



-VIA ELECTRONIC MAIL-

June 27, 2022

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

As the summer heat has arrived, the same can be said for all political fronts in California. The Legislature is at a pivotal time of the year with significant actions taking place which include policy bill deadlines, the budget, and the closing of the primary elections.

Friday, July 1st is the second house policy bill deadline where all bills, whether fiscal or non-fiscal must pass out of the policy committee to remain active. Those bills that are tagged fiscal will be heard when lawmakers return from summer recess in the Appropriations Committee. Bills that have significant fiscal pressure on the state will move to the "Suspense File" and will be dispensed with on August 12th.

Furthermore, by June 30th at midnight, the Governor must decide to sign or veto the Budget that was sent to his desk by the Legislature. The Budget sent to the Governor was a "framework" Budget that will still require several details to be ironed out over the summer recess and the final month of the legislative session. A major "sticking point" in Budget negotiations is proving 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 on the issue as of late yesterday evening. California families will receive up to \$1,050 depending on their income level and the number of dependents. Additionally, the diesel tax for vehicles will be paused for the year.

Lastly, after nine months, the Assembly is finally back at full capacity with 80 members. Over the past week, there have been two new Assemblymembers sworn in who were victorious in their special election races – David Alvarez (D-San Diego) and Tina McKinnor (D-Los Angeles). Both will serve out the remainder of the current terms, however, they will have to re-run in the newly drawn Assembly districts. Additionally, the final Primary elections results will be certified on July 15th. The most shocking result from the Primary election came in Senate District 4 where Republicans held a plus-four voter registration advantage and two Democrats took the top two spots. Senate Democrats will pick up an uncontested seat once the results are certified.

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.

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: Held on the Assembly "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: Held on the Assembly "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.

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 require teleconferencing, rather it modernizes existing law to ensure greater public participation in meetings of the legislative bodies of local agencies that choose to utilize teleconferencing.

Position: Support

Status: Senate Judiciary Committee.

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 Emergency Management Committee.

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.

Two-year Bill Tracking

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.

Budget Update

The California Legislature passed a massive \$300 billion budget well before their constitutional deadline, but negotiations over key sticking points with Governor Newsom – including billions of dollars in financial relief payouts – are still at the center of negotiations. The vote approves a placeholder budget sometimes derided as a “sham” budget, which allows the Legislature to meet a June 15th deadline to pass a spending plan to keep getting their paychecks as they hammer out the thorniest appropriation issues ahead of the July 1st fiscal year.

The budget blueprint overwhelmingly approved by Democratic supermajorities in the Senate and Assembly is expected to be amended in the coming weeks to reach a compromise with the Governor, who can veto any item he doesn't like. Among the divisions between lawmakers and Governor Newsom is how best to spend the state's record budget surplus – with over \$49 billion under Sacramento's discretion – and help Californians with skyrocketing gas prices, which

reached a statewide average of \$6.44 a gallon. Democrats want to spend \$8 billion back to taxpayers in the form of \$200 checks to people at lower and middle-income levels with an additional \$200 for each dependent. However, the Governor has his own plan. The governor wants to give Californians \$400 back for each vehicle they own, capped at \$800 for two vehicles, totaling \$11 billion in rebates. For people who don't own cars, Newsom wants to spend \$750 million to pay for free rides on public transit for three months. But the state's Democratic leaders in the Senate and Assembly oppose the Governor's plan because it excludes people without cars from receiving payments and sends money back to wealthy Californians. Republicans, who have little power to control the state's purse strings, slammed the budget as "kabuki political theatre" saying Sacramento should suspend the state's 51-cent per gallon gas tax and dedicate more money to water storage and the state's rainy-day fund.

A detailed Floor Report of the framework budget can be found [HERE](#). To note, the Legislature has earmarked \$21 billion dollars for "Climate Change" 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.

Lastly, below are a handful of budget details that have been approved in this year's larger budget framework agreement:

- 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

Please do not hesitate to contact us with any questions. Thank you.

Regulatory

State Water Resources Control Board

A new statewide emergency water conservation regulation that bans using potable (drinkable) water on decorative or non-functional grass at commercial, industrial, and institutional properties went into effect. It also requires urban water suppliers to implement all demand-reduction actions under Level 2 of their Water Shortage Contingency Plans. The State Water Board adopted the regulation at its May 24th board meeting, and the Office of Administrative Law gave it final approval on June 10th. The new restrictions are in response to Governor Newsom's March 28th Executive Order calling for water conservation directives to address California's new normal of climate extremes. The new regulation text can be found [HERE](#).

Department of Water Resources

The Department of Water Resources has released the [Grant Program Guidelines](#) and [Proposal Solicitation Package](#) for approximately \$193 million in grant funding to help local agencies

advance water infrastructure and resilience projects. This critical statewide funding will support projects such as water desalination, wastewater treatment, water conservation, and groundwater recharge as California plans for the fourth year of drought.

Key Dates and Deadlines

June

June 30 – Last day for a legislative measure to qualify for the Nov. 8 General Election ballot.

August

July 1 – Last day for policy committees to meet and report bills.

Summer Recess begins upon adjournment, provided Budget Bill has been passed.

July 4 – Independence Day.

July

Jul. 1 – Last day for policy committees to meet. Summer Recess begins.

Jul. 4 – Independence Day.

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.