



CALIFORNIA DEPARTMENT OF WATER RESOURCES

Delta Conveyance Project Validation Action Background Information

August 2020

The California Department of Water Resources (DWR) filed a “validation action” with the Sacramento County Superior Court regarding DWR’s authority to, among other things, issue revenue bonds to finance the planning, design, construction and other capital costs of the proposed Delta Conveyance Project. Although DWR has existing legal authority to finance and construct the proposed project under the Central Valley Project (CVP) Act, a validation action is necessary to provide the requisite assurance to the financial community for the sale of the Delta Conveyance Project revenue bonds.

- DWR proposes to issue revenue bonds to raise funds for the environmental review, planning and, if approved, construction of a Delta Conveyance Project.
- The validation case will confirm DWR’s authority to use revenue bonds to fund the effort. Bonds for construction will not be issued unless and until specific conditions precedent are satisfied.
- DWR derives its authority to issue bonds to finance planning and construction of the State Water Project (SWP) under the following acts of the State legislature: The State Water Resources Development Bond Act of 1959 (Burns Porter Act), CWC section 12930 et. seq., and the CVP Act, CWC section 11100 et. seq.
- The CVP Act authorizes DWR to issue revenue bonds to pay the cost and expense of carrying out the CVP Act, which include environmental review, planning, and construction of SWP facilities for the conservation, storage, and distribution of water for the welfare and benefit of the people of California.
- This CVP Act includes the Legislature’s instruction that the Act be liberally construed to effectuate its purpose.
- As is the case with other revenue bonds issued to finance the SWP, these revenue bonds, if issued, would be repaid by participating SWP contractors.