



April 8, 2024

Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Honorable Mike McGuire, President pro Tempore
California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

Honorable Robert Rivas, Speaker
California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

Honorable Ben Allen
California State Senate
1021 O Street, Suite 6610
Sacramento, CA 95814

Honorable Susan Eggman
California State Senate
1021 O Street, Suite 8530
Sacramento, CA 95814

Honorable Eduardo Garcia
California State Assembly
1021 O Street, Suite 8120
Sacramento, CA 95814

Honorable Carlos Villapudua
California State Assembly
1021 O Street, Suite 6340
Sacramento, CA 95814

SUBJECT: 2024 Resources and Climate Resilience Bond Priorities

Dear Governor Newsom, President Pro Tempore McGuire, Speaker Rivas, Senators Allen and Eggman, and Assemblymembers Garcia and Villapudua:

The below-signed entities recognize and appreciate the challenging policy and fiscal trade-offs required to address California’s current budget constraints. Among the competing priorities for limited state resources is a potential climate resilience bond on the 2024 general election ballot. With this letter, it is our intent to share with you our priorities and perspectives for a climate resilience bond, should you decide to move forward with placing one on the 2024 general election ballot.

California’s water infrastructure needs cannot be met by ratepayers alone. Necessary maintenance and repair of legacy water systems and rising costs to purchase, treat, and distribute water have, in recent years, increased the cost of water across California. The rising costs have left more Californians struggling to keep up. As a resources and climate resilience bond package is considered this year, it is imperative that there is robust water-related infrastructure investment to ensure California can continue to strengthen its resilience to drought and floods.

California’s overwhelming dependence on rain and snow-based water systems places the state’s residents, businesses, and ecosystems at heightened risk of catastrophic disruption. Similarly, the state’s overwhelming dependence on outdated infrastructure to transport and store water continues to ignore the near-term needs for climate adaptation. The only way to avoid a calamitous water shortage – or catastrophic flooding events – and subsequent environmental and economic degradation is to improve the adaptive management capacity of our current water system, increase water efficiency, conservation, and storage in the state, and to increase the availability of drought-resilient water resources.

Additionally, we believe it is imperative that water resilience investments be guided by a lens that recognizes the needs of our state’s disadvantaged communities and populations, and that investments be tailored to improve equity and access to resources for communities of color and seek to improve and mitigate the growing affordability gap for millions of Californians.

We respectfully ask for consideration of the following priorities in the development and shaping of a resources and climate resilience bond package for the 2024 ballot:

BOND INVESTMENT PRIORITY	ADDITIONAL DETAIL	REQUESTED ALLOCATION
Recycled water projects	Small- and medium-sized water recycling projects: \$1 B Large-scale regional water recycling projects: \$800 M	\$1.8 B

BOND INVESTMENT PRIORITY	ADDITIONAL DETAIL	REQUESTED ALLOCATION
Regional water resilience	<ul style="list-style-type: none"> -Groundwater storage: \$250 M -Water use efficiency: \$500 M (split 50/50 between ag/urban) -Desalination: \$500 M -Stormwater capture and management: \$500 M -Regional and interregional conveyance: \$500 M 	\$2.25 B
Dam safety and reservoir operations		\$850 M
Surface water storage inflation adjustments		\$500 M
State Water Project public benefits	<ul style="list-style-type: none"> -Investments in existing SWP infrastructure and system operations to facilitate water supply storage and delivery capability improvements: \$750 M -Facilitation of achievement of the state's goals for the SWP's energy use to be 100% renewable or zero-carbon emission resources and to provide for operational efficiencies to provide statewide electricity grid reliability benefits: \$750 M 	\$1.5 B
Clean water and contaminant prevention		\$500 M
Urban flood resilience	-State flood subvention program: \$300 M	\$1 B
Coastal resilience	<ul style="list-style-type: none"> -SF Bay Area: \$500 M -State Coastal Conservancy: \$250 M for restoration projects consistent with the SF Bay Restoration Authority -DWR Coastal Watershed Program: \$250 M for flood protection projects in the SF Bay that may not be eligible for either Coastal Conservancy or SF Bay Restoration Authority support 	\$1 B
Multi-benefit land repurposing		\$100 M
TOTAL REQUEST		\$9.5 B

Investments in Recycled Water Projects: \$1.8 Billion

To strengthen California’s drought resilience, the State Water Resources Control Board’s goal is to increase recycled water from 714,000 acre-feet per year in 2015 to 2.5 million by 2030. However, the Board’s Water Recycling Funding Program has a huge backlog of shovel-ready recycled water projects. Substantial state investment is urgently needed to strengthen drought resilience while limiting ratepayer impacts. We request your consideration of a recycled water package that includes funding for small- and medium-scale water recycling projects (\$1 billion), and specifically-identified funding for large-scale regional recycling projects (\$800 million).

Investments in Regional Water Resilience: \$2.25 Billion

Investments in conservation, efficiency, interconnectivity, conjunctive use, groundwater storage, and additional local water supply development, including stormwater management and ocean and brackish water desalination, will help advance the “All of the Above” concept of providing necessary tools and mechanisms for water managers to protect their communities and economies from future drought.

Throughout Southern and Central California alone, there are more than \$20 billion in shovel-ready infrastructure projects that have been identified by water suppliers. In the San Joaquin Valley, the Water Blueprint for the San Joaquin Valley is developing a solution to improve the regional resilience of the San Joaquin Valley and address the imbalance between water supply and demand, which will only grow in the future without significant action. This solution involves a combination of improved utilization of local San Joaquin Valley water supplies, increased reliability of surplus Delta water when available, and demand reduction through land repurposing and agricultural efficiency improvements and conservation.

We request your consideration of a regional water resilience package that includes funding in the following categories:

- Groundwater storage: \$250 million
- Water use efficiency: \$500 million (split 50/50 for urban and agricultural WUE)
- Desalination: \$500 million
- Stormwater capture and management: \$500 million
- Regional and interregional conveyance: \$500 million

Investments in Dam Safety and Reservoir Operations: \$850 Million

According to DWR’s Division of Safety of Dams, 102 California dams are rated less-than-satisfactory. Of those, 84 dams have hazard classifications of significant or above, indicating risk to life or property should the dams fail. However, dam repair and rehabilitation are not an eligible use of State Revolving Funds or Proposition 1 dollars. Eligible grant projects should include, but not be limited to: dam safety projects at high hazard dams; new spillways and repairs at existing dams to facilitate implementation of Forecast Informed Reservoir Operations; and reservoir seismic retrofit projects.

Investments in Surface Water Storage Inflation Adjustments: \$500 Million

A decade has passed since California voters approved \$2.7 billion to support the Water Storage Investment Program as part of Proposition 1. However, due to inflation, the Proposition 1 grant awards no longer cover the full value of the public benefits these projects provide. An adjustment to the grant awards is needed to cover public benefits as originally intended by Proposition 1.

Investments in State Water Project Public Benefits: \$1.5 Billion

As California strives to boost the resilience of its water supply in the face of climate change impacts, we must adapt existing infrastructure to capture and convey as much water as possible during less frequent, more intense weather patterns. Investment in the State Water Project system advances a number of important water- and climate-resilience public benefits for California. Investments are necessary to improve existing SWP infrastructure and system operations to facilitate water supply storage and delivery capability improvements.

Additionally, capital investments in the SWP are necessary to facilitate achievement of the state's goals for the SWP's energy use to be 100% renewable or zero-carbon emission resources, and to provide for operational efficiencies of the SWP's operations to provide statewide electricity grid reliability benefits.

Investments in Clean Water and Contaminant Prevention: \$500 Million

An estimated 7.5 million Californians rely on drinking water contaminated by Per- and Polyfluoroalkyl Substances (PFAS), a grouping of more than 4,500 chemicals that resist heat, oils, and water. Current scientific research suggests that exposure to high levels of certain PFAS may lead to adverse health outcomes. State budget reductions to address shortfall conditions have resulted in the elimination of millions of dollars in funding to remediate contaminated groundwater and to provide for investments in clean drinking water opportunities. Bond funding is critical to backfill these reductions.

Investments in Urban Flood Resilience: \$1 Billion

Over the past two decades, state bond measures have provided significant flood protection funding to the Central Valley through the Urban Flood Risk Reduction Program and then allocated much smaller sums for statewide purposes. While we recognize the unique challenges in the Central Valley, the result is a decades-long underfunding of flood protection for cities in other areas of the state where most Californians live and work. The state can no longer ignore the intensifying storms and increased runoff that threaten life, property, and key components of the California economy located in our coastal watersheds, which are all likely to become more severe under climate change conditions. Every region of the state is impacted by changing hydrologic conditions due to climate change.

Of the funding in this section, we recommend \$300 million for the State Flood Subvention Program, which reimburses local agencies for the state's cost share in high-risk flood zones for projects authorized and approved by the U.S. Army Corps of Engineers. The voters have not approved bond funding for this program since Proposition 84 and 1E in 2006. With much of the remaining funding barely covering the existing state's cost share, the program is projected to run out of funds soon.

Investments in Coastal Resilience: \$1 Billion

The Ocean Protection Council estimates sea levels will likely (67% probability) increase by over one foot by 2050. The San Francisco Bay Area, which comprises about half of California's total shoreline, is particularly vulnerable given its low, highly developed shoreline. Of the funding allocated in this section, we recommend \$500 million be earmarked for the San Francisco Bay Area broken into the following buckets: \$250 million for the State Coastal Conservancy for restoration projects consistent with the San Francisco Bay Restoration Authority, and \$250 million for the Department of Water Resources Coastal Watershed Program for flood protection projects in the San Francisco Bay that may not be eligible for either Coastal Conservancy or SFBRA support.

Investments in Multi-Benefit Land Repurposing: \$100 Million

Implementation of California’s Sustainable Groundwater Management Act in critically overdrafted groundwater basins in the San Joaquin Valley is anticipated to result in the loss of a minimum of 500,000 acres of productive farmland. This funding would increase regional capacity to repurpose irrigated agricultural land to reduce reliance on groundwater while providing community health, economic well-being, water supply, habitat, renewable energy, and climate benefit.

Thank you for your leadership and considering our views. We look forward to actively engaging over the coming months in the process of shaping and finalizing a resources and climate resilience bond package for the 2024 general election ballot.

Sincerely,



Charles Wilson, Executive Director
Southern California Water Coalition

Martin Ludlow

Martin Ludlow, President
Groundswell



Jack Monger, CEO
Industrial Environmental Association



Jon Switalski, Executive Director
Rebuild SoCal Partnership



Austin Ewell, Voluntary Executive Director
Water Blueprint for the San Joaquin Valley



Paul Granillo, President and CEO
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Richard Lambros, Executive Director
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Mike Roos, President
Southern California Leadership Council



Robert Sausedo, President/CEO
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Rachael Gibson, Acting Assistant CEO
Santa Clara Valley Water District (Valley Water)



Maria Salinas, President & CEO
LA Area Chamber of Commerce



Amanda Walsh, Vice President of Government Affairs
Orange County Business Council



Adel Hagekhalil, General Manager
Metropolitan Water District of
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Adrian Covert, Senior Vice President – Public Policy
Bay Area Council

cc:

Senator Dave Min, Chair – Senate Natural Resources and Water Committee
Assemblymember Diane Papan, Chair – Assembly Water, Parks, and Wildlife Committee
Assemblymember Isaac Bryan, Chair – Assembly Natural Resources Committee
California Natural Resources Secretary Wade Crowfoot
Department of Water Resources Director Karla Nemeth
State Water Resources Control Board Chair Joaquin Esquivel