



July 22, 2022

To: Stacy Taylor, Mesa Water District
From: Dennis Albiani and Anthony Molina, California Advocates
Subject: July 2022 Report

The California Legislature is currently on Summer Recess. Upon return on August 1st, bills that are tagged fiscal will be heard in their respective house's Appropriations Committee. Bills that have significant fiscal pressure on the state will move to the "Suspense File" and will be dispensed with on August 11th. The final "Suspense File" hearing will have major implications for the final two weeks of the legislative session – bills that pass will remain active and be taken up for a full vote by the entire legislature – bills that do not pass will be dead for the year.

Moreover, before lawmakers headed out on Summer Recess, the Governor signed the "true" Budget agreement along with several Budget Trailer bills that were sent to his desk by the Legislature. However, over July and early August, there will still be several big-ticket budget items that will need to be ironed out before the legislative session concludes (E.g., Climate Package \$21 Billion). In addition, a major "sticking point" in Budget negotiations was resolved before the summer break, which provides relief to families in California due to the rising rates of inflation and gas prices. Both the Legislature and Governor have come to a resolution. California families will receive up to \$1,050 depending on their income level and the number of dependents.

Lastly, on July 15th, Secretary of State Shirley Weber certified the [Primary Election Results](#). There was one key new takeaway from the June primary results – despite concerns of low voter turnout, a record 7,285,230 residents cast ballots — a new high for a California gubernatorial primary. Although the number of ballots cast represents just 33% of ballots mailed to active registered voters, the turnout was positive considering the lack of drama in top statewide races and the absence of statewide ballot measures.

Mesa Water District Legislative Tracking with Bill Positions

AB 2016 (Bauer-Kahan) State Water Resources Control Board: desalination plant: feasibility study.

This bill requests the California Council on Science and Technology in coordination with the Department of Water Resources, to undertake a comprehensive feasibility study of brackish water, ocean water, and groundwater desalination along the San Francisco Bay and submit the study to the Legislature no later than January 1, 2025.

Position: Support

Status: Senate Appropriations Committee. This bill is set for hearing on August 1st.

AB 2041 (E. Garcia) California Safe Drinking Water Act: primary drinking water standards: compliance.

This bill will require the Division of Drinking Water (DDW) under the State Water Resources Control Board (SWRCB) would be required to devise a plan and determine funding to help small water systems comply with new drinking water regulatory standards.

Position: Support

Status: This bill was held on the Assembly Appropriations Committee's "Suspense File."

AB 2054 (Quirk-Silva) Corporation taxes: exempt organizations: mutual ditch or irrigation companies: public water system: mutual water companies.

This bill conforms to the California Revenue and Taxation Code with Section 501(c)(12) of the Internal Revenue Code, which provides federal tax-exempt status for mutual water companies.

Position: Support

Status: This bill was held on the Assembly Appropriation Committee's "Suspense File."

AB 2142 (Gabriel) Income taxes: exclusion: turf replacement water conservation program.

This bill would reinstate an important exemption for turf replacement rebates from gross income in California, aligning with certain other permanently exempt water efficiency rebates (E.g., toilet, clothes washers).

Position: Support

Status: Senate Appropriations Committee. This bill was placed on the "Suspense File," and will be heard on August 11th.

AB 2449 (Rubio) Open meetings: local agencies: teleconferences.

This bill will eliminate the previously existing concept of teleconference locations and will revise notice requirements to allow for greater public participation in teleconference meetings of local agencies. The bill does not mandate teleconferencing, it merely modernizes existing law to ensure greater public participation in meetings of local agencies that choose to utilize teleconferencing. The bill also requires that a quorum of the governing body be physically present at a clearly identified meeting location for all public meetings.

Position: Support

Status: Senate Appropriations Committee. The hearing date is TBD.

SB 222 (Dodd) Water Affordability Assistance Program.

This bill would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make money in the fund available upon appropriation by the Legislature to the state board to provide direct water bill assistance, water bill credits, water crisis assistance, affordability

assistance, and short-term assistance to public water systems to administer program components.

Position: Oppose Unless Amended
Status: Assembly Floor.

SB 892 (Hurtado) Cybersecurity preparedness: food and agriculture sector and water and wastewater systems sector.

This bill requires companies in the food and agriculture industry to report to the California Department of Food and Agriculture and California Cybersecurity Integration Center (CSIC) instances of a verified cyber threat or cyberattack within 30 days. It also requires actors in the water and wastewater sector to disclose risk assessments and emergency response plans to CSIC and state water authorities. Finally, the bill directs Cal-OES and CSIC to develop plans to increase outreach for cybersecurity preparedness as well as identify potential funding sources that support cybersecurity.

Position: Oppose, Unless Amended
Status: Assembly Appropriations Committee. This bill will be heard on August 3rd.

SB 1157 (Hertzberg) Urban water use objectives: indoor residential water use.

This bill would eliminate the option of using the greater of 52.5 gallons per capita daily and the greater of 50 gallons per capita daily as the standard for indoor residential water use. The bill would instead require that from January 1, 2025, to January 1, 2030, the standard for indoor residential water use be 47 gallons per capita daily, and beginning January 1, 2030, the standard be 42 gallons per capita daily.

Position: Oppose Unless Amended
Status: Assembly Appropriations Committee. This bill will be heard on August 3rd.

Budget Update

The Legislature and the Governor reached a “true” agreement on the Budget Act of 2022. As stated in the previous report, the original Budget bill ([SB 154](#)) that was passed by the Legislature was largely considered a “framework” to meet their constitutional deadline. The Budget has been subsequently amended by two Budget Bill Jr’s. ([AB 178](#)) and ([AB 180](#)). The agreed-upon budget which has been signed by the Governor totaled \$307.9-billion – the largest in state history. The spending plan centered on \$17 billion in a relief package to help families, seniors, low-income Californians, and small businesses. The package includes \$9.5 billion in gas/inflation refunds, \$1.4 billion in utility payment assistance, expanded tax credits, \$250 million for paid sick leave grants, a suspension of the sales tax on diesel fuel at a cost of \$439 million to the state, and \$75 million in drought relief grants. A detailed Floor Report of the most up-to-date Budget can be found [HERE](#).

To note, the Legislature has earmarked \$21 billion dollars for the “Climate Change Package” which includes \$1.465 billion for “Drought Resilience and Response.” The details for the “Drought Resilience and Response” package are continuing to be worked out between the

Governor and Legislative leadership. As we learn more details of this specific budget package, will share them in a timely manner with Mesa Water District.

As of today, below are the budget augmentations that have been approved in the water space:

- Provides \$100 million General Fund for dam safety projects and flood management over the 2023-2024 and 2024-2025 fiscal years.
- Approves funding from the California Emergency Relief Fund for the following:
 - \$26 million for the continuing formulation of the California Water Plan.
 - \$200 million for Urban Water Community Drought Relief.
 - \$100 million for Small Community Drought Relief.
 - \$75 million for Conservation for Urban Suppliers.
 - \$25 million for Conservation for Small Suppliers.
 - \$75 million for Turf Replacement.
 - \$60 million for Agriculture Drought Response Program and Delta Response Pilot.
 - \$10 million for Migratory Bird Habitat

Regulatory

California Natural Resources Agency & State Water Resources Control Board Participate in Mountain Counties Water Resources Association California United Water Conference
California Advocates secured participation and keynote speaking roles from the Secretary of Natural Resources, Wade Crowfoot, and State Water Resources Control Board Member, Dee Dee D’Adamo for the Mountain Counties Water Resources Association California United Water Conference on June 23rd. This was done in coordination with Mesa Water District staff.

State Water Resources Control Board “Urban Water Use Update”

Statewide urban water use in May of 2022, was 3.1% lower than in May 2020, and preliminary data from June 2022 representing 30% of the state’s population, shows water savings of 7.7% for June 2022 compared to June 2020. This increase in conservation reverses the trend we saw in March and April when water use spiked at the conclusion of what was the driest January, February, and March on record dating back over 100 years. While the state is heading in the right direction, every Californian and business needs to do more to conserve water. The full media release can be found [HERE](#).

Governor Newsom Appoints New Department of Finance Director

Governor Gavin Newsom appointed Joe Stephenshaw to replace Keely Bosler as the new Director of the California Department of Finance. Stephenshaw was Staff Director for the Senate Budget and Fiscal Review Committee from 2017 to 2022. He held multiple positions in the California Legislature from 2008 to 2017, including serving as a Policy Consultant in the Office of the Senate President pro Tempore, a Special Advisor to the Speaker of the Assembly, and as a Budget Consultant for both the Assembly Budget Committee and the Senate Budget and Fiscal Review Committee. Stephenshaw was a Budget Analyst for the California Department of Finance from 2005 to 2008.

Key Dates and Deadlines

August

Aug. 1 – Legislature reconvenes from Summer Recess

Aug. 12 – Last day for fiscal committees to meet and report bills.

Aug. 15 - 31. – Floor session only.

Aug. 25 – Last day to amend bills on the floor.

Aug. 31 – End of Session at midnight. Fall recess begins.

September

Sep. 30 – Last day for Governor to sign or veto bills passed by the Legislature.

November

Nov. 8 – General Election