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## **MEMORANDUM**

**TO:** Board of Directors  
Legislative Committee  
Coachella Valley Water District

**FROM:** Chris Kahn  
Chris Kahn Consulting

**RE:** Sacramento Update- 2022 Year End Review

**DATE:** October 4, 2022

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On September 30, 2022, Governor Newsom concluded his bill signing process, bringing to an end the 2022 Legislative Session. The Legislature adjourned for the year on August 31, 2022, sending close to 1000 bills to the Governor.

In 2022, the Legislature introduced close to 3,000 bills and resolutions. They sent 1,166 bill to the Governor. He signed 997 of those and vetoed 169.

The Legislature and the Governor shift now to election year mode with the General election on November 8 and early voting starting next week. The Newsom administration is in the process of putting together next year's Governor's budget which will be released on January 10, 2023. Revenue projections are down and the years of record surplus seem to be in the past. They are gearing up for a potential reduction of revenue from the previous year's budget.

## **2022**

The year started with the release of the Governor's budget setting the stage for budget deliberations on another record year of surplus. The budget process in California has now evolved into 3 budgets. The Legislature approves a budget to on June 15<sup>th</sup> to meet their constitutional deadline to pass a budget. Then final negotiations occur between the Governor and the Legislative leaders and a second budget is passed to the Governor for him to meet the July 1 deadline to sign and enact a budget. During the final month of the legislative session, a third budget is passed to the Governor. This is how things played out this past year and looks to be how they will progress in the future.

The 2022-23 budget includes total spending (federal and state dollars) of just over \$300 billion, of which, \$234.4 billion is from the State General Fund.

### **Legislation:**

#### **Priority Legislation signed by the Governor in 2022:**

**AB 2142 (Gabriel)** is a bill we supported along with many water districts throughout the State. The bill was sponsored by ACWA. The bill allows for a gross income exclusion for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency for participation in a turf replacement water conservation program. The bill was recently signed by the Governor.

**AB 778 (E. Garcia):** CVWD supported this bill to require all California state-owned or state-run institutions that purchase agricultural food products, to implement necessary practices to achieve specific targets for the purchase of products grown or produced in the state.

**SB 1157 (Hertzberg):** We engaged with the Governor's office requesting a veto on this bill. SB 1157 will change the standards for indoor residential water use, to reflect those recommended by DWR and the SWRCB. The Author agreed to amendments, some that we were suggesting but not all. After a long debate, ACWA's members voted, on a very close vote, to remain in an opposed unless amended position. CVWD supported that position, and when the amendments were not taken, we requested a veto on the bill.

It is important to note that with the amendments, many organizations in the water community had withdrawn their opposition and had a Neutral with concerns, or Neutral seek amendment position. This includes a few water and sanitation districts, WateReuse, and the CA Municipal Utilities Association to name a few. The core argument that studies to date have not been adequate has not changed with the amendments. And the author has been very clear that he would not amend the bill to remove the 2030 standard of 42 GPCD from the bill.

We contended that the analysis of adverse impacts and other relevant information, including affordability and changing populations and patterns, were not quantitatively considered nor did they inform the final recommendations. Mitigating these impacts will require considerable investment. The bill also did not take into account areas like the Coachella Valley, one of California's hottest climate zones, and working-class Californians use evaporative cooling to survive the hot weather. Operation of these coolers requires sufficient water flow to remove heat by evaporation and the new standard in the bill will not take this into account. Since the bill was not further amended to allow for quantitative analysis of these impacts prior to the implementation of the 2030 standard, and recognize areas like the Coachella Valley, we tried to stop the bill in the Legislature and requested a veto. We were successful in stopping the bill on the Assembly floor; however, it was taken up for reconsideration and passed after the Governor's office engaged asking for the bill to be sent to his desk, and it was signed into law.

**SB 1020 (Laird):** Establishes interim targets to the statewide 100% clean energy policy. Additionally requires state agencies to accelerate their 100% clean energy policy goal by 10 years. This bill had been a major concern of the State Water Contractors. We worked closely with them and eventually ACWA on amendments

to deal with potential adverse implications on the State Water Project. Eventually, amendments were added to the bill that allowed for the SWC and ACWA to go neutral.

### **Priority Legislation vetoed or stopped:**

**SB 222 (Dodd):** Requires the State Water Resources Control Board to develop and administer the Water Rate Assistance Program to provide rate assistance to low-income residential ratepayers of a community water system or sewer system and to a tribal water system that chooses to participate in the Program. This bill stalled at the very end of the process last year but has been revived in August. We were concerned that this bill might be funded through a tax on water. I had met with the Author and his staff, and the intent is to secure funding through the money identified in the budget. We were supportive of the concept of this program and worked with the author to ensure that it can be administered properly by water agencies like CVWD. The bill moved to the Governor but never identified a funding source which led to the Governor's veto.

**AB 2639 (Quirk):** This bill proposed unworkable Bay-Delta Plan deadlines and holding of new water rights unless those deadlines were met. The bill was a priority oppose bill for us, and we joined a large coalition working to defeat the bill, which we did on the Assembly floor.

**AB 1001 (C. Garcia):** This bill would have amended the California Environmental Quality Act (CEQA) to 1) require mitigation to compensate for adverse air or water quality impacts in a disadvantaged community (DAC) to mitigate those impacts directly in the affected community and 2) require all public agencies implementing CEQA to give consideration to the principles of environmental justice by ensuring the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins. We were opposed to the major expansion of CEQA and the bill did not make it to the Governor.

**AB 2041 (E. Garcia)** requires the SWRCB to work with public water systems it has determined may not be able to comply with a future primary drinking water standard without receiving financial assistance to develop a compliance plan for

those water systems. The bill was sponsored by the CA Association of Mutual Water Companies, the Community Water Systems Alliance and the Gill Creek Mutual Water Company and is supported by several water agencies, many in our area like Bighorn Desert View Water Agency, Cabazon Water district, Twentynine Palms Water District among others. We worked closely with supports and the author of this bill, mostly as a vehicle to ensure that a compliance period was provided through the regulatory process on Chrome 6. When the draft regulations came out with a compliance period, this bill did not appear to be necessary. The author did not decide to move forward with the bill.

The Legislature returns on December 5<sup>th</sup> to organize the 2023-24 two-year session. We are expecting around 20 new members in the Legislature. Usually this is a non-eventful organizing session but since the Speaker has to be re-elected, or a new Speaker of the Assembly has to be elected, it will make this a very interesting organization session. The Legislature will then return on January 3, 2023 which will begin the new 2-year session.

It has been an honor to represent the Coachella Valley Water District. I know you have a choice to make for representation in Sacramento for this next session and I appreciate working with all of you and appreciate the opportunity to compete to continue to be your representative in Sacramento.