

# SWP Contract Extension Amendment Update



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# Background

- 29 SWP Contractors (public water agencies) and DWR have signed long term Water Supply Contracts since 1960s
- The original Contracts include 75-year terms with ending dates as early as end of 2035
- DWR issued bonds with payment period ending by 2035



# Contract Extension Amendment

- Extend the contract term to December 31, 2085
- Increase operating reserves and establish additional funds to address SWP financial needs
- Implement new billing provisions to simplify the SWP billing process and cost recovery
- Enhance coordination between DWR and the SWP Contractors regarding SWP financial matters



# Contract Extension Amendment Validation

- December 11, 2018 – DWR Director approved the Water Supply Contract Extension Project and DWR filed a CEQA Notice of Determination.
- December 2018 – DWR filed the validation action to confirm the legality of the amendment.
- January 2019 – Opponents challenged DWR’s validation.
- April 22, 2022 – Sacramento County Superior Court issued judgements in DWR’s favor in the validation case and two related environmental cases.



# Execution of Contract Extension Amendment

- DWR and 25 SWP Contractors have executed the Contract Extension amendments
- DWR is currently working with the remaining 4 Contractors



# Implementation Plan

- Contract Extension Amendment takes effect by January 31, 2023
- Billing Transition Date – January 1, 2024
  - Capital costs incurred on or after that date would be financed with bonds maturing after 2035
  - A new Cost Allocation and Billing system is in place for preparing the Statement of Charges



**Thank you!**