



# NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 99-09

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SUBJECT: Long-Term Water  
Supply Contracts

FROM: Signed: Frank Conti  
*for* Deputy Director, Department of Water Resources

In recent months, the Department of Water Resources and the State Water Contractors' Contract Issues Committee have been discussing financial issues dealing with the Department's administration of the long-term water supply contracts. Both groups feel these issues need to be better defined.

On December 9 and 10, representatives from both the Department and the SWC will meet to negotiate and develop principles addressing the issues. Both groups anticipate that these principles will lead to an amendment to the long-term water supply contracts.

Generally, the issues will be limited to the following:

1. The financing and repayment of extraordinary operation and maintenance costs and water purchases made by the Department.
2. A change in the method to repay the minimum operations, maintenance, power, and replacement component of the Delta Water Charge.
3. A method to accommodate requests for transitional sales under Article 53 of the long-term water supply contracts.
4. Expansion of the definition of capital costs to provide revenue bond financing for items such as computer business systems, costs of renewal of Federal Energy Regulatory Commission licences and related capital improvements, Arroyo Pasajero flood control works, and future State Water Project facilities.

The SWC have agreed upon a negotiating team to represent the 27 long-term water supply contractors which are members of their organization. The two water contractors, Butte County and Plumas County, which are not members of the SWC are invited to attend. The meeting is scheduled to begin at 8 a.m. at the Napa Valley Marriott, 3425 Solano Avenue, Napa, California 94558.

If you have any questions, please contact Donald R. Long, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313.

