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September 10, 2014

Plumas County Clerk-Recorder  
520 Main Street Room 102  
Courthouse  
Quincy, CA 95971

**Subject:** Notice of Preparation for the Water Supply Contract Extension Project

Dear Clerk/Recorder:

The California Department of Water Resources (DWR) has released a Notice of Preparation (NOP) for the Water Supply Contract Extension Project (proposed project). Pursuant to the California Environmental Quality Act (CEQA), DWR will be the Lead Agency and will prepare an Environmental Impact Report (EIR) for the proposed project.

Enclosed please find a copy of the Notice of Preparation. Please make this document available to the public for review at your clerk/recorder facility during the required thirty (30) day public comment period. Two (2) scoping meetings for this project will be held on September 23, 2014 in the Resources Building Auditorium, 1416 Ninth Street, Sacramento, CA 95814 at the following times: 2:00 to 4:00 pm; and 5:00 to 7:00 pm. The scoping meetings will include a brief presentation about the proposed project at the beginning of the meeting followed by public comment on the scope and content of the EIR analysis.

We ask that you make the following enclosed document available from the time you receive them through October 13, 2014:

- The Notice of Preparation for the Water Supply Contract Extension Project

Thank you for your assistance. If you have any questions or concerns about the Notice of Preparation, or the public review process, please call Catherine McEfee or Erick Cooke at Environmental Science Associates at (916) 564-4500.

Sincerely,

Erick Cooke  
Environmental Science Associates

**RECEIVED**

SEP 12 2014

KATHLEEN WILLIAMS,  
PLUMAS CO. CLERK-RECORDER

**RECEIVED**

SEP 12 2014

KATHLEEN WILLIAMS,  
PLUMAS CO. CLERK-RECORDER

**NOTICE OF PREPARATION**  
**Environmental Impact Report**  
**For the**  
**Water Supply Contract Extension Project**

September 12, 2014

**INTRODUCTION**

Pursuant to the California Environmental Quality Act (CEQA), the Department of Water Resources (DWR) will be the Lead Agency and will prepare an Environmental Impact Report (EIR) for the Water Supply Contract Extension Project (proposed project). As more fully discussed below, this proposed project includes amending certain provisions of the State Water Resources Development System (SWRDS) Water Supply Contracts (Contracts).

SWRDS (defined in Water Code Section 12931), or more commonly referred to as the State Water Project (SWP), was enacted into law in the Burns-Porter Act, passed by the Legislature in 1959 and approved by the voters in 1960. DWR constructed and currently operates and maintains the SWP, a system of storage and conveyance facilities that provide water to 29 State Water Contractors (Contractors). The SWP is the largest state-owned, multi-purpose, user-financed water storage and delivery system in the United States. The Contractors receive water service from the SWP in exchange for paying all costs associated with constructing, operating and maintaining the SWP facilities that are attributable to water supply. These Contractors include local water agencies and districts legislatively enabled to serve irrigation, municipal and industrial water supply customers or retail water supply agencies throughout Northern California, San Joaquin Valley, San Francisco Bay Area, Central Coast Area, and Southern California (SWP Service Area). DWR and each of the Contractors entered into Contracts in the 1960's with 75 year terms. The Contracts are substantially uniform. The first Contract, executed by DWR and The Metropolitan Water District of Southern California (MWD), terminates in 2035. All Contracts will terminate by 2042.

The majority of the capital costs associated with the development and maintenance of the SWP is financed by DWR using revenue bonds. These bonds have typically been sold with terms up to 30 years. It has become more challenging in recent years to

and study the proposed project. Once the EIR is completed and a Notice of Determination filed, DWR and the Contractors will then consider whether to execute the amendments to the Contracts or take other action.

## **PROJECT OBJECTIVES**

DWR and the Contractors have a common interest to maintain the financial integrity of the SWP. In order to address financial challenges and make needed improvements to the current Contract provisions, DWR and the Contractors agreed to the following objectives as they entered into negotiations:

- Ensure DWR can finance SWP expenditures beyond 2035.
- Maintain an appropriate level of reserves and funds to meet SWP purposes.
- Simplify the SWP billing process.

## **PROJECT AREA**

The location of the proposed project includes the SWP facilities and SWP Service Areas See Figure 1 and Figure 2, respectively at the end of this document.

## **PROJECT DESCRIPTION**

The proposed project would add, delete and modify provisions of the Contracts based on the AIP. The proposed project would not create new water management measures, build new or modify existing facilities, or change water allocation provisions of the current Contracts. The proposed project would:

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

## **ENVIRONMENTAL BASELINE**

CEQA Guidelines Section 15125 states that an EIR must include a description of the physical environmental conditions in the vicinity of the project, as they exist at the time the NOP is published from local, regional, and, in this case, state perspectives (existing

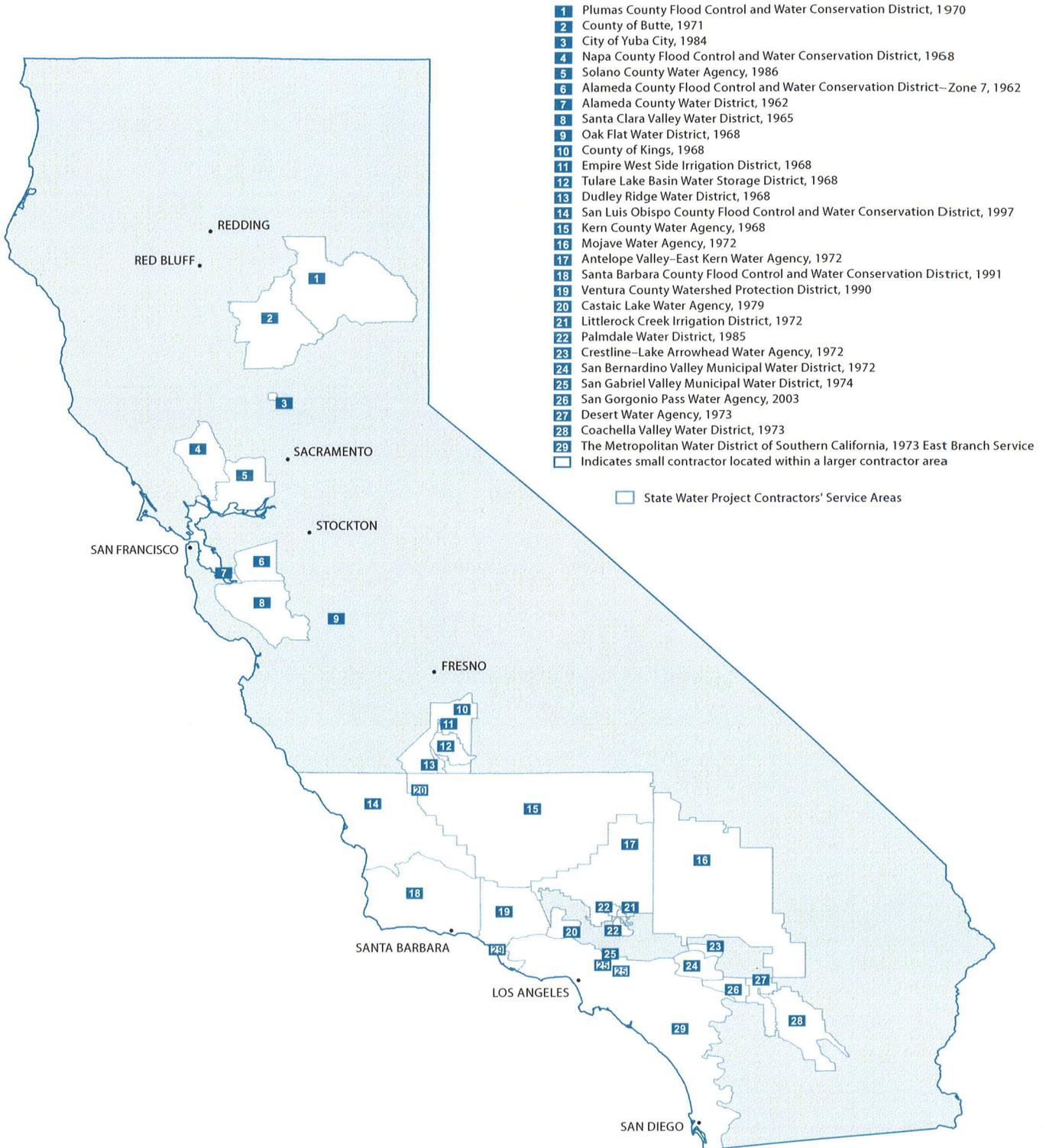
## WRITTEN COMMENTS

This NOP is being circulated to obtain suggestions and information from interested parties, including responsible and/or trustee agencies and members of the public on the content and scope of issues that may be addressed in the EIR. Written comments from interested parties are invited to ensure that the full range of issues related to implementation of the proposed project is identified early in the CEQA process. Agencies and organizations should provide a contact name and information in their letters. All comments received, including names and addresses, will become part of the official administrative record and may be made available to the public. DWR will post NOP comment letters in their entirety on the DWR web page for the proposed project at <http://www.water.ca.gov/swpao/watercontractextension/>.

In accordance with CEQA Guidelines section 15082(b)(1)(B), within 30 days of receiving the NOP, responsible and trustee agencies shall provide DWR with specific detail about the scope and content of the environmental information to be included in the Draft EIR related to their area of statutory responsibility. Comments from individual respondents, including names and home addresses of respondents, will be made available for public review. You may request DWR withhold your contact information from public disclosure, which will be honored to the extent allowable under California law. If you wish DWR to consider withholding this information, you must state this prominently at the beginning of your comments.

Written comments on the scope of the EIR are due no later than 5:00 pm on October 13, 2014. All comments or questions about the environmental review process should be mailed to Ted Alvarez, State Water Project Analysis Office, Department of Water Resources, 1416 Ninth Street, Room 1620, Sacramento, CA 95814 or e-mailed to [ted.alvarez@water.ca.gov](mailto:ted.alvarez@water.ca.gov). Additional information on the proposed project can be found on the DWR web page at the link for the proposed project provided above.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_  
Title: \_\_\_\_\_



SOURCE: California Department of Water Resources, Bulletin 132-11, 2013

Water Supply Contract Extension Project

**Figure 2**  
 State Water Project Contractor's Service Areas