

Department of **WATER RESOURCES**



Water Supply Contract Extension Project

**Public Scoping Meeting
September 23, 2014**



Agenda

- Purpose of Meeting
- Background
- Project Description
- CEQA Process
- Schedule
- Public Comment



Purpose of Meeting

- **Receive public and agency input on scope and content of Environmental Impact Report (EIR)**
- DWR will consider comments received in preparing the EIR
- Input can be provided by:
 - Speaking at this meeting (please fill out speaker card)
 - Comment form (available at scoping meeting)
 - Written comments by mail or e-mail



Background

- DWR owns and operates the State Water Project (SWP) which stores and delivers water to 29 Water Supply Contractors
- Water Supply Contracts were signed in the 1960s
- Contracts are for 75 years and terminate between 2035 and 2042



Background

Purpose for the Contracts:

- Contractors receive a water service and pay for all associated costs
- DWR allocates a share of available water supplies and costs to each Contractor
- Since the year 2000 average water deliveries have been about 3.0 million acre-feet/year



Background

Capital Funding -

- General obligation bonds approved by voters in 1960 (\$ 1.75 billion thru Burns-Porter Act)
- Revenue bonds backed by charges for SWP water and power (\$7 billion sold / \$2.3 billion outstanding)



Background

Why Extend the Contracts Now?

- Revenue bonds sold for the SWP have terms that may only extend to 2035
- Today DWR can only sell bonds with 21 year terms
- Desirable to sell bonds with 30 year terms or longer to keep bills affordable to Contractors
- Need to extend the contract termination dates now beyond 2035 to keep costs affordable



Background

- Informal discussions began four years ago to prepare and plan a public negotiation process for extending the contracts and any possible amendments
- Held 23 negotiating sessions between May 2013 and June 2014
- Public had the opportunity to observe/comment at the negotiation sessions



Background

- Negotiations led to a non-binding Agreement in Principle (AIP) between DWR and Contractors
- AIP will be used to develop the Project Description under CEQA
- Proposed project would add, delete and/or modify Contract provisions based on the AIP



Project Description

- Extend term of the 29 Water Supply Contracts to December 31, 2085
- Provide for increased SWP operating reserves
- Provide additional funding mechanisms and accounts to address SWP needs and purposes



Project Description

- Develop a new “pay-as-you-go” methodology with a corresponding billing system that better matches the timing of future SWP revenues to future expenditures.

“Pay-as-you-go” methodology generally means to recover costs within the year incurred and/or expended.

The current billing methodology will be concurrently maintained through 2035 to ensure the full recovery of all past expenditures.



CEQA Process

- DWR is Lead Agency and Contractors are Responsible Agencies
- Public comment period on the NOP
 - September 12 to October 13, 2014
- Scoping meetings: September 23, 2014
 - 2:00 to 4:00 pm and 5:00 to 7:00 pm
- Comments on scope and content of EIR
 - No later than 5:00 pm October 13, 2014



CEQA Process

- DWR will consider all comments in preparing Draft EIR
- Draft EIR will be circulated for agency and public review
- Written responses to comments on the Draft EIR will be prepared
- Final EIR prepared and published

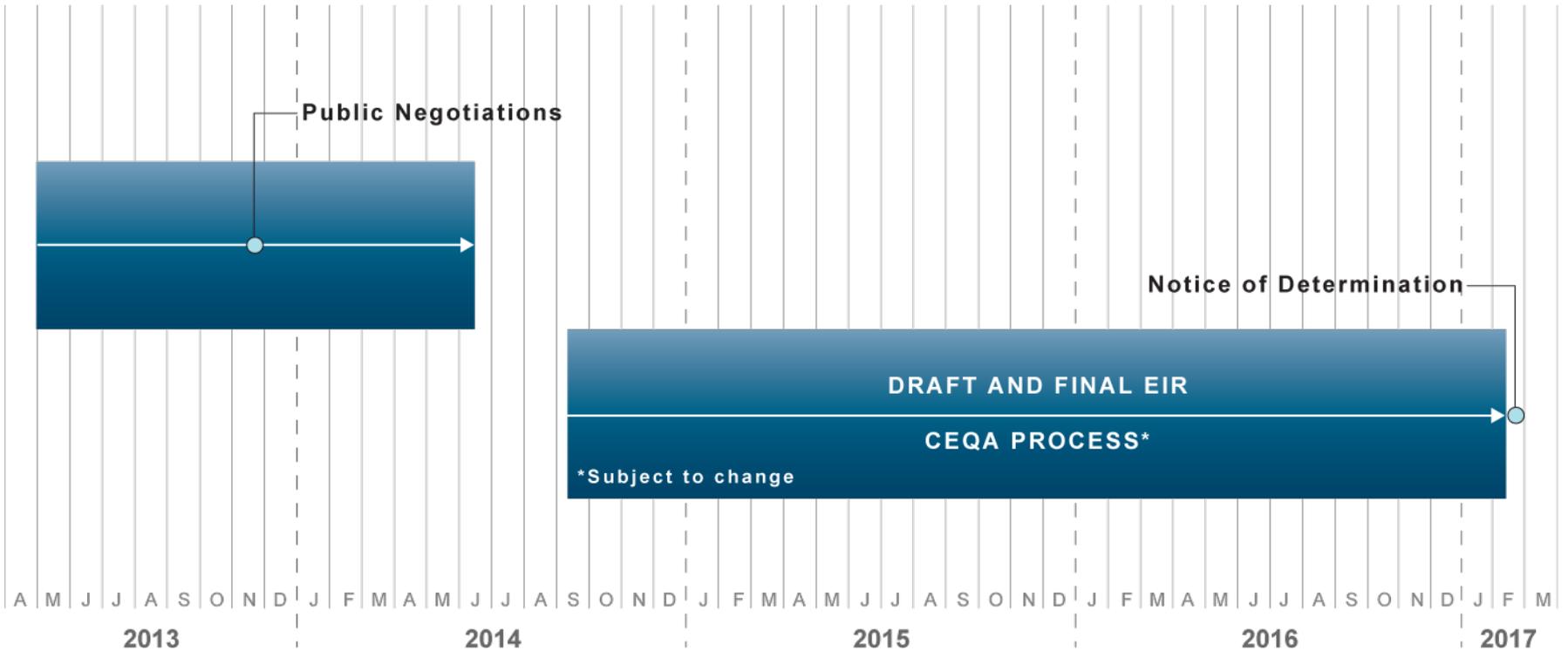


CEQA Process

- DWR Director will consider certifying EIR
- Contractors will use this EIR for their required CEQA action prior to approving project
- DWR and Contractors will consider approving the project and executing Contract amendments



Schedule





Comments

- Address comments to:
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