

## I. Legislative Calendar and Bills

With last Friday serving as the bill introduction deadline for the Legislature, more than 1,000 bills came into print earlier this week, with a number of bills relating to Council interests.

**AB 1755 by Assemblymember Dodd** would establish a clearinghouse that would integrate existing water and ecosystem data sources into a single portal. Similar to Assemblymember Levine's Delta Research measure, AB 1755 would require relevant state agencies to develop protocols that would facilitate the sharing of this data.

Next, **AB 2304 by Assemblymember Levine** would establish the California Water Market Exchange that would be governed by a 5-member board, within the Natural Resources Agency. This bill would require the market exchange, no later than December 31, 2017, to create a centralized water market platform that provides information regarding water available for transfer or exchange.

And then finally, **Assemblymember Frazier** introduced AB 2583 last Friday, which would add the definition of the term "California Water Fix" to the Delta Reform Act and would classify it as a covered action.

Given that these bills were recently introduced, their first policy committee hearings could be held as soon as next month.

## II. Budget hearings (prehearing/hearing)

On the budget front, there are two items of note. In terms of the Council's budget proposal that seeks resources for updating the Delta Plan, as well as to support science investigations, Council staff is continuing its preparation for the Assembly hearing on March 16<sup>th</sup> and the Senate budget hearing on April 7<sup>th</sup>.

## II. Budget: Cap and Trade Funds

The second item of note relates to the Governor's Cap-and-Trade Expenditure Plan released as part of the proposed January Budget and the potential for some of those funds to support recommendations in the Delta Plan. For example, included in the \$3.1 billion expenditure plan is:

- \$60 million for the Department of Fish and Wildlife to continue to perform wetland and watershed restoration particularly in the Delta and on the coast.
- \$90 million to improve water efficiency and supply through the use of incentives for emerging technologies like water recycling, desalination, and improved irrigation methods.

## II. Feinstein Drought Legislation

Senate Resolution 2533 lays out mandates for the use of funds for water projects, water infrastructure improvements and storage, emergency drought relief, and protection of listed and endangered species. By doing so, the measure attempts to strike a balance by boosting short-term water supplies to California and supporting long-term investments to improve drought resiliency in the region as a whole.

With regards to short-term actions, which would be in effect for the duration of two years or until the Governor declares the end of drought through Executive Order, whichever is longer, the bill would:

- **Provide project operators with the authority to determine pumping levels** based on real-time monitoring of turbidity, rather than prescribing pumping levels as Congressman Valadao's drought measure proposes. As a result, this is likely to be a point of contention as the bill is considered in the Republican-controlled House.
- Further, the bill would allow water agencies to **increase pumping** for more of the year, and not require water agencies to "pay back" the increase by reducing pumping later.

## III. Feinstein Drought Legislation (Cont.)

- In terms of **water transfers**, the bill would extend the current transfer window of July through September by five months, meaning that transfers would be allowed from April to November. All transfers would still need to be consistent with the biological opinions, however.
- Finally, as it relates to the **Delta Cross Channel Gates**, the bill provides direction to the Secretaries of Interior and Commerce to ensure that the gates remain open as long as possible in hopes of reducing salinity in the interior Delta and preventing the unnecessary release of water.

Long-Term drought resiliency aspects:

- \$600 million for water storage projects like Shasta, Sites, Temperance Flat, and Los Vaqueros;
- \$100 million for desalination projects;
- \$200 million for water recycling projects; and
- \$55 million for a range of ecosystem-related measures such as: increasing fish spawning habitat, reducing threats to fish by removing predatory species, and a study to determine how Smelt distribution is affected in wet and dry years.

#### IV. SB 554 (Wolk) Levee Subventions Program

Under the current parameters of the Levees Subventions Program, the state reimburses up to 75 percent of costs incurred in excess of \$1,000 per levee mile of levee, based on an assessment of the local agency's ability to pay. The 75 percent cost-share maximum is scheduled to sunset on July 1, 2018, thereby reducing the cost share to 50 percent, while reinstating a \$2 million annual reimbursement cap for each local agency.

Senator Wolk's SB 554 would make permanent the 75 percent cost-share ceiling, while preserving the requirement in current law that Subventions Program expenditures remain consistent with the Delta Plan.

-Subventions Expenditures History

- Timing

- Delta Plan: Stressors/Beneficiaries Pay

- Ability to pay

- While many local agencies in the Delta diligently maintain, the financial ability of these agencies to perform this work is varied.

- Levees Subventions Program serves a key role in protecting the Delta.

- Limited state funds available to address the health of Delta levees, the importance of maximizing the efficient use of such resources remains critical.