The seal of the California Department of Water Resources is a circular emblem. It features a central map of California with a winding river flowing through it. The map is set against a background of green hills and a blue sky with white clouds. The seal is surrounded by a circular border containing 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

Presented by:

Hong Lin, Financial Manager, State Water Project

June 21, 2023

SWP Financial Overview

- Annual Revenue over \$1 billion
- Capital Project Planning \$ ~300 million
- Fund Sources
 - 29 SWP Contractors, Cost-share (Bureau of Reclamation), Power Revenue, Davis-Dolwig
- Use of Funds
 - Operation & Maintenance, Debt Service, Capital projects, Planning Programs
- Enhanced Financial Systems (Financial Management Enhancement Program)



Contract Extension Amendment Agreements

- DWR and 27 Contractors have approved and executed the agreements and waivers
- Contract Extension Amendment took effect on January 1, 2023
- Billing transition date is January 1, 2024



Contract Extension Amendments

- Extend the term in each Contract to December 31, 2085
- Implement new billing provisions
- Increase the SWP's operating reserves and establish additional accounts for SWP management
- Facilitate improved coordination



SWP Financial Management Enhancement

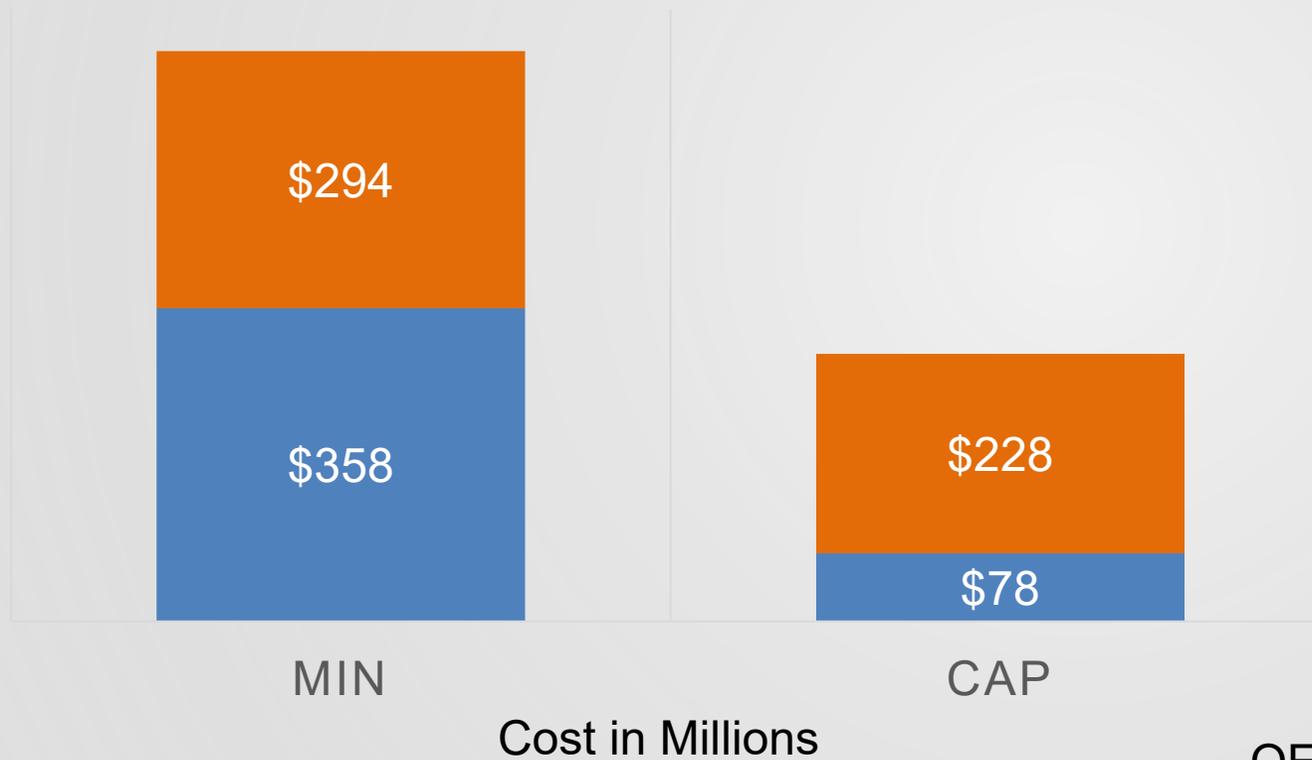
- SAP Budgeting and Planning (SBP)
 - State Budget Process
- Portfolio, Project, and Resource Management (PPM/RM)
 - Identify, plan, prioritize, and allocate resources
 - Integrated with the State Budget process
- Cost Allocation and Billing (CAB)
 - Allocate costs across reaches, project purposes, cost components, and Contractors
 - Include the new billing methodology under Contract Extension Amendment
- Business Intelligence and Cross Modular Reporting



2023 Budget Summary

2023 BUDGET

■ Labor ■ OE&E



MIN (Operation & Maintenance)
\$652 million

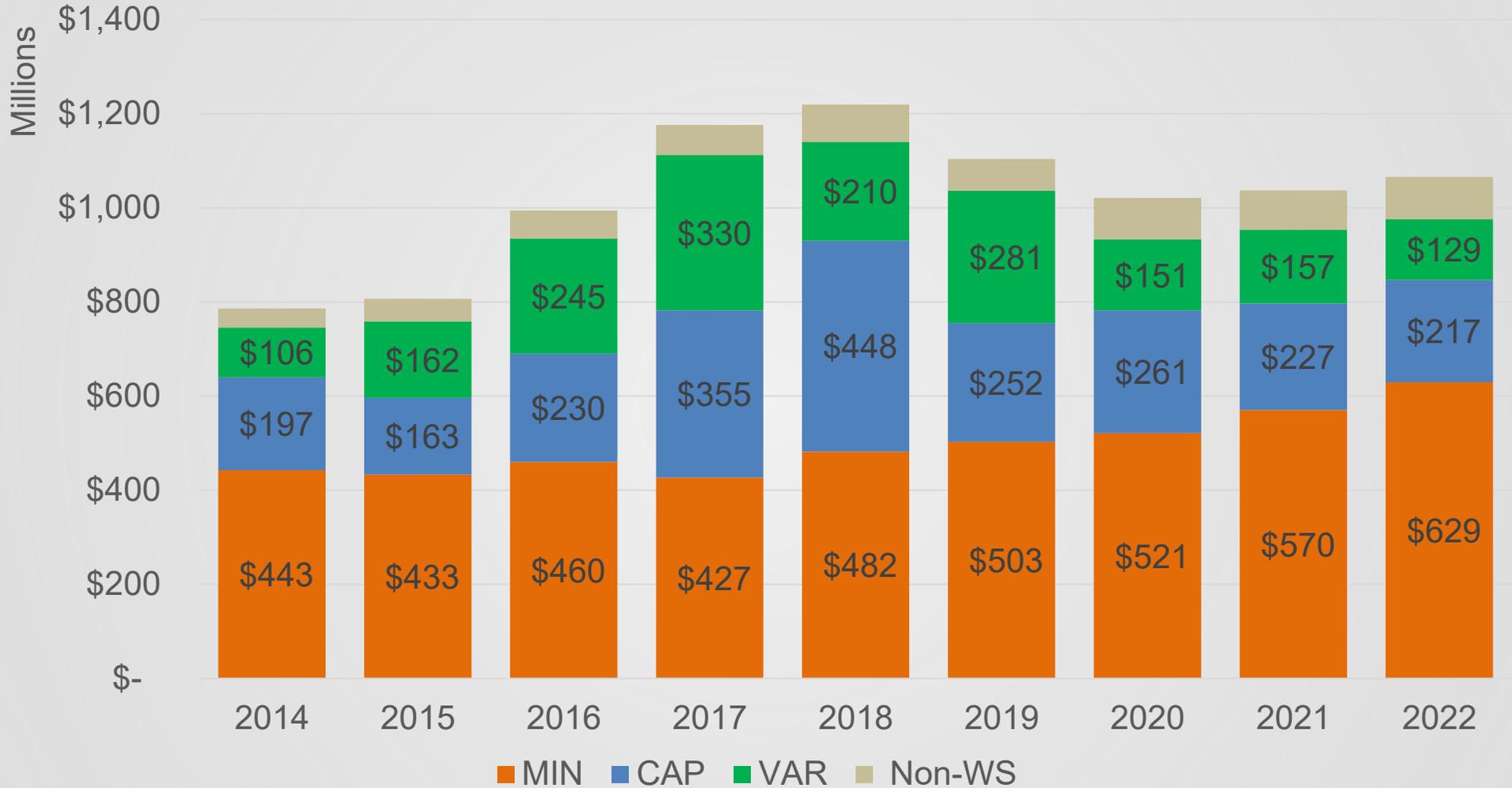
CAP (Capital projects)
\$306 million

*Total (MIN + CAP)
\$958 million

OE&E – Operating expense and equipment
* Variable (power related) is planned separately.



Historical SWP Costs



Top Capital O&M Projects – 2023-2025

Project Title	Estimated Cost \$ in millions
Perris Dam Remediation Project - Emergency Release Facilities	\$67.3
Big Notch Project - Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project	\$58.4
Oroville River Valve Outlet System	\$45.2
Oroville Emergency Response Environmental Mitigation Actions	\$40.8
San Joaquin Field Division Fire & Life Safety Modernization Project	\$32.5
Lookout Slough Tidal Restoration Project	\$27.4
Joint Operation Center Relocation Project	\$26.9
San Luis Field Division Fire Safety Modernization	\$21.8
San Joaquin Field Division Bridge Hinges Retrofit (42 bridges in 10 reaches)	\$16.9
Castaic High Tower Debris Catchment and Lower Gate Modification	\$15.9



Summary

- Contract Extension Amendment is currently effective.
- Amendment billing provisions are implemented in the 2024 Statement of Charges.
- SWP is continuing enhancing its financial management through implementation of new systems, program management, and risk-informed prioritization.
- SWP maintenance management and asset management programs will provide valuable data to improve SWP capital planning and financing.

