



STATE WATER PROJECT CONTRACT EXTENSION PROJECT

Draft Meeting Summary and Action Items

State Water Project Contract Extension Project

October 2 2013 10:00 AM – 5:00 PM

Draft Meeting Attendance List

<p><u>California Department of Water Resources</u> <u>Lead Negotiators</u></p> <ul style="list-style-type: none"> • Steve Cohen, California Department of Water Resources • Rob Cooke, California Department of Water Resources • Vera Sandronsky, California Department of Water Resources • David Sandino, California Department of Water Resources • Carl Torgersen, California Department of Water Resources • Ralph Torres, California Department of Water Resources <p><u>State Water Project Contractor Lead Negotiators</u></p> <ul style="list-style-type: none"> • Mike Wallace, Alameda County Flood Control Water Conservation District, Zone 7 • Dan Flory, Antelope Valley-East Kern Water Agency • Paul Gosselin, Butte County • Valerie Pryor, Castaic Lake Water Agency • Ray Stokes, Santa Barbara County/Central Coast Water Authority • Mark Krause, Desert Water Agency • Tom Glover (by phone), Dudley Ridge Water District • Curtis Creel, Kern County Water Agency • Steve Arakawa, MWD of Southern California 	<ul style="list-style-type: none"> • Deven Upadhyay, MWD of Southern California • Kathy Cortner, Mojave Water Agency • Phillip Miller, Napa County Flood Control and Water District • Jon Pernula (by phone), Palmdale Water Agency • Bob Perreault, Plumas County Flood Control & Water Conservation District • Jeff Davis, San Geronio Pass Water Agency • Lynn Hurley, Santa Clara Valley Water District • David Okita, Solano County Water Agency • Mark Gilkey (by phone), Tulare Lake Basin Water Storage District <p><u>California Department of Water Resources Staff</u></p> <ul style="list-style-type: none"> • Ted Alvarez, California Department of Water Resources • Terri Ely, California Department of Water Resources • Scott Jercich, California Department of Water Resources • Spencer Kenner, California Department of Water Resources • Philip LeCocq, California Department of Water Resources • Dave Paulson, California Department of Water Resources • Nancy Quan, California Department of Water Resources • Rita Sanko, California Department of Water Resources
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<ul style="list-style-type: none"> • Lisa Toms, California Department of Water Resources • Dena Uding, California Department of Water Resources • Pedro Villalobos, California Department of Water Resources <p><u>State Water Project Contractors and SWC, Inc.</u></p> <ul style="list-style-type: none"> • Josh Nelson, Best, Best & Krieger LLP/Crestline Lake Water Agency • Milli Chennel, Kern County Water Agency • Don Marquez, Kern County Water Agency • Holly Melton, Kern County Water Agency • Dan Masnada (by phone) Castaic Lake Water Agency • Jaime Dalida, MWD of Southern California • David Reukema, MWD of Southern California • Leah Wills (by phone), Plumas County Flood Control and Water Conservation District • Matt Naftaly (by phone), Santa Barbara County Flood & Water Conservation District • Dana Jacobson, Santa Clara Valley Water District • Eric Chapman, State Water Contractors, Inc. • Theresa Lightle, State Water Contractors, Inc. • Stan Powell, State Water Contractors, Inc. • Julie Ramsay, State Water Contractors, Inc. • Linda Standlee, State Water Contractors, Inc. • Chantal Ouellet (by phone), Tulare Lake Basin Water Storage District 	<p><u>DWR Consultants for Contract Extension</u></p> <ul style="list-style-type: none"> • Erick Cooke, Environmental Science Associates • Meredith Parkin (by phone) for Barbara McDonnell, MWH Global • Cathy McEfee (by phone), Environmental Science Associates <p><u>Public</u></p> <ul style="list-style-type: none"> • Tina Cannon Leahy, Assembly Water, Parks and Wildlife • Debbie Espe (by phone), San Diego Water Authority • Anton Favorini-Csorba, Legislative Analyst Office • Charles Gardiner, Delta Vision Foundation • Dan McDaniel (by phone), Nomellini, Grill & McDaniel for Central Delta Water Agency • Osha Meserve, Soluri Meserve Law Corporation • Thomas Rinn (by phone), Waterworks Consulting • Patricia Schifferle (by phone), Planning & Conservation League <p><u>Facilitation Team</u></p> <ul style="list-style-type: none"> • Alex Braunstein, Kearns & West • Charlotte Chorneau, Kearns & West • Mike Harty, Kearns & West • Anna West, Kearns & West
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I. Welcome/Introductions

There were roundtable introductions of the negotiation teams and staff attending in person and by phone. Members of the public were given the opportunity to introduce themselves.

II. Meeting Overview

Anna West, Kearns & West, welcomed all to our ninth negotiation session and thanked everyone for patience as the group adjusts to a different meeting room. Anna reviewed the Meeting Ground Rules emphasizing respect and listening. She also reviewed the process for public comment at the end of the meeting. Anna outlined the negotiation session agenda and stated that DWR would present on their latest Counter-Proposal.

Anna reviewed how the public is notified of upcoming meetings, including email notices and agendas and meeting dates posted on the web site. She noted that the meeting is scheduled until 5pm, or whenever negotiations are finished for the day. She asked for any additional edits to the meeting summary. With no additional edits offered, the meeting summary was approved.

III. Objectives Discussion

Carl Torgersen, Department of Water Resources (DWR), reviewed the proposed Memorandum of Understanding (MOU) for SWRDS financial enhancements, a supplement to DWR's latest counter-proposal. The intent, from DWR's perspective, is to include the proposed financial enhancement milestones in an MOU, in lieu of incorporating them into the contract amendment. He suggested that given that the contents of this supplemental memo on the MOU contains much of what has been covered on these topics in the matrix it will effectively turn a lot of the yellow items in the matrix to green.

Right now, the Department has the Program Control project, which has an existing Steering Committee, including representatives from the four DWR offices where most of the SWP activities occur. DWR also has a contractor from GEI on the committee. The start of implementation begins later this year, with a suite of follow-on projects thereafter. Carl suggests that there be SWP Contractors representatives added to this Committee, and this expanded Committee can then also develop the charter and the MOU.

Carl stated that DWR agrees with the concept of what SWP Contractors have termed the CFO. As part of the workplan, DWR proposes that the Committee look at what the organizational constraints are and how to best achieve the goal of a single point of financial contact for the SWP. Carl emphasized that this has been a long-standing goal of DWR. Carl stated that the Steering Committee would also evaluate the roles of various committees. The workplan would develop the needed organization, enhance policies and accountability, and have an implementation roadmap. He explained that there would be near-term implementation, including projects such as the project management dashboard similar to the one used in the Delta Compliance Program. Carl further explained that in the proposed MOU, DWR also plans to address most of what SWP Contractors proposed in terms of reporting requirements.

Jeff Davis, San Geronio Pass Water Agency, thanked Carl and said the presentation was helpful, stating that he liked the direction of DWR's Counter-Proposal. Jeff asked for some additional explanation of the thinking that led to putting these concepts in an MOU rather than in the Contract. Carl responded that tying this proposal to the water supply contract amendments could bog down the process.

Ray Stokes, Central Coast Water Agency, stated that the Contractor's proposal was for a CFO for SWRDS and the State Water Project in general. Currently, Fiscal and SWPAO share responsibility, reporting to two different individuals. Would that continue under this proposal? Carl stated that, predating the Contract Extension process, DWR's intent has been to establish a single financial point of contact. Carl suggested that the SWPAO/Fiscal structure is something that the Committee would look at, though there are constraints with civil service.

Ray asked whether the human resources impediments are due to existing law, meaning that it would be difficult to make organizational changes, or are the changes not possible. Carl stated that his understanding is that to make these kinds of changes would require changing classifications at CAL Human Resources, which can be difficult. In 2001, when the Department tried to bring in economists and mathematicians to help buy energy, DWR created a broad labor classification, but the Department was turned down. DWR also tried to create a planner and scheduler classification, which was successful, but took six years.

Curtis Creel, Kern County Water Agency, asked if the single point of contact would report to the State Water Project Deputy. Curtis expressed the concern that the individual/position under discussion needs to be high enough in the organization to be able to work with other divisions in the Department to get the job done. Curtis also asked for DWR's thinking on making the State Water Project Deputy chair of the Financial Steering Committee.

Carl responded that the CEO is the SWP Deputy and the Financial person would report to the Deputy who is controlling the state water project (See B. V. in the handout), and therefore be at the senior level Curtis is suggesting. He suggested that the Deputy and Financial lead would monitor all the aspects of the program and have the associated accountability. Carl added that having the SWP Deputy being the chair of the Committee helps reinforce to the Department the significance of the Committee and this effort; it affirms the Department's commitment and helps maintain this as a priority.

David Okita, Solano County Water Agency, stated the Department did a good job responding to the approval concepts that had been outlined by the SWP Contractors. He noted the language suggesting the Committee approve the charter and the workplan.

Steve Arakawa, Metropolitan Water District, asked if the Department has the ability pull out of the MOU, going from one administration to another, for example. Steve Cohen and David Sandino, DWR, responded that the MOU may be non-binding, but language about the Financial Steering Committee and the workplan would be recognized in the contract amendments. Additionally, it's fairly typical in MOUs to include a process, such as a dispute resolution process, before either party would terminate the MOU.

Deven Upadhyay, Metropolitan Water District, asked if the language in the MOU memo, to "Develop organization needed to support financial management, including SWRDS Chief Financial Manager" included the notion of a single point of contact. Carl suggested that is the intent, and that the Committee would pursue the analysis as follows: establish a vision of where we want to be, identify gaps, and develop next steps to close the gaps.

Deven asked what would happen if DWR chose to walk away from the Committee's recommendations and pursue its own approach. Carl stated that the Director retains authority over the State Water Project, and if there is something that the Committee could not agree to, the Director would make the decision. He suggested that while the Financial Steering Committee is a big deal, but in another sense, its role is also fairly limited, and he doesn't see the Committee's recommendations as being tremendously controversial.

Deven asked if the SWP Contractors recommendation role on investments in the SRA would be included in the Committee. Steve Cohen explained that the Contractor's role in providing input on SRA investments is included in the matrix in DWR's latest offer, and he suggested that DWR could consider including input on the SRA as a Committee function.

Paul Gosselin, Butte County, asked if internally DWR anticipated shifting the process for vetting and making recommendations to the Director to the Financial Steering Committee rather than from staff. He questioned whether the Committee is going to be a sidebar with staff processes relatively unchanged, or if there is going to be a shift. Carl stated the Committee is focused on financial management enhancements, an important, but limited focus. The focus on these elements would shift to the Committee.

Steve Arakawa asked for clarification on Contractor involvement in developing revenue requirements. Carl responded that specific revenue requirements for specific projects would be outside the purview of the Committee. Once projects are approved, Contractors would have the opportunity to ask questions and provide input. Steve Arakawa asked if current processes that are already ongoing would be used to set priorities and capital expenditures. Carl responded yes.

Ray Stokes asked whether ongoing processes or disagreements at the technical committees could be brought to this Financial Steering Committee. He also asked if the Business Committee or the Committee on Davis-Dolwig might merge with this Financial Steering Committee. Carl stated that, in his view, the enhancement process should proceed as it is already underway, and as the Committee expands and moves forward, it may make sense to resolve those kind of issues through this Committee. Carl said he didn't want to commit to it absolutely, although it's something we can look at in developing the charter.

Deven commented that there's a lot that he liked in DWR's Counter-Proposal, though it does maintain the Director's discretion. He stated that this is a long-term contract and it's hard to anticipate issues, so one point that is important to the Contractors is having an approval role on increasing (or decreasing) the GOA, and the SSA. Carl stated that DWR's Counter-Proposal relies on a formula based on a formula that was negotiated in Monterey. The intent was to have an established mechanistic means for such adjustments.

Kathy Cortner asked with the milestones gone would DWR reconsider what the dollar amount is for the funding level of the GOA, or perhaps have a consultant evaluate what is needed. Carl responded that DWR already moved from 90 days to \$150 million, and he didn't anticipate revisiting the issue. He stated the Department could look at the details on this formula or a mechanical process for making adjustments.

Curtis Creel stated that he heard Carl suggesting that if you build in a process for adjusting the GOA, you don't need to open up the contract. He offered that the concern of SWP Contractors is having a reality check. If you say X percent, and down the road you realize it doesn't need to be that high, Contractors would like the ability to have it revisited.

Steve Cohen suggested that there's possibility for middle ground here and that discussions could happen on the adjustment. David Sandino clarified that the formula could lead to changes up or down. Carl added that Contractors have the ability to go to the Director, as it exists now. He also thought that GOA consultation could be possible, something similar to what DWR has proposed with the SSA.

Deven commented that having the Contractors provide a backstop for the SSA post 2035 assumes a doomsday scenario. Carl responded that DWR needs to preserve the Director's discretion in determining which accounts are funded. Deven asked if Carl meant that if the Director's discretion is maintained with the management of the flow of funds, then the backstop isn't needed. Steve Cohen responded that depending how all the negotiation terms come together, the Department may be able to do something on the backstop.

Paul Gosselin asked about the scope of consultation with the Committee and whether the Committee will take on the full range of financial policy issues as they arise over time. Carl responded affirmatively, stating that DWR is committed to this Committee long-term, and the scope of issues to be addressed would be further refined as we draft the charter.

Ray Stokes asked to confirm the flow of funds in DWR's Counter-Proposal. He stated that his understanding was that the current understanding of the priorities is: the GOA, SSA, SRA, and the Director has discretion on funds not allocated which can go to additional systems purposes. Carl responded that if the Director assesses a priority more important than funding the GOA, he has discretion to do so, but the spirit is that the GOA would take priority. The Director has discretion to determine how much to fund in all these accounts (6a-6d in the chart below).

Ray asked if the Director would have discretion over 100 percent of 51(e) revenues. Steve Cohen stated that funding the GOA is one of the highest priorities, but it does not eliminate the Director's discretion. He added that DWR can't know for sure if the SRA will be accumulating large amounts, it may just advance money on projects for which we can get reimbursement from the Contractors. The SSA may simply be a revenue stream to pay for things that don't have a revenue stream otherwise.

Ray stated that this is a big distinction; we've limited the Director's discretion with the SRA, which can only be used for a water supply purpose. If there was a non-water supply purpose, it would be out of the SSA. Post-2035, you have interest earnings on the SSA to replenish, so you don't need a backstop.

Carl asked if in the Contractor's proposal, 51(e) revenues for non-water supply purposes would be limited to \$60 million in the SSA. Ray responded yes.

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)

Steve stated that DWR is putting the SSA and SRA in the contract to deal with non-water supply purposes. Prior to 2035, with a 51(e) revenue stream, he does not see that there will be a problem. The SRA is meant to advance money that is then repaid by the Contractors with interest. As to the specific working of this, we could work this out in Contract language. We do want to retain the Director's ability to use these funds.

Ray asked for clarification, confirming that DWR would fund GOA, SSA, SRA, and then do an analysis of what's needed for additional system purposes, and then if not used, it goes to additional rate management. Steve replied yes, the Director will look at 6a through d [see above] and then look at additional rate management.

Ray stated that the proposal was the same as existing contract language, and the fact is that additional rate management would be very unlikely. In the last 51(e) presentations the Department has had a long list of projects to show how these funds are used up. I can't see a reason the Director would move funds out of 6d, to fund additional rate management credits. He suggested that it is this similar reasoning that led to moving up the priority of the GOA.

Kathy Cortner asked what plans the Department has to assure that the SSA is funded, rather than using those funds at the Director's discretion, and potentially not having it fully funded before 2036. Steve said that the Director understands the need to have these funds post-2035. The Director at that time needs to make a decision about whether these accounts are funded immediately or whether there are more urgent uses of those funds.

Deven asked how the funds would work, and whether it was the same as under the current contract. Steve replied that under the Monterey agreement for 51(e) revenues the Department would consult with the Contractors on the uses of 51(e) revenues at five year intervals, including projects that are needed, and the projections of what would come back to the Contractors through rate management.

Deven asked if DWR's Counter-Proposal had affected the likelihood of rate management credits. Steve replied that the Counter-Proposal allows the Department to put more 51(e) revenues in the GOA than is allowed under the current contract.

Curtis recognized DWR's point related to the Director's discretion. Without the accounts couldn't you just use those funds post-2035? Steve replied that it is not wise to assume that those revenues are going to carry over to the end of the contract. He stated that there is value in having the mechanisms to fund costs related to water supply purposes and non-water supply purposes; it's been one of our key objectives. If we are going to extend the contract for 40 or more years and we are only going to bill the Contractors for the water supply aspects of the project, then one of our key issues is to have a revenue stream for the other aspects of the project.

Curtis suggested that what the Department is proposing is not much different from the Contractors' latest proposal, except you want the flexibility to fund the different accounts at the Director's discretion. Given this, there is no assurance that the Department would build up the SRA to be sustainable in the future. Curtis suggested that perhaps we're at a point where we can drive towards some common ideas; where we can decide to conditionally take certain things off the table. For example taking the backstop off the table would make things easier for the Contractors. Steve asked if from the Contractors offer on Flow of Funds, 8b, "% of owed rate management," could be taken off the table. Carl asked if the Contractors would accept the current DWR Counter-Proposal without the 2b backstop. Anna suggested the Contractors could consider this while they caucus during lunch.

IV. Objectives Discussion Continued

Carl offered his sense that good progress was made in the morning session. He stated that DWR would like to hear from the Contractors on several topics. One is the concept of a formula for a GOA adjustment, and the concept of a formula for an SSA increase or decrease post-2035. Also, DWR would like to hear the Contractors respond on the issues of a revised bill in place of a supplemental bill (line 35 of the matrix) in the case that the GOA is depleted or there is an emergency need. Carl also wanted to hear from the Contractors on the proposal to use the Facilities Capital Account to fund the SSA prior to 2036 (line 96 in the matrix). Also, the Department is interested in hearing the Contractors response on the proposal to use \$20 million of RAS to initially fund the GOA and then return it to the Contractors after the GOA is fully funded (line 83 in the matrix). Steve Cohen added that before the Department feels comfortable about taking an item off the table, such as the backstop, the Department wants to hear from the Contractors on these additional topics.

David Okita asked why DWR needs the ability to adjust the SSA if the Department is keeping 6d additional system purposes. David added that the Contractor's position on supplemental billing is that we like the way things are now. Steve Cohen responded that DWR is willing to live with the cap through 2035, though after that DWR wants more flexibility. He added that the supplemental billing process is allocated based on the rate management process, which won't exist after 2035. The revised billing process will enable allocations post 2035.

Kathy Cortner asked for clarification on the revised bill component of DWR's Counter-Proposal; was it 10 percent of O&M, or 10 percent of total charges (O&M, and power)? She explained that if it's all charges then it could be quite expensive - \$120 million based on today's costs, and it could, in the future, be as much as \$200 million.

Steve responded that DWR proposed 10 percent of total charges in its last offer. He stated that if the concept of the revised bill is acceptable to the Contractors, then DWR is open to discussing the percentage. Steve emphasized that there are only two cases where this would happen: the GOA would be depleted and need replenishment, or there would be an emergency or crisis. He added that having a situation where DWR would need to ask the Contractors for more money if something happens is not a favorable way of operating going forward. Dan Flory stated that the concept is not acceptable. If he got a revised bill for \$120 million in December, he doesn't know how he would handle it locally.

There was a discussion of the terms supplemental billing, re-billing and revised billing. David Sandino suggested having text so we collectively share common definitions of these terms. Steve Arakawa suggested that it be included in the meeting summary. K&W will coordinate with DWR on this.

David Okita stated that the reason the Contractors latest offer eliminated the Capital Facilities Account is that with the SSA it would be unnecessary. Steve Cohen responded that DWR wouldn't know for sure when the GOA and SSA would be fully funded. David asked if DWR needed this funding to serve as a bridge to get the SSA funded by 2035. Steve responded that it was something DWR could consider.

Kathy Cortner asked about the language of DWR's proposal on 1hh (line 151 of the matrix): the two-tier 80 percent language added by the Department looks redundant. She added that the repeated use of conditional language, such as "provided that," is confusing. Steve responded that the "less than unanimity" approach being discussed is new for DWR. It means that that dissenting contractors would be responsible for the charges. To help address this the Department proposes that you would need both 80 percent of the affected Contractors and 80 percent of the Contractors based on Table A. In other words, if it's a cost that impacts all 29 Contractors, then you would need 23 or 24 Contractors, plus 80 percent of Table A.

The Contractors then took a caucus.

Upon return, Curtis Creel stated that the Contractors took a step back to look at where the Contractors are as a whole. He said that the Contractors thought it would be helpful to review the challenges that we're facing as we are going through these negotiations. As you're probably aware, we don't have our policymakers, our elected board members, here, and at some point we're going to have to take a proposal back to them. Certainly, the issue of input is important to them. We wanted to lay out common issues shared by the Contractors; issues that we are going to need to address with our respective boards.

On the Financial Steering Committee, Curtis stated that the biggest issue for the Contractors is the ability to make decisions in that process. Recognizing that the bulk of the work would be making recommendations, there are still key decision-making elements. For many of us, the issue of having decision input is important in five areas:

1. the formation of the committee,
2. the workplan,
3. the GOA cap (adjusting the GOA up or down),
4. the SSA cap (adjusting the SSA up or down), and
5. revised billing.

Curtis explained that DWR and SWP Contractors have agreement on the first two areas, and a clear disconnect on the cap set to the GOA and SSA. SWP Contractors need a clear decision-making role in establishing the GOA and SSA cap on a five-year basis. We recognize the Department's concerns with the Director's discretion. Finally, the issue of revised billing; Contractors believe that this should go through the Financial Steering Committee.

The other three items that are central to the Contractors are:

1. Freeze-GO,
2. the term of the Contract, and
3. the 2b backstop.

Deven added that the basis of these comments is that we are here negotiating on behalf of our organizations and our boards. It appears that there is improved flexibility for DWR on the financial topics, and we wanted to signal the key areas where we need something to take back to our boards. We think that if these key areas are addressed, we can move forward.

Curtis also raised the concept of having co-chairs of the Financial Steering Committee. Just as Carl suggested that the Deputy Director serve as the chair to highlight the importance to the Department, Curtis suggested that having a Contractor representative as a co-chair similarly emphasizes the importance of this Committee to all Contractors.

Carl suggested that the Department will consider these topics seriously and will be prepared to respond on all the above points at the next meeting.

There was a discussion about the merits of having a formula or mechanical methodology for the GOA and SSA. Paul Gosselin affirmed that some sort of formula is appropriate. Paul and Deven clarified that it is important to have recommendations based on formulas or a mechanical methodology which is brought to the Steering Committee where the Department and the Contractors would need to agree on the result. Deven suggested that the GOA level could be reviewed every five years or at regular intervals, unless there is an exceptional need.

Carl added that the Steering Committee would be a contractual obligation. THE MOU is for the development of the Steering Committee, which can begin immediately.

Curtis asked to clarify if, from Department's perspective, the contract establishes the Steering Committee, and the MOU establishes its function, with the charter specified in the contract.

Once the charter is completed, you have that as well. Carl responded that the MOU DWR is committing to allows the Financial Steering Committee to be specified without putting it in the contract. He added that future Directors would be bound to a chartered steering committee which would be in the contract

David Sandino stated that DWR put the MOU on the table to respond to the Contractor’s desire to have something concrete to show their boards. We don’t view it the same as a binding contract, but it has a lot of value. We can get started immediately; we can incorporate safeguards if the MOU process is not honored. On adjustment to the GOA, David added that a dispute resolution process could be outlined if a mechanical adjustment could not be agreed upon. The benefit of a formula is that we have a way of doing this now, so that we can avoid spending time on this later on. On the Financial Steering Committee, Carl suggested that if we can agree to kick this off well before the amendment, the Contractors will have deliverables to take to their boards.

Paul Gosselin stated that the role of the Steering Committee should be codified in the contract, without getting into burdensome detail. He added that the approval function of the Committee helps get buy-in from the Contractors, which will help get a positive result. Deven stated that from the standpoint of the Contractors, if we are able to address the key issues that Curtis outlined the rest is going to be easy.

V. Next Steps

Anna reviewed the Contract Extension Process through October. The group agreed to have the next meeting, scheduled for October 9th, from 10:00am to 5:00pm (could adjourn earlier depending on meeting progress) at the Resources Building 1416 9th Street, Room 1131. Space will be tight, so staff may want to join by phone, or they may need to go to caucus rooms and dial in.

VI. Public Comment

Tina Cannon Leahy, Assembly Water, Parks and Wildlife provided public comment.

VII. Adjourn

The meeting was adjourned.

Action Items		Responsibility Due Date
1.	September 17 Negotiation Session Meeting Summary to be finalized and posted on the website.	K&W ASAP
2.	SWP Contractors to respond on re-bill concept.	SWP Contractors 10/9
3.	DWR to respond on the Contractors’ topics highlighted above. (The exact form of response is TBD.)	DWR 10/9
4.	October 2 Negotiation Session Meeting Summary to be prepared.	K&W ASAP
5.	Document defining revised billing, supplemental billing, and re-bill.	K&W with DWR ASAP