



April 19, 2022

The Honorable Gavin Newsom
 Governor
 1021 O Street, Suite 9000
 Sacramento, California 95814

The Honorable Toni Atkins
 Pro Tempore California State Senate
 State Capitol, Room 205
 Sacramento, CA 95814

The Honorable Nancy Skinner
 Chair, Joint Legislative Bdgt. Cmte.
 State Capitol, Room 5094
 Sacramento, CA 95814

The Honorable Bob Wieckowski
 Chair, Senate Bdgt. Sub 2
 State Capitol, Room 4085
 Sacramento, CA 95814

The Honorable Anthony Rendon
 Speaker, California State Assembly
 State Capitol, Room 219
 Sacramento, CA 94814

The Honorable Philip Ting
 V. Chair, Joint Legislative Bdgt. Cmte
 State Capitol, Room 3173
 Sacramento, CA 95814

The Honorable Bloom
 Chair, Assembly Bdgt Sub 3
 State Capitol, Room 2003
 Sacramento, CA 95814

RE: Strengthening statewide drought and flood resilience (\$6.5 billion)

Dear Governor Newsom, Pro Tem Atkins, Speaker Rendon, and Chairs Skinner, Ting, Wieckowski, and Bloom,

The increasing volatility of precipitation across California and the Colorado River basin is a warning that the state must act swiftly to protect its residents and businesses from the threat of droughts and floods. To strengthen California's resilience to these climate-related challenges, the below signed entities from across the state respectfully request California include a \$6.5 billion appropriation to strengthen statewide drought and flood resilience in the General Fund budget for fiscal year 2022-2023.

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. The only way to avoid a calamitous water shortage 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.

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. Between 2010 and 2018, water rates in San Diego increased 60 percent, rates in Los Angeles increased 87 percent, in San Jose 93 percent, and in San Francisco 141 percent. The rising costs have left more Californians struggling to keep up. The state paid down \$900 million in water bill arrearages in 2021 but the fundamental problem persists. General fund support for water efficiency and infrastructure is the most progressive, equitable way for California to strengthen its resilience to drought and floods.

We respectfully ask that your administration and the legislature consider the following priorities:

Investments in recycled water projects: \$1.76 billion

Recycled water is a sustainable, local source of water that is nearly drought proof. The State Water Resources Control Board has a list of recycled water projects statewide totaling more than \$3 billion. A recent WaterReuse California survey indicates that more than \$10 billion in investments is needed for planned reuse projects statewide.

- **Statewide grants for small/medium scale water recycling: \$1 billion**
In the Bay Area, agencies are interested in completing recycled water investigations related to water quality and potential direct and indirect potable reuse infrastructure. Direct potable reuse is contingent on study and regulation now pending at the State Water Board along with significant planning, design, and construction costs. Indirect potable reuse infrastructure will require groundwater investigations to inform any design and implementation of potable reuse via groundwater recharge. Maintaining sustainable local water supply and groundwater storage is critical for reducing reliance on imported water, particularly during droughts. Pilot tests and demonstration facilities also need funding to explore institutional processes that could facilitate multi-agency implementation of potable reuse, educate the public, and evaluate appropriate treatment technologies. A State investment of \$1 billion would substantially accelerate the construction of much-needed recycled water projects to improve water resilience and drought preparation throughout California.

- **Large-scale regional water recycling: \$760 million**
Large-scale regional water recycling projects can scale the transition to a drought-resilient future at a lower per-unit cost. Within the Southern California region, the Metropolitan Water District of Southern California is partnering with the Los Angeles County Sanitation Districts in planning to construct a Regional Recycled Water Program that will purify treated wastewater to replenish groundwater basins, supply businesses, and augment Metropolitan's treated supply for Southern California. This new project would provide needed water quality and supply benefits for many underserved communities in Southern California and, at full-scale, could produce enough water to serve 500,000 households. A State investment of \$500 million to support the early design and construction of the project over multiple years would accelerate the program.

A comparable major water recycling project in the City of Los Angeles is being planned by LA Sanitation and the LA Department of Water and Power. A \$10 million grant allocation to accelerate the planning of this project would facilitate regional cooperation with the Metropolitan Water District and surrounding cities to increase the reliability and cost effectiveness of both regional water recycling projects.

In the Bay Area, the Santa Clara Valley Water District is partnering with local municipalities in planning a state of the art advanced wastewater purification facility, the Purified Water Project, that will be used to replenish

Silicon Valley's high priority groundwater basin that is stressed by extended droughts due to climate change and the resulting large reductions in available imported water. A \$250 million state investment would help support approximately one-third of the cost of the Purified Water Project that will provide drinking water and help prevent subsidence in this region of critical economic importance.

Regional resilience: \$1.25 billion

State assistance is needed to help local water managers meet the “Conservation as a Way of Life” objectives without disproportionately impacting under-resourced customers and exacerbating water affordability challenges. 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 also 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.

Dam safety/Reservoir Operations: \$860 million

According to DWR's Division of Safety of Dams, 102 California dams are rated less-than-satisfactory. Of those, 84 dams had 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.

Proposition 1 adjustments: \$645 million

Nearly 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.

Subsidence repairs: \$585 million

We are appreciative of the preliminary investments made in 2021 (\$100 million) and proposed in the 2022-23 State Budget (\$100 million) towards the State's share for repair of arterial water supply canals that are vital components of the State Water Project and the federal Central Valley Project.

The California Aqueduct, Delta-Mendota Canal and Friant-Kern Canals are critically important facilities that convey Central Valley Project and State Water Project water throughout California. Significant subsidence along the alignment of these facilities has impaired Central Valley Project and State Water Project operations and deliveries, forcing higher operational power costs, increased outages, and major repairs. 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. State funding will help address subsidence impacts that have substantially reduced the carrying capacity of these water delivery systems, increase resiliency during droughts, and advance groundwater recharge projects necessary to meet the groundwater sustainability goals established under state law.

A broad coalition of state and federal contractors support the creation of a 10-year, \$785 million Canal Conveyance Capacity Restoration Fund, to help restore critical conveyance systems, which would be matched by \$785 million from local water agencies and \$785 million of Federal funding. State funding to address subsidence will help keep water affordable, reduce carbon emissions, and create good paying jobs. We support allocation of the remaining \$585 million from the state budget surplus funds to fully fund the state's share of this critical infrastructure project and to leverage the federal government's full share of its \$785 million.

Clean drinking water: \$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. In 2019, the State Water Board developed a phased investigation action plan requiring testing of drinking water systems and site investigations at high-risk locations for PFAS. Regional water agencies and water suppliers need state

assistance to identify and remove PFAS and other contaminants of emerging concern and to provide drinking water to small systems across the state.

Urban flood resilience: \$500 million

Most of California's built urban environment is designed to quickly discharge stormwater into rivers, streams, and the ocean. However, much of this aging stormwater infrastructure needs repair and is not equipped to manage the increasingly severe precipitation events because of climate change. Greater investments in stormwater management can accomplish multiple goals, including flood resilience, drought resilience, and improved water quality for people and ecosystems. \$500 million in new state investment for urban stormwater management, including but not limited to DWR's Flood Subvention Program and State Water Board's Stormwater Grant Program, are needed to defend California's urban economy from increased flood risks and to provide cost share for priority U.S. Army Corps of Engineers projects.

Sea level rise resilience: \$300 million

The Ocean Protection Council estimates sea levels along the California coast will likely (66% probability) rise 13 inches by 2050 and 41 inches by 2100, placing critical infrastructure in many of California's coastal communities at risk of destruction. The current budget includes \$350 million for coastal wetland protection and adaptation projects. However, the Bay Area alone has identified over \$1.5 billion worth of projects, many shovel-ready. Science shows California only has about eight years to begin these nature-based adaptation projects until rising sea levels begins making them cost-prohibitive. We respectfully request adding an additional \$300 million to the Coastal Protection and Adaptation Program.

Data and innovation: \$55.35 million

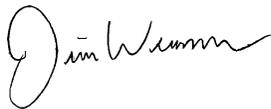
California's water challenges cannot be met without harnessing the power of data and California's innovation economy. In 2016, the legislature passed AB 1755 (Dodd) to move California's water data system to an open and transparent platform to. Open and transparent data will create opportunities to improve water supply reliability, science-based decision making, and other benefits. We support DWR's three-year, \$5.35 million Budget Change Proposal to lead the partner-agency team on the Consortium's Steering Committee. Additionally, advancing innovation in the water sector has the dual benefit of strengthening California's drought resilience while supporting the development of California's emerging water-technology sector. We support Senator Caballero's budget request for \$50 million to support implementing innovative water technologies.

Multi-Benefit Land Repurposing: \$50 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 benefits.

Thank you for your leadership and for considering our views.

Sincerely,



Jim Wunderman
President & CEO
Bay Area Council



Charles Wilson
President & CEO
Southern California Water Coalition



Tracy Hernandez
Founding CEO
Los Angeles County BizFed



Justin Skarb
Director, Community & Gov Relations
California Water Service



Steve Welch
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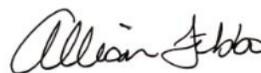
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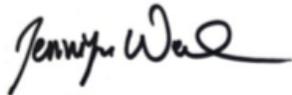
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Jenniter Ward
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Jon Switalski
Executive Director
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Heather Dyer
Chief Executive Officer
San Bernardino Valley M. Water Dist.



Matthew Stone
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Mike Roos
President
Southern CA Leadership Council



Rick Callender
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Valley Water

CC: Secretary Crowfoot, Secretary Blumenfeld