



CALAVERAS COUNTY WATER DISTRICT LEGAL AFFAIRS COMMITTEE MEETING

OUR MISSION

Protect, enhance, and develop Calaveras County's water resources and watersheds to provide safe, reliable, and cost-effective services to our communities.

2021-2026 Strategic Plan, Adopted April 28, 2021, can be viewed at this [link](#)

Regular Committee Meeting
Tuesday, October 8, 2024
1:00 p.m.

Calaveras County Water District
120 Toma Court
San Andreas, California 95249

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents that are made available to the Board before or at the meeting, not privileged or otherwise protected from disclosure, and related to agenda items, will be made available at CCWD for review by the public.

District Board Meetings are open to in-person attendance by the public and are conducted virtually. The public may participate in the District's Board meeting with the link below. Members of the public who participate in the meeting via teleconference or web conference will be given the opportunity to speak and address the Board, and their comments will be included in the recording of the meeting.

While the District makes efforts to facilitate remote participation, please be aware that remote Teams involvement is offered solely for convenience. In the event of a technological malfunction, the Board can only guarantee the receipt of live comments through in-person attendance. With the exception of a noticed teleconference meeting, the Board retains the right to proceed with the meeting without remote access in case of a malfunction.

Microsoft Teams meeting

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Phone Conference ID: 588 444 949#

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. ROLL CALL

COMMITTEE MEMBERS

Scott Ratterman, Chair Jeff Davidson, Director

2. **PUBLIC COMMENT**

At this time, members of the public may address the Committee on any non-agendized item. The public is encouraged to work through staff to place items on the agenda for consideration. No action can be taken on matters not listed on the agenda. Comments are limited to three minutes per person.

3. **APPROVAL OF MINUTES**

3a Approval of Minutes for the June 4 and August 6, 2024 Committee Meetings
(Rebecca Hitchcock, Clerk to the Board)

4. **NEW BUSINESS**

4a* Federal Legislative Update
(Kelly Gerkensmeyer, External Affairs Manager)

4b State Legislative Update
(Kelly Gerkensmeyer, External Affairs Manager)

5.* **DIRECTOR COMMENTS OR FUTURE AGENDA ITEMS**

6. **NEXT COMMITTEE MEETING**

- Tuesday, December 3, 2024, at 1:00 p.m.

7. **ADJOURNMENT**



CALAVERAS COUNTY WATER DISTRICT Legal Affairs Committee Meeting

**MINUTES
JUNE 4, 2024**

The following Committee Members were present:

Director Davidson
Director Ratterman

Staff Present:

Michael Minkler, General Manager
Rebecca Hitchcock, Clerk to the Board
Kelly Gerkenmeyer, External Affairs Manager
John Coleman, Water Resources Manager
Mark Rincon-Ibarra, District Engineer*
Stacey Lollar, Human Resources Manager*
Kate Jesus, Human Resources Technician*
Bana Rouson-Gedese, Water Resources Specialist*
Haley Arola, Engineering Coordinator*
Tiffany Burke, Operations Administrative Technician*

Others Present:

Mia O'Connell, O'Connell & Dempsey*
Dane Wadle, CSDA*
Nick Blair, CSDA*
Russ Thomas
Bertha Underhill*

*Attended Virtually

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. [ROLL CALL](#)

Director Ratterman called the meeting to order at 1:03 p.m.

2. PUBLIC COMMENT

No public comment was heard.

3. APPROVAL OF MINUTES

3a Approval of Minutes for February 6, 2024, and April 2, 2024 Committee Meetings
(Rebecca Hitchcock, Clerk to the Board)

Director Davidson moved to approve the minutes and Director Ratterman seconded the motion.

4. **NEW BUSINESS**

4a [Federal Legislative Update](#)
(Mia O'Connell, O'Connell & Dempsey and Michael Minkler, General Manager)

- Army Corps of Engineers' Discussions
- FY 2024 Appropriations and work Plan
- FY 2025 Congressional Directed Spending
- Water Resources Development Act of 2024
- Addition Federal Updates

Discussion: Mia O'Connell, O'Connell & Dempsey gave an update on Federal Affairs and responded to questions from the Committee.

PUBLIC COMMENT: No public comment was heard.

4b State Legislative Update
(Kelly Gerkenmeyer, External Affairs Manager)

- [CSDA Advocacy Efforts](#)
(Dane Wadle, Senior Public Affairs Coordinator)

Discussion: Dane Wadle from CSDA gave an update on their advocacy efforts and responded to questions from the Committee.

PUBLIC COMMENT: No public comment was heard.

- [Advanced Clean Fleets Regulation Update](#)
(Nick Blair, ACWA State Relations Advocate)

Discussion: Nick Blair from ACWA gave an update on the CA Clean Fleets Regulations and responded to questions from the Committee.

Discussion: Kelly Gerkenmeyer gave an update on [other State Legislative items](#).

PUBLIC COMMENT: Public comment was given by Francisco de la Cruz.

5. **GENERAL MANAGER COMMENTS**

Michael Minkler had nothing to report.

6. **DIRECTOR COMMENTS OR FUTURE AGENDA ITEMS**

Director Davidson had nothing to report.

Director Ratterman stated he appreciates the new format with subject matter experts reporting on various items. He requested an agenda item on Clean Fleet requirements and the possibility of planning for the legislation with other agencies in the county.

6. **NEXT COMMITTEE MEETING**

- Tuesday, August 6, 2024 at 1:00 p.m.

7. **ADJOURNMENT**

The meeting was adjourned at 1:57 p.m.

Respectfully Submitted,

Rebecca Hitchcock
Clerk to the Board

DRAFT



CALAVERAS COUNTY WATER DISTRICT Legal Affairs Committee Meeting

**MINUTES
AUGUST 6, 2024**

The following Committee Members were present:

Director Davidson*
Director Ratterman

Staff Present:

Michael Minkler, General Manager
Kate Jesus, Human Resources Technician
Kelly Gerkensmeyer, External Affairs Manager
John Coleman, Water Resources Manager
Mark Rincon-Ibarra, District Engineer*
Bana Rouson-Gedese, Water Resources Specialist*
Haley Arola, Engineering Coordinator*
Tiffany Burke, Operations Administrative Technician*

Others Present:

Mia O'Connell, O'Connell & Dempsey*
Kylie Wright, ACWA State Relations Analyst

*Attended Virtually

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. ROLL CALL

Director Ratterman called the meeting to order at 1:18 p.m. Director Davidson was unable to attend the meeting in person. His participation was conducted virtually, and his attendance was primarily for informational purposes only.

2. PUBLIC COMMENT

No public comment was heard.

3. APPROVAL OF MINUTES

3a Approval of Minutes for the June 6, 2024, Committee Meeting
(Rebecca Hitchcock, Clerk to the Board)

The approval of the minutes was tabled to the next committee meeting.

4. **NEW BUSINESS**

4a [Federal Legislative Update](#)
(Mia O'Connell, O'Connell & Dempsey and Michael Minkler, General Manager)

- Army Corps of Engineers' Discussions
- FY 2025 Energy and Water Development Appropriations Bill and Other Appropriations Bills
- Addition Federal Updates

DISCUSSION: Mia O'Connell, O'Connell & Dempsey gave an update on Federal Affairs and responded to questions from the Committee.

PUBLIC COMMENT: No public comment was heard.

4b [State Legislative Update](#)
(Kelly Gerkenmeyer, External Affairs Manager)

- SB1255 Public Water Systems: Needs Analysis: Water Rate Assistance Program
(Kylie Wright, ACWA State Relations Analyst)
- Climate Resiliency Bond
- SB 1088 Cal OES: State Matching Funds: Water System Infrastructure Improvements
- AB 2257 Local Government Property-related Water and Sewer Fees and Assessments: Remedies
- AB 1827 Local Government: Fees and Charges: Water: Higher Consumptive Water Parcels
- SB 1072 Local Government: Proposition 218 Remedies
- AB 173 Transportation Budget Trailer Bill

DISCUSSION: Kylie Wright, ACWA State Relations Analyst, gave an update on SB1255 Public Water Systems and responded to questions from the Committee.

DISCUSSION: Kelly Gerkenmeyer gave a update on other State Legislation and responded to questions from the Committee.

PUBLIC COMMENT: Public comment was given by Ralph Copeland.

5. **GENERAL MANAGER COMMENTS**

Michael Minkler had nothing additional to report.

6. **DIRECTOR COMMENTS OR FUTURE AGENDA ITEMS**

Director Ratterman would like a Federal update on the Bureau of Reclamation and the Washington, D.C trip.

7. **NEXT COMMITTEE MEETING**

- Tuesday, October 1, 2024, at 1:00 p.m.

8. **ADJOURNMENT**

The meeting was adjourned at 1:57 p.m.

Respectfully Submitted,

Rebecca Hitchcock
Clerk to the Board

DRAFT



LEGAL AFFAIRS COMMITTEE

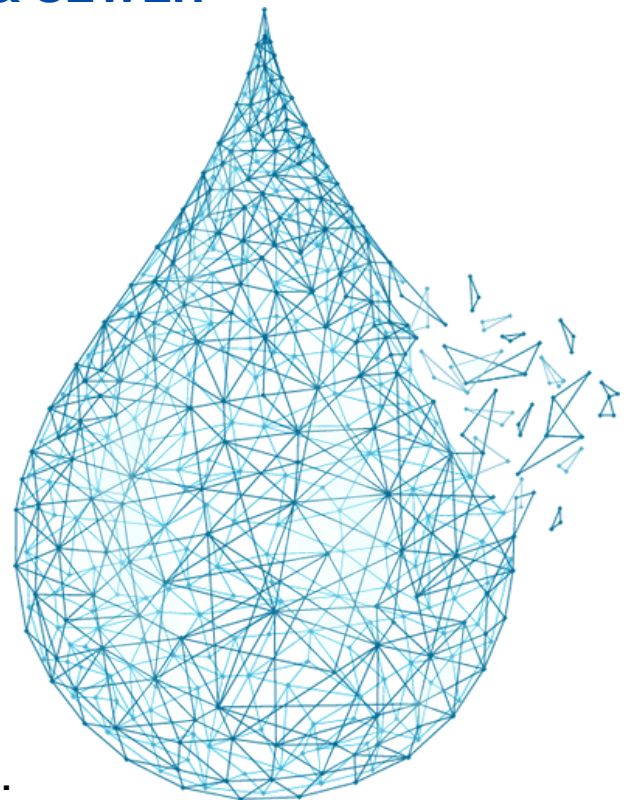
OCTOBER 8, 2024



The 2024 legislative session concluded on August 31, marking the final passage of all bills for this year.

The deadline for Governor Newsom to sign or veto bills was September 30th, 2024.

This legislative session was particularly active for the water sector, with at least **NINE BILLS PASSED THAT DIRECTLY IMPACT WATER & SEWER SYSTEMS** across California. These bills cover a range of important topics, including penalties for violations of State Water Resources Control Board (State Water Board) orders, compliance with Propositions 26 and 218 regarding water-related fees, regulations under the Sustainable Groundwater Management Act (SGMA), and updates to the California Water Plan.



AB 2257



Local government: property-related water and sewer fees and assessments: remedies

Introduced by Assemblymember Lori Wilson (D-Suisun City), AB 2257 will require litigants to participate and raise specific objections during the public administrative process in order to challenge rates or assessments in court.

Assembly Bill 2257 creates an exhaustion of remedies process for Proposition 218 property-related water or sewer fees, charges, and assessments; and limits judicial actions available to claimants if the local agency goes through that process.

Exhaustion of remedies process. If a local agency complies with the identified exhaustion of remedies procedures, a person or entity cannot bring a judicial action alleging noncompliance with Proposition 218 unless they have submitted a written objection that specifies the grounds for alleging noncompliance within 45 days of receiving notice of the fee or charge from the local agency.

CSDA & ACWA joined local agency stakeholders in supporting this legislation that would reduce agencies' exposure to adverse judicial intervention by requiring a potential litigant to participate in the Proposition 218 rate-setting process, provided the agency abides by specified procedures established by the bill.



AB 2257 will build upon Proposition 218's existing procedural requirements by creating a clear and robust mechanism for customers to raise questions, concerns, comments, and criticisms of a proposed rate structure. The agency's governing body would have the benefit of hearing the evidence, which would include objections and the agency's responses, and apply its reasoned discretion and expertise. This is especially valuable in ratemaking cases in which evidence and policies are highly technical. The process would serve to foster better-informed administrative decisions, which benefit the objector, the public agency, and ratepayers that the agency serves. It would also help agencies develop more defensible rates and build rapport and trust with their ratepayers.

AB 2257, will aid public agencies in defending against Proposition 218 lawsuits.

AB 2257 will bolster the financial stability of public water and sewer agencies by creating a robust public process that facilitates dialogue, transparency, and the opportunity to resolve issues and avoid costly litigation.

AB 1827



Local government: fees and charges: water: higher consumptive water parcels

To encourage water conservation, some agencies have proposed charging higher rates to less efficient water users. However, courts have interpreted Prop. 218 to prohibit such rate structures for disproportionately allocating costs among customers. (See Capistrano Taxpayers Assn., Inc. v. City of San Juan Capistrano (2015) 235 Cal.App.4th 1493.)

AB 1827 will clarify that a public agency may charge incrementally higher water rates due to:

- Higher water usage demands of parcels,
- Maximum potential water use,
- Projected peak water usage, or
- any combination of the above.

This codifies the generally universal practice of meter charges and peaking (or base-extra capacity) components of rate structures



This bill will provide that the fees or charges for property-related water service imposed or increased, as specified, may include the incrementally higher costs of water service due to specified factors, including the higher water usage demand of parcels. The bill will provide that the incrementally higher costs of water service associated with higher water usage demands, the maximum potential water use, or projected peak water usage may be allocated using any method that reasonably assesses the water service provider's cost of serving those parcels that are increasing potential water usage demand, maximum potential water use, or projected peak water usage. The bill will declare that these provisions are declaratory of existing law.

SB 1072

SIGNED
9-25-2024

Local government: Proposition 218: remedies

The California Constitution sets forth various requirements for the imposition of local taxes. The California Constitution excludes from classification as a tax assessments and property-related fees imposed in accordance with provisions of the California Constitution that establish requirements for those assessments and property-related fees. Under these requirements, an assessment is prohibited from being imposed on any parcel if it exceeds the reasonable cost of the proportional special benefit conferred on that parcel, and a fee or charge imposed on any parcel or person as an incident of property ownership is prohibited from exceeding the proportional cost of the service attributable to the parcel.

This bill will require a local agency, if a court determines that a fee or charge for a property-related service, as specified, violates the provisions of the California Constitution relating to fees and charges, to credit the amount of the fee or charge attributable to the violation against the amount of the revenues required to provide the property-related service, unless a refund is explicitly provided for by statute.



Existing law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local compliance with the requirements of the California Constitution for assessments and property-related fees.

CSDA and coalition partners advocated for this legislation to ensure agency revenues are not exposed to disruptive Proposition 218 remedies incompatible with agency finance structures. The bill will provide that, if a court determines a certain charge was unlawful, the appropriate remedy would be to apply any excess fees collected toward reducing the cost for the agency to provide that service moving forward.

SB 1088

Cal OES: State Matching Funds: Water System Infrastructure Improvements.

SB 1088 would, contingent on funding being appropriated pursuant to a bond act, establish the Rural Water Infrastructure for Community Wildfire Protection Program within the California Office of Emergency Services (Cal OES) for the distribution of state matching funds to communities within the Wildland Urban Interface in designated high fire severity zones or very high fire hazard severity zones to improve water system infrastructure.



SB 1088 would establish the Rural Water Infrastructure for Community Wildfire Protection Program within Cal OES for the distribution of state matching funds to communities within the Wildland Urban Interface in designated high fire severity zones or very high fire hazard severity zones to improve water system infrastructure by the following:

- **Upgrading and upsizing water lines;**
- **Installing additional fire hydrants;**
- **Enhancing water system delivery and distribution capacity to ensure adequate water flow for community fire prevention and fire suppression activities; and/or**
- **Creating interconnections between water systems for the purpose of improving water delivery and distribution capacity for fire suppression activities.**



The establishment of the Rural Water Infrastructure for Community Wildfire Protection Program depends on funding appropriated by the Legislature to Cal OES. This funding must be approved by voters through a bond act in the statewide general election scheduled for November 5, 2024.

SB 1255

LOW-INCOME RATE ASSISTANCE BILL

SB 1255 mandates that each retail water supplier serving more than 3,300 connections establish a LIRA program with specific minimum requirements. The funding source is proposed to be voluntary contributions from customers.

By September 1, 2026, qualified systems must provide ratepayers with the option to make a voluntary contribution through their water bills to support the LIRA program. Qualified systems must suggest a contribution amount on each bill (except for eligible ratepayers) to fund bill credits for eligible ratepayers, cover administrative costs starting January 1, 2025, and potentially create a balancing account. Ratepayers must be informed of this voluntary contribution and given the option to opt out. The bill also prohibits penalties for not paying the contribution. Additionally, qualified systems can use state or federal funds to support the assistance program.

By July 1, 2027, retail water suppliers with over 3,300 residential connections must offer water rate assistance to low-income ratepayers (those with household incomes at or below 200% of the federal poverty level). Eligible ratepayers should be automatically enrolled based on available information, including self-certification under penalty of perjury, and will receive a specified water bill credit.



The bill suggests an "opt-out" mechanism, where customers not receiving assistance would be charged the voluntary contribution unless they actively opt out. If customers do not see the notice and do not opt out, they will be charged a "voluntary" contribution.

Until June 5, SB 1255 was a study bill regarding water affordability for systems with fewer than 3,000 connections and did not propose a mandate on public water agencies. The proposed LIRA mandate was added on June 3, 2024.



A thoughtfully designed Low-Income Rate Assistance (LIRA) program has the potential to greatly alleviate water affordability issues for low-income households. However, the effectiveness of such a program hinges on careful attention to its details.

The Assembly Appropriations Committee will consider SB 1255 after the Legislature returns on August 5, and the bill could quickly advance to the Assembly floor for a vote in early August.



AB 2454 by Assemblymember Alex Lee (D-Santa Clara)

- Signed by Governor Newsom – September 24

AB 2454 is focused on expanding domestic well testing to rental properties. It requires that an owner of a domestic well serving a rental property participate in the state's current testing program, provide those results to the residents, and provide safe drinking water if the testing shows an exceedance of a primary drinking water standard. It also prevents the owner from imposing any fee for the testing and states that it is a crime for the owner made a false statement or misrepresentation in providing the test results to the renters. Last, it requires the state to post certain information related to the testing.

SB 1188 by Senator John Laird (D-Santa Cruz), which promotes safe and reliable drinking water access for Californians by assuring small water systems meet minimum standards of operation.

-Signed by Governor Newsom – September 24

SB 1188 sets minimum Technical, Managerial, and Financial (TMF) standards for small water systems serving under 10,000 connections. These standards require sufficient revenue reserves, adequate staffing, and reliable infrastructure to address the unique challenges faced by these systems. The legislation aims to prevent failures by ensuring small water systems operate sustainably and provide safe drinking water. Systems must demonstrate compliance, show progress, or consider consolidation with neighboring systems that meet safe drinking water standards.

**AB 460 by Assemblymember Rebecca Bauer-Kahan (D-Orinda) – State Water Resources Control Board: water rights and usage: civil penalties.
- Signed by Governor Newsom – September 22**

AB 460 is focused on increasing penalties for parties who use water illegally. It requires the State Water Board to increase the maximum amounts of civil and administrative liabilities or penalties it imposes by inflation every year starting in 2026. It also increases the penalty for not complying with a State Water Board cease and desist order from \$1,000 per day to \$2,500 per day. Further, it increases the penalty for not complying with a condition of a permit, license, or order from the State Water Board from \$500 per day to \$1,000 per day. If the non-compliance is with a curtailment order, the maximum fine is increased to \$10,000 per day and \$2,500 per day for each acre-foot of water.

**AB 805 by Assemblymember Dr. Joaquin Arambula (D-Fresno) mandates a public process to determine whether an administrator is needed and empowers the state to provide technical and financial support.
- Signed by Governor Newsom – September 24**

AB 805 is designed to allow the State Water Board to take over a struggling sewer system – which it calls a “designated sewer system” with a definition within the bill – and essentially act as a trustee or conservator. To qualify as a “designated sewer system,” the system must serve a disadvantaged community and must have a “demonstrated failure to maintain technical, managerial, or financial capacity to prevent waste, fraud, and abuse.” The State Water Board would not be authorized to take control until it provides the sewer system with an opportunity to show that the state involvement is not necessary. Once the State Water Board takes over, it would have broad powers to improve the system and its operations with the ultimate goal of stepping aside and allowing the system to run itself once it has overcome its problems.



AB 2875 by Assemblymember Laura Friedman (D-Glendale) – Wetlands: state policy.

- Signed by Governor Newsom – September 25

AB 2875 puts key aspects of Governor Pete Wilson's Executive Order No. W-59-93 into legislation. That Order provides that it is the policy of the state to coordinate programs and policies that affect California wetlands; that the state wetland policy has three objectives – ensuring no net loss and long-term gain in the quantity, quality, and permanence of wetlands; to reduce complexity in the management of government wetlands programs, and to encourage partnerships to promote wetland conservation; created a California Wetlands Conservation Policy and detailed how to institute that policy; and more.

SB 1304 by Senator Monique Limón (D-Santa Barbara) – Underground injection control: aquifer exemption.

- Signed by Governor Newsom – September 22

SB 1304 increases the level of governmental review prior to the state submitting certain wells (Class II) as exempt from some EPA regulations. The review process for the state currently evaluating Class II wells is the Geologic Energy Management Division (CalGEM) and the State Water Board evaluate the issue together. This bill changes that initial evaluation to CalGEM and State Water Board staff. If CalGEM and the State Water Board staff agree, then the staff should submit a report to the State Water Board, who makes a final decision.



**SB 366 by Senator Anna Caballero (D-Merced)
The California Water Plan: long-term supply
targets - Vetoed by Governor Newsom –
September 25**

SB 366 is designed to modify the contents of the [California Water Plan](#) while making new findings and declarations. The changes it makes include:

- Requiring the Department of Water Resources (DWR) to expand the membership of the plan’s advisory committee to include tribes, labor, and environmental justice parties;
- The plan must discuss groundwater recharge, conveyance, stormwater capture, water transfers, and demand management activities;
- The plan must discuss the following water needs: environmental, urban sector, and agricultural;
- The plan must discuss the estimated costs and benefits of any project type or action that could help achieve water supply targets and is recommended by DWR; and
- DWR must report to the Legislature and conduct public workshops.

**AB 3023 by Assemblymember Diane Papan
(D-San Mateo) – Wildfire and Forest
Resilience Task Force: interagency funding
strategy: multiple benefit projects: grant
program guidelines.
- Vetoed by Governor Newsom – September
22**

AB 3023 would have emphasized integrating wildfire prevention with watershed management. It requires the Wildfire and Forest Resilience Task Force to develop a funding strategy for projects that address wildfire risks, improve watershed health, and promote climate resilience. The bill also mandates updates to grant guidelines for state programs to support projects that enhance both fire resilience and watershed protection, reinforcing the connection between healthy watersheds and wildfire management.

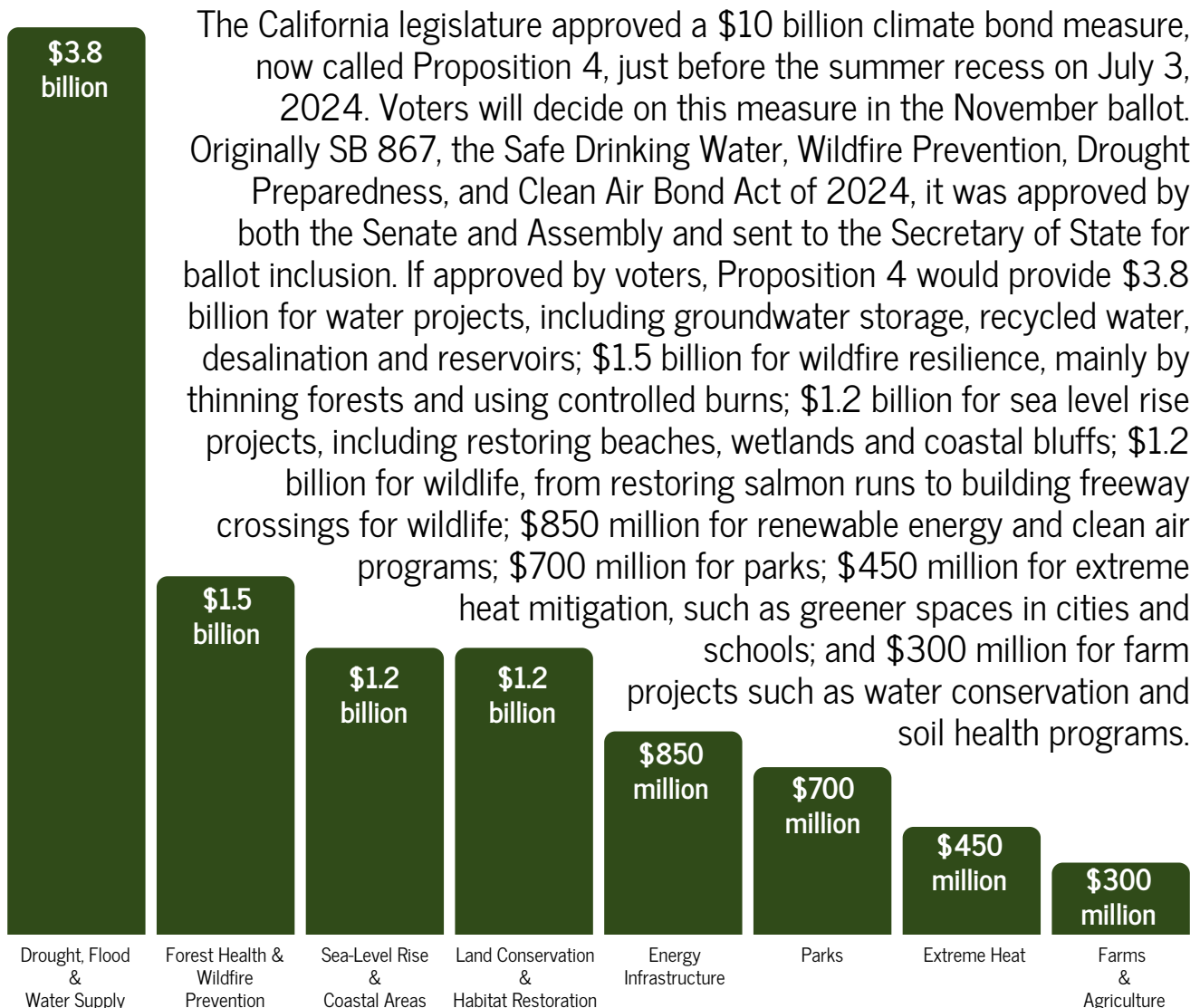
**AB 828 by Assemblymember Damon Connolly (D-San Rafael) – Sustainable groundwater
management: managed wetlands.
- Vetoed by Governor Newsom – September 25**

AB 828 is focused on changing the SGMA requirements related to managed wetlands and small community water systems. It requires that a groundwater sustainability plan (GSP) under SGMA now include the GSP’s impacts on managed wetlands, managed wetland extractors, and small community water systems serving disadvantaged communities. It also prohibits groundwater sustainability agencies (GSAs) from regulating groundwater extraction by small community water systems or by managed wetland extractors. Last, the bill prevents GSAs from imposing certain fees on small community water systems or managed wetland purposes.

\$10 BILLION CLIMATE BOND HEADS TO THE NOVEMBER 5TH BALLOT



PROP 4 WOULD AUTHORIZE THE ISSUANCE OF BONDS IN THE AMOUNT OF \$10 BILLION TOWARD CLIMATE RESILIENCE.





Prop 4 Polling Data

According to a September 2024 survey by the Public Policy Institute of California, approximately **61%** of likely voters are in favor of the proposition, while **30%** oppose it, with about **9%** undecided.

PROPOSITION **4** AUTHORIZES BONDS FOR SAFE DRINKING WATER, WILDFIRE PREVENTION, AND PROTECTING COMMUNITIES AND NATURAL LANDS FROM CLIMATE RISKS. LEGISLATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY

PREPARED BY THE ATTORNEY GENERAL

The text of this measure can be found on page 75 and the Secretary of State’s website at voterguide.sos.ca.gov.

4

- Authorizes \$10 billion in state general obligation bonds for various projects to reduce climate risks and impacts: \$3.8 billion for safe drinking water and water resilience; \$1.95 billion for wildfire prevention and extreme heat mitigation; \$1.9 billion for protection of natural lands, parks, and wildlife; \$1.2 billion for protection of coastal lands, bays, and oceans; \$850 million for clean energy; and \$300 million for agriculture.
- Prioritizes projects benefitting disadvantaged communities.
- Requires annual audits.
- Appropriates money from General Fund to repay bonds.

SUMMARY OF LEGISLATIVE ANALYST’S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- Increased state costs of about \$400 million annually for 40 years to repay the bond.

State Bond Cost Estimate

Amount borrowed	\$10 billion
Average repayment cost	\$400 million per year over 40 years
Source of repayment	General tax revenue

FINAL VOTES CAST BY THE LEGISLATURE ON SB 867 (PROPOSITION 4) (CHAPTER 83, STATUTES OF 2024)

Senate:	Ayes 33	Noes 6
Assembly:	Ayes 66	Noes 6

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

State Pays for Natural Resources and Climate Activities. The state pays for many activities aimed at conserving natural resources, as well as responding to the causes and effects of climate change (“natural resources and climate activities”). These activities focus on increasing the amount of water available for use, conserving land to benefit fish and wildlife, increasing recreational opportunities at state and local parks, and other purposes. In some cases, state government agencies perform natural resources and climate activities. In other cases, the state provides grants and loans to local governments, not-for-profit organizations, and businesses to support similar activities.

State Pays for Natural Resources and Climate Activities in Various Ways. Sometimes the state pays up front for natural resources and climate

activities with money it already has. In other cases, the state pays for these activities by using bonds. Bonds are a way that the state borrows money and then repays the money plus interest over time. (For more information about bonds, please see “Overview of State Bond Debt” later in this guide.)

Over the past decade, the state has spent an average of about \$13 billion each year (annually) on natural resources and climate activities. About 15 percent of this amount has been from bonds. The state still has a few billion dollars remaining from prior natural resources and climate bonds that have not yet been committed for specific activities.

Local and Federal Governments Also Pay for Similar Activities. In addition to the state funding, other entities also pay for natural resources and climate activities. For example,

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

in some areas, local governments pay for water and energy infrastructure as part of their roles as local utilities. Local governments such as cities and counties also pay for local parks. The federal government also pays for various natural resources and climate activities. For example, the federal government provides money to improve local drinking water systems and to build energy infrastructure.

PROPOSAL

New Bond for Natural Resources and Climate Activities. Proposition 4 allows the state to sell a

\$10 billion bond for natural resources and climate activities. Much of the bond money would be used for loans and grants to local governments, Native American tribes, not-for-profit organizations, and businesses. Some bond money also would be available for state agencies to spend on state-run activities.

Funding Would Pay for a Variety of Activities. As shown in Figure 1, Proposition 4 pays for activities within eight broad categories, each with different goals. Some of the main activities in each category are summarized below:

Figure 1

Key Goals of Proposition 4 Bond Funds
(In Millions)

Category	Key Goals	Amount
Drought, Flood, and Water Supply	Increase the amount and quality of water available for people to use and reduce the risk of flooding.	\$3,800
Forest Health and Wildfire Prevention	Improve the health of forests and protect communities from wildfires.	1,500
Sea-Level Rise and Coastal Areas	Reduce the risks from sea-level rise, restore coastal areas, and protect fish.	1,200
Land Conservation and Habitat Restoration	Protect and restore natural areas.	1,200
Energy Infrastructure	Support the state’s shift to more renewable sources of energy, such as offshore wind.	850
Parks	Expand, renovate, and repair local and state parks.	700
Extreme Heat	Reduce the effects of extreme heat on communities.	450
Farms and Agriculture	Help farms respond to the effects of climate change and become more sustainable.	300
Total		\$10,000

For the full text of Proposition 4, see page 75.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

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- **Drought, Flood, and Water Supply (\$3.8 Billion).** Roughly half of this money would be for activities to increase the amount and quality of water available for people to use (\$1.9 billion). This would include storing water so it can be used during future droughts, as well as cleaning polluted water to make it safe to drink. Money would also be used to help reduce the risk of floods, such as by repairing dams and capturing and reusing stormwater (\$1.1 billion). The rest of the money would be used for various activities, such as restoring rivers and lakes.
 - **Forest Health and Wildfire Prevention (\$1.5 Billion).** All of this money would support activities to improve the health of forests and reduce the risk of severe and destructive wildfires. This would include thinning trees in forests that are overgrown and clearing vegetation near where people live. Money would also be used for other activities, such as helping homeowners make their properties more resistant to wildfire damage.
 - **Sea-Level Rise and Coastal Areas (\$1.2 Billion).** Most of this money would pay for activities to restore coastal areas and protect them from the effects of rising sea levels (\$890 million). This could include restoring wetlands so they can serve as buffers to rising sea levels. The rest of this money would be used to improve ocean habitats and protect fish and other marine wildlife (\$310 million).
 - **Land Conservation and Habitat Restoration (\$1.2 Billion).** This money would be used to protect and restore land for the benefit of fish and wildlife. For example, it could support purchasing land to set aside so that it is not developed.
 - **Energy Infrastructure (\$850 Million).** More than half of this money would support the development of wind turbines off the California coast (\$475 million). Most of the remaining money would pay for building infrastructure such as transmission lines to carry electricity long distances (\$325 million). The rest of the money would pay for projects to build large batteries that store electricity for when it is needed (\$50 million).
 - **Parks (\$700 Million).** The bulk of this money would support various activities that expand recreational opportunities at parks or reduce the impacts of climate change on parks (\$300 million). These activities could include adding new trails and parking areas. Some of this money would provide grants to local communities to build new parks or renovate existing parks (\$200 million). The rest of this money would be used to repair state parks and provide nature education (\$200 million).
 - **Extreme Heat (\$450 Million).** Much of this money would pay for activities focused on protecting communities from extreme heat (\$200 million). These activities could include adding trees and greenspaces. Money would also support places for people to go during heatwaves or disasters (\$100 million). The rest of the money would provide grants for local communities to conduct activities that provide environmental benefits, such as reducing air pollution (\$150 million).
 - **Farms and Agriculture (\$300 Million).** Much of this money would be used for activities that encourage farmers to improve soil health, reduce air pollution, and use less water (\$105 million). This money would also support community gardens and farmers' markets, such as by purchasing shade canopies (\$60 million). The rest of this money would support a range of other activities, such as purchasing vans to transport farmworkers and conserving farmland.
- Establishes Other Requirements for the Use of Funds.** Proposition 4 requires the bond money to be used in certain ways. For example, at least 40 percent of bond money must be used for activities that directly benefit communities that

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

have lower incomes or are more vulnerable to the impacts of climate change. Proposition 4 also requires regular public reporting of how the bond money is spent.

FISCAL EFFECTS

Increased State Costs of About \$400 Million Annually for 40 Years to Repay the Bond. The estimated cost to repay the bond would be about \$400 million annually over a 40-year period. Payments would be made from the state General Fund. (The General Fund is the account the state uses to pay for most public services, including education, health care, and prisons.) This would be less than one-half of 1 percent of the state's total General Fund budget. Since the state has to pay interest on the money it borrows, the total cost of the bond would be about 10 percent more (after adjusting for inflation) than if the state paid up front with money it already has.

Likely Reduced Local Costs for Natural Resources and Climate Activities. The availability of state bond funds could have various fiscal effects on local governments. In some cases, the additional state funding could replace local government money that would otherwise be needed to pay for a project. For example, this could include using bond funds to help support an essential water treatment facility the local government otherwise would have needed to fund by itself. In other

cases, however, the availability of state funds could encourage local governments to spend more money to build larger projects than they otherwise would. For example, this could include adding additional amenities to a local park. On net, Proposition 4 likely would result in savings to local governments. The amount of these savings is uncertain but could average tens of millions of dollars annually over the next few decades.

Potential State and Local Savings if Funding Prevents Disasters. To the extent the bond funds result in completing activities that reduce the risk or amount of damage from disasters, it could reduce state and local costs for responding to and recovering from those events. For example, improving a levee could reduce the amount of flooding that occurs. Additionally, thinning trees in a forest could reduce the severity of wildfires. The amount of such potential savings is uncertain.

Visit sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2024-ballot-measure-contribution-totals for a list of committees primarily formed to support or oppose this measure.

Visit fppc.ca.gov/transparency/top-contributors.html to access the committee's top 10 contributors.

★ ARGUMENT IN FAVOR OF PROPOSITION 4 ★

4

YES on 4: TO CLEAN AND PROTECT OUR DRINKING WATER, PREVENT WILDFIRES

Prop. 4 makes urgent, commonsense investments to protect our communities, health, economy, and natural resources by:

- Cleaning up and protecting water supplies
- Preventing devastating wildfires
- Protecting forests, beaches, fresh water sources, and wildlife habitat

Voting Yes on 4 is urgently needed. California faces increasing threats from wildfires, water pollution, and extreme heat. Investments *today* can prevent future costs and damage from a changing climate and more frequent natural disasters.

PROVIDING CLEAN, SAFE DRINKING WATER

Prop. 4 will clean up and protect California’s drinking water supplies in all regions of California—remove toxic pollutants from our drinking water, addressing infrastructure risks like weakened dams and levees, and increasing supplies.

Today, nearly 1 million Californians lack access to drinking water that meets safety and reliability standards, according to the State Water Board. Yes on 4 helps ensure we all have safe water to drink.

PREVENTING DEVASTATING WILDFIRES AND SMOKE

Recent California wildfires have burned 2 million acres, released toxic smoke into our air, and polluted drinking water supplies. Fire damage and smoke have harmed quality of life and health, including children’s lungs, in every corner of California. Prop. 4 invests in projects to prevent wildfires, reduce their intensity when they do occur, and improve disaster response.

“Giving firefighters the tools to prevent wildfires is the best, most cost effective way to prevent the human and financial costs of these disasters. Prop. 4 makes the right investments to save lives and billions in response and recovery costs.”—Tim Edwards, President, CALFIRE Firefighters

PROTECTING FORESTS, BEACHES, RIVERS, STREAMS, AND WILDLIFE

Our beaches, forests, and mountains make California special, and we have a responsibility to protect them for our children and future generations. Protecting natural areas and wildlife is more urgent today than ever before, as we lose wildlife habitat, farm and ranchland, and even beaches wash away. Prop. 4 protects these natural areas from wildfire, pollution, and other threats from a changing climate.

PROTECTING PUBLIC HEALTH

By removing pollution from the air and toxins from our water, Prop. 4 protects the health of vulnerable seniors and children.

STRONG FISCAL RESPONSIBILITY, ACCOUNTABILITY & TRANSPARENCY

California is already paying the price for failing to adequately prepare for drought and a changing climate. This measure helps shift from disaster response to *prevention*.

Our state and communities will save billions more by avoiding and reducing damage from wildfires, droughts, and floods.

Prop. 4 contains strict fiscal accountability and transparency:

- Annual independent audits
- Full public disclosure of all future funding

Join California firefighters (CalFire Local 2881), the National Wildlife Federation, the Nature Conservancy, Clean Water Action, and water agencies including San Diego Co Water Authority: YES on 4.

Jennifer Clary, State Director
Clean Water Action

Tim Edwards, President
CALFIRE Firefighters

Beth Pratt, California Regional Executive Director
National Wildlife Federation

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 4 ★

Clean drinking water and preventing destructive wildfires are necessities, not luxuries. These should be addressed within our state budget, not by demanding \$10 billion more from the taxpayers in the form of a bond that will cost nearly double to repay—\$19.3 billion.

The challenges we face with wildfires and water supply are the result of decades of neglect and mismanagement of our resources. Empowering tribal leaders for forest management and investing in water infrastructure could have prevented these crises. These aren’t random occurrences, but repercussions of misguided policies.

Despite politicians’ frequent promises for accountability, since 2000 California voters have approved over \$30 billion in natural resources bonds—with little to show. After years of refusing to prioritize spending on forest management, we are suffering the aftermath of major wildfires that could have been prevented, or at least minimized. After years of refusing to invest in water storage, we are facing water supply instability.

Instead of burdening taxpayers with a bond that overpromises, we should tackle these issues in the budget. *Real change stems from commitment, not quick fixes.* This isn’t just policy, it’s our future. Let’s choose pragmatism over procrastination.

Sacramento politicians should not demand more money from the taxpayers or pressure voters to pass an unrealistic bond package that lacks any lasting change to state policy. Vote NO on Proposition 4.

Vote NO on deferring our environmental responsibility at double the cost. Let’s invest in a greener tomorrow today.

Senate Minority Leader Brian W. Jones
Assemblyman Jim Patterson

Jon Coupal, President
Howard Jarvis Taxpayers Association

★ ARGUMENT AGAINST PROPOSITION 4 ★

TOO MUCH DEBT, TOO LITTLE BENEFIT: THE PROBLEM WITH PROPOSITION 4

Bonds are the most expensive way for the government to pay for things. Proposition 4 would add a whopping \$10 billion of debt to the taxpayers—PLUS an estimated \$9.3 billion in interest—to pay for climate-related programs. This funding would also cover administrative costs and salaries for grant recipients. But remember, this is borrowed money.

At the start of the year, California already had over \$78 billion of bond debt. Proposition 1 in March added another \$6.38 billion. Now there's a proposal to add an additional \$10 billion for ambiguous climate programs. Guess who's going to foot the bill? That's right—we taxpayers. Our tax dollars will be diverted from essential services to cover interest payments and principal repayment of the bond.

Bonds are borrowed money that must be paid back, PLUS INTEREST, no matter what the state must cut to do it. Governor Newsom already declared a budget emergency because the state spends more than it takes in. How many programs will have to be cut in the future to pay for Proposition 4? According to the nonpartisan Legislative Analyst's Office, we had a \$62 billion deficit this year. What will happen when we have both a deficit AND the obligation to repay this enormous bond debt?

Two years ago, California had a nearly \$100 billion SURPLUS. If these climate projects had been prioritized then, we could have covered the entire cost of this bond with just 10 percent of that surplus. Now, due to the government's inability to manage its spending, they are asking voters for more of their hard-earned money.

AS A VOTER, YOUR TAX DOLLARS SHOULD FUND YOUR HIGHEST PRIORITIES, NOT PET PROJECTS.

Bonds should be reserved for financing essential projects that will build infrastructure lasting beyond the 30-year payoff period. However, many elements of Proposition 4 fail to meet that standard, resulting in \$10 billion of spending just being added to the taxpayers' credit card—with a lack of accountability or measured metrics for success! Proposition 4 is full of money being funneled to unproven technologies that may sound promising on paper but have no concrete evidence of success. By committing funds to speculative projects, Proposition 4 overlooks long-term water storage and critical wildfire fuel management programs in favor of short-term, unproven projects.

IT'S RECKLESS TO USE COSTLY BORROWED MONEY TO PAY FOR UNPROVEN PROGRAMS.

Proposition 4 represents a reckless increase in state debt with questionable benefits. The government should prioritize essential services and ensure that any borrowing is reserved for projects that provide lasting, tangible benefits to the state and its residents. Vital programs should be funded in the budget with the taxes we already pay, not through costly borrowing. What's in the budget that's a higher priority than safe drinking water and wildfire prevention? Politicians should answer that question before racking up another \$10+ billion in debt that will have to be paid back, WITH INTEREST.

Senate Minority Leader Brian W. Jones
Assemblyman Jim Patterson
Jon Coupal, President
Howard Jarvis Taxpayers Association

4

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 4 ★

YES on 4: ADDRESSES CALIFORNIA'S HIGHEST PRIORITY DRINKING WATER and FIRE PREVENTION NEEDS

California firefighters, clean water organizations, public health experts, and conservation groups urge YES on 4, to address our state's most vital needs for a safe water supply, wildfire prevention, and clean air.

The opposition itself admits, clean water and wildfire prevention are critical priorities.

Prop. 4 makes efficient, sensible investments in proven solutions: upgrading drinking water treatment to remove contaminants, fixing crumbling dams and levees to prevent floods, creating groundwater storage and recycling plants to boost supply and prepare for drought, and investing in effective wildfire prevention and containment strategies.

YES on 4: SMART, URGENT INVESTMENTS WITH STRICT ACCOUNTABILITY REQUIREMENTS, PROTECTS COMMUNITIES AND PREVENTS BILLIONS IN FUTURE COSTS

Yes on 4 is fiscally responsible and fully transparent. Nearly 1 million Californians lack access to clean drinking water. Yes on 4's investments strengthen safe water

supplies and flood control infrastructure—saving billions in temporary fixes and economic losses.

A UCLA study found 10 years of wildfire smoke have caused 50,000 premature deaths and \$400 billion in economic losses. Wildfire prevention saves six times its cost in reduced damage, while protecting our health.

"California's financial health is vulnerable to natural disasters, neglected infrastructure, and a changing climate. Without raising taxes, Yes on Prop. 4 saves California money while helping state and local governments protect our communities."—Tim Gage, former state Director of Finance.

California communities can't wait.

YES on 4: CLEAN DRINKING WATER, WILDFIRE PREVENTION, and OUR HEALTH.

Susana De Anda, Executive Director
Community Water Center
Sarah Gibson, Fire Manager
The Nature Conservancy
Christopher Chavez, Deputy Policy Director
Coalition for Clean Air



LEGAL AFFAIRS COMMITTEE

OCTOBER 8, 2024



CALIFORNIA REPUBLIC