



CALIFORNIA ADVOCATES

-VIA ELECTRONIC MAIL-

December 9, 2022

To: Stacy Taylor, Mesa Water District

From: Dennis Albiani, Anthony Molina, Annalee Akin, California Advocates

Subject: December 2022 Report

The 2023-2024 legislative session has officially begun, and Sacramento has now welcomed 23 new Assembly members and ten new Senators (two promoted from the Assembly) to the legislature. Members of the Assembly and Senate took the oath of office and introduced 109 new pieces of legislation on December 5 when both houses held their “Organizational Sessions.” This ceremonial day was slightly more substantive this year, as Governor Newsom convened a Special Session to address a possible windfall tax on excess oil company profits.

The Senate reappointed the leader of their democratic caucus, with Senator Toni Atkins (D-San Diego) remaining as the Senate President Pro Tempore. The Senate Republican caucus voted to replace their leader, as Senator Brian Jones (Santee) will now replace Senator Brian Jones (Santa Clarita) as the leader of the Senate Republican Caucus. Leadership changes were formalized in the lower house as well, as the Assembly approved HR 1 stating that Speaker Anthony Rendon will remain speaker through June 30, 2023 and then Assembly Member Robert Rivas (Hollister) will take over as Speaker.

The legislature will reconvene on January 4, after which most bills will be introduced and we will have a stronger indication of the priorities shaping this next session. We will continue tracking bill introductions on behalf of Mesa Water District and will provide timely updates as the session progresses.

2023-2024 Budget Projections

California’s Legislative Analyst Office Published its annual fiscal outlook which projects a \$24 billion deficit for the 2023-2024 fiscal year and declining deficits to the amount of \$8 billion by 2026-2027. This sharp change from high surpluses is due to a lower revenue estimate for California and high federal interest rates. Adjustments for ongoing inflation may have further impact on ongoing spending obligations, as this outlook only incorporates the effects of inflation when there are policy mechanisms in place to do so. The next major step in California’s budget process is the Governor’s budget proposal which will be unveiled by January 10. Assembly Budget Committee Chair Phil Ting (San Francisco) unveiled his own priorities including the protection of investments made toward wildfire prevention and drought resiliency. Please find more information on the LAO’s outlook [HERE](#) and Assembly Member Ting’s blueprint [HERE](#).

Key District Races

The November 2022 election passed with many close races but no significant change to the balance of power in Sacramento. The supermajorities in both houses remained with the State Assembly having 62 Democrats and 18 Republicans and the State Senate with 32 Democrats and 8 Republicans. The key races for areas served by the Mesa Water District have been called with outcomes listed below.

California State Assembly – Assembly District 73

Assembly Member Cottie Petrie Norris (D) – 75,950 – 55.78%

Assembly Member Steven Choi (R) – 60,212 – 44.22%

California State Assembly – Assembly District 72

Assembly Member Diane Dixon (R) – 116,588 – 56.24%

Judie Mancuso (D) – 90,730 – 43.76%

California State Senate – Senate District 36

Senator Janet Nguyen (R) – 196,488 – 56.85%

Kim Carr (D) – 149,014 – 43.15%

State Water Allocation

The Department of Water Resources (DWR) announced it will be allocating 5% of the requested supplies from the State Water Project. This may increase as water managers will reassess conditions monthly throughout the winter and Spring of 2023 using newer technologies such as aerial snow surveys and improved forecasts of spring runoff into reservoirs. The final allocation will likely be determined in May or June of 2023. Please find the news release from DWR [HERE](#).

2023 Proposed Legislation

Discussions continue on five ACWA legislative proposals for potential sponsorship or support. The only proposal that received a vote for sponsorship was regarding Proposition 218 Implementation. We will work diligently with Mesa Water District and stakeholders to continue vetting ACWA's proposals and addressing concerns and continue to send updates as bill language is released and these proposals progress. Below is a list of the proposals for sponsorship and support by ACWA:

- Legislative Proposal 1: Service Charges on the Property Tax Bill: Statutory Clarification
- Legislative Proposal 2: Water Supply and Flood Risk Reduction Project Regulatory Permit Streamlining
- Legislative Proposal 3: Water Law: Judges and Adjudications
- Legislative Proposal 4: Proposition 218 Implementation
- Legislative Proposal 5: Bonus Incentives and/or Variances for Desalinated Supplies

The Assembly Republican Caucus has released their [“California Promise” legislative package](#) which includes various proposals related to water such as: (1) a “water project shot clock” to require more timely permitting decisions for water supply projects; (2) codifying the goal of 3.7MAF of new water storage by 2030 and 4MAF by 2030; (3) adding water storage and conveyance projects to those eligible

for streamlined judicial review during CEQA lawsuits; and (4) requiring 3% of General Fund Revenues be put toward water infrastructure needs. We will be monitoring these bills for Mesa Water District and will send key updates as the policies develop.

Regulatory

California's Net Zero Carbon Pollution Plan

On November 16, CARB released an updated plan and proposed policies to drastically reduce fossil-fuel dependence and pollution. The plan includes a new Climate Vulnerability Metric to identify communities vulnerable to harm from climate change and air quality, cutting air pollution by 71%, reducing fossil fuel consumption by 86%, and reaching carbon neutrality by 2045. The CARB Board plans to vote on this plan during their December meeting. Please find the news release from CARB [HERE](#).

Bureau of Reclamation - Possible Action to Reduce Water Deliveries Colorado River Basin

The US Bureau of Reclamation announced it is working through a formal process that could lead to cutting water deliveries from Lake Powell by 2 million to 3 million acre-feet annually and possibly more if states in the Lower Colorado River Basin do not reach an agreement on allocation by January 31, 2023. Details have not been announced regarding how the cuts would be divided among states but has noted the "unprecedented reductions in supplies."

Clean Fleets Regulation and Rule

On October 27th, CARB passed the first stage of the California Clean Fleets Rule. At the hearing, the Board directed staff to work on several issues including Emergency Vehicle exemption. We have engaged with ACWA, CMUA and CSDA about the Clean Fleets Rule to encourage vehicles with direct water service capabilities to be considered as emergency vehicles.

California Advocates, Inc. Activity Report

- Attended ACWA 2023 Conference and participated in legal affairs and legislative affairs discussions.
- Followed up with stakeholders and legislative staff regarding legislation, budget, and regulatory inquiries.
- Attended December 5th Swearing in of new legislators.
- Attended discussion with DWR staff on SGMA implementation.
- Attended briefing with DWR, CDFA, SWRCB staff on "Landflex" program to balance ag land fallowing with urban needs during times of severe drought.
- Met with CARB stakeholders to discuss Clean Fleets Regulation.
- Met with Mesa Water District staff and SWRCB Member Laurel Firestone to discuss water conservation performance by rate structures and water affordability.

Important Dates and Deadlines for 2023

January

Jan. 1 – Statutes take effect unless otherwise stated in bill language.

Jan. 4 – Legislative Session Reconvenes

Jan. 10 – Budget must be submitted by Governor

February

Feb. 17 – Last day for bills to be introduced

Feb. 20 – Presidents' Day Observed.