

DEPARTMENT OF WATER RESOURCES

1516 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791

**VIA-EMAIL**

DATE: 2/9/2024

Ms. Melinda Terry
General Manager
North Delta Water Agency
3050 Beacon Blvd, Suite 203
West Sacramento, California 95691
Email: melinda@northdeltawater.net

Subject: Update to 2024 Annual Payment Obligation

Dear Ms. Terry,

We acknowledge the receipt of your December 21, 2023 payment (Attachment 1). In light of our recent phone communications, we agreed to update the attached annual payment obligation letter that the Department of Water Resources (DWR) sent to you on December 13, 2023 (Attachment 2), which is superseded by this letter and no longer valid.

This letter notifies North Delta Water Agency (NDWA) that the 2024 annual payment obligation to DWR is \$549,126.99. In addition, we have agreed to the adjustment to 2023 annual payment of \$9,166.55. Per Article 10(a) of the January 28, 1981 Contract between DWR and NDWA for the Assurance of a Dependable Water Supply of Suitable Quality (1981 Contract), NDWA shall make the following payments to DWR along with respective due date:

- Adjustment to 2023 annual payment = \$9,166.55 due on March 1st, 2024
- First installment for 2024 payment = \$274,563.50 due on March 1st, 2024
- Second installment for 2024 payment = \$274,563.49 due on July 1st, 2024

Adjusted Annual Base Payment Obligation

Per the December 15, 2021, letter to NDWA, the adjusted annual base payment obligation for the five-year period of 2022 through 2026 is \$814,141.25, which represents a 25 percent payment increase from the previous five-year period of 2017 through 2021.

Reduction for DWR Lands

Article 6 of the 1997 Amendment specifies that NDWA's annual payment be further

reduced by the percentage of acreage owned by DWR within NDWA's jurisdiction. In 2021, NDWA reported 288,000 acres, and for 2024, DWR accepts this same acreage within NDWA's jurisdiction. On December 1, 2023, NDWA submitted a list of DWR lands for a total of 23,031.27 acres. Per December 21, 2023, payment letter, NDWA removed 14.56 acres from the total DWR-owned lands to the updated acreage of 23,016.71 acres (equal to 23,031.27 acres minus 14.56 acres). Therefore, NDWA's revised annual payment for 2024 is reduced by \$65,065.46 (equal to \$814,141.25 multiplied by 23,016.71 acres divided by 288,000 acres) to reflect DWR acreage.

Reduction for Department of Fish and Wildlife Lands as of December 1, 2023

The October 9, 2023 Interagency Agreement between DWR and Department of Fish and Wildlife (DFW) allows for reduction in NDWA's annual payment obligation equal to the charge against the assessment levied upon lands owned by DFW within NDWA's jurisdiction. The payment reduction for DFW lands of \$199,948.80 equals to the total invoiced amount listed in the Benefit Assessment Invoice updated December 1, 2023 for 2023-2024.

Adjustment to 2023 Annual Payment

The 2023 annual payment obligation letter dated December 12, 2022 shows a reduction of \$58,618.17 to NDWA payment based on 20,713.36 acres of DWR lands. As a result of a nearly year-long coordination between DWR and NDWA staff, the total acreage for DWR lands was mutually agreed to be 17,493.36 acres resulting in an acreage reduction of 3,220 acres from the 20,713.36 acres applied in the 2023 annual payment obligation letter. This increases NDWA's 2024 payment by \$9,166.55 (see calculations in Table 1 below).

Summary

The updated 2024 total annual payment obligation from NDWA to DWR is \$549,126.99, which is based on the following formula: 2024 annual base payment of \$814,141.25, minus \$65,065.46 for DWR lands, and minus \$199,948.80 for DFW lands. The adjusted 2023 annual payment equals to \$9,166.55. DWR will issue two invoices as follows:

- Invoice #1 due on March 1st, 2024
 - Adjustment to 2023 annual payment of \$9,166.55
 - First installment for 2024 payment of \$274,563.50
- Invoice #2 due on July 1st, 2024
 - Second installment for 2024 payment of \$274,563.49

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This determination is in accordance with Article 10 of the 1981 Contract, as amended on January 21, 1997. However, acting in good faith to meet its current obligations under the 1981 Contract does not alter or diminish DWR's intent to renegotiate Article 10 of the 1981 Contract pursuant to Article 9.

If you have any questions or need further information, please contact my staff at SWP_Settlement@water.ca.gov.

Sincerely,



John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project

Attachments:

1. FY 2023 – 2024 NDWA Annual Contract Payment dated December 21, 2023
2. 2024 Annual Payment Obligation dated December 13, 2023 (Superseded)

Table 1: Adjustment to 2023 Annual Payment

| Items | 2022-2026 Adjusted Annual Base Payment [1] | NDWA Acreages [2] | Total Acreage of DWR Lands [3] | Adjustment for DWR Lands [4] = [1]*([3]/[2]) |
|---|---|-------------------------|---|--|
| 2023 Annual Payment Letter Dec. 12, 2022 | \$814,141.25 | 288,000 | 20,713.36 | \$58,618.17* |
| Mutually Agreed DWR Acreage | \$814,141.25 | 288,000 | 17,493.36 | \$49,451.62 |
| Difference | | | 3,220.00 | \$9,166.55 |

* Dollar amount listed in 2023 Annual Payment Obligation dated December 12, 2022

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jurisdiction. The payment reduction for DFW lands of \$199,948.80 equals to the total invoiced amount listed in the attached Benefit Assessment Invoice updated December 1, 2023 for 2023-2024.

Adjustment to 2023 Annual Payment

The attached 2023 annual payment obligation letter dated December 12, 2022 shows a reduction of \$58,618.17 to NDWA payment based on 20,713.36 acres of DWR lands. As a result of a nearly year-long coordination between DWR and NDWA staff, the total acreage for DWR lands was mutually agreed to be 17,493.36 acres resulting in an acreage reduction of 3,220 acres from the 20,713.36 acres applied in the 2023 annual payment obligation letter. This acreage increases NDWA's 2024 payment by \$9,166.55 (see in Table 1 below for calculation).

Summary

The 2024 adjusted total annual payment obligation from NDWA to DWR is \$558,252.38, which is based on the following formula: 2024 annual base payment of \$814,141.25, minus \$65,106.62 for DWR lands, minus \$199,948.80 for DFW lands, and plus \$9,166.55 for adjustment to 2023 annual payment. DWR will issue two invoices for 2024. The first installment payment of \$279,126.19 is due by January 1, 2024; and the second installment of equal payment is due by July 1, 2024.

This determination is in accordance with Article 10 of the 1981 Contract, as amended on January 21, 1997. However, acting in good faith to meet its current obligations under the 1981 Contract does not alter or diminish DWR's intent to renegotiate Article 10 of the 1981 Contract pursuant to Article 9.

If you have any questions or need further information, please contact my staff at SWP_Settlement@water.ca.gov.

Sincerely,



John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project