion or determination. Each opinion or determination by either Party shall be provided in a
timely manner.

(b) The Contracting Officer shall have the right to make determinations
necessary to administer this Agreement that are consistent with the expressed and implied
provisions of this Agreement, the laws of the United States and the State of California, and rules
and regulations applicable to the Contracting Officer. Such determinations shall be made in consultation with the Authority to the extent reasonably practicable.

**CHARGES FOR DELINQUENT PAYMENTS**

18. (a) The Authority shall be subject to interest, administrative and penalty charges on delinquent payments. If a payment is not received by the due date, the Authority shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. If a payment becomes sixty (60) days delinquent, the Authority shall pay, in addition to the interest charge, an administrative charge to cover additional costs of billing and processing the delinquent payment. If a payment is delinquent ninety (90) days or more, the Authority shall pay, in addition to the interest and administrative charges, a penalty charge for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of six (6) percent per year. The Authority shall also pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month. The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied first, to the penalty, secondly to the administrative charges, third to the accrued interest, and finally to the overdue payment.

**CONTAMINATION OR POLLUTION OF FEDERAL PROPERTY**

19. (a) The Authority shall not allow contamination or pollution of Federal Project lands, Project waters, or Project works of the United States or administered by the United States and for which the Authority has the responsibility for care, operation, and maintenance by its employees or agents under this Agreement. The Authority shall also take reasonable precautions to prevent such contamination or pollution by third parties.

(b) The Authority shall comply with all applicable Federal, State, and local laws and regulations and Reclamation policies and instructions existing, or hereafter enacted or promulgated, concerning any hazardous material that will be used, produced, transported, stored, released, or disposed of on or in Federal Project lands, Project waters, or Project works.

(c) “Hazardous material” means (1) any substance falling within the definition of “hazardous substance,” “pollutant or contaminant,” or “hazardous waste” under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601(14), (29), and (33)); (2) oil, as defined by the Clean Water Act (33 U.S.C. § 1321(a)) and the Oil Pollution Act (33 U.S.C. § 2701(23)); (3) thermal pollution, refuse, garbage, sewage effluent, industrial waste, mine or mill tailings, mineral salts, pesticides, and other solid waste, and (4) any other substance regulated as hazardous or toxic under Federal, State, local or Tribal law.
Upon discovery of any event which may or does result in contamination or pollution of Federal Project lands, Project water, or Project Works, the Authority shall immediately undertake all measures necessary to protect public health and the environment, including measures necessary to contain or abate any such contamination or pollution, and shall report such discovery with full details of the actions taken to the Contracting Officer. Reporting shall be within a reasonable time period but shall not exceed twenty-four (24) hours from the time of discovery if it is an emergency and the first working day following discovery in the event of a non-emergency.

If violation of the provisions of this Article occurs and the Authority does not take immediate corrective action, as determined by the Contracting Officer, the Authority may be subject to remedies imposed by the Contracting Officer, which may include termination of this Agreement in accordance with Article 2(b).

The Authority shall be liable for any response action or corrective measure necessary to protect public health and the environment or to restore Federal Project lands, Project waters, or Project Works that are adversely affected as a result of such violation, and for all costs, penalties or other sanctions that are imposed for violation of any Federal, State, local or Tribal laws and regulations concerning hazardous material. At the discretion of the Contracting Officer, the United States may also terminate this Agreement in accordance with Article 2(b) as a result of such violation.

The Authority shall defend, indemnify, protect and save the United States harmless from and against any costs, expenses, claims, damages, demands, or other liability arising from or relating to Authority’s violation of this Article.

Reclamation agrees to provide information necessary for the Authority, using reasonable diligence, to comply with the provisions of this Article.

ASSIGNMENT LIMITED: SUCCESSORS AND ASSIGNS OBLIGATED

The provisions of this Agreement shall apply to and bind the successors and assigns of the respective Parties, but no assignment or transfer of this Agreement or any right or interest therein by either Party shall be valid until approved in writing by the other Party.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

The expenditure or advance of any money or the performance of any obligation of the United States under this Agreement shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Authority from any obligations under this Agreement. No liability shall accrue to the United States in case funds are not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress, Resident Commissioner or official of the Authority shall benefit from this Agreement other than as a water user or landowner in the same manner as other water users or landowners.
CLEAN AIR AND WATER

23. (a) The Authority agrees as follows:

(1) To comply with all the requirements of section 114 of the Clean Air Act, as amended (42 U.S.C. § 7414), and section 308 of the Clean Water Act (33 U.S.C. § 1318), relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in those sections, and all applicable regulations and guidelines issued thereunder.

(2) That no portion of the work required by this Agreement will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the Effective Date unless and until the Environmental Protection Agency eliminates the name of such facility or facilities from such listing.

(3) To use its best efforts to comply with clean air standards and clean water standards at the facility where the Agreement work is being performed.

(4) To insert the substance of the provisions of this Article into any nonexempt subcontract, including this subparagraph (a)(4).

(b) The following definitions apply for purposes of this Article:


(3) The term “clean air standards” refers to all enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, and other requirements which are contained in, issued under, or otherwise adopted pursuant to the Clean Air Act or Executive Order 11738, an applicable implementation plan as described in section 110 of the Clean Air Act (42 U.S.C. § 7410), an approved implementation procedure or plan under subsection 111(c) or subsection 111(d) of the Clean Air Act (42 U.S.C. § 7411(c) or (d)), or an approved implementation procedure under subsection 112(d) of the Clean Air Act (42 U.S.C. § 7412(d)).

(4) The term “clean water standards” refers to all enforceable limitations, controls, conditions, prohibitions, standards, and other requirements which are promulgated pursuant to the Clean Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a state under an approved program, as authorized by section 402 of the Clean Water Act (33 U.S.C. § 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Clean Water Act (33 U.S.C. § 1317).

(5) The term “comply” refers to compliance with clean air or water standards. It also refers to compliance with a schedule or plan ordered or approved by a court of
competent jurisdiction, the Environmental Protection Agency, or an air or water pollution control
agency in accordance with the requirements of the Clean Air Act or Clean Water Act and
regulations issued pursuant thereto.

(6) The term “facility” means any building, plant, installation,
structure, mine, vessel or other floating craft, location, or site of operations owned, leased, or
supervised by a contractor or subcontractor to be utilized in the performance of a contract or
subcontract. Where a location or site of operations contains or includes more than one building,
plant, installation, or structure, the entire location or site shall be deemed to be a facility except
where the Director, Office of Federal Activities, Environmental Protection Agency, determines
that independent facilities are collocated in one geographical area.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

24. (a) The Authority shall comply with Title VI of the Civil Rights Act of 1964
101-336; 42 U.S.C. § 12181, et seq.), and any other applicable civil rights laws, and with the
applicable implementing regulations and any guidelines imposed by the U.S. Department of the
Interior and/or Bureau of Reclamation.

(b) These statutes prohibit any person in the United States from being
excluded from participation in, being denied the benefits of, or be otherwise subjected to
discrimination under any program or activity receiving financial assistance from the Bureau of
Reclamation on the grounds of race, color, national origin, disability, or age. By executing this
Agreement, the Authority agrees to immediately take any measures necessary to implement this
obligation, including permitting officials of the United States to inspect premises, programs and
documents.

(c) The Authority makes this Agreement in consideration of and for the
purpose of obtaining any and all Federal grants, loans, contracts, property discounts or other
Federal financial assistance extended after the date hereof to the Authority by the Bureau of
Reclamation, including installment payments after such date on account of arrangements for
Federal financial assistance which were approved before such date. The Authority recognizes
and agrees that such Federal assistance will be extended in reliance on the representations and
agreements made in this Article, and that the United States reserves the right to seek judicial
enforcement thereof.

(d) Complaints of discrimination against the Authority shall be investigated
by the Contracting Officer’s Office of Civil Rights.

EQUAL OPPORTUNITY

25. During the performance of this Agreement, the Authority agrees as follows:

(a) The Authority will not discriminate against any employee or applicant for
employment because of race, color, religion, sex, sexual orientation, gender identity, or national
origin. The Authority will take affirmative action to ensure that applicants are employed, and
that employees are treated during employment, without regard to their race, color, religion, sex,
sexual orientation, gender identity, or national origin. Such action shall include, but not be
limited to, the following: employment, upgrading, demotion, or transfer; recruitment or
recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and
selection for training, including apprenticeship. The Authority agrees to post in conspicuous
places, available to employees and applicants for employment, notices to be provided by the
Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) The Authority will, in all solicitations or advertisements for employees
placed by or on behalf of the Authority, state that all qualified applicants will receive
consideration for employment without regard to race, color, religion, sex, sexual orientation,
gender identity, or national origin.

(c) The Authority will not discharge or in any other manner discriminate
against any employee or applicant for employment because such employee or applicant has
inquired about, discussed, or disclosed the compensation of the employee or applicant or another
employee or applicant. This provision shall not apply to instances in which an employee who
has access to the compensation information of other employees or applicants as a part of such
employee’s essential job functions discloses the compensation of such other employees or
applicants to individuals who do not otherwise have access to such information, unless such
disclosure is in response to a formal complaint or charge, in furtherance of an investigation,
proceeding, hearing, or action, including an investigation conducted by the employer, or is
consistent with the Authority’s legal duty to furnish information.

(d) The Authority will send to each labor union or representative of workers
with which he has a collective bargaining agreement or other contract or understanding, a notice,
to be provided by the agency Contracting Officer, advising the labor union or workers’
representative of the Authority’s commitments under Section 202 of Executive Order 11246 of
September 24, 1965, and shall post copies of the notice in conspicuous places available to
employees and applicants for employment.

(e) The Authority will comply with all provisions of Executive Order No.
11246 of September 24, 1965, and of the rules regulations and relevant orders of the Secretary of
Labor.

(f) The Authority will furnish all information and reports required by
Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of
the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and
accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to
ascertain compliance with such rules, regulations and orders.

(g) In the event of the Authority’s noncompliance with the nondiscrimination
clauses of this Agreement or with any of the said rules, regulations or orders, this Agreement
may be canceled, terminated or suspended, in whole or in part and the Authority may be declared
ineligible for further Government contracts in accordance with procedures authorized in
Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed
and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(h) The Authority will include the provisions of paragraphs (a) through (h) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Authority will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Authority becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Authority may request the United States to enter into such litigation to protect the interests of the United States.

NOTICES

26. (a) Any notice, demand, or request authorized or required by this Agreement shall be deemed to have been given, on behalf of the Authority, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, California 93721, Bureau of Reclamation, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Chief Operating Officer of the Friant Water Authority, 854 North Harvard Avenue, Lindsay, CA 93247-1715. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

(b) This Article 26 shall not preclude the effective service of such notice by other means.

MODIFICATIONS

27. Each Party reserves the right to propose modifications to this Agreement at any time while it is in effect. If either Party proposes any such modifications, the Parties shall promptly attempt to negotiate in good faith an amendatory Agreement to accommodate the proposed modifications.

OMITTED

28. [Intentionally Omitted.]

CHANGES IN CONTRACTOR’S ORGANIZATION

29. While this Agreement is in effect, no change may be made in the Authority’s organization, by inclusion or exclusion of lands or by any other changes, which may affect the
respective rights, obligations, privileges, and duties of either the United States or the Contractor under this Agreement including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer’s written consent.

PROTECTION OF WATER AND AIR QUALITY

30. (a) The Authority, without expense to the United States, will perform the OM&R of the Project Works in a manner that preserves the quality of the water at the highest feasible level as determined by the Contracting Officer.

(b) The United States will perform the OM&R of reserved works in a manner that preserves the quality of the water at the highest feasible level as determined by the Contracting Officer. The United States does not warrant the quality of the water delivered to the Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Water Delivery Contractors and Parties Entitled to Utilize or Receive Other Water.

(c) The Authority will comply with all applicable water and air pollution laws and regulations of the United States and the State of California; and will obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Authority; and will be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal facilities or Project Water provided by the Authority within its Project Water service area.

(d) This Article will not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION

31. When acquiring land or an interest in land and relocating persons or personal property in connection with the construction, operation, and maintenance of Project Facilities, the Authority shall comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Pub. L. 91-646; 84 Stat. 1894; 42 U.S.C. § 4601, et seq.) and Department of Transportation regulations at 49 C.F.R. part 24.

PEST MANAGEMENT

32. (a) The Authority is responsible for complying with applicable Federal, State, and local laws, rules, and regulations related to pest management in performing its responsibilities under this Agreement.

(b) The Authority is responsible for effectively avoiding the introduction and spread of, and for otherwise controlling, undesirable plants and animals, as defined by the Contracting Officer, on or in Federal Project lands, Federal Project waters, and Federal Project works for which and to the extent that the Authority has operation and maintenance responsibility. The Authority is responsible for exercising the level of precaution necessary in
meeting this responsibility, including inspecting its vehicles, watercraft, and equipment for reproductive and vegetative parts, foreign soil, mud or other debris that may cause the spread of weeds, invasive species and other pests, and removing such materials before moving its vehicles, watercraft, and equipment onto any Federal land, into any Federal project facility waters, or out of any area on Federal project land where work is performed.

(c) Where decontamination of the Authority’s vehicles, watercraft, or equipment is required prior to entering Federal land or waters, the decontamination shall be performed by the Authority at the point of prior use, or at an approved offsite facility able to process generated cleaning wastes, pursuant to applicable laws, rules, and regulations. Upon the completion of work, the Authority will perform any required decontamination within the work area before moving the vehicles, watercraft, and equipment from Federal Project lands and waters.

(d) Programs for the control of undesirable plants and animals on Federal Project lands, and in Federal Project waters and Federal Project works for which the Authority has operation and maintenance responsibility will incorporate Integrated Pest Management (IPM) concepts and practices. IPM refers to a systematic and environmentally compatible program to maintain pest populations within economically and environmentally tolerable levels. In implementing an IPM program, the Authority will adhere to applicable Federal and State laws and regulations and Department of the Interior and Bureau of Reclamation policies, directives, guidelines, and manuals, including but not limited to, the Department of the Interior Manual, Part 517 Integrated Pest Management Policy and Part 609 Weed Control Program, the Plant Protection Act of June 20, 2000 (Pub. L. 106-224), and Executive Order 13112 of February 3, 1999.

MEDIUM FOR TRANSMITTING PAYMENTS

33. (a) All payments from the Authority to the United States under this Agreement shall be by the medium requested by the United States on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the United States.

(b) Upon execution of the Agreement, the Authority shall furnish the Contracting Officer with the Authority’s taxpayer’s identification number (TIN). The purpose for requiring the Authority’s TIN is for collecting and reporting any delinquent amounts arising out of the Authority’s relationship with the United States.

SUSTAINABLE OPERATION AND MAINTENANCE

34. The Authority shall comply with Section Two (2) of Executive Order 13834 “Regarding Efficient Federal Operations”. Implementation of this Executive Order as it applies to this Agreement is provided in Exhibit D to this Agreement.
35. (a) In situations which the Contracting Officer and the Authority determine to be emergencies or other extraordinary circumstances affecting the Project, including without limitation, the Project Works, either the Contracting Officer or the Authority may request the other to furnish personnel, materials, tools, equipment, or other resources. The Party so requested shall immediately cooperate with the other and render such assistance as the Party so requested determines to be available. Unless otherwise agreed, the Party making the request, within sixty (60) days of receipt of properly itemized bills from the other Party, shall reimburse the Party rendering such assistance for all costs properly and reasonably incurred by it in such performance. Such costs shall be determined on the basis of current charges or rates charged by the Party rendering the assistance.

(b) In instances in which the total costs of responding to emergencies or other extraordinary circumstances, whether due to a single event or condition or to multiple events or conditions, exceed or substantially deplete the Authority’s minimum reserve fund established pursuant to Article 14(b), the Contracting Officer agrees to cooperate with the Authority (1) to promptly identify sources of funding, including but not limited to, sources available from or to the United States; (2) to allocate responsibility for paying the costs of responding to such emergencies or other extraordinary circumstances, including but not limited to by determining Capital Improvements under Article 5(a); and (3) to develop a timetable for repayment of such costs that are provided by the United States and are allocated to the Authority.

AGREEMENT DRAFTING CONSIDERATIONS

36. This Agreement has been negotiated and reviewed by the Parties hereto, each of whom is sophisticated in the matters to which this Agreement pertains. Articles 1 through 36 of this Agreement have been drafted, negotiated, and reviewed by the Parties, and no one Party shall be considered to have drafted the stated Articles.
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By: ____________________________
   Regional Director, Mid-Pacific Region
   Bureau of Reclamation

FRIANT WATER AUTHORITY
(SEAL)

By: ____________________________
   Chair, Board of Directors

Attest:

______________________________
   Secretary
Exeter Irrigation District
Ivanhoe Irrigation District
Shafter-Wasco Irrigation District
Delano-Earlimart Irrigation District

December 30, 2019
Mr. Chris Tantau
Chairman
Friant Water Authority
854 N. Harvard Ave.
Lindsay, CA 93247

Dear Chairman Tantau:

As directors of Friant Division districts that pay a significant portion of the Operations and Maintenance (O&M) charges on the Friant-Kern Canal, we want to thank you and the Friant Water Authority (FWA) for the discussion at the mid-November FWA strategic planning retreat related to the governance of the O&M activities of FWA. On our own behalf and behalf of other districts we know share our views, we are very encouraged by the apparent direction of FWA toward creating an O&M focused governing body that welcomes all rate-payers as full participants. Attached for your reference are the points that were presented by many of us during that retreat. We look forward to further discussion and next steps toward this important action.

To restate and reiterate, our districts strongly believe that all O&M actions in the future should be governed by an O&M body that includes all Friant-Kern rate payers without any additional conditions. This applies to actions under the existing Transfer Agreement, any extension of the Transfer Agreement, any reconstruction project to restore the capacity of the Canal lost to subsidence, and ultimately also to the Transfer of Title for the Canal, should that be pursued. From comments made during the strategic planning session, it is evident that there is strong support for this among current FWA members. Accordingly, we would be very concerned about any of these actions proceeding without first addressing the governance issues that have been raised.

Consistent with the feedback that we received from those FWA directors in attendance, we encourage the FWA board and staff to integrate these concepts into the current effort to discuss an extension of the O&M Transfer Agreement with the Bureau of Reclamation. We understand that negotiating sessions involving a potential extension of that agreement have already occurred. Continued discussions regarding the extension of the O&M Transfer
Agreement should not occur without the input of all the affected contractors, nor should it occur ahead of the resolution of the governance issues, which as nearly all apparently agree needs to be, and can be, resolved.

Thank you again for the productive discussion, and your personal commitment toward a unified Friant Division approach to management of the Friant-Kern Canal.

Respectfully submitted,

Joseph E. Ferrara, EID
Exeter Irrigation District

Will Spruitenberg
Ivanhoe Irrigation District

Nick J. Canata
Delano-Earlimart Irrigation District

Douglas A. Phillips
Ivanhoe Irrigation District

Craig Fulwyler
Shafter-Wasco Irrigation District

cc: Michael Jackson, Area Manager, SCCAO
    Ernest Conant, Regional Director, Interior Region 10
Friant Kern Canal

Key Principles for O&M Organization – Canal Repair – Title Transfer

Structure of an O&M organization to operate and maintain the Friant-Kern Canal, and oversee the impending repairs, would have the support of a large majority of the Friant Contractors if the following principles were met:

1. Every ratepayer on the FKC has the option to be part of the O&M Board with no other condition

2. O&M Board addresses O&M related issues only including policy issues that are O&M specific

3. Clear definition and separation of O&M budget from any other activities

4. Lead O&M executive accountable to, and hired directly by, the O&M Board – Lead O&M is a separate position

5. Voting based on percentages of FKC O&M cost allocation (with consideration given to formulas that would afford protections from a few large contractors developing a majority coalition).

6. Voting representatives to the O&M Board must be elected board members
DATE: January 16, 2020
TO: Board of Directors
FROM Alex Biering, Government Affairs and Communications Manager
SUBJECT: Central Valley Project Improvement Act Credit/Offset True-up Update

DISCUSSION:
As previously reported to the Board, Reclamation has been attempting to finalize the accounting for the Central Valley Project Improvement Act (CVPIA) and other related financial policies. This effort has required Reclamation to simultaneously resolve the following:

- Reconciliation of receipts (fees collected from water and power users)
- Reconciliation of costs to the CVPIA
- Update the Business Practices Guidelines, to assure the Federal government is reimbursed for CVPIA activities in a manner consistent with law

A draft proposal was announced on Nov. 21, 2019, and Reclamation held workshops with CVP water and power users in Northern California, Sacramento, and Los Banos. Following the release of the proposal, FWA requested: (1) itemized and detailed information behind the summary of costs and receipts, to allow for a more thorough inspection of the decisions embedded in Reclamation’s proposal; (2) a fourth workshop to be held within the Friant Division service area to receive comments and answer questions on the CVPIA True-up; and (3) a time extension for receiving comments.

Both requests (2) and (3) above were granted. Reclamation scheduled and held a fourth workshop in Visalia on Jan. 6, 2020. This workshop was attended by more than 80 Friant Division directors, district staff, and farmers who engaged actively and pressed Reclamation on the motivation for and anticipated outcomes of the “True-up” process. Also, Reclamation has postponed the comment deadline for the CVPIA True-up until Feb. 14, 2020.

FWA staff is still awaiting a response from Reclamation as to the first request for detailed information related to CVPIA receipts and costs, and anticipates sending a comment letter by the Feb. 14, 2020, deadline with specific recommendations for how the True-up should be handled.

RECOMMENDATION:
Staff will continue to monitor and prepare comments by the current deadline of February 14, 2020. If significant issues arise, staff will consider calling a special meeting of the Executive Committee or the Board.

ATTACHMENTS: NONE.
DATE: January 16, 2020

TO: Board of Directors

FROM: Austin Ewell

SUBJECT: Water Blueprint for the SJV

SUMMARY:
The Water Blueprint for the San Joaquin Valley (Group) held its latest Large Group meeting on January 15th. The Group is made up of approximately 70 participants that include directors of Farm Bureaus, Water Authorities, Districts, Growers, Trade Associations, Fresno State, GSAs and white land interests. The Group is continuing to develop a comprehensive and collaborative plan that the San Joaquin Valley (broad coalition) can support and advocate for that focuses on solutions in coordination with key stakeholders. The Group is working with state representatives to include the Blueprint into the Governor’s Water Resiliency Plan (WRP). The Group submitted a comment Brochure for the Governor’s Water Resiliency Portfolio on September 27th and is planning on submitting comments to the Draft WRP circulated last week by the February 7th deadline.

The Project Manager (Tal Eslick) has been coordinating and focusing on the completion of the Socio Economic Report. The Group and the following committees listed below (Committees) are reviewing the WRP submittal, looking to make comments and determine how best to pursue the goals of the Blueprint and work in conjunction with other stakeholders.

Socio-Economic Impact Study: up to 1,000,000 acres may be fallowed in the San Joaquin Valley over a period of 2-3 decades as a result of reduced ground and surface water availability. This fallowing constitutes approximately 1/5 of all acres currently under cultivation in the region. The revenue loss associated with this fallowing would be up to $7.2 billion per year, and the lost net income to farmers would be up to $1.9 billion per year. The Group has prepared a roll out plan that includes engagement with media, elected, stakeholders and key figures in the administration. The Group recognizes the need to get the message out to those within the SJV and especially outside the SJV and why they should care.

Project Implementation Status: Blueprint will require several activities to be executed in a coordinated fashion over the next 20 years. The next phases of activities will require Planning and Engineering services to support the development, evaluation, and selection of activities that will be pursued with the support of the Blueprint entity, including: Implementation of SGMA in the San Joaquin Valley, Development of a water supply plan to minimize loss of working lands, degradation of groundwater quality, loss or jobs, and other regional economic impacts, Development of an environmental plan to manage land use changes for agricultural lands that unavoidably must come out of production, and Develop safe, clean affordable water supplies for disadvantages communities.
**Water Resiliency Portfolio:** the Draft WRP was circulated the first week of January and is currently being reviewed by the Blueprint. Several sections provide some optimism and others raise some concern. Overall the Blueprint will look to provide comments by the February 7th deadline and will reiterate the need for the Blueprint and real solutions to the crisis before us as highlighted by the Economic Report.

The Committees are working on the following matters:

1) Regional Representation & Technical Support: The socioeconomic study is being coordinated by Eslick and the Blueprint Steering Committee with assistance from technical experts Stantec and MBK. Technical Committee met in Sacramento last week to discuss the project list and related matters. The Group is also pursuing additional technical funding sources through BOR and DWR. BOR has indicated a willingness to provide a representative to attend meetings and look at funding through their budget.

2) Engagement and Outreach (i.e. Disadvantaged Communities, Environmental Organizations & Urbans). The committee is setting up meetings with eNGOs, State and Federal Representatives and Brattle Group to go over the Socio-economic Study. It continues to meet with organizations and entities to educate them and pursue their engagement in the Blueprint. It is looking to develop a principles list with coordination with these groups to help add credibility, build trust and avoid confusion.

3) Funding, Finance & Governance: Blueprint participants are continuing to send in contributions and are continuing to meet with their organizations to request contributions of up to $15,000. An updated draft budget has been prepared for 2020 to reflect the governance structure, project management, the economic report as well as related services. An investor strategy is being developed for ongoing operations and project implementation.

4) Advocacy & Public Relations: A communications plan is being established and the members will meet regularly with advocacy assets to discuss priorities, which include the WRP, Governor’s budget and additional support, including the possibility of holding a legislative hearing on the Report. Blueprint and Committee members are meeting with electeds in Sacramento on 1/16 and are looking to participate in a meeting with key Administration officials about the details and implementation of the Blueprint. It will continue to work with key stakeholders and the administration to fold the Water Blueprint into the governor’s Water Resiliency Plan and possible Bonds and funding.

**RECOMMENDED ACTION:**

There is no recommended action at this time. The Board gave initial direction to pursue this collective effort and report back on its status.

**BUDGET IMPACT:**

None

**ATTACHMENTS:**

None
DATE: January 16, 2020

TO: Board of Directors

FROM: Alex Biering, Government Affairs and Communications Manager  
Johnny Amaral, Chief of External Affairs

SUBJECT: External Affairs Update

SUMMARY:
Update on State and Federal legislation and communications activities.

RECOMMENDED ACTION:
None; informational only.

SUGGESTED MOTION:
None; informational only.

DISCUSSION:

State Legislative Affairs

- The California Legislature returned to session Jan. 6. New bills can be introduced until Feb. 21.

- On Jan. 10 Gov. Newsom released his FY 20/21 Budget totaling more than $222.2 billion. The General Fund allocation for Natural Resources is unchanged from FY 19/20 at $3.8 billion, and including bond and special funds the total FY 20/21 Natural Resources Agency budget is $6.7 billion. The budget summary also included a proposed breakdown for a climate resiliency/natural resources bond (attached).

Communications

- The eWaterline was distributed to email list on December 23, 2019. The January issue is expected next week. If you aren’t getting these, or want to add others to the email list, please contact any member of the FWA team or email information@friantwater.org.

Other Activities

FWA submitted comments on two Bureau of Reclamation draft “Directives and Standards” (D&S). On Dec. 9, 2019, FWA submitted a comment letter on a draft D&S that establishes Reclamation’s procedures and guidance for title transfer processes. On Dec. 26, 2019, FWA submitted a joint comment letter with San Luis & Delta-Mendota Water Authority on a D&S that sets requirements for how Reclamation and local cost-share partners undertake pre-feasibility-level studies or special studies. Finally, on Jan. 6 FWA sent a
letter to the California Department of Water Resources commenting on its Draft Environmental Impact Report for the Long-term Operation of the State Water Project. All letters are attached.

**BUDGET IMPACT:**

None.

**ATTACHMENTS:**

Governor’s Budget Summary Charts (Jan. 10, 2020)

Governor’s Budget Summary of the Climate Resiliency Bond (Jan. 10, 2020)

FWA comment letter on Reclamation’s Draft D&S for Title Transfer (Dec. 9, 2019)

Joint FWA and SLDMWFA comment letter on Reclamation’s D&S for Water Resources Appraisal and Special Studies (Dec. 26, 2019)

FWA comment letter on DEIR for Long-term Operation of the SWP (Jan. 6, 2020)

Family Farm Alliance Executive Director’s Reports (December 18, 2019, January 13, 2020)
### 2020-21 Total State Expenditures by Agency

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<th>Agency</th>
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*Note: Numbers may not add due to rounding.*

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### 2020-21 Total State Expenditures

(INCLUDING SELECTED BOND FUNDS)

(Dollars in Millions)

- **Human Services** ($24,702): 11.1%
- **Health** ($46,531): 20.9%
- **Transportation** ($18,696): 8.4%
- **Other** ($36,018): 18.2%
- **K-12 Education** ($61,608): 27.7%
- **Higher Education** ($18,122): 8.2%
- **Corrections and Rehabilitation** ($16,517): 7.4%
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December 9, 2019

Scott Hutchins
Reclamation Law Administrative Division
U.S. Bureau of Reclamation
Denver Federal Center, Building 67
Denver, CO 80225

Madeline Franklin
Asset Management Division
U.S. Bureau of Reclamation
Denver Federal Center, Building 67
Denver, CO 80225

Dear Mr. Hutchins and Ms. Franklin:

On behalf of Friant Water Authority (FWA), thank you for the opportunity to comment on the Bureau of Reclamation’s (Reclamation) proposed Directive and Standard (D&S) for Title Transfer for Reclamation Project Facilities released October 26, 2019.

As you likely know, FWA is in the early stages of working with Reclamation to determine whether pursuing title of the Friant-Kern Canal is in the best interest of our organization. As such, we have a substantial interest in the final D&S that Reclamation adopts.

As an overall comment, the tone of the language in this D&S leaves the likely unintended impression that this is an especially arduous and undesirable process to undertake. To the contrary, it is our understanding that transferring title of certain Reclamation facilities has long been a desire of the Federal government and many of its local partners. In fact, the intent of the title transfer provisions of the John D. Dingell, Jr. Conservation, Management, and Recreation Act of 2019 (Public Law 116-9), were to simplify what we understand has historically been seen as a burdensome process for all parties. We would urge Reclamation to make clear in any policy document that its intent is to encourage the streamlining of title transfers wherever possible and that staff should maximize flexibility to reduce additional burdens. We also have several specific comments that are described below.

(1) Applicability to Reclamation Staff. Section 2, page 1 states, “Applicability. This D&S applies to all Reclamation staff involved in the transfer of title to Reclamation project facilities,” and its clarifying footnote that “Reclamation staff” refers only to Area or Regional office staff. We find it surprising that this D&S is only binding on Area and Regional office staff instead of all Reclamation staff that might have a role in title
transfer, including at the Office of Policy and Technical Services Center. For example, section 3(f) discusses other Reclamation offices having a potential role in the process.

(2) Transaction and Administrative Costs. Sections 3(C) and 3(E), page 2: (C)“Requestors must pay in advance the estimated transaction and administrative costs....” and (E) there will be an “MOA describing the responsibilities of all parties and estimated transaction and administrative costs.” We understand the need to reimburse for all costs but there should be an expressed goal that Reclamation staff will make all reasonable efforts to stay within the proposed budget and identify to the applicant as soon as it is determined that the budget will need to be increased.

(3) Role of Other Potential Beneficiaries. Section 5(B), page 4, contains the following among the “General Requirements for All Title Transfers”:

“In making the determinations in 5(A)(4) and (5) above, Reclamation will consult with any project beneficiary with interests that may be affected by the title transfer agreement. Prior to submitting the agreement to Congress, Reclamation will obtain the written concurrence of these beneficiaries. For the purposes of this D&S, the concurrence through a duly authorized entity, irrigation district, or water user association sufficiently represents the interest of individuals within the District or jurisdiction of the water users association.”

For facilities where there are multiple beneficiaries, there may be circumstances where concurrence of a beneficiary is being withheld without reasonable cause. The D&S should acknowledge the right of the applicant to appeal directly to the Commissioner in such a circumstance.

(4) Letter of Agreement. In the current process, Reclamation is seeking a letter of agreement (LOA) for the financial terms of the transfer, yet there is no such mention in the draft D&S. The draft D&S should identify all requirement that are part of the transfer process.

(5) Overall Time to Complete Process. There is no mention of any overall time to complete the process from start to finish. We realize that each transfer will be different but there should be a placeholder in the MOU for an agreed-upon overall schedule.

Thank you for the opportunity to comment on your efforts to develop guidance for transferring title of Reclamation facilities to local operators. If you have any questions about this letter or the issues we have raised, please do not hesitate to contact me at 559-562-6305.

Sincerely,

Jason Phillips
Chief Executive Officer
December 26, 2019

Carrie Diroll  
U.S. Bureau of Reclamation, Office of Policy and Administration  
P.O. Box 25007  
Denver Federal Center  
Denver, CO 80225-0007

Dear Ms. Diroll:

On behalf of Friant Water Authority (FWA) and San Luis & Delta-Mendota Water Authority, thank you for the opportunity to comment on the Bureau of Reclamation’s (Reclamation) proposed Reclamation Manual Directive and Standard (D&S) for Water and Related Resources Appraisal and Special Studies (CMP 09-01).

As an overall comment, we would note that some of the requirements in CMP 09-01 go beyond existing planning guidance regarding the level of detail and analysis we would expect in advance of a Feasibility Study and could cause unnecessary cause time or cost delays. For more than 35 years, the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies (P&Gs) (Water Resources Council, 1983) and the Principles and Requirements for Federal Investments in Water Resources (PR&Gs) (Council on Environmental Quality, 2013) have served as the foundation for how the Federal government and its local partners evaluate whether to undertake significant investments in water resources projects. We understand the value of establishing a standardized agency-wide approach but would urge Reclamation to encourage staff to maximize opportunities to conduct these pre-Feasibility Studies as efficiently as possible.

We have several specific comments on this document:

1. **Eligibility of in-kind services for non-Federal cost-share component.** Section 3(B)(2) on page 2 states that “Non-Federal cost-share contributions expended before the start of the study will not be credited towards the study.” This seems overly restrictive, especially given the time and cost involved in developing or modifying analytical tools that may be used during a typical planning study. We request that Reclamation allow local partners to credit to their non-Federal cost share and in-kind services and products (data collection, reports, model development and resulting analyses) developed or produced within the preceding 12 months of the study’s initiation.

2. **Range of alternatives analyzed and considered.** Section 5(A)(4)(a)(vi) on page 5 says “…Alternatives will be acceptable to stakeholders and will avoid or minimize adverse impacts to the environment or cultural resources…” This provision narrows the range of alternatives that could be considered during a very early stage in the planning process. Reclamation, cost-share partners, and stakeholders must understand the tradeoffs that exist from different projects and alternatives for implementation, and an Appraisal or Feasibility study should reveal those to better inform decision-making. We request that this be removed or reworded “Alternatives analyzed will include a range that may be acceptable to
stakeholders and will seek to avoid or minimize adverse impacts to the environment or cultural resources.”

3. Anticipated obstacles/viability of alternatives. Section 5(A)(4)(b)(ii) on page 5 states, “There are no expected obstacles that would prevent the alternative from being implemented or would preclude Reclamation or the cost-share partner’s participation. Obstacles may relate to engineering, economics, environmental, cultural resources, or other technical areas.” This is a very broad definition of “viability” that does not exist in either the P&Gs or the PR&Gs. Similar to the previous comment, this provision could have the effect of prematurely eliminating projects or alternatives that may be worthwhile to carry forward for further analysis. The D&S should instead reference the standard screening criteria in the 1983 P&Gs.

4. References to Feasibility Study requirements and process. Several locations in the D&S, including sections 5(C) and 6(F), describe requirements and steps in the Feasibility Study process. For consistency and clarity, these should be removed or replaced with a reference to the D&S for Water and Related Resources Feasibility Studies (CMP 09-02).

5. Revisions during the Regional Director’s review. Section 5(E)(1)(b) on page 7 states, “If applicable, the study manager will work with partners, stakeholders, consultants, and Reclamation staff to correct any deficiencies identified in the review.” To avoid inconsistent application of this provision, we suggest modifying this to read “…the study manager will work with cost-share partners and stakeholders identified through public outreach consistent with (c)(4) of this D&S.”

6. Definition of “Local Study Sponsor”/“Cost-share partner.” There are inconsistencies between definitions of “Local Study Sponsor” in Section 6(G) of this document and “Cost-share partner” in CMP 09-02, although this document says the two terms are interchangeable. If this is intentional, please clarify and note in the text why the definitions differ between CMP 09-02 and CMP 09-01.

7. Definition of “Non-structural Alternatives.” Section 6(H) should not limit the definition of “Non-structural Alternatives” to only those listed; the word “include” in the definition should be replaced with “include, but are not limited to…” if the definition is not meant to be exhaustive.

Thank you for the opportunity to comment on your efforts to develop guidance for water resources special studies and appraisal studies. If you have any questions about this letter or the issues we have raised, please do not hesitate to contact Alexandra Biering at 559-562-6305 or Scott Petersen at 916-321-4526.

Sincerely,

Jason Phillips
Chief Executive Officer
Friant Water Authority

Federico Barajas
Executive Director
San Luis & Delta-Mendota Water Authority
January 6, 2020

You Chen (Tim) Chao, PhD, PE, CFM
Executive Division, California Department of Water Resources
PO Box 942836
Sacramento, CA, 94236

Sent via E-Mail to: LTO@water.ca.gov

Subject: Comments on Draft EIR for Long-term Operations of the State Water Project

Dear Mr. Chao:

The Friant Water Authority (Friant) appreciates the opportunity to provide comments on the Draft Environmental Impact Report (Draft EIR) for Long-Term Operation of the California State Water Project (Proposed Project). Friant is a joint-powers authority that serves two important roles: 1) to provide unified representation on common interests of their member agencies; and 2) to operate and maintain the Friant-Kern Canal of the Central Valley Project (CVP) upon which some of Friant’s member agencies depend for delivery of their water supply. Friant’s member agencies contract with the U.S. Bureau of Reclamation for a portion of their water supply and provide water to approximately 1.5 million acres of irrigated agriculture in the San Joaquin Valley.

In total, the California Department of Water Resources’ (DWR) Proposed Project reflects operations of the State Water Project (SWP) that would be coordinated with new proposed operations of the Central Valley Project (CVP) that are very similar to the federal Biological Opinions issued pursuant to the Re-initiation of Consultation on Long-Term Operations (ROC on LTO) of the CVP and SWP, which we support fully. Therefore, we are pleased that the Draft EIR concludes that the Proposed Project has no significant adverse environmental impacts. However, we have concerns regarding the adequacy of information provided in the Draft EIR, particularly regarding the identified project alternatives, and significant differences in project operations portrayed between the EIR and the California Department of Fish and Wildlife’s Draft Incidental Take Permit (ITP). Specifically, we are concerned that the Draft EIR lacks clear descriptions of basic components of the identified alternatives and lacks sufficient detail in the analysis of their impacts. For instance, the Draft EIR does not provide a sufficient level of detail to understand how each of the identified alternatives would be implemented through coordinated SWP and CVP operations and fails to sufficiently describe the environmental difference between the identified alternatives and the Proposed
Project. Further, the ITP appears to rely on components of the alternative that have not been fully evaluated and are also absent from the Proposed Project, as written.

**Lack of Clear Project Description**

CEQA Guidelines require an environmental impact report’s description of alternatives, like the proposed project, to identify and describe each alternative’s technical, economic, and environmental characteristics, and other details necessary to allow an evaluation and to review the alternative’s environmental impacts.

In order to describe and analyze the impacts of each alternative and the Proposed Project, the details of coordination between SWP and CVP facilities must be described. Unfortunately, the Draft EIR provides an insufficient level of necessary detail to evaluate the environmental impacts of the alternatives or Proposed Project. For example, the Draft EIR refers to “proportional share” of regulatory requirements and “equitable” coordination between SWP and CVP operations but does not define either term, does not describe whether and how requirements imposed only on the SWP impact coordinated operations, and lacks sufficient description regarding impacts to CVP operations. The Draft EIR does not provide sufficient information to enable interested parties or DWR to fully understand the alternatives and compare them to the Proposed Project.

**Insufficient Analysis of Impacts**

The Draft EIR also fails to provide sufficiently detailed analysis of potential environmental impacts. CEQA Guidelines also require an environmental impact report to contain enough information about each alternative to allow for an evaluation of the relative merits of each alternative and a comparison between each alternative and the Proposed Project. The Draft EIR fails to provide sufficient analysis of the impacts of each alternative. Notably, the Draft EIR does not contain a summary or technical detail regarding modeling results or provide an explanation regarding how CVP operations may be affected by implementation of each alternative. For example, the Draft EIR fails to sufficiently analyze the impacts of each alternative on CVP upstream storage. This lack of adequate analysis prevents us and others from being able to meaningfully comment and prevents decision-makers from meaningfully evaluating and understanding the environmental impacts of each alternative. In summary, the Draft EIR lacks sufficient detail and analysis, particularly as it pertains to the identified alternatives, and does not appear to support the ITP. Important elements regarding DWR’s coordination with Reclamation are insufficiently described and reasonably foreseeable environmental impacts, particularly the impacts of the alternatives on the CVP, are not disclosed.

As a result of this insufficient level of detail in the draft EIR, we were not able to provide detailed comments and are concerned that DWR will not have the information available to decide between the Proposed Project or one of the alternatives. We encourage DWR to work with

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1 CEQA Guidelines, § 15124(c)
2 CEQA Guidelines, § 15126.6(a)
3 Pub. Resources Code, § 21100(a)(1); CEQA Guidelines, §§ 15126.2, 15144
Reclamation to address the deficiencies identified above prior to approving the Proposed Project or an alternative. Further, components of the operations portrayed in the ITP are not fully analyzed in this EIR.

Thank you for the opportunity to comment on your efforts to analyze the environmental impacts associated with updating the long-term operations of the State Water Project. If you have any questions about this letter or the issues we have raised, please do not hesitate to contact Alexandra Biering at 559-562-6305.

Regards,

Jason Phillips, Chief Executive Officer
Friant Water Authority
This memo is intended to keep you apprised as to what is happening behind the scenes on policy issues the Family Farm Alliance is engaged in. In the past month, our efforts have focused on public outreach, preparing for our 2020 annual conference, monitoring and responding to proposed Bureau of Reclamation (Reclamation) directives, and wrapping up a special Colorado River publication. Some of these issues and other matters important to our members are discussed below.

**Federal Appropriations** – Mark Limbaugh of The Ferguson Group reports that the final FY 2020 Appropriations bill text for all 12 spending bills were released on Monday by House and Senate Appropriations Committee leadership. The first package, the 540-page “*Consolidated Appropriations Act, 2020*” ([Senate Amendment](https://www.congress.gov/bill/116th-congress/senate-bill/1158) to H.R. 1158) includes funding for the FY 2020 Defense; Commerce—Justice—Science; Financial Services—General Government; and Homeland Security spending bills; a division-by-division summary of this first package is available [here](https://www.congress.gov/bill/116th-congress/senate-bill/1158). The second package, the 1,173-page “*Further Consolidated Appropriations Act, 2020*” ([Senate Amendment](https://www.congress.gov/bill/116th-congress/senate-bill/1865) to H.R. 1865) includes funding for the FY 2020 Labor—HHS—Education; Agriculture—Rural Development—FDA; Energy—Water Development; Interior—Environment; Legislative Branch; Military Construction—VA; State—Foreign Operations; and Transportation—HUD spending bills; a division-by-division summary of this second package is available [here](https://www.congress.gov/bill/116th-congress/senate-bill/1865). The joint explanatory statements for each of the 12 spending bills is available [here](https://www.congress.gov/bill/116th-congress/senate-bill/1865). The House yesterday passed a spending package to fund several federal agencies through the end of the next fiscal year, just days before government funding expires at midnight Friday. The Senate is expected to clear the pair of bills for President Trump's signature later this week.

**Bureau of Reclamation: Title Transfer D&S** - Reclamation and Interior Department leadership hosted two conference calls last month to discuss Reclamation's draft Directive & Standard (D&S) on title transfers that do not require Congressional authorization. It is intended to complement...
legislation signed into law earlier this year that allows certain, non-controversial title transfers to be granted without Congressional authorization. Title transfer is a voluntary conveyance of ownership for water projects including dams, canals, laterals and other water-related infrastructure to the beneficiaries of those facilities. Title transfers are one of several positive means of strengthening control of water resources at the local level. However, despite the benefits, local water agencies are many times discouraged from pursuing title transfer because the process is expensive and slow. Environmental analyses can be time consuming, even for uncomplicated projects that will continue to be operated in the same manner as they always have been. National Environmental Policy Act (NEPA) and the procedures required to address real property and cultural and historic preservation issues are often very inefficient, time consuming and expensive. Moreover, every title transfer currently requires an act of Congress to accomplish, regardless of whether the project covers 10 acres or 10,000 acres.

Over the past two years, the Alliance developed comments and worked with the Department of Interior and House and Senate committee staff on title transfer administrative and legislative proposals. Both efforts sought to allow local water managers to make their own decisions to improve water management at the local level, while allowing Reclamation to focus management efforts on projects with a greater Federal nexus. The latest D&S issued by Reclamation intends to outline how these efforts will be implemented by Reclamation and its water customers.

An interim D&S was issued in March 2019, and the draft permanent D&S released last month was made available for a 45-day public comment period. During the question and answer session in the last Reclamation-hosted conference call, Reclamation staff noted that a half-dozen title transfer requests are currently being processed. Some of those are works in progress, but the goal is to complete them within a year. Questions were raised by teleconference participants regarding the appraisal process, the federal interest discount rate used for repayment, project use power, and other matters. Coordinators in each Reclamation region have been named to oversee this process. I participated in this call, and prepared for you a memo that summarizes Reclamation's proposed process, key questions and answers, and next steps. Several of our members developed their own comment letters on this important issue, and our final letter draws heavily from the good work undertaken by the Idaho Water Users Association and several of the Idaho districts, some of which are currently working with Reclamation on their own title transfers. Our letter was finalized and transmitted to Reclamation last week.

Reclamation MOU with EPA Coordinating on WIFIA Loans - EPA and Reclamation have agreed to increase collaboration in financing water supply and water reuse projects under the Water Infrastructure Finance and Innovation Act (WIFIA) loan program at EPA. A memorandum of understanding, required under the America's Water Infrastructure Act of 2018 (AWIA), outlines how the two agencies will work to "align" funding through EPA's WIFIA low-interest loan program and Reclamation's WaterSMART program, which provides cost-shared grants for water reuse and water supply infrastructure projects. This fall, EPA released a National Water Reuse Action Plan looking at ways to bring more reuse projects online, and the MOU would appear to support this initiative. The MOU also responds to report language in the FY 2019 Interior and
Environment appropriations bill, which specifically identified water reuse as a priority. We were quoted in this press release, prepared by the Interior Secretary's office.

Previously Introduced Water Infrastructure Legislation - As previously reported, the Alliance has been monitoring and engaging on several Western water infrastructure bills, including:

- **S. 2044** – The Water Supply Infrastructure Rehabilitation and Utilization Act (McSally – R, AZ), which is intended to address extraordinary maintenance challenges of aging BOR facilities;
- **S. 1932** – The Drought Resiliency and Water Supply Infrastructure Act (Feinstein, Gardner, McSally and Sinema), which builds on Senator Feinstein’s 2016 California drought legislation that was included in the WIIN Act;
- **H.R. 2473** - Securing Access for the Central Valley and Enhancing Water Resources Act (Harder, D-CA) which includes a mix of funding an authorization for surface and groundwater storage, reclamation and reuse, and WaterSMART program projects; and
- **S. 1570** – The Aquifer Recharge Flexibility Act (Risch, R-IDAH0), which allows Reclamation-owned facilities to be used to recharge Western aquifers.

S. 1932 has been held up by Senator Joe Manchin (D-West Virginia), Ranking Member on the Senate Energy and Natural Resources (ENR) Committee. Manchin believes any water project which would receive funding under the bill should be individually approved by the ENR Committee, whether it be a federally led or state led project. There is speculation that agreement may be reached that allows state-led projects to not have to be individually authorized if some sort of a spending cap is put on the federal level funding contribution to such projects, but for now, this is what is holding things up on proceeding forward on S. 1932.

Water Optimization for the West (WOW) Act - Western Republicans last month introduced the "Water Optimization for the West Act," sponsored by Rep. Tom McClintock (R-CALIFORNIA) and co-sponsored by several other California and Western-state Republicans. The bill targets a decade-old settlement regarding the San Joaquin River and would incentivize new water storage projects by streamlining federal permitting processes and naming Reclamation as the lead on any new Western water projects. Several Alliance favorites are included in the legislation, including the Water Rights Protection Act, the Water Rights Permitting Coordination Act, the FISH Act, and some WIIN Act extensions for funding for storage project. The bill also includes a groundwater recharge flexibility pilot program; several provisions amending California’s Central Valley Project Improvement Act; two Reclamation project title transfers; and other provisions affecting Western water. We do not believe the bill as a whole will gain much traction in the Democrat-controlled House, but some provisions may have enough bipartisan support to move separately.

House T&I Subcommittee Hearing on Water Infrastructure Resilience for Next WRDA - The Transportation and Infrastructure Subcommittee on Water Resources and Environment last month held a hearing to review "concepts" for the next WRDA which, is currently under development in both House and Senate committees. The hearing focused on "promoting resiliency
of our nation's water resources infrastructure." Witnesses provided testimony representing the views of academia, floodplain managers, states and environmental groups. Alliance President Pat O’Toole earlier this fall testified on behalf of the Alliance at similar hearing held by the Senate Environment and Public Works Committee.

**GAO Report: Technology Assessment for Irrigated Agriculture** - The U.S. Government Accountability Office (GAO) is an independent, nonpartisan agency that works for Congress. Often called the "congressional watchdog," GAO examines how taxpayer dollars are spent and provides Congress and federal agencies with objective, reliable information to help the government save money and work more efficiently. GAO was asked to conduct a technology assessment around agricultural water use. The final report was delivered to Democrat Senator Ed Markey (MASSACHUSETTS) and Congressmen Grijalva (ARIZONA), Lowenthal (CALIFORNIA), DeFazio (OREGON). This report provides an overview of irrigation technologies and on-farm water conservation practices, factors influencing the adoption of these technologies, and implications of their use for water scarcity. The request for GAO to conduct this study specified a policy goal of reducing the impact of irrigated agriculture in locations facing water scarcity in the United States. With that goal in mind, GAO identified the following options federal policymakers could consider: (1) Promote the use of more efficient irrigation technology and practices, such as irrigation scheduling; and (2) Promote the use of precision agriculture technologies, such as soil moisture sensors and weather stations. In light of these findings, GAO noted these options may need to be combined with appropriate agreements in order to enable and encourage water savings, such as incentives to farmers for conserving water.

Ag interests are not exactly thrilled with the GAO effort. While conservation can be a result of efficient irrigation, as was noted in the GAO report, it is not the only factor that should drive public policy. Smart policy supports our farmers, supports our environment— and it should promote efficient irrigation. The Irrigation Association issued a public statement on the GAO report, saying it fails to consider the benefits efficient irrigation provides directly to farmers, such as allowing them to be more productive, while meeting the demands placed by a growing population. Interestingly, there does not appear to be any mention in GAO report of how improved irrigation delivery systems actually are where water conservation savings can be realized. We may make note of that to GAO, and also point out that the new Farm Bill allows NRCS to work directly with Districts on EQIP grants.

**County of Maui v. Hawai‘i Wildlife Fund** - The County of Maui v. Hawai‘i Wildlife Fund case is a closely watched dispute over whether pollutants that travel through groundwater on their way to federally regulated water bodies are subject to CWA permitting. Environmentalists allege the County of Maui needed a CWA permit for the discharges because the wastewater eventually seeped through groundwater and ended up in the Pacific Ocean. The circuit court agreed with environmental groups in Maui that the CWA— which governs the discharge of pollutants from discrete "point sources" into "waters of the United States" — applies even when the pollution migrates through groundwater before reaching a waterway that is subject to federal jurisdiction.
On November 6, the U.S. Supreme Court heard oral arguments in this case. Much of the discussion between the justices and attorneys centered on: (1) the meaning of the text and context of the statute; (2) whether the absence of the word “groundwater” in the relevant definition indicated a Congressional intent to exempt or include groundwater as a potential conveyance of pollutants; (3) identifying some clear and limited principle that would provide fair notice to those subject to NPDES permits and prevent undue evasion of the federal laws; and (4) whether nonpoint source protections and state laws adequately addressed pollutants that initially issued from a discernable source.

The Alliance is part of a group of eight national agriculture organizations that joined in an amicus curiae (“friend of the court”) brief that was transmitted to the Supreme Court in May. This amicus effort is intended to protect routine agricultural operations from a potentially limitless expansion of the CWA permitting program.

**Klamath Takings Litigation** - A federal appeals court last month backed a lower court ruling that found Reclamation’s action in temporarily halting deliveries of Klamath Project water in 2001 did not constitute a “taking” of farmers and ranchers’ property. The U.S. Court of Appeals for the Federal Circuit affirmed the Court of Federal Claims September 2017 finding that farmers and ranchers’ water rights were subordinate to the federal reserved water rights of the Klamath, Yurok and Hoopa Valley Tribes. The water user plaintiffs appealed the decision regarding Klamath Irrigation Project irrigators’ Fifth Amendment “Takings” claims for non-delivery of Reclamation project water. In this case, landowners’ beneficial interests in water rights were diminished or eliminated based on what we believe to be a misunderstanding of state water law. The court decision also puts prior appropriation and Western state adjudication/administration at risk.

The Alliance board of directors authorized moving forward with developing an amicus brief with the appellate court last year, along with the National Water Resources Association (NWRA). Jim Huffman, Dean Emeritus, Lewis & Clark Law School in Portland (OREGON) in our amicus brief made two key arguments: 1) The trial court erred in effectively adjudicating the quantity of the Klamath Tribes reserved water rights. The court should have deferred to the State of Oregon’s ongoing Klamath Basin adjudication; and 2) Rights to the use of water captured and stored in Bureau of Reclamation reservoirs arise from and vest with the application of the water to beneficial use, not from the contracts by which the Bureau agrees to deliver water and users of that water agree to fund a share of the costs of water storage and delivery. The Court apparently did not address any substantive water law policy arguments, even after attorneys for plaintiffs raised those points at the Oral Argument. Attorneys are currently reviewing the decision and may ask the appellate court for reconsideration, and/or to appeal the case to the U.S. Supreme Court.

**2020 Annual Meeting and Conference** - The 2020 Annual Meeting and Conference is scheduled for February 19-21, 2020 at the Eldorado Resort Casino in Reno (NEVADA). Reclamation Commissioner Brenda Burman has confirmed to be our keynote speaker on February 20, and Russell George, a former Colorado state legislator and state government official for many years, will be our keynote speaker on February 21. Mr. George was recently honored with a special medal
from Colorado’s governor, signifying the many contributions George has made to communities across the state.

I’ve been working with Alliance board members and others to fill out the agenda for this year’s general session, titled “2020 Vision: The State of Western Irrigated Agriculture”. Key panels will feature speakers addressing government “civics”, water quality markets, Habitat Conservation Plan development, innovative water management case studies, Western water litigation, and the outlook for Endangered Species Act (ESA) modernization. We will continue our long-time conference traditions, like the Reclamation Roundtable (featuring all five regional directors), and the Washington, D.C. Update (featuring staffers from key water committees in Congress). The afternoon of Friday 21 will feature an “Industrial Hemp Summit”, co-hosted by the Irrigation Association. Internal leadership meetings will be held February 19.

For registration and hotel reservation information, go to: http://familyfarmallianceconference.com/

**Colorado River “Water Review”** - The Family Farm Alliance for much of 2019 has been assembling a special two-volume version of the “Water Review”, which includes the perspectives of ten key water users with ties to the Alliance. All Colorado River water users need certainty for effective future planning. Agricultural water users need - and want - to help shape their future, instead of relying upon others to design their future for them. Thus, ag water users are a major audience for this special edition of the *Water Review*.

President O’Toole and other Alliance leaders felt the organization could provide a service to its Colorado River membership and policy makers by explaining how key players from throughout the entire Colorado River System are tackling the Drought Contingency Plans (DCPs) and other processes. Last week, we rolled out our publication at the Colorado River Water Users Association (CRWUA) annual conference in Las Vegas. We issued a press release with links to download each report. Our reports were mentioned in another press release issued by the office of Interior Secretary David Bernhardt on Friday. Secretary Bernhardt earlier in the day at CRWUA announced the Department’s intent to proceed with a report that will analyze the effectiveness of current Colorado River operational rules to ensure continued reliable water and power resources across the Southwest—a year ahead of when the current rules require the report.

**America’s Conservation Enhancement Act** - The Senate Environment and Public Works (EPA) Committee earlier this week advanced S. 3051, “*America’s Conservation Enhancement Act*”, includes familiar programs as well as some new ones. The National Fish and Wildlife Foundation and the Chesapeake Bay Program, for instance, would both be reauthorized until 2025. The bill was introduced by EPW Chairman John Barrasso (R-WYOMING) and Ranking Member Tom Carper (D-DE). The ACE Act reauthorizes important environmental programs, including the North American Wetlands Conservation Act and the National Fish and Wildlife Foundation Act. The bill also enshrines in statute partnerships among public agencies and other interested parties that promote fish conservation. The ACE Act also includes studies that will help inform how to improve successful conservation and recovery of endangered and threatened species. Chairman
Barrasso has asked the Alliance to consider supporting this bill, since some of the conservation programs are of interest to our members. We’ll be canvassing our leadership in the coming weeks with the intent of developing a support letter they can be supportive of.

**Interim Rule for EQIP** - The U.S. Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) is seeking public comments on its interim rule for the Environmental Quality Incentives Program (EQIP), USDA's program that helps producers plan and implement conservation practices. The rule, now available on the Federal Register, takes effect upon publication and includes changes to the program prescribed by the 2018 Farm Bill. Of note, the new EQIP program can now be applied for by irrigation districts, a provision that has been advocated for by the Alliance for nearly a decade. The NRCS will accept comments on this interim rule through February 18, 2020. Electronic comments must be submitted through regulations.gov under Docket ID NRCS-2019-0009. All written comments received will be publicly available on http://www.regulations.gov.

*This is a quick summary of just a few of the issues the Alliance has been engaged in. Please do not hesitate to contact me at 541-892-6244 or dan@familyfarmalliance.org if you would like further information about what the Alliance is doing to protect water for Western irrigated agriculture.*
MEMORANDUM

TO:         FRIANT WATER AUTHORITY BOARD OF DIRECTORS
FROM:       DAN KEPPEN, EXECUTIVE DIRECTOR
SUBJECT:    EXECUTIVE DIRECTOR’S REPORT
DATE:       JANUARY 13, 2020

This memo is intended to keep you apprised as to what is happening behind the scenes on policy issues the Family Farm Alliance is engaged in. In the past month, our efforts have focused on public outreach, preparing for our 2020 annual conference, monitoring and responding to proposed Bureau of Reclamation (Reclamation) directives, and wrapping up a special Colorado River publication. Some of these issues and other matters important to our members are discussed below.

Federal Appropriations – Mark Limbaugh of The Ferguson Group reports that the final FY 2020 Appropriations bill text for all 12 spending bills were released on Monday by House and Senate Appropriations Committee leadership. The first package, the 540-page “Consolidated Appropriations Act, 2020” (Senate Amendment to H.R. 1158) includes funding for the FY 2020 Defense; Commerce—Justice—Science; Financial Services—General Government; and Homeland Security spending bills; a division-by-division summary of this first package is available here. The second package, the 1,173-page “Further Consolidated Appropriations Act, 2020” (Senate Amendment to H.R. 1865) includes funding for the FY 2020 Labor—HHS—Education; Agriculture—Rural Development—FDA; Energy—Water Development; Interior—Environment; Legislative Branch; Military Construction—VA; State—Foreign Operations; and Transportation—HUD spending bills; a division-by-division summary of this second package is available here. The joint explanatory statements for each of the 12 spending bills is available here. The House on December 16 passed a spending package to fund several federal agencies through the end of the next fiscal year, just days before government funding expires at midnight Friday. The Senate on December 19 cleared the pair of bills for President Trump's signature the next day.

White House Council on Environmental Quality (CEQ): New NEPA Rule - CEQ last week released its proposed rule modernizing the National Environmental Policy Act (NEPA) to facilitate more efficient, effective, and timely environmental reviews. Signed into law in 1970,
NEPA mandates federal agencies assess the environmental impacts of proposed federal actions. The changes, if adopted, would significantly alter what federal agencies consider when assessing the environmental impact of agency action.

Some environmental groups are upset because the new rule veers off the path contemplated by former President Obama’s CEQ. That approach would have required federal agencies to consider greenhouse gas emissions and climate change when carrying out NEPA reviews. CEQ was asked for this guidance informally by federal agencies and formally in a petition filed in 2008 by three activist environmental groups. These groups wanted to slow down or stop major projects solely based on an assumption that they might accelerate global warming.

Our position has been that NEPA should not be used as a vehicle to advance climate regulations that are outside the law’s scope and original intent. Federal agencies implementing the requirements of NEPA should not engage – or be forced to engage – in costly and unnecessary assessments specific to a potential influence on or because of climate change. And, we don’t need a flood of activist-inspired litigation that changes NEPA into a global warming prevention statute. This is the message we conveyed to the Trump-Pence transition team in early 2017. The proposed NEPA changes are a welcomed improvement that should better streamline infrastructure projects. However, they will also generate lawsuits from environmentalists, and Congressional Democrats have already pledged to take legislative action in response to the proposal.

There is a proper and balance way to implement NEPA. We want to ensure that federal agencies implementing the requirements of NEPA won’t engage – or be forced to engage – in costly and unnecessary assessments. We are reviewing the proposed rule with an eye towards seeing how it corrects and re-balances the significant negative impacts to our Western farmers that have resulted from past federal implementation of NEPA and other environmental laws. We issued a press release on the day the rule was announced, generally praising the Administration for its efforts. I also wrote a guest column for Western Farmer-Stockman magazine that provided additional background and perspective as to why this is an encouraging development.

The 194-page pre-publication version of the Notice of Proposed Rulemaking (NPRM) for the “Update to the Regulations Implementing the Procedural Provisions of the National Environmental Protection Act” is available HERE. CEQ requests public comments on or before March 10, 2020. After a 60-day public comment period and two public hearings, CEQ will issue a final regulation.

Huffman Draft Water Legislation - Representative Jared Huffman (D-CALIFORNIA), the Chair of the House Subcommittee on Water, Oceans, and Wildlife (WOW), last week unveiled comprehensive legislation to respond to America’s growing water crisis and asked for public input on the draft bill before its formal introduction. Water professionals, advocates, and members of the public are invited to visit huffman.house.gov/future-drought-act to read the draft legislation and provide feedback. Full text of the discussion draft can be found here, as well as a section-by-section summary here. We will review the draft and assess how best to comment. The discussion
draft will be available online for public comment until Friday, February 7, 2020. The Alliance will work with its members to develop pertinent comments.

The new discussion draft builds on the oversight work of the WOW Subcommittee chaired by Rep. Huffman in the 116th Congress. In 2019, the Subcommittee held several hearings to inform the development of “sustainable water policy”. In particular, the bill would increase the authorization for the Bureau of Reclamation's Title XVI water recycling program to $500 million through 2024 and increase the federal funding cap on individual water recycling projects by $10 million. It also would raise the authorization for an existing desalination program to $240 million through 2024. The bill would authorize $750 million for groundwater and surface water storage projects and provides new authorization for "green infrastructure" storage projects that use natural materials to increase aquifer recharge or floodplain water storage. The draft would also create a process for Congress to authorize major water storage projects at Reclamation, like the biannual Water Resources Development Act (WRDA) cycle used to approve the Army Corps of Engineers' water infrastructure projects.

**America’s Conservation Enhancement Act** - The Senate last week unanimously passed S. 3051, “America’s Conservation Enhancement Act” (ACE Act), which includes familiar programs as well as some new ones. The bill was introduced by Environment and Public Works (EPW) Committee Chairman John Barrasso (R-WYOMING) and Ranking Member Tom Carper (D-DE). The ACE Act reauthorizes important environmental programs, including the North American Wetlands Conservation Act and the National Fish and Wildlife Foundation Act. The bill also enshrines in statute partnerships among public agencies and other interested parties that promote fish conservation. The ACE Act also includes studies that will help inform how to improve successful conservation and recovery of endangered and threatened species. Chairman Barrasso has asked the Alliance to consider supporting this bill, since some of the conservation programs are of interest to our members. We canvassed our leadership in the past two weeks and transmitted a conditioned support letter to the Committee last week.

**Aurelia Skipwith Confirmed as USFWS Director** - The U.S. Senate last month confirmed Aurelia Skipwith as the first African American to lead the U.S. Fish and Wildlife Service (USFWS). Ms. Skipwith has served as the Deputy Assistant Secretary of Fish Wildlife and Parks since April 2017. Previously, she served as Assistant Corporate Counsel at Alltech, Inc., an all-natural animal nutrition company that operates worldwide and has the world’s largest algae production system. She then became general counsel at AVC Global, an agricultural logistics and financing firm that she co-founded. Skipwith earned her B.S. in biology from Howard University, M.S. in molecular biology from Purdue University, and J.D. from the University of Kentucky College of Law. The Family Farm Alliance earlier this year sent a letter in support of Ms. Skipwith's confirmation to the Senate Environment and Public Works Committee.

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Commissioner Brenda Burman has confirmed to be our keynote speaker on February 20, and Russell George, a former Colorado state legislator and state government official for many years, will be our keynote speaker on February 21. Mr. George was recently honored with a special medal from Colorado’s governor, signifying the many contributions George has made to communities across the state.

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To get a glimpse at the preliminary general session agenda, and for registration and hotel reservation information, go to: [http://familyfarmallianceconference.com/](http://familyfarmallianceconference.com/)

**Payment for Ecosystems Services Opportunities** - Western farmers and ranchers are increasingly advocating that they can play a key role in using their lands, water and management practices as tools to engage in market-based programs, including payment for ecosystem services (PES) projects. These types of projects can create opportunities for partnerships with landowners, business, NGOs, and agencies that can significantly improve the environment, business climate, and quality of life within Western watersheds. For example, a first-of-its-kind U.S. market that will pay farmers to store carbon will open to customers next year. The Ecosystem Services Market Consortium, founded by some of the nation's largest agribusinesses — including Cargill Inc., General Mills Inc. and Archer Daniels Midland Co. — will begin selling carbon credits in January or February, according to the organization. A total of 50,000 acres in Oklahoma and Texas is enrolled in the pilot program, and 15 groups and companies signed on as founding members to contribute funding. In addition to corporate sponsorship, the Nature Conservancy, National Fish and Wildlife Foundation, and Soil Health Institute are founding members. Key players in this consortium, as well as other experts in the field, will participate in a panel discussion at the 2020 Family Farm Alliance annual conference. Long-time Alliance Advisory Committee member Sheldon Jones, Chief Operation Officer of the Soil Health Institute in North Caroline, will moderate the panel.

Farm practices that are part of the project have immediate benefits beyond climate change mitigation. Organizers say they're looking to improve the soil (good for crop production) and improve water quality, which are outcomes encouraged by the Department of Agriculture's conservation programs. At the same time, researchers don't yet have precise measurements about
the carbon impacts of particular practices, which is an information gap the project is meant to help fill. Overall, agriculture could reduce carbon dioxide by as much as 6,000 metric tons per year, of which 89% would come from reduced soil emissions, according to the consortium. Adequate compensation for ecosystem services is among the many proposals that Solutions from the Land and the North American Climate Smart Agriculture Alliance – two organizations the Family Farm Alliance work closely with - have called for in their climate-related work.

A well-designed water quality trading program is another market-based approach that can make some ranching or farming operations even more financially and environmentally viable. The Environmental Protection Agency (EPA), in a February 6, 2019 Memorandum, reiterated its strong support for market-based mechanisms, including water quality trading, to accomplish its mission to protect human health and the environment. The memorandum identified six market-based principles to increase the flexibility and effectiveness of water quality trading. One of the principles in this memorandum encourages simplicity and flexibility in implementing baseline concepts. On September 5, 2019, EPA Administrator Andrew Wheeler announced a Federal Register notice inviting the public to consider policy options presented and to submit written comments on those options and others that may help promote market-based approaches to water quality improvements. The Alliance in November transmitted a formal comment letter to EPA in response to the notice. Our letter generally supports EPA’s water quality policy options. We appreciate the critical discussion and reflection that EPA is applying to market-based approaches, and stand ready to work with EPA on building that platform and engaging the Western farm and rangelands community about market-based approaches.

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**Western Caucus ESA Bill** - Members of the Congressional Western Caucus plans to announce an initial legislative package to modernize the Endangered Species Act (ESA) later this week. There will likely be 17 stand-alone bills that would modify and streamline various aspects of the ESA, from altering the delisting designation process to allowing the Interior secretary to proclaim a petition backlog if too many frivolous. Recall that four Alliance representatives testified at an ESA event hosted by the caucus last fall in the U.S. Capitol. Last month, we sent a formal letter of support for the Western Caucus effort to modernize the ESA. The expected package is nearly identical to draft legislation the caucus floated last fall during a Capitol Hill roundtable on the ESA. The lineup is a mix of new legislation and bills that have been introduced before.

**Interim Rule for EQIP** - USDA’s Natural Resources Conservation Service (NRCS) is seeking public comments on its interim rule for the Environmental Quality Incentives Program (EQIP), USDA’s program that helps producers plan and implement conservation practices. The rule, now available on the Federal Register, takes effect upon publication and includes changes to the program prescribed by the 2018 Farm Bill. Of note, the new EQIP program can now be applied for by irrigation districts, a provision that has been advocated for by the Alliance for nearly a decade. The NRCS will accept comments on this interim rule through February 18, 2020. Electronic comments must be submitted through regulations.gov under Docket ID NRCS-2019-0009. All written comments received will be publicly available on http://www.regulations.gov.

The Alliance will gauge interest of our members and develop comments, likely focusing on how NRCS will work with irrigation districts on projects, with an eye towards making sure the rules are not too restrictive. The fact that States are now eligible to apply for EQIP could also be a bit of an issue. We might consider highlighting that states should not get higher priority over districts, more money through formula or criteria etc.

**Environmental Protection Agency (EPA): Use of SRFs to Purchase Water Rights** - On January 7, EPA announced a new policy allowing Drinking Water State Revolving Funds (DWSRFs) to be used for purchasing water rights under certain circumstances. EPA’s regulations prohibit the use of DWSRF funds for the purchase of water rights, under the presumption that newly acquired water rights would be used to support future population growth, which is in turn prohibited by the Safe Drinking Water Act. In 2018, three communities in Idaho, Nebraska, and Nevada requested and received approval for deviations from this prohibition due to contamination of existing water supplies. In 2019, a project in Arizona requested a deviation due to drought conditions and the need to ensure adequate drinking water for existing residents in a community. Further requests are anticipated from Colorado, Idaho, Nebraska, Oklahoma, and Oregon. On the basis of these requests for deviations, EPA has determined that a class deviation is appropriate for DWSRF projects that meet certain criteria. States intending to use this class deviation for projects must inform their EPA Regional Project Officer.

This is a quick summary of just a few of the issues the Alliance has been engaged in. Please do not hesitate to contact me at 541-892-6244 or dan@familyfarmalliance.org if you would like further information about what the Alliance is doing to protect water for Western irrigated agriculture.
Operations & Maintenance Report
A compilation of current FWA operations and maintenance activities throughout the 152-mile canal system.
November-December 2019
OPERATION & MAINTENANCE REPORT

SAFETY, EDUCATION & TRAINING

Safety
• Operations and Maintenance staff attended their department’s monthly safety meeting and tailgate sessions.

Education & Training
• Employees discussed proper housekeeping around the maintenance buildings. Proper housekeeping includes cleaning oil spills, sweeping shop floors daily, repairing potholes in parking areas, properly storing boxes and other articles, and maintaining a clean and orderly workplace.

Accidents & Injuries
• Friant staff has worked 1,421 days without a lost-time injury accident.

MAINTENANCE SUPERVISION

GENERAL SUPERINTENDENT REPORT

Subsidence
• Staff worked with Toell surveying and Stantec on surveying operational data for the canal from MP 88.5 to MP 152.1.
• Staff continued to work with Stantec on environmental compliance from MP 88.22 to MP 121.8 for the new canal alignment project and canal hydraulic modeling for the Water Quality program.
• Staff facilitated a property line dispute between a private landowner and USBR in the Delano section.
• Staff applied aquatic herbicide in the unlined section for the ongoing milfoil problem.

Personnel Items
• Staff worked on several personnel items, including annual reviews, policy conformance, and other matters.
CONSTRUCTION & MAINTENANCE
FOREMEN REPORTS: ORANGE COVE, LINDSAY, & DELANO MAINTENANCE

Weed & Pest Control

- The following is a summary of the chemical products used during the month by maintenance staff for weed and pest control on various canal sections and the product inventory on hand:

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>UNITS</th>
<th>MAINTENANCE YARD USAGE</th>
<th>TOTAL USAGE</th>
<th>END OF MONTH ON-HAND</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Orange Cove</td>
<td>Lindsay</td>
<td>Delano</td>
</tr>
<tr>
<td>Clearcast</td>
<td>Gal</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Copper Sulfate - Old Bridge</td>
<td>Lbs.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Copper Sulfate - Chem One</td>
<td>Lbs.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Argos Copper</td>
<td>Gal</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Captain XTR</td>
<td>Gal</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Deploy</td>
<td>Gal</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Diphacinone</td>
<td>Lbs.</td>
<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Diuron 4L - Loveland</td>
<td>Gal</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Diuron 4L - Drexel</td>
<td>Gal</td>
<td>288</td>
<td>240</td>
<td>530</td>
</tr>
<tr>
<td>Lifeline</td>
<td>Oz</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Weather Guard Complete</td>
<td>Oz</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Finale</td>
<td>Oz</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Milestone VM</td>
<td>Oz</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Roundup - Custom</td>
<td>Gal</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Roundup - Pro Conc</td>
<td>Gal</td>
<td>0</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>Forfeit 280</td>
<td>Oz</td>
<td>0</td>
<td>60</td>
<td>0</td>
</tr>
<tr>
<td>Sonar Genesis</td>
<td>Gal</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- Delano weed and pest applicators continue the use of Roundup Custom as part of the annual weed control program in the Lake Woollomes Reservoir right-of-way areas.
- Delano weed and pest applicators continue the use of Roundup Pro concentrate as part of the annual weed control program in the Delano maintenance section.
- Delano applicators completed the use of Diuron, a pre-emergent herbicide to the inside banks and ROWS of the Delano Maintenance Section as part of the annual pre-emergent weed control program.
- Lindsay maintenance staff continue the application of Diuron 4L for the pre-emergence weed control along the Friant Kern Canal and Right-Of-Ways.
• Lindsay maintenance staff continue the application of Roundup and Lifeline for the post-emergence control of grasses and broadleaf weeds along the canal and right-of-way.
• Lindsay maintenance staff continues the use of the GopherX unit for the control of California ground squirrels.
• Orange Cove maintenance staff continue the application of Roundup Pro as part of the annual weed control.
• Orange Cove maintenance staff continue the application of Diphacinone to the canal right-of-way for the control of California ground squirrel.
• Orange Cove maintenance staff continue copper sulfate applications.
• Orange Cove maintenance staff continue the removal of accumulated vegetation from siphon inlets.
• Orange Cove maintenance staff continue the removal of woody vegetation from canal embankment and toe as directed in the most recent Operations and Maintenance exam.
• Orange Cove maintenance staff cleaned out several cross drainages filled with debris.

**Canal & Diversion Structures**

• Delano maintenance staff continue embankment maintenance to embankments and around blockhouses, turnouts, bridge abutments, etc. using a utility tractor, motor grader, and earth moving equipment. By backfilling eroded areas, and compacting and grading in materials, embankment maintenance will prevent erosion to the inside/outside banks, roads, gate structures, and concrete liner.
• Delano maintenance staff continues mowing tall annual grasses growing along the tops and lower ROW’S of the Friant Kern Canal.
• Delano maintenance staff continue painting bar gates, bollard posts, guard railings, warning signs, liner markers, structures, security fence wings, electrical panels, and blockhouse doors.
• Delano maintenance staff continue their structure gate maintenance for the year. Repairs made on radial and slide gates such as oil leaks, gearboxes, motor couplers, wire rope inspection, etc. Staff lubricated grease points and wire ropes, repaired metalwork, made security fence repairs, deck cleaning, touch up painting, buoy ball and wire rope replacement, and debris removal.
• Lindsay maintenance staff completed the cleaning of the inlet drains in the Lindsay section to allow for rain runoff to enter the Friant Kern Canal.
• Orange Cove maintenance staff continue to remove debris from the waterways and at check structures that have been blown or dumped into the canal.
• Orange Cove maintenance staff conducted inspections of the lining and made notes for areas needing repairs.
• Orange Cove maintenance staff built and repaired fencing in several locations.
• Orange Cove maintenance staff repaired or replaced several copper bins that had rotted out.
• Lindsay maintenance staff completed the installation of 5 antenna poles. The data communication antenna will be installed at a later date.
Lindsay maintenance staff installed five Antenna poles

Lindsay maintenance staff continued with the removal of the check gate motors and gearboxes at various locations

### O&M Roads

- Delano maintenance staff continue the application of road base gravel and decomposed granite to various checks and turnout structures to prevent erosion and to ensure safe vehicle entry during wet conditions. Gravel base is ¾ inch crushed rock spread out with a dump truck and graded in using a utility tractor.
- Lindsay maintenance staff initiated the grading of the canal roadways in the Lindsay maintenance section.
- Lindsay maintenance staff initiated the cleaning/inspection of the wooded farm bridges in the Lindsay maintenance section. As needed, the running pads and deck boards replaced, and the wooden components of the bridge sprayed with Copper-Coat wood preservative.
- Orange Cove maintenance staff continue road patching repairs on Friant-Kern Canal operation roadways.
- Orange Cove maintenance staff began grading the canal’s non-operational roadways and wide areas as necessary.
- Orange Cove maintenance staff continues to grade roadways to provide a safe road condition, promote proper drainage, and allow for a proper pre-emergent application.

### Yard & Building

- Delano maintenance staff continue to perform their routine maintenance and repairs, such as yard cleaning, warehouse and shop housekeeping, vehicle and equipment fixes, facility improvements, and office duties.
- Delano maintenance staff initiated the replacement of broken/wore down bridge timber running pads on eight farm bridges.
- Delano maintenance staff installed bridge railing to prevent vehicles and farm equipment from entering canal prism.
Right-of-Way Maintenance

- Delano maintenance staff continue the removal of illegally dumped trash and debris from gate structures. All trash and debris removed from the Friant-Kern Canal right-of-way will be transported to the local solid waste/recycling facility.
- Delano maintenance staff continue the bar gate and bollard post repairs and installations. Bar gates and bollard posts are necessary for the prevention of unauthorized vehicles from entering the Friant-Kern Canal right-of-way and structured areas.
- Delano maintenance staff continue to repair and install security fencing to prevent public access from entering the Friant-Kern Canal right-of-way and structured areas.
- Orange Cove maintenance staff continue to remove illegally dumped items along the right-of-way. Trash and debris were removed and transported to the local solid waste/recycling facility or stored for future disposal.
- Orange Cove maintenance staff repaired washouts and installed funnel drains, replaced several signs on the Friant-Kern Canal, and repaired several gates on the Friant-Kern Canal roads as well.
Vehicle & Heavy Equipment

The following is a summary of the vehicle and heavy equipment preventive maintenance services and repairs made by the technical services staff:

<table>
<thead>
<tr>
<th>DELANO, ORANGE COVE &amp; LINDSAY</th>
<th>TYPE</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-House Inspections</td>
<td>B – Semi-annual</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>C - Annual</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>E - Equipment</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>BIT - 90-Day Heavy Equipment</td>
<td>0</td>
</tr>
<tr>
<td>Outside Inspections</td>
<td>B – Semi-Annual</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>C - Annual</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Smog Test</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Smoke Test</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DELANO, ORANGE COVE &amp; LINDSAY</th>
<th>TYPE</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-House Repairs</td>
<td>Light Vehicles</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Trucks</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Heavy Equipment</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Utility Equipment</td>
<td>1</td>
</tr>
<tr>
<td>Outside Repairs</td>
<td>Light Vehicles</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Trucks</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Heavy Equipment</td>
<td>0</td>
</tr>
</tbody>
</table>

ENGINEERING ACTIVITIES

ENGINEER AND ENGINEER TECHNICIAN REPORT

SENIOR ENGINEER

- Completed 2020 Structure Book data. Currently coalescing the NAVD ’88 datum into Excel and elevations from old data recently found and new data from the parallel design.
  - The USBR & Stantec (parallel canal) uses the ’88 datum.
  - The older 1929 NGVD datum will be in 2020 structure books for easy comparison.
  - The USBR is currently keeping the Mile Post markings along the canal.

- Monitoring Lindsay-Strathmore Irrigation District leak at Burr Drive, adjacent to the FKC at MP 82.71. The LSID manager thought LSID had resolved the leak. The flows seem lower, but the leaking continues. Some additional erosion is accruing on the FKC bank, presumed from the rain.

- Training web seminar on new datum coming in NSRS 2022 Datum.
- Canal Reach Review.
Still reviewing Stantec October 2019 plans for the parallel canal.
Since 30% plan details limited. The FWA engineer created a few exhibits.
FWA engineer created an exhibit for future siphon under Hwy 190.
The October plan included new subsidence elevation of the canal applied to the HEC-RAS computer water modeling hydraulics.

- FWA Engineer revising scope on the Pump Back Project.
  - FWA engineer plans to accelerate the project design to use as a catalyst to spur PG&E Utility and environmental approvals.
  - FWA Engineer revising scope on the Pump Back Project to define and accelerate the initial project. The original scope had three separate sites. The new scope intends to eliminate the deer creek site. The future parallel canal affects this portion of the site and won’t be engineered until summer. Construction is scheduled of the parallel canal is scheduled to be completed in 2022.
  - The pumps for Deer Creek may be integrated into the Stantec design. Also, the old canal is much lower than the new canal. It will be kept during a transition period after the new canal. Thus, flows from the Lake Woolomes and/or direct from new canal can be directed into the old canal as far North as Tule River.
  - FWA Engineer is preparing a presentation for February on “Pump Back refocus” to discuss changes and to obtain FWA Board approval.

ENGINEERING TECHNICIAN

- Staff attended GIS system training.
- Staff utilized GIS to create map links to document, data, and google like street view.

OPERATIONS ACTIVITIES

OPERATIONS SUPERVISOR REPORTS

- Operations Staff during the month of December delivered 14,681 acre-feet. Total water delivered year-to-date to FKC Contractors was 1,490,601 acre-feet.
- Reported sump pump deliveries of 29 acre-feet and year to date total of 201 acre-feet.
- Staff performed 24 head tests to quantify and qualify the transmitters.
- Staff Adjusted 18 transmitters and reset zeroes after calibration.
- Staff completed and sent out the ROWD’s for September.
- Staff replaced the conduit for the Saucelito #3 transmitter.
- Staff Installed a new power board in the Exeter #5 Honeywell.
- Staff repaired the conduit for the Ivanhoe #7 sensor wire.
- Staff removed a sump pump at Garfield.
- Staff closed PID gates for the end of the season.
- Staff replaced a GFI outlet at the Exeter #6 turnout for the Honeywell recorder.
SCADA
• The Kings River Check upstream cable extension sensor has been replaced and calibrated and rescaled the Honeywell and ScadaPACK controller to read the correct upstream levels.
• The SCADAPack PLC controller was replaced in the Tule River blockhouse. A new program was downloaded into the controller, and the ladder logic has been rescaled for upstream levels and turnout levels.
• A cable extension sensor was mounted and calibrated for the Tule River Check. Tested the sensor for proper movement and indicated levels.
• Pulled an alarm radio out of a retired service truck to install into the new service truck.
• The internal RAM battery and SCADAPack controller has been replaced at the Casa Blanca turnout. The SCADAPack was programmed with TelePACE ladder logic software. Tested site for proper gate openings.

Added register numbers into the ClearSCADA HMI database and the TelePACE ladder logic programs for Porter Slough and Dodge Avenue. The register numbers that were added are for monitoring the internal battery life of the SCADAPack controller. Staff is in the process of adding these internal battery life register numbers to all checks and turnouts that have controllers.

Electrical
• Staff replaced a float switch for sump #10 near the Sand Creek Check.
• Staff pulled a faulty sump pump in preparation for the new motor hookups.
• Staff installed a new exhaust fan in the maintenance bathroom.
• Staff disconnected specific gate motors at the following sites in preparation for motor replacement Kern Check, Shafter Check, Woollomes, Poso Creek, and Kaweah River.
• Staff tied in new motors at Tule River, 5th Avenue, Rocky Hill, and Deer Creek.

INFRASTRUCTURE MANAGEMENT
DIRECTOR OF TECHNOLOGY REPORT

Administrative Support
• Staff continued to provide the Accounting Technician with reconciliation, voucher completion, and invoice collection support.
• Staff met, arranged, and finalized for the December employee appreciation luncheon.
• Staff worked with the Superintendent and mechanics to create a process for the input of vehicle odometer readings, which is the basis of the fleet management preventative maintenance program.
• Staff continues to provide administrative services for the Director of Water Policy, which includes calendar management, email filtering, and interfacing with accounts payable.

Information Technology Management
Staff continued the development of the Authority’s Intellisite Operation Services (IOS). The following are the items of significance:
• Eyes-On program has completed the pre-set camera views within the IOS platform providing staff with views of each check structure gates, bridge, and staff gauge. Snapshots
• The Automation of the Ditch Rider Report data gathered by the Canal System Operators is in the second week of testing. Barcodes have been attached to all recorders in the Lindsay, Orange Cove, and Friant sections, with extensive testing being performed by the Lindsay Canal System Operator. The application allows staff to use mobile devices to scan the barcode of the sensor, input the data fields, record comments, and upload photos and videos. The data is uploaded to the IOS database in real-time, creating real-time operational awareness and transparency.

• Staff continues to work on the input of water orders within IOS.

Staff continued to develop projects and manage outside consultants to meet the requirements of the accounting department. Significant activities are:

• The development of the ability to import the Authority’s Excel-based timesheets into the Payroll module of the accounting software. The automated import will reduce errors and save a significant amount of staff time. Staff is working with Columbus Global on the creation of a Statement of Work to present to the Chief Financial Officer for approval.

• Staff continues to work with Grossmayer and Associates and other Great Plains accounting software consultants on the production of a Project(s) Assessment. The project assessments will address the Accounting Operations Administrator’s fourteen requests for improvements/services within the Authority’s Great Plains accounting system.