



July 1, 2022

The Honorable Gavin Newsom
 Governor, State of California
 1303 10th Street, Suite 1173
 Sacramento, CA 95814

The Honorable Nancy Skinner
 Chair, Senate Budget and Fiscal Review
 Committee
 1021 O Street, Suite 8230
 Sacramento, CA 95814

Senator Bob Weickowski
 Chair, Senate Sub. 2 on Resource,
 Environmental Protection and Energy
 1021 O Street, Room 6530
 Sacramento, CA 95814

The Honorable Phil Ting
 Chair, Assembly Committee on Budget
 1021 O Street, Suite 8230
 Sacramento, CA 95814

Assembly Member Richard Bloom
 Chair, Assembly Sub. 3 Climate Crisis,
 Resources, Energy, and Transportation
 1021 O Street, Suite 8130
 Sacramento, CA 95814

Re: Recommendations for Critical Drought and Water Resilience Investments and Budgetary Actions

Dear Governor Newsom and Legislative Leaders:

Groundwater over-extraction, climate change, and this historic drought continue to exacerbate water inequity, particularly harming rural, low-income communities of color, groundwater-dependent and riverine ecosystems, and wildlife. The State Water Resources Control Board (State Water Board)'s [2022](#)

[Drinking Water Needs Assessment](#) demonstrates these disproportionate impacts to rural, low-income communities of color, and finds that:

- “Of the 3,066 water systems analyzed (serving 15 million people), about 11% are failing, meaning they are not meeting one or more key Human Right to Water goals for providing safe, accessible or affordable drinking water, and/or maintaining a sustainable water system.”
- “312,000 domestic wells are at risk or potentially at risk of experiencing drinking water shortages and failing to meet water quality standards.”
- “Failing water systems and at-risk domestic wells are typically located in areas with higher pollution burdens, higher poverty and serve a higher percentage of non-white customers.”

These communities have advocated for access to safe and affordable water for decades, and state and local agencies must uphold the Human Right to Water and invest in equitable climate resilient solutions. By championing equity in water policy and programs, the State can strengthen the racial equity action plans at the [Department of Water Resources](#) (DWR), [Department of Fish and Wildlife](#) (DFW), and [State Water Board](#) while protecting over [2.2 million acres of the state’s groundwater-dependent ecosystems](#) mapped by scientists from the Nature Conservancy, DWR, and DFW.

On behalf of the undersigned organizations, we are pleased to submit these recommendations for investments in water equity as suggested budget bill language. These recommendations are the product of collaboration between members of the Groundwater Leadership Forum, a diverse group of environmental justice, community economic development, and conservation organizations, and are specifically endorsed by the members listed below.

We hope these focused recommendations will help you, the Senate, and the Assembly put together a budget proposal that ensures water equity and security to California’s most vulnerable communities, advances multi-benefit land repurposing to benefit floodplains, replenishes groundwater supplies, creates habitat for wildlife, protects the interests of Tribal and small community water systems, provides capacity building for communities and front-line organizations, and ensures water debt relief.

We have summarized our budget recommendations below; please refer to each corresponding section for detailed rationale for each budget recommendation.

- **Fund Low-Income Water Rate Assistance**: \$330 million to fund SB 222 startup costs and implementation for more than two years from the effective date of the program.
- **Provide Water Crisis Assistance Through LIHWAP to Undocumented Californians**: \$40 million to help avoid water shutoffs for low-income undocumented residents with past due balances.
- **Minimum Drought Resiliency Measures (SB 552 and CDAG Report Implementation)**: Prioritize approved State Revolving Fund allocations for minimum drought resiliency measures.
- **Groundwater Recharge**: At least \$50 million to groundwater recharge investments, and allow non-profit organizations to apply for these funds.
- **Multibenefit Land Repurposing**: At least \$500 million for continued funding for the Multibenefit Land Repurposing Program.
- **Build SWRCB capacity to prepare for and respond to frequent and extreme droughts**: At least \$25 million to build capacity to improve drought response, and establish a formal Drought Section, at the SWRCB.

- **SGMA Planning and Implementation Funding for Drinking Water, the Environment, and Small Farmers, with APA Exemption for DWR:**
 - Appropriate an additional \$100 million for SGMA implementation to ensure that:
 - At least \$30 million goes to technical assistance for the following underrepresented beneficial users: disadvantaged communities, small farmers, and the environment;
 - \$70 million for projects, with at least \$30 million for projects that benefit access to drinking water and protection of groundwater dependent ecosystems.
 - This appropriation should also include funding for proactive Domestic Well Impact Mitigation Programs at Groundwater Sustainability Agencies.
 - Allow an Administrative Procedure Act Exemption to permit DWR to allocate this, and last year's, SGMA funding in order to meet the asks above.

- **Clean Energy Sources for Wastewater Treatment in Small Communities:** \$60 million to SWRCB to establish a fund supporting the use of renewable energy sources and energy storage in construction and design of wastewater treatment plants.

- **Fish and Wildlife Habitat Protection:** At least \$210 million to the DFW for fish and wildlife protection investments, including funding for protecting salmon, improving drought resiliency for migratory birds, and tribal co-management activities.

Fund Low Income Water Rate Assistance.

We urge an appropriation of \$330 million for the purpose of providing low-income rate assistance for water and wastewater, as detailed in SB 222 (Dodd).

Access to safe and affordable water is a Human Right ([AB 685, 2012](#)). However, the price of water continues to skyrocket and outpace the inflation rate. Adjusting for inflation, the average Californian household paid around 45% more per month for drinking water service in 2015 than in 2007 ([State Water Board AB 401 Report](#)). Rates are likely to continue to rise, especially as water systems invest in climate resilience and adaptation in the face of drought and aridification.

Yet, the water sector has long lacked a universal affordability state program for low-income households. It is critical that we quickly address this severe gap in our social safety net by funding a Low-Income Water Rate Assistance Program, as detailed in [SB 222 \(Dodd, 2021\)](#).

SB 222 would ensure access to a low-income water affordability program in all public water systems throughout the State, and builds on recent state and federal emergency efforts, including the [California Water and Wastewater Arrearage Payment Program](#) (WWAPP). We note that many mutual water companies, private water systems, and small water systems did not participate in the voluntary water debt program (WWAPP), which only further cements the need for a universal water affordability program across the State. Many Californians did not access relief through WWAPP because of inaction from their water system.

Provide Water Crisis Assistance Through LIHWAP to Undocumented Californians.

We strongly urge \$40 million to be allocated to help avoid water shutoffs for low-income undocumented residents with past due balances.

The [Low Income Household Water Assistance Program](#) (LIHWAP) at the Department of Community Services and Development (CSD) is an emergency COVID-19 relief program intended to provide crisis assistance directly to households that are at imminent risk of water shutoff because they have fallen behind on their water bills. Unfortunately, it contains a significant eligibility gap. This federally-funded program has limited the scope of the program's impact by prohibiting undocumented residents' eligibility, though it does allow households with mixed immigration status to apply for assistance. This restriction runs entirely counter to our California values of equity, inclusion, and diversity, regardless of immigration status. It also conflicts with California's recognition of the human right to water for all Californians, without regard to immigration status.

California should supplement the federal LIHWAP program with one-time state funding to aid undocumented families with equitable pandemic recovery.

Minimum Drought Resiliency Measures: SB 552 and CDAG Report Implementation.

We urge the prioritization of the approved State Revolving Fund allocations to implement the minimum drought resiliency measures as described in SB 552 and the CDAG Report.

[SB 552 \(Hertzberg\)](#) codified many of the recommendations from DWR and State Water Board's Small Water Systems and Rural Communities Drought and Water Shortage Contingency Planning and Risk Assessment [Report](#). The law now sets specific deadlines for water systems to meet basic drought and climate resiliency requirements. Small water systems and counties across the State will need funding to implement these requirements, particularly the following minimum resiliency measures for small systems:

- Implement monitoring systems sufficient to detect production well groundwater levels.
- Maintain membership in the California Water/Wastewater Agency Response Network (CalWARN) or similar mutual aid organization.
- Ensuring an adequate backup electrical supply.
- Obtaining at least one backup source of water supply, or a water system intertie, that meets current water quality requirements and is sufficient to meet average daily demand.
- Meter each service connection and monitor for water loss due to leakages.
- Obtain source system capacity, treatment system capacity if necessary, and distribution system capacity to meet fire flow requirements.

We must make proactive drought resiliency investments to break the costly emergency-response cycle during drought conditions, and to prevent thousands of Californians from losing access to their primary water supply, a problem that disproportionately affects low-income and rural communities of color.

Groundwater Recharge: Increase Governor's recommendation from \$30 million to at least \$50 million.

We urge the Governor to increase one-time groundwater recharge investments from \$30 million to at least \$50 million, and to allow non-profit organizations to apply for these funds.

The 2021 Budget included a historic investment of \$5.2 billion over three years to advance water resilience and drought response in order to provide immediate assistance to struggling communities and prepare communities for long-term, climate-induced drought and flood conditions. While we applaud that the Budget will build on this investment by including an additional, one-time investment of \$30 million to

support water districts with funding for planning, engineering, water availability analysis, and construction for groundwater recharge projects, we urge the Governor to increase this one-time investment to at least \$50 million.

Additionally, non-profit organizations within the Groundwater Leadership Forum work on-the-ground in cooperation with underfunded, under-resourced water agencies to increase their capacity for initiating and managing planning and construction of groundwater recharge projects, particularly multi-benefit projects that provide important flood reduction, urban cooling, and other climate resilience benefits for California's underserved communities and the environment. Therefore, we also urge the Governor to expand grant eligibility to allow non-profit organizations to apply for these grant funds.

Multibenefit Land Repurposing: Increase Governor's recommendation from \$40 million to at least \$500 million.

We urge the Legislature's inclusion of at least \$500 million investment for a Multibenefit Land Repurposing Program in the 2022-23 Budget Act.

It is essential that the State ensure that both water and land managers and landowners have effective tools to manage groundwater use sustainably and have the option to repurpose lands for multiple benefits. Because of this, we support the continued funding of the Multibenefit Land Repurposing Program at the Department of Conservation, that will help facilitate implementation of SGMA in a way that provides benefits to farmers, communities, and the environment; and we are pleased that the Administration has embraced this urgent need with their proposal to appropriate \$40 million for the Multibenefit Land Repurposing Program. However, due to the large amount of land that is eligible to participate in this program and strong interest to participate that has already been shown, we strongly recommend that the funding allocation at least match the \$500 million appropriation in the Budget Act of 2021 (SB 170, Ch. 240, Stat. 2021). These funds will support collaborative planning and beneficial projects including creation and restoration of habitat, multibenefit groundwater recharge, and conversion of land to less intensive water uses while maintaining natural and working lands. Importantly, benefits to disadvantaged communities are prioritized. It is expected that a significant investment will ultimately be needed to help California fully address the size and scale of groundwater overdraft across the State through multibenefit land repurposing and other strategies. Because of this, we urge the Legislature's inclusion of at least \$500 million investment for a Multibenefit Land Repurposing Program in the 2022-23 Budget Act.

Build capacity to prepare for and respond to frequent and extreme droughts.

We urge the allocation of at least \$25 million to build capacity at the State Water Board to improve drought response, including new full-time positions dedicated to creating and implementing actionable plans to effectively respond to drought in real time and establish a formal Drought Section at the State Water Resources Control Board.

SGMA Planning and Implementation Funding for Drinking Water, the Environment, and Small Farmers, with APA Exemption for DWR.

We urge appropriation of an additional \$100 million for SGMA implementation to ensure that:

- At least \$30 million goes to technical assistance for the following underrepresented beneficial users: disadvantaged communities, small farmers, and the environment;
- \$70 million for projects, with at least \$30 million for projects that benefit access to drinking water and protection of groundwater dependent ecosystems.

- This appropriation should also include funding for proactive Domestic Well Impact Mitigation Programs at Groundwater Sustainability Agencies. This program should include data gathering, monitoring, network, and management actions to proactively monitor and protect drinking water wells, and mitigate impacts should they occur. This program should be augmented by fees from basin users based on acre-foot of groundwater extractions. Local groundwater sustainability agencies have the duty to protect all basin users, and as such should be funding these well impact mitigation programs, without shifting the cost to the State. However, public-funded initial incentives for planning and implementation of mitigation programs can play an important role in establishing successful models.

We also request an Administrative Procedure Act exemption to permit DWR to allocate this and last year's SGMA funding in order to meet the asks here.

In 2014, the Legislature passed SGMA, the landmark legislation intended to achieve groundwater sustainability by 2040 to protect beneficial users of groundwater and prepare California groundwater users for climate change. The [Governor's May Revise BCP for 2021](#) proposed \$300 million for SGMA Implementation, which included critical set-asides for technical assistance in underserved communities. However, after discussing the draft guidelines for this funding with the DWR, we understand that DWR feels limited in its ability to allocate this funding equitably. In particular, the lack of an Administrative Procedure Act exemption in SB 170, combined with a deadline of September 15, 2022, to commit \$40 million to projects in the San Joaquin Valley, has limited its ability to draft intentional guidelines with such set-asides.

SGMA must protect the communities and households most vulnerable to losing access to an adequate supply of safe drinking water due to over-pumping. As such, implementation funding that prioritizes disadvantaged communities, low-income households, and drinking water is essential.

Community-based organizations and nonprofit technical assistance providers are most appropriate for providing this support to residents, and especially residents of disadvantaged communities, due in part to their understanding of community members' lived experience and relationship to water. Substantial support for technical assistance and community engagement independent from GSAs will ensure that residents are able to communicate their authentic needs and interests.¹

The thousands of small and socially disadvantaged farmers that will be affected by SGMA have mostly been ignored by DWR and the GSAs. The DWR SGMA office needs specific funding for this purpose so that community organizations, Cooperative Extension Small Farm Advisors, Resource Conservation Districts and Tribal Conservation Districts, and others with direct access to such farmers can reach out to them and engage them in the SGMA process. Therefore, of the above \$30 million requested, we request that \$10 million be dedicated to SGMA Outreach to small and socially disadvantaged farmers.

The consultation initiation letters recently released by DWR show the critical role that independent engagement and feedback play in the SGMA implementation process. Our organizations' comment letters alerted DWR to deficiencies in the plans and provided alternative analyses showing drinking water and environmental impacts of plans. Particularly for organizations representing DACs, much of this work was made possible by Prop 1 technical assistance funding. Such funding for NGOs must continue in order to give voice to interests not adequately considered by GSAs.

¹ Dobbin et al. (July 2020). *SGMA and the Human Right to Water: To what extent do submitted Groundwater Sustainability Plans address drinking water uses and users?* Available at: <https://drive.google.com/file/d/18WPkpNEBJE9XB3JebvcsgJCAAYq6198E/view?usp=sharing>.

Clean Energy Sources for Wastewater Treatment in Small Communities: \$60 Million to SWRCB.

We request \$60 million to the State Water Resources Control Board to establish a fund supporting the use of renewable energy sources and energy storage in construction and design of wastewater treatment plants.

Treating wastewater effluent to meet nitrate and pollution reduction goals is an energy-intensive process. Facilities that serve disadvantaged communities by small municipalities or special districts with less than 20,000 population find that their ongoing operation and maintenance costs are very challenging to fund.

The high consumption of electricity used to remove nitrates and other contaminants from wastewater is not only expensive, but it is counter to California's carbon-reduction goals. Photovoltaic solar panels, other renewable energy sources and energy storage should be included as a routine element in the design and construction of wastewater treatment plants. This budget request of \$60 million seeks to establish a fund to begin normalizing their use for small disadvantaged communities and as a cost-saving measure and as a component of reducing the production of greenhouse gases used to make electricity. Priority may be given to severely disadvantaged communities operating or building treatment plants that reduce nitrates in critically overdrafted groundwater basins.

Compliant, sanitary, and environmentally sound wastewater treatment is accomplished by extensive aeration of wastewater, multiple stages of treatment, and many pumping processes. The use of aerators and pumps throughout the treatment process represents an enormous use of electricity with ever increasing costs that must be borne on the shoulders of low-income residents in disadvantaged communities.

This means that the smaller wastewater treatment providers, who have smaller ratepayer bases, are at a distinct disadvantage when it comes to funding the electricity demands of their treatment plants resulting in unaffordable rates for their low-income customers. In one Central Valley community that installed photovoltaic and battery storage at its wastewater treatment plant, the managing community services district has documented electricity **cost savings of approximately \$69,000 per year.**

The establishment of this fund and its use will encourage effective wastewater treatment to protect our State's waterways and groundwater, reduce greenhouse gas production and help make sewer rates more affordable for the residents of disadvantaged communities.

Fish and Wildlife Habitat Protection: Increase Governor's recommendation from \$75 million to at least \$210 million, prioritize multi-benefit habitat restoration projects near disadvantaged communities.

We urge the Governor to increase one-time fish and wildlife protection investments from \$75 million to at least \$210 million, and to prioritize funding for fish and wildlife protection investments, including funding for protecting salmon, improving drought resiliency for migratory birds, tribal co-management activities, and multi-benefit wildlife habitat restoration projects located near disadvantaged communities.

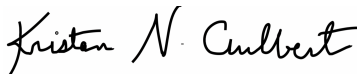
The 2021 Budget included a historic investment of \$5.2 billion over three years to advance water resilience and drought response in order to provide immediate assistance to struggling communities and prepare communities for long-term, climate-induced drought and flood conditions. While we applaud that the Budget will build on this investment by including an additional, one-time investment of \$75 million to

mitigate immediate drought damage to fish and wildlife resources and build resilience of natural systems, we urge the administration to increase this one-time investment to at least \$210 million.

Additionally, non-profit organizations within the Groundwater Leadership Forum work on the ground to plan and implement multi-benefit fish and wildlife habitat protection and restoration projects that produce important groundwater recharge, flood reduction, urban cooling, and other benefits for disadvantaged communities. Therefore, we also urge the administration to prioritize funding of multi-benefit wildlife habitat restoration projects that are sited near and/or would benefit disadvantaged communities and wildlife, and urge the administration to distribute these funds as awards through the Wildlife Conservation Board.

These recommendations, in combination with the other budget proposals you are considering, can help build a more prosperous and equitable future for California; a goal all of our organizations support.

Sincerely,



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