

## **State Water Project Contractors' Tentative Offer**

*Offer is contingent on parties reaching agreement on the scope and authority of the SWRDS Financial Steering Committee (DWR-SWP Contractors Finance Committee) and does not address all aspects of a settlement.*

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### **Reserves and Flow of Funds**

- Maintain the Monterey Amendment Article 51 Flow of Funds with the following edits/additions:
  1. Increase Annual Rate Reductions to \$48 million
  2. Following the \$48 million in annual rate reductions, the Director has the discretion to prioritize the funding and replenishment of the following accounts. The need for funding level caps will be subject to further negotiation:
    - General Operating Account (GOA)
    - SWRDS Support Account (SSA)
    - SWRDS Reinvestment Account (SRA)
  3. The Director has the discretion to transfer funds between the GOA, SSA, and SRA to meet annual funding and replenishment needs of these accounts with the understanding that these funds are not fungible or interchangeable assets with the same financial value.
- Backstop – Contractors do not agree to a backstop to the SSA.
- Eliminate supplemental billing provisions.
- Post-2035, DWR shall have the ability to issue “Revised” billings with approval by the affected Contractors.

**Financial Committee** – to be discussed at the next negotiation session