MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

AGENDA
Legislative Advocacy Committee

Wednesday, November 19, 2025, at 9:00 a.m. **|** *Virtual Meeting*

COMMITTEE MEMBERS	STAFF	Mission Statement
Ian Oglesby – Chair *Kate Daniels* *Karen Paull* *George Riley - Alternate*	*David J. Stoldt, General Manager* *Sara Reyes, Board Clerk*	Sustainably manage and augment the water resources of the Monterey Peninsula to meet the needs of its residents and businesses while protecting, restoring, and enhancing its natural and human environments. **Vision Statement** Model ethical, responsible, and responsive governance in pursuit of our mission. **Board's Goals and Objectives** Are available online at https://www.mpwmd.net/who-we-are/mission-vision-goals/

Join the meeting at:
https://mpwmd-net.zoom.us/j/84026591275?pwd=jgeGsF5Vqzuyil4WnUS81btMBnGoaZ.1

Webinar ID: **840 2659 1275** | Password: **111925** | To Participate by Phone: **(669) 900-9128**

For detailed instructions on how to connect to the meeting, please click the link below:
https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/

Copies of the agenda packet are available for review on the District website (www.mpwmd.net) and at 5 Harris Court, Bldg. G, Monterey, CA.

Call to Order / Roll Call

Additions and Corrections to the Agenda

Comments from Public – *The public may comment on any item within the District's jurisdiction. Please limit your comments to three (3) minutes in length.*

Action Items – *Public comment will be received. Please limit your comments to three (3) minutes per item.*

1. Consider Adoption of Committee Meeting Minutes from July 28, 2025

Discussion Items – *Public comment will be received. Please limit your comments to three (3) minutes per item.*

2. Report from The Ferguson Group on Federal Legislative and Regulatory Activities

3. Report from JEA & Associates on Legislative Status and Bill Tracking

4. Review of Legislative Activities in 2025

Suggest Items to be Placed on Future Agendas

Adjournment

Accessibility
In accordance with Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please send a description of the requested materials and preferred alternative format or auxiliary aid or service at least 48 hours prior to the scheduled meeting date/time. Requests should be forwarded to Sara Reyes by e-mail at sara@mpwmd.net or at (831) 658-5610.
Options for Providing Public Comment
Submission of Written Public Comment Send written comments to District Office, 5 Harris Court, Building G, Monterey, CA or online at comments@mpwmd.net. Include the following subject line: "PUBLIC COMMENT ITEM #" (insert the agenda item number relevant to your comment). Written comments must be received by 8:00 AM on the day of the meeting. All submitted comments will be provided to the Committee, compiled as part of the record, and placed on the District's website as part of the agenda packet for the meeting. Correspondence is not read during public comment portion of the meeting.
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LEGISLATIVE ADVOCACY COMMITTEE

ITEM: ACTION ITEM

1. CONSIDER ADOPTION OF COMMITTEE MEETING MINUTES FROM JULY 28, 2025

Meeting Date: **November 19, 2025**

From: **David J. Stoldt,**
General Manager

Prepared By: **Sara Reyes**

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached as **Exhibit 1-A** are the draft minutes of the Legislative Advocacy Committee meeting held on July 28, 2025.

RECOMMENDATION: The Legislative Advocacy Committee should review and adopt the minutes by motion.

EXHIBIT
1-A Draft Minutes of July 28, 2025, Legislative Advocacy Committee Meeting

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MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

EXHIBIT 1-A

Draft Minutes
Legislative Advocacy Committee Meeting
Monday, July 28, 2025, at 9:00 a.m.
Meeting Location: Zoom

Call to Order / Roll Call
Chair Oglesby called the meeting to order at 9:01 a.m.

Committee Members Present	**Committee Members Absent**
Ian Oglesby, Chair George Riley (Alternate) Karen Paull	Kate Daniels
District Staff Members Present	**District Staff Members Absent**
David Stoldt, General Manager Mike McCullough, Assistant General Manager Sara Reyes, Board Clerk	None
District Counsel Present	
Michael Laredo, De Lay & Laredo	

Additions and Corrections to the Agenda

None

Comments from the Public
Chair Oglesby opened the public comment period; however, no members of the public were present.

Action Items

Chair Oglesby introduced this item.

1. **Consider Adoption of Committee Meeting Minutes from March 20, 2025**

   On a motion by Riley, seconded by Paull, the minutes of the March 20, 2025, committee meeting were approved on a 3-0 vote: 3 Ayes (Riley, Paull and Oglesby); 0 Noes.

Discussion Items

Chair Oglesby introduced this item.

2. **Report from The Ferguson Group on Federal Legislative and Regulatory Activities**

   General Manager Stoldt noted that The Ferguson Group (TFG) has provided a revised Quarterly Legislative Report and a Legislative Tracker, both of which will be reviewed by TFG.

Chris Kearney provided an update on several key action items. He noted that delays within the executive branch persist due to staffing gaps and freezes on grant funding. Despite these challenges, Congress managed to pass one major bill by July 4th, and vacancies in the House are expected to be filled by September. Water policy is beginning to regain attention, with a renewed focus on long-term, regional grant strategies. A significant milestone includes the allocation of $1 billion over ten years for Bureau of Reclamation projects. Additionally, NEPA permitting reform is gaining traction, and municipal bond tools have been successfully preserved through strong advocacy efforts.

Roger Gwinn from TFG shared updates on federal appropriations. The focus has now shifted to the FY26 appropriations process. The House has advanced its Energy & Water Bill, which includes funding for environmental infrastructure projects. Notably, the Monterey Peninsula Stormwater Diversion & Recycling Project may be eligible to compete for $750,000 in discretionary funding. However, delays in the Senate due to funding disagreements could affect final allocations. Senators Padilla and Schiff have expressed support for the District's funding request. Efforts are also underway to streamline reimbursements from the Corps of Engineers under Section 219 authority. Furthermore, the transportation reauthorization process has begun, opening new funding opportunities for water and wildlife infrastructure. The administration has issued a public request for input on the reauthorization bill.

Chris Cummins from TFG provided updates on legislative tracking and grant opportunities. He highlighted the FISH Act, which aims to streamline ESA oversight for anadromous fish under the Fish & Wildlife Service. The Assistance for Rural Water Systems Act seeks to expand USDA support for water infrastructure through grants and low-interest loans. Other notable legislative efforts include the Every Drop Counts and Groundwater Technical Assistance Acts, which enhance support for small storage and groundwater recharge projects. The Water Conservation Rebate Tax Parity Act proposes exempting water utility rebates from federal income tax. Ongoing advocacy efforts are focused on ensuring that special districts are clearly included in federal funding programs, with early signs of progress in the 118th Congress.

3. Report from JEA & Associates on Legislative Status and Bill Tracking

John Arriaga from JEA & Associates provided a brief update on California legislative activity. He noted that the Legislature is currently in recess until mid-August, with the final session running through mid-September. A written report was distributed, covering budget details and legislative developments. He also highlighted ongoing engagement with state legislators, particularly regarding the Cease and Desist Order (CDO), and indicated that further updates are expected as bills continue to advance.

Laurie Johnson from JEA & Associates provided a state budget and legislative update. She noted that the Legislature passed a placeholder $321 billion budget amid ongoing fiscal uncertainty, with further action expected in November and January. Although revenue projections are $2.7 billion higher than anticipated, concerns remain over potential Medicaid cuts and limited water funding. The Delta Conveyance Project continues to be a priority for the Governor, despite strong legislative opposition. Governor Newsom also advanced SB 131, which weakens CEQA for housing, infrastructure, and wildfire mitigation projects. CEQA reforms were introduced through 22 separate bills to demonstrate broad support and avoid dilution. Overall, the Legislature is working to balance environmental protections with development needs. Additional updates are expected before the session adjourns in mid-September, particularly on water policy and regional control plans.

4. Update on SB 743

General Manager Stoldt provided an update on Senate Bill 473 which aims to reinstate the Water Revenue Adjustment Mechanism (WRAM) for investor-owned water utilities. The District submitted a detailed opposition letter and testified before the Assembly Utilities and Energy Committee; the bills are expected to move to Assembly Appropriations.

Efforts to gain enforcement authority for turf restrictions under AB 1572 are now focused on regulatory recognition as a public water system. Regarding the CDO, informal meetings with State Water Board members are scheduled for August 15, 21, and 25 to advocate for lifting the Order, following the CPUC's delayed decision to August 14. The District plans to file a formal petition in September, citing no violations, due process concerns, and potential regulatory taking.

5. Schedule next meeting

General Manager Stoldt informed the group that District staff will coordinate with the committee to schedule the next meeting.

Suggest Items to Be Placed on a Future Agenda

- Engagement with TURN (The Utility Reform Network)
- Decoupling Policy Concerns

Adjournment

There being no further business, Chair Oglesby adjourned the meeting at 10:32 a.m.

/s/ Sara Reyes
____
Sara Reyes, Board Clerk to the
MPWMD Water Supply Planning Committee

Approved by the MPWMD Water Supply Planning Committee on ___________.
Received by the MPWMD Board of Director's on _____.

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LEGISLATIVE ADVOCACY COMMITTEE

ITEM: DISCUSSION ITEM

2. REPORT FROM THE FERGUSON GROUP ON FEDERAL LEGISLATIVE AND REGULATORY ACTIVIES

Meeting Date:	**November 19, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**David J. Stoldt**	**Cost Estimate:**	**N/A**

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The Ferguson Group will provide an update on activities related to federal legislation and regulatory activities.

EXHIBITS
2-A TFG Federal Quarterly Report

EXHIBIT 4-A

Memo

TO: Monterey Peninsula Water Management District

FROM: The Ferguson Group

RE: Federal Legislative Report

DATE: November 19, 2025

Quarterly Legislative Report

The Monterey Peninsula Water Management District's (MPWMD) legislative report covers federal legislative and agency activities related to appropriations, budget, water and natural resources, environmental protection, and other water agency-related issues.

Government Funding and Budget Update

Historic Government Shutdown Ends After 43 Days

After the longest government shutdown in U.S. history—43 days—President Trump signed legislation late on Wednesday, November 12, 2025, to temporarily reopen the government. The package includes funding through January for most of the government and full-year funding for agencies covered in three of the twelve annual appropriations bills. The shutdown, which began October 1, 2025, affected nearly every corner of the country through delayed funding for nutrition programs, furloughed federal workers, flight delays tied to staffing shortages, and disruptions to essential services.

The House voted 222-209 to approve the temporary spending package, with six centrist Democrats from swing districts backing the deal—Reps. Henry Cuellar (D-TX), Don Davis (D-NC), Marie Gluesenkamp Perez (D-WA), Jared Golden (D-ME), Adam Gray (D-CA), and Tom Suozzi (D-NY)—while two Republicans, Thomas Massie (R-KY) and Greg Steube (R-FL), opposed it.

The central issue that prolonged the shutdown was Democrats' insistence on extending Affordable Care Act (ACA) premium tax credits, which expire on December 31, 2025. After nearly six weeks of failed procedural votes, seven centrist Senate Democrats and one independent broke with party leaders to advance the reworked spending package.

For more details, see TFG Special Report on CR and minibus spending package here.

Continuing Resolution and Minibus Package Details

The enacted package (H.R. 5371) funds most federal agencies through January 30, 2026, and includes three full-year spending bills:

- Agriculture-FDA
- Military Construction-Veterans Affairs

- Legislative Branch

Key provisions include:

- Restoration of back pay for all federal employees (both furloughed and non-furloughed)
- Prohibition on federal agencies taking Reduction in Force (RIF) actions through January 30, 2026
- Nullification of any RIFs implemented between October 1 and November 12, 2025
- Extension of the National Flood Insurance Program (NFIP) through January 30, 2026
- Extension of Temporary Assistance for Needy Families (TANF) through January 30, 2026

The Congressional Budget Office estimated that the six-week shutdown will shave 1.5 percentage points off GDP growth this quarter, with roughly half of that loss potentially recovered early next year as federal operations resume.

Impact on MPWMD Funding Requests

Positive Development for Earmarks: The minibus package approved along with the continuing resolution included earmarks in the three full-year bills. This is an encouraging sign that earmarks will be included in the remaining nine appropriations bills when they are enacted, including the Energy and Water Development Appropriations bill.

Senators Alex Padilla and Adam Schiff have both formally requested $750,000 for the District's Monterey Peninsula Stormwater Diversion and Recycling Project under the Corps of Engineers' Environmental Infrastructure program authority. While the Senate has yet to take action on its version of the FY 2026 Energy and Water Development Appropriations bill, we are optimistic that the final version will include funding for this request to advance several District priority projects.

Congress now has until January 30, 2026, to negotiate and pass the remaining nine FY 2026 appropriations bills, including the Energy and Water Development bill, which contains the District's funding requests. House Republican leaders said following the enactment of the short-term CR they would push for enactment of the remaining nine appropriations bills before the end of the calendar year. Complicating this effort is the calendar: the House and Senate are in session for only 17 days (from November 19th) through the end of the calendar year.

TFG is continuing to work with MPWMD to explore alternative funding opportunities through discretionary program allocations, particularly with the Corps of Engineers. The CR requires the Corps of Engineers to produce a workplan within 60 days of enactment for allocating the funds provided in the CR. Given that the Corps received just over $20 million for Environmental Infrastructure in FY24, there remains an opportunity for MPWMD to secure funds for its stormwater diversion and recycling project.

Water and Natural Resources Policy Update

Water-Related Legislation

Several water-related bills continue to advance in Congress, with particular momentum for the Every Drop Counts Act:

Upcoming Legislative Hearing: The House Natural Resources Subcommittee on Water, Wildlife, and Fisheries will hold a legislative hearing on Wednesday, November 19, 2025, on various bills, including H.R. 338, the Every Drop Counts Act. This ACWA-supported bill, introduced by Rep. Jim Costa (D-CA), expands the Bureau of Reclamation's Small Storage Program by:

- Increasing the water storage size cap for groundwater recharge and aquifer storage projects with capacities between 200 acre-feet and 150,000 acre-feet;
- Expanding the eligibility criteria to ensure more groundwater projects can apply for funding (acre-foot cap measured on an average annual basis over the life of the project)
- Incentivizing recharge of depleted aquifers

Other key water legislation includes:

- H.R. 1894 - Federally Integrated Species Health (FISH) Act, introduced by Rep. Ken Calvert (R-CA-41), would consolidate the management and regulation of the Endangered Species Act (ESA) with respect to anadromous species within the U.S. Fish and Wildlife Service (FWS). Currently, ESA authority is split between FWS and the National Marine Fisheries Service (NMFS). The bill addresses conflicting regulations, such as federal agencies receiving contradictory directives regarding water releases from reservoirs.
- S. 783 - Assistance for Rural Water Systems Act, introduced by Sen. Jeanne Shaheen (D-NH), would amend the Consolidated Farm and Rural Development Act to provide additional assistance to rural water, wastewater, and waste disposal systems.
- H.R.337 - The Groundwater Recharge Technical Assistance Act, introduced by Rep. Jim Costa (D-CA), provides $3 million annually to support groundwater recharge projects. This would empower the Secretary of the Interior (DOI) to use unobligated funds under the Bipartisan Infrastructure Law Western Water funding for aquifer storage, clean drinking water, and flood protection efforts. This legislation aims to strengthen drought resilience and help the U.S. Bureau of Reclamation.
- H.R. 1871 – The Water Conservation Rebate Tax Parity Act, introduced by Rep. Jared Huffman, amends federal tax law to exempt homeowners from paying income tax on rebates received from water utilities for water conservation or efficiency, stormwater, and wastewater management improvements. Senators Padilla (CA) and Curtis (UT) introduced an identical version in the Senate.
- H.R. 5868 – Water Cybersecurity Enhancement Act, introduced with bipartisan support by Rep. Frederica Wilson (D-FL) and eight co-sponsors, amends the Drinking Water Infrastructure Risk and Resilience Program to provide additional resources for utility training programs and guidance related to cyberattack responses.

A full list of water bills that will be of interest to MPWMD can be found here.

Western Water Legislation Under Development

Senator Alex Padilla and a number of House Republican and Democrat offices are working to develop comprehensive west-wide water legislation that will address California-specific needs as well as regional concerns. The legislation may include reauthorization of WIIN Act provisions, including:

- Storage account funding
- Water reuse funding increases
- Small-scale storage programs
- Ecosystem restoration and compliance funding

This legislation could provide significant opportunities for the District to seek funding for:

- Groundwater recharge projects
- Conjunctive use projects
- Small-scale storage expansions
- Water reuse priorities in partnership with Monterey One Water

NEPA Permitting Reform

House Natural Resources Chair Bruce Westerman (R-AR) is pushing to bring bipartisan legislation that would overhaul permitting reviews for new energy and infrastructure projects to the House floor before year's end. The SPEED Act would ease permitting reviews and limit legal challenges for projects under the National Environmental Policy Act.

Key provisions under negotiation include "permit certainty" language sought by Democrats that would prevent the executive branch from revoking or stalling permits for energy projects based on political preferences—addressing concerns about regulatory ping-pong between administrations.

FEMA Reform Legislation

House Transportation and Infrastructure Chairman Sam Graves (R-MO) announced that comprehensive FEMA reform legislation (H.R. 4669, the FEMA Reform Act) will likely advance in 2026. The bipartisan measure would:

- Restore FEMA to Cabinet-level status
- Shift greater responsibility to state and local governments
- Provide disaster victims increased flexibility in using federal mitigation funds
- Streamline the public assistance application process.

PFAS Regulatory Developments

EPA Proposed Rule: EPA released an unpublished notice regarding a proposed rule for PFAS reporting requirements under the Toxic Substances Control Act (TSCA). The proposed rule would:

- Exempt PFAS imported as part of an article
- Exempt PFAS in mixtures or articles below 0.1% de minimis concentration
- Exempt PFAS that are impurities, byproducts, or non-isolated intermediates
- Extend the PFAS reporting timeline for the third time

Senate Hearing: The Senate Environment and Public Works Committee will hold a hearing on Wednesday, November 19, 2025, to examine the future of PFAS cleanup and disposal policy.

Water Resources Development Act of 2024

Due to the record federal government shutdown, initial House and Senate action on the Water Resources Development Act (WRDA) of 2026 will likely be delayed until the first quarter of 2026. Formal House and Senate consideration is now expected to occur in May-June 2026, with final approval anticipated in September or during the lame-duck session following the mid-term elections.

MPWMD continues to pursue amendments to Section 219 (Environmental Infrastructure) authority to allow federal assistance under the program to be provided in the form of reimbursements. This change would save MPWMD and the Corps time and money for work carried out under the "Monterey Peninsula Stormwater Diversion and Recycling Program" authority.

TFG will continue to work with the District and the District's congressional delegation to advocate for this provision as committees begin work on WRDA 2026.

Executive Branch and Regulatory Updates

Interior Department Appointments

Recent appointments affecting water and natural resources management:

- Andrea Travnicek, DOI ASWS
- Dustin Sherer, ASWS Senior Advisor
- Scott Cameron, Acting BOR Commissioner
- Jessica Kramer, EPA AA Office of Water
- Peggy Browne, EPA Deputy AA Office of Water
- Adam Telle, ASA – Civil Works
- Lee Forsgren, Principal Deputy ASA
- Richard Fordyce, USDA Undersecretary FPAC
- Aubrey Bettencourt, Director, USDA-NRCS
- Tim Petty (Nominated), NOAA Assistant Secretary over NOAA Fisheries
- Stuart Levenbach, PAD – Natural Resources, Energy, Science, and Water, Office of Management and Budget (OMB)

EPA Regulatory Actions

EPA has unveiled cybersecurity guidance for water systems, releasing recommendations to strengthen defenses against cyberattacks and extreme weather. The agency announced $9 million in first-time grants to support cybersecurity and climate resilience projects for water utilities.

Grant Funding Update

Funding Opportunities

Numerous federal competitive grant funding opportunities are available to support District and District-partner priorities. TFG will continue to monitor relevant funding opportunities and provide updates as they become available.

LEGISLATIVE ADVOCACY COMMITTEE

ITEM: DISCUSSION ITEM

3. REPORT FROM JEA & ASSOCIATES ON LEGISLATIVE STATUS AND BILL TRACKING

Meeting Date:	**November 19, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**David J. Stoldt**	**Cost Estimate:**	**N/A**

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: JEA & Associates will provide an update on activities related to California legislation and regulatory activities, as described in **Exhibit 3-A** and **Exhibit 3-B** bill tracker.

EXHIBITS
3-A JEA Year-End Review
3-B Sacramento Bill Tracker

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END OF THE YEAR OVERVIEW

California's 2025 legislative session was among the most dynamic in recent memory, shaped by overlapping challenges in housing, climate adaptation, labor, and local governance. Lawmakers advanced comprehensive policy packages on housing and land use reform, Cap-and-Trade reauthorization, behavioral health, and artificial intelligence accountability, while navigating constrained fiscal conditions and a cautious economic outlook.

Revenues modestly exceeded midyear projections, but the state's 2025–26 Budget Act remains only narrowly balanced, with long-term deficits projected absent corrective action. The result is a policy environment defined by ambition tempered by fiscal restraint—one where the relationship between state and local governments continues to evolve.

Within this complex environment, JEA & Associates has maintained steady and effective advocacy for MPWMD, ensuring its priorities in infrastructure, housing, and overall water policy remain visible to legislative and administrative decision-makers in Sacramento.

POLICY & BUDGET LANDSCAPE

Water Policy

With the passage of SB 31 (McNerney), which redefined "recycled" water, this exemplifies the state's strong focus of diversifying away from purely potable water supply and leveraging treated wastewater and non-traditional sources. The Governor also signed SB 72 (Caballero) which revises and recasts requirements for the contents of the California Water Plan. The bill requires the Department of Water Resources (DWR) to develop a long-term water supply planning target for 2050, and establishes an interim target for developing an additional nine million acre-feet (AF) of water by 2040. This was an ACWA-sponsored bill that reflects the state's desire to shift toward a long-term, climate-resilient water strategy rather than incremental tweaks. More importantly, with the passage of SB 131 (Committee on Budget), which eliminates many CEQA regulations, we are now seeing an interplay between regulatory/infrastructure and water supply reliability. This directive will be advanced in 2026, as the state is pushing to fast-track infrastructure projects to not only allow more housing but to protect reliability in a drier future.

Housing Production & Land Use

The state continues to exert significant pressure on local governments to accelerate housing production through streamlining, infill incentives, and expanded ministerial approval for qualifying projects. Recent measures strengthen existing tools for Accessory Dwelling Units (ADUs) and infill development, while further reducing CEQA barriers for mixed-use and affordable housing units near transit hubs.

Homelessness & Encampments

Governor Newsom's administration introduced a state model ordinance guiding municipal responses to homelessness and encampments. The ordinance is tied to new funding through Proposition 1 and other state allocations. The framework encourages coordination between local enforcement and supportive service delivery.

Climate & Energy

Lawmakers approved a sweeping energy and climate package that renews California's Cap-and-Trade program and expands investment in renewable energy, building decarbonization, and local transportation planning.

Technology & Artificial Intelligence

California became the first state in the nation to enact a major AI accountability law (SB 53), requiring developers to assess and disclose algorithmic safety risks and establish transparency measures.

Public Safety & Labor

Recent legislation expands law enforcement oversight, workplace safety, and public-sector labor standards, requiring closer coordination between human resources, collective bargaining units, and pension administrators.

STATE BUDGET OUTLOOK

California's fiscal position in 2025 is marked by short-term stability but long-term strain.
While recent revenue collections have outperformed expectations, the state continues to face significant structural pressures from slower economic growth, volatile income streams, and ongoing program commitments.

The Legislative Analyst's Office (LAO) describes the outlook as *"roughly balanced"* for the near term but warns that deficits will re-emerge without corrective action.

- Revenues Running Ahead: The LAO reports that, despite persistent softness in broader economic indicators, personal income tax receipts—particularly from high-income earners—have exceeded prior projections, boosted by capital-gains activity and stock-market performance. This rebound has temporarily improved the state's near-term revenue picture and provided some breathing room for 2025-26 budget planning.
- "Roughly Balanced" General Fund: Following a series of midyear adjustments and the use of one-time solutions, the General Fund shortfall is estimated at roughly $2 billion for FY 2025-26—a manageable gap by historical standards. The LAO characterizes this as a period of temporary balance, noting that continued discipline will be required to sustain it.
- Limited Fiscal Capacity for New Programs: Despite the modest revenue upside, the state has little flexibility to launch new ongoing initiatives. Expenditure growth in health, human services, and infrastructure continues to outpace revenue gains, and any new commitments could quickly destabilize the operating balance. The Legislature is expected to prioritize maintaining existing obligations over expanding new programs.
- Out-Year Deficits on the Horizon: Over the forecast window of 2025-26 through 2028-29, the LAO projects recurring operating deficits in the low double digits (as a share of the General Fund) absent corrective policy changes. These deficits are driven largely by slowing revenue growth, rising labor and pension costs, and expiring one-time savings measures.
- Use and Sustainability of Reserves: The Budget Stabilization Account (BSA) and other reserve funds remain healthy, totaling over $22 billion, but the LAO cautions that continued reliance on reserves to balance future budgets is unsustainable. Policymakers are advised to preserve these funds for economic downturns rather than for routine operating needs.
- Deferred Fiscal Uncertainty from Wildfire Tax Delays: Following the January 2025 California wildfires, the Internal Revenue Service and Franchise Tax Board extended tax-filing deadlines to October 15, 2025 for many of the state's highest earners. As a result, a substantial portion of income tax receipts will not be realized until the final quarter of 2025, leaving year-end revenue totals uncertain. If receipts fall short of estimates, the Legislature may need to revisit the budget upon reconvening in January 2026 to make mid-course adjustments.
- Structural Outlook and Fiscal Posture: The LAO's overall tone is measured but cautionary. The near-term budget is manageable, thanks to prudent planning and early corrective actions, but underlying cost pressures and volatile revenues remain significant risks. Without continued restraint—or new revenue strategies—the state could again face multi-billion-dollar gaps within two fiscal years.

JEA & ASSOCIATES ADVOCACY FOR MPWMD

Throughout 2025, JEA & Associates has prioritized targeted advocacy efforts on behalf of MPWMD across multiple levels of government, advancing key projects and policy goals that align with the district's strategic vision.

SB 473 (Padilla)

In early June, MPWMD formally opposed SB 473 (Padilla). SB 473 would require the California Public Utilities Commission (CPUC) to provide water utilities with full decoupling revenue mechanisms. Under full decoupling, water utilities are guaranteed recovery of their allowed revenue, despite how much water they actually sell. While this approach is intended to remove the disincentive for utilities to support conservation, it also introduces other challenges—especially pertaining to forecasting usage and its impact on ratepayers. We were actively engaged with the PUC's Public Advocates Office (PAO), on submitted materials/letters, advocacy strategy, and legislative targeting.

JEA & Associates actively lobbied and testified on this bill in both the policy and fiscal committees, utilizing our relationships outside of MPWMD's legislative sphere. Additionally, we worked in continuous collaboration with the PAO and MPWMD's General and Assistant Manager on effective messaging and strategy. We were ultimately successful in convincing the Appropriations Committee of the financial peril that would inevitably threaten ratepayers' affordability, similar to our current issues with utilities.

Position: Oppose Status: Held in Assembly Appropriations Committee

The General Manager will provide further details.

SB 350 (Durazo) – This bill would have established the Water Rate Assistance Program and the Water Rate Assistance Fund to provide water rate affordability assistance, for both drinking water and wastewater services, to low-income ratepayers. JEA & Associates collaborating with ACWA in seeking amendments to curtail the extended authority of the State Water Resources Control Board in administering this program, and to guarantee any funding used to this program is not being diverted from an existing water program.

Position: Oppose unless Amended Status: Held in Senate Appropriations Committee

SB 394 (Allen) - Authorizes utilities to bring a civil action and local agencies to establish ordinances with enhanced administrative fines for water theft from a fire hydrant. This is an ACWA-sponsored bill, that JEA & Associates worked in coalition in supporting.

Position: Support Status: Chaptered

SB 454 (McNerney) - Creates the PFAS Mitigation Fund (Fund), and authorizes, upon appropriation by the Legislature, moneys deposited into the Fund to be available for the SWRCB to expend for the treatment of perfluoroalkyl and polyfluoroalkyl substances (PFAS) in drinking water, wastewater, and recycled water. We worked in coalition with ACWA and CMUA to support this new fund. While we were able to advocate this bill to the Governor's Desk, he ultimately vetoed the bill, citing that this is unnecessary and duplicative of the work that the EPA has been doing sine 2012.

Position: Support Status: Vetoed

SB 707 (Durazo) – This bill was an overwhelming broad and complex open meetings bill. The author attempted to encapsulate all the COVID-related open meeting provisions and then some additional items. On a broad level, the bill makes numerous changes to the Ralph M. Brown Act (Brown Act), including new public access and participation requirements for specified legislative bodies, new exemptions from certain teleconferencing requirements for subsidiary bodies and multijurisdictional bodies, extensions of law providing exemptions from certain teleconferencing requirements for specified legislative bodies or under specified circumstances, and additional changes.

JEA & Associates worked closely with CSAC, the League of Cities, and CSDA in narrowing the applicability of the bill, so as to exclude MPWMD from the new onerous provisions. We narrowed the applicability of an eligible legislative body in the size of the county (600,000+) and employee size (must be more than 200 full-time).

Position: N/A Status: Chaptered

SPECIAL INITIATIVES – Cease and Desist Order

General Manager will provide a verbal report.

LOOKING AHEAD TO 2026

As California transitions into 2026, the policy landscape will be shaped by the implementation of major reforms passed in 2025, ongoing fiscal uncertainty, and increasing expectations placed on local agencies and special districts, like MPWMND, to achieve state policy objectives in housing, climate, and equity.

While the immediate budget picture remains manageable, long-term fiscal pressures, cost containment, and local implementation of complex state mandates will dominate discussions in the Capitol. Below are the key anticipated issues for 2026, organized by policy area.

Housing, Land Use & CEQA Reform

- Sweeping CEQA changes enacted through AB 130 and related legislation have exempted many infill housing and infrastructure projects from environmental review.
- Implementation and legal challenges will dominate 2026, particularly around environmental justice, displacement, and the limits of local zoning authority.
- SB 158 (effective July 2026) establishes the Housing Development & Finance Committee within the new Housing & Homelessness Agency, streamlining funding and program administration.
- The long-standing debate between “YIMBY” and “local control” will intensify as the state continues to promote dense housing near transit while restricting municipal discretion in land use decisions.
- Enforcement of housing element compliance and CEQA exemptions for local infrastructure will remain central points of tension between the state and cities.

Climate, Energy & Clean Technology / Cap-and-Trade Extension

- The state’s six climate and energy bill package, reauthorizing Cap-and-Trade through 2045, enters its first full year of implementation.
- Lawmakers will seek to balance affordability, reliability, and decarbonization, particularly as energy costs rise for residents and local governments.
- Key focus areas include grid modernization, renewable energy integration, and zero-emission vehicle infrastructure expansion.
- Oversight of Cap-and-Trade auction revenues—including allocations for resilience, wildfire prevention, and clean transportation—will generate debate.
- Cities should anticipate new mandates and incentives related to municipal fleet electrification, building decarbonization, and local energy planning.

Municipal Budget Stress, Social Services & Community Stability

- The state’s fiscal position will remain tight, limiting new local assistance or ongoing funding increases.
- Lawmakers are likely to defer or reduce discretionary grant programs, placing greater responsibility on cities to sustain essential services.
- Rising pension, labor, and infrastructure maintenance costs will continue to challenge local fiscal stability.
- Cities may face increased expectations to deliver behavioral health, shelter, and homelessness prevention services as state funding cycles become more performance-based.

Immigration, Health Access & Equity

- Implementation of expanded Medi-Cal access and immigrant inclusion programs will remain politically sensitive and resource-dependent.
- Broader debates over equity in housing, workforce development, and municipal service delivery will remain prominent.
- The state will continue to expand requirements for language access, cultural competence, and demographic data reporting.

Labor, Gig Economy & Worker Rights

- Implementation of AB 1340, permitting ride-share and delivery drivers to unionize, will introduce new regulatory and enforcement frameworks.
- Lawmakers are expected to revisit worker classification and wage standards, with implications for local contracting and labor compliance.
- Minimum wage adjustments, pension obligations, and collective bargaining trends will remain central to local workforce management.
- New initiatives are expected linking labor protections with emerging industries such as clean energy, housing construction, and infrastructure development.

Public Safety, Criminal Justice & Community Trust

- The Legislature will continue reforms emphasizing accountability, rehabilitation, and diversion alternatives.
- Local law enforcement agencies will be required to meet enhanced POST training standards and implement data transparency systems.
- Equity in enforcement and community-centered policing practices will remain high priorities, with scrutiny of municipal programs affecting vulnerable populations.

Education, Workforce & Talent Pipeline

- Education and workforce development funding will remain constrained under the 2026 budget.
- Protecting resources for K–12 partnerships, local career technical education, and teacher recruitment will be key.
- Workforce programs will increasingly emphasize construction, clean energy, and infrastructure trades aligned with federal and state investments.
- Cities will be encouraged to form partnerships with community colleges, workforce boards, and local employers to address skilled labor shortages.

Infrastructure, Transportation & Transit Financing

- Persistent cost escalation and shifting ridership trends continue to challenge local and regional transit systems.
- Policymakers will explore new financing tools, including regional infrastructure banks, revolving loan funds, and public-private partnerships.
- Future funding formulas will increasingly tie transportation funding eligibility to housing production, emissions performance, and equity outcomes.
- Cities will need to demonstrate measurable integration of housing, climate, and transportation goals to remain competitive for infrastructure grants.

Health, Behavioral Health & Reproductive Rights

- Implementation of behavioral health reforms and IVF coverage mandates may be delayed or phased due to fiscal constraints.
- Expansion of the CARE Court system will continue, with a focus on coordination between cities, counties, and local courts.
- California will maintain its national leadership on reproductive rights, though provider shortages and affordability challenges persist.

Legislative Transparency, Accountability & Data Equity

- Growing public demand for open governance will drive legislative efforts to increase local reporting and disclosure requirements.
- Reforms are expected to expand access to open-data tools, contracting transparency, and digital public engagement.
- All local agencies will be called upon to enhance online access to budget, performance, and contracting data.

California enters 2026 with an ambitious reform agenda colliding with fiscal reality. Implementation, litigation, and accountability will dominate the policy landscape as the state manages constrained revenues, landmark housing and climate/water mandates, and sustained equity demands. For MPWMD, proactive engagement, sound fiscal management, and adaptive planning will be critical to navigate state directives, secure funding, and maintain local control.

EXHIBIT 3-B

MPWMD Legislative Track

As of November 19, 2025

Measure	Author	Topic	Status	Summary	Notes
AB 93	Papan D	Water resources: data centers.	10/11/2025-Vetoed by Governor. Consideration of Governor's veto pending.	Existing law authorizes the legislative body of an incorporated city and the county board of supervisors to license businesses carried on within their respective jurisdictions and to set license fees, as specified. This bill would require a person who owns or operates a data center, prior to applying to a city or a county for an initial business license, equivalent instrument, or permit, to provide its water supplier, under penalty of perjury, an estimate of the expected water use. When applying to a city or county for an initial business license, the bill would require a person who owns or operates a data center to self-certify, under penalty of perjury, on the application that the person has provided its water supplier an estimate of the expected water use. When applying to a city or county for a renewal of a business license, equivalent instrument, or permit, the bill would require a person who owns or operates a data center to self-certify, under penalty of perjury, on the application, that they have provided the data center’s water supplier with a report of the annual water use. By expanding the crime of perjury, the bill would impose a state-mandated local program. The bill would authorize the Department of Water Resources, as part of any efficiency standard adopted under a specified provision of law, to identify different tiers of data centers, based on factors affecting water consumption, and appropriate standards for each data tier. The bill would define terms for purposes of these provisions. This bill contains other related provisions and other existing laws.	
AB 149	Committee on Budget	Public resources trailer bill.	9/17/2025-Chaptered by Secretary of State - Chapter 106, Statutes of 2025	Existing law, until January 1, 2030, generally prohibits a person from possessing, importing, shipping, or transporting in the state, or from placing, planting, or causing to be placed or planted in any water within the state, dreissenid mussels, and authorizes the Director of Fish and Wildlife or the director’s designee to engage in various enforcement activities with regard to dreissenid mussels. Existing law requires any person, or federal, state, or local agency, district, or authority that owns	New

				or manages a reservoir, as defined, where recreational, boating, or fishing activities are permitted, except as specified, to develop and implement a program designed to prevent the introduction of nonnative dreissenid mussel species, as provided. Under existing law, except as otherwise provided, any violation of the Fish and Game Code, or of any rule, regulation, or order made or adopted under the code, is a crime. This bill would expand the scope of the above-described provisions relating to dreissenid mussels to instead apply to invasive mussels, defined to mean any nonnative detrimental mussel species, as provided. By expanding the scope of a crime, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.	
AB 259	Rubio, Blanca D	Open meetings: local agencies: teleconferences.	7/17/2025-Failed Deadline pursuant to Rule 61(a)(10). (Last location was JUD. on 5/14/2025)(May be acted upon Jan 2026)	Existing law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body, as defined, of a local agency be open and public and that all persons be permitted to attend and participate. The act authorizes the legislative body of a local agency to use teleconferencing, as specified, and requires a legislative body of a local agency that elects to use teleconferencing to comply with specified requirements, including that the local agency post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, and the legislative body complies with prescribed requirements. Existing law requires a member to satisfy specified requirements to participate in a meeting remotely pursuant to these alternative teleconferencing provisions, including that specified circumstances apply. Existing law establishes limits on the number of meetings a member may participate in solely by teleconference from a remote location pursuant to these alternative teleconferencing provisions, including prohibiting such participation for more than 2 meetings per year if the legislative body regularly meets once per month or less. This bill would extend the alternative teleconferencing	

				procedures until January 1, 2030. This bill contains other related provisions and other existing laws.	
AB 269	Bennett D	Dam Safety and Climate Resilience Local Assistance Program.	5/1/2025-Failed Deadline pursuant to Rule 61(a)(2). (Last location was W.,P. & W. on 2/10/2025)(May be acted upon Jan 2026)	Existing law provides for the regulation and supervision of dams and reservoirs by the state, and requires the Department of Water Resources, under the police power of the state, to supervise the construction, enlargement, alteration, repair, maintenance, operation, and removal of dams and reservoirs for the protection of life and property, as prescribed. Existing law requires the department to, upon appropriation by the Legislature, develop and administer the Dam Safety and Climate Resilience Local Assistance Program to provide state funding for repairs, rehabilitation, enhancements, and other dam safety projects at existing state jurisdictional dams and associated facilities that were in service prior to January 1, 2023, subject to prescribed criteria. This bill would include the removal of project facilities as additional projects eligible to receive funding under the program.	
AB 295	Macedo R	California Environmental Quality Act: environmental leadership development projects: water storage, water conveyance, and groundwater recharge projects: streamlined review.	5/1/2025-Failed Deadline pursuant to Rule 61(a)(2). (Last location was NAT. RES. on 2/10/2025)(May be acted upon Jan 2026)	The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report (EIR) on a project that the lead agency proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA establishes a procedure by which a person may seek judicial review of the decision of the lead agency made pursuant to CEQA. The Jobs and Economic Improvement Through Environmental Leadership Act of 2021 authorizes the Governor, until January 1, 2032, to certify environmental leadership development projects that meet specified requirements for certain streamlining benefits related to CEQA. The act, among other things, requires a lead agency to prepare the record of proceedings for an environmental leadership development project, as provided, and to provide a specified notice within 10 days of the Governor certifying the project. The act is repealed by its own term on January 1, 2034. This bill would extend the application of the act to	

				water storage projects, water conveyance projects, and groundwater recharge projects that provide public benefits and drought preparedness. Because a lead agency would be required to prepare the record of proceedings for water storage projects, water conveyance projects, and groundwater recharge projects pursuant to the act, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.	
AB 300	Lackey R	Fire hazard severity zones: State Fire Marshal.	8/29/2025-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/18/2025)(May be acted upon Jan 2026)	Existing law requires the State Fire Marshal to identify areas in the state as moderate, high, and very high fire hazard severity zones, as specified. Existing law also requires the State Fire Marshal to classify lands within state responsibility areas into fire hazard severity zones, and, by regulation, to designate fire hazard severity zones and assign to each zone a rating reflecting the degree of severity of fire hazard that is expected to prevail in the zone. Existing law requires the State Fire Marshal to periodically review very high fire hazard severity zones that are not state responsibility areas, and designated and rated zones that are state responsibility areas, as provided. This bill would instead require the State Fire Marshal, at least once every 5 years, to review areas in the state identified as moderate, high, and very high fire hazard severity zones, and to review lands within state responsibility areas classified as fire hazard severity zones. The bill would also require the State Fire Marshal, at least once every 5 years, to re-review areas within the state that are not identified as moderate, high, and very high fire hazard severity zones, and to re-review lands within state responsibility areas that are not classified as fire hazard severity zones, and, if applicable, identify or classify those areas, as specified.	
AB 339	Ortega D	Local public employee organizations: notice requirements.	10/13/2025-Approved by the Governor. Chaptered by Secretary of State - Chapter 687, Statutes of 2025.	Existing law, the Meyers-Milias-Brown Act, contains various provisions that govern collective bargaining of local represented employees and delegates jurisdiction to the Public Employment Relations Board to resolve disputes and enforce the statutory duties and rights of local public agency employers and employees. Existing law requires the governing body of a public agency to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of recognized employee organizations. Existing law requires the governing body of a public agency, and boards and commissions designated by law or by the governing body, to give reasonable written notice, except in cases of	

				emergency, as specified, to each recognized employee organization affected of any ordinance, rule, resolution, or regulation directly relating to matters within the scope of representation proposed to be adopted by the governing body or the designated boards and commissions. This bill would require the governing body of a public agency, and boards and commissions designated by law or by the governing body of a public agency, to give the recognized employee organization no less than 45 days' written notice before issuing a request for proposals, request for quotes, or renewing or extending an existing contract to perform services that are within the scope of work of the job classifications represented by the recognized employee organization, subject to certain exceptions. The bill would require the notice to include specified information, including the anticipated duration of the contract. The bill would also require the public agency, if an emergency or other exigent circumstance prevents the public agency from providing the written notice described above, to provide as much advance notice as is practicable under the circumstances. By imposing new duties on local public agencies, the bill would impose a state-mandated local program. This bill contains other existing laws.	
AB 367	Bennett D	Water: County of Ventura: fire suppression.	10/13/2025-Approved by the Governor. Chaptered by Secretary of State - Chapter 690, Statutes of 2025.	Existing law provides generally for the regulation of wells, pumping plants, conduits, and streams. Existing law requires the State Fire Marshal to identify areas in the state as moderate, high, and very high fire hazard severity zones based on consistent statewide criteria and based on the severity of fire hazard that is expected to prevail in those areas. This bill would, beginning July 1, 2030, require a water supplier, as defined, to have access to sufficient backup energy sources to operate critical fire suppression infrastructure, as defined, needed to supply water for at least 24 hours for the purpose of fire suppression in high or very high fire hazard severity zones in the County of Ventura, or to have access to alternative sources of water supplied by a different water supplier or agency that can serve this same purpose of supplying backup water to critical wells and water pumps for 24 hours, as provided. The bill would require the water supplier to take various actions, including annually inspecting critical fire suppression infrastructure and backup energy sources and notifying the Ventura County Office of Emergency Services within 3 business days of any reduction in its water delivery capacity that could substantially hinder firefighting operations or significantly delay the replenishment of	

				reservoirs. The bill would require, if any fire damages and makes uninhabitable more than 10 residential dwellings within the service area of a water supplier, a report be made by the Ventura County Fire Department in cooperation with the water supplier, as specified. By levying new requirements on the Ventura County Fire Department, this bill would create a state-mandated local program. This bill contains other related provisions and other existing laws.	
AB 514	Petrie-Norris D	Water: emergency water supplies.	5/23/2025-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/14/2025)(May be acted upon Jan 2026)	Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan. The act requires an urban water management plan to include a water shortage contingency plan, as provided. This bill would declare that it is the established policy of the state to encourage, but not mandate, the development of emergency water supplies by both local and regional water suppliers, as defined, and to support their use during times of drought or unplanned service or supply disruption, as provided.	
AB 638	Rodriguez, Celeste D	Stormwater: uses: irrigation.	8/29/2025-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/18/2025)(May be acted upon Jan 2026)	Existing law, the Stormwater Resource Planning Act, authorizes one or more public agencies to develop a stormwater resource plan that meets certain standards to address the capture of stormwater, as defined, and dry weather runoff, as defined. The act requires the State Water Resources Control Board, by July 1, 2016, to establish guidance for purposes of the act. This bill would require the board, by December 1, 2026, to develop recommendations for stormwater capture and use for the irrigation of urban public lands, as defined. The bill would require the recommendations to address, but not be limited to, opportunities for the use of captured stormwater for irrigation to offset the use of potable water, as specified, and recommendations for, among other things, pathogens and pathogen indicators and total suspended solids. Prior to approving the recommendations, the bill would require the board to solicit and receive written public comment on proposed recommendations.	
AB 717	Aguiar-Curry D	Water rights: appropriation: small restoration	5/23/2025-Failed Deadline pursuant to Rule 61(a)(5). (Last	Existing law, the Water Rights Permitting Reform Act of 1988, authorizes any person to obtain a right to appropriate water for a small domestic, small irrigation, or livestock stockpond use, as defined, upon registering the use with the State Water Resources Control Board, as	

		use.	location was APPR. SUSPENSE FILE on 4/30/2025)(May be acted upon Jan 2026)	prescribed, payment of a registration fee, and application of the water to reasonable and beneficial use with due diligence. Existing law requires a person, in registering their water use to the board, to set forth a certification that the registrant has contacted the Department of Fish and Wildlife and to include a copy of any conditions required by the department. This bill would authorize any person to also obtain a right to appropriate water for a small restoration use, as defined. The bill would also authorize a person to apply for a restoration management permit from the Department of Fish and Wildlife, as provided, and if the permit is issued, the person would be required to include a copy of any conditions required by the restoration management permit with the required certification.	
AB 990	Hadwick R	Public water systems: emergency notification plan.	9/11/2025-Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 6/30/2025)(May be acted upon Jan 2026)	Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, adopting enforcement regulations, and conducting studies and investigations to assess the quality of domestic water wells. Existing law prohibits a person from operating a public water system without an emergency notification plan that has been submitted to and approved by the state board. Existing law requires the emergency notification plan to provide for immediate notice to the customers of the public water system of any significant rise in the bacterial count of water or other failure to comply with any primary drinking water standard that represents an imminent danger to the health of the water users. This bill would authorize and encourage a public water system to provide notification to water users in their preferred language when updating the emergency notification plan, if resources are available.	
AB 1096	Connolly D	Water: schoolsites: lead testing.	10/3/2025-Chaptered by Secretary of State - Chapter 290, Statutes of 2025	Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing federal regulations require community water systems to contact all schools and childcare facilities, as defined, to provide information about the health risks from lead in drinking water and of eligibility to be sampled for lead by the water system. Existing federal regulations require a	

				community water system to report to the state annually on the notification of eligibility and sampling for lead, and information regarding the number and names of schools and childcare facilities served by the water system, those sampled in the previous year, the facilities that declined sampling, facilities that did not respond to outreach attempts for sampling, and information pertaining to those outreach attempts for sampling. This bill would require a community water system, when making outreach attempts to elementary schools and childcare facilities for the purposes of offering lead sampling in drinking water, to compile specified information and to provide elementary schools and childcare facilities that decline lead testing with an opportunity to provide information about their reasons for declining by allowing them to select from a list that includes specified options, unless the school or childcare facility is exempted from lead testing by federal waiver, as provided. The bill would authorize the state board to add additional reasons for declining lead testing to that list. The bill would require a community water system to submit all of the above-described information that it compiles or that is provided to it to the state board, as provided. The bill would require the state board, on or before June 30, 2028, to make all of that information publicly available in a searchable format on its internet website, as specified. The bill also would require, on or before December 31, 2028, a community water system to include, in its annual consumer confidence report, a written statement about the availability of information pertaining to lead testing in schools and childcare facilities on the state board's internet website and a direct link to that website. Because knowingly making a false statement or representation in that report would be a crime under the California Safe Drinking Water Act, the bill would impose a state-mandated local program by expanding the scope of a crime. This bill contains other related provisions and other existing laws.	
AB 1146	Papan D	Water infrastructure: dams and reservoirs: water release: false pretenses.	8/29/2025-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on	Existing law provides for the regulation and supervision of dams and reservoirs exclusively by the state. Under existing law, a person who violates certain provisions related to the regulation and supervision of dams and reservoirs or of any approval, order, rule, regulation, or requirement of the Department of Water Resources is guilty of a misdemeanor, as specified. This bill would prohibit the release of stored water from a reservoir owned and operated by the United States in this state if the release is done under false pretenses, which the bill	

			8/18/2025)(May be acted upon Jan 2026)	would define to mean a release of water from a reservoir owned and operated by the United States in a manner that is knowingly, designedly, and intentionally under any false or fraudulent representation as to the purpose and intended use of the water. The bill would authorize the State Water Resources Control Board or the Attorney General, as provided, to bring an action for injunctive relief for a violation of the above-described prohibition. By expanding the scope of a crime, the bill would impose a state-mandated local program. This bill contains other existing laws.	
AB 1198	Haney D	Public works: prevailing wages.	5/23/2025-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/23/2025)(May be acted upon Jan 2026)	Existing law requires that, except as specified, not less than the general prevailing rate of per diem wages, determined by the Director of Industrial Relations, be paid to workers employed on public works projects. Existing law requires the body awarding a contract for a public work to obtain from the director the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is to be performed, and the general prevailing rate of per diem wages for holiday and overtime work, for each craft, classification, or type of worker needed to execute the contract. Under existing law, if the director determines during any quarterly period that there has been a change in any prevailing rate of per diem wages in a locality, the director is required to make that change available to the awarding body and their determination is final. Under existing law, that determination does not apply to public works contracts for which the notice to bidders has been published. This bill would instead state, commencing July 1, 2026, that if the director determines, within a semiannual period, that there is a change in any prevailing rate of per diem wages in a locality, that determination applies to any public works contract that is awarded or for which notice to bidders is published after July 1, 2026. The bill would authorize any contractor, awarding body, or specified representative affected by a change in rates on a particular contract to, within 20 days, file with the director a verified petition to review the determination of that rate, as specified. The bill would require the director to, upon notice to the interested parties, initiate an investigation or hold a hearing, and, within 20 days after the filing of that petition, except as specified, make a final determination and transmit the determination in writing to the awarding body and to the interested parties. The bill would make that determination issued by the director effective 10 days after its issuance, and until it is modified,	

				rescinded, or superseded by the director.	
AB 1203	Ahrens D	Water conservation: water wise designation.	5/1/2025-Failed Deadline pursuant to Rule 61(a)(2). (Last location was W.,P. & W. on 3/10/2025)(May be acted upon Jan 2026)	Existing law requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water and performance measures for commercial, industrial, and institutional water use (CII water use), among other water uses, before June 30, 2022. Existing law requires the department, in coordination with the board, to conduct necessary studies and investigations and make recommendations, no later than October 1, 2021, for purposes of those standards and performance measures for CII water use. This bill would require the department and the Office of Community Partnerships and Strategic Communications to include, within the Save Our Water Campaign, a statewide "water wise" designation to be awarded to businesses in the CII sector that meet or exceed the recommendations for CII water use best management practices pursuant to those performance measures.	
AB 1367	Gallagher R	The California Water Plan: water storage.	5/1/2025-Failed Deadline pursuant to Rule 61(a)(2). (Last location was W.,P. & W. on 3/13/2025)(May be acted upon Jan 2026)	Existing law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state. This plan is known as The California Water Plan. This bill would require the department to amend The California Water Plan to state that water storage is the preferred method to be used by the state to meet increased water demands by urban, agricultural, and environmental interests.	
SB 31	McNerney D	Water quality: recycled water.	10/13/2025-Approved by the Governor. Chaptered by Secretary of State. Chapter 736, Statutes of 2025.	The Water Recycling Law generally provides for the use of recycled water. Existing law requires any person who, without regard to intent or negligence, causes or permits an unauthorized discharge of 50,000 gallons or more of recycled water in or on any waters of the state to immediately notify the appropriate regional water board. This bill would, for the purposes of the above provision, redefine "recycled water" and provide that water discharged from a decorative body of water during storm events is not to be considered an unauthorized discharge if recycled water was used to restore levels due to evaporation. This bill contains other related provisions and other existing laws.	
SB 72	Caballero D	The California	10/1/2025-Chaptered by	Existing law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control,	

		Water Plan: long-term supply targets.	Secretary of State - Chapter 210, Statutes of 2025	protection, conservation, development, and use of the water resources of the state, which is known as "The California Water Plan." Existing law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, and water transfers, that may be pursued in order to meet the future needs of the state. Existing law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to expand the membership of the advisory committee to include, among others, tribes, labor, and environmental justice interests. The bill would require the department, as part of the 2033 update to the plan, to update the interim planning target for 2050, as provided. The bill would require the target to consider the identified and future water needs for all beneficial uses, including, but not limited to, urban uses, agricultural uses, tribal uses, and the environment, and ensure safe drinking water for all Californians, among other things. The bill would require the plan to include specified components, including a discussion of the estimated costs, benefits, and impacts of any project type or action that is recommended by the department within the plan that could help achieve the water supply targets. The bill would require the department to report to the Legislature the amendments, supplements, and additions included in the updates of the plan, together with a summary of the department's conclusions and recommendations, in the session in which the updated plan is issued. The bill would also require the department to conduct public workshops to give interested parties an opportunity to comment on the plan.	
SB 90	Seyarto R	Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of	5/23/2025-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/5/2025)(May	The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, approved by the voters as Proposition 4 at the November 5, 2024, statewide general election, authorized the issuance of bonds in the amount of $10,000,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate-smart, sustainable, and resilient farms, ranches, and working lands, park creation and outdoor access,	

		2024: grants: improvements to public evacuation routes: mobile rigid water storage: electrical generators.	be acted upon Jan 2026)	and clean air programs. The act makes $135,000,000 available, upon appropriation by the Legislature, to the Office of Emergency Services for a wildfire mitigation grant program to provide, among other things, loans, direct assistance, and matching funds for projects that prevent wildfires, increase resilience, maintain existing wildfire risk reduction projects, reduce the risk of wildfires to communities, or increase home or community hardening. The act provides that eligible projects include, but are not limited to, grants to local agencies, state agencies, joint powers authorities, tribes, resource conservation districts, fire safe councils, and nonprofit organizations for structure hardening of critical community infrastructure, wildfire smoke mitigation, evacuation centers, including community clean air centers, structure hardening projects that reduce the risk of wildfire for entire neighborhoods and communities, water delivery system improvements for fire suppression purposes for communities in very high or high fire hazard areas, wildfire buffers, and incentives to remove structures that significantly increase hazard risk. This bill would include in the list of eligible projects grants to the above-mentioned entities for improvements to public evacuation routes in very high and high fire hazard severity zones, mobile rigid dip tanks, as defined, to support firefighting efforts, prepositioned mobile rigid water storage, as defined, and improvements to the response and effectiveness of fire engines and helicopters. The bill would also include grants, in coordination with the Public Utilities Commission, to local agencies, state agencies, special districts, joint powers authorities, tribes, and nonprofit organizations for backup electrical generators for water reservoirs.	
SB 350	Durazo D	Water Rate Assistance Program.	5/23/2025-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/12/2025)(May be acted upon Jan 2026)	Existing law requires the State Water Resources Control Board to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program. Existing law requires the plan to include, among other things, a description of the method for collecting moneys to support and implement the program and a description of the method for determining the amount of moneys that may need to be collected from water ratepayers to fund the program. This bill would establish the Water Rate Assistance Program. As part of the program, the bill would establish the Water Rate Assistance Fund in the State Treasury, available upon appropriation by the Legislature, to provide water affordability assistance, for both residential water and wastewater services, to low-income residential ratepayers, as specified. The bill	OUA

				would require the state board to take various actions in administering the fund, including, among other things, tracking and managing revenue in the fund separately from all other revenue. The bill would require the state board, in consultation with relevant agencies and after a public hearing, to adopt guidelines for implementation of the program and to adopt an annual report to be posted on the state board's internet website identifying how the fund has performed, as specified. The bill would require the guidelines to include minimum requirements for eligible systems, including the ability to confirm eligibility for enrollment through a request for self-certification of eligibility under penalty of perjury. By expanding the crime of perjury, the bill would impose a state-mandated local program. The bill would require the state board to take various actions in administering the program, including, but not limited to, providing guidance, oversight, and funding for low-income rate assistance for residential ratepayers of eligible systems. The bill would authorize the Attorney General, at the request of the state board, to bring an action in state court to restrain the use of any method, act, or practice in violation of these provisions, except as provided. The bill would make the implementation of all of these provisions contingent upon an appropriation by the Legislature. This bill contains other related provisions and other existing laws.	
SB 394	Allen D	Water theft: fire hydrants.	10/10/2025-Approved by the Governor. Chaptered by Secretary of State. Chapter 540, Statutes of 2025.	Existing law authorizes a utility to bring a civil action for damages against any person who commits, authorizes, solicits, aids, abets, or attempts certain acts, including, diverting or causing to be diverted, utility services by any means whatsoever. Existing law creates a rebuttable presumption that there is violation of these provisions if, on premises controlled by the customer or by the person using or receiving the direct benefit of utility service, certain actions occur, including that there is an instrument, apparatus, or device primarily designed to be used to obtain utility service without paying the full lawful charge for the utility. This bill would add to the list of acts for which a utility may bring a civil cause of action under these circumstances to include tampering with a fire hydrant, fire hydrant meter, or fire detector check, or connecting to, diverting water from, or causing water to be diverted from, a fire hydrant without authorization from the utility that owns the fire hydrant, except as provided. The bill would also expand the rebuttable presumption for a violation of these provisions to include, among other things, if a person tampers with or uses a fire hydrant, fire	SUPPORT

				hydrant meter, or fire detector check without authorization to obtain water and without paying the full lawful charge of the water. This bill contains other related provisions and other existing laws.	
SB 454	McNerney D	State Water Resources Control Board: PFAS Mitigation Program.	10/1/2025-Vetoed by the Governor. In Senate. Consideration of Governor's veto pending.	Existing law designates the State Water Resources Control Board as the agency responsible for administering specific programs related to drinking water, including, among others, the California Safe Drinking Water Act and the Emerging Contaminants for Small or Disadvantaged Communities Funding Program. This bill, which would become operative upon an appropriation by the Legislature, would enact a perfluoroalkyl and polyfluoroalkyl substances (PFAS) mitigation program. As part of that program, the bill would create the PFAS Mitigation Fund in the State Treasury and would authorize certain moneys in the fund to be expended by the state board, upon appropriation by the Legislature, for specified purposes. The bill would authorize the state board to seek out nonstate, federal, and private funds designated for PFAS remediation and treatment and deposit the funds into the PFAS Mitigation Fund. The bill would continuously appropriate these funds to the state board for specified purposes. The bill would authorize the state board to establish accounts within the PFAS Mitigation Fund. The bill would authorize the state board to expend moneys from the fund in the form of a grant, loan, or contract, or to provide assistance services to water suppliers and sewer system providers, as those terms are defined, for multiple purposes, including, among other things, to cover or reduce the costs for water suppliers associated with treating drinking water to meet the applicable state and federal maximum PFAS contaminant levels. The bill would require a water supplier or sewer system provider to include a clear and definite purpose for how the funds will be used to provide public benefits to their community related to safe drinking water, recycled water, stormwater, or treated wastewater in order to be eligible to receive funds. The bill would require the state board to adopt guidelines to implement these provisions, as provided.	SUPPORT
SB 463	Alvarado-Gil R	Drought planning: resiliency measures.	5/23/2025-Failed Deadline pursuant to Rule 61(a)(5). (Last location was	Existing law requires small water suppliers, defined for purposes of these provisions to mean a community water system serving 15 to 2,999 service connections, inclusive, and that provides less than 3,000 acre-feet of water annually, and nontransient noncommunity water systems that are schools to implement specified drought resiliency	

			APPR. SUSPENSE FILE on 5/5/2025)(May be acted upon Jan 2026)	measures, including, among other things, no later than January 1, 2032, metering each service connection and monitoring for water loss due to leakages. This bill would exempt a small water supplier or nontransient noncommunity water system from these metering and monitoring requirements if it (1) is in the process of applying for state funding, has been determined to be ineligible for state funding, or is not able to obtain state funding because there is no funding available in applicable state programs, and (2) has made a finding that increasing its rates to raise revenue locally is not a feasible option.	
SB 473	Padilla D	Water corporations: demand elasticity: rates and surcharges.	8/28/2025-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/20/2025)(May be acted upon Jan 2026)	The California Constitution and the Public Utilities Act vest the Public Utilities Commission with regulatory authority over electrical corporations and water corporations. The act requires the commission to ensure that errors in estimates of demand elasticity or sales do not result in material overcollections or undercollections of electrical corporations. This bill would additionally require the commission to ensure that those errors do not result in material overcollections or undercollections of water corporations. This bill contains other related provisions and other existing laws.	OPPOSE
SB 599	Caballero D	Atmospheric rivers: research: forecasting methods: experimental tools.	9/11/2025-Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/10/2025)(May be acted upon Jan 2026)	Existing law establishes the Atmospheric Rivers Research and Forecast Improvement Program: Enabling Climate Adaptation Through Forecast-Informed Reservoir Operations and Hazard Resiliency (AR/FIRO) Program in the Department of Water Resources. Existing law requires the department to operate reservoirs in a manner that improves flood protection, and to reoperate flood control and water storage facilities to capture water generated by atmospheric rivers. Existing law requires the department to research, develop, and implement new observations, prediction models, novel forecasting methods, and tailored decision support systems to improve predictions of atmospheric rivers and their impacts on water supply, flooding, post-wildfire debris flows, and environmental conditions. This bill would, for novel forecasting methods researched, developed, and implemented by the department, require the department to include the use of experimental tools that produce seasonal and subseasonal atmospheric river forecasts, as defined.	
SB 614	Stern D	Public	10/10/2025-	The Elder California Pipeline Safety Act of 1981 requires the State Fire	

		resources: transportation of carbon dioxide.	Approved by the Governor. Chaptered by Secretary of State. Chapter 529, Statutes of 2025.	Marshal to administer provisions regulating the inspection of intrastate pipelines that transport hazardous liquids. A person who willfully and knowingly violates the act or a regulation issued pursuant to the act is, upon conviction, subject to a fine, imprisonment, or both a fine and imprisonment, as provided. This bill would revise the definition of “pipeline,” for purposes of the act, to include intrastate pipelines used for the transportation of carbon dioxide. The bill would require the State Fire Marshal, by July 1, 2026, to adopt regulations governing the safe transportation of carbon dioxide in pipelines that, at a minimum, are as protective as certain draft regulations issued by the federal Pipeline and Hazardous Materials Safety Administration on January 10, 2025. The bill would authorize the State Fire Marshal to amend those regulations, as provided. The bill would prohibit the approval of a pipeline for use in transporting carbon dioxide if the pipeline is originally constructed to transport any other liquid or gas and would prohibit the construction of those pipelines using previously used pipe or components. The bill would prohibit an operator from constructing a pipeline transporting carbon dioxide in a location where one or more sensitive receptors, as defined, are located within the emergency planning zone of the pipeline, which is defined as an area within 2 miles of either side of the pipeline, except as provided. The bill would require an operator of a pipeline transporting carbon dioxide to submit to the State Fire Marshal and the public agency that is the lead agency for the project that includes the pipeline an emergency planning zone inventory and map, as provided, and would require the State Fire Marshal and the lead agency to review, at least once every 3 years, the inventory and map for completeness and accuracy. The bill would require the operator, at least once every 3 years, to provide to local governments providing emergency response services to sensitive receptors within an emergency planning zone the inventory and map determined by the State Fire Marshal and the lead agency to be complete and accurate and any updates to the inventory and map. The bill would require the State Fire Marshal and the lead agency to make publicly available on its internet website all inventories and maps determined to be current, complete, and accurate and would require the State Fire Marshal and the lead agency to redact any personally identifiable information from the publicly available inventories and maps. To the extent this requirement imposes additional duties on a	

				local agency regarding the posting of, and the redaction of information from, the inventories and maps, this bill would impose a state-mandated local program. The bill would require the operator to annually provide the map to sensitive receptors within the emergency planning zone of the pipeline. The bill would authorize the State Fire Marshal, for a pipeline transporting carbon dioxide, to order a pipeline shutdown for violations of state or federal laws, or if continued pipeline operations present an immediate danger to health, welfare, or the environment. The bill would, in the event of a pipeline rupture, require the pipeline to remain nonoperational until an investigation into the pipeline rupture is completed and the origin and cause of the pipeline rupture is determined. Because the bill would expand the application of a crime to pipelines transporting carbon dioxide and because a violation of the regulations adopted by the State Fire Marshal related to pipelines transporting carbon dioxide would be a crime, the bill would impose a state-mandated local program. The bill would require that to be recognized by the state board for meeting any requirement under the California Global Warming Solutions Act of 2006, carbon dioxide transported by pipeline be transported only by pipelines meeting or exceeding the standards adopted by the State Fire Marshal. This bill contains other related provisions and other existing laws.	
SB 676	Limón D	California Environmental Quality Act: judicial streamlining: state of emergency: wildfire.	10/10/2025-Approved by the Governor. Chaptered by Secretary of State. Chapter 550, Statutes of 2025.	The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. This bill would require,on and after January 1, 2027, for a project, located in a geographic area for which the Governor declared a state of emergency on or after January 1, 2023, that is to maintain, repair, restore, demolish, or replace property or facilities damaged or destroyed by wildfire, and the project is not otherwise exempt from CEQA, as specified, the lead agency to prepare the record of proceeding concurrently with the administrative process. The bill would also	

				require an action or proceeding brought to attack, review, set aside, void, or annul the certification of an environmental impact report, or the adoption of a negative declaration or mitigated negative declaration, for the project to be resolved, to the extent feasible, within 270 calendar days of the filing of the certified record of proceedings. The bill would require an applicant to agree to pay the costs of the trial court and court of appeal in hearing and deciding any action or proceeding brought under these provisions, as provided. The bill would require the Judicial Council to adopt rules of court to implement these requirements. The bill would require the project to be consistent with the applicable zoning and land use ordinances. By requiring a lead agency to prepare the record of proceedings concurrently with the administrative process, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.	
SB 697	Laird D	Determination of water rights: stream system.	10/6/2025-Approved by the Governor. Chaptered by Secretary of State. Chapter 422, Statutes of 2025.	Existing law authorizes the State Water Resources Control Board to hold proceedings to determine all rights to water of a stream system whether based upon appropriation, riparian right, or other basis of right. Existing law provides various requirements for the board when determining adjudication of water rights, including, among other things, performing a detailed field investigation of a stream system, as defined, issuing an order of determination, providing notice and a hearing process, and filing a final order. This bill would revise the above-described provisions regarding the board's statutory adjudication of water rights during an investigation of a stream system to, among other things, require representatives of the board to investigate in detail the use of water with the authority, but no requirement, to conduct a field investigation, authorize the board, if the board determines that the information provided by the person, as specified, is inadequate, to issue information orders that require claimants to submit reports of water use from the stream system through a form provided by the board, and require claimants to respond to that order within 75 days of the date of issuance by the board. This bill contains other related provisions and other existing laws.	
SB 742	Pérez D	Water systems and water districts.	3/12/2025-Referred to Com. on RLS.	The California Water District Law provides for the establishment of water districts, and grants a district the power to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of	

				water for irrigation, domestic, industrial, and municipal purposes. This bill would state the intent of the Legislature to enact subsequent legislation related to the regulation of water systems and water districts.	

Total Measures: 30

Total Tracking Forms: 30

LEGISLATIVE ADVOCACY COMMITTEE

ITEM: DISCUSSION ITEM

4. REVIEW OF LEGISLATIVE ACTIVITIES IN 2025

Meeting Date:	**November 19, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**David J. Stoldt**	**Cost Estimate:**	**N/A**

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Unexpectedly, on October 28th the District was notified that it was selected by the Association of California Water Agencies (ACWA) as the Region 5 "Outreach Award" honoree for 2025. Outreach Awards recognize the most active ACWA member agencies based on overall engagement on legislative and regulatory issues. The District did not apply for the award.

ACWA Region 5 extends from Contra Costa County and San Francisco in the north, to Santa Barbara County in the south. The letter and map are shown in **Exhibit 4-A**.

The District has won the Region 5 award previously in 2016 and 2017.The District was also named the "Most Active Small Agency" Outreach Award recipient in 2017.

At its March Legislative Advocacy Committee meeting, the Committee was informed of a proposed Senate Bill 473 that would reinstate "decoupling" for investor-owned water utilities. Decoupling allows utilities to more easily collect anticipated revenues, even if reduced demand due to conservation, drought, or poor forecasting were to occur. The District had previously fought against full decoupling in CPUC general rate cases. The District and JEA & Associates worked with the CPUC Public Advocates office to actively oppose the legislation. The legislation failed to meet its August 28, 2025 deadline after being placed in the Assembly Suspense File. There is a thin possibility it may be acted upon in January 2026. The District's communication on SB 473 is included as **Exhibit 4-B**.

The District's other legislative activities are included in **Exhibit 4-C**.

EXHIBITS
4-A ACWA "Outreach Award" Recognition
4-B District Letter of Opposition to SB 473
4-C Other Legislative Activities in 2025

EXHIBIT 4-A

ACWA Association of California Water Agencies

Bringing Water Together

October 28, 2025

David Stoldt
General Manager
Monterey Peninsula Water Management District

Dear David:

Congratulations! Your district is one of the top ACWA 2025 Outreach winners in your region. Your outstanding efforts as part of the Outreach Program have helped ACWA accomplish its legislative and regulatory goals this year.

Here is a list of the winning districts in each region for the 2025 Outreach Recognition Awards.

Region 1: Mendocino County Russian River Flood Control and Water Conservation Improvement District
Region 2: Bella Vista Water District
Region 3: Tuolumne Utilities District
Region 4: San Juan Water District
Region 5: Monterey Peninsula Water Management District
Region 6: McMullin Area Groundwater Sustainability Agency
Region 7: Friant Water Authority
Region 8: Three Valleys Municipal Water District
Region 9: West Valley Water District
Region 10: Mesa Water District

ACWA will acknowledge your district and the other regional winners at ACWA's 2025 Fall Conference & Expo in San Diego, Thursday, Dec. 4 at the Keynote and Awards Program. The overall winner will be announced at this time. The regional winners will also be asked to stay after the program to collect the award and take photos.

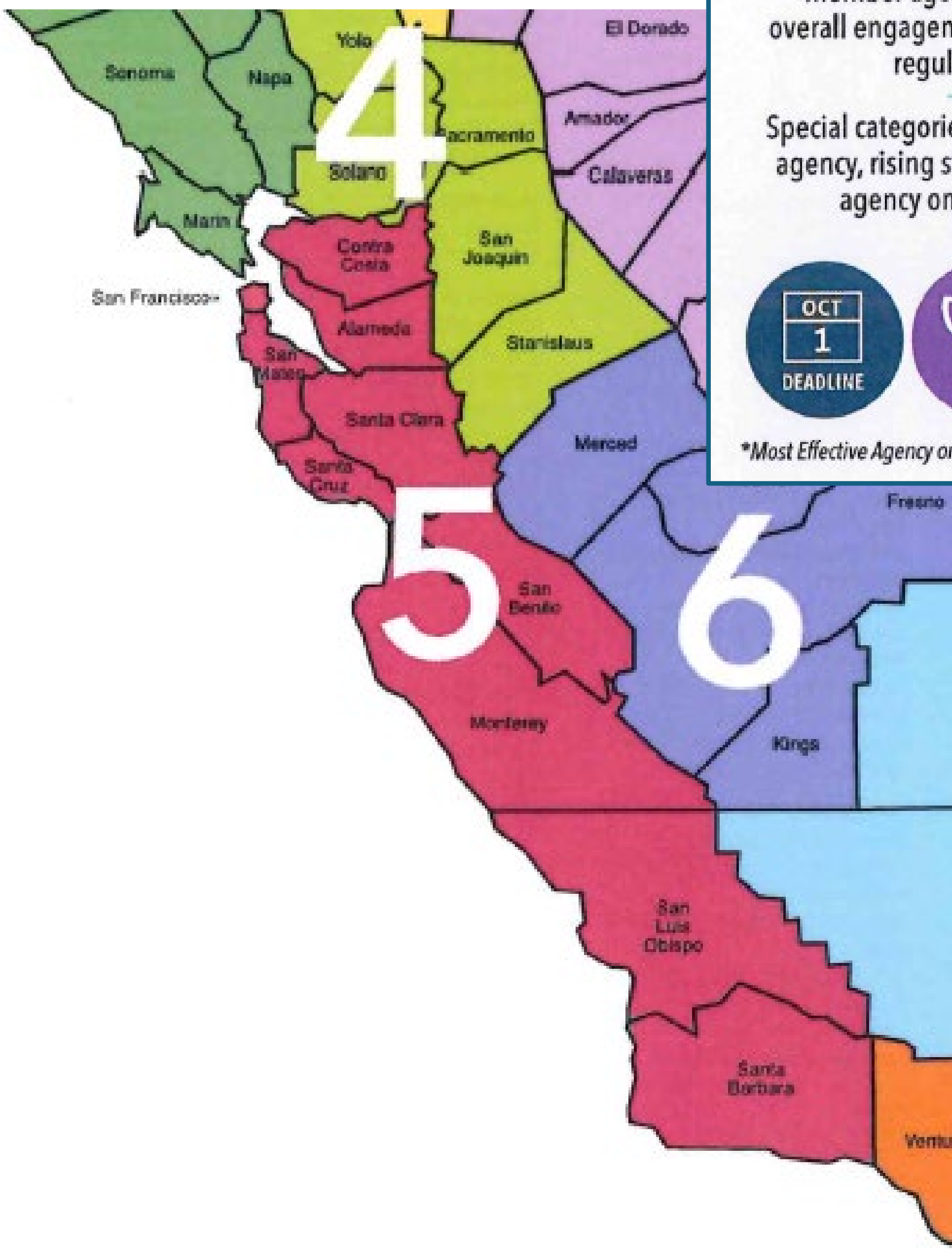
Thank you for all of your hard work this year on helping advance ACWA's legislative and regulatory goals!

Sincerely,

Marwan Khalifa

Marwan Khalifa
ACWA Interim Executive Director

SACRAMENTO 980 9th Street, Suite 1000, Sacramento, CA 95814 • (916) 441-4545
WASHINGTON, D.C. 400 North Capitol Street NW, Suite 357, Washington, DC 20001 • (202) 434-4760
www.acwa.com



ACWA OUTREACH

GRASSROOTS SUPPORT TO ACHIEVE RESULTS

ACWA OUTREACH AWARDS

Recognizes most active ACWA member agencies by region and overall engagement on legislative and regulatory issues

Special categories for most active small agency, rising star, and most effective agency on a federal issue*

OCT 1 DEADLINE

FALL CONF

AGENCY RECOGNITION

**Most Effective Agency on a Federal Issue deadline: Feb. 1.*

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

VIA EMAIL

June 17, 2025

Assembly Committee on Utilities and Energy
1020 N Street, Room 408A
Sacramento, CA 95814

RE: SB 473 (Padilla) – OPPOSE (as amended April 10, 2025)

Dear Chairwoman Petrie-Norris and Committee Members:

The Monterey Peninsula Water Management District (District) submits this letter in opposition to SB 473 (Padilla) as it moves into the Assembly for consideration.

- The bill purports to support conservation in setting water rates for investor-owned water utilities (IOUs), but is not about conservation, consumers, or labor – it is about guaranteed corporate profit.
- The bill affects 57 of the 80 Assembly Districts, or 71%, and 5.8 million of your constituents who face additional and unnecessary rate increases for an essential lifeline service – water. (see Attachments A and B)
- The California Public Utilities Commission and its Public Advocates Office oppose this bill. (see Attachments C and D)
- The effect of the bill is to countermand recent decisions by the California Public Utilities Commission (CPUC) because corporate interests were unhappy. (see Attachment E)
- The District has 95,000 residents who would be subject to higher water rates because of the proposed bill.

CPUC Background

The revenue decoupling mechanism, as envisioned in this bill, has already had a 10-year trial period among a number of regulated water utilities and the CPUC determined it wasn't successful.

Most recently, in several 2024 decisions by the CPUC, the decoupling mechanism proposed by SB 473 <u>was denied</u>. For example, in a December 2024 Decision the CPUC said:

> "Decoupling refers to the various mechanisms employed to address the effect on water utility costs and revenue when water sales volumes do not align with the sales projections

> adopted as part of a general rate proceeding. Decoupling mechanisms have been assigned various names over time, but generally fall into two general categories-Water Revenue Adjustment Mechanisms (WRAM) and Monterey Style Water Revenue Adjustment (M-WRAM)… A WRAM tracks the difference between authorized revenues (based on an adopted sales forecast) and the revenues based on actual sales over a calendar year… The difference between actual and authorized expenses is subtracted from the difference in authorized and actual revenue. The result is then applied to customer bills as a surcharge or sur-credit. Proponents of WRAM, including Cal-Am, argue that it encourages conservation. They argue that because authorized revenue is primarily collected through usage rates, without some form of a WRAM water utilities are disincentivized to promote conservation because reduced water sales lead to decreased revenue and cost recovery."[1]

The CPUC authorized our local water utility Cal-Am to utilize a WRAM beginning in 2008. Cal-Am's WRAM was renewed in each subsequent general rate proceeding. Other large water utilities were granted WRAM during that period. In 2017, the CPUC issued an Order Instituting Rulemaking to evaluate, among other issues, water affordability. As a result of that Rulemaking, in 2020 the Commission barred water utilities from including WRAM proposals in future rate applications.

Through lobbying by the water IOUs on September 30, 2022, the Governor signed Senate Bill 1469 (Stats. 2022, Ch. 890), which amended Public Utilities Code Section 727.5 to allow the "Class A water utilities" (the 8 largest private companies providing water service) to propose decoupling mechanisms. The statute also required the CPUC to consider decoupling proposals in water rate-setting applications. The legislation became effective January 1, 2023. As a result, our local water utility Cal-Am and several other IOUs included decoupling proposals in their most recent rate cases.

In the most recent CPUC decision on our local water rates,[2] the CPUC found the following:

> Cal-Am's request to reinstate a WRAM should be denied. Cal-Am did not establish that the proposed WRAM promoted conservation or overcame concerns about risk reallocation and intergenerational transfers.
>
> Other approaches such as a style of M-WRAM, paired with tiered rates provides Cal-Am revenue adjustments for reduced consumption.
>
> California-American Water Company's request for a WRAM-style decoupling mechanism was denied.

CPUC Says the Bill Carries New Costs

The CPUC estimates ongoing costs of about $576,000 annually (ratepayer funds) and 3 positions to provide analysis and advisory support to Administrative Law Judges and Commissioner

[1] See Attachment E.
[2] *Id.*

offices related to requests from regulated water corporations for decoupling mechanisms and recovery of revenue shortfalls through implementation of rate surcharges, among other things.[3] This has not been funded in the State's proposed budget going forward.

CPUC Public Advocates Position

The CPUC Public Advocates Office (PAO) letter[4] provides numerous details about previous attempts by IOUs to recoup revenue via the decoupling revenue mechanisms. They show that if IOUs were allowed to get the decoupling revenue mechanism reinstated by the CPUC by way of this legislative bill, the consumers of these utilities will see higher bills due to the utilities ability to recoup charges above the basic service costs.

History has shown that the decoupling revenue mechanism led to overcharging customers. The CPUC indicated that IOUs should accept more normal business risks and have consumers pay the actual cost of service. The CPUC has policies in place that allow IOUs the ability to collect revenue retroactively in instances such as a drought declaration made by the government.

The decoupling revenue mechanism, as envisioned in this bill, has already had a 10-year trial period and was shown it wasn't successful. Having the IOUs get a second bite at the revenue apple is not in the best interest of customers and sets a precedent of profits over people.

Please join us in opposing SB 473 (Padilla) as it will only exacerbate the affordability of water for investor-owned utility customers and prevent these companies from overcharging customers.

Sincerely,

David J. Stoldt
General Manager
Monterey Peninsula Water Management District

[3] See Attachment D.
[4] See Attachment C.

ATTACHMENT A

"Class A" Investor-Owned Water Utilities
and the
Assembly Districts They Serve

	Population[1]	Connections[2]	Assembly Districts Served
California American Water Co.	700,000	196,643	2, 3, 4, 5, 6, 7, 8, 9, 10, 27, 29, 30, 38, 41, 42, 48, 49, 55, 56, 61, 77, 80
California Water Service	2,000,000	527,407	2, 3, 4, 8, 9, 11, 12, 13, 16, 19, 21, 23, 26, 29, 30, 31, 32, 33, 34, 35, 39, 42, 49, 52, 54, 61, 64, 65, 66, 69
Golden State Water Co.	1,000,000	260,853	3, 4, 6, 7, 15, 30, 34, 36, 37, 41, 42, 47, 48, 49, 53, 55, 56, 57, 59, 61, 62, 64, 65, 66, 67, 69, 70
Great Oaks Water Co.	107,000	21,687	25, 28
Liberty Utilities	194,000	52,015	34, 41, 62, 64, 65, 67
San Gabriel Valley Water Co.	493,000	109,048	45, 48, 49, 50, 54, 56, 64
San Jose Water Co.	1,000,000	226,602	23, 24, 25, 26, 28
Suburban Water Co.	300,000	78,000	48, 56, 64, 65, 67
Total	5,794,000	1,472,255	

[1] Source: Company's Urban Water Management Plan or website.
[2] Source: California Water Association website

ATTACHMENT B

Assembly Districts
Served By
"Class A" Investor-Owned Water Utilities

Assembly District #	Assembly Member	Investor-Owned Water Utility Serving Assembly District
2	Rogers	California-American, California Water Service
3	Gallagher	California-American, California Water Service, Golden State Water
4	Aguiar-Curry	California-American, California Water Service, Golden State Water
5	Patterson	California-American
6	Krell	California-American, Golden State Water
7	Hoover	California-American, Golden State Water
8	Tangipa	California-American, California Water Service
9	Flora	California-American, California Water Service
10	Nguyen	California-American
11	Wilson	California Water Service
12	Connolly	California Water Service
13	Ransom	California Water Service
15	Avila Farias	Golden State Water
16	Bauer-Kahan	California Water Service
19	Stefani	California Water Service
21	Papan	California Water Service
23	Berman	California Water Service, San Jose Water
24	Lee	San Jose Water
25	Kalra	Great Oaks Water, San Jose Water
26	Ahrens	California Water Service, San Jose Water
27	Soria	California-American
28	Pellerin	Great Oaks Water, San Jose Water
29	Rivas	California-American, California Water Service
30	Addis	California-American, California Water Service, Golden State Water
31	Arambula	California Water Service
32	Ellis	California Water Service

33	Macedo	California Water Service
34	Lackey	California Water Service, Golden State Water, Liberty Utilities
35	Bains	California Water Service
36	Gonzalez	Golden State Water
37	Hart	Golden State Water
38	Bennett	California-American
39	Carrillo	California Water Service
41	Harabedian	California-American, Golden State Water, Liberty Utilities
42	Irwin	California-American, California Water Service, Golden State Water
45	Ramos	San Gabriel Valley Water
47	Wallis	Golden State Water
48	Rubio	California-American, Golden State Water, San Gabriel Valley Water, Suburban
49	Fong	California-American, California Water Service, Golden State Water, San Gabriel Valley Water
50	Garcia	San Gabriel Valley Water
52	Caloza	California Water Service
53	Rodriguez	Golden State Water
54	Gonzalez	California Water Service, San Gabriel Valley Water
55	Bryan	California-American, Golden State Water
56	Calderon	California-American, Golden State Water, San Gabriel Valley Water, Suburban
57	Elhawary	Golden State Water
59	Chen	Golden State Water
61	McKinnor	California-American, California Water Service, Golden State Water
62	Solache	Golden State Water, Liberty Utilities
64	Pacheco	California Water Service, Golden State Water, Liberty Utilities, San Gabriel Valley Water, Suburban
65	Gipson	California Water Service, Golden State Water, Liberty Utilities, Suburban
66	Muratsuchi	California Water Service, Golden State Water
67	Quirk-Silva	Golden State Water, Liberty Utilities, Suburban
69	Lowenthal	California Water Service, Golden State Water
70	Ta	Golden State Water
77	Boerner	California-American
80	Alvarez	California-American

ATTACHMENT C

April 1, 2025

The Honorable Steve Padilla
California State Senate
1021 O Street, Suite 7630
Sacramento, CA 95814

Re: SB 473 (Padilla) – Oppose

Dear Senator Padilla:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We oppose SB 473 (Padilla) as introduced, which would require the CPUC to authorize full-revenue decoupling revenue mechanisms for water utilities. Simply put, this bill is not in the best interests of water utility customers. In 2008, the CPUC authorized decoupling as a pilot project to promote water conservation. After 10 years, the CPUC eliminated decoupling, determining that the flaws outweigh any benefits. The CPUC concluded that the year-to-year change in water usage per customer was nearly identical for utilities that implemented decoupling and those that did not. We strongly supported the CPUC's decision.

The attached fact sheet (see Page 3 below) provides more detailed information about the issues that arose for customers of the investor-owned water utilities that were granted full-revenue decoupling mechanisms (called WRAM). This mechanism allowed the utilities to impose on customers nearly $1 billion in charges outside of the utilities' central budgeting process. As such, it is unreasonable to expect households to anticipate their water bills from month to month.

Moreover, the water utilities that did not implement the WRAM did not experience any of the concerns or ill-effects to which proponents of the WRAM mechanisms are claiming.

With the current affordability challenge in providing safe and reliable water service to all Californians, SB 473's requirement to reinstate full-revenue decoupling mechanisms for investor-owned water utilities will heighten the current affordability challenge to provide safe and reliable water service to customers of the investor-owned water utilities.

Sincerely,

Linda Serizawa
Director, Public Advocates Office

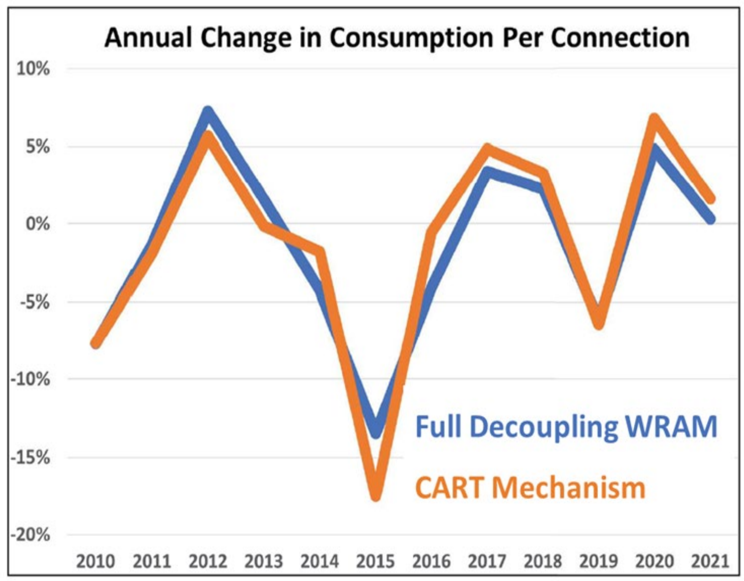
SB 473 (Padilla) – Water Rates for Customers

- The bill would require the California Public Utilities Commission (CPUC) to provide water utilities with full decoupling revenue mechanisms.

- In 2008, the CPUC conducted a 10-year pilot project with full decoupling or the Water Rate Adjustment Mechanism (WRAM) for half of the large water utilities and Conservation Price Decoupling (CART) for the other half.

- The WRAM allowed water utilities to charge ratepayers for any forecasted water sales that did not occur while the CART allowed water utilities to recover only the revenue loss attributable to conservation pricing and estimated effects of conservation programs.

- Over the 10 years, the WRAM mechanism showed no difference in conservation than the CART mechanism (*see chart, right*). Even the utilities' own consultant testified that the results were "inconclusive."



- However, the WRAM mechanism cost ratepayers close to $1B more than the CART in surcharges over the 10 years of the pilot project.

- In fact, the ballooning of WRAM surcharges on customer bills became so severe, the CPUC opened multiple proceedings to address interim remedies and partial solutions.

- Ultimately, in its multiple evaluations since the pilot project, the CPUC has consistently concluded that full decoupling:

    - Inappropriately shifts forecasting risk from utilities to ratepayers.

    - Shields utilities from normal business risks unrelated to conservation, and

    - Conflicts with the CPUC's policy of consumers paying the cost of service.

- After first eliminating the WRAM in 2019, the CPUC has allowed all water utilities to implement the CART mechanism, which has operated since 2008 without causing utility layoffs, substantial rate increases, or the inability to raise capital for infrastructure.

- Utilities are still able to implement mechanisms to recover all forecasted revenue retroactively via customer surcharges during Government declared droughts.

SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

SB 473 (Padilla) - Water corporations: demand elasticity: rates and surcharges

Version: April 10, 2025
Urgency: No
Hearing Date: May 5, 2025

Policy Vote: E., U. & C. 15 - 0
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would require the California Public Utilities Commission (CPUC) to ensure errors in estimates of demand elasticity or sales do not result in material overcollections or undercollections of water corporations. It would also require that any changes to rates or implementation of surcharges in accordance with this requirement not result in revenues above those approved by the CPUC.

Fiscal Impact:

- The CPUC estimates ongoing costs of about $576,000 annually (ratepayer funds) and 3 positions to provide analysis and advisory support to Administrative Law Judges and Commissioner offices related to requests from regulated water corporations for decoupling mechanisms and recovery of revenue shortfalls through implementation of rate surcharges, among other things.

Background:

Decoupling. Decoupling is a utility rate-making mechanism that separates a utility's revenue from its sales. Under a decoupling approach, if a utility sells more or less electricity in one year, any revenue over-collection will be returned to customers and any under-collection will be collected the next year. California was the first state to introduce decoupling in 1982 in order to encourage energy conservation and efficiency and reduce the need to build more power plants. This mechanism ensures utilities receive a pre-determined revenue, regardless of electricity sales volume, incentivizing them to promote energy conservation.

CPUC-regulated water utilities. The CPUC has jurisdiction over water utility corporations, or investor-owned water utilities (IOUs), that provide water service to about 16% of California's residents. Approximately 95% of those residents are served by nine large water IOUs, known as Class A water utilities, each serving more than 10,000 customer service connections. Combined, the nine largest utilities serve nearly 1.2 million customers. The majority of the CPUC-regulated water utilities (92) have service connections of 2,000 or less, and 87 of those have service connections of 500 or less.

CPUC water utility rates. As with other IOUs, the CPUC regulates the rates of water utilities (known as water corporations or water IOUs) under its jurisdiction to ensure rates are just and reasonable. Class A water utilities file a formal General Rate Case (GRC) application to the CPUC every three years that includes information to justify any proposed rate changes. Class A water utility rates have two main components: a service meter charge and a use charge. The service charge is a monthly (or bi-monthly) charge applied to all customers regardless of how much water is used. The service charge allows water utilities to recover up to 50% of the total fixed costs to operate and maintain water utility systems. The use charge is a charge for actual water used during the utility billing period, calculated by multiplying the usage by the quantity rate. Quantity rates are tiered to allow for different prices per unit of water depending on the amount used. Utilities utilize tiered rate structures to account for a lower tier for the basic amount of service needed (in this case water) and to help encourage conservation by pricing higher volumes of usage (in this case water) at a higher rate.

Water Revenue Adjustment Mechanism (WRAM). WRAMs are ratemaking mechanisms developed by the CPUC to incentivize Class A water IOUs to conserve water. WRAM balances are not included in service or use charges. Instead, WRAMs are recovered through a separate surcharge on customer water utility bills. The CPUC has instituted two types of WRAMS: full WRAM and Monterey-style WRAM. Full WRAM is a full sales and revenue decoupling mechanism whereby when actual sales are less than those adopted in the GRC sales forecasts, uncollected revenues may be recovered through a surcharge. When sales are more than the amount adopted in the GRC sales forecasts, over-collected revenues may result in a refund to customers. Monterey WRAM calculates sales differences due to increasing tiered, quantity rates, also referred to as "conservation rate design." The sales differences come from comparing the revenue collected through the tiered rates, and those that would have been collected if there were no tiered rate structure, resulting in a revenue adjustment tracked through the Monterey WRAM.

CPUC pilot program of full WRAM (full decoupling mechanism). Full WRAMS were first implemented in 2008 and were developed as part of a pilot program to promote water conservation. The CPUC adopted several settlements between various Class A water utilities and the Public Advocates Office (PAO). These settlements included conservation rate designs and adoption of full WRAM as a means of promoting conservation by decoupling sales from revenues. Specifically, the settlement decisions adopted full WRAM (decoupling) mechanisms for California Water Service Company, California-American Water Company, Golden State Water Company, Liberty Utilities (Park Water) Corp., and Liberty Utilities (Apple Valley Ranchos Water) Corp. In contrast, San Jose Water Company and California American's Monterey district have Monterey-style WRAMS.

CPUC decision cites lack of conservation benefits and customer complaints. In CPUC proceeding (Rulemaking 17-06-024) related to water affordability issues, the CPUC adopted a decision (D. 20-08-047) in Phase 1 that, among other provisions, eliminated the use of full WRAMs (decoupling) beginning in the next GRC cycle for each of the Class A water utilities and authorized the utilities to petition for a Monterey-style WRAM mechanism. The CPUC's decision noted that the 10-year pilot program of full WRAMs did not provide the anticipated benefits, especially in light of the issues it created. Specifically, the CPUC decision noted the full WRAMs did not result in more conservation of water than those without them. The decision noted that customers may see their bills increase when they conserve more under full WRAMS, full WRAMs resulted in major under-collections and large balances, and rarely credits to customers. The CPUC stated the Monterey-style WRAMs are authorized to provide for recovery of revenue, other mechanisms are available to address loss revenue (including Lost Revenue Memorandum Account as utilized by some of the utilities not using WRAMs) and that the elimination of the full WRAMs would better induce the water utilities to provide more accurate sales forecasts and accurate tiered rates (including those authorized by the Monterey-style WRAMs) also incentivize conservation.

Water IOUs petition California Supreme Court. After the CPUC decision to eliminate full decoupling (the full WRAMs), several of the water utilities petitioned the CPUC for rehearing. Prior to a rehearing decision, Golden State Water filed a petition with the Supreme Court of California for writ of review. The Court granted the CPUC's request to hold the court case in abeyance until a decision on rehearing was issued. In September 2021, the CPUC issued a decision denying rehearing. Subsequently, Golden State Water filed an amended petition with the California Supreme Court and a separate petition was filed by several of the water utilities. The Court combined the petitions, and ruled in favor of the water utilities on procedural grounds after the adoption of SB 1469 (Bradford, Chapter 890, Statutes of 2022) which explicitly authorized the CPUC to consider the WRAMs. Since then the CPUC has denied applications by water corporations for full decoupling due to the continued concerns with the mechanism.

CPUC regulatory flexibility. Many of the water utilities supporting this bill disagree with the CPUC decision to eliminate the full WRAM (decoupling). They argue that decoupling provides stability despite changes in water use and ensures that water suppliers only receive the funds they need to safely operate and upgrade the water system. In previous proceedings and in relation to SB 1469, the PAO argued that the decision on whether to decouple water utility rates is best left to the CPUC. They note that the issues in determining just and reasonable rates for customers are complex and involve multiple variables, particularly as it relates to encouraging conservation. They express concerns that the surcharges imposed by full WRAMs lack transparency, create customer complaints, and can saddle customers with costs for extended periods.

Concerns. In opposition to SB 1469 and proceedings proposing decoupling, the PAO argue against full decoupling contending it does not advance the goals of promoting conservation or keeping water rates affordable, largely due to the surcharges imposed on customers. They note that the CPUC eliminated decoupling after 10 years of experience with a pilot project. The PAO opposes decoupling as it "charges customers for any reduction in sales, even those unrelated to conservation, such as economic downturn…", limits transparency on cumulative bill impacts, removes the incentive for water utilities to accurately forecast sales and costs, and unfairly transferring forecasting risks to customers. The water corporations supporting this bill contend that full decoupling supports conservation and addresses affordability for low-use customers. They acknowledge that surcharges can be confusing for customers, and note a desire to consider other decoupling rate designs that result in less confusion for customers while supporting conservation.

Proposed Law: Existing law requires the CPUC to ensure that errors in estimates of demand elasticity or sales do not result in material overcollections or undercollections of electrical corporations. (Public Utilities Code §739.10). This bill would require the CPUC to additionally ensure errors in estimates of demand elasticity or sales do not result in material overcollections or undercollections of water corporations. It would also require that any changes to rates or implementation of surcharges in accordance with this requirement not result in revenues above those approved by the CPUC.

Related Legislation:

SB 1469 (Bradford, Chapter 890, Statutes of 2022) required the CPUC to consider whether to authorize, upon application by a water corporation, implementation of a utility rate mechanism that separates a water corporation's revenues and its water sales, commonly referred to as a "decoupling mechanism."

AB 29 (Kehoe, Chapter 8, First Extraordinary Session of 2001) among its many provisions related to energy, included explicit language to decouple electricity sales with revenue recovery for electrical corporations.

AB 2815 (Moore, Chapter 549, Statutes of 1992) authorized the CPUC, in establishing rates for water service, to establish separate charges for costs associated with customer service, facilities, and fixed and variable operating costs, as specified.

Staff Comments: Staff notes that the 2023-2024 budget included $950,000 and authority for 4 positions for the CPUC to implement SB 1469 to assist with its review of decoupling requests.

-- END --

ATTACHMENT E

ALJ/JRO/avs **Date of Issuance 12/9/2024**

Decision 24-12-025 December 5, 2024

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by $55,771,300 or 18.71% in the year 2024, by $19,565,300 or 5.50% in the year 2025, and by $19,892,400 or 5.30% in the year 2026.	Application 22-07-001

DECISION APPROVING PARTIAL SETTLEMENT AND ADOPTING RATES FOR CALIFORNIA-AMERICAN WATER COMPANY'S TEST YEAR 2024 GENERAL RATE CASE

548655691

(Table of contents and pages 1-3 deleted)

1.1. Decoupling

Cal-Am, in this proceeding, proposes a new form of decoupling. We briefly describe decoupling as part of the background, along with the impact of recent legislation on this issue and the effect on the timing of this proceeding.

Decoupling refers to the various mechanisms employed to address the effect on water utility costs and revenue when water sales volumes do not align with the sales projections adopted as part of a general rate proceeding. Decoupling mechanisms have been assigned various names over time, but generally fall into two general categories-Water Revenue Adjustment Mechanisms (WRAM) and Monterey Style Water Revenue Adjustment (M-WRAM). Cal-Am here proposes a Water Revenue Sustainability Plan (WRSP), a new form of a WRAM decoupling mechanism. In the event we do not approve WRSP, Cal-Am and Cal Advocates each propose M-WRAM style alternatives.

A WRAM[1] tracks the difference between authorized revenues (based on an adopted sales forecast) and the revenues based on actual sales over a calendar year. A companion part of WRAM is the Modified Cost Balancing Account (MCBA).[2] The MCBA tracks authorized water production expenses and actual water production expenses. The difference between actual and authorized expenses is subtracted from the difference in authorized and actual revenue. The result is then applied to customer bills as a surcharge or sur-credit. Proponents of WRAM, including Cal-Am, argue that it encourages conservation. They argue

[1] Decision (D.) 08-11-023 at 13.

[2] *Id.*

that because authorized revenue is primarily collected through usage rates, without some form of a WRAM water utilities are disincentivized to promote conservation because reduced water sales lead to decreased revenue and cost recovery.

M-WRAM is a mechanism that protects water utilities utilizing tiered rates. M-WRAM tracks the difference in sales revenue over a calendar year between an adopted tiered rate design and a revenue-neutral uniform rate.[3] Tiered rate design promotes conservation through a rate structure that increases the cost of water as a customer's usage increases. The M-WRAM works to protect the water utility from declining revenue due to changes in consumption promoted by the tiered rate design.

The Commission authorized Cal-Am to utilize a WRAM beginning in 2008.[4] Cal-Am's WRAM was renewed in each subsequent general rate proceeding.[5] Other large water utilities were granted WRAM during that period. In 2017, the Commission issued an Order Instituting Rulemaking (R.) 17-06-024 to evaluate, among other issues, water affordability. R.17-06-024 resulted in the issuance of D.20-08-047. In D.20-08-047, the Commission barred water utilities from including WRAM proposals in future rate applications. Cal-Am and Golden State Water Company filed challenges to the prohibition on WRAM proposals. The California Supreme Court granted review in May 2022.[6]

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[3] M-WRAM was first adopted in D.96-12-005. Also *see* D.00-03-053.

[4] D.08-11-023.

[5] *See* D.20-08-047, Section 5.2.

[6] *California-American Water Co. v. Public Utilities Com.* (May 18, 2022, No. S271493) ___Cal.5th___ [2022 Cal. LEXIS 2769]; *see* also *California-American Water Co. v. Public Utilities Com.* (June 1, 2022, Nos. S271493, S269099) ___Cal.5th___ [2022 Cal. LEXIS 2945] consolidating writ review with *Golden State Water Co. v. Public Utilities Com.* (No. S269099.)

On September 30, 2022, the Governor signed Senate Bill (SB) 1469 (Stats. 2022, Ch. 890). SB 1469 amended Public Utilities Code[7] Section 727.5 to allow Class A water utilities to propose decoupling mechanisms. The statute also requires the Commission to consider decoupling proposals in water ratesetting applications. The legislation became effective January 1, 2023.

On July 8, 2024 the California Supreme Court issued an opinion overturning on procedural the portion of D.20-08-047 that prohibited WRAM.[8] The court did not address the merits of WRAM and WRAM related mechanisms as an element of water rate design.[9]

1.1.1. Public Utilities Code Section 727.5 Consideration

The present application was filed prior to the amendment of Section 727.5. On October 10, 2022, 10 days after the adoption of SB 1469, but prior to its effective date, Cal-Am filed a motion requesting to update the application to include a WRAM request under Section 727.5. The motion was granted over the opposition of Cal Advocates. Cal-Am was granted an extension of time to file the updated application. The updated application was filed January 27, 2023.

The parties were directed to meet and confer regarding scheduling for the exchange of direct testimony, hearings, and other matters. Their proposed schedule was largely adopted without alteration.

On February 6, 2023, Cal Advocates filed a protest to the updated application. Cal-Am requested and received authorization to file a response to that protest.

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[7] All subsequent references to section are to the Public Utilities Code unless otherwise specified.

[8] (*Golden State Water Co. v. Public Utilities Com.* (July 8, 2024, Nos. S269099, S271493) ___Cal.5th___ [2024 Cal. LEXIS 3468].)

[9] Id. at 2-3, 34

Cal-Am was authorized to submit opening and rebuttal testimony on each element of the application, including the WRSP/WRAM proposal.

In April and May 2023, eight PPHs were held. The assigned Commissioner, the ALJ, and representatives from the Commission's Water Division were present in addition to representatives of the parties and members of the public. At the beginning of each PPH, each party, including Cal-Am, was granted time to make a presentation on its application, including the WRSP/WRAM and M-RAM proposals.

Eight days of evidentiary hearings were scheduled. Each party, including Cal-Am, was afforded the opportunity to present evidence and cross-examine witnesses on every aspect of the application, including the WRSP/WRAM proposal. Each of the parties rested their case-in-chief and rebuttal cases after only four days of hearing.

Closing briefs were authorized following the evidentiary hearing. The briefing was bifurcated between the WRSP/WRAM/M-WRAM elements of the application and the other disputed issues. A third briefing schedule was adopted for the proposed settlement.

All parties were authorized to file opening and reply comments, subject to the Commission's Rules of Practice and Procedure (Rule(s)). Cal-Am's Reply Comment, which failed to comply with the Rules, primarily addressed issues related to decoupling. Cal-Am's non-compliance with the Rules was waived and the comments were received and given full consideration.

The record demonstrates that, pursuant to Section 727.5, Cal-Am's WRSP/WRAM proposal was fully addressed by the parties and treated by the Commission consistent with due process.

(Multiple pages deleted for brevity)

6. Conservation and Decoupling

6.1. WRSP/WRAM/Decoupling

Cal-Am requests to continue its decoupling WRAM with modifications described in the WRSP. Cal-Am focuses on the conservation benefits of its proposal. Cal-Am argues that it is necessary to fully decouple revenue from consumption in order to promote conservation. It argues that without decoupling, the significant fixed costs recovered via consumption-based rates act as disincentive for a water utility to promote conservation because of the threat that declining consumption may result in the failure to recover authorized revenue.[10] Cal Advocates and MPWMD argue that the data does not support the conclusion that WRSP/WRAM is a significant causal factor in promoting conservation.[11] They also argue that WRSP/WRAM inequitably reallocates risk between the utility's shareholders and its ratepayers.[12] We agree with Cal Advocates and MPWMD and deny Cal-Am's request for WRSP/WRAM.

Water conservation is an essential element of California's response to a changing climate. Our historic pattern of periods of drought and adequate precipitation, to support a population the size of California's, has become more extreme. WRSP/WRAM is promoted as a conservation measure, incentivizing water utilities to promote conservation. To that end, Cal-Am and CWA point to the record of conservation improvements during the WRAM era as evidence of

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[10] Cal-Am Opening Brief, December 6, 2023, at 18.

[11] Cal Advocates Opening Brief, December 6, 2023 at 25. MPWMD Opening Brief, December 6, 2023 at 4-5.

[12] *Id.* at 9. Also, MPWMD Reply Brief, January 9, 2024 at 4.

WRSP/WRAM's conservation benefits.[13] We do not dispute the conservation gains of the WRAM era. The question is one of correlation versus causation.

The WRAM era was marked by drought and a significant public response to drought. State and local government, along with water utilities, promoted conservation through public education campaigns, efficiency upgrades, and other measures. Communities adopted water use restrictions supported by various punitive sanctions. The record in this proceeding does not establish the extent to which WRAM played a role in conservation. At best, we may conclude it was part of an array of measures that promoted conservation.

Water conservation is not the only factor for consideration. WRAM realigns risk. WRAM also conflicts with our ratesetting policy goal of ensuring the consumer of utility services bears the cost of that service. WRSP/WRAM focuses on the difference between actual and forecasted consumption. It allows for the application of surcharges and sur-credits to future consumption bills based upon past consumption. In order to evaluate whether Cal-Am's proposal is just and reasonable, we must weigh the role of decoupling mechanisms in conservation against the concerns of intergenerational transfer and risk reallocation. We recognize that other considerations may tip the balance in favor of WRAM/WRSP and anticipate that future decoupling proposals will present such considerations. But the record and advocacy before us in this proceeding presents conservation as the benefit of WRAM/WRSP.

WRAM is at best a minor factor in conservation efforts. Cal-Am presents the experience of WRAM and M-WRAM water utilities since 2008 and allocates any and all success for additional conservation to WRAM. We do not join in that

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[13] Cal-Am Opening Brief, December 6, 2023, at 5; CWA Opening Brief, December 6, 2023, at 6.

conclusion. WRAM is tailored to protect revenue, on the theory that with revenue secure water utilities will make greater efforts to promote conservation. It is not narrowly tailored to address only declining revenue attributable to conservation. The proposed WRAM/WRSP shields Cal-Am from any failure of consumption to meet projections, not just those reductions in consumption attributable to conservation.

Tiered rate designs operate on the basic economic principle that as the cost of a commodity increases, demand/consumption of the commodity will decrease. M-WRAM is narrowly tailored to address declining revenue attributable to conservation achieved through tiered rate design. M-WRAM tracks the difference between revenue achieved under a tiered rate structure designed to promote conservation and a structure without the conservation-promoting tiers. The protection it affords a water utility is aligned with a mechanism that more directly promotes conservation.

We rely heavily on forecasted consumption to set rates that allow Cal-Am the opportunity to achieve its authorized revenue requirement. A forecast is just that, a forecast, a reasonable prediction. It is not a guarantee. As with all investments, Cal-Am's equity investors assume some risk when they assume ownership and they receive compensation for that risk. Return on Equity (ROE) is an element of the authorized revenue requirement adopted for Cal-Am. It is intended to provide a reasonable rate of return that encourages continued investment and compensates investors for their investment. By allowing Cal-Am to recover the difference between projected and actual revenue, the proposed WRAM/WRSP largely eliminates the risk of forecasts for the investors. Customers who have made efforts to conserve water perceive the WRAM surcharges as being charged for water they did not consume, a confusing price signal that frustrates the goal of conservation. Cal-Am has not demonstrated that WRAM/WRSP sufficiently distinguishes between conservation resulting from efforts by the water utility and other errors in forecasting.

It is important to note that Cal-Am has tools to address unexpected reductions in consumption. Cal-Am retains the ability to book losses attributable to drought in a memorandum account. In section 6.2, we authorize decoupling via M-WRAM and in section 6.3 we authorize Cal-Am's continued use of an Annual Consumption Adjustment Mechanism. Cal-Am has been afforded significant means of recovering its revenue requirement.

Balancing the limited record of WRAM's impact upon conservation against our intergenerational transfer and risk transfer concerns, we find that the benefits of the proposed WRSP do not sufficiently outweigh its harm. Accordingly, we deny the portion of Special Request No. 1 that seeks a decoupling WRSP.

6.2. Conservation Adjustments for Rate Tier Designs

Having denied the request for WRSP, we grant Cal-Am's alternative requested M-WRAM. We do so because it is a ratemaking tool that provides reasonable revenue recovery with a focus on promoting conservation signals in the pricing structure. Because the mechanism will be applied statewide, to minimize confusion going forward we rename the mechanism Conservation Adjustments for Rate Tier Designs (CART Design). Cal-Am and Cal Advocates have offered competing CART Design proposals.

In Special Request 2, Cal-Am proposes to establish Incremental Cost Balancing Accounts (ICBA) for its San Diego and Ventura County Districts and Full Cost Balancing Accounts (FCBA) for its Monterey, Los Angeles, Sacramento, and Larkfield Districts as part of its M-WRAM proposal. ICBA tracks the difference between the adopted and actual water price of water production components. Rates are adjusted to account for changes in the price due to supplier price changes. FCBA adds an additional component to the ICBA, tracking variances attributable to changes in supply sourcing.

Cal-Am states that an ICBA for San Diego and Ventura is reasonable because it purchases water for each district from a single source.[14,15] The suppliers control the per unit cost of production. Cal-Am notes that it is difficult to forecast price changes adopted by the suppliers. The ICBA is intended to protect Cal-Am and ratepayers from unreasonable price increases or decreases.

Cal Advocates generally support the proposed ICBAs, with one exception for Cal-Am's proposed pumping expense calculation. It argues that the ICBA makes a single district-wide pumping expense calculation unnecessary and that Cal-Am should use the unit rate for pumping expenses in San Diego and Ventura.[16] Cal-Am did not address the pumping expense issue in its briefing. We find that the ICBA proposal for San Diego and Ventura is just and reasonable, with the exception that we deny Cal-Am's proposal regarding pumping expenses.

Cal-Am's proposed FCBA differs from the ICBA. Where the ICBA only tracks differences in price, the FCBA also tracks differences in quantity supplied by various sources, what it terms the supply mix. Cal-Am proposes this change for the Monterey, Los Angeles, Sacramento, and Larkfield Districts because, unlike San Diego and Ventura, water for these districts is procured from multiple

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[14] Cal-Am Opening Brief, December 6, 2023, at 14.

[15] Cal-Am sources water for its San Diego District from the City of San Diego. Calleguas Municipal Water District supplies the Ventura County District.

[16] Cal Advocates Opening Brief, December 6, 2023, at 17-18.

sources. The FCBA allows Cal-Am to recover additional costs or refund excess charges to ratepayers based upon increased costs or savings attributable to reallocation of volume between different suppliers.

Cal Advocates opposes the FCBA proposal. It argues that FCBA is identical to the MCBA and Essential Service Cost Balancing Account (ESCBA) elements of Cal-Am's existing WRAM and its WRSP, respectively.[17] There is merit to the concern that Cal-Am may use the ability to pass supply-source costs on to ratepayers as a way of avoiding production related costs. However, we recognize that there is merit to Cal-Am's concerns underlying the FCBA proposal, especially where new conservation requirements or drought conditions beyond Cal-Am's require changes in water production and sourcing. Accordingly, we authorize Cal-Am to establish an ICBA and Supply Source Cost Memorandum Account (SSCMA) for the Monterey, Los Angeles, Sacramento, and Larkfield districts.

The SSCMA will allow Cal-Am to track and record costs related to extraordinary events outside of its control that adversely impact Cal-Am's ability to use a particular supply source. Cal-Am bears the burden of demonstrating that costs recorded in the SSCMA are just and reasonable. We find that this approach strikes an appropriate balance between protection against rising costs and potential abuse. We expect that this issue will be revisited during Cal-Am's next general rate proceeding and encourage the parties to review and address the matter thoroughly at that time.

(Multiple pages deleted for brevity)

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[17] *Id*. at 16-18.

Findings of Fact

(Multiple findings deleted for brevity)

32. Cal-Am was first authorized a WRAM in 2008. The WRAM was renewed in subsequent rate cases. In its application, Cal-Am proposed the WRSP, a set of modifications to its WRAM.

33. California experienced extreme drought from 2008-2022. State and local government and water utilities implemented various conservation measures, including restrictions on water use and education campaigns.

34. Water conservation improved while Cal-Am was authorized a WRAM. There is insufficient evidence to determine the degree to which WRAM influenced that conservation.

35. Cal-Am's ROE compensates Cal-Am's investors investment risk as an element of its revenue requirement. Cal-Am's WRAM reallocated forecasting risk between its investors and its ratepayers.

36. ICBA for the San Diego and Ventura County Districts and ICBA with an SSCMA for the Monterey, Los Angeles, Sacramento, and Larkfield Districts are narrowly tailored to reflect the cost of changes in the water supply mix. The ICBA in San Diego and Ventura renders a single district-wide pumping expense calculation unnecessary.

37. ACAM allows for rates to be adjusted between GRC cycles. The Commission's Rate Case Plan generally prohibits mid-cycle rate changes. An exception was made to allow ACAMs to mitigate the rate impact of high WRAM balances.

38. Cal-Am has historically modified rates more than once per year to reflect authorized adjustments mid-rate case cycle. Multiple rate changes each year negate the conservation benefits of price signals and cause uncertainty for consumers.

Conclusions of Law

(Multiple conclusions deleted for brevity)

18. Cal-Am's WRSP should be denied. Cal-Am did not establish that the proposed WRSP promotes conservation and overcomes concerns about risk reallocation and inter-generational transfers.

19. CART-Design paired with tiered rates provides Cal-Am revenue adjustments for reduced consumption. Cal-Am should be authorized to implement a CART-Design, formerly known as M-WRAM.

O R D E R

IT IS ORDERED that:

(Orders 1-3 deleted for brevity)

4. California-American Water Company's request for a Water Resources Sustainability Plan decoupling mechanism is denied.

5. California-American Water Company's request for a Monterey-Style Water Revenue Adjustment Mechanism or Conservation Adjustments for Rate Tiered Designs is granted. California-American Water Company must file a Tier 1 Advice Letter to include the Monterey-Style Water Revenue Adjustment

Mechanism or Conservation Adjustments for Rate Tiered Designs in its Preliminary Statement.

(Orders 6-15 deleted for brevity)

16. Application 22-07-001 is closed.
    (a) This order is effective today.
    (b) Dated December 5, 2024, at Sacramento, California.

ALICE REYNOLDS
President
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

Commissioner Matthew Baker recused himself from this agenda item and was not part of the quorum in its consideration.

EXHIBIT 4-C

Other Legislative Activities in 2025

VIA EMAIL

October 3, 2025

Lt. Colonel Virginia R. Brickner
Commander
San Francisco District
U.S. Army Corps of Engineers
450 Golden Gate Ave, 4th Floor
San Francisco, CA 94102

RE: Request Support Under Section 219/Environmental Infrastructure for the *Monterey Peninsula Stormwater Diversion and Recycling Program*

Dear Commander Brickner:

Monterey Peninsula Water Management District (the District) requests assistance from the U.S. Army Corps of Engineers (Corps) for the *Monterey Peninsula Stormwater Diversion and Recycling Program* in the Monterey Peninsula, California, which the Corps is authorized to support under section 8375(a)(292) of Public Law 117-263 (includes the Water Resources Development Act of 2022) and the State of California's Environmental Infrastructure authority, Section 5039 of the Water Resources Development Act of 2007 (P.L. 110-114).

Specifically, MPWMD would like to explore opportunities to partner with the Corps on a portfolio of projects we have grouped together under the *Monterey Peninsula Stormwater Diversion and Recycling Program*. Water recycling and recharging the region's sole groundwater basin are critical for our water supply security. Water recycling via the Pure Water Monterey indirect potable reuse project will provide 50-60% of the region's potable water supply beginning in 2025; it previously served over 1/3 of the region's water supply. There are multiple locations throughout the region where runoff discharges to the Monterey Bay National Marine Sanctuary during wet and dry times. Diverting the untreated runoff to the sanitary sewer provides additional source water for water recycling. A suite of small diversion and recharge projects have been selected for development to augment existing sources of supply.

The first project would divert flows from Monterey's downtown tunnel and Olivier Street storm drain gravity pipe to the sanitary sewer for recycling instead of discharging it untreated into Monterey Bay National Marine Sanctuary. A flow diversion structure will redirect dry weather flows from a 60-inch storm drain system on Olivier Street to a 24- inch sanitary sewer main behind the Custom House Museum via a new pipe. The new pipe will be located in the right-of-way along Olivier Street and convey flows to connect with the sanitary sewer main by gravity. The project would remove dry weather flows that are currently discharged untreated to Monterey Bay, thereby partially restoring natural drainage patterns and treating any urban pollutants associated with the diverted flows. The project is estimated to achieve from 10 to 20 acre-feet per year (AFY) of water supply from the approximately 150-acre tributary drainage area.

Cost: The District is seeking additional construction assistance of $300,000. To date, project has secured $725,000 (District grant of $25,000; State Department of Water Resources grant of $500,000; $200,000 local funding)

The District also seeks funding for the design of other Diversion and Recycling Projects:

City of Monterey Coast Guard Pier Diversion: Runoff from the Coast Guard Pier will be diverted to the water reclamation plant for recycling. Storage may be required as part of the project.

City of Monterey San Carlos Beach Diversion Storage: Underground storage could be constructed below the lawns next to San Carlos beach. The Reeside wastewater pump station is adjacent to the lawns and could convey stored water to the water reclamation plant for recycling.

City of Seaside Laguna Grande Wells' Diversion: The City of Seaside owns two wells, one at Laguna Grande Park and one near Chili's Grill. The Chili's well is artesian and was capped due to high sulfur. The Laguna Grande well is used for irrigation. Neither well provides potable water. The well water could be pumped to the sanitary sewer in the summer when source water is most needed for recycling. Wells could be pumped at night when sewer flows and power cost is lower.

City of Seaside Stormwater Capture near Echo Avenue in Seaside: Urban surface water runoff would be diverted to underground infiltration chambers. Diversion to underground storage. Water would infiltrate into the groundwater basin.

City of Del Rey Oaks Stormwater Capture: The proposed Del Rey Oaks Urban Diversion Project consists of two sites: Natural springs located on Rosita Road and Calle de Oaks that have been observed to maintain continuous flow throughout the year, including during recent drought years. Rosita Road flow currently drains from a natural spring, down the curb to a pipe and into Canyon Del Rey Creek. Similarly, the Calle de Oaks spring is diverted through a pipe and deposited into the municipal separate storm sewer system where it is directed to Canyon Del Rey Creek. A sanitary sewer line runs through the center of both Rosita Road and Calle de Oaks. The project envisions depositing the flow directly into the sanitary sewer line to be fed into the Pure Water Monterey project during the dry season and between storms throughout the wet season.

Naval Postgraduate School Del Monte Lake Stormwater: Stormwater flows from the Del Monte Lake to the ocean. Prior to storms, the top 4 feet of the lake could be pumped to the Pure Water Monterey project. With a surface area of 11 acres, approximately 44 AF could be diverted. Diversion could be available November to March when the Monterey Pines Golf Club does not require water from Del Monte Lake. There have been no observed migratory fish nor aquatic species. There is an existing wastewater pump station in proximity.

Cost: Seeking design assistance of $350,000.

To summarize, the District is seeking $750,000 as follows:

	Federal Share	Total Cost
Construction assistance, Olivier Street project	$300,000	$1,025,000
Design assistance, up to 6 additional projects	$350,000	$500,000
Development of Project Partnership Agreement	$100,000	$135,000
	$750,000	$1,660,000

The proposed projects under the *Monterey Peninsula Stormwater Diversion and Recycling Program* meet the eligibility criteria of both section 8375(a)(292) of Public Law 117-263 and Section 5039 of P.L. 110-114, both of which authorize the Corps to assist non-Federal interests such as the District in carrying out water-related environmental infrastructure and resource protection and development projects. Water-related environmental infrastructure improvements under both authorities can, as you know, include water and wastewater treatment and related facilities, including water supply facilities. And, as you are also aware, the Corps may provide assistance to support all aspects of project development and implementation under these two authorities, including project planning, design, and construction.

The District understands the cost share for the non-Federal interest shall not be less than 25 percent. We are aware that the non-Federal sponsor is responsible for supplying all lands, easements, rights-of-ways, relocations and disposal areas (LERRD) necessary for construction and subsequent operation and maintenance of the project. We also understand as the non-Federal sponsor, the District is responsible for 100 percent of the cost to operate, maintain, repair, replace, or rehabilitate the completed project(s).

This letter constitutes an expression of intent and not a contractual obligation. We understand that the non-Federal interest or the Corps may opt to discontinue the project development process prior to the execution of the Project Partnership Agreement (PPA), which occurs at the end of the Planning, Design, and Analysis, prior to award of a construction contract.

If you need additional information, please contact me at (831) 658-5651. We look forward to working with the Corps on this portfolio of projects.

Sincerely,

David J. Stoldt
General Manager
Monterey Peninsula Water Management District

September 18, 2025

The Honorable Mike Crapo
Chairman, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jason Smith
Chairman, House Ways & Means Committee
1139 Longworth House Office Building
Washington, DC 20515

The Honorable Ron Wyden
Ranking Member, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard Neal
Ranking Member, House Ways & Means Committee
1139 Longworth House Office Building
Washington, DC 20515

Dear Chairman Crapo, Chairman Smith, Ranking Member Wyden, and Ranking Member Neal:

On behalf of the Monterey Peninsula Water Management District (MPWMD), I am writing to express our strong support for the **Water Conservation Rebate Tax Parity Act (S. 857) & (H.R. 1871)**. The bipartisan bills offer an opportunity to address a longstanding inequity in the tax code for municipal water managers while making it easier and more affordable for homeowners to engage in water conservation efforts. We urge you to include this critical legislation in a potential tax package later this year.

The Monterey Peninsula Water Management District (MPWMD) was formed to accomplish the following objectives: Augment the water supply through integrated management of ground and surface water; Promote water conservation and the efficient use of water; Advance water reuse and reclamation of storm and wastewater; and Foster the scenic values, environmental qualities, native vegetation, fish and wildlife, and recreation on the Monterey Peninsula and in the Carmel River Basin.

Currently, rebates for energy-efficient upgrades (e.g., windows or solar panels) are tax-exempt under Section 136, similar water-related rebates are taxable. This discourages participation in these conservation programs. The Water Conservation Rebate Tax Parity Act amends the Internal Revenue Code to exclude from income any rebates provided by public utilities or local governments for water conservation, stormwater management, or wastewater efficiency measures by:

- Expanding Section 136 to cover rebates for water conservation, stormwater, and wastewater measures.
- Providing clear definitions of eligible activities.
- Ensuring fairness between water and energy conservation tax policy.

This reform is especially timely as many states and localities offer turf replacement programs, appliance upgrade rebates, and similar measures aimed at reducing demand on limited water resources.

Thank you for your consideration. Your continued support is greatly appreciated as we seek to work with our community partners to help build a more sustainable and resilient future for the residents of Monterey Peninsula.

Sincerely,

David J. Stoldt
General Manager
Monterey Peninsula Water Management District

ACWA Association of California Water Agencies

League of California Cities

CMUA California Municipal Utilities Association

CSDA

The Metropolitan Water District of Southern California

CASA

American Water Works Association California-Nevada Section

City of Roseville California

RWA Regional Water Authority Building Alliances in Northern California

CASQA California Stormwater Quality Association

Cucamonga Valley Water District Service Beyond Expectation

Mesa Water District

Western Municipal Water District

Carmichael Water District

Scotts Valley Water District

Elsinore Valley Municipal Water District 75 Years Honoring Our Past, Securing Our Future

emwd

Bella Vista Water District 11368 E. Stillwater Way • Redding, California 96003-9510 Telephone (530) 241-1085 • Fax (530) 241-8354

Camrosa Water District Building Water Self-Reliance

Desert Water

Monte Vista Water District

Calleguas Municipal Water District

Rancho Water Celebrates 60 years of service

Lake Arrowhead Community Services District LACSD Est. 1978

Helix Water District

Jurupa Community Services District

Mid-Peninsula Water District

Upper Water Upper San Gabriel Valley Municipal Water District

Olivenhain Municipal Water District

Mendocino County Russian River Flood Control

Stockton East Water District

Rowland Water District

Sweetwater Authority

SCV Water

Coachella Valley Water District

3V

Walnut Valley Water District

City of Burbank Water and Power

West Valley Water District

San Gabriel County Water District

Monterey Peninsula Water Management District

East Valley Water District

Beaumont Cherry Valley Water District Est. 1919

City of Shasta Lake Established 1993

Hidden Valley Lake Community Services District

City of Santa Rosa

City of Sacramento

McKinleyville Community Services District

Diablo Water District

Western Canal Water District Nelson, CA

Irvine Ranch Water District

Contra Costa Water District

Crescenta Valley Water District CVWD

September 17, 2025

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

RE: SB 454 (McNerney) – REQUEST FOR SIGNATURE

Dear Governor Newsom:

On behalf of the Association of California Water Agencies (ACWA), the League of California Cities (Cal Cities), and the undersigned organizations, we are writing to express our strong support for and respectfully request your signature on SB 454. This bill would establish a statewide PFAS Mitigation Fund to help local public agencies leverage funding to pay for PFAS remediation and treatment in drinking water and wastewater.

Public water agencies are responsible for delivering safe, clean, and affordable drinking water throughout California. To fulfill that responsibility, public water agencies must comply with federal and state drinking water standards, including PFAS drinking water standards. Drinking water standards can have significant financial impacts on public water agencies that are passed on to ratepayers and ultimately, impact water affordability. This bill, which would become operative upon appropriation by the Legislature, would create a much-needed funding tool intended to leverage funds designated for PFAS remediation and treatment and continuously appropriated to the State Water Resources Control Board to help public water agencies comply with PFAS drinking water standards, address infrastructure costs associated with treating for PFAS, and ensure the availability of safe and affordable drinking water supplies for their communities.

For these reasons, ACWA, Cal Cities, and the undersigned organizations strongly support and respectfully request your signature on SB 454. If you have any questions about our position, please contact Chelsea Haines at chelseah@acwa.com or Melissa Sparks-Kranz at msparkskranz@calcities.org.

Sincerely,

Chelsea Haines
State Regulatory Director
Association of California Water Agencies

Melissa Sparks-Kranz
Legislative Advocate
League of California Cities

Aaron Avery
Director of State Legislative Affairs
California Special Districts Association

Andrea Abergel
Director of Water
California Municipal Utilities Association

Anjanette Shadley
Assistant General Manager
Western Canal Water District

Brian Olney
General Manager
Helix Water District

Caity Maple
Councilmember – District 5
Chair, Law & Legislation Committee
City of Sacramento

Carlos Quintero
General Manager
Sweetwater Authority

Catherine Cerri
General Manager
Lake Arrowhead Community Services District

Cathy Lee
General Manager
Carmichael Water District

Chris Berch, P.E.
General Manager
Jurupa Community Services District

Craig D. Miller, P.E.
General Manager
Western Municipal Water District

Dan Muelrath
General Manager
Diablo Water District

Daniel Slawson
President
Beaumont-Cherry Valley Water District

David Coxey
General Manager
Bella Vista Water District

David McNair
General Manager
Scotts Valley Water District

David Stoldt
General Manager
Monterey Peninsula Water Management District

Deven Upadhyay
General Manager
Metropolitan Water District of Southern California

Elizabeth Salomone
General Manager
Mendocino County Russian River Flood Control & Water Conservation Improvement

Ernesto A. Avila
Board President
Contra Costa Water District

Greg Thomas
General Manager
Elsinore Valley Municipal Water District

Hannah Davidson
Project Manager
Hidden Valley Lake Community Services District

J.M. Barrett
General Manager
Coachella Valley Water District

James Lee
General Manager
Crescenta Valley Water District

James Peifer
Executive Director
Regional Water Authority

James Prior
General Manager
San Gabriel County Water District

Jason Martin
General Manager
Rancho California Water District

Jennifer A. Spindler
General Manager
Crestline-Lake Arrowhead Water Agency

Jessica Gauger
Director of Legislative Advocacy & Public Affairs
California Association of Sanitation Agencies

Jessaca Lugo
City Manager
City of Shasta Lake

Joe Mouawad, P.E.
General Manager
Eastern Municipal Water District

John Thiel
General Manager
West Valley Water District

Justin Hopkins
General Manager
Stockton East Water District

Justin Scott-Coe
General Manager
Monte Vista Water District

Karen Cowan
Executive Director
California Stormwater Quality Association

Kat Wuelfing
General Manager
Mid-Peninsula Water District

Kimberly A. Thorner
General Manager
Olivenhain Municipal Water District

Krista Bernasconi
Mayor
City of Roseville

Kristine McCaffrey, P.E.
General Manager
Calleguas Municipal Water District

Mandip Samra
General Manager
Burbank Water and Power

Mark Stapp
Mayor
City of Santa Rosa

Matt Stone
General Manager
Santa Clarita Valley Water Agency

Matthew Litchfield
General Manager
Three Valleys Municipal Water District

Michael Moore
General Manager/CEO
East Valley Water District

Norman Huff
General Manager
Camrosa Water District

Pat Kaspari
General Manager
McKinleyville Community Services District

Paul Cook
General Manager
Irvine Ranch Water District

Paul E. Shoenberger, P.E.
General Manager
Mesa Water District

Randall James Reed
President
Cucamonga Valley Water District

Sheryl Shaw, P.E.
General Manager
Walnut Valley Water District

Steve Johnson
General Manager
Desert Water Agency

Sue Mosburg
Executive Director
California-Nevada Section American Water
Works Association

Thomas Love
General Manager
Upper San Gabriel Valley Municipal Water
District

Tom Coleman
General Manager
Rowland Water District

August 26, 2025

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

RE: SB 394 (Allen) – REQUEST FOR SIGNATURE

Dear Governor Newsom:

On behalf of the undersigned organizations, we are writing to respectfully request your signature on SB 394, which would enhance penalties for water theft from fire hydrants. Water agencies are responsible for delivering safe, clean, and affordable drinking water throughout California. However, in recent years, water theft has posed a serious threat to water agencies' ability to fulfill that responsibility.

Water theft takes many forms, the most egregious being water theft from fire hydrants for commercial uses. Illegal actors have been documented connecting to and filling water trucks from fire hydrants without the proper use of hydrant meters to avoid paying for water. These water trucks can hold up to 6,000 gallons of water, resulting in significant loss for water agencies. The stolen water is typically used or sold for profit for commercial purposes, such as by construction companies, landscaping companies, and water trucks selling the water to other users. **Current fine amounts are not strong enough to deter this theft** and may instead be seen as the cost of doing business for some bad actors.

SB 427 of 2021 carried by Senator Eggman established authority for public water agencies to adopt an ordinance that prohibits water theft and makes a violation of that ordinance subject to an administrative fine or penalty. The existing authority breaks theft into two categories: meter tampering and all other forms of water theft. Fines for meter tampering range from $130 for the first violation up to $1,300 for the third and additional violations within one year. All other forms of water theft, which currently includes theft from a fire hydrant, can be fined up to $1,000 for the first violation, up to $3,000 for the third and additional violations within a year.

At the time these fines were established, the impact to residential customers was a strong consideration that led to the final fine amounts. SB 394 is targeting commercial operators that are illegally diverting water from hydrants for profit.

Water theft from fire hydrants poses serious risks to public health and safety, water affordability, and water efficiency. During water theft from hydrants, contamination can occur when non-potable sources are illegally connected to a drinking water system and anti-backflow devices are not used. This cross-contamination between the water system and non-potable source connections poses a serious health risk to everyone in the system.

Further, unauthorized use of a hydrant can lead to water pressure in the system dropping which can jeopardize response to emergency situations such as fires. This potential issue is especially timely given the devastating fires in Southern California.

Illegal connections also often result in costly damage to the fire hydrant and system infrastructure that can impair the hydrant's function. The revenue lost from water theft and the cost of damage to infrastructure as a result of theft is ultimately borne by law-abiding paying customers, having a negative impact on water affordability. Water theft also works against efforts by water districts to comply with State water use efficiency goals under the State's newly adopted Making Conservation a California Way of Life framework.

The current penalties for water theft are an insufficient deterrent and fail to prevent this criminal activity from occurring. SB 394 recognizes and addresses these inefficiencies in existing penalties by authorizing local agencies that provide water services to adopt an ordinance with enhanced penalties specifically for water theft from a fire hydrant. The intent of this bill is to specifically deter commercial water theft, rather than residential water theft. Under SB 394, local agencies could adopt an ordinance allowing them to set fines not to exceed $2,500 for the first violation and up to $10,000 for the third and any additional violations.

This bill would also remove the one-year reset on existing penalties for the third and additional violations for water theft committed via meter tamping and other forms of water theft. Further, this bill would help agencies recover damages as a result of water theft from a fire hydrant by authorizing a utility to bring a civil action for damages against any person who, without authorization, tampers with or diverts water from a fire hydrant. These provisions on civil action would be available to both public agencies and other types of retail water agencies that face these same challenges.

For the reasons above, ACWA and the undersigned organizations strongly support SB 394 and respectfully request your signature. If you have any questions about our position, please contact Julia Hall at JuliaH@acwa.com.

Sincerely,

Julia Bishop Hall
State Legislative Director
Association of California Water Agencies

Krista Bernasconi
Mayor
City of Roseville

David Pedersen
General Manager
Las Virgenes Municipal Water District

Albert C Lau, P.E.
General Manager
Santa Fe Irrigation District

Jennifer M. Capitolo
Executive Director
California Water Association

Kristine McCaffrey, P.E.
General Manager
Calleguas Municipal Water District

Melissa Sparks-Kranz
Legislative Advocate
League of California Cities

Steve Johnson
General Manager
Desert Water Agency

Andrea Abergel
Director of Water
California Municipal Utilities Association

Anthony L. Firenzi
Director of Strategic Affairs
Placer County Water Agency

Eric Will
Policy Advocate
Rural County Representatives of California

Joe Mouawad, P.E.
General Manager
Eastern Municipal Water District

Aaron Avery
Director of State Legislative Affairs
California Special Districts Association

Matt Stone
General Manager
Santa Clarita Valley Water Agency

Kristopher Anderson
Policy Advocate
California Chamber of Commerce

Justin Scott-Coe
General Manager
Monte Vista Water District

Deven Upadhyay
General Manager
Metropolitan Water District of Southern California

Jennifer A. Spindler
General Manager
Crestline-Lake Arrowhead Water Agency

Kyle Swanson
CEO/General Manager
Padre Dam Municipal Water District

David Coxey
General Manager
Bella Vista Water District

Kat Wuelfing
General Manager
Mid-Peninsula Water District

Emily Long
Administrative and External Affairs Specialist
Tuolumne Utilities District

Bruce Kamilos
General Manager
Elk Grove Water District

Paul E. Shoenberger, P.E.
General Manager
Mesa Water District

Brian Olney
General Manager
Helix Water District

Kevin Phillips
District Manager
Paradise Irrigation District

Jason Martin
General Manager
Rancho California Water District

Michael J. Hether, P.E.
Assistant Public Works Director-Utilities
City of Fairfield

John Bosler
General Manager/CEO
Cucamonga Valley Water District

Tom Majich
General Manager
Kinneloa Irrigation District

Brett Sanders
General Manager
Lakeside Water District

James Lee
General Manager
Crescenta Valley Water District

Elizabeth Salomone
General Manager
Mendocino County Russian River Flood Control
& Water Conservation Improvement

Kim Domingo
General Manager
Rosamond Community Services District

Paul Helliker
General Manager
San Juan Water District

Edward A. Castaneda
General Manager
Orchard Dale Water District

Matthew Litchfield
General Manager
Three Valleys Municipal Water District

Craig D. Miller, P.E.
General Manager
Western Municipal Water District

Joel Metzger
General Manager
Utica Water and Power Authority

Gary Arant
General Manager
Valley Center Municipal Water District

John Thiel
General Manager
West Valley Water District

Tim Worley
Managing Director
Community Water Systems Alliance

Thomas Love
General Manager
Upper San Gabriel Valley Municipal Water District

David McNair
General Manager
Scotts Valley Water District

Nina Jazmadarian
General Manager
Foothill Municipal Water District

Jim Abercrombie
General Manager
El Dorado Irrigation District

Robert Grantham
General Manager
Santa Margarita Water District

J.M. Barrett
General Manager
Coachella Valley Water District

David J. Stoldt
General Manager
Monterey Peninsula Water Management District

Sue Mosburg
Executive Director
American Water Works Association - California-Nevada Section

Michael Moore
General Manager/CEO
East Valley Water District

Marion Champion
Assistant General Manager
Mission Springs Water District

Daniel Slawson
President
Beaumont-Cherry Valley Water District

Shivaji Deshmukh, P.E.
General Manager
Inland Empire Utilities Agency

Timothy R. Shaw
General Manager
Rio Linda Elverta Community Water District

Robert Johnson
General Manager
Aromas Water District

Anjanette Shadley
Assistant General Manager
Western Canal Water District

Thomas Huss
General Manager
Pinyon Pines County Water District

Mary Rogren
General Manager
Coastside County Water District

Paul Cook
General Manager
Irvine Ranch Water District

Caity Maple
Councilmember – District 5
Chair, Law & Legislation Committee
City of Sacramento

Harvey De La Torre
General Manager
Municipal Water District of Orange County

Senator John Kennedy
Chair
Subcommittee on Energy and Water
Development, Appropriations
United States Senate

Senator Patty Murray
Ranking Member
Subcommittee on Energy and Water
Development, Appropriations
United States Senate

Representative Chuck Fleischmann
Chair
Subcommittee on Energy and Water
Development, Appropriations
U.S. House of Representatives

Representative Marcy Kaptur
Ranking Member
Subcommittee on Energy and Water
Development, Appropriations
U.S. House of Representatives

UPDATED June 27, 2025

RE: Bureau of Reclamation WaterSMART Funding for FY2026

Dear Senators Kennedy and Murray and Representatives Fleischmann and Kaptur,

The undersigned 103 stakeholders representing water management and use, agriculture, business, outdoor recreation, conservation, and other interests write to request your support for robust annual funding for the Bureau of Reclamation's WaterSMART program in the upcoming Fiscal Year (FY) 2026 appropriations process for Energy and Water Development.

The popular and competitive WaterSMART program is a cornerstone of Reclamation's mission to manage, develop, and protect water and energy resources in an environmentally and economically sound manner for millions of Americans. WaterSMART supports cost-shared funding for projects that further activities core to Reclamation's mission, ensuring water availability and conservation, drought planning and response, energy security, habitat restoration, irrigation modernization, and improved fish passage that support the recovery and delisting of endangered species, as well as other similar projects that help address the most pressing water challenges in the western United States. Most WaterSMART projects require at least 50 percent cost sharing to leverage non-federal financial resources. To date, Reclamation has selected 2,364 projects and plans, to be funded with $3.28 billion in WaterSMART funding, in conjunction with $8.75 billion in non-federal funding, across the western states.[1] Completed WaterSMART projects are saving an estimated 1.7 million acre-feet per year; enough water for more than 4.6 million people.

In particular, we support continued FY2026 funding for WaterSMART programs **at FY2024 funding levels or above**, including: $15.017 million for Basin Studies; $8 million for Cooperative Watershed Management; $30 million for Drought Response and Comprehensive

[1] Bureau of Reclamation WaterSMART Program Data Portal, accessed June 3, 2025, https://experience.arcgis.com/experience/bf5c5357e7044e0c80d5a55788d1db34/ .

Drought Plans; $30 million for Title XVI Program (water recycling and reuse); $6.5 million for Aquatic Ecosystem Restoration Program; and $54 million for WaterSMART Grants.

Projects funded by the WaterSMART program often provide the dual benefit of water savings and ecosystem benefits, resulting in a high return on investment. The projects funded by these programs are essential to building drought resilience in a hotter and drier West, including ensuring the safe, reliable, and efficient management of water resources for people and agriculture. Furthermore, WaterSMART-funded projects play an integral part in supporting local communities in their wildfire preparedness efforts.

Federally funded WaterSMART projects have reduced risks associated with natural disasters, increased water security, enhanced fish and wildlife habitat, improved agricultural resiliency, and created jobs, especially in rural communities. These federal funds are also crucial in addressing the immense need for water infrastructure investments in the West, which exceeds the capacity of states and local governments to finance on their own. As drought conditions continue to intensify, sustained, annual funding for these activities is more important than ever.

Thank you for your consideration of this request.

Sincerely,

Alliance for Water Efficiency
Altar Valley Conservation Alliance
American Rivers
Amigos Bravos
Arizona Municipal Water Users Association
Arizona Wildlife Federation
Association of Metropolitan Water Agencies
Association of Northwest Steelheaders (OR)
Bernalillo County Natural Resource Services
Blua Consulting LLC
Burbank Water and Power
California Farm Bureau
California Water Efficiency Partnership
Calleguas Municipal Water District
Cavanaugh
Citrus Heights Water District
City of Beverly Hills
City of Fullerton
City of Peoria
City of Round Rock, Texas
City of Santa Barbara
City of Santa Rosa
City of Surprise - Arizona
City of Thornton, Colorado
City of Vacaville Utilities Department
Coconino Plateau Watershed Partnership
Colorado River Board of California
Colorado Wildlife Federation
Conservation Coalition of Oklahoma
Conservation Northwest (WA)
ConserveTrack, LLC
County of Santa Barbara Water Resources
Cucamonga Valley Water District
Eastern Municipal Water District
Ecoblue® | Water is life.
Elsinore Valley Municipal Water District
Environmental Defense Fund
Environmental Incentives
Family Farm Alliance
Farmers Conservation Alliance
Gallatin River Task Force
Green Builder Coalition

Hispanics Enjoying Camping, Hunting and the Outdoors (HECHO)
Idaho Wildlife Federation
Imperial Irrigation District
Irrigation Association
Irvine Ranch Water District
Jordan Valley Water Conservancy District
Laguna Beach County Water District
Las Virgenes Municipal Water District
Liberty
Long Beach Utilities Department
Mesa Water District
Metropolitan Water District of Southern California
Monterey Peninsula Water Management District
Municipal Water District of Orange County
National Association of Clean Water Agencies
National Association of Landscape Professionals
National Audubon Society
National Water Resources Association
National Wildlife Federation
Nebraska Wildlife Federation
Nevada Wildlife Federation
New Mexico Wildlife Federation
North Dakota Wildlife Federation
Oregon Water Resources Congress
Padre Dam Municipal Water District
Rancho California Water District
Regional Water Providers Consortium
Sacramento Suburban Water District
San Diego County Water Authority
San Dieguito Water District
Santa Clarita Valley Water Agency
Seattle Public Utilities, City of Seattle
Sonoma County Water Agency
South Dakota Wildlife Federation
South Tahoe Public Utility District
Southern Nevada Water Authority
Southwestern Water Conservation District
Texas Conservation Alliance
The Nature Conservancy
Theodore Roosevelt Conservation Partnership
Three Valleys Municipal Water District
Town of Gilbert
Town of Queen Creek
Trout Unlimited
Universal Access to Clean Water for Tribal Communities
Upper San Gabriel Valley Municipal Water District
Utah Division of Water Resources
Utah Water Ways
Utah Wildlife Federation
Vallecitos Water District
Walnut Valley Water District
WaterNow Alliance
Watershed Management Group
Weber Basin Water Conservancy District
West Basin Municipal Water District
Western Agriculture and Conservation Coalition
Western Landowners Alliance
Western Municipal Water District
Western Resource Advocates
World Wildlife Fund
Wyoming Wildlife Federation

Dave Stoldt

From: Mike McCullough
Sent: Thursday, June 26, 2025 2:09 PM
To: Sevilla, Edwin (Schiff)
Cc: Dave Stoldt
Subject: Thanks

Edwin,

I know this list has been out there for a while but just wanted to say thank you and to the Senator's team for putting the District's project, Monterey Peninsula Stormwater Diversion and Recycling Project, on the Senator's congressionally directed spending items list for the Fiscal Year 2026 Senate Appropriations Subcommittee on Energy and Water Development Bill. EWD_Schiff_CDS_Disclosure_25_updated.pdf

The District has identified several projects where stormwater could be diverted for additional flows which are then available for recycling. This area has done a great job in trying to maximize the amount of water that can be recycled whether it is for agriculture irrigation, landscape irrigation, or injection underground for use as a potable water supply later.

As I mentioned on the tour – we have a lot of things to show you and the Senator if another visit is warranted. Just on the peninsula, there is stormwater diversion and reuse, a small reservoir, fish rescue facilities, water recycling for golf courses, water recycling for landscape irrigation, aquifer storage and recovery, plus tons of work for indoor conservation. This area has been leading the way regarding conservation for over 30 plus years. In the Salinas Valley, they have agricultural drainage recycling, stormwater recycling, a rubber dam to hold back Salinas River water, recycled water for agriculture (27 years and counting), diversion facilities for stormwater and industrial processing water, plus two large reservoirs that serve multiple purposes.

Both areas have received federal dollars to support various projects of which we are very grateful.

We know we must work together to solve some very serious issues regarding water supplies. Our preceding thought leaders did a great job in laying a foundation for a sustainable water future. We are building upon that foundation and are excited about the future projects that will help promote vibrant communities.

We'll be back in touch soon.

Thanks,

Monterey Peninsula Water Management District
Mike McCullough
Assistant General Manager
5 Harris Court – Bldg G
Monterey, CA 93940
Phone: (831) 658-5652

June 23, 2025

The Honorable Ash Kalra
Chair, Assembly Judiciary Committee
1020 N Street, Room 104
Sacramento, CA 95814

RE: SB 394 (Allen) – Support

Dear Assemblymember Kalra:

On behalf of the undersigned organizations, we are writing to express our strong support for SB 394, which would enhance penalties for water theft from fire hydrants. Water agencies are responsible for delivering safe, clean, and affordable drinking water throughout California. However, in recent years, water theft has posed a serious threat to water agencies' ability to fulfill that responsibility.

Water theft takes many forms, the most egregious being water theft from fire hydrants for commercial uses. Illegal actors have been documented connecting to and filling water trucks from fire hydrants without the proper use of hydrant meters to avoid paying for water. These water trucks can hold up to 6,000 gallons of water, resulting in significant loss for water agencies. The stolen water is typically used or sold for profit for commercial purposes, such as by construction companies, landscaping companies, and water trucks selling the water to other users. **Current fine amounts are not strong enough to deter this theft** and may instead be seen as the cost of doing business for some bad actors.

SB 427 of 2021 carried by Senator Eggman established authority for public water agencies to adopt an ordinance that prohibits water theft and makes a violation of that ordinance subject to an administrative fine or penalty. The existing authority breaks theft into two categories: meter tampering and all other forms of water theft. Fines for meter tampering range from $130 for the first violation up to $1,300 for the third and additional violations within one year. All other forms of water theft, which currently includes theft from a fire hydrant, can be fined up to $1,000 for the first violation, up to $3,000 for the third and additional violations within a year.

At the time these fines were established, the impact to residential customers was a strong consideration that led to the final fine amounts. SB 394 is targeting commercial operators that are illegally diverting water from hydrants for profit.

Water theft from fire hydrants poses serious risks to public health and safety, water affordability, and water efficiency. During water theft from hydrants, contamination can occur when non-potable sources are illegally connected to a drinking water system and anti-backflow devices are not used. This cross-contamination between the water system and non-potable source connections poses a serious health risk to everyone in the system.

Further, unauthorized use of a hydrant can lead to water pressure in the system dropping which can jeopardize response to emergency situations such as fires. This potential issue is especially timely given the devastating fires in Southern California.

Illegal connections also often result in costly damage to the fire hydrant and system infrastructure that can impair the hydrant's function. The revenue lost from water theft and the cost of damage to infrastructure as a result of theft is ultimately borne by law-abiding paying customers, having a negative impact on water affordability. Water theft also works against efforts by water districts to comply with State water use efficiency goals under the State's newly adopted Making Conservation a California Way of Life framework.

The current penalties for water theft are an insufficient deterrent and fail to prevent this criminal activity from occurring. SB 394 recognizes and addresses these inefficiencies in existing penalties by authorizing local agencies that provide water services to adopt an ordinance with enhanced penalties specifically for water theft from a fire hydrant. The intent of this bill is to specifically deter commercial water theft, rather than residential water theft. Under SB 394, local agencies could adopt an ordinance allowing them to set fines not to exceed $2,500 for the first violation and up to $10,000 for the third and any additional violations.

This bill would also remove the one-year reset on existing penalties for the third and additional violations for water theft committed via meter tamping and other forms of water theft. This bill would also help agencies recover damages as a result of water theft from a fire hydrant by authorizing a utility to bring a civil action for damages against any person who, without authorization, tampers with or diverts water from a fire hydrant. These provisions on civil action would be available to both public agencies and other types of retail water agencies that face these same challenges.

For the reasons above, ACWA and the undersigned organizations strongly support SB 394 and respectfully request your "AYE" vote when the bill is heard in the Assembly Judiciary Committee. If you have any questions about our position, please contact Julia Hall at JuliaH@acwa.com.

Sincerely,

Julia Bishop Hall
State Legislative Director
Association of California Water Agencies

David Pedersen
General Manager
Las Virgenes Municipal Water District

Jennifer M. Capitolo
Executive Director
California Water Association

Melissa Sparks-Kranz
Legislative Advocate
League of California Cities

Andrea Abergel
Director of Water
California Municipal Utilities Association

Eric Will
Policy Advocate
Rural County Representatives of California

Aaron Avery
Director of State Legislative Affairs
California Special Districts Association

Kristopher Anderson
Policy Advocate
California Chamber of Commerce

Deven Upadhyay
General Manager
Metropolitan Water District of Southern California

Krista Bernasconi
Mayor
City of Roseville

Albert C Lau, P.E.
General Manager
Santa Fe Irrigation District

Kristine McCaffrey, P.E.
General Manager
Calleguas Municipal Water District

Steve Johnson
General Manager
Desert Water Agency

Anthony L. Firenzi
Director of Strategic Affairs
Placer County Water Agency

Joe Mouawad, P.E.
General Manager
Eastern Municipal Water District

Matt Stone
General Manager
Santa Clarita Valley Water Agency

Justin Scott-Coe
General Manager
Monte Vista Water District

Jennifer A. Spindler
General Manager
Crestline-Lake Arrowhead Water Agency

Kyle Swanson
CEO/General Manager
Padre Dam Municipal Water District

David Coxey
General Manager
Bella Vista Water District

Kat Wuelfing
General Manager
Mid-Peninsula Water District

Emily Long
Administrative and External Affairs Specialist
Tuolumne Utilities District

Bruce Kamilos
General Manager
Elk Grove Water District

Paul E. Shoenberger, P.E.
General Manager
Mesa Water District

Brian Olney
General Manager
Helix Water District

Kevin Phillips
District Manager
Paradise Irrigation District

Jason Martin
General Manager
Rancho California Water District

Michael J. Hether, P.E.
Assistant Public Works Director-Utilities
City of Fairfield

John Bosler
General Manager/CEO
Cucamonga Valley Water District

Tom Majich
General Manager
Kinneloa Irrigation District

Brett Sanders
General Manager
Lakeside Water District

James Lee
General Manager
Crescenta Valley Water District

Elizabeth Salomone
General Manager
Mendocino County Russian River Flood Control
& Water Conservation Improvement

Kim Domingo
General Manager
Rosamond Community Services District

Paul Helliker
General Manager
San Juan Water District

Edward A. Castaneda
General Manager
Orchard Dale Water District

Matthew Litchfield
General Manager
Three Valleys Municipal Water District

Craig D. Miller, P.E.
General Manager
Western Municipal Water District

Joel Metzger
General Manager
Utica Water and Power Authority

Gary Arant
General Manager
Valley Center Municipal Water District

John Thiel
General Manager
West Valley Water District

Tim Worley
Managing Director
Community Water Systems Alliance

Thomas Love
General Manager
Upper San Gabriel Valley Municipal Water District

David McNair
General Manager
Scotts Valley Water District

Nina Jazmadarian
General Manager
Foothill Municipal Water District

Jim Abercrombie
General Manager
El Dorado Irrigation District

Robert Grantham
General Manager
Santa Margarita Water District

J.M. Barrett
General Manager
Coachella Valley Water District

David J. Stoldt
General Manager
Monterey Peninsula Water Management District

Sue Mosburg
Executive Director
American Water Works Association - California-Nevada Section

Michael Moore
General Manager/CEO
East Valley Water District

Marion Champion
Assistant General Manager
Mission Springs Water District

Daniel Slawson
President
Beaumont-Cherry Valley Water District

Shivaji Deshmukh, P.E.
General Manager
Inland Empire Utilities Agency

Timothy R. Shaw
General Manager
Rio Linda Elverta Community Water District

Robert Johnson
General Manager
Aromas Water District

Anjanette Shadley
Assistant General Manager
Western Canal Water District

Thomas Huss
General Manager
Pinyon Pines County Water District

Mary Rogren
General Manager
Coastside County Water District

Paul Cook
General Manager
Irvine Ranch Water District

Caity Maple
Councilmember – District 5
Chair, Law & Legislation Committee
City of Sacramento

June 20, 2025

The Honorable Buffy Wicks
Chair, Assembly Appropriations Committee
Capitol Office, Room 8140
Sacramento, CA 95814

RE: SB 454 (McNerney) – SUPPORT

Dear Chair Wicks:

On behalf of the Association of California Water Agencies (ACWA), the League of California Cities (Cal Cities), and the undersigned organizations, we are writing to express our strong support for SB 454, which would establish a statewide PFAS Mitigation Fund (fund) intended to help local public agencies pay for cleaning up PFAS contamination in drinking water and wastewater.

SB 454 would not fiscally impact the state. It would simply establish a fund intended to leverage existing and future potential funding to support public water and wastewater agencies' cleanup of PFAS contamination and compliance with PFAS drinking water standards. SB 454 would also prohibit the State Water Resources Control Board (State Water Board) from expending more than 5 percent of the total monies available in the fund for purposes related to administrative costs. SB 454 would become operative upon appropriation by the Legislature.

Public water agencies are responsible for delivering safe, clean, and affordable drinking water throughout California. To fulfill that responsibility, public water agencies must comply with federal and state drinking water standards, including PFAS drinking water standards. Drinking water standards can have significant financial impacts on public water agencies, which are passed on to ratepayers and ultimately, impact water affordability.

PFAS, characterized as "forever chemicals" due to their stability in the environment and resistance to breaking down, are a large group of man-made chemicals that have been used extensively since the 1940s and can today be found in our food system, drinking water supplies, and air. Despite legislative efforts, PFAS are still manufactured, distributed, and used globally and continue to passively contaminate water supplies and wastewater systems. While public water agencies are not the source of PFAS or responsible for the development of the products that introduced PFAS into water supplies and wastewater systems, they are responsible for monitoring for their presence, treating the water, and disposing of the contamination.

In April 2024, the US Environmental Protection Agency (EPA) established new national, legally enforceable maximum contaminant levels (MCL) of 4.0 parts per trillion for PFOA and PFOS as individual contaminants. Public water agencies are required to comply with these MCLs by 2031. EPA estimated that the annual nationwide cost for public water agencies to comply with these MCLs, and primarily for PFOA and PFOS, will be between $772 million and $1.2 billion. The American Water Works Association contends that the actual cost could reach $40 billion in capital investments, with annual operating expenses between $2.7 billion and $3.5 billion.

This year, the State Water Board is expected to initiate a formal rulemaking process to set a PFAS drinking water standard. Existing law requires a contaminant's MCL to be established at a level as close to its public health goal as is technologically and economically feasible. Existing law also requires state drinking water standards to be at least as stringent as federal standards set by the EPA. **With California's MCL anticipated to be at least as protective as the federal MCL, the costs associated with treating California's water supplies will be significant.**

For the reasons above, ACWA, Cal Cities, and the undersigned organizations strongly support SB 454 and respectfully request your "AYE" vote when the bill is heard in the Assembly Appropriations Committee. If you have any questions about our position, please contact Chelsea Haines at chelseah@acwa.com or Melissa Sparks-Kranz at msparkskranz@calcities.org.

Sincerely,

Chelsea Haines
State Regulatory Director
Association of California Water Agencies

Melissa Sparks-Kranz
Legislative Advocate
League of California Cities

Aaron Avery
Director of State Legislative Affairs
California Special Districts Association

Andrea Abergel
Director of Water
California Municipal Utilities Association

Anjanette Shadley
Assistant General Manager
Western Canal Water District

Brian Olney
General Manager
Helix Water District

Caity Maple
Councilmember – District 5
Chair, Law & Legislation Committee
City of Sacramento

Carlos Quintero
General Manager
Sweetwater Authority

Catherine Cerri
General Manager
Lake Arrowhead Community Services District

Cathy Lee
General Manager
Carmichael Water District

Chris Berch, P.E.
General Manager
Jurupa Community Services District

Craig D. Miller, P.E.
General Manager
Western Municipal Water District

Dan Muelrath
General Manager
Diablo Water District

Daniel Slawson
President
Beaumont-Cherry Valley Water District

David Coxey
General Manager
Bella Vista Water District

David McNair
General Manager
Scotts Valley Water District

David Stoldt
General Manager
Monterey Peninsula Water Management District

Deven Upadhyay
General Manager
Metropolitan Water District of Southern California

Elizabeth Salomone
General Manager
Mendocino County Russian River Flood Control & Water Conservation Improvement

Ernesto A. Avila
Board President
Contra Costa Water District

Greg Thomas
General Manager
Elsinore Valley Municipal Water District

Hannah Davidson
Project Manager
Hidden Valley Lake Community Services District

J.M. Barrett
General Manager
Coachella Valley Water District

James Lee
General Manager
Crescenta Valley Water District

James Peifer
Executive Director
Regional Water Authority

James Prior
General Manager
San Gabriel County Water District

Jason Martin
General Manager
Rancho California Water District

Jennifer A. Spindler
General Manager
Crestline-Lake Arrowhead Water Agency

Jessica Gauger
Director of Legislative Advocacy & Public Affairs
California Association of Sanitation Agencies

Jessaca Lugo
City Manager
City of Shasta Lake

Joe Mouawad, P.E.
General Manager
Eastern Municipal Water District

John Thiel
General Manager
West Valley Water District

Justin Hopkins
General Manager
Stockton East Water District

Justin Scott-Coe
General Manager
Monte Vista Water District

Kat Wuelfing
General Manager
Mid-Peninsula Water District

Kimberly A. Thorner
General Manager
Olivenhain Municipal Water District

Krista Bernasconi
Mayor
City of Roseville

Kristine McCaffrey, P.E.
General Manager
Calleguas Municipal Water District

Mandip Samra
General Manager
Burbank Water and Power

Mark Stapp
Mayor
City of Santa Rosa

Matt Stone
General Manager
Santa Clarita Valley Water Agency

Matthew Litchfield
General Manager
Three Valleys Municipal Water District

Michael Moore
General Manager/CEO
East Valley Water District

Norman Huff
General Manager
Camrosa Water District

Pat Kaspari
General Manager
McKinleyville Community Services District

Paul Cook
General Manager
Irvine Ranch Water District

Paul E. Shoenberger, P.E.
General Manager
Mesa Water District

Randall James Reed
President
Cucamonga Valley Water District

Sheryl Shaw, P.E.
General Manager
Walnut Valley Water District

Steve Johnson
General Manager
Desert Water Agency

Sue Mosburg
Executive Director
California-Nevada Section American Water Works Association

Thomas Love
General Manager
Upper San Gabriel Valley Municipal Water District

Tom Coleman
General Manager
Rowland Water District

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

June 13, 2025

The Honorable Jimmy Panetta
United States House of Representatives
304 Cannon House Office Building
Washington, DC 20515

Dear Representative Panetta:

On behalf of the Monterey Peninsula Water Management District (MPWMD), as the Fiscal Year (FY) 2026 Appropriations process begins, I respectfully urge you to fund critical water infrastructure programs and to maintain the investments that strengthen public health, support economic growth, and ensure that water remains accessible and affordable.

Our nation's drinking water and wastewater infrastructure programs are essential to the health and well-being of every American and the basic functioning of our society. Water systems' mission is to provide these services, ensuring that the water delivered to households across the country is safe, clean, and affordable.

As Congress works to develop FY26 spending levels for the Environmental Protection Agency (EPA), please fully fund core water infrastructure programs like the Drinking Water and Clean Water State Revolving Funds (SRFs) and the Water Infrastructure Finance and Innovation Act (WIFIA), as well as several targeted water infrastructure grant programs that Congress has authorized in recent years.

Both SRF and WIFIA were foundational financial support for the innovative Pure Water Monterey project here on the Monterey Peninsula.

Any cuts to these programs, such as those that were proposed in the President's initial budget request, would impact water affordability for many households across the country. During a time when many Americans are already struggling with the cost of living, this would create a water crisis that utilities cannot solve without federal assistance, as systems would be forced to defer urgent projects or increase water rates. An analysis by Banner Public Affairs estimates that the President's budget request would lead to nearly 40,000 lost jobs nationwide and $6.47 billion in reduced economic output.[1] Meanwhile, the analysis reports that every $1 million invested in water infrastructure supports 15.7 good-paying American jobs.

In the weeks since the budget request release, it has been meaningful to see members of Congress raise concerns during the budget hearings, and question how local utilities and communities could continue providing these critical water services to their constituents without federal support. Water systems have already been chronically underfunded, as EPA data shows

[1] https://cdn.prod.website-files.com/5f8d9b0df18924408870e070/6815343236b12b9e4bd34ac4_493f0013ae3d188c08f811351579e17a_Down%20the%20Drain%20V1.3.pdf

that the nation's drinking water and wastewater systems face more than $1.2 trillion capital improvement need over the next 20 years to maintain current levels of service.[2, 3]

Additionally, MPWMD strongly opposes cuts to the Bureau of Reclamation (Reclamation) as outlined in the FY26 budget request. **A nearly $610 million cut to existing Reclamation funding would detrimentally impact building and maintaining essential water infrastructure.** Reclamation funding is essential to help provide safe, reliable, and efficient management of water resources throughout the western United States. We are especially concerned about the complete elimination of funding for critical programs such as Reclamation's Aging Infrastructure Program, WaterSmart Program funding (including Title XVI Water Recycling), and WIIN (Section 4007) Water Storage funding.

Since the 1990s, water agencies in Monterey County have partnered with Reclamation to fund water recycling projects to deliver critically needed water to both local urban customers and agricultural food suppliers to the world, while also reducing waste discharges to the Monterey Bay National Marine Sanctuary.

Again, MPWMD urges you to protect water infrastructure programs. Thank you for your consideration. Your continued support is greatly appreciated as we seek to work with our community partners to help build a more sustainable and resilient future for the residents of the Monterey Peninsula.

Sincerely,

David J. Stoldt
General Manager
Monterey Peninsula Water Management District
dstoldt@mpwmd.net

[2] https://www.epa.gov/system/files/documents/2023-09/Seventh%20DWINSA_September2023_Final.pdf
[3] https://www.epa.gov/system/files/documents/2024-05/2022-cwns-report-to-congress.pdf

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

June 13, 2025

The Honorable Alex Padilla
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

The Honorable Adam Schiff
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

Dear Senators Padilla and Schiff:

On behalf of the Monterey Peninsula Water Management District (MPWMD), as the Fiscal Year (FY) 2026 Appropriations process begins, I respectfully urge you to fund critical water infrastructure programs and to maintain the investments that strengthen public health, support economic growth, and ensure that water remains accessible and affordable.

Our nation's drinking water and wastewater infrastructure programs are essential to the health and well-being of every American and the basic functioning of our society. Water systems' mission is to provide these services, ensuring that the water delivered to households across the country is safe, clean, and affordable.

As Congress works to develop FY26 spending levels for the Environmental Protection Agency (EPA), please fully fund core water infrastructure programs like the Drinking Water and Clean Water State Revolving Funds (SRFs) and the Water Infrastructure Finance and Innovation Act (WIFIA), as well as several targeted water infrastructure grant programs that Congress has authorized in recent years.

Both SRF and WIFIA were foundational financial support for the innovative Pure Water Monterey project here on the Monterey Peninsula.

Any cuts to these programs, such as those that were proposed in the President's initial budget request, would impact water affordability for many households across the country. During a time when many Americans are already struggling with the cost of living, this would create a water crisis that utilities cannot solve without federal assistance, as systems would be forced to defer urgent projects or increase water rates. An analysis by Banner Public Affairs estimates that the President's budget request would lead to nearly 40,000 lost jobs nationwide and $6.47 billion in

5 Harris Court, Building G, Monterey, CA 93940 • P.O. Box 85, Monterey, CA 93942-0085
831-658-5600 • Fax 831-644-9560 • www.mpwmd.net

reduced economic output.[1] Meanwhile, the analysis reports that every $1 million invested in water infrastructure supports 15.7 good-paying American jobs.

In the weeks since the budget request release, it has been meaningful to see members of Congress raise concerns during the budget hearings, and question how local utilities and communities could continue providing these critical water services to their constituents without federal support. Water systems have already been chronically underfunded, as EPA data shows that the nation’s drinking water and wastewater systems face more than $1.2 trillion capital improvement need over the next 20 years to maintain current levels of service.[2, 3]

Additionally, MPWMD strongly opposes cuts to the Bureau of Reclamation (Reclamation) as outlined in the FY26 budget request. **A nearly $610 million cut to existing Reclamation funding would detrimentally impact building and maintaining essential water infrastructure.** Reclamation funding is essential to help provide safe, reliable, and efficient management of water resources throughout the western United States. We are especially concerned about the complete elimination of funding for critical programs such as Reclamation’s Aging Infrastructure Program, WaterSmart Program funding (including Title XVI Water Recycling), and WIIN (Section 4007) Water Storage funding.

Since the 1990s, water agencies in Monterey County have partnered with Reclamation to fund water recycling projects to deliver critically needed water to both local urban customers and agricultural food suppliers to the world, while also reducing waste discharges to the Monterey Bay National Marine Sanctuary.

Again, MPWMD urges you to protect water infrastructure programs. Thank you for your consideration. Your continued support is greatly appreciated as we seek to work with our community partners to help build a more sustainable and resilient future for the residents of Monterey Peninsula.

Sincerely,

David J. Stoldt
General Manager
Monterey Peninsula Water Management District
dstoldt@mpwmd.net

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[1] https://cdn.prod.website-files.com/5f8d9b0df18924408870e070/6815343236b12b9e4bd34ac4_493f0013ae3d188c08f811351579e17a_Down%20the%20Drain%20V1.3.pdf
[2] https://www.epa.gov/system/files/documents/2023-09/Seventh%20DWINSA_September2023_Final.pdf
[3] https://www.epa.gov/system/files/documents/2024-05/2022-cwns-report-to-congress.pdf

May 1, 2025

The Honorable Jimmy Panetta
United States House of Representatives
304 Cannon House Office Building
Washington, DC 20515

Subject: H.R. 1267 – SUPPORT

Dear Representative Panetta:

On behalf of the Monterey Peninsula Water Management District (MPWMD), I am writing to urge your support for H.R. 1267, the Water Systems PFAS Liability Protection Act. This bipartisan legislation will ensure that polluters – not water systems and their ratepayers – face financial liability for cleaning up sites contaminated with per- and polyfluoroalkyl substances (PFAS) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

Last year, EPA designated perfluorooctanoic acid (PFOA) and perfluoroctane sulfonate (PFOS) – two PFAS chemicals – as hazardous substances under CERCLA. At the time, EPA released an enforcement discretion memo pledging to focus federal enforcement efforts on the entities responsible for releasing PFAS into the environment. But drinking water and wastewater systems, and our ratepayers, could still face significant financial liability unless Congress acts.

PFAS and PFOA compounds are a group of synthetic chemicals that have been used extensively in industrial applications in a wide variety of products from textiles and cookware to firefighting foam since 1938. These compounds are resistant to natural degradation and have contaminated soil, water, wildlife, and even human beings. Water managers are one of the few groups working to remove these containments from the environment, despite the fact that we are not the entities that introduced these compounds into the environment.

California water managers are recognized as national and international leaders in working to address PFAS contaminants when they are found in water. However, we are very concerned about potentially being held liable under CERCLA.

Drinking water and wastewater systems do not produce, use, or benefit from PFAS. Instead, these systems passively receive PFAS into their treatment plants from industrial processes, manufacturing facilities, and the widespread use of PFAS-laden household products. The purpose of water treatment is to remove contaminants. As a result, PFAS is present in treatment residuals, and water systems manage residuals in keeping with applicable regulations. However, with the designation of PFOA and PFOS as hazardous substances, water systems could be subject to significant financial and legal liability under CERCLA even though they have responsibly managed PFAS residuals.

CERCLA does not distinguish between passive receivers of a hazardous substance and the polluting entity that introduced it into the environment. Any entity that handles, manages, or disposes of PFAS could be held partially or fully liable for cleaning it up. If a location where a water system treated, stored, or disposed of PFAS residuals becomes a Superfund cleanup site, the water system could be identified as a potentially responsible party.

Without congressional action, manufacturers and polluters of PFAS can use CERCLA to force water and wastewater systems into expensive and lengthy litigation. This means communities – including those that have already paid to remove PFAS from their drinking water – will have to spend limited resources on legal fees rather than critical system improvements, operations, and maintenance.

I urge you to support and consider cosponsoring H.R. 1267, the Water Systems PFAS Liability Protection Act, introduced by Representatives Marie Gluesenkamp Perez (D-WA-3) and Celeste Maloy (R-UT-2). This bipartisan bill would preserve the "polluter pays" principle under CERCLA and ensure that water systems can focus our efforts on maintaining water quality. If you have any questions or would like to follow up on this matter, please contact ACWA Federal Relations Representative Libby Spekhardt at libbys@acwa.com or (207) 852-7791.

Thank you for your consideration. Your continued support is greatly appreciated as we seek to work with our community partners to help build a more sustainable and resilient water future for the residents of Monterey Peninsula.

Sincerely,

David J. Stoldt
General Manager

ACWA
Association of California Water Agencies

Walnut Valley Water District

TUD

Scotts Valley Water District

emwd

LACSD
Lake Arrowhead Community Services District
Est. 1978

MesaWater District©

PWD Est. 1918
Palmdale Water District
A Century of Service

Camrosa Water District
Building Water Self-Reliance

South Tahoe Public Utility District

Contra Costa Water District

McKinleyville Community Services District

Crestline-Lake Arrowhead Water Agency

UTICA
Water and Power Authority
Est. 1852

East Valley Water District
Leadership · Partnership · Stewardship

San Juan Water
Since 1854

Monterey Peninsula Water Management District

Monte Vista Water District

Fairfield

3V

Santa Margarita Water District

Western Municipal Water District

Cucamonga Valley® Water District
Service Beyond Expectation

Olivenhain Municipal Water District

Helix Water District

Bellflower-Somerset mutual water company

EID

Puente Basin Water Agency

Hidden Valley Lake Community Services District

Bella Vista Water District
11368 E. Stillwater Way • Redding, California 96003-9510
Telephone (530) 241-1085 • Fax (530) 241-8354

SCV Water

Desert Water

Upper Water
Upper San Gabriel Valley Municipal Water District

San Gabriel County Water District

Rowland Water District

La Habra Heights County Water District

April 14, 2025

The Honorable Josh Becker
Chair, Senate Energy, Utilities and Communications Committee
Capitol Office, Room 6520
Sacramento, CA 95814

RE: **SB 350 (Durazo) – Water Rate Assistance Program**
Position: **OPPOSE UNLESS AMENDED**

Dear Chair Becker:

On behalf of the Association of California Water Agencies (ACWA), I am writing to respectfully express our "Oppose Unless Amended" position on SB 350, relating to the establishment of a statewide water low-income rate assistance (LIRA) program.

ACWA believes that SB 350 could be amended in a way that accomplishes the goals of the author and that meets the needs of the public water agencies that will play a key role in the administration of a LIRA program. Some water agencies already administer their own LIRA programs. However, many water agencies are precluded from funding a local LIRA program because of financial constraints and limits placed on how ratepayer dollars can be spent by Proposition 218. The concerns and requested amendments summarized below are intended to minimize the administrative burden on local water agencies and make a statewide LIRA program as cost-effective and efficient as possible, without detracting from the author's goals.

1) **The Bill Does Not Identify a Funding Source**
AB 401 (Dodd, 2015) directed the State Water Resources Control Board (State Water Board) to develop a study outlining how it would fund and implement a LIRA program. The AB 401 Report, which was released in 2018, has been used as the framework for multiple LIRA proposals and was developed with a robust public process. The cost estimate for direct water bill assistance at the time the report was released was approximately $140 million. Notably, neither AB 401 nor the AB 401 Report includes wastewater, as SB 350 does. With the inclusion of wastewater and persistent inflation since the report's release, the annual cost for the program proposed by SB 350 is likely much higher. It is vital that the funding mechanism for a LIRA program is not regressive and does not challenge water affordability (i.e., a tax on water).

2) **The Cap on Administrative Costs for Local Water Agencies May Need Further Refinement**
As amended, SB 350 proposes to cap reimbursement to water providers for reasonable costs of administration at the greater of 5% of total funds for water bill assistance or $5,000. The bill also requires the State Water Board to develop a process by which it could grant an exemption to this cap on a case-by-case basis. ACWA appreciates this amendment, as it will give the State Water Board much needed flexibility in the event that the proposed cap is too low. However, because this is a new program, it is very difficult to assess whether the proposed cap on reimbursement for local water agencies will be sufficient. ACWA is committed to working with the author to ensure that local water agencies are able to recover administration costs while maximizing the funding that goes to ratepayer assistance.

3) **Existing LIRA Programs Should Be Able to Continue in Their Existing Form**
Some local water agencies already have successful LIRA programs. Local water agencies should not be required to establish an entirely new LIRA program framework if they have an existing, successful program. ACWA suggests amending the bill to specify that existing local LIRA programs be allowed to continue in their current form as long as they match or exceed the benefit and enrollment levels of the statewide program.

4) **The Proposed Prioritization Framework is Not Appropriate for a LIRA Program**
SB 350 directs the State Water Board to develop a process for determining how implementation will be prioritized among eligible systems in the event that full funding is not immediately available. As amended, the bill directs the State Water Board to prioritize eligible systems that have historically been overburdened by pollution and industrial development or faced other environmental justice hurdles. This is the wrong metric to use when determining funding priority, given that SB 350 is creating a LIRA program aimed at mitigating water affordability issues, not water quality issues. ACWA recommends a simple prioritization framework that reduces funding or changes the eligibility threshold across all systems in the event of insufficient program funding.

5) **The Department of Community Services and Development (CSD) Would Be a More Appropriate Implementing Agency**
The bill proposes a LIRA program implemented by the State Water Board. ACWA's strong preference is that the Department of Community Services and Development (CSD) implement the program because CSD is experienced with implementing other statewide low-income assistance programs. CSD implemented the federally-funded Low-Income Household Water Assistance Program (LIHWAP) from 2020 – 2024 as part of the federal government's COVID assistance package. CSD administers many other statewide assistance programs and already has the expertise to implement a LIRA program.

6) **Wastewater Should Be Removed from the Bill**
SB 350 would provide rate assistance to low-income households for both residential water bills and wastewater bills. In many jurisdictions, wastewater bills are assessed as part of property taxes and would not be able to receive a bill credit under this program. Where it is possible to apply a credit to a wastewater bill, doing so would add significant logistical complexity and cost. As noted above, wastewater was not included in the State Water Board's AB 401 report, which outlined how the State would fund and implement such a program. Including wastewater in a LIRA program would create an equity issue by providing a benefit to some eligible customers and not others. It may be appropriate to explore an assistance mechanism for wastewater at a later date. However, ACWA strongly recommends removing it from this bill.

7) **The Bill Should Be Implemented with Regulations, Not Guidelines**
The bill directs the State Water Board to, in consultation with other relevant agencies, adopt guidelines for implementation of the program following three public workshops and at least a 45-day public comment period on the draft guidelines. This amendment is a positive step in the right direction, and ACWA appreciates the author's and the sponsor's openness to ACWA's concerns about public process.

This is a brand-new program that will, if approved and funded, provide benefits to millions of Californians. The importance and complexity of the proposed program merits a comprehensive public engagement process that allows for meaningful public input, multiple hearings, and draft reviews. ACWA believes the program should be implemented through a regulatory process consistent with the Administrative Procedures Act.

8) **The Proposed Enforcement Mechanism is Out of Step with a LIRA Program**
As introduced, the bill proposed authorizing the Attorney General to take enforcement action against a noncompliant system. As amended, the Attorney General would be restricted to taking enforcement action only upon referral by the State Water Board and would not be permitted to take enforcement action against systems making a good faith effort to comply with the requirements of this bill. This is a positive amendment and ACWA appreciates the author's responsiveness to ACWA's concerns.

ACWA's view remains that enforcement by the implementing state agency – particularly given that the State Water Board is a regulatory enforcement agency – is sufficient for a financial assistance program.

9) **LIRA Funding Should Not Be Used to Fund Pilot Projects**
SB 350 proposes to allocate 5% of the program's funds to pilot projects. This bill should be narrowly focused on providing water rate assistance. Support for water use efficiency projects can be funded with climate and/or drought resilience state budget funding separate from this program. ACWA is not opposed to pilot projects related to a LIRA program, but we do not believe they should be funded in a way that reduces the funding available for direct assistance to those who need it.

For these reasons, ACWA respectfully opposes SB 350 unless it is amended to address these concerns. ACWA is committed to continuing to work with the bill's author and proponents to positively amend the bill and requests your support for these changes when the bill is heard in the Senate Energy, Utilities and Communications Committee. Please contact me at SorenN@acwa.com if you have any questions about these comments.

Sincerely,

Soren Nelson
Senior Policy Advocate
Association of California Water Agencies

Craig D. Miller, P.E.
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Western Municipal Water District

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Upper San Gabriel Valley Municipal Water District

Tom Coleman
General Manager
Rowland Water District

March 25, 2025

The Honorable Melissa Hurtado
California State Senate
1021 O Street, Suite 6510
Sacramento, California 95814

RE: Senate Bill 496 (Hurtado): Advanced Clean Fleets – Support [As Introduced]

Dear Senator Hurtado:

The Monterey Peninsula Water Management District is pleased to support your Senate Bill 496, related to the Advanced Clean Fleets mandates.

Local agencies like ours continue to do our part in achieving the State's climate and emissions goals. SB 496 will enable us to better meet this challenge and effectively navigate the current Advanced Clean Fleets (ACF) mandates and their associated ambitious compliance deadlines. Of critical concern to our community, the ACF mandates on local agencies are creating unnecessary challenges in complying while maintaining the many critical services Californians rely upon for their most essential daily needs as well as during emergencies and disasters.

SB 496 will provide some relief to local agencies by establishing an Appeals Advisory Committee by which local agencies may request a review of exemption request denials. This ensures transparency while protecting due process for those seeking further review.

Additionally, SB 496 would update the emergency vehicle exemption, allowing those vehicles that respond to and support critical operations related to emergencies and disasters, often under austere conditions, to continue to protect our communities.

SB 496 also modifies the requirements of the daily usage exemption, removing barriers for the applicant to comply with the mandate. Moreover, the legislation promotes affordability amid rapidly rising cost pressures on essential local services by averting the costly acquisition of ZEVs before it is possible to install the infrastructure required to use them.

These improvements to the ACF will protect the health and safety of Californians, avoid unnecessary costs detrimental to our shared long-term goals, and ensure that local agencies can continue to work diligently to decarbonize their fleet operations and comply with the ACF without being penalized for factors beyond their control. For these reasons Monterey Peninsula Water Management District is pleased to support your Senate Bill 496. Please feel free to contact us with any questions.

Sincerely,

David J Stoldt
General Manager
Monterey Peninsula Water Management District

CC: Anthony Tannehill, Legislative Representative, California Special Districts Association [advocacy@csda.net]

February 14, 2025

The Honorable Lee Zeldin
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Dear Administrator Zeldin:

Congratulations on your appointment as Administrator of the Environmental Protection Agency (EPA). The undersigned associations, water utilities, manufacturers, distributors, consumer groups, and water-interested stakeholders join in encouraging the agency to continue to fund and operate the highly successful WaterSense® program.

This voluntary public-private partnership has helped American consumers choose more efficient products that WaterSense estimates save them more than $207 billion (in 2023 dollars) on their water and energy bills since the program's inception. These savings are critical to helping consumers afford their utility bills at a time of rising prices and inflation.

Furthermore, WaterSense-labeled products are evaluated to ensure they perform at a high level while also saving water. Americans can choose from more than 45,000 available models of WaterSense-labeled products for bathrooms, commercial kitchens and irrigation systems.

Water security in the United States is a challenge due to drought, aging infrastructure, and contamination. The WaterSense program is a proven solution to help with these issues, and it is critical to the planned economic development of many communities. WaterSense is supported by consumers, manufacturers and the public and private agencies charged with supplying water to American households and businesses. Since its inception in 2006, it has been immensely successful at achieving its goal of reducing water consumption. An estimated 8.7 trillion gallons have been saved using WaterSense-labeled products.

WaterSense fuels innovation in American manufacturing and is strongly supported by the plumbing and irrigation industry. More than 2,200 manufacturers, retailers and distributors, water and energy utilities, state and local governments, non-profit and trade organizations, irrigation training organizations, and homebuilders partner with WaterSense.

For areas affected by drought, state and local partners help promote and incentivize the voluntary use of WaterSense products to avoid and limit the need to impose more stringent drought restrictions. For example, water utilities, many of whom have been facing drought and other supply constraints in recent years, utilize WaterSense certified products as a vital tool that they can promote through conservation outreach and rebate programs, saving ratepayers the expense of each utility certifying water savings of products separately.

WaterSense helps give consumers more choices, offers manufacturers the opportunity to seek labeling for their innovative, high-performing and efficient products, and creates a clear framework for competition among plumbing and irrigation equipment manufacturers. It is clear to us that the voluntary WaterSense program helps further the policy goals set forth in President Trump's Executive Order on Unleashing American Energy. As a result, we urge you to continue your agency's long-standing support for this program.

Sincerely,

Alliance for Water Efficiency

American Water Works Association

AQUOS POOLS & AFS LLC

Arizona Municipal Water Association

Association of Metropolitan Water Agencies

California Water Efficiency Partnership

Cavanaugh

Coastside County Water District

Colorado Water Congress

ConserveTrack

Continental Utility Solutions, Inc.

City of Durham, NC

Gauley Associates Ltd.

City of Goodyear

Green Builder Coalition

City of Flagstaff, AZ

Foothill Municipal Water District

Gallatin River Task Force

Halupka Studio

City of Hays, KS

Hoffman & Associates LLC

Hunter Industries

HydroPoint

International Association of Plumbing and Mechanical Officials (IAPMO)

International Code Council

Irrigation Association

Justice Energy

KOHLER Co.

Kunkel Water Efficiency Consulting

City of Lacey, WA

Liberty Utilities

LIXIL Corporation

City of Mesa, AZ

Metropolitan North Georgia Water Planning District

Monte Vista Water District

Municipal Water District of Orange County

City of Napa, CA

National Association of Clean Water Agencies

National Turfgrass Federation

New Mexico Water Conservation Alliance

Northern Arizona Municipal Water Users Association

Northwest Water & Energy Education Institute

City of Peoria, AZ

Rancho Water

City of Roundrock, TX

Pacific Institute

Platte Canyon Water and Sanitation District

Plumbing Manufacturers International

Pluvial Solutions

Residential Energy Services Network, inc. (RESNET®)

City of Sacramento, CA

City of Santa Barbara, CA

Seattle Public Utilities, City of Seattle

Sonoma County Water Agency

Southwest Metropolitan Water and Sanitation District

City of Surprise, AZ

Sustainable Waters

The Monterey Peninsula Water Management District

T&S Brass and Bronze Works, Inc.

Upper San Gabriel Valley Municipal Water District

Valley Water

Washington County (UT) Water Conservancy District

Water Demand Management

Water District of Acton, MA

Waterless Co.

WaterNow Alliance

Watershed LLC

Weber Basin Water Conservancy District, UT

Tucson Water