



Department of Water Resources
**Water Supply Contract
Extension Project**

Draft Environmental Impact Report | **Public Meeting**
September 12, 2016



Agenda

- Purpose of Meeting
- Background
- Project Description
- Environmental Analysis
- CEQA Process
- Public Comment



Purpose of Meeting

- **Receive public comments on the Draft Environmental Impact Report (EIR)**
- **Comments can be provided by:**
 - Speaking at this meeting (please fill out speaker card)
 - Comment form (available at this meeting)
 - Written comments by mail or e-mail
- **DWR will prepare written responses to comments**



Background

- DWR owns and operates the State Water Project (SWP) which stores and delivers water to 29 Water Supply Contractors (Contractors)
- Water Supply Contracts (Contracts) were signed in the 1960s
- Contracts' initial term is 75 years, with individual contract terms expiring between 2035 and 2042



Background

Purpose for the Contracts:

- Contractors receive water service and pay the cost of constructing, operating and maintaining the SWP facilities that are allocable to water supply
- DWR allocates and delivers a share of available water supplies and allocates associated costs to each Contractor



Background

Capital Funding:

- General obligation bonds approved by voters in 1960 (\$ 1.58 billion sold through Burns-Porter Act / \$155 million outstanding)
- Revenue bonds backed by charges for SWP water and power (\$4.09 billion sold / \$2.4 billion outstanding)



Background

Why Extend the Contracts Now?

- Difficult to sell revenue bonds with maturity dates beyond 2035
- Desirable to sell bonds with 30 year terms or longer commensurate with the economic life of the project being financed
- This will help to keep bills affordable to Contractors



Background

- 23 negotiating sessions were held between May 2013 and June 2014 to extend the term and make other financial improvements to the Contracts
- Public had the opportunity to observe/comment at the negotiation sessions
- Negotiations led to a non-binding Agreement in Principle (AIP) between DWR and Contractors



Background

- AIP used to develop the Project Description under CEQA
- DWR and Contractors agreed to project objectives



Background

- **Project Objectives:**

1. Ensure DWR can finance SWP expenditures beyond 2035 for a sufficiently extended period to provide for a reliable stream of revenue from Contractors and to facilitate ongoing financial planning for the SWP.
2. Maintain an appropriate level of reserves and funds to meet ongoing financial SWP needs and purposes.
3. Simplify the SWP billing process.
4. Increase coordination between DWR and the Contractors regarding SWP financial matters.



Project Description

- **Extended Contract Term.** Extend the current term of the 29 Contracts to December 31, 2085.
- **Increased Operating Reserves.** Provide for increased SWP financial operating reserves.



Project Description

- **New Billing Provisions.** Implement a comprehensive pay-as-you-go repayment methodology with a corresponding billing system that more closely matches the timing of future SWP revenues to future expenditures. The pay-as-you-go repayment methodology generally means to recover capital, operation, and maintenance costs within the year incurred and/or expended.



Project Description

- **Enhanced Funding Mechanisms and New Accounts.** Provide enhanced funding mechanisms and create additional accounts to address SWP financial needs and purposes.
- **Enhanced Coordination Regarding SWP Finances.** Provide for a finance committee and provide other means to increase coordination between DWR and the Contractors regarding SWP financial matters.



Environmental Analysis

- The results of the environmental impact analysis:
 - The proposed project would not result in any physical environmental impact because it would amend and add financial provisions to the Contracts and would not create new water management measures, alter the existing authority to build new or modify existing facilities, or change water allocation provisions of the Contracts.



Alternatives Analysis

- 7 alternatives were evaluated:
 - 1. No Project
 - 2. Different Contract Term (2065) with Financial Provisions of the Proposed Project
 - 3. Different Contract Term (2110) with Financial Provisions of the Proposed Project
 - 4. Extend Contract Term to 2085 without Financial Provisions of the Proposed Project
 - 5. Extend Contract Term to 2085 and Do Not Implement Financial Provisions of the Proposed Project until 2035
 - 6. Extend Contract Term through the Sale of Bonds
 - 7. Not All Contractors Sign



Alternatives Analysis

- The proposed project and Alternatives 2 through 6 would result in no impact.
- Only the proposed project and Alternative 3 would achieve the project objectives.



CEQA Process

- DWR is Lead Agency and Contractors are Responsible Agencies.
- Public comment period for the Draft EIR
 - August 17, 2016 through October 17, 2016
- Public meeting: September 12, 2016
 - 4:00 pm to 8:00 pm
 - 4:15 pm and 6:30 pm DWR Presentation and opportunity to provide public comments
- Comments to DWR
 - No later than 5:00 pm October 17, 2016



CEQA Process

- DWR will consider all comments received and prepare written responses to be included in the final EIR.
- Final EIR will be prepared.



CEQA Process

- DWR Director will consider certifying the EIR and whether to approve the project.
- Contractors may use this EIR to satisfy their CEQA responsibilities.
- DWR and Contractors will consider approving the project and executing Contract amendments.



Comments

- Address comments to:

Ted Alvarez

State Water Project Analysis Office

Department of Water Resources

P.O. Box 942836

Sacramento, CA 94236-0001

Email: watercontractextension@water.ca.gov