



Assemblymember Damon Connolly, 12th District

AB 838 – THE CAN’T WAIT ACT

THE CALIFORNIA WATER AFFORDABILITY & INFRASTRUCTURE TRANSPARENCY ACT

BACKGROUND

Water crises in Jackson, Mississippi, Flint, Michigan, and Newark, New Jersey have highlighted the critical need for investment in water infrastructure to ensure that residents have access to clean and safe water supply.

In late summer 2022, approximately 150,000 residents of Jackson, Mississippi lost access to potable drinking water for months as a result of the catastrophic failure of the city’s water system. This failure was the result of decades of neglect, deferred maintenance, and underinvestment, leaving the city’s water infrastructure in a state of crisis. Similar scenarios have played out in Flint, Michigan and Newark, New Jersey. These issues have made it clear that we CAN’t WAIT.

ISSUE

The State Water Resources Control Board estimated that 21% of water systems in California have unaffordable water rates – even for basic needs.

However, proper analysis of this issue is delayed due to a systemic lack of adequate data regarding water bills paid by customers. Instead, hypothetical amounts are calculated based on estimated water consumption. The public has a right to know how well water suppliers are maintaining the infrastructure in their communities and how their water bills compare to those in other communities.

Transparency regarding water affordability and infrastructure not only helps to keep the public informed, but also provides valuable data for state decision makers.

EXISTING LAW

In 2016, the California State Water Resources Control Board (State Water Board) adopted a Human Right to Water Resolution. In 2019, to advance these goals, California passed Senate Bill 200 (SB 200), which enabled the State Water Board to establish the Safe and Affordable Funding for Equity and Resilience (SAFER) Program. SB 200 established a set of tools, funding sources, and regulatory authorities that the State Water Board harnesses through the SAFER Program to help struggling water systems sustainably and affordably provide safe drinking water.

Current law requires public water systems to submit an Electronic Annual Report (EAR). The EAR collects critical water system information intended to assess the status of compliance with specific regulatory requirements, provide updated contact and inventory information (such as population served and number of service connections), and provide information that is used to assess the financial capacity of water systems, among other information reported.

In 2020, the State Water Board began a multi-year effort to improve the EAR survey to provide additional functionality, improve data validations, and enhance the EAR user experience. The 2020 EAR reporting year marked the first-time customer charges and financial data was required reporting.

THIS BILL

AB 383 would require, starting January 1, 2025, a public water system to include information related to the average water bill paid by customers in their state reporting, and data related to the system’s completed and planned efforts to replace aging infrastructure. Data regarding bill payments would include the median dollar amounts billed in the prior calendar year and the total dollar amount billed to customer accounts in the prior calendar year. Data regarding infrastructure costs would include costs of improvements completed and the percentage of water mains replaced. This bill would continue to advance the EAR’s goals to improve data collection, data quality and enhance the user experience.

SUPPORT

California Water Association (Co-Sponsor)
California Water Service (Co-Sponsor)
California American Water
California African American Chamber of Commerce
California Hispanic Chamber of Commerce
California Senior Advocates League
Kern County Taxpayers Association
League of United Latin American Citizens
Sustainable Silicon Valley
Visalia Chamber of Commerce

FOR MORE INFORMATION

Michael Dyar
P: (916) 319-2012
Michael.Dyar@asm.ca.gov



CALIFORNIA
HISPANIC
CHAMBERS OF COMMERCE

California



SILICON VALLEY
LEADERSHIP GROUP



CALIFORNIA AFRICAN AMERICAN
CHAMBER OF COMMERCE



VISALIA CHAMBER
OF COMMERCE

Assembly Member Alex Lee
Chair of the Environmental Safety and Toxic Materials Committee
1020 N Street, Room 171
Sacramento, CA 95814

March 20, 2023

RE: AB 838 - California Water Affordability and Infrastructure Transparency Act of 2023 – SUPPORT

Dear Chair Lee,

On behalf of the undersigned organizations representing clean water advocates, community organizations, local business leaders, and others, we write to you in strong support of AB 838 – the California Water Affordability and Infrastructure Transparency Act.

In recent years, communities in Flint, MI, Jackson, MS, and Newark, NJ discovered that underinvestment in water infrastructure led to system failures that left residents without safe drinking water for weeks. To adequately understand the investment water utilities are making in their infrastructure and how those investments are impacting customer bills, water regulators and policy makers need more and better data from water providers.

AB 838 requires California water providers to submit infrastructure investment and customer bill data to the State Water Resources Control Board (SWRCB) annually. This will increase transparency and improve delivery of water to residents and businesses.

California's water infrastructure is already in a state of disrepair. A [2022 report from the California State Auditor](#) found there are more than 370 failing water systems in California, two-thirds of which served disadvantaged communities, with significant financial need. An additional 432 systems serving more than 1 million Californians are at risk of failure without action.

Increasing data available to the SWRCB will make it easier for them to identify systems at risk and begin the process of improving water delivery.

Water providers are already required to report a wealth of information to the SWRCB, including water rates and revenue, but nothing about the actual water bills sent to customers. Without this critical piece

of information, it is impossible to know how much customers are really paying for their water and whether or not their water bills are affordable.

AB 838 is a common sense proposal that will ensure water providers are making appropriate investments in infrastructure and tracking water affordability. Our water systems can't afford to wait.

Sincerely,

Deborah Howard, Executive Director
California Senior Advocates League

Julian Canete, President & CEO
California Hispanic Chambers of Commerce

Tim McRae, SVP Sustainable Growth
Silicon Valley Leadership Group

Gail Zurek, President & CEO
Visalia Chamber of Commerce

Jose Barrera, State Director
**League of United Latin American Citizens
California**

Mayor Deborah Robertson, Chair, CAACC
Legislative Committee
**California African American Chamber of
Commerce**

YES AB838

Improve Water Reliability and Safety

AB 838 (Connolly) Would Improve Water Reliability and Safety for Californians

AB 838 Will Provide More Transparency Into How Water Providers are Investing In and Modernizing Their Water Infrastructure

To avoid water infrastructure failures that have left customers in Jackson, MS, Flint, MI, and Newark, NJ, without access to clean drinking water for weeks and months on end, policy makers and the public need more information about improvements water utilities are making to their water systems and how those improvements are impacting the affordability of customer bills.

AB 838, the California Water Affordability and Infrastructure Transparency Act, would give Californians greater insight into their bills by requiring California water providers to submit infrastructure investment and customer bill data to the State Water Resources Control Board annually.

Just as residents have a right to know how water suppliers are maintaining the infrastructure in their communities, they also have a right to know how their actual water bills compare to those in other communities.

Here's why AB 838 makes sense.

Aging Water Infrastructure Disproportionally Affects Disadvantaged Communities

370

FAILING SYSTEMS

According to 2022 report from the California State Auditor, of the more than 370 failing water systems, **two-thirds of them served disadvantaged communities with significant financial need.**

432

AT RISK OF FAILING

Further, for 2022, the State Water Board's data show that an additional 432 water systems serving more than 1 million people are at risk of failing.

3-5

YEARS FAILING

Nearly 240 of these water systems have been failing for at least three years, and more than 150 have been failing for five years.

21%

ARE UNAFFORDABLE

The State Water Resources Control Board estimated that 21 percent of water systems in California have water rates that are unaffordable, even for basic needs.

Water Providers are Already Reporting a Wealth of Data to the Water Board, but Little About Infrastructure and Nothing About Actual Water Bills Paid by Customers

- 💧 Required by Health and Safety Code Section 116530, water utilities in California already report a wealth of information to the State Water Board, including everything from the average age of the water system's water pipes to the types of conservation programs that are offered.
- 💧 What is not included, is any information about the types of improvements they've made to their water systems.
- 💧 Similarly, water utilities currently report information about water rates and revenue to the State Water Board, but they do not provide any information about actual water bills sent to customers. Without this information, it is impossible to know how much customers are actually paying for their water and whether or not their water bills are affordable.
- 💧 Guestimates must be replaced by verifiable data.

AB 838 Would Require All Water Utilities in California to Report Actionable Information

Starting January 1, 2025, water utilities would be required to report:

- 💧 Verifiable data showing customers' median monthly water bills.
- 💧 The total dollar amount billed to customer accounts in the prior calendar year.
- 💧 Information and data related to the public water system's completed and planned efforts to replace aging infrastructure, including:
 - The total cost of all infrastructure improvements completed in the prior calendar year.
 - The percentage of water main replaced in the prior calendar year.

More Transparency for Customers and Water Leaders Will Help Identify Not Just Problems, But Also Solutions

- 💧 A 2022 study found that more disclosure by water providers improves compliance with public health standards such as drinking water quality violations.
- 💧 According to a study by the American Water Works Association, more transparency in water utility spending and the impacts on customer bills is critical. The study notes "making water affordability more transparent is important to improve our understandings of the scale of affordability challenges across and within utilities."
- 💧 Not only can more transparency identify infrastructure issues, but with more information, regulators can identify funding shortfalls and work with lawmakers to fashion policies to finance improvements or help offset customer bills.

Vote Yes on AB 838

yesab838.com



January 19, 2022

Hon. Rob Bonta
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Anabel Renteria
Initiative Coordinator

Dear Attorney General Bonta:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional Taxpayer Protection and Government Accountability Act initiative (A.G. File No. 21-0042, Amendment #1).

Background

State Government

Taxes and Fees. This year's state budget spends over \$255 billion in state funds. Over 90 percent of the state budget is funded with revenues from taxes. These include, for example, sales taxes paid on goods and income taxes paid on wages and other sources of income. Much of the rest of the state budget is funded by fees and other charges. Examples include: (1) charges relating to regulatory activities; (2) charges for specific government services or products, like fees charged to drivers to improve roads; (3) charges for entering state property, such as a state park; and (4) judicial fines, penalties, and other charges. The State Constitution requires the state to set fees at a reasonable level, generally reflecting the costs of the services or benefits provided. The state uses revenue from taxes and fees to fund a variety of programs and services, including education, health care, transportation, and housing and homelessness services.

Current Requirements to Approve Taxes and Fees. Under the State Constitution, state tax increases require approval by two-thirds of each house of the Legislature or a majority vote of the statewide electorate. The Legislature can reduce taxes with a majority vote of each house, provided the change does not result in an increase in taxes paid by any single taxpayer. In many cases, the Legislature has enacted statutes that delegate its authority to adjust fees and other


Legislative Analyst's Office
California Legislature
Gabriel Petek, Legislative Analyst
925 L Street, Suite 1000, Sacramento, CA 95814
(916) 445-4656

charges to administrative entities, like state departments. In these cases, these charges can be increased or changed by the department within certain limits.

Local Government

Taxes and Fees. The largest local government tax is the property tax, which raises roughly \$75 billion annually. Other local taxes include sales taxes, utility taxes, and hotel taxes. In addition to these taxes, local governments levy a variety of fees and other charges. Examples include parking meter fees, building permit fees, regulatory fees, and judicial fines and penalties. In order to be considered a fee, the charge cannot exceed the reasonable costs to the local government of providing the associated product or service. Local governments use revenues from taxes and fees to fund a variety of services, like fire and police, public works, and parks.

Current Requirements to Approve Taxes and Fees. State law requires increases in local taxes to receive approval of the local governing body—for example, a city council or county board of supervisors—as well as approval of voters in that local jurisdiction. Most proposed taxes require a two-thirds vote of the local governing board before being presented to the voters. Special taxes (those used for a specific purpose) require a two-thirds vote of the electorate while other types of taxes require a majority vote of the electorate. The majority-vote general taxes can be used for any purpose. Recent case law suggests that citizen initiative special taxes may be approved by majority vote, rather than a two-thirds vote. Currently, local governing bodies have the ability to delegate their authority to adjust fees and other charges to administrative entities, like city departments. In these cases, these charges can be increased or changed by the department within certain limits.

Proposal

This measure amends the State Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges.

State and Local Government Taxes

Expands Definition of Tax. The measure amends the State Constitution to expand the definition of taxes to include some charges that state and local governments currently treat as fees and other charges. For example, certain charges imposed for a benefit or privilege granted to a payer but not granted to those not charged would no longer be considered fees. As a result, the measure could increase the number of revenue proposals subject to the higher state and local vote requirements for taxes discussed below.

Requires Voter Approval for State Taxes. The measure increases the vote requirements for increasing state taxes. Specifically, the measure requires that legislatively proposed tax increases receive approval by two-thirds of each house *and* a majority vote of the statewide electorate. Voters would still be able to increase taxes by majority vote of the electorate without legislative action, however. Any state tax approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Requirements for Approving Local Taxes. Whether sought by the local governing body or the electorate, the measure establishes the same approval requirements for increasing local

special taxes. Any local tax approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Allowable Uses and Duration of State and Local Tax Revenues Must Be Specified. The measure requires state and local tax measures to identify the type and amount (or rate) of the tax and the duration of the tax. State and local government general tax measures must state that the revenue can be used for general purposes.

State and Local Government Fees

Requires the Legislature and Local Government Bodies to Impose State and Local Fees. Fees would have to be imposed by a majority vote of both houses of the Legislature or local governing bodies. The measure would restrict the ability of state and local governments to delegate fee changes to administrative entities. The extent of these restrictions would depend on future court decisions. Any fee approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Some New State and Local Fees Could Not Exceed Actual Costs. For some categories of fees, if the Legislature or a local governing body wished to impose a new fee or make changes to an existing fee, the measure generally would require that the charge be both reasonable and reflect the actual costs to the state or local government of providing the service. The measure also specifies that actual cost should not exceed “the minimum amount necessary.” In many cases, existing fees already reflect the government’s actual costs. In other cases, some fees would have to more closely approximate the payer’s actual costs in order to remain fees. If a fee payer challenged the charge, the state or local government would need to provide clear and convincing evidence that the fee meets this threshold. State and local governments also would bear the burden of providing clear and convincing evidence that the levy is a fee—which is not subject to a vote by the electorate—and not a tax under the new definition.

Fiscal Effects

Lower State Tax and Fee Revenue. By expanding the definition of a tax, increasing the vote requirements for approving taxes, and restricting administrative changes to fees, the measure makes it harder for the Legislature to increase nearly all types of state revenues. The extent to which revenues would be lower under the measure would depend on various factors, most notably future decisions made by the Legislature and voters. For example, requirements for legislative approval of fee increases currently set administratively could result in lower fee revenues, depending on future votes of the Legislature. That lower revenue could be particularly notable for some state programs largely funded by fees. Due to the uncertainty of these factors, we cannot estimate the amount of reduced state revenue, but it could be substantial.

Lower Local Government Tax and Fee Revenue. Compared to the state, local governments generally face greater restrictions to raising revenue. By expanding the definition of taxes and restricting administrative changes to fees, the measure would make it somewhat harder for local governments to raise revenue. Consequently, future local tax and fee revenue could be lower than they would be otherwise. The extent to which revenues would be lower is unknown, but

fees could be more impacted. The actual impact on local government revenue would depend on various factors, including future decisions by the courts, local governing bodies, and voters.

Possible Increased State and Local Administrative Costs to Change Some Fee Levels. In some cases, state and local departments would need to develop methods for setting fees to reflect actual costs if the Legislature or local governing bodies wanted to change those fees in the future. Estimating actual costs by program and fee source could involve some added workload for those state and local departments, which likely would be supported by fee revenue. The extent of these administrative costs would depend on (1) whether the state and local governments determine a fee increase is needed in order to maintain their current level of programs and services funded through fee revenue and (2) future court decisions.

Summary of Fiscal Effects. We estimate that this measure would have the following major fiscal effects:

- Lower annual state and local revenues, potentially substantially lower, depending on future actions of the Legislature, local governing bodies, voters, and the courts.

Sincerely,

for Gabriel Petek
Legislative Analyst

for Keely Martin Bosler
Director of Finance

Assembly Bill 573 - Organic waste: meeting recovered organic waste product procurement targets.

SUMMARY (Source—CA Legislative Counsel’s Digest):

Existing law requires, no later than January 1, 2018, the State Air Resources Board to approve and begin implementing a comprehensive short-lived climate pollutant strategy to achieve a certain reduction in statewide emissions of methane, including a goal of a 75% reduction in the level of the statewide disposal of organic waste from the 2014 level by 2025. Existing law requires the Department of Resources Recycling and Recovery, in consultation with the state board, to adopt regulations to achieve these organic waste reduction goals, that provide for, among other things, the calculation by the department of recovered organic waste product procurement targets for each local jurisdiction, and that may include penalties to be imposed by the department for noncompliance.

This bill would require the department’s regulations to allow a local jurisdiction, until December 1, 2039, in procuring recovered organic waste products to meet the target procurement requirements, to use California-derived recovered organic waste that the local jurisdiction sends for processing at a facility or operation outside of the state that meets certain conditions, as provided.

POSITIONS (does not necessarily include all organizations or individuals):

Support: CalCities, California Against Waste (see attached sample letter)

Oppose: -

Recommended action: Authorize Mayor to send a letter similar to attached sample letter with added language encouraging the State to provide incentives that will expedite the siting and permitting of new and expanded in-state compost facilities.

Taxpayer Protection and Government Accountability Act 2024

SUMMARY (See attached Legislative Analyst's Office 1/19/2022 letter)

POSITIONS (does not necessarily include all organizations or individuals):

SUPPORT: California Business Roundtable

Taxpayerprotection.com: The Act requires state legislation imposing any new or higher taxes to be approved by a majority of voters in a statewide election. The Act will reinstate the two-thirds approval requirement for any new or higher "special taxes" proposed by initiative in a local election, while still maintaining the current majority vote requirement for general tax increases.

OPPOSE: California Professional Firefighters, California Alliance for Jobs, Rebuild SoCal Partnership, SEIU California, AFSCME California, California State Council of Laborers, the California Special Districts Association, California Contract Cities Association, and more than 80 individual local governments in opposing the measure.

CalCities.org: This Act will jeopardize vital local and state services. This far-reaching measure puts at risk billions of dollars currently dedicated to critical state and local services. It could force cuts to public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more. It would also reduce funding for critical infrastructure like streets and roads, public transportation, drinking water, new schools, sanitation, utilities, and more.

It also opens the door for frivolous lawsuits, bureaucracy, and red tape that will cost taxpayers and hurt our communities. Undermines voter rights, transparency, and accountability; gives wealthy corporations a major loophole to avoid paying their fair share — forcing residents and taxpayers to pay more; and allows corporations to dodge enforcement when they violate environmental, health, public safety, and other laws.

Recommended Action: Direct staff to draft and agendize a Resolution opposing the Measure (see sample Resolution from City of Monterey).

Senate Bill 769 (Gonzalez) – Fiscal and Financial Filing

SUMMARY (Source – Legislative Counsel’s Digest)

Requires local agency officials, such as city councilmembers and other members of local agency legislative bodies, to complete fiscal and financial training on their duties and responsibilities in budgeting, contracting, procurement, and other critical fiscal obligations, at least two 2 hours at least once every two 2 years. The bill would exempt a local agency official from the training requirements if they comply with specified criteria under existing law relating to eligibility for appointment or election to, and continuing education for, the office of county treasurer, county tax collector, or county treasurer-tax collector. The materials for the training would be developed by experts in local government finance.

POSITIONS (does not necessarily include all organizations or individuals)--

SUPPORT: CA Association of County Treasurers and Tax Collectors; Open Contracting Partnership; State Association of County Auditors

State Senator Gonzalez’s website-- SB 769 will encourage responsible governing and prevent fiscal mismanagement by applying training requirements for local officials who receive any type of compensation, salary, or stipend, on the fiscal and financial responsibilities of their position.

OPPOSE: -

Please note: CalCities has taken a No Position on this bill. The bill was placed on the suspense file on 5/1/23 for its fiscal impacts to be considered.

Recommended Action: Authorize Mayor to send a letter in support of this bill if amended to change the training requirement to be at least 2 hours every 4 years, require that it applies to all local jurisdictions, and specify who the experts in local government finance will be.

AB 1576 (Garcia) - Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2024.

SB 867 (Allen) - Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024

SB 638 (Eggman) - Climate Resiliency and Flood Protection Bond Act of 2024.

Summary: These 3 measures collectively propose \$20 billion in bonds for safe drinking water, wildfire prevention, drought preparation, flood protection and extreme heat mitigation. (Please see attached from the CalCities Transportation, Communications, and Public Works Policy Committee)

POSITIONS (does not necessarily include all organizations or individuals) --:

SUPPORT: Cal Cities has a support if amended position for the bills and is seeking changes that increase the available investments for local governments.

OPPOSE: -

Recommended Action: Authorize Mayor to draft and send a letter in support of all 3 measures if amended to increase the available investments for local governments and ensure that all cities (large/small; coastal/inland; southern/northern/central; urban/rural/agricultural) have direct access to these funds.

Assembly Bill 838 (Connolly) -- California Water Affordability and Infrastructure Transparency Act of 2023

Summary (Source – yesAB838.com; also [see attached documents from yesAB838.com](http://yesAB838.com))

This bill would require, on beginning January 1, 2025, and annually thereafter, at intervals determined by the state board, public water systems to provide specified information and data related to customer water bills and efforts to replace aging infrastructure to the state board. The intended purpose is to increase transparency to ensure that water rates are equitable and affordable for those who need our help the most. It is also intended to address the aging water infrastructure to stay ahead of a crisis that could leave hundreds of thousands of families throughout the state without a secure source of clean drinking water.

POSITIONS (does not necessarily include all organizations and individuals)

SUPPORT: Silicon Valley Leadership Group; The California Water Service

The current information collected is insufficient. The Water Board does not currently collect information on actual water bills paid by customers, the only means by which affordability can be measured is by comparing theoretical monthly water bills based on hypothetical amounts of monthly water use. AB 838 closes this gap by asking water utilities to report median monthly water bills. This information will allow for a more thorough and in-depth analysis of water affordability in California. Second, because the Water Board does not currently collect information on the types of infrastructure improvements water utilities are completing, the state is left with an incomplete picture of where additional assistance – be it technical or financial – may be needed to ensure customers are receiving safe, reliable water utility service. AB 838 addresses this challenge by asking water utilities to report on the percentage of water mains that it has replaced. Main replacement rates are generally a good barometer of how proactive a utility is in maintaining, upgrading, and replacing its infrastructure. Additionally, proactive main replacements programs are a central component of water conservation efforts as they help to minimize water lost due to leaks. Finally, as the Water Board has updated the Electronic Annual Report (EAR) over the last several years, some have questioned whether it has the statutory authority to collect financial, including data on water rates, or infrastructure investment information from water utilities. AB 838 addresses this by plainly providing the Water Board with statutory authority to collect these types of information from water utilities.

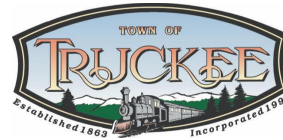
OPPOSE - The California Municipal Utilities Association

CMUA's members support transparency and actively engage with the public through their local governing boards and other means. That includes disclosures on rate structures and infrastructure needs. However, data collection to just collect it without a stated specific purpose or benefit, is not appropriate. Notwithstanding the fact the Board can, and in many instances, already collects this data, requiring information on infrastructure is not going to result in additional investment and comparing bills in different communities will not improve

affordability given the unique needs of each water system. In addition, carving out specific data requirements in statute opens up the door to the Board having to adjust statute every year for changes in the Electronic Annual Report (EAR). Further, while the author's desire is to ensure the public has more access to this data, submitting it through the EAR is unlikely to achieve that goal.

Recommended Action: Authorize the Mayor to send a letter in support if amended, using the attached sample letter dated March 20, 2023 from Silicon Valley Leadership Group and others, and also clearly stating that the City supports the intended purpose of the bill to increase transparency, ensure that water rates are equitable and affordable and address the aging water infrastructure to stay ahead of a crisis that could leave hundreds of thousands of families throughout the state without a secure source of clean drinking water. The bill should be amended to clarify how the data collected will be tracked and used to achieve the intended purpose.

Please note this bill was placed on the suspense file for its fiscal impacts to be considered.



April 4, 2023

The Honorable Luz Rivas
Assembly Natural Resources Committee, Chair
1020 N Street, Room 164
Sacramento, CA 95814

Re: AB 573 (Garcia): Solid waste: organic waste disposal reduction targets – SUPPORT

On behalf of the undersigned organizations, we are pleased to support AB 573 (Garcia), which will assist local jurisdictions in meeting their SB 1383 organic waste diversion requirements by allowing California-derived material processed at existing out-of-state compost facilities to count towards their procurement requirements.

Organic materials make up half of what Californians dump in landfills and emit 20% of the state's methane. In a critical effort to reduce methane and other short-lived climate pollutant emissions, California set organic waste diversion targets of 50% by 2020 and 75% by 2025 (SB 1383 Lara, 2016). To drive infrastructure investment and create demand for organic waste products, the SB 1383 regulations required cities and counties by January 1, 2022, to procure or purchase a specific quantity of organic waste products based on their population.

Jurisdictions can fulfill these annual procurement targets using any combination of organic waste products such as compost, mulch, or renewable energy. These organic waste products offer benefits to local communities by improving soil and air quality, creating green jobs to help the economy, and supporting local climate initiatives (i.e., Climate Action Plans).

As jurisdictions ramp up their organic waste collection programs, many cities and counties have struggled to meet their procurement targets due to a limited amount of organic waste infrastructure across the state. In some cases, purchasing compost from within state borders and delivering it to a jurisdiction can require trucking compost hundreds of miles, unnecessarily increasing vehicle miles traveled and ratepayer costs. CalRecycle acknowledges that the state still needs approximately 50-100 new or expanded facilities for the successful implementation of SB 1383 and that it can take several years – and even sometimes a decade – to site and permit new facilities.¹

While jurisdictions wait for in-state compost facilities to get sited and permitted, AB 573 will help local jurisdictions in meeting their SB 1383 procurement targets by allowing jurisdictions near the state border to purchase California-derived compost processed at existing out-of-state facilities.

¹ <https://calrecycle.ca.gov/organics/slcp/capacityplanning/recycling/>

Sincerely,

Handwritten signature of Nick Lapis in black ink.

Nick Lapis
Director of Advocacy
Californians Against Waste

Handwritten signature of Nick Romo in blue ink.

Nick Romo
Legislative Representative
League of California Cities

Handwritten signature of Lindsay Romack in black ink.

Lindsay Romack
Mayor
Town of Truckee

RESOLUTION NO. 22-017 C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**OPPOSING THE
“TAXPAYER PROTECTION AND GOVERNMENT ACCOUNTABILITY ACT”
(INITIATIVE 21-0042A1)**

WHEREAS, the California Business Roundtable filed the Taxpayer Protection and Government Accountability Act (AG# 21-0042A1) to be considered for the November 2020 ballot, which would decimate vital local and state revenue-generating methods;

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (“CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability;

WHEREAS, the measure creates barriers for cities to maintain and generate revenue to provide services to communities, including local infrastructure, protecting our environment, water quality, air quality, and natural resources;

WHEREAS, the measure includes undemocratic provisions that would make it more difficult for local voters to pass measures needed to fund local services and infrastructure;

WHEREAS, the League of California Cities’ Board of Directors voted unanimously to oppose the initiative. Following the Board’s unanimous decision, a coalition of public safety, labor, local government and infrastructure advocates have joined together to fight against this potential measure;

WHEREAS, according to Michael Coleman, a local government finance expert and advisor to the League of California Cities, should Initiative 21-0042A1 be placed on the ballot and passed by voters, billions of local government fee and charge revenues placed at heightened legal peril. Related public service reductions across virtually every aspect of city, county, special district, and school services especially for transportation, and public facility use;

WHEREAS, hundreds of millions of dollars of annual revenues from dozens of tax and bond measures approved by voters between January 1, 2022 and November 9, 2022 subject to additional voter approval if not in compliance with the initiative;

WHEREAS, this initiative would not affect City of Monterey’s potential future renewal of the Measure S and Measure G sales tax, and Measure Y hotel tax, since these taxes have had sunset dates. However, the initiative would directly affect the City of Monterey if the City Council decides to place a Cannabis Tax on the ballot in November 2022. In addition, this is a statewide policy that disadvantages the ability of cities to generate revenue to provide core services;

WHEREAS, the measure puts billions of dollars currently dedicated to state and local services at risk, and could force cuts to fire and emergency response, law enforcement, public health, parks, libraries, harbors, affordable housing, services to support homeless residents, mental health services, and more.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby opposes Initiative 21-0042A1, deceptively called the “Taxpayer Protection and Government Accountability Act,” and;

BE IT FURTHER RESOLVED that the City of Monterey will join the NO on Initiative 21-0042A1 coalition, a growing coalition of public safety, labor, local government, infrastructure advocates, and other organizations throughout the state.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this 1st day of March, 2022, by the following vote:

AYES:	4	COUNCILMEMBERS:	Albert, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	1	COUNCILMEMBERS:	Haffa
ABSTAIN:	0	COUNCILMEMBERS:	None


APPROVED:

ATTEST:

DocuSigned by:

 FA1981217DEF4FB...

 Mayor of said City

DocuSigned by:

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 City Clerk thereof



TRANSPORTATION, COMMUNICATIONS, AND PUBLIC WORKS POLICY COMMITTEE
Friday, March 17, 2023
10:00 a.m. – 2:00 p.m.

Join the Meeting: <https://us06web.zoom.us/j/83553651571>

AGENDA

I. Welcome and Introductions

*Speakers: Chair Priya Bhat-Patel, Council Member, City of Carlsbad
Vice Chair Colleen Wallace, Mayor pro Tem, City of Banning
Cal Cities President Ali Sajjad Taj, Council Member, Artesia
Cal Cities Executive Director and CEO Carolyn Coleman*

II. Public Comment

III. General Briefing

IV. Rail Safety Update

Informational

Speaker: Nate Kaplan, California State Director, GORAIL

V. Community Water Projects

Informational

*Speakers: Jennifer Burke, Director, Santa Rosa Water, City of Santa Rosa
Brian Sanders, Policy & Legislative Specialist, City of Sacramento
Alexandra Berenter, Senior Manager, External Affairs & Water Policy,
City of San Diego Public Utilities
Joshua Haggmark, Water Resources Manager, City of Santa Barbara*

VI. Legislative Update (Attachment A)

Action

Speaker: Damon Conklin, Legislative Representative, League of California Cities

- [SB 638 \(Eggman\)](#) Climate Resiliency and Flood Protection Bond Act of 2024.
- [AB 1567 \(Garcia\)](#) Safe Drinking Water Bond Act.
- [SB 867 \(Allen\)](#) Drought and Resiliency Bond Act.

VII. Adjourn

Next Meeting: Friday, June 23, 10:00 a.m. – 2:00 p.m., Pomona

Brown Act Reminder: The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:

1) Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (Note: If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or

2) A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.

A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at League meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.

**Transportation, Communications, and Public Works Policy Committee
Legislative Agenda
March, 2023**

Staff: Damon Conklin, Legislative Representative

1. [SB 638 \(Eggman\): Climate Resiliency and Flood Protection Bond Act of 2024.](#)

Bill Summary:

This bill would enact the Climate Resiliency and Flood Protection Bond Act of 2024, which, if approved by the voters, would authorize the sale of \$4.5 billion in general obligation bonds. This bill would submit the bond for a vote during the November 5, 2024, statewide general election.

Bill Description:

Specifically, this measure would:

- Require the Department of Water Resources (DWR) to develop project solicitation and evaluation guidelines, which could include a limitation on the size of the grants to be awarded.
- Allocate up to 5 percent of funds allocated for a program may be used to pay the administrative costs of that program.
- Allocate up to 10 percent of funds allocated for a program could be allocated for planning and monitoring.
- Advance payments to grant recipients of up to 25 percent of a grant award would be allowed for projects that restore habitat for threatened or endangered species or improve flood protection.

Additionally, this measure would allocate \$4.5 billion for climate resiliency and flood protection to be categorized into four areas:

- \$2.5 billion to the DWR evaluate, repair, rehabilitate, reconstruct, expand, or replace levees, weirs, bypasses, and facilities of the State Plan of Flood Control, including improving or adding facilities to the State Plan of Flood Control, not to exceed \$100 million on a single project; \$200 million for levees that protect nonurbanized areas and undeveloped areas, and \$200 million for levees of the San Joaquin River and its tributaries.
- \$1 billion for payment for the State's share of the nonfederal costs, and related costs, of specified flood protection and climate resiliency projects.
- \$500 million for Delta flood protection and climate resilience.
- \$500 million for multi-benefit flood management projects, including \$100 million for multi-benefit flood management projects in urban coastal watersheds.

Background:

Several climate resilience bonds have been introduced in past years, including AB 2387 (E. Garcia, 2022), AB 1500 (E. Garcia, 2021), SB 45 (Portantino, 2021), AB 352 (E. Garcia, 2019), AB 1298 (Mullin, 2019), and SB 45 (Allen, 2018). These proposals were put on hold

during the COVID-19 pandemic. The last water related bond that passed was Proposition 68, a \$4 billion parks and water bond, passed in June of 2018 with 57 percent of the statewide vote. Proposition 3, an \$8.877 billion water bond on the 2018 general election ballot in November, was narrowly defeated.

In 2021, with a historic budget surplus, the Governor and Legislature passed a General Fund package totaling \$5.2 billion for drought response and water resiliency spread over three years. In 2023, the Governor has proposed an additional investment of \$750 million for drought response and water resilience.

The Governor and Legislature have shifted their attention to federal funding opportunities and statewide bond proposals to fund ambitious infrastructure projects and climate change programs.

Fiscal Impact:

While the cost to pay off the principal payments would be equal to the size of the bond – \$4.5 billion – the total cost to the state would depend on the interest rates in effect at the time they are sold, the timing of bond sales, and the time period over which they are repaid.

In 2018, when analyzing Proposition 3, the Legislative Analyst's Office (LAO) estimated that interest costs over the life of the bonds will add \$8.4 billion over the next 40 years to the \$8.9 billion principal of Proposition 3, resulting in a total of \$17.3 billion. This calculation added an average annual cost of \$430 million to the state budget, or roughly .03 percent of the current general fund budget.

A \$4.5 billion bond, as proposed by SB 638, would have a mixed effect on local governments' fiscal outlook. In cases where state funds replace money that local governments would have spent on projects anyway; SB 638 could reduce local spending. But in other cases, SB 638 could increase local spending as local governments build more or bigger projects than they would if state funds were not available, which often require local matching funds. Ultimately, the LAO estimated that on balance, Proposition 3 would result in savings to local governments averaging around a couple hundred million dollars annually for the next few decades.

Relevant Existing Cal Cities Policy: Summary of Existing Policy and Guiding Principles (Environmental Quality, 2022):

Flood management

- Cal Cities believes that our citizens have a reasonable expectation that their federal, state and local governments will work to protect them from flooding.
- Cal Cities believes that flood protection and management is a statewide issue, involving flood infrastructure issues related to levees, urban/suburban/rural creeks, streams and rivers, and alluvial fans.
- Cal Cities believes that it is important to recognize that levee failures in the Sacramento-San Joaquin River Delta have water quality, water supply and economic impacts that may have statewide effects beyond the local or regional levee break situation.

- Flood control issues require cooperative planning, evaluation and solutions that utilize a regional and statewide perspective, such as the state IRWMP process.
- In assessing problems and proposing solutions, it is important to consider the differences between infill development and new, greenfield development.
- The public safety and health of California citizens and the economic health of California communities and our state depend upon good flood protection. This includes the potentially devastating impacts of floods on homes and businesses.
- Cal Cities supports efforts to improve communication, cooperation and better coordinated planning between different government agencies involved in flood management. Cal Cities believes that there must be a genuine partnership between state and local agencies in addressing flood control issues.
- Cal Cities believes cities must ask the right questions and have the means to obtain accurate information prior to approving development in floodplains. This involves educating elected officials and staff about whether their city is located in a floodplain, the local flood control infrastructure, the agencies that are responsible for providing flood protection, the status of levees and other structures that provide flood protection, emergency response and evacuation protocols, and how their city would be impacted by flooding.
- Cal Cities believes that city officials should understand that a 100-year flood zone does not mean a low, once-in-100-years risk of flooding. The designation actually means that there is a 1 percent chance of flooding in any given year. This translates to a 26 percent chance of flooding over the life of a typical 30-year mortgage.
- Cal Cities supports a 200-year flood standard for cities in the Sacramento-San Joaquin and Central Valleys.
- Cal Cities generally endorses the recommendations of the State's Flood Control Task Force, especially those recommendations involved in updating the CEQA Checklist and General Plan Guidelines and building codes.
- The State, Army Corps of Engineers (ACOE) and Federal Emergency Management Agency (FEMA) should work collaboratively with state and local governments regarding flood issues.

Water Storage

- Cal Cities believes that California needs to develop additional water storage and therefore believes that the construction and retention of economically feasible and environmentally sound flood control, storage and multi-use projects that will meet present and future needs should be supported.
- The development of additional surface facilities and use of groundwater basins to store surface water that is surplus to that needed to maintain State Water Resource Control Board (SWRCB) Bay-Delta estuary water quality standards should be supported.
- Cal Cities encourages project developers to mitigate the negative impacts of water storage projects on fishery and wildlife resources, adjacent lands, water quality and recreation.

Conveyance Systems

- Conveyance facilities including, but not limited to, the Sacramento River, whether man-made or natural, should be constructed and/or operated to

minimize seepage and erosion problems and, where practicable, to restore or maintain river functions and to protect previously existing riparian habitats. They should be constructed to mitigate these problems and other adverse impacts on adjacent lands.

- Environmentally-sound methods of erosion-control should be encouraged along river banks to protect adjacent lands from flood or other erosive flows provided any adverse impacts on fish and wildlife habitat are mitigated.
- Local distribution systems should be interconnected with regional systems, where feasible, to assist in maximizing the use of local ground and surface waters during droughts and emergencies.
- Solving the water quality, levee stability and fishery problems in the Sacramento-San Joaquin Delta is a primary step in developing any plan to meet the state's water needs.
- Cal Cities acknowledges that the use of the Sacramento River as a conveyance system presents problems of erosion and seepage which must be addressed in the operation of existing projects and the design of future projects.

Comments:

California's ongoing atmospheric river events in 2023, have resulted in significant flooding throughout Southern, Central, and Northern California. At least 200,000 homes and businesses lost power due to the series of storms and 6,000 individuals were ordered to evacuate certain parts of the state. As a result of the impacts of climate change, long periods of drought followed by significant periods of rain and snow, are projected to become more common. SB 638 seeks to partially address this issue by directing additional funding to the facilities identified in the State Plan of Flood Control, delta levees, and multi-benefit flood protection projects.

This bond proposal would potentially provide much needed funding to California's aging infrastructure, with funding for flood protection and management projects, including the replacement and restoration of levees and bypasses.

With multiple water and resource bond proposals introduced this legislative session, Cal Cities may wish to consider favoring and supporting efforts where possible. If multiple proposals continue to move forward through the legislative session the legislature may be forced to resolve these proposals into one broader legislative bond effort.

Support and Opposition:

Support

California Central Valley Flood Control Association (sponsor)

Staff Recommendation:

Staff recommends the committee discuss and identify bond funding priorities, and make a recommendation to the Board.

Committee Recommendation:

Board Action:

2. **AB 1567 (Eduardo Garcia): Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act.**

Bill Summary:

This bill would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act. If approved by the voters at the November 5, 2024, statewide general election, this bill would authorize the sale of \$15.105 billion in general obligation bonds.

Bill Description:

Specifically, this measure would currently allocate roughly \$8 billion to:

Funding Framework

- At least 35 percent would be set aside for projects that provide meaningful and direct benefits to vulnerable populations, under-resourced communities, or disadvantaged communities.
- Up to 10 percent could be allocated for technical assistance and capacity building.
- Up to 5 percent of funds allocated for a program may be used to pay the administrative costs of that program.
- Up to 5 percent could be allocated for ongoing monitoring and scientific review.
- Advanced payments to grant recipients of up to 25 percent of a grant award would be allowed.

Wildfire Prevention, Climate Risk Reduction, and Protection Against Power Shutoffs

(\$1.3 billion of \$2.3 billion allocated)

- \$350 million to cities, counties, districts, and regional park entities for projects that reduce the risk of fire, flood, or drought, enhance outdoor water conservation and efficiency, or promote access for individuals with disabilities
- \$300 million for pre-hazard mitigation program
- \$500 million for forest resilience and wildfire risk reduction
 - \$150 million for Department of Conservation's Regional Forest and Fire Capacity Program
 - \$150 million for long-term forest health
 - \$150 million for watershed improvements that use prescribed fire and improve water supply or quality
 - \$50 million to Sierra Nevada Conservancy
- \$70 million to reduce fire risk to state parks
- \$50 million for workforce development programs that improve climate resilience
- \$30 million for development of alternative uses of forest products

Protecting Coastal Lands, Bays, and Oceans from Sea Level Rise and Other Climate Risks

(\$1.16 billion of \$2.16 billion allocated)

- \$960 million for coastal protection, restoration, and resilience to State Coastal Conservancy

- \$300 million for San Francisco Bay Restoration Authority Act
- \$100 million to San Francisco Bay Area Conservancy Program
- \$100 million for natural infrastructure projects
- \$65 million for the removal of outdated or obsolete dams and to upgrade associated downstream infrastructure
- \$100 million for California Ocean Protection Trust Fund to California Ocean Protection Council
- \$50 million to reduce risks from sea-level rise in state parks
- \$30 million for coastal adaptation planning to California Coastal Commission
- \$20 million for coastal adaptation planning to the San Francisco Bay Conservation and Development Commission

Ensuring Safe Drinking Water, Drought Preparation, and Enhancing the State's Flood Protection

(\$2.11 billion of \$3.11 billion allocated)

- \$450 million for restoration of rivers, lakes, streams to improve climate resilience, water quality, or water supply
 - \$240 million for Salton Sea
 - \$50 million for Tijuana River Border Pollution Control Project
 - \$25 million for Los Angeles River
 - \$25 million for Los Angeles River
 - \$15 million for Lower American River – Wildlife Conservation Board (WCB)
 - \$15 million for Clear Lake
- \$400 million for safe drinking water
 - \$30 million for drought contingency plans
- \$300 million for water recycling projects
- \$250 million for implementation of the Sustainable Groundwater Management Act
- \$200 million for regional water management planning
- \$200 million for multi-benefit flood protection projects
 - \$50 million for coastal urban watersheds
 - \$50 million for Delta levees
- \$100 million for public agencies or public-private partnerships to clean up contaminated groundwater or surface water supplies that are drinking water sources and improve access to wastewater infrastructure
- \$100 million for projects that prevent, reduce, or treat contaminated groundwater that serve as a major source of drinking water for a community – State Water Board
- \$50 million for New River Water Quality, Public Health, and River Parkway Development Program
- \$35 million for the development of the State Plan of Flood Control to Central Valley Flood Protection Board

Protecting Fish, Wildlife, and Natural Areas from Climate Risks (\$940 million of \$1.94 billion allocated)

- \$500 million for fish and wildlife restoration and stewardship projects
- \$340 million for climate risk reduction projects
 - \$10 million for Baldwin Hills Conservancy

- \$50 million for State Coastal Conservancy
- \$30 million for Tahoe Conservancy
- \$20 million for Coachella Mountains Conservancy
- \$30 million for Sacramento-San Joaquin Delta Conservancy
- \$40 million for San Diego River Conservancy
- \$50 million for San Gabriel and Lower Los Angeles River Conservancy
- \$10 million for San Joaquin River Conservancy
- \$50 million for Santa Monica Mountains Conservancy
- \$50 million for Sierra Nevada Conservancy
- \$50 million for groundwater projects that provide wildlife habitat
- \$50 million for climate resilience of fish and wildlife habitat

Protecting Farms, Ranches, and Working Lands from the Impacts of Climate Change

(\$320 million of \$1.32 billion allocated)

- \$160 million for climate resilience of agriculture land
- \$100 million to benefit disadvantaged farmers and small and medium-sized farmers and increase the sustainability of agricultural infrastructure and facilities
- \$50 million for climate practices on farms and ranches, including those that promote soil health, carbon sequestration, air/water quality, groundwater recharge/surface water, or fish/wildlife habitat
- \$50 million for protection, restoration, and enhancement of farmland and rangeland
- \$40 million for on-farm water efficiency
- \$40 million for methane emissions reductions from dairy and livestock operations and to improve water quality through manure management
- \$20 million for invasive species control
- \$10 million for monarch butterflies and other pollinators

Responding to Extreme Heat, Community Enhancement, and Resilience (\$1.165 billion of \$2.165 billion allocated)

- \$800 million for parks in park-poor neighborhoods
 - \$150 million for communities with 130 percent of the state median income average
 - \$50 million for local park creation and improvement in park deficient communities
- \$100 million for urban greening that benefits vulnerable populations
- \$100 million to reduce urban heat island effect and other extreme heat impacts
 - \$75 million for urban forestry to mitigate the urban heat island effect and extreme heat impacts
- \$50 million for low-income weatherization
- \$40 million to the Recreational Trails and Greenways Grant Program for fuel breaks, risk reduction buffers, and recreational corridors

Strengthening California's Regional Climate Resilience (\$1.11 billion of \$2.11 billion allocated)

- \$850 million for climate resilience and climate risk reduction for communities
- \$100 million for Transformative Climate Communities program

- \$60 million for modifications or upgrades of fairgrounds for disaster staging/evacuation centers \$50 million for sea-level rise and extreme storms multijurisdictional projects led by countywide special districts
- \$50 million for community resilience centers

\$7 Billion Unallocated for Additional/Increased Priorities

AB 1567 currently has \$7 billion unallocated. It is critical that Cal Cities priorities be identified and elevated to support working with the author to include in the final proposal.

Areas that committee members may consider elevating for consideration include:

- Solid waste and recycling infrastructure (inclusive of funding to support compliance with organic and plastic waste diversion mandates)
- Building electrification
- Vehicle electrification
- Local and regional water conveyance projects, including those to address subsidence impacts
- Groundwater recharge
- Surface water storage
- Water recycling and reuse
- Dam and reservoir safety
- Watershed management
- Local water conservation programs
- Sea level rise adaptation planning
- Extreme heat and cold shelter programs
- Undergrounding of utility power lines

Background:

Several climate resilience bonds have been introduced in past years, including AB 2387 (E. Garcia, 2022), AB 1500 (E. Garcia, 2021), SB 45 (Portantino, 2021), AB 352 (E. Garcia, 2019), AB 1298 (Mullin, 2019), and SB 45 (Allen, 2018). These proposals were primarily put on hold during the COVID-19 pandemic. The last water-related bond that passed was Proposition 68, a \$4 billion parks and water bond, passed in June 2018 with 57 percent of the statewide vote. Proposition 3, an \$8.877 billion water bond on the 2018 general election ballot in November, was narrowly defeated.

In 2022, with a historic \$100 billion budget surplus, the Governor and Legislature passed a climate change budget package totaling \$54 billion over five years. Following projections of state budget deficit of at least \$22 billion in 2023, the Governor has proposed [slashing \\$6 billion from the package](#) with heavy hits to vehicle electrification and coastal programs.

The Governor and Legislature have shifted their attention to federal funding opportunities and statewide bond proposals to fund ambitious infrastructure projects and climate change programs. Cities should position their priorities early in the bond discussion as state budget funds for these programs are expected to remain stagnant or decline in coming years.

Fiscal Impact:

In 2018 when analyzing Proposition 3, the Legislative Analyst's Office (LAO) estimated that interest costs over the life of the bonds will add \$8.4 billion over the next 40 years to the \$8.9 billion principal of Proposition 3, resulting in a total of \$17.3 billion. This calculation added an average annual cost of \$430 million to the state budget, or roughly .03 percent of the current general fund budget.

A \$15.1 billion bond, as proposed by AB 1567, would have a mixed effect on local governments' fiscal outlook. In cases where state funds replace money that local governments would have spent on projects regardless, AB 1567 could reduce local spending. But in other cases, AB 1567 could increase local spending, as local governments build more or bigger projects than they would if state funds were not available, which often require local matching funds. Ultimately, the LAO estimated that on balance, Proposition 3 would result in savings to local governments, averaging around a couple \$100 million dollars annually for the next few decades.

Existing Cal Cities Policy:

Water Infrastructure Funding

Cal Cities supports the development of additional groundwater and surface water storage, including proposed surface storage projects now under study if they are determined to be feasible, including but not limited to: environmentally, economically, and geographically relating to point of origin. Appropriate funding sources could include, but are not limited to user fees, bonds and federal funding.

Park Bond Funds

Cal Cities believes that any statewide park bond measure should include a component that provides per capita grants to cities and counties. Cal Cities opposes tying local eligibility for grant funds to non-park related issues, such as rent control or housing element status.

Support and Opposition:

None on file as of March 9.

Staff Recommendation:

Staff recommends the committee discuss and identify bond funding priorities, and make a recommendation to the Board.

Committee Recommendation:

Board Action:

3. **[SB 867 \(Allen\): Drought and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, and Park Creation and Outdoor Access Bond Act of 2023.](#)**

Bill Summary:

This bill would enact the Drought and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, and Park Creation and Outdoor Access Bond Act of 2023. This bill would authorize the sale of an unspecified amount in general obligation bonds. The bill does not specify in which statewide election this initiative would be included.

This bill proposes seven broad categories of funding and does not specify funding allocations. The categories and subcategories are listed below:

- **Drought and Water Resilience**
 - Protection of California's water supply and water quality
 - Reduce flood risk and improve stormwater management
 - Improve watershed resilience and to protect and restore rivers, lakes, and streams
 - Establish a water trust
- **Wildfire and Forest Resilience**
 - Reducing community wildfire risk and restoring the health and resilience of forests
- **Coastal Resilience**
 - Protection of coastal lands, waters, communities, natural resources, and urban waterfronts from climate impacts
- **Extreme Heat Mitigation**
 - Address extreme heat in communities
- **Protect Biodiversity and Accelerating Nature-Based Climate Solutions**
 - Protection of California's biodiversity and to protect nature and restore landscape health
- **Climate Smart Agriculture for Sustainability and Resiliency**
 - Improving climate resilience of agricultural lands
- **Park Creation and Outdoor Access**
 - Creation and protection of parks, outdoor access, and educational institutions

Background:

See background provided above on AB 1567 (Garcia).

Comments:

SB 867 will be the Senate's broader proposal for a general obligation water and resources bond for the 2024 ballot.

Support and Opposition:

None on file as of March 9.

Staff Recommendation:

Staff recommends the committee discuss and identify bond funding priorities, and make a recommendation to the Board.

Committee Recommendation:

Board Action: