

Original Slide from 9.17.2013 CE Negotiations

Contractors Flow of Funds prioritizes funding of reserves and rate reductions above Director's Discretion

Flow of Funds

Current	DWR Counter-Proposal	SWP Contractor Fourth Offer
1. Revenue Bond Debt Service	1. Revenue Bond Debt Service	1. Revenue Bond Debt Service
2. Operations and Maintenance	2. Operations and Maintenance	2. Operations and Maintenance
3. G.O. Bond Debt Service	3. G.O. Bond Debt Service	3. G.O. Bond Debt Service
4. Capital Facilities Account (\$4.5 M)	4. Capital Facilities Account (\$4.5 M)	(Eliminate Cap. Facilities Acct) (line 96)
5. Rate Management (\$40.5 M) (ends in 2035)	5. Rate Management (\$40.5 M) (ends in 2035)	4. Rate Management (\$40.5, ends in 2035)
6. Additional System Purposes		
7. "Owed" Rate Management	Director's Discretion	Subsequent Priorities
8. Increases in the GOA (up to \$32 M)	6a. Increase GOA (90 days/\$150 M)	6. GOA (up to \$150 M) (line 95)
9. Additional Rate Management	6b. SWRDS Support Account (\$60 M)	7. SWRDS Support Account (\$60 M) (line 98)
	6c. SWRDS Reinvestment Account	8a. % SWRDS Reinvestment Account (line 99)
	6d. Additional Systems Purposes	8b. % "Owed" Rate Management (line 100-104)

Clarification: Contractors' Offer Regarding Flow of Funds

PRE-2035

Revenue Priority	Pre-2035 Flow of Funds
Total Project Revenues From All Sources	
1	Revenue Bond Debt Service
2	Cost of Maintenance, Operation and Replacement of the System for chargeable water supply costs under the Water Supply Contracts
3	Reimburse General Fund for General Obligation Bond Debt Service
4	Reimbursement of the California Water Fund
5	Funding of the State Water Facilities Capital Account (Annually \$4.5Mil)
5	Annual Rate Reductions (\$40.5Mil)
6	General Operating Reserve adjustments increasing to the maximum Funding Level
7	Amount for Additional System Purposes
7	SWRDS Support Account (SSA)
7.1	Initial Funding and Adjustments to the maximum SSA Funding Level
7.2	Annual Replenishment of the SSA up to the maximum Funding Level
8	Retain _____% of Net 51(e) Revenues until 2035 for:
8.1	SWRDS Reinvestment Account (SRA)
9	Retain _____% of Net 51(e) Revenues until 2035 for Amount for Additional Rate Reductions:
9.1	Make-up 1997 to 2000 Shortfalls in Charge Reduction (with Interest)
9.2	Make-up 2001 to 2035 Shortfalls in Charge Reduction (without Interest)
9.3	\$2 Mil per Year re: Urban contractors (Total \$19Mil)
9.4	Additional \$2 Mil per Year re Urban Contractors (Total \$19Mil)
10.5	General Operating Reserve (\$2 Mil per Year, \$32Mil + Adj = Max)
10.6	Additional Rate Reduction (\$24.7Mil AG and \$75.3Mil Urban)

Clarification: Contractors' Offer Regarding Flow of Funds

POST-2035

Revenue Priority	Post-2035 Flow of Funds
	Total Project Revenues From All Sources
1	Revenue Bond Debt Service
2	Cost of Maintenance, Operation and Replacement of the System for chargeable water supply costs under the Water Supply Contracts
3	Reimburse General Fund for General Obligation Bond Debt Service
4	Reimbursement of the California Water Fund
5	Funding of the State Water Facilities Capital Account (Annually \$4.5Mil)
5	Annual Rate Reductions (\$40.5Mil)
6	General Operating Reserve adjustments to increase GOA to the maximum Funding Level
7	Amount for Additional System Purposes
7	SWRDS Support Account (SSA)
7.1	Initial Funding and Adjustments to the maximum SSA Funding Level
7.2	Annual Replenishment of the SSA up to the maximum Funding Level
5	Retain 100% of Net 51(e) Revenue in:
5.1	SWRDS Reinvestment Account (SRA) 
9	Retain _____% of Net 51(e) Revenues until 2035 for Amount for Additional Rate Reductions:
- 9.1	Make-up 1997 to 2000 Shortfalls in Charge Reduction (with _____)
- 9.2	Make-up 2001 to 2035 Shortfalls in Charge Reduction (with _____)
- 9.3	\$2 Mil per Year re: Urban contractors (Total \$19Mil)
- 9.4	Additional \$2 Mil per Year re Urban Contractors (Total \$19Mil)
- 10.5	General Operating Reserve (\$2 Mil per Year, \$32Mil + Adj. = max)
- 10.6	Additional Rate Reduction (\$24.7Mil AG and \$75.3Mil Urban)

SSA Annual Replenishment and Increases in Funding Level

2nd Funding Source for GOA Increases in Funding Level (1st Funding Source is GOA Interest Earnings)

Flow of Funds Pre-2035



