

# 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 September 4, 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