

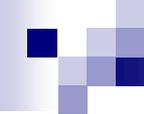


# State Water Project

## Proposed Accounts Illustration

Water Supply Contract Extension Project  
Contact Negotiation Session #13

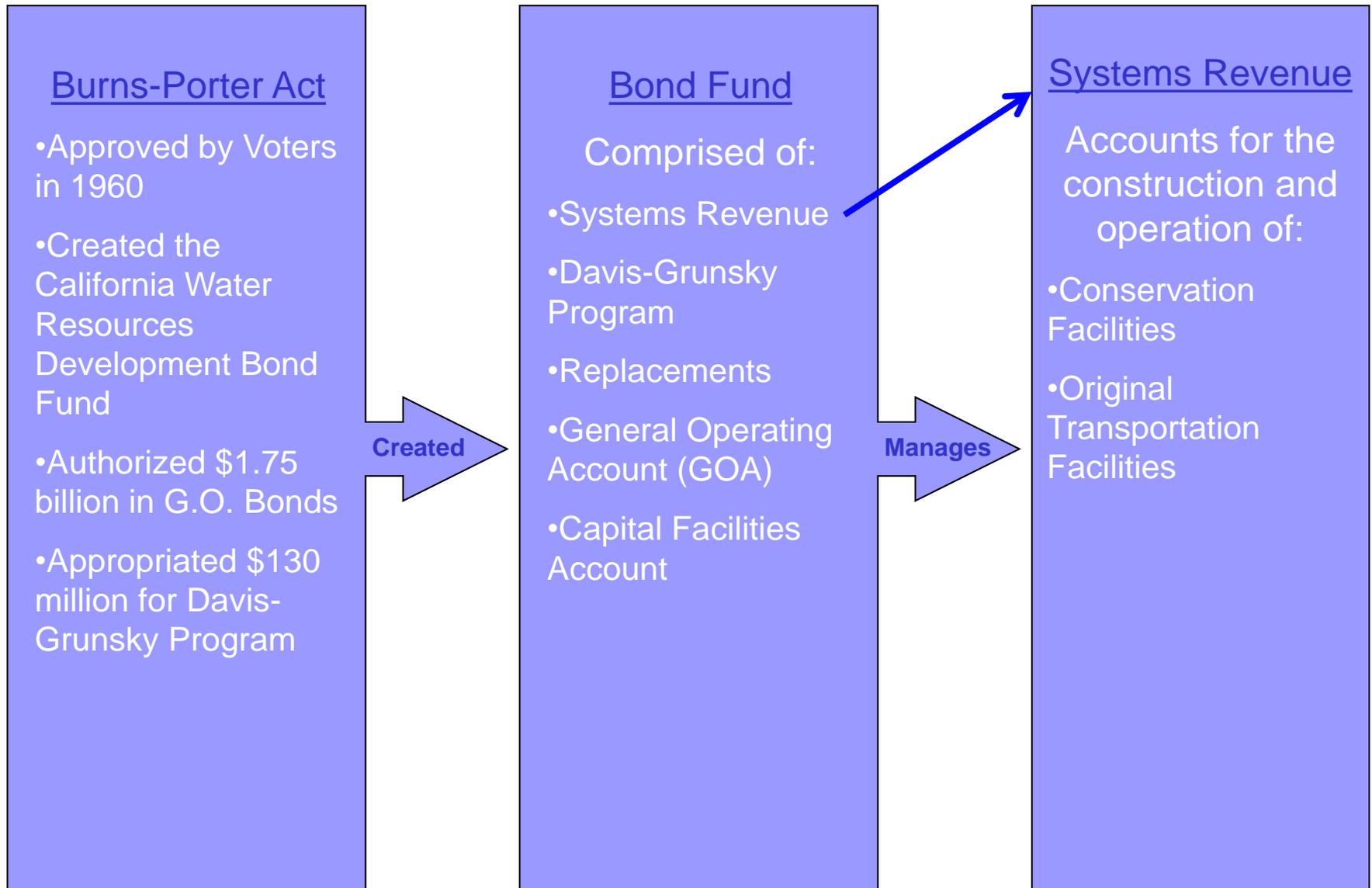
November 14, 2013



# Purpose

- Review accounts established under the Burns-Porter Act
- Review current and proposed Burns-Porter sources and uses of funds
- Briefly discuss the purpose and use of Bond Fund Systems Revenue
- Briefly discuss the State's process to transact against accounts
- Review the Contractor and DWR proposals to maintain Director's Discretion

# Burns-Porter Act Accounts



# Burns-Porter Act Sources and Uses (Current)

## Bond Fund Sources (Systems Revenue)

### **Delta Water Charge**

- Capital
- Minimum

### **Transportation Charge**

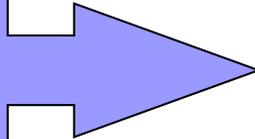
- Capital
- Minimum
- Variable

### **Federal Revenues**

### **On-Aqueduct Power Sales**

### **SMIF Interest Income**

### **Miscellaneous Revenue**



## Bond Fund Uses (Systems Revenue)

- G.O. Bond Principal and Interest
- A Portion of Water Systems Revenue Bonds Principal and Interest
- O&M Costs for Conservation and Transportation Facilities
- Purchased Power
- Recreation Costs
- Suspended Costs
- Davis-Grunsky Administrative Costs
- State Water Facilities Capital Account
- SMIF-to-PIR Differences
- Rate Management

# Burns-Porter Act Sources and Uses

(Proposed)

## Bond Fund Sources (Systems Revenue)

### Delta Water Charge

- Capital
- Minimum

### Transportation Charge

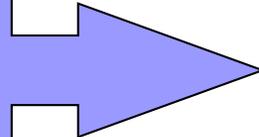
- Capital
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### Federal Revenues

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- State Water Facilities Capital Account
- SMIF-to-PIR Differences
- Rate Management
- Increases to General Operating Account
- Establish SWRDS Reinvestment Account (SRA)
- Establish SWRDS Support Account (SSA)

## Burns-Porter Act Sources and Uses (Proposed)

### Systems Revenue

Accounts for the construction and operation of:

- Conservation Facilities
- Original Transportation Facilities

### General Operating Account

Provide cash flow to cover:

- expenses during the normal billing cycle as required by the SWP contracts-two year lag
- Extraordinary expenses
- Normal business cycle fluctuations during the calendar year
- SWRDS emergencies

### SWRDS Reinvestment Account

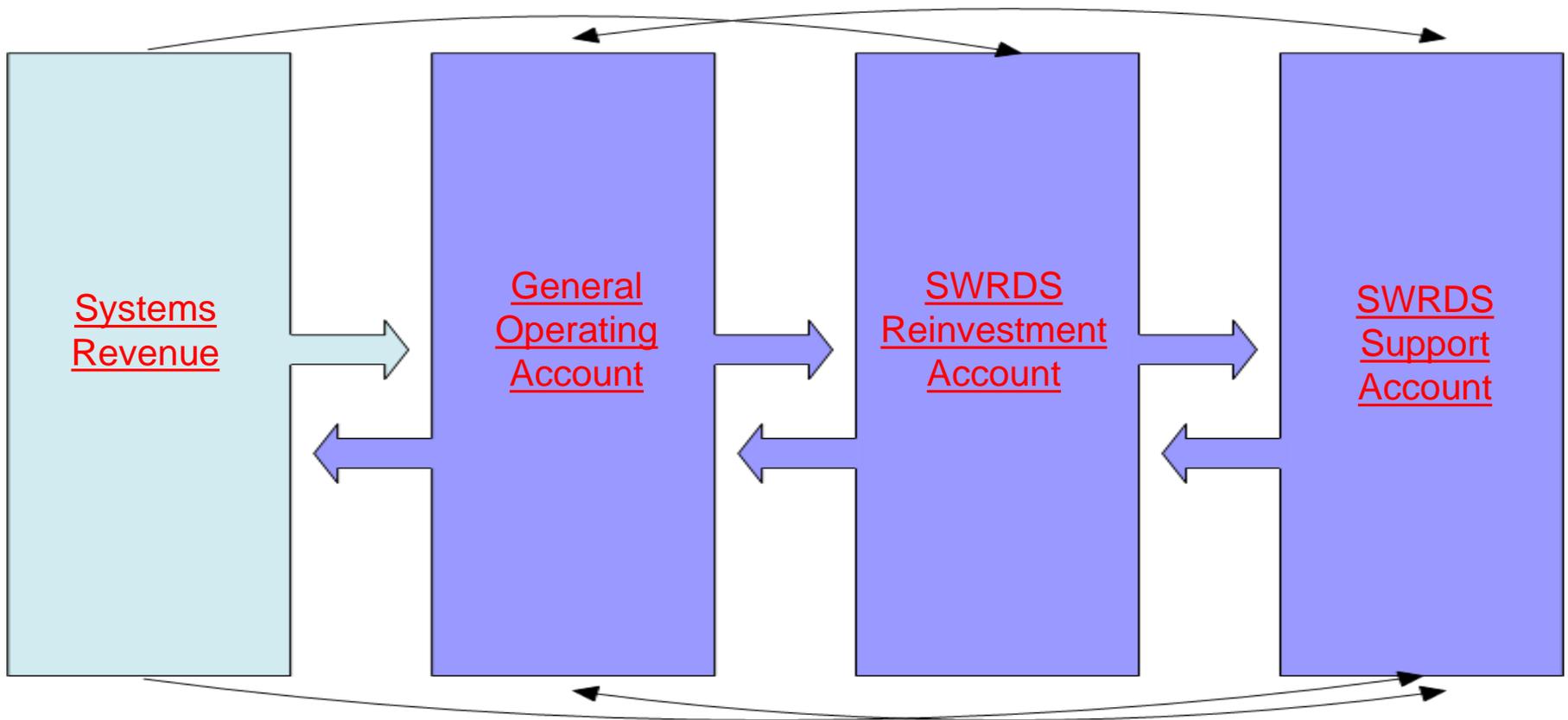
To provide a SWRDS revenue stream by reinvesting in facilities and programs that benefit the SWP

### SWRDS Support Account

To provide a sources of funds to pay for costs of the System where there are currently no funds or revenue sources available

## Contractors' Proposal to provide Director's Discretion

All 51(e) revenues are transferred to the SRA and transferred to other accounts as needed

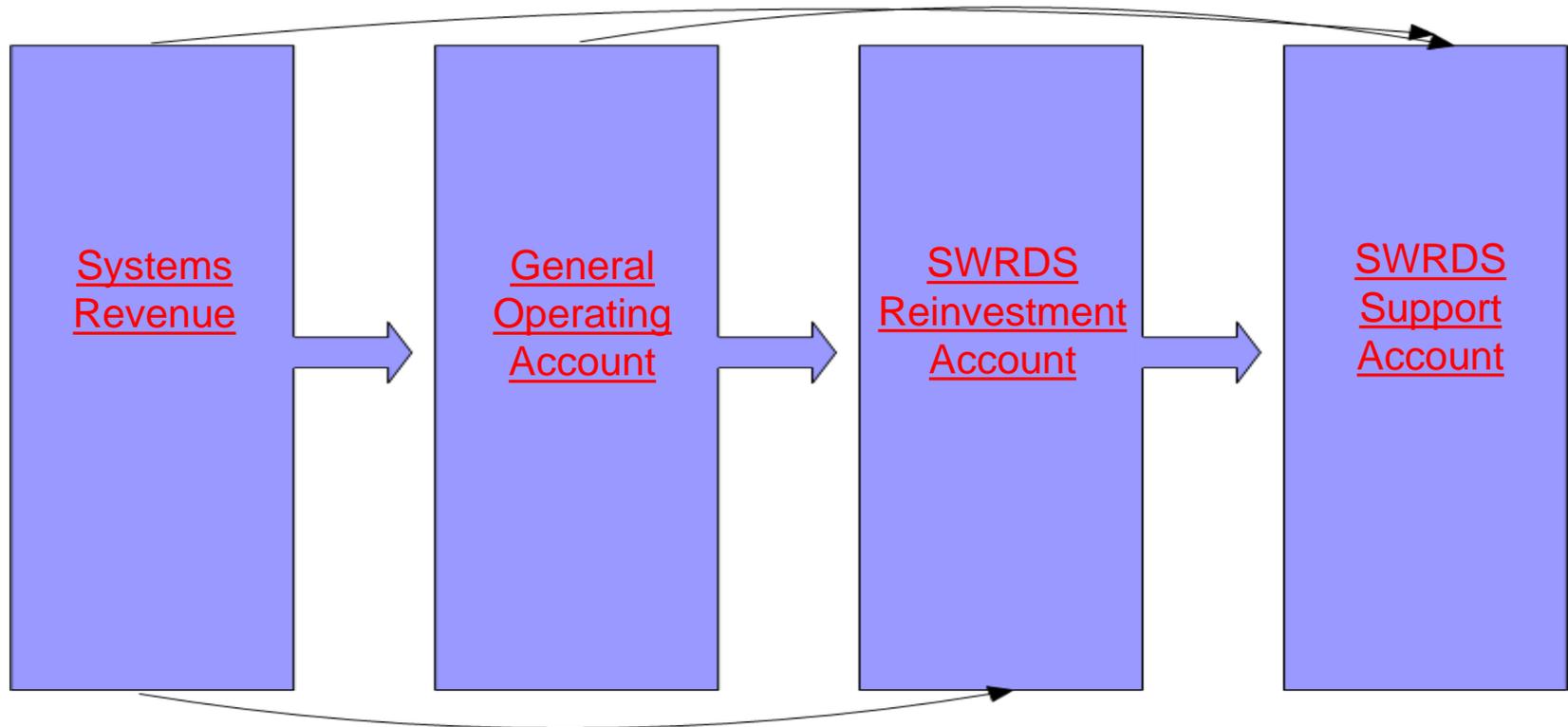


### Important considerations:

- The majority of contractor payments are deposited into Systems Revenue.
- All deposits and expenditures are processed through the State Controller's Office.
- Transfers between accounts must be processed through the SCO and will require authorization and a justification for the transfer request. (SCO requires a minimum of 7 business days to process requests.)

## Department's Proposal to maintain Director's Discretion

51(e) revenues not otherwise needed in the GOA, SRA or SSA would remain in Systems Revenue allowing maximum cash flow flexibility.



### Important considerations:

- The majority of contractor payments are deposited into Systems Revenue.
- All deposits and expenditures are processed through the State Controller's Office.
- Expenditures are transacted directly from Systems Revenue
- Minimal transfers between the four accounts except for initial funding of accounts, regular investment earnings from GOA to other accounts and other allowable transactions