STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
FY26/27	3860	Water Resources
Hyperion Budget Request Name		**Relevant Program or Subprogram**
3860-087-BCP-2026-GB		3230

Budget Request Title
Modernization of the California Water Plan (SB 72)

Budget Request Summary

The Department of Water Resources (DWR) requests $5.8 million General Fund in fiscal year 2026–27 and annually for the first five years, and $2.4 million General Fund in 2031-32 and ongoing to fulfill the requirements of Chapter 210, Statutes of 2025 (SB 72). SB 72 requires DWR to develop an actionable plan by 2033 that identifies watershed-scale actions necessary to achieve long-term water supply targets by 2040. SB 72 also requires the 2028 and 2033 updates to the California Water Plan to include planning targets for additional water, water conservation, and water storage capacity to be achieved by 2040 and 2050 respectively.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed	
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	Click or tap here to enter text.	
Does this BCP contain information technology (IT) components? ☐ Yes ☒ No	**Department CIO** Click or tap here to enter text.	**Date** TBD

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. Click or tap here to enter text. **Project Approval Document:** TBD

Approval Date: Click or tap to enter a date. **Total Project Cost:** Click or tap here to enter text.

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No

This proposal does not affect another department.

Prepared By	Date	Reviewed By	Date
Paul Massera	1/9/2026	Brian Fuller	1/9/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Cindy Messer	1/9/2026	Amanda Martin for Sec. Crowfoot	1/9/2026

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Andrew Hull	1/9/2026

A. Problem Statement

California's water system operates under climate extremes—longer, hotter, drier droughts and more intense flood events—projected to reduce water supplies by ~10 percent by 2040 and strain existing infrastructure. These compounding challenges strain ecosystems, water supply, and flood management infrastructure and require a more adaptive and integrated approach to statewide water planning.

According to UC Davis' report *Inaction's Economic Cost for California Water Supply Challenges* (2025):

- Economic Losses: $3.4 to $14.5 billion annually (up to $39.5 billion under extreme scenarios plus job losses (~67,000) and fallowed farmland (~3 million acres).
- Risk of Supply Collapse: 12–25 percent decline in water supply (up to 9 million acre-feet annually by 2050)
- Infrastructure Investment Needs: $200–$500 billion in future investment to maintain existing service levels and meet future demands.

The California Water Plan is the State's strategic plan for sustainably managing and developing water resources for current and future generations. Required by Water Code Section 10005(a), it presents the status and trends of California's water-dependent natural resources; water supplies; and agricultural, urban, and environmental water demands for a range of plausible future scenarios.

SB 72 establishes new statutory requirements to advance California's water resource planning. New requirements under SB 72 are:

- Develop statewide future water demand estimates and long-term water supply targets at watershed scales
- Analyze climate change impact at regional and watershed scales
- Identify strategies to meet these water supply targets, including an interim planning target of 9 million acre-feet
- Evaluate cost/benefit impacts of strategies, programs, policies, and projects
- Provide accountability through progress tracking

The requirements in SB 72 are interdependent and sequential, with each step building upon the last. To meet legislative deadlines and ensure consistency across interconnected work products, all work must be initiated and advanced simultaneously starting in 2026-27. DWR has completed initial analyses and pilots, such as modeling climate vulnerabilities at watershed scales and a process for tracking regional water actions and outcomes. This request will allow for the expansion of those proven approaches, scaling them, integrating them, and bringing them to regional and statewide scope, to comply with the requirements of the bill.

Resource History

(Dollars in thousands)

Program Budget	**PY - 4**	**PY - 3**	**PY - 2**	**PY-1**	**PY**	**CY**
Authorized Expenditures	2,923	2,806	3,019	3,267	3,140	3,133
Actual Expenditures	2,923	2,807	3,018	3,231	3,121	N/A
Revenues	0	0	0	0	0	0
Authorized Positions	11	11	11	11	11	11
Filled Positions	11	11	11	11	11	N/A
Vacancies	0	0	0	0	0	0

Workload History

Workload Measure	**PY – 4**	**PY - 3**	**PY - 2**	**PY-1**	**PY**	**CY**
A.) Advisory committee and regional public meetings (State Waterboards, permitting agencies, interested parties, and Native American Tribes)	3	3	5	7	7	5
B.) Up to date Resource Management Strategies (without costs, benefits, and impacts) suitable for different regions	0	0	0	5	9	11
C.) Historical Years of Water Use and Supply Balances	18	19	20	22	22	24
D.) Major projects for each hydrologic region tracked by regional reports	0	0	0	6-9	6-9	6-9
E.) Regions of California covered by quantitative assessment of future water vulnerabilities	3	3	3	3	3	3
F.) Water related metrics used to assess future vulnerability	3	3	3	6	6	6

B. Justification

SB 72 requires the California Water Plan to quantify future water supply gaps, identify effective management actions (including economic analyses), and establish measurable goals.

The following key elements of SB 72 require DWR to:

- Develop regional and statewide water supply targets — Provide benchmarks and information critical to guide policy and investments.
- Transform the Water Plan into an actionable tool — Move beyond an advisory document to an action plan. Produce statewide recommendations and regional reports detailing challenges and proposed programs, policies, and projects.
- Provide consistent, data-driven strategies — Develop and maintain watershed-based & statewide water use and supply datasets. Analyze climate change impacts by region and resulting water supply trends. Update resource management strategy evaluations to inform state, regional, and local decision-making.
- Align investments with shared priorities — Ensure state and local projects fulfill statewide needs to maximize state funding impact. Conduct cost/benefit evaluations of programs, policies, and projects.
- Strengthen collaboration — Strengthen partnerships among federal, state, regional, local, and Tribal partners. Enable the Legislature, Administration, Non-Governmental Organizations, water agencies, communities, and Tribes to work from a shared playbook.
- Ensure accountability — Develop data and tools with measurable progress indicators toward meeting future needs and to inform ongoing planning of future strategies, programs, policies, and projects. This includes reporting progress toward implementing SB 72 mandates.

The additional funding needed to implement statutory elements described above can be reflected within three primary workstreams.

1. Water Use and Water Supply Quantification: Existing water use and supply data is outdated, of insufficient quality, and at an incorrect scale for watershed-specific supply targets required by SB 72. DWR will refine the scale to support watershed-scale datasets and leverage new data and advanced techniques to have needed accuracy. This product is foundational to many statewide planning models and activities. Funding: $2 million annually for five years; $1.4 million annually thereafter.
2. Regional Water Supply Targets: Establish credible, local targets for urban, agriculture, Tribal, and the environment. This includes expanding from five to all ten of the state's hydrologic regions. Funding: $2.1 million annually for five years; $400,000 annually thereafter.
3. Implementation Strategies: Identify conceptual regional strategies, programs, polices, and inventory projects to close supply–demand gaps with preliminary cost-benefit analyses and progress tracking. Funding: $1.7 million annually for five years; $600,000 annually thereafter. Based on current fiscal estimates, following the 2038 update, DWR will develop project-specific climate adaptation strategies at watershed-scale, including cumulative impact assessments.

A range of local benefits will be achieved, many of which will accelerate and strengthen federal grant applications, extend local influence, and generate positive outcomes at the state level:

- Provides a clear, evidence-based basis for projects – Statewide data and targets strengthen local grant applications and alignment with state/federal priorities.

- Reduces Local Planning Costs – Shared baseline data and statewide framework streamline local planning, increasing state/local consistency and saving time and resources.
- Supports Watershed Resilience Planning – Makes watershed-scale data available for climate resilience planning (e.g., DWR's Watershed Resilience Program).
- Advances Local Climate Planning – Provides targets for general plans, watershed resilience plans (e.g., Integrated Regional Water Management plans), climate vulnerability assessments, and regional adaptation strategies.
- Provides Common Planning Target – Establishes, and updates on ten-year cycle, regional and statewide water supply targets for coordinated state-local actions and investments.

C. Departmentwide and Statewide Considerations

The California Water Plan is required under existing law as the "master plan which guides the orderly and coordinated control, protection, conservation, development, management and efficient utilization of the water resources of the state." The California Water Plan's recommendations embody and build on the water policies and priorities of the Newsom administration and Legislature, collaboration and alignment among state agencies, and input from California's diverse communities of place and interest.

The statewide infrastructure portfolio planning included in this proposal will help analyze and advance several actions from the *California Water Supply Strategy: Adapting to a Hotter, Drier Future*. The California Water Supply Strategy (WSS) developed initial statewide water supply targets for a wide range of strategies. The work enabled by this BCP will refine and quantify those targets and identify the most effective strategies. Identification of water supply strategies may include analysis to support implementation of many of the strategies called out in the WSS and listed below:

1.1 Reuse at least 800,000 acre-feet of water per year by 2030 and 1.8 million acre-feet by 2040, with most of that additional recycling involving direct wastewater discharges that are now going to the ocean.

1.2 Expand brackish groundwater desalination production by 29,000 acre-feet per year by 2030 and 84,000 acre-feet per year by 2040 and help guide location of seawater desalination projects where they are cost effective and environmentally appropriate.

2.1 Expand average annual groundwater recharge by at least 500,00 acre-feet.

2.2 Work with local proponents to complete the seven Proposition 1 supported storage projects and consider funding other viable surface storage projects

2.3 Expand San Luis Reservoir by 135,000 acre-feet.

3.1 Built upon the conservation achievements of the last two decades to reduce annual water demand in towns and cities by at least half a million acre-feet by 2030.

4.2 Improve the flexibility of current water systems to move water throughout the state.

On July 28, 2020, Governor Gavin Newsom released a final version of the *Water Resilience Portfolio*, the Administration's blueprint for equipping California to cope with more extreme droughts and floods, rising temperatures, declining fish populations, over-reliance on groundwater, and other challenges. This request helps meet the Governor's 2020 Water Resilience Portfolio actions: 20.1, 27.1, 27.2, 28.2, 29.2, 25.4, 25.

D. Outcomes and Accountability

Projected outcomes are listed in the table below. This work will lead to more effective water resource policy and investment decisions based on data-informed, comprehensive plans that explicitly connect the dots between critical needs, policy, investment, and outcomes. Data will be published in an accessible manner to established data platforms, such as the California Natural Resources Agency's (CNRA) Open Data Platform. The data and results from the projects will be presented at the hydrologic region and the state scale.

Established California Water Plan engagement venues would also be leveraged to help accomplish the accountability-related mandates in SB 72. They would be used to report progress and share findings with interested parties, including local, federal, and state agencies, elected officials, Tribes, NGOs, and academia in various ways and at multiple venues:

- Decision-support for Executive and Legislative Branches of state government
- Technical reports and factsheets published in the Department website
- Public webinars at important project milestones and closeout
- Periodic information sharing with interested parties throughout the project through hybrid public meetings & hearings (including Water Commission, permitting agencies, interested parties, and Native American Tribes) as well as in person meetings be held representing the diverse hydrologic regions throughout California.
- Data and tools made available in the CNRA Open Data Platform
- Presenting project outcomes in professional conferences such as the California Water and Environmental Modeling Forum, Groundwater Resources Association of California, American Geophysical Union, and American Society of Civil Engineers

Projected Outcomes

Workload Measure	**CY**	**BY**	**BY+1**	**BY+2**	**BY+3**	**BY+4**
Provide actionable recommendations to the Administration and Legislature based on analytical results and synthesis			Draft Water Plan	Final Water Plan		
Watersheds with water use and supply data available (140 HUC-8 watersheds statewide)	56	56	140	140	140	140
Regions of California covered by quantitative assessment of future water vulnerabilities (10 regions cover entire state) *See Row E in Workload History*	3	3	5	7	8	10
Water Supply targets (supply and demand gap) by region	0	0	3	5	8	10
Regions with conceptual adaptation strategies economically assessed	0	0	0	3	3	6
Updated Resource Management Strategies (with costs, benefits, and impacts) suitable for different regions *See Row B in Workload History*	1	3	5	8	10	12
Regions covered by local project database with tracking of progress towards meeting resilience	0	0	3	3	6	6
Local projects available to meet water management challenges for each region (not all state funded)	6-9	10+	20+	50+	50+	50+

E. Implementation Plan

Year 1 (2026-27)

- Convene Technical Advisory Committee for consultation on workstreams in Quarter One
- Convene regional forums starting in Quarter One with meetings rotating through various HRs each year to provide adequate representation
- Begin to transition Water Use and Water Supply Quantification to USGS HUC-8 watershed basis
- Implement Environmental Flow Framework in current and future demand estimation
- Launch local project tracker to support Implementation Strategies workstream
- Begin updating Resource Management Strategies based on prioritization with content with costs, benefits, and impact analysis.
- Release new year of water use and water supply quantification.

Year 2 (2027-28)

- Complete economic projections of future land use
- Finalize long term water targets for five Hydrologic Regions already in process (Sacramento River, San Joaquin River, Tulare Lake, San Francisco Bay, and South Coast)
- Incorporate long-term supply targets and local projects database for three Hydrologic Regions (Sacramento River, San Joaquin River, Tulare Lake) to track progress towards achieving resilience
- Release Assumptions and Estimates Report
- Release Draft Water Plan Update 2028
- Continue items from 2026-27 including updating RMS, releasing new years of water use and water supply quantification, conducting regional forums, etc.

Year 3 (2028-29)

- Complete wall-to wall land use mapping to support demand estimation in regions not covered by existing tools.
- Finalize long term water targets for two new Hydrologic Regions (Central Coast and North Coast)
- Finalize adaptation strategy analysis for central valley Hydrologic Regions (Sacramento River, San Joaquin River, Tulare Lake)
- Release Final Water Plan Update 2028
- Launch scoping process for Water Plan Update 2033
- Continue items from 2026-27 including updating RMS, releasing new years of water use and water supply quantification, conducting regional forums, etc.

Year 4 (2029-30)

- Incorporate long-term supply targets and local projects database for 3 additional hydrologic regions (Central Coast, San Francisco Bay, and South Coast) to track progress towards achieving resilience.
- Finalize long term water targets for a new Hydrologic Regions (Colorado River)

- Continue items from 2026-27 including updating RMS, releasing new years of water use and water supply quantification, conducting regional forums, etc.

Year 5 (2030-31)

- Finalize long term water targets for 2 new Hydrologic Regions (North Lahontan and South Lahontan) completing coverage of the entire state
- Finalize adaptation strategy analysis for San Francisco Bay, Central Coast, and South Coast hydrologic regions
- Continue items from y2026-27 including updating RMS, releasing new years of water use and water supply quantification, conducting regional forums, etc.

Year 6-10 (2031-36) - Reflected in 2038 California Water Plan Update

- Release Water Plan Update 2033 documenting technical work from first 5 years of implementation
- Launch scoping process for Water Plan Update 2038
- Incorporate long-term supply targets and local projects database for 4 additional hydrologic regions (North Coast, North Lahontan, South Lahontan, and Colorado River) to track progress towards achieving resilience.
- Conduct adaptation strategy analysis for remaining hydrologic regions (North Coast, North Lahontan, South Lahontan, and Colorado River).
- Update adaptation strategy information adaptively based on progress tracking of completed projects and changes in long-term supply gaps.
- Complete the identification of 9 million acre-feet of water supply or demand management opportunities statewide with economic analysis of cost and benefit as required by SB 72.
- Maintain/update long-term supply targets at a hydrologic region scale as new information is available
- Continue items from 2026-27 including updating RMS, releasing new years of water use and water supply quantification, conducting regional forums, etc.

F. Supplemental Information

Click or tap here to enter text.

BCP Fiscal Detail Sheet
(Dollars in Thousands)
BCP Title: Modernization of the California Water Plan (SB 72)
BR Name: 3860-087-BCP-2026-GB
Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Salaries and Wages Earnings - Permanent	0	63	63	63	63	63
Total Salaries and Wages	**$0**	**$63**	**$63**	**$63**	**$63**	**$63**
Total Staff Benefits	0	82	82	82	82	82
Total Personal Services	**$0**	**$145**	**$145**	**$145**	**$145**	**$145**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	2,349	2,349	2,349	2,349	2,349
5304 - Communications	0	15	15	15	15	15
5320 - Travel: In-State	0	15	15	15	15	15
5322 - Training	0	25	25	25	25	25
5340 - Consulting and Professional Services - External	0	1,600	1,600	1,600	1,600	1,600
5340 - Consulting and Professional Services - Interdepartmental	0	250	250	250	250	250
539X - Other	0	1,366	1,366	1,366	1,366	1,366
Total Operating Expenses and Equipment	**$0**	**$5,620**	**$5,620**	**$5,620**	**$5,620**	**$5,620**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$5,765**	**$5,765**	**$5,765**	**$5,765**	**$5,765**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0001 - General Fund	0	5,765	5,765	5,765	5,765	5,765
Total State Operations Expenditures	**$0**	**$5,765**	**$5,765**	**$5,765**	**$5,765**	**$5,765**
Total All Funds	**$0**	**$5,765**	**$5,765**	**$5,765**	**$5,765**	**$5,765**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
3230 - Continuing Formulation of the California Water Plan	0	5,765	5,765	5,765	5,765	5,765
Total All Programs	**$0**	**$5,765**	**$5,765**	**$5,765**	**$5,765**	**$5,765**