The seal of the California Department of Water Resources is a circular emblem. It features a central map of California in yellow, with a blue river flowing through it. Above the map are white clouds and a blue sky. The outer ring of the seal contains the text "DEPARTMENT OF WATER RESOURCES" at the top and "STATE OF CALIFORNIA" at the bottom, separated by two small dots.

# **State Water Project Budget & Annual Planning**

Presentation to California Water Commission

Hong Lin, Financial Manager, State Water Project

July 17, 2024

# CA Department of Water Resources Programs

- Administer and Operate State Water Project
- Other DWR programs
  - Groundwater Management
  - Integrated Regional Watershed Management
  - Flood Management
  - Safety of Dams
  - Statewide Water and Energy
  - Climate Change



# SWP Strategic Plan

## Goal 5: Optimize infrastructure, financial integrity, and operations

- 5.2 Increase fiscal discipline and financial transparency to responsibly manage finances.

### Key 2024 Initiatives

- Align 10-year capital forecasting with Strategic Asset Management Plan
- Continued coordination with USBR on various cost-sharing – Joint Use Facilities and Delta operation/compliance



# Role of CA Department of Water Resources in Administering the State Water Project

- Responsible for planning, construction, and operation of the State Water Project
- Legally binding contracts with 29 local public water agencies (Contractors)
  - Billing
  - Operations/delivery
- Administer the enterprise fund of the State of California
- Provide annual comprehensive financial report



# State Water Project - Enterprise Fund

- Account for activities that operate like a business (cost recovery)
- Charges to external users (not government entities)
- Debt backed solely by SWP Contractors' charges

## ISSUER OVERVIEW

California Department of Water Resources Water System Revenue Bonds

Issuer Type: Water / Sewer

## RATINGS

Water System Revenue Bond Ratings

MOODY'S

S&P

**Aa1**

**AAA**



# State Water Project Cost Allocation & Recovery

STATE OF CALIFORNIA  
THE RESOURCES AGENCY OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY CONTRACT  
BETWEEN

THE STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

AND

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

*Disclaimer:* This document integrates The Metropolitan Water District of Southern California's State Water Project water supply contract and amendments to the contract entered into since November 4, 1960. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(Incorporates through Amendment No. 28, executed October 24, 2003)  
(No other amendments through 2017)

- Water Supply Contracts dictate cost allocation and recovery
- Contracts extended to 2085 (from original 2035)



# State Water Project Multi-Purpose System

Water Supply & Power



Storage, Conveyance, Operation and Maintenance, Regulatory Compliance, Energy Cost

Other Purposes  
(Non-Chargeable)



Recreation, Fish and Wildlife Enhancement, Flood Control



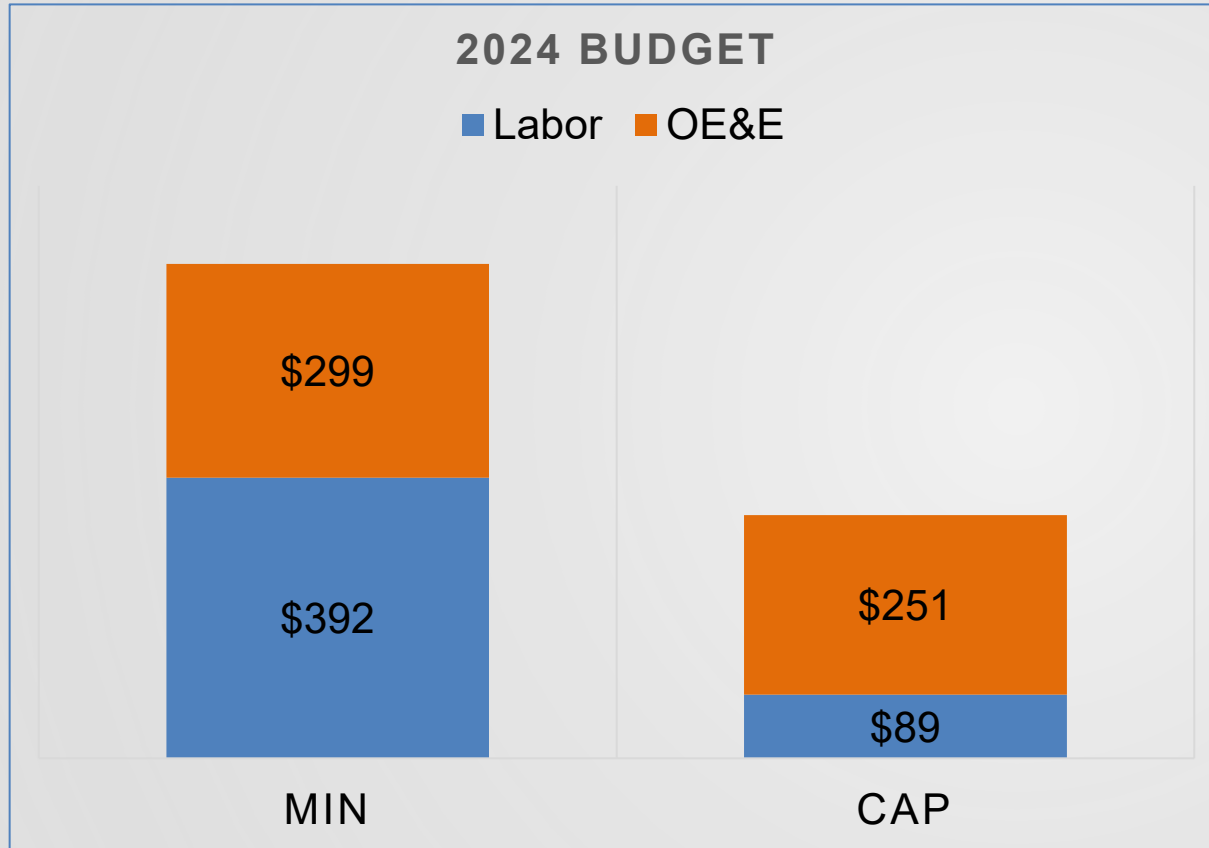
# SWP Budgeting & Cost Projections

- ❑ SWP program/project costs are included
  - SWP personnel costs (DWR fully burdened labor)
  - SWP operating expenses and equipment costs (consultant, construction contracts etc.)
- ❑ SWP financing related costs
- ❑ Indirect costs (State Pro Rata)
- ❑ Statements of Charges (to the Contractors) only include reimbursable **water supply and power** related costs





# 2024 Budget Summary



Cost in Millions

MIN (Operation & Maintenance)  
\$691 million

CAP (Capital projects)  
\$340 million

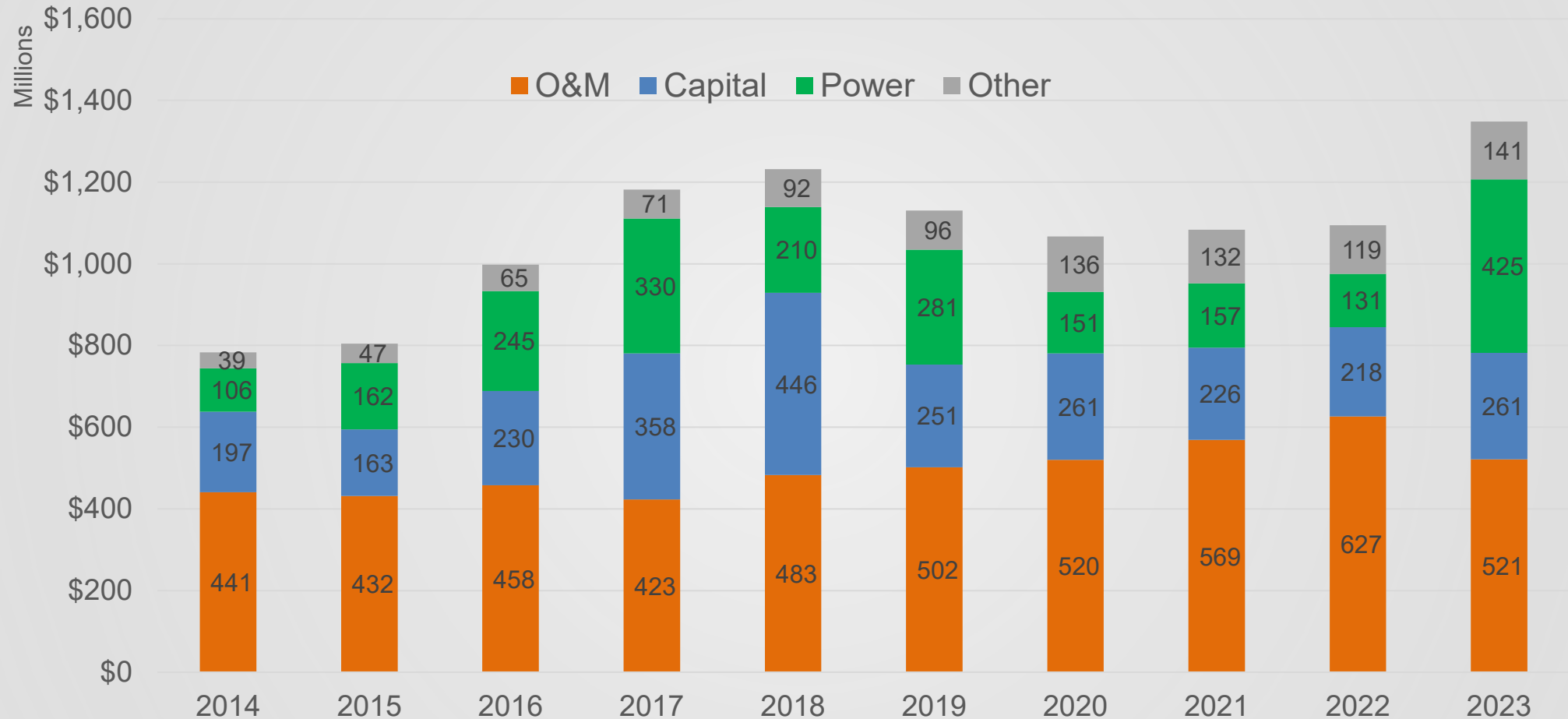
\*Total (MIN + CAP)  
\$1,031 million

OE&E – Operating expense and equipment

- Variable (power related) is planned separately.
- Delta Conveyance Project is planned separately.



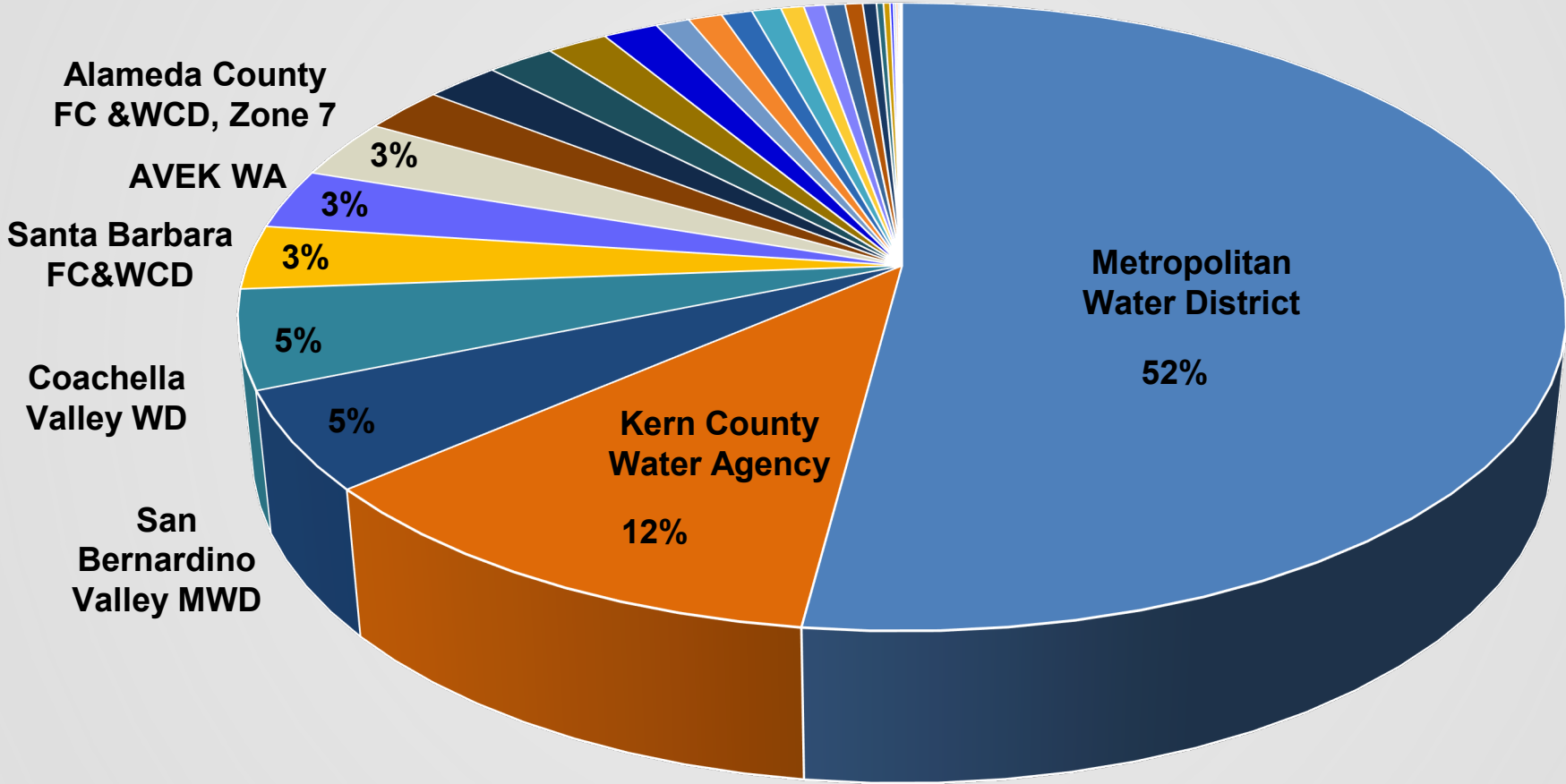
# Historical SWP Costs



Operation and Maintenance (O&M)

Other: Recreation, Fish and Wildlife Enhancement, Joint Use Facility Federal Cost Share

# Revenues from the SWP Contractors



# Top Capital Projects – 2024-2026 Planning\*

Project Title	Estimated Cost \$ in millions
California Aqueduct Subsidence Recovery Program Plan**	\$77.76
Perris Dam Remediation Project - Emergency Release Facilities	\$70.21
San Luis Field Division Fire Safety Modernization	\$67.06
Oroville River Valve Outlet System	\$52.50
Subsidence and Groundwater Monitoring**	\$45.39
Prospect Island Tidal Habitat Restoration	\$45.11
JOC Relocation Project Construction	\$41.39
Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project	\$23.09
Oroville Emergency Response - Restoration	\$20.59
Delta Dams Rodent Burrow Remediation Project	\$19.91

\*Planning data from February 2024.

\*Delta Conveyance Project is planned separately.

\*\*Projects related to California Aqueduct Subsidence Program



# Summary

- DWR continues operating the SWP with stable revenues provided by the SWP Contractors.
- Managing SWP's expenditures within the annual budget is required for all SWP programs.
- SWP costs are increasing - increasing operation and maintenance costs (water supply and power), increasing needs for capital planning and improvements to address climate change.
- Total SWP assets is approximately \$8.9 billion, benefiting California's people and environment. Continued investment to maintain and enhance SWP is critical to California's economy.

