2800 W. March Lane, Suite 200 | Stockton, CA 95219 | (209) 299-4200 |www.sjafca.org

BOARD OF DIRECTORS

City of Stockton	Public Member	San Joaquin County/SJCFCWCD*
Michael Blower, Vice-Chair Brando Villapudua Alt. Mariela Ponce	Steve DeBrum	Paul Canepa, Chair Mario Gardea* Alt. Robert Rickman
City of Manteca	**Executive Director**	**City of Lathrop**
Gary Singh Charlie Halford Alt. Mike Morowit	Darren Suen, PE	Diane Lazard Steve Dresser Alt. Jennifer Torres-O'Callaghan
*San Joaquin County Flood Control and Water Conservation District		

BOARD MEETING
San Joaquin Council of Governments
Council Chambers
555 E Weber Ave. Stockton, CA
THURSDAY, SEPTEMBER 11, 2025, 1:00 P.M.

To participate in this meeting, Board Members must be in-person unless statutory exceptions exist.

ZOOM LINK Option:

Meeting ID: 775 770 2577
Passcode: 1T7Qnv
https://us06web.zoom.us/j/7757702577?pwd=xUcqarZx8eEpJ6NqjdUuaEabuA6MSb.1&omn=89182659707

All callers will be muted until unmuted by the moderator. Any member of the public on the teleconference may speak during Public Comment once unmuted or you may email public comments to admin@SJAFCA.org. Two minutes will be given to each member of the public. You may also submit your public comments in writing up to 24 hours in advance of the meeting.

1. **CALL TO ORDER / ROLL CALL**

2. **PLEDGE TO FLAG**

3. **PUBLIC COMMENTS**

4. **CONSENT ITEMS**

    4.1) Approve Minutes from August 14, 2025 Board Meeting

5. BRIEFINGS

5.1) Mossdale Tract Program Update

5.2) Receive a Briefing on SJAFCA's Historic Approach for Obtaining Urban Level of Flood Protection (200-Year) on SJAFCA Projects

6. NEW BUSINESS

6.1) Authorize the Executive Director to 1) Execute Amendment No. 1 to the Project Partnership Agreement with the United States Army Corps of Engineers and 2) Amend the Local Partnership Agreement with the State of California Central Valley Flood Protection Board for the Lower San Joaquin River Project, Phase I and 3) Authorize the Executive Director to Execute an Excess Federal Credits Transfer Agreement with the Sutter Butte Flood Control Agency

7. EXECUTIVE DIRECTOR REPORT

8. COUNSEL REPORT

9. BOARD COMMENTS

10. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 299-4200. Requests must be made one full business day before the start of the meeting.

Agenda Item 4.1

MINUTES
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BOARD MEETING OF AUGUST 14, 2025

STOCKTON, CALIFORNIA

1. CALL TO ORDER / ROLL CALL 1:00 PM

Present:	Absent:
Director Blower	Director DeBrum
Director Canepa	Director Lazard
Director Dresser	Director Villapudua
Director Gardea	
Director Halford	
Director Singh	

Although Director Blower was not present for roll call, he arrived at 1:03 PM.

2. PLEDGE TO FLAG 1:00 PM

3. PUBLIC COMMENTS 1:01 PM

Dominick Gulli provided written and verbal comments at the meeting. The Public Comment period included comments for all agenda items.

4. CONSENT ITEMS 1:09 PM

4.1) Approve Minutes from June 12, 2025, Board Meeting

Motion:	To approve Consent Item 4.1
Moved by:	Director Halford, Seconded by Director Blower
Vote:	Motion carried 6-0
Yes:	Director Blower, Director Canepa, Director Dresser, Director Gardea, Director Halford, Director Singh
Absent:	Director DeBrum, Director Lazard, Director Villapudua

5. NEW BUSINESS 1:09 PM

5.1) Letter of Intent with the City of Stockton regarding the Agency's commitment to continue performing the Aquatic Weed Control on a portion of Five Mile Slough

Motion:	To approve the Letter of Intent with the City of Stockton regarding the Agency's commitment to continue performing the Aquatic Weed Control on a portion of Five Mile Slough
Moved by:	Director Blower, Seconded by Gardea
Vote:	Motion carried 6-0
Yes:	Director Blower, Director Canepa, Director Dresser, Director Gardea, Director Halford, Director Singh
Absent:	Director DeBrum, Director Lazard, Director Villapudua

5.2) Approve Amendment No. 7 to the Funding Agreement with the California Department of Water Resources for Smith Canal Gate Project Urban Flood Risk Reduction Program

Motion: To approve Amendment No. 7 to the Funding Agreement with the California Department of Water Resources for Smith Canal Gate Project Urban Flood Risk Reduction Program
Moved by: Director Blower, Seconded by Director Gardea
Vote: Motion carried 6-0
Yes: Director Blower, Director Canepa, Director Dresser, Director Gardea, Director Halford, Director Singh
Absent: Director DeBrum, Director Lazard, Director Villapudua

5.3) Delegated Authority for Acquisition of Real Property Interests

Motion: To authorize delegated authority for acquisition of Real Property interests
Moved by: Director Blower, Seconded by Director Halford
Vote: Motion carried 6-0
Yes: Director Blower, Director Canepa, Director Dresser, Director Gardea, Director Halford, Director Singh
Absent: Director DeBrum, Director Lazard, Director Villapudua

6. EXECUTIVE DIRECTOR REPORT 1:38 PM

1. The Corps of Engineers is proceeding with construction on the levee next construction season. They are working to construct the access road and stockpiling materials near the site.
2. Funding for Phase 1 for the Lower San Joaquin River Project was not received. There is funding for the Lower San Joaquin River project through FY 28, which will keep the project moving forward. We will continue to advocate for funding on a regular basis.
3. Representative Harder, who has been very supportive of our efforts, was trying to do a legislative amendment to increase funding for both Phase 1 and Phase 2 but has been unsuccessful. Both Senators Schiff and Padilla have placed earmarks in their Energy and water Appropriations Bill, but that Bill has not come out yet. It is expected to be out in September, so there is a chance there could be some funds there for Phase 2.
4. Phase 2, Section 221 agreement with the Army Corps of Engineers, is a way to ensure that SJAFCA receives reimbursement for work that the federal government acknowledges interest in. This work would be credited by the federal government later on when the project is authorized. This agreement is routing through the Army Corps of Engineers.
5. The inter-basin excess transfer credit agreement has been approved by the Corps of Engineers. We are in the process of finalizing an agreement with Sutter Butte Area Flood Control Agency and will be bringing that back to the Board for authorization and informational purposes.
6. September 15-17, 2025, SJAFCA Board Members and staff will be in Washington D.C. for a visit with the Assistant Secretary of the Army and others at the Army Corps of Engineers Headquarters.
7. Executive Director Suen was invited to become a Board Member at the National Waterways Conference.

7. COUNSEL REPORT 1:42 PM

Counselor Shapiro is an Advisory Board member of the National Association of Flood and Stormwater Management Agencies and is able to push on the issues holding up the Phase 2 study. There is a federal case called Ideker which resulted in the Corps of Engineers being liable for some dam reoperations in Missouri. This has caused the Corps of Engineers to be more conservative in their planning efforts, which has affected the Phase 2 project on Mossdale. Mr. Shapiro has had conversations with the Corps and has used this opportunity to push this particular project. He also will be traveling with SJAFCA to Washington DC in September to meet with the Crops in person and continue to push on these issues for SJAFCA.

8. BOARD COMMENTS 1:45 PM

None.

9. ADJOURNMENT 1:45 PM

The meeting adjourned at 1:45 pm. The next meeting will be a Regular Board Meeting to be held on September 11, 2025 at 1:00 PM.

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 299-4200. Requests must be made one full business day before the start of the meeting.

DARREN SUEN
EXECUTIVE DIRECTOR
SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

August 14, 2025, SJAFCA Meeting Minutes

Agenda Item 5.1

September 11, 2025

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Darren Suen, Executive Director
Glenn Prasad, Deputy Executive Director

SUBJECT: **MOSSDALE TRACT PROGRAM UPDATE**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) receive an informational briefing on the status of the Mossdale Tract Program.

DISCUSSION

Present Situation

(A) Lathrop and Manteca Federal Feasibility Study

Scope and Schedule – The U.S. Army Corps of Engineers Sacramento District (USACE-SPK) will be requesting concurrence and approval of a Scope, Schedule, and Cost Change Request (SSACCR) to add more time and funds to complete the Lathrop and Manteca Federal Feasibility Study (Study). This would require a re-approval of the 2023 Vertical Team Alignment Memorandum (VTAM). The tentative overall study cost & timeline must also reflect achieving a 35% design threshold recently implemented by the U.S. Army Corps of Engineers Headquarters (USACE-HQ).

The SSACCR will need to first be approved by both Non-Federal Sponsors (SJAFCA, State) before transmitting for approval by USACE-HQ. At this time, USACE-SPK has not provided a date for the Non-Federal Sponsors to be able to review the SSACCR. The approval of the SSACCR is needed to continue advancing the Study to determine Federal interest.

Funding - All federally appropriated funding for the Study, along with the Non-Federal Sponsors' 50 percent cost share, will be expended by the end of the calendar year. No additional Federal funding was received in FY-26, which has resulted in the Non-Federal Sponsors' total contributions being +$200,000 more than Federal contributions to date.

The Study will be in serious jeopardy of being paused by the end of 2026 without a significant injection of Federal funding in the FY-2026 and FY-2027 budget / appropriations process and / or the Non-Federal Sponsors accelerate their portion of the cost-share requirements for FY-2027. SJAFCA is considering applying the $2.75 million USACE reimbursement (Upper Calaveras component of the Stockton Metro Reimbursement) to the Study, once the reimbursement agreement is approved by the Assistance Secretary of the Army for Civil Works (ASA(CW)).

SJAFCA will request the Administration to allocate funding in its FY-2027 Budget Request (President's Budget) to Congress for this critical Study. The State supports both the additional Federal funding request and prioritization by the Administration and will approve the SSACCR request.

SJAFCA will explore other vehicles available to the Non-Federal Sponsors and the USACE, such as Section 203 of the Water Resources Development Act (WRDA) of 1986, which authorizes Non-Federal Sponsors to undertake feasibility studies of flood control projects, which upon completion are submitted to the ASA(CW) for review and approval. As a feasibility study delivery process, Section 203 has its own drawbacks and risks that must be weighed against the schedule delays and funding issues associated with traditional delivery.

(B) Mossdale Urban Flood Risk Reduction (UFRR) Project

Meanwhile, the SJAFCA/ State-led Mossdale Tract UFRR Project is progressing through early stages of the Manteca Dryland Levee extension and specific restoration sites. Current efforts include final design, environmental analysis, surveys to support real estate efforts, real estate acquisition and eventual permitting and construction of the Manteca Dryland Levee Extension and Restoration Sites 13, 14 and 16.

USACE will reimburse these early implementation improvements if a Section 221 In-Kind Memorandum of Understanding is executed between the non-Federal sponsors and USACE. SJAFCA has submitted a formal application to develop and execute the Section 221 MOU and is working to advance its request for approval by the ASA (CW). Execution of the MOU must occur prior to beginning construction of the Dryland Levee (target - 2027). Design activities associated with construction are also eligible for credit, provided the MOU or subsequent Project Partnership Agreement is executed before work begins.

FISCAL IMPACT

While there is no immediate budgetary impact, an increase in cost-shared funds will be required upon the Exemption Request approval by ASA(CW), which is available in the Mossdale Tract Program account.

DARREN SUEN
EXECUTIVE DIRECTOR

Agenda Item 5.2

September 11, 2025

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Darren Suen, Executive Director
Glenn Prasad, Deputy Executive Director

SUBJECT: **RECEIVE A BRIEFING ON SJAFCA'S HISTORIC APPROACH FOR OBTAINING URBAN LEVEL OF FLOOD PROTECTION (200-YEAR) ON SJAFCA PROJECTS**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) receive an briefing on SJAFCA's historic approach for obtaining Urban Level of Flood Protection (200-year) on SJAFCA projects.

DISCUSSION

Background

SJAFCA is partnering with the U.S. Army Corps of Engineers (USACE) for improvements to flood protection in the City of Stockton under the Lower San Joaquin River Phase 1 Project. When designing those improvements USACE is guided by the statutory obligation to maximize net benefits, not to achieve a particular level of protection. As a result, we will not know the specific level of protection until each segment of the project is designed. In contrast, California's Senate Bill (SB) 5 (2007) requires that urban areas achieve 200-year protection in order to allow communities to continue to develop. On September 30, 2021, the SJAFCA Board discussed whether there are actions that can be taken now to achieve the 200-year level of flood protection for the residents of the greater Stockton metropolitan area and determined that it would be premature to take actions prior to understanding the design of each segment. The Board thus directed staff to:

a. Seek regional funding and approaches to advance studies and reports for 200-year level of protection at the appropriate time; and

b. Form an assessment district for the Lower San Joaquin River Project, Phase 1 only, considering the current commitments to the United States Army Corps of Engineers (USACE) Project and the critical timing of the cost sharing requirements.

SJAFCA successfully completed the formation of the Levee Construction & Maintenance Assessment (LCMA) District to provide local funding for the Lower San Joaquin River Project, Phase 1 and continues to look for opportunities to ensure that USACE work meets the 200-year level of protection.

Separately, SJAFCA continues to work with the State to advance an Urban Flood Risk Reduction Project to achieve Urban Level of Flood Protection (ULOP, 200-year) in the Mossdale Tract Area while simultaneously working to advance a federal feasibility study to receive federal funding.

RECEIVE A BRIEFING ON SJAFCA'S HISTORIC APPROACH FOR OBTAINING URBAN LEVEL OF FLOOD PROTECTION (200-YEAR) ON SJAFCA PROJECTS

Present Situation

During the August 10, 2025, Board meeting, the Board sought clarification on how state law may affect the local land use agencies' ability to approve new development. Staff will provide an overview of State & Federal laws governing flood risk and the Board's prior discussions on this matter.

DARREN SUEN
EXECUTIVE DIRECTOR

Agenda Item 6.1

September 11, 2025

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Darren Suen, Executive Director

SUBJECT: **AUTHORIZE THE EXECUTIVE DIRECTOR TO 1) EXECUTE AMENDMENT NO. 1 TO THE PROJECT PARTNERSHIP AGREEMENT WITH THE UNITED STATES ARMY CORPS OF ENGINEERS AND 2) AMEND THE LOCAL PARTNERSHIP AGREEMENT WITH THE STATE OF CALIFORNIA CENTRAL VALLEY FLOOD PROTECTION BOARD FOR THE LOWER SAN JOAQUIN RIVER PROJECT, PHASE I AND 3) AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCESS FEDERAL CREDITS TRANSFER AGREEMENT WITH THE SUTTER BUTTE FLOOD CONTROL AGENCY**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA or Agency) adopt a resolution to:

1) Authorize the Executive Director to execute Amendment No. 1 to Project Partnership Agreement with the United States Army Corps of Engineers (USACE) related to the inter-basin transfer of credit to the Lower San Joaquin River Project, Phase I; and

2) Authorize the Executive Director to execute Amendment No. 1 to Local Project Partnership Agreement with the Central Valley Flood Protection Board related to the inter-basin transfer of credit to the Lower San Joaquin River Project, Phase I; and

3) Authorize the Executive Director to execute the Excess Federal Credits Transfer Agreement with the Sutter Butte Flood Control Agency (SBFCA), implementing the transfer of excess federal credits consistent with the previously approved Term Sheet as modified.

SUMMARY

At its meeting of May 16, 2024, the SJAFCA Board approved a Term Sheet to guide the purchase of excess Federal credits generated by SBFCA's completion of the Sutter Basin Flood Risk Reduction Project. This Term Sheet outlined the valuation and payment framework for the transfer, subject to finalization of a Transfer Agreement and approval of supporting amendments to the Project Partnership Agreement (PPA).

Since that approval, staff from SJAFCA and SBFCA have met and worked to prepare a final Excess Federal Credits Transfer Agreement. The Final agreement reflects certain modifications to the payment terms previously approved by the respective boards. The modifications are recommended by SJAFCA staff in response to the reduction in Federal appropriations for the Lower San Joaquin River Project, Phase 1 and project implementation delays. The modified terms include an adjustment to the minimum annual payments and the timing of when they commence.

In parallel, Amendment No. 1 to the PPA for the Lower San Joaquin River Project, Phase I has been prepared and approved by USACE Headquarters. This amendment formally authorizes the

AUTHORIZE THE EXECUTIVE DIRECTOR TO 1) EXECUTE AMENDMENT NO. 1 TO THE PROJECT PARTNERSHIP AGREEMENT WITH THE UNITED STATES ARMY CORPS OF ENGINEERS AND 2) AMEND THE LOCAL PARTNERSHIP AGREEMENT WITH THE STATE OF CALIFORNIA CENTRAL VALLEY FLOOD PROTECTION BOARD FOR THE LOWER SAN JOAQUIN RIVER PROJECT, PHASE I AND 3) AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCESS FEDERAL CREDITS TRANSFER AGREEMENT WITH THE SUTTER BUTTE FLOOD CONTROL AGENCY

application of excess credits from SBFCA's Sutter Basin Project to SJAFCA's Lower San Joaquin River Project, Phase I with application of the credit toward the non-Federal share of costs for the Lower San Joaquin River Project. Execution of this amendment is a prerequisite to effectuating the credit transfer. Further, because SJAFCA and State are acting as partners fulfilling the obligations of the Non-Federal Sponsor for the Project, SJAFCA and the Central Valley Flood Protection Board (CVFPB) have entered into a companion Local Project Partnership Agreement (LPPA) that defines the roles and responsibilities of each party. To ensure that the LPPA also reflects the credit transfer, Amendment No. 1 to the LPPA has been prepared by the CVFPB and been transmitted to SJAFCA for approval.

Together, these actions position SJAFCA to both advance the Lower San Joaquin River Project, Phase 1 with reduced out-of-pocket obligations and finalize the long-term financial arrangement with SBFCA.

DISCUSSION

Lower San Joaquin River Project, Phase I

SJAFCA is a non-federal sponsor of the federally authorized Lower San Joaquin River Project, Phase I, along with the State of California, represented by the Central Valley Flood Protection Board (CVFPB). The Project was authorized by the America's Water Infrastructure Act of 2018 (AWIA 2018) and aims to provide 100-year flood protection to the urban communities of Stockton and surrounding areas. However, SJAFCA and the State will ensure the urban levee design criteria is met and the project will comply with state laws.

SJAFCA, CVFPB, and USACE executed the original PPA in September 2020, establishing cost share obligations between Federal and non-Federal sponsors. Under that agreement, SJAFCA is responsible for approximately 10% of the non-Federal share.

Sutter Basin Project, Excess Credits & Credit Transfer

SBFCA is engaged in numerous flood risk reduction efforts in the Feather River Watershed, including its role as a non-Federal sponsor (along with the State of California) for the Federally authorized Sutter Basin Flood Risk Reduction Project ("Sutter Basin Project"). The Sutter Basin Project was authorized by the Water Resources Reform and Development Act of 2014 ("WRRDA 2014") (Public Law 113-121), Title VII, Section 7002(2) and amended by the Water Infrastructure Improvements for the Nation Act of 2016 ("WIIN 2016") (Public Law 114-322) Title I, Subtitle C, Section 1305. The Sutter Basin Project has been completed, and due to construction advanced by SBFCA and the State of California for which the Federal government did not pay a cost share,

AUTHORIZE THE EXECUTIVE DIRECTOR TO 1) EXECUTE AMENDMENT NO. 1 TO THE PROJECT PARTNERSHIP AGREEMENT WITH THE UNITED STATES ARMY CORPS OF ENGINEERS AND 2) AMEND THE LOCAL PARTNERSHIP AGREEMENT WITH THE STATE OF CALIFORNIA CENTRAL VALLEY FLOOD PROTECTION BOARD FOR THE LOWER SAN JOAQUIN RIVER PROJECT, PHASE I AND 3) AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCESS FEDERAL CREDITS TRANSFER AGREEMENT WITH THE SUTTER BUTTE FLOOD CONTROL AGENCY

SBFCA and the State of California have accumulated excess Federal credits. SBFCA, with assistance from the State of California, has advanced an effort to perfect the existing Federal credits so that the Federal government recognizes them.

Section 1020 of WRRDA 2014, as amended by Section 1166 of WIIN 2016, provides authority for the Federal government to approve a comprehensive plan submitted by a non-Federal sponsor to allow for the transfer of excess credit from one authorized project to another. **Attachment 1** to this staff report provides a 1-page description of credit transfer between the Sutter Basin Project and Lower San Joaquin River Project, Phase 1. The State of California, with assistance from SBFCA and SJAFCA, has completed the effort to receive permission to transfer excess Federal credits. This allows for the transfer of the excess credits upon the execution of the related PPA and LPPA Amendments memorializing the transfer. As noted within the summary above, the PPA and LPPA Amendments for the Lower San Joaquin River Project, Phase I are now ready to be signed by all parties.

Amendment No. 1 to the Lower San Joaquin River PPA formally authorizes application of up to $110.6 million of excess credits from the Sutter Basin Project to the San Joaquin Project. Execution of the amendment is required to perfect and operationalize the transfer of credits. Amendment No. 1 to the LPPA memorializes the credit transfer and the split of the credit transfer that will shared between the State and SJAFCA.

Terms of the Excess Credit Transfer
In May 2024, the Board approved a Term Sheet setting forth the principles for transferring SBFCA's excess Federal credits to SJAFCA. That approval established the framework for valuation, payment structure, and conditions precedent, and directed staff to return with a final Transfer Agreement for execution once negotiations and documentation were completed.

Since the May 2024 approval, the circumstances related to Federal funding and USACE's schedule for implementation of the Lower San Joaquin River Project, Phase I have changed and as a result the assumptions and resulting financial analysis that supported SJAFCA's approval of the Term Sheet have changed. Given these changed circumstances, SJAFCA staff have requested changes to those previously approved terms and have presented these terms to SBFCA staff and received support for these requested changes. The SBFCA Board is considering these modifications at its September 10, 2025 meeting.

Final Excess Credits Transfer Agreement and Modifications
The final Excess Federal Credits Transfer Agreement:

AUTHORIZE THE EXECUTIVE DIRECTOR TO 1) EXECUTE AMENDMENT NO. 1 TO THE PROJECT PARTNERSHIP AGREEMENT WITH THE UNITED STATES ARMY CORPS OF ENGINEERS AND 2) AMEND THE LOCAL PARTNERSHIP AGREEMENT WITH THE STATE OF CALIFORNIA CENTRAL VALLEY FLOOD PROTECTION BOARD FOR THE LOWER SAN JOAQUIN RIVER PROJECT, PHASE I AND 3) AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCESS FEDERAL CREDITS TRANSFER AGREEMENT WITH THE SUTTER BUTTE FLOOD CONTROL AGENCY

- Valuation: Maintains valuation at 60% of SBFCA's recognized credit value.
- Minimum Payments: Provides for minimum annual payments of $450,000 (reduced from the previously approved $900,000).
- Triggering of Minimum Payments: Minimum payments will not commence until USACE awards its next construction contract for the Lower San Joaquin Project, Phase 1. Given the current funding status for the Project, USACE will not be in a position to award another construction contract until additional Federal funding is provided to the Project or USACE's Civil Works Program includes the project within its annual work plan.
- Suspension of Minimum Payments: If Federal funding is not provided in any subsequent year (e.g., if appropriations or work plan funding is zeroed out), the minimum payment obligation will return to $0 until a new construction contract is awarded. In this case, payments would resume when the next new construction contract is awarded by USACE.

In any case, SJAFCA is required to make "actual use" payments equal to 60% of credits applied in a given year, ensuring SBFCA is compensated when credits are used to offset cash outlays.

These modifications ensure SJAFCA's obligations align with actual project funding and scheduling realities while still securing long-term access to credits.

As previously reported to the Board, USACE is required to complete several procedures and analyses to perfect the federal credits for both SBFCA and the State. In addition, SBFCA, SJAFCA, and the State are also working on associated tasks. The following is a list of key credit process milestones and their status/associated target completion dates:

1. Execute Memorandum of Agreement between SBFCA and SJAFCA: COMPLETED (May 2023)
2. SJAFCA Prop 218 Election: COMPLETED (June 2023)
3. Approval of Comprehensive Plan by USACE ASA: COMPLETED (November 2023)
4. Approval of SBFCA Integral Determination Report (IDR) by USACE SPD: Ongoing (USACE District reviewing comments provided by Division)
5. Approval of Lands, Easements, Rights-of-Way, Relocations and Disposal Sites (LERRD) package by USACE: Ongoing (USACE reviews ongoing) March 2027
6. Final Credit Accounting: Ongoing
7. Execute Credit Sale Term Sheet between SBFCA and SJAFCA: COMPLETED April

2024

8. Execute Credit Transfer Agreement between SBFCA and SJAFCA: September 2025 (Today's Board Action)
9. Execute Project Partnership Agreement (PPA) amendments: September 2025 (Today's Board Action and a related September 2025 CVFPB Board Meeting)

FISCAL IMPACT

Approval of the recommended actions will allow SJAFCA to reduce its direct cash contributions toward the San Joaquin Project by substituting excess credits purchased from SBFCA.

The Transfer Agreement establishes a total estimated transaction value of approximately $17.1 million for credits valued at $28.5 million. Payments will be made over time commencing once the USACE either makes a request for non-Federal sponsor cash contribution, triggering Actual Use Payments (a payment of 60% of cash savings realized as a result of transfer of the excess credits), or the USACE awards its next construction contract, triggering minimum payments of $450,000 / year, subject to true-up against Actual Use Payments.

Execution of Amendment No. 1 to the PPA will not itself create new financial obligations but will enable the use of credits to satisfy existing cost share obligations under the PPA.

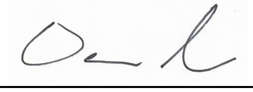
NEXT STEPS

Following Board approval, the Executive Director will execute:

- Amendment No. 1 to the PPA with USACE and CVFPB.
- The Excess Federal Credits Transfer Agreement with SBFCA.

Staff will continue to coordinate with USACE, CVFPB, DWR, and SBFCA to complete related administrative steps and begin applying credits as Federal appropriations are received.

APPROVED:



Darren Suen
Executive Director

AUTHORIZE THE EXECUTIVE DIRECTOR TO 1) EXECUTE AMENDMENT NO. 1 TO THE PROJECT PARTNERSHIP AGREEMENT WITH THE UNITED STATES ARMY CORPS OF ENGINEERS AND 2) AMEND THE LOCAL PARTNERSHIP AGREEMENT WITH THE STATE OF CALIFORNIA CENTRAL VALLEY FLOOD PROTECTION BOARD FOR THE LOWER SAN JOAQUIN RIVER PROJECT, PHASE I AND 3) AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCESS FEDERAL CREDITS TRANSFER AGREEMENT WITH THE SUTTER BUTTE FLOOD CONTROL AGENCY

Attachments:

1. Map Describing the Excess Credit Transfer
2. Resolution authorizing the Executive Director to execute the recommended agreements
3. Draft Amendment No. 1 to the Project Partnership Agreement – Lower San Joaquin River Project
4. Draft Amendment No. 1 to the Local Project Partnership Agreement – Lower San Joaquin River Project
5. Excess Federal Credits Transfer Agreement – SJAFCA and SBFCA including Exhibit A – Savings Calculation & Minimum Payment / True-up Calcu

DECEMBER 2022

Lower San Joaquin River Project

TRANSFER OF EXCESS NFS CREDIT BETWEEN BASINS IN CA CENTRAL VALLEY

TRANSFER REQUEST

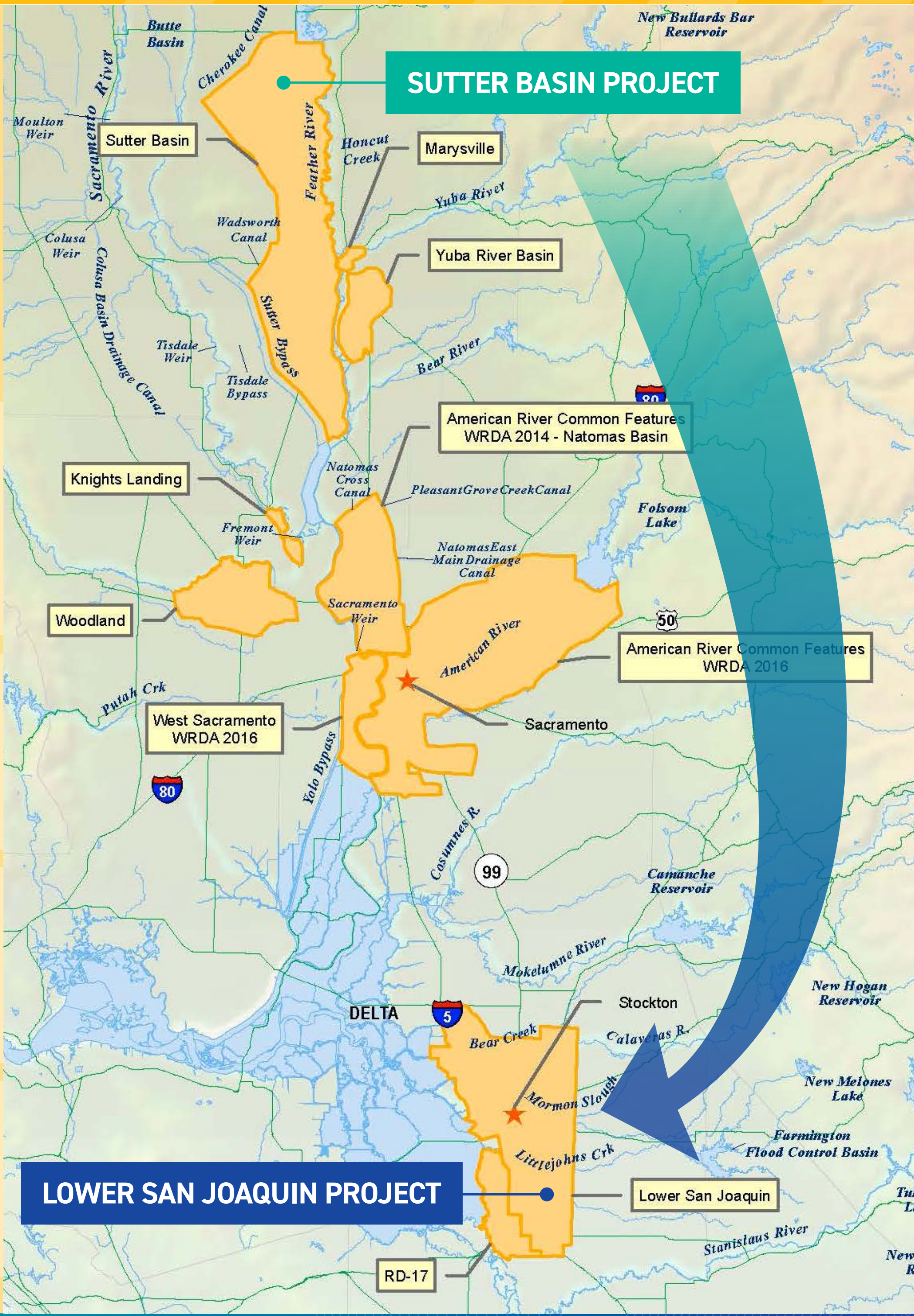
Request approval of transfer of $110.6 million in excess Sections 104 and 221 NFS credits from Sutter Basin to the $1.4 billion Lower San Joaquin River Project (project) by August 2023. The credit transfer request is supported by the following:

Project is subject to extreme flood risk due to projected climate change impacts (riverine flooding and sea level rise)

Project has one of the highest benefit cost ratios in the country and protects 162,000 residents.

Project received Construction New Start in 2020 and continues to receive significant federal funding allocations

The project's benefiting area is disadvantaged, necessitating assistance with local cost share



Chris Elias, Executive Director
San Joaquin Area Flood Control Agency

chris.elias@stocktonca.gov
(209) 937-7900

22 East Weber Avenue, Suite 301, Stockton, CA 95202
sjafca.org

RESOLUTION NO. SJAFCA 25-13

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

==

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AMENDMENT NO. 1 TO THE PROJECT PARTNERSHIP AGREEMENT WITH THE UNITED STATES ARMY CORPS OF ENGINEERS AND AMENDMENT NO. 1 TO THE LOCAL PROJECT PARTNERSHIP AGREEMENT WITH THE CENTRAL FLOOD PROTECTION BOARD FOR THE LOWER SAN JOAQUIN RIVER PROJECT, PHASE I AND EXECUTE AN EXCESS FEDERAL CREDITS TRANSFER AGREEMENT WITH THE SUTTER BUTTE FLOOD CONTROL AGENCY

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

1) The Executive Director has been authorized to finalize the draft of documents presented and execute Amendment No. 1 to Project Partnership Agreement with the United States Army Corps of Engineers (USACE) and Amendment No. 1 to Local Project Partnership Agreement with the Central Valley Flood Protection Board related to the inter-basin transfer of credit to the Lower San Joaquin River Project, Phase I.; and,

2) The Executive Director has been authorized finalize the draft of documents presented and to execute the Excess Federal Credits Transfer Agreement with the Sutter Butte Flood Control Agency (SBFCA), implementing the transfer of excess federal credits consistent with the previously approved Term Sheet as modified.

PASSED, APPROVED AND ADOPTED this 11th day of September 2025.

____
PAUL CANEPA, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

____
DARREN SUEN, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

____
SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

AMENDMENT NUMBER 1
TO THE
PROJECT PARTNERSHIP AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE CENTRAL VALLEY FLOOD PROTECTION BOARD
AND
THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY
FOR
SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT

THIS AMENDMENT NUMBER 1 is entered into this____________day of_____,______, by and between the Department of the Army (hereinafter the "Government"), represented by the District Commander, Sacramento District, U.S. Army Corps of Engineers, and the State of California, acting by and through the Central Valley Flood Protection Board (hereinafter the State"), represented by its Board President, and the San Joaquin Area Flood Control Agency, represented by its Executive Director (the State and the San Joaquin Area Flood Control Agency when referred to collectively are referred to as the "Non-Federal Sponsors").

WITNESSETH, THAT:

WHEREAS, construction of the San Joaquin River Basin, Lower San Joaquin River, California project (hereinafter the "Project") was authorized by the America's Water Infrastructure Act of 2018 (Public Law 115-270), Title I, Subtitle D, Section 1401(2)1;

WHEREAS, the Government and the Non-Federal Sponsors entered into a Project Partnership Agreement on September 30, 2020 (hereinafter the "Agreement") for construction of the Project;

WHEREAS, Section 1020 of the Water Resources Reform and Development Act of 2014 (Public Law 113-121), as amended by Section 1166 of the Water Resources Development Act of 2016, Public Law 114-322 (33 U.S.C. 2223), provides that credit for in-kind contributions provided by a non-Federal interest that are in excess of the required non-Federal cost share for a water resources development project may be transferred from that project and applied toward the required non-Federal cost share for a different water resources development project upon submittal of a comprehensive plan by the non-Federal interest and approval of the comprehensive plan by the Government; and

WHEREAS, the Non-Federal Sponsors submitted the Comprehensive Plan on March 30, 2023 (hereinafter the "Comprehensive Plan") for the transfer to the Project of excess credit up to the amount of $110,641,000 (hereinafter "excess credit", as defined in Article I.K. of the Agreement, as amended), which Comprehensive Plan was approved by the Assistant Secretary o the Army (Civil Works) on November 6, 2023.

NOW, THEREFORE, the Government and the Non-Federal Sponsors agree to amend the Agreement as follows:

1. Remove the "and" at the end of the second WHEREAS clause and insert the following after the second WHEREAS clause:

"WHEREAS, Section 1020 of the Water Resources Reform and Development Act of 2014, Public Law 113-121, as amended by Section 1166 of the Water Resources Development Act of 2016, Public Law 114-322 (33 U.S.C. 2223), provides that credit for in-kind contributions provided by a non-Federal interest that are in excess of the required non-Federal cost share for a water resources development project may be transferred from that project and applied toward the required non-Federal cost share for a different water resources development project upon submittal of a comprehensive plan by the non-Federal interest and approval of the comprehensive plan by the Government;

WHEREAS, the Non-Federal Sponsors submitted the Comprehensive Plan on March 30, 2023 (hereinafter the "Comprehensive Plan"), for the transfer to the Project of excess credit up to the amount of $110,641,000 (hereinafter "excess credit", as defined in Article I.K. of this Agreement), which Comprehensive Plan was approved by the Assistant Secretary of the Army (Civil Works) on November 6, 2023; and"

2. Insert at the end of Article I the following:

"K. The term "excess credit" means the value of the in-kind contributions up to the amount of $110,641,000 in excess of the Non-Federal Sponsors' required cost share provided by the Non-Federal Sponsors under the Project Partnership Agreement entered into with the Government on August 29, 2018, as amended, for construction of the Sutter Basin, California Project (hereinafter the "Sutter Basin Agreement"), that may be transferred to the Project and applied toward the required cost share of the Non-Federal Sponsors under this Agreement in accordance with the Comprehensive Plan."

3. In Article II, renumber paragraph B.5. as paragraph B.6. and replace paragraph B.4 with the following:

"4. Excess credit in the amount of $110,641,000 is conditionally transferred to the Project as of the effective date of Amendment Number 1 to this Agreement and applied toward the required cost share of the Non-Federal Sponsors under this Agreement. This amount is subject to reduction upon the Government's completion of the audit of credit packages submitted by the Non-Federal Sponsors under the Sutter Basin Agreement, and upon the Government's final accounting in accordance with Article VI.E. of this Agreement. The final amount shall be limited to the lesser of $110,641,000 or the amount of funds otherwise required from the Non-Federal Sponsors to meet their minimum 35 percent cost share of the NED Plan costs after determining the amount to meet the 5 percent required by paragraph B.1. of this Article, above, and after determining the amount of credit afforded to the Non-Federal Sponsors pursuant to paragraphs B.2. and B.3. of this Article, above.

5. After determining the amount to meet the 5 percent required by paragraph B.1. of this Article, above, for the then current fiscal year and after considering the estimated amount of credit that will be afforded.to the Non-Federal Sponsors pursuant to paragraphs B.2., B.3., and B.4. of this Article, above, the Government shall determine the estimated additional amount of funds required from the Non-Federal Sponsors to meet its minimum 35 percent cost share for the then-current fiscal year. No later than 30 calendar days after receipt of notification from the Government, the Non-Federal Sponsors shall provide the full amount of such required funds to the Government in accordance with Article VI."

4. Delete Article VI.A. in its entirety and replace with the following:

"A. As of the effective date of this Amendment Number 1 to this Agreement, construction costs are projected to be $1,951,382,000, with the Government's share of such costs projected to be $1,268,398,300 and the Non-Federal Sponsors' share of such costs projected to be $682,983,700, which includes the 5 percent contribution of funds projected to be $97,569,100, creditable real property interests, relocations, and placement area improvements projected to be $165,338,000, creditable in-kind contributions projected to be $225,000,000, and the additional amount of funds required to meet the minimum 35 percent cost share projected to be $195,076,600 after affording to the Non-Federal Sponsors the excess credit amount. Costs for betterments are projected to be $0. These amounts are estimates only that are subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsors."

5. Delete the last sentence of Article VI.E.

6. All other terms and conditions of the Agreement remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment Number 1, which shall become effective upon the date it is signed by the District Commander.

DEPARTMENT OF THE ARMY	CENTRAL VALLEY FLOOD PROTECTION BOARD
BY:______________________	BY:______________________
Robert M. McTighe, PMP Colonel, U.S. Army Commander and District Engineer	Jane Dolan President Central Valley Flood Protection Board
DATE:____________________	DATE:____________________

SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

BY: ________________________________

Darren Suen, P.E., PMP
Executive Director
San Joaquin Area Flood Control
Agency

DATE: ________________________________

CERTIFICATE OF AUTHORITY

I, Kanwarjit Dua, do hereby certify that I am the principal legal officer for the State of California Central Valley Flood Protection Board, that the Central Valley Flood Protection Board is a legally constituted public body with full authority and legal capability to perform the terms of the Amendment Number 1 to the Project Partnership Agreement between the Department of the Army, the Central Valley Flood Protection Board and the San Joaquin Area Flood Control Agency in connection with the San Joaquin River Basin, Lower San Joaquin River, California Project, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Amendment Number 1, as required by Section 221 of Public Law 91-611, as amended (42 U.S.C. 1962d-5b), and that the person who executed this Amendment Number 1 on behalf of the Central Valley Flood Protection Board acted within his/her statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this __________day of __________, __________.

____

Kanwarjit Dua
Board Counsel
State of California Central Valley Flood Protection Board

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

____

Jane Dolan
President
Central Valley Flood Protection Board

DATE: ______________________________

CERTIFICATE OF AUTHORITY

I, Scott L Shapiro, do hereby certify that I am the principal legal officer for the San Joaquin Area Flood Control Agency, that the San Joaquin Area Flood Control Agency is a legally constituted public body with full authority and legal capability to perform the terms of the Amendment Number 1 to the Project Partnership Agreement between the Department of the Army, the Central Valley Flood Protection Board and the San Joaquin Area Flood Control Agency in connection with the San Joaquin River Basin, Lower San Joaquin River, California Project, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Amendment Number 1, as required by Section 221 of Public Law 91-611, as amended (42 U.S.C. 1962d-5b), and that the person who executed this Amendment Number 1 to the Project Partnership Agreement, on behalf of the San Joaquin Area Flood Control Agency, acted within his statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this __________ day of __________, __________.

____

Scott L. Shapiro
General Counsel
San Joaquin Area Flood Control Agency

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

____
Darren Suen, P.E., PMP
Executive Director
San Joaquin Area Flood Control Agency

DATE: ________________________________

AMENDMENT NUMBER 1
TO THE
LOCAL PROJECT PARTNERSHIP AGREEMENT
BETWEEN
THE CENTRAL VALLEY FLOOD PROTECTION BOARD
AND
THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY
FOR THE
LOWER SAN JOAQUIN RIVER PROJECT

This Amendment Number 1 is entered into by and between the Central Valley Flood Protection Board of the State of California, hereinafter referred to as the "Board," and the San Joaquin Area Flood Control Agency, hereinafter referred to as "SJAFCA," on the _______ day of ____, 2025 in view of the following circumstances.

WHEREAS, construction of the San Joaquin River Basin, Lower San Joaquin River, California Project (hereinafter referred to as the "Project", as defined by Article I.A of the Project Partnership Agreement between SJAFCA, the Board, and the U.S. Army Corps of Engineers (USACE) as that document is defined below) and authorized under the Water Infrastructure Improvements for the Nation Act (Public Law 115-270) Title I, Subtitle D, Section 1401(2), dated October 23, 2018; and

WHEREAS, the USACE, the Board, and SJAFCA entered into a Project Partnership Agreement on September 30, 2020, for the Project;

WHEREAS, the Board and SJAFCA entered into a Local Project Partnership Agreement on September 30, 2020, for the Project;

WHEREAS, Section 1020 of the Water Resources Reform and Development Act of 2014, Public Law 113-121, as amended by Section 1166 of the Water Resources Development Act of 2016, Public Law 114-322 (33 U.S.C. 2223), provides that credit for in-kind contributions provided by a non-Federal interest that are in excess of the required non-Federal cost share for a water resources development project may be transferred from that project and applied toward the required non-Federal cost share for a different water resources development project upon submittal of a comprehensive plan by the non-Federal interest and approval of the comprehensive plan by the Government;

WHEREAS, the Department of Water Resources (DWR) submitted a Comprehensive Plan on March 30, 2023 (hereinafter the "Comprehensive Plan") for the transfer of excess credit up to the amount of $110,641,000 (hereinafter "excess credit", as defined in Article I.N. of the Project Partnership Agreement), which Comprehensive Plan was approved by the Assistant Secretary of the Army (Civil Works) on November 6, 2023;

WHEREAS, the USACE, the Board, and SJAFCA entered into Amendment No. 1 to the Project Partnership Agreement on _____ day of ______________ 2025 for the Project; and

WHEREAS, the Board and SJAFCA now wish to enter into an amendment to the Local Partnership Agreement to reflect the amendment to the Project Partnership Agreement.

NOW, THEREFORE IT IS HEREBY AGREED:

1. Insert after the seventh WHEREAS clause the following:

"WHEREAS, Section 1020 of the Water Resources Reform and Development Act of 2014, Public Law 113-121, as amended by Section 1166 of the Water Resources Development Act of 2016, Public Law 114-322 (33 U.S.C. 2223), provides that credit for in-kind contributions provided by a non-Federal interest that are in excess of the required non-Federal cost share for a water resources development project may be transferred from that project and applied toward the required non-Federal cost share for a different water resources development project upon submittal of a comprehensive plan by the non-Federal interest and approval of the comprehensive plan by the Government; and

WHEREAS, the DWR on behalf of the Board and SJAFCA submitted the Comprehensive Plan on March 30, 2023 (hereinafter the "Comprehensive Plan"), for the transfer of excess credit up to the amount of $110,641,000 (hereinafter "excess credit", as defined in Section I.N. of this Amendment), which Comprehensive Plan was approved by the Assistant Secretary of the Army (Civil Works) on November 6, 2023;".

2. Insert at the end of Section II the following:

"K. The "excess credit" is to be applied 70% to the Board's cost share requirements and 30% to SJAFCA's cost share requirement until a final accounting on the Sutter Basin Project has been completed. After the final accounting on the Sutter Basin Project is complete, application of excess credit shall be adjusted such that each party's application of excess credit be in proportion to the results of the final accounting on the Sutter Basin Project."

3. All other terms and conditions of this Agreement remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

THE CENTRAL VALLEY FLOOD PROTECTION BOARD OF THE STATE OF CALIFORNIA	Approved for legal form and sufficiency
By: ______________________________	______________________________
Jane Dolan Board President Central Valley Flood Protection Board	Kanwarjit Dua Board Counsel Central Valley Flood Protection Board
SAN JOAQUIN AREA FLOOD CONTROL AGENCY, CALIFORNIA	Approved for legal form and sufficiency
By: ______________________________	______________________________
Darren Suen Executive Director San Joaquin Area Flood Control Agency	Scott L. Shapiro Agency Counsel San Joaquin Area Flood Control Agency

EXCESS FEDERAL CREDITS TRANSFER AGREEMENT BETWEEN THE SUTTER BUTTE FLOOD CONTROL AGENCY AND THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

This Excess Federal Credits Transfer Agreement ("Agreement") is entered into by and between the San Joaquin Area Flood Control Agency ("SJAFCA") and the Sutter Butte Flood Control Agency ("SBFCA") (collectively, the "Parties") as of the last date signed by the Parties.

RECITALS

A. SBFCA was and is engaged in numerous flood risk reduction efforts in the Feather River Watershed, including its role as a non-Federal sponsor (along with the State of California) for the Federally authorized Sutter Basin Flood Risk Reduction Project ("Sutter Basin Project").

B. The Sutter Basin Project was authorized by the Water Resources Reform and Development Act of 2014 ("WRRDA 2014") (Public Law 113-121), Title VII, Section 7002(2) and amended by the Water Infrastructure Improvements for the Nation Act of 2016 ("WIIN 2016") (Public Law 114-322) Title I, Subtitle C, Section 1305.

C. The Sutter Basin Project has been completed, and due to construction advanced by SBFCA and the State of California for which the Federal government did not pay a cost share, SBFCA and the State of California have accumulated excess Federal credits.

D. SBFCA, with assistance from the State of California, acting by and through the Central Valley Flood Protection Board (CVFPB) and the California Department of Water Resources (DWR), has advanced an effort to perfect the existing Federal credits so that they are recognized by the Federal government.

E. Section 1020 of WRRDA 2014, as amended by Section 1166 of WIIN 2016, provides authority for the Federal government to approve a comprehensive plan submitted by a non-Federal sponsor to allow for the transfer of excess credit from one authorized project to another.

F. The State of California, with assistance from SBFCA, has advanced an effort to get permission to transfer excess Federal credits from the Sutter Basin Project to other Federal projects, and the U.S. Army Corps of Engineers ("USACE") approved the submitted Comprehensive Plan on ____date____.

G. SJAFCA is engaged in numerous flood risk reduction efforts in the San Joaquin River Watershed, including its role as a non-Federal sponsor (along with the State of California) for the Federally authorized Lower San Joaquin River Flood Risk Reduction Project ("San Joaquin Project").

H. The Lower San Joaquin Project was authorized by the America's Water Infrastructure Act of 2018 ("AWIA 2018") (Public Law 115-270) Title I, Subtitle D, Section 1401.

I. In its role as a non-Federal sponsor, in partnership with the State of California, SJAFCA is obligated to pay a cost share to the Federal government for the San Joaquin Project, and some portion of that cost share may be paid through the use of Federal credits pursuant to the approved Comprehensive Plan.

J. SBFCA holds excess Federal credits from the Sutter Basin project that may be applied to a USACE project and for which it does not have a use ("Excess Credits") and would like to sell those Excess Credits to SJAFCA, and SJAFCA would like to purchase those Excess Credits to effect overall cost savings on the required payments of its cost share to the Federal Government for the San Joaquin Project.

K. The State of California has taken necessary steps to transfer Federal credits that it holds from its investment in the Sutter Butte Project and apply those credits to its cost share obligations to the Government for the San Joaquin Project.

L. SBFCA and SJAFCA acknowledge that the actions of the State of California will cause SBFCA's Excess Credits to be applied to the non-Federal cost share for the San Joaquin Project to the benefit of SJAFCA.

M. SJAFCA has initiated and formed the Levee Construction and Maintenance Assessment (LCMA) District, a special benefit assessment district, to raise revenue to pay for its portion of the non-Federal sponsor's share of the San Joaquin Project. Revenues from the LCMA District can be used to purchase the Excess Credits from SBFCA.

N. The Boards of Directors of both SJAFCA and SBFCA previously approved the essential terms contained in this Agreement.

O. The purpose of this Agreement is to effectuate the transfer the Excess Credits held by SBFCA to SJAFCA and to obligate SJAFCA to pay for those Excess Credits in the amount and at the time agreed to by the Parties.

NOW, THEREFORE, the two Parties hereby agree as follows:

TERMS

1. **Transfer and Acceptance.** SBFCA agrees to transfer ownership and use of the Excess Credits on the terms contained herein, and SJAFCA agrees to purchase the ownership and use of the Excess Credits and to make payments to SBFCA under section 4 below on the terms contained herein.

2. **Conditions Precedent to SJAFCA Obligation to Pay.** The following two conditions must occur before SJAFCA has an obligation to make payments to SBFCA under section 4 below: (1) Successful amendment of a Project Partnership Agreement between USACE and CVFPB/SBFCA on the one hand, and another Project Partnership Agreement between USACE and CVFPB/SJAFCA on the other; and (2) USACE has made the Excess Credits available to the Lower San Joaquin Project such that any USACE requests for payments, or "cash calls" for that Project are lower than they otherwise would have been.

3. **Valuation of Excess Credits.** The parties agree that the Excess Credits currently have an

estimated face value of $_______ based upon SBFCA's submission of credit packages for review and approval by the USACE. The finalized face value upon which the agreed upon valuation for purposes of this agreement will be determined by the USACE's final review and approval of the submitted credit packages. Upon final approval of the submitted credit packages by the USACE, SBFCA will provide written notice to SJAFCA of the finalized approved face value. The Parties agree that the valuation of transferred Excess Credit is sui generis and that this valuation in this Agreement for transferred Excess Credit reflects multiple factors including the limited market for sale of credits, SJAFCA's sources of revenue, and SJAFCA's alternative options for providing its non-Federal cost share. This Agreement establishes a value of the Excess Credits as 60% of their face value, subject to the mechanisms of payment and procedures contained herein and the finalized face value of approved of submitted credit packages by the USACE noticed by SBFCA to SJAFCA.

4. **Provisions for Payment.** The following provisions determine the timing, amount, and documentation of past and future payments along with rules regarding pre-payment.

   a. **Timing of Payments.** SJAFCA will make payments to SBFCA, in amounts established consistent with Section 4.b. below, prior to the last day of June of each year. The first payment will be due for the fiscal year ending June 30, 2026 and unless all payment obligations established under this Agreement have been satisfied prior then the last payment will be made no later than June 30, 2063. If either or both of the amendments to the Project Partnership Agreements has not been effected by March 30, 2026, then the payment which will be due for the fiscal year ending June 30, 2026 shall be made no later than 90-days following the effective date of the later of the execution of the two Project Partnership Agreements amendments.

   b. **Amount of Payments.**

      i. **General rules for Payment.** SJAFCA will pay to SBFCA each year an Actual Use Payment (as defined below), unless the Actual Use Payment is less than the Minimum Payment (as defined below) in which case the Minimum Payment shall be the amount paid; provided, that when SJAFCA's Actual Use Payments cumulatively exceed its Minimum Payment cumulative obligations, then the Minimum Payment obligation shall be reduced in that year to the cumulative obligation. The attached document provides more detail on the calculation of the value of the Excess Credits and also contains three examples of the application of the general rules.

      ii. **Calculation of Minimum Payment.** SJAFCA shall have an obligation to make annual payments to SBFCA that are at least $450,000 ("Minimum Payment Amount"), except, the Minimum Payment Amount will be $0 until the following condition is met - the USACE has awarded a new construction contract to a contractor for the construction of the San Joaquin Project. Further, if a construction contract is awarded and subsequent to that award, the San Joaquin Project receives no additional federal appropriations or the San Joaquin Project is not included in USACE's annual civil works work plan for construction, the Minimum Payment will be reduced back to $0 until the USACE awards a new construction contract to a contractor.

iii. **Actual Use Payment.** SJAFCA will annually pay to SBFCA for actual use of the Excess Credits an amount equal to 60% multiplied by the face value of the Excess Credits used by SJAFCA in that fiscal year rather than making a cash payment to USACE as would have been required under its project partnership agreement without the credit transfer. This amount can also be understood to be 60% times the calculated savings to SJAFCA for the year as a result of the transfer of the Excess Credits. The calculated savings will be an amount determined in the report required under section 4.c. below. Under either understanding of the payment, this payment amount is known as the "Actual Use Payment."

iv. **SJAFCA's Actual Use Payments Cumulatively Exceed its Minimum Payment Cumulative Obligations.** Consistent with section 4.c. below, SJAFCA shall track its cumulative Actual Use Payments and its cumulative Minimum Payments. When SJAFCA's cumulative Actual Use Payments exceed its cumulative Minimum Payments, then the overage shall be deducted from the Minimum Payment due in any particular year. Because the Parties agreed that SJAFCA should always pay for credits in the year in which they are used, cumulative Actual Use Payments are not intended to reduce the obligation to pay an Actual Use Payment due in any later year below the amount that would be due for the actual use of a credit.

c. **Documentation of Payment Amount.** SJAFCA agrees to annually cause a report to be generated and to provide that report to SBFCA no later than June 1 of each year documenting the calculation of the payment due for that year. If SJAFCA contracts externally to prepare that report, SBFCA agrees to pay half of the costs to generate the report, and the external organization shall directly bill SJAFCA and SBFCA each for one half of the cost of the report. SBFCA and SJAFCA agree to work in good faith with the external organization on the first report to ensure agreement on methodology and the form of reporting which will be used for the 19 year period absent agreement of the Parties to change the format.

d. **Prepayment.** With 30 days' notice SJAFCA may pay some or all of the remaining obligation at any time and any such prepayment shall be credited as an Actual Use Payment for purposes of Section 4.b.iv.

e. **Method and Cost for Payment.** SJAFCA will make all payments required by this Agreement to SBFCA by electronic wire and the cost of the electronic wire transfer shall be borne exclusively by SJAFCA. The Parties may agree to a different method of payment which shall be reflected in a written confirmation.

5. Further Transfer. Upon approval by SBFCA, SJAFCA shall have the right to transfer some or all of the Excess Credit that it has not used to another party or project so long as it continues to assure payments to SBFCA on the same schedule and in compliance with all relevant provisions of the Agreement. SBFCA's approval shall not be unreasonably withheld. To the extent that such a transfer requires the cooperation of SBFCA, SBFCA agrees to provide such cooperation and SJAFCA agrees to pay SBFCA's outside reasonable costs, if any, in providing such cooperation. This Agreement shall be binding on any such successors and assigns of the Parties.

6. **Forces Outside the Parties' Control.** If an event outside the control of the Parties causes SJAFCA to lose some or all of the benefits of the credit, then after payment by SJAFCA to SBFCA for the Excess Credits that have been applied, the Parties agree to work together to address the cause of the loss of the benefits and to seek to resolution among the parties."

7. **Breach of Contract and Remedy.** The Parties intend to use the following three-step alternative dispute resolution process to resolve all disputes related to this Agreement, except as may otherwise be required under applicable law:

   a. **Good Faith Resolution.** A Party claiming a dispute shall provide timely notice to the other Party, describing the matter(s) in dispute and any proposed relief or resolution. The Parties will devote such time and attention to dispute resolution as necessary and reasonable to attempt to resolve the dispute at the earliest time possible. Each Party will cooperate in good faith promptly to schedule, attend, and participate in an informal dispute resolution process for a period of at least 60 days. Each Party will promptly implement all final agreements reached, consistent with its applicable statutory and regulatory responsibilities.

   b. **Mediation.** If informal meetings do not resolve the dispute, then the disputing Party will undertake to choose a mediator no sooner than thirty days following the conclusion of the initial 60-day period. The cost of mediation will be split between the Parties. The mediation process will be concluded not later than sixty days after the mediator is selected. The above time periods may be shortened or lengthened upon mutual agreement of the Parties.

   c. **Arbitration.** If the disputing Party is not satisfied by the results of the mediation process, that Party may compel arbitration by providing written notice to the other Party. Arbitration shall be administered by the Judicial Arbitration and Mediation Services, Inc ("JAMS"), or another mutually agreeable dispute resolution forum in accordance with its applicable rules then in effect, without regard to any rule or provision which could be construed as a limited or general waiver of sovereign immunity beyond the terms of this Agreement. The dispute shall be resolved by a single neutral arbitrator to be selected by mutual agreement of the Parties, and in the event that mutual agreement cannot be reached, in accordance with the rules and procedures established by JAMS or other dispute resolution forum.

   d. **Neutral Third Party.** At any point in this three-step dispute resolution process either Party may ask that the Central Valley Flood Protection Board or the California Department of Water Resources participates as a neutral third party.

8. **Amendments.** Subsequent modifications of this document shall not be valid or effective unless set forth in writing and signed by the two Parties.

9. **Term.** This Agreement shall remain in effect until the earlier of such time as (i) it is terminated by the Parties or (ii) all payments required under section 4 have been made.

10. **Notices.** Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, facsimile or overnight courier service during SJAFCA's and SBFCA's regular business hours; or (ii) on the

third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing); or (iii) the day of delivery if emailed to the email address listed below and simultaneously deposited in the U.S. mail, postage prepaid, to the address(es) listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to SJAFCA:	If to SBFCA:
Darren Suen, Executive Director San Joaquin Area Flood Control Agency 2800 W. March Lane, Suite # 200 Stockton, CA 95219 Telephone: (209) 299-4200 Email: Darren.Suen@sjafca.org	Michael Bessette, Executive Director Sutter Butte Flood Control Agency Post Office Box M Yuba City, CA 95992 Telephone: (530) 755-9859 Email: m.bessette@sutterbutteflood.org

11. **Duty to Indemnify and Hold Harmless.** SBFCA and SJAFCA shall each indemnify and hold harmless the other party from any and all claims, demands, causes of action, costs, expenses, liability, injuries (personal, bodily, and property) and damages sought against the indemnitee arising out of or resulting from the indemnitor's performance of, or failure to perform, the obligations under this Agreement. This provision shall survive the termination of the Agreement subject to all applicable statutes of limitations and repose.

12. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California. The venue for any litigation shall be the Superior Court of California for the County of Sacramento and the Parties hereby consent to jurisdiction in that court for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.

13. **Interpretation.** This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. The headings and captions in this Agreement are descriptive only and for convenience in reference to this Agreement. Any uncertainty or ambiguity shall not be construed for or against any party based on attribution of drafting.

14. **Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to the extent necessary to, cure such invalidity or unenforceability, and shall be enforceable in its amended form. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

15. **Remedies Non-Exclusive.** Each right, power and remedy provided for herein or now

or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance from the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any or all of such other rights, powers or remedies.

16. **Attorneys' Fees.** If legal action shall be necessary to enforce any term, covenant or condition contained in this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs expended in the action.

17. **Counterparts; Electronic Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument.

18. **Role of Downey Brand.** The Parties reiterate their understanding that Downey Brand represents both Parties and therefore has not and cannot negotiate the terms of this Agreement and is only acting as a Scribner in the preparation of this Agreement.

IN WITNESS WHEREOF, the Parties have approved this Agreement as of the dates specified in the signature block below.

San Joaquin Area Flood Control Agency

By: ______________________________ ______________

Darren Suen, Executive Director Date

Approved as to form: Scott L. Shapiro

Date: ______________ ________________________

Sutter Butte Flood Control Agency

By: ______________________________ ______________

Michael Bessette, Executive Director Date

Approved as to form: Scott L. Shapiro

Date: ______________ ________________________

Excess Credit Transfer Agreement Attachment
Savings Calculation &
Minimum Payment / True-up Calculations

As part of the excess credit transfer evaluation and negotiations between SBFCA and SJAFCA (the "Parties"), the Parties discussed:

1) The approach for calculating the amount of savings that SJAFCA would realize because of the transfer of excess credits from the Sutter Basin Project to the Lower San Joaquin River Project (LSJRP);
2) Provisions for minimum annual payments over the expected life of the LSJRP until the end of FY 2043/44 (June 2044); and,
3) an annual true-up to the cumulative minimum payment amounts relative to the actual cumulative calculated savings because of the credit transfer.

The purpose of this document is to provide clarity on how the amount of savings realized by SJAFCA is determined in any given year and thus how to calculate the resulting payment due to SBFCA. Further, this document also addresses how to determine an annual payment due by SJAFCA considering any minimum payments previously made.

<u>Excess Credit Savings Calculations</u>

SJAFCA will pay SBFCA an "Actual Use Payment" on an annual basis. The amount of the Actual Use Payment is equal to 60% of the calculated amount saved by SJAFCA because of the excess credit transfer. The savings amount is based on the reduction in payments to USACE by SJAFCA because of the reduction in the "cash-to-cash ratio" from the excess credit transfer ("Excess Credit Savings").

The "cash-to-cash ratio" is defined as the Non-Federal Sponsor cash obligations divided by the total cash requirements for the project, expressed as a percentage. The "cash-to-cash ratio" is a function of the total project cost estimates which are initially determined in the PPA, however, are subject to change as the total project cost estimate is updated by USACE. The use of the cash-to-cash ratio to determine Excess Credit Savings amount has been the subject of discussion, review, and agreement by SBFCA and SJAFCA. The calculation for the "cash-to-cash ratio" is shown in Table 1 below.

The Excess Credit Savings is based on difference in the cash-to-cash ratio because of a comparison in an actual payment by SJAFCA as compared to a hypothetical payment based on "with" and "without excess credit" transfer scenarios. The calculations utilized for this comparison will reflect cost estimates reflected in the PPA or updated cost estimates as they may become available and approved by USACE and receive concurrence from the non-Federal Sponsors via a USACE Cost Share Control Record Change Form. More specifically, the estimated savings will be calculated by comparing the difference between the amount of non-Federal funding required using the current cash-to-cash ratio (with credit transfer scenario) versus the funding that would have been required using the without excess credit cash-to-cash ratio (without credit transfer scenario).

There are two variables that need to be taken into consideration when calculating Excess Credit Savings.

Total Cost: The first variable – *Total Cost* – is used to calculate the cash-to-cash ratio. As noted previously, this variable may change over time as USACE updates its total project cost estimate. Examples of the calculations of the "cash-to-cash ratio" are shown in Table 1 below.

Table 1: Example Cash-to-Cash Ratio calculations based on varying Total Cost estimates

		PPA	PPA Amd 1	Draft 2025 Cost Est
Total Cost		1,385,283,000	1,707,062,000	1,954,246,000
Fed	[A]	900,433,950	1,109,590,300	1,270,259,900
Non Fed		484,849,050	597,471,700	683,986,100
5% Cash	[B]	69,264,150	85,353,100	97,712,300
LERRDs		231,637,000	268,794,000	312,593,000
221/IKC		65,156,000	116,185,850	109,917,000
Excess Cred	[C]		110,641,000	110,641,000
Addtl Cash	[D]	118,791,900	16,497,750	53,122,800
Without Credit		Cash-to-Cash	Cash-to-Cash	Cash-to-Cash
Fed Cash %	[E=A/(A+B+C+D)]	82.72%	83.93%	82.93%
NF Cash %	[F=(B+C+D)/(A+B+C+D)]	17.28%	16.07%	17.07%
With Credit		Cash-to-Cash	Cash-to-Cash	Cash-to-Cash
Fed Cash %	[G=A/(A+B+D)]	N/A	91.59%	89.39%
NF Cash %	[H=(B+D)/(A+B+D)]	N/A	8.41%	10.61%

Total FY Spend Amount: The second variable - *Total FY Spend Amount* – is the amount of funds USACE is projected to spend in a fiscal year. This amount, along with the cash-to-cash ratio, is used to calculate the amount of non-Federal funding required. Table 2 below shows four different scenarios that model the excess credit savings based on these changing variables.

Table 2: Calculation of Savings with Changing Variables

Scenario 1 PPA Amd Estimate	Total FY Spend Amt [A]	Without Excess Cred Cash Ratio [B]	Without Excess Cred Funds Required [C=A*B]	With Excess Cred Cash Ratio [D]	With Excess Cred Funds Required [E=A*D]	NFS Savings [F=C-E]	SJAFCA Savings [G=F*30%]
Fed Cash	50,000,000	83.93%	41,963,743	91.59%	45,796,294	**3,832,551**	**1,149,765**
NFS Cash		16.07%	8,036,257	8.41%	4,203,706		
Total		100.00%	50,000,000	100.00%	50,000,000		

Scenario 2 PPA Amd Estimate	Total FY Spend Amt [A]	Without Excess Cred Cash Ratio [B]	Without Excess Cred Funds Required [C=A*B]	With Excess Cred Cash Ratio [D]	With Excess Cred Funds Required [E=A*D]	NFS Savings [F=C-E]	SJAFCA Savings [G=F*30%]
Fed Cash	39,150,000	83.93%	32,857,610	91.59%	35,858,498	**3,000,888**	**900,266**
NFS Cash		16.07%	6,292,390	8.41%	3,291,502		
Total		100.00%	39,150,000	100.00%	39,150,000		

Scenario 3 2025 Cost Estimate	Total FY Spend Amt [A]	Without Excess Cred Cash Ratio [B]	Without Excess Cred Funds Required [C=A*B]	With Excess Cred Cash Ratio [D]	With Excess Cred Funds Required [E=A*D]	NFS Savings [F=C-E]	SJAFCA Savings [G=F*30%]
Fed Cash	20,000,000	82.93%	16,585,886	89.39%	17,877,199	**1,291,313**	**387,394**
NFS Cash		17.07%	3,414,114	10.61%	2,122,801		
Total		100.00%	20,000,000	100.00%	20,000,000		

Scenario 4 2025 Cost Estimate	Total FY Spend Amt [A]	Without Excess Cred Cash Ratio [B]	Without Excess Cred Funds Required [C=A*B]	With Excess Cred Cash Ratio [D]	With Excess Cred Funds Required [E=A*D]	NFS Savings [F=C-E]	SJAFCA Savings [G=F*30%]
Fed Cash	46,500,000	82.93%	38,562,184	89.39%	41,564,487	**3,002,304**	**900,691**
NFS Cash		17.07%	7,937,816	10.61%	4,935,513		
Total		100.00%	46,500,000	100.00%	46,500,000		

Because USACE annual payment requests will differ from those modeled, the Parties, or a designated representative, will be responsible for preparing a cash savings calculation, based on the assumptions utilized in the model, to prepare the calculation of the Excess Credit Savings each year and document this in a required annual report.

Minimum Payments and True-Ups

The Parties have agreed to a minimum annual payment provision (reference Section 4.b.ii). A minimum payments of $450,000 per year has been agreed to by the Parties. The minimum payment term begins in FY 2025/26, but only after a PPA signing. It is assumed that SJAFCA will pay SBFCA 60% ($17.1M) of the estimated $28.5M excess credit available for transfer to SJAFCA. Dividing $17.1M by $450,000 is 38-years thus the minimum payment period would end in 2063 after 38 payments. However, the minimum is subject to reduction to $0 under the following circumstances.

i. The Minimum Payment will be $0 until the USACE awards its next construction contract for the LSJRP for the next increment of construction after the TS 30L increment. After the award of the next construction contract the amount will be set to $450,000.

ii. If, in any given year after the Minimum Amount has been set to $450,000 consistent with provision i, the LSJRP receives no additional construction funding from the federal government either through direct appropriation in law or through USACE's Civil Works Work Plan, the Minimum amount will be reset to $0, until USACE's award of a construction contract for the next increment of the LSJRP.

The minimum payment in any year is based on cumulative annual minimum amounts and a true-up calculation. The $28.5M amount and associated payments are based on estimates and subject to change upon fiscal closeout of the Sutter Basin project and final credit amount determination by USACE.

A related but important concept discussed and assumed in these calculations is that payments from SJAFCA to SBFCA coincide with USACE annual funds requests. This means that upon a USACE funding request, the Excess Credit Savings is calculated, and SJAFCA will owe SBFCA a payment, subject to the minimum cumulative payments and any true-up described further below. Payment is to be made by June 30th to coincide with the end of the fiscal year. It also allows SJAFCA receipt of the USACE funding request the September prior and provides SJAFCA time to process and plan for payment outlays.

The second component of the payment modeling is the cumulative payment calculation and true-up. The minimum cumulative amount paid is determined based on the summation of all minimum annual amounts ($450k) in the current year and prior years, starting with the first year of payment (FY 2025/26). If the determined Excess Credit Savings is less than minimum cumulative payment amount for the current year, then SJAFCA will need to make a payment to meet the minimum cumulative amount due. Examples of the minimum annual payment and cumulative payments and true-up are provided below.

Example 1: Minimum Annual Payment Due (Assumes USACE Awards the next Construction Contract in Year 2)

Scenario - Calculated Excess Credit Savings based on actual USACE payment requests. In Year 1 Actual Use Payments govern, USACE construction contract is awarded in Year 2, and thereafter Minimum Payments govern.

Table 3 – Example 1: Minimum Annual Payment Due	Year 1	Year 2	Year 3
USACE Funds Request (SJAFCA Portion)	$1M	$1M	$1M
Calculated Excess Credit Savings [1]	$100k	$100k	$100k
Calculated Payment to SBFCA [2]	$60k	$60k	$60k
Cumulative Actual Use Payments	$60k	$120k	$180k
Minimum Annual Amount	$0k	$450k [3]	$450k
Minimum Cumulative Payment	$0k	$450k	$900k
Payment Issued to SBFCA	**$60k**	**$390k**	**$450k**
Cumulative Payments Issued to SBFCA	**$60k**	**$450k**	**$900k**

[1] Calculated savings example is for illustrative purposes and does not reflect an actual calculation from a USACE Funds Request.

[2] 60% of the calculated savings.

[3] Assumes USACE has awarded next construction contract.

Example 2: Excess Credit Savings Exceed Minimum Payments Due

Scenario - Calculated Excess Credit Savings based on actual USACE payment requests result in higher payments than the minimum annual payment during the first three years. Minimum Payment is $0 in Year 1, USACE construction contract is awarded in Year 2. As shown in Table 4 below, SJAFCA will owe SBFCA an Actual Use Payment that exceeds the minimum annual payments.

Table 4 – Example 2: Excess Credit Savings Exceed Minimum Annual Payments Due	Year 1	Year 2	Year 3
USACE Funds Request (SJAFCA Portion)	$3M	$0	$3M
Calculated Excess Credit Savings [1]	$1.75M	$0	$1.75M
Calculated Payment to SBFCA [2]	$1.05M	$0	$1.05M
Cumulative Actual Use Payments to SBFCA	$1.05M	$1.4M	$2.10M
Minimum Annual Amount	$0	$450k[3]	$450k
Minimum Cumulative Payment	$0	$450k	$900k
Payment Issued to SBFCA	**$1.05M**	**$0**	**$1.05M**
Cumulative Payments Issued to SBFCA	**$1.05M**	**$1.05M**	**$2.10M**

[1] Calculated savings example is for illustrative purposes and does not reflect an actual calculation from a USACE Funds Request.
[2] 60% of the calculated savings.
[3] Assumes USACE has awarded next construction contract.

Example 3: Excess Credit Savings Payments Exceed Minimum then drop lower than cumulative minimum payment requiring True-ups.

Scenario – In this scenario, USACE payment requests and the calculated Excess Credit Savings result in payments above the minimum annual amounts during the first year as in example 2. In year two, a USACE construction contract is awarded trigger the Minimum Payment to be $450k. In years four through six, USACE makes no funding requests and thus there are no calculated savings. In year four, there is no payment because the cumulative payment amounts already exceed the cumulative minimum payment amounts. However, in year five, a true-up payment needs to be made to reach the minimum cumulative amount but this payment is less than the required $450k annual payment. Finally, in year six, SJAFCA will make a minimum annual payment of $450k to ensure the cumulative minimum payment threshold is maintained. Table 5 below demonstrates the payment due by SJAFCA to SBFCA based on this scenario.

Table 5: Minimum True-Up Scenario	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
USACE Funds Request (SJAFCA Portion)	$3M	$0	$1M	$0	$0	$0
Excess Credit Savings [1]	$1.75M	$0	$583k	$0	$0	$0
Calculated Payment to SBFCA [2]	$1.05M	$0	$350k	$0	$0	$0
Cumulative Actual Use to SBFCA	$1.05M	$0	$1.40M	$1.4M	$1.4M	$1.4M
Minimum Annual Amount	$0	$450k[3]	$450k	$450k	$450k	$450k
Minimum Cumulative Payment	$0	$450k	$900k	$1.35M	$1.8M	$2.25M
Payment Issued to SBFCA	**$1.05M**	**$0**	**$350k**	**$0**	**$400k**	**$450k**
Cumulative Payments Issued to SBFCA	**$1.05M**	**$1.05M**	**$1.40M**	**$1.40M**	**$1.8M**	**$2.25M**

[1] Calculated savings example is for illustrative purposes and does not reflect an actual calculation from a USACE Funds Request.

[2] 60% of the calculated savings.

[3] Assumes USACE has awarded next construction contract.

End of
Agenda Packet