

**DEPARTMENT OF WATER RESOURCES**

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October 10, 2019

Senator Bill Dodd  
California State Capitol, Room 4032  
Sacramento, CA 95814

Dear Senator Dodd:

Thank you for your inquiry of July 30, 2019 regarding funding of environmental planning activities associated with modernizing water conveyance infrastructure in the Delta. You raised important questions, and I appreciate the opportunity to share information about the Department of Water Resources' (DWR) planning activities related to the State Water Project (SWP).

As you may be aware, DWR is leading the environmental planning and permitting process for a single tunnel project as directed by Governor Newsom. DWR has requested that the Delta Conveyance Design and Construction Authority (DCA) provide engineering and design support to inform the environmental planning process and to assist in avoiding or minimizing community impacts where possible. The DCA's work is directed and overseen by DWR.

Specific responses to your questions are as follows:

**1. What is the specific source of funds for the monies being advanced by DWR to the Authority?**

DWR is not advancing money to the DCA. DWR is paying for work undertaken by the DCA under direction of DWR. Pursuant to the joint exercise of powers agreement between DWR and the DCA, as amended this past June, DWR has agreed to use up to \$19.7 million to pay for work performed by the DCA.

**2. What specific statutory or contractual provisions, if any, does DWR rely on to do so?**

The Joint Exercise of Powers Act, section 6500 et seq of the Government Code, authorizes State and local agencies to enter in joint exercise of powers agreements. The Burns Porter Act and the Central Valley Project Act grant DWR broad planning authority and authorize DWR to use State Water Project revenue as well as money contributed by public water agencies for planning activities for SWP infrastructure. DWR has used a combination of State Water Project revenue and public water agency contributions to pay for Delta conveyance planning and permitting.

**3. What security has the Authority provided to DWR to guarantee repayment of the funds advanced to the Authority?**

As noted above, the work being undertaken is at DWR's direction and the DCA is not repaying DWR. DWR has funded the planning activities as described above, using State Water Project revenue and funding contributed by the participating public water agencies to pay for work as it is invoiced.

**4. What recourse will DWR have if SWP contractors fail to authorize and provide funding sufficient to fully reimburse DWR?**

The funds being expended by DWR are from State Water Project sources – planning dollars contributed by the participating public water agencies and State Water Project revenue available for those purposes. State Water Project contractors are the source of both types of funding and DWR will recoup those State Water project-funded planning costs when bonds are sold for a project.

Please let us know if you or your staff have any additional questions or if you would like any additional information. We would be happy to arrange for an in-person discussion if such a meeting would be beneficial.

Sincerely,



Karla A. Nemeth  
Director