

Contract Extension Project





Background

- * Water Supply Contracts signed in the 1960s
- * Purpose for the Contracts
 - * Contractors receive a water service and pay for all associated costs
 - * DWR allocates a share of available supplies to each contractor
- * Contracts terminate between 2035 and 2042



Why Extend the Contracts Now?

- * Revenue bonds sold for the SWP have terms that extend no further than 2035
- * Desirable to sell bonds with 30 year terms or longer to keep bills affordable to Contractors
- * Today DWR can only sell bonds out 22 year terms
- * Need to extend the contract termination dates now beyond 2035 to keep costs affordable



Key Objectives

- * Ensure DWR can finance SWP expenditures beyond 2035
- * Maintain an appropriate level of reserves and funds to meet SWP purposes
- * Simplify the SWP billing process



Negotiation Sessions

- * Negotiations being held in a public forum per the *Monterey Settlement Agreement*
- * Negotiation will lead to non-binding “Agreements In Principle”
- * “Agreements In Principle” will be basis for contract language development
- * 5 Public Sessions have taken place
- * Next Public Session scheduled for July 31, 2013
- * Progress is being made towards an agreement



Environmental Review Process

- * An environmental review process is planned, allowing for additional public involvement
- * Agreements in principle to be used to develop the “Project Description” under CEQA
- * Environmental review process to begin at the end of the negotiations
- * Beginning to prepare an Environmental Impact Report (EIR) for the project



Schedule

- * Goal is to extend the contracts in 2015