

EMERGENCY DROUGHT RESPONSE

The State of California has experienced four consecutive years of below-average rain and snow, and is currently facing severe drought conditions in all 58 counties. The most recent surveys recorded the statewide average snowpack, which is the source for one-third of the state's water, at just 2 percent of the normal average. Water supplies at the state's largest reservoirs, as well as groundwater aquifers, are significantly depleted. As a result, drinking water supplies are at risk in some communities, agricultural areas face increased unemployment, dry conditions create higher risks for wildfires, and important environmental habitats have already been degraded.

The state's emergency drought response is strategically guided by accelerating several of the key actions in the California Water Action Plan that will provide long-term benefits for the state.

\$1.9 BILLION FOR DROUGHT RELIEF AND WATER INFRASTRUCTURE

Since the Governor first declared a state of emergency in January 2014, the Administration has worked with the Legislature to appropriate approximately \$1.9 billion to assist drought-impacted communities and provide additional resources for critical water infrastructure projects, including:

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- \$660 million Proposition 1E bond funds for the Department of Water Resources (DWR) to support flood protection in urban and rural areas and to make the state’s infrastructure more resilient to climate change and flood events.
- \$472.5 million Proposition 84 bond funds for the DWR to provide infrastructure grants for local and regional projects that increase local water supply reliability by recapturing stormwater, expanding the use and distribution of recycled water, enhancing the management and recharge of groundwater storage, and strengthening water conservation efforts.
- \$268 million Proposition 1 bond funds, recently approved by the voters in 2014, for the State Water Resources Control Board (Water Board) to provide grants for safe drinking water and water recycling projects.
- \$53.8 million General Fund for the Department of Forestry and Fire Protection to enhance the state’s firefighter surge capacity, retain seasonal firefighters beyond the budgeted fire season, and enhance air attack capabilities to suppress wildfires.
- \$50 million Cap and Trade funds for the DWR to support state and local water use efficiency projects that save energy and reduce greenhouse gas emissions.
- \$47.3 million General Fund for the Department of Social Services to provide food assistance to those impacted by the drought.
- \$35 million General Fund and special funds for the Water Board to provide grants for emergency drinking water projects.
- \$20 million Cap and Trade funds for the California Department of Food and Agriculture to invest in irrigation and water pumping systems that reduce water use, energy use, and greenhouse gas emissions.

GOVERNOR’S RECENT EXECUTIVE ORDER

On April 1, 2015, for the first time in state history, the Governor ordered statewide mandatory water reductions. Specifically, Executive Order B-29-15 directs the Water Board to reduce potable urban water use by 25 percent statewide. The Water Board adopted a regulation in early May which is equitable, achievable, and enforceable for every urban water supplier, and is designed to be implemented quickly to maximize water conservation during the upcoming summer months.

In addition, the Executive Order identifies actions to save water, increase enforcement to prevent wasteful water use, streamline the state's drought response and invest in new technologies that will make California more drought resilient. Specifically, the Executive Order does the following:

- Simplifies the review and approval process for voluntary water transfers and emergency drinking water projects.
- Prioritizes state review and decision-making of new water infrastructure projects.
- Requires agricultural water users to report more water use information, increasing the state's ability to enforce against illegal diversions, waste and unreasonable use of water.
- Requires landscapes for new homes and developments to be highly water efficient, and bans watering of ornamental grass on public street medians.
- Encourages local water agencies to adjust their rate structures to implement conservation pricing, recognized as an effective way to realize water reductions and discourage water waste.

The Executive Order is the fifth order that the Governor has issued since January 2014 to direct emergency drought response.

EMERGENCY SALINITY BARRIER IN THE DELTA

Faced with potentially insufficient water supplies to prevent salinity intrusion into the Sacramento-San Joaquin Delta, the DWR, in consultation with federal and state water and wildlife agencies, has initiated installation of an emergency, temporary rock barrier across West False River in the Delta. The temporary barrier will physically slow the tidal push of saltwater from the San Francisco Bay into the central Delta and help prevent contamination of water quality for municipal, industrial, agricultural and environmental needs. The barrier will also help preserve freshwater in upstream reservoirs that otherwise would have to be released to repel saltwater.

The barrier will help prevent saltwater contamination of water supplies for the people who live in the Delta; Contra Costa, Alameda, and Santa Clara counties; as well as the 25 million people and three million acres of irrigated agriculture that depend upon the Delta-based federal and state water projects for some of their water supplies.

This barrier must be removed in November to avoid the flood season and prevent harm to migratory fish. The May Revision includes \$22 million General Fund for the removal of the temporary barriers.

ADDITIONAL PROPOSED BUDGET ACTIONS

The May Revision includes an additional \$2.2 billion of one-time resources for 2015-16 to continue immediate response to drought impacts. This additional funding is proposed in the wake of a very dry winter as the state continues to suffer from a drought of uncertain duration. The acceleration of spending from Proposition 1—combined with new dollars from the General Fund and Cap and Trade—reflects the Administration’s commitment to move quickly in responding to the drought. The state must remain nimble in addressing the state of emergency. Funds should be spent as expeditiously as possible, while recognizing that in some cases grant recipients need sufficient time to develop appropriate plans and local matches for the state funds. Figure DRT-01 summarizes this funding.

PROTECTING AND EXPANDING LOCAL WATER SUPPLIES

In November 2014, the voters approved Proposition 1, which provides \$7.5 billion in bonds for water storage, water quality, flood protection, and watershed protection and restoration projects. In an effort to accelerate the implementation of water infrastructure projects statewide, the May Revision includes \$1.8 billion Proposition 1 funds for the following programs:

- \$1.7 billion, available over the next three years, for the following Water Board programs:
 - Groundwater Contamination—\$784 million for projects that prevent or clean up the contamination of groundwater that serves as a source of drinking water.
 - Water Recycling—\$475 million for water recycling and advanced treatment projects to enhance local water supply resiliency.
 - Safe Drinking Water—\$180 million for projects, with priority given to small systems in disadvantaged communities, which help to provide clean, safe and reliable drinking water.
 - Wastewater Treatment Projects—\$160 million for small communities to build or upgrade their wastewater systems to meet current standards.

Figure DRT-01
Emergency Drought Response
(Dollars in Millions)

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>May Revision</i>	<i>Fund Source</i>
Protecting and Expanding Local Water Supplies	Water Board	Groundwater Contamination	\$784.0	Proposition 1
	Water Board	Water Recycling	\$475.0	Proposition 1
	Water Board	Safe Drinking Water in Disadvantaged Communities	\$180.0	Proposition 1
	Water Board	Wastewater Treatment Projects	\$160.0	Proposition 1
	Water Board	Stormwater Management	\$100.0	Proposition 1
	Department of Water Resources*	Groundwater Sustainability	\$60.0	Proposition 1
	Department of Water Resources*	Desalination Projects	\$50.0	Proposition 1
Water Conservation	Department of Water Resources*/Energy Commission	Urban Water Conservation	\$104.0	Proposition 1/ Cap and Trade
	Department of Water Resources*/Department of Food and Agriculture	Agricultural Water Conservation	\$75.0	Proposition 1/ Cap and Trade
	Department of Water Resources/Energy Commission	Make Water Conservation a Way of Life	\$43.0	Proposition 1/ Cap and Trade
	Department of General Services	Water Conservation at State Facilities	\$23.4	General Fund/ Special Funds
Emergency Response	Department of Forestry and Fire Protection**	Enhanced Fire Protection	\$61.8	General Fund
	Office of Emergency Services	California Disaster Assistance Act	\$22.2	General Fund
	Department of Water Resources	Removal of Emergency Salinity Barriers in the Delta	\$22.0	General Fund
	Department of Community Services and Development	Farmworker Assistance	\$7.5	General Fund
	Department of Housing and Community Development	Rental Relocation Assistance	\$6.0	General Fund
	Water Board	Executive Order Implementation	\$1.4	General Fund
Total			\$2,175	

* Amounts include funding proposed in Governor's Budget and additional funding in May Revision.

** Proposed in the Governor's Budget

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- Stormwater Management—\$100 million for multi-benefit stormwater management projects that also contribute to local water supplies.
- \$110 million for the following DWR programs:
 - Groundwater Sustainability—\$60 million to support local groundwater planning efforts. Of this amount, \$50 million is available over the next three years for technical and direct assistance and grants to local agencies for groundwater sustainability governance and planning. An additional \$10 million in immediate funding will be dedicated to counties with stressed groundwater basins to update or develop local ordinances and plans that protect basins and their beneficial users and help facilitate basin-wide sustainable groundwater management under the Sustainable Groundwater Management Act, in coordination with other local water managers.
 - Desalination Projects—\$50 million, available over the next two years, to assist local agencies to develop new local water supplies through the construction of brackish water and ocean water desalination projects.

WATER CONSERVATION

The May Revision includes \$245 million to fund programs and projects that save water, including:

- \$104 million for the following urban water conservation programs:
 - \$43 million (\$30 million Cap and Trade funds for the Energy Commission and \$13 million Proposition 1 funds for DWR) to implement consumer rebate programs for the replacement of inefficient water consuming appliances, including dishwashers and toilets, to save water and energy and reduce greenhouse gas emissions, consistent with the April 1 Executive Order.
 - \$27 million Proposition 1 funds to replace lawns in underserved communities throughout the state with water efficient landscaping, consistent with the April 1 Executive Order.
 - \$20 million Cap and Trade funds for the DWR Water Energy Grant Program to reduce energy demand and greenhouse gas emissions through local projects that also support water use efficiency and conservation.

- \$10 million Proposition 1 funds to implement the CalConserve Program, which will enable homeowners and businesses to finance water-efficiency upgrades through a revolving-loan program.
- \$4 million General Fund to augment the Save Our Water campaign to target the state's largest residential water users with focused information to reduce their water usage.
- \$75 million (\$40 million Cap and Trade funds and \$35 million Proposition 1 funds) for agricultural water efficiency programs. These additional resources will enable the Department of Food and Agriculture and DWR to provide incentives to agricultural operations to invest in water irrigation technologies that reduce water and energy use, and greenhouse gas emissions. To facilitate implementation of the agricultural water conservation measures, the Public Utilities Commission will create a process to resolve interconnection disputes and allow distributed generation projects that save water and energy to move forward more quickly.
- \$43 million for activities that will integrate water conservation into residents' lifestyles, consistent with the Water Action Plan, including:
 - \$30 million Cap and Trade funds to begin implementation of the Water Energy Technology Program, consistent with April 1 Executive Order, to provide funding for innovative technologies that (1) display significant water and energy savings, which also reduce greenhouse gas emissions, (2) demonstrate actual operation beyond the research and development stage, and (3) document readiness for rapid, large scale deployment in California.
 - \$13 million Proposition 1 funds for the DWR to provide technical assistance, data collection, and applied research that supports long-term water use efficiency in urban and agricultural sectors.
- \$23 million, including \$10 million General Fund, for water conservation projects at state facilities. As urban and agricultural water users across the state are reducing their water use, it is critical that state facilities continue to reduce water use. This proposal will provide additional funds to implement indoor and outdoor water conservation measures at state facilities.

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The May Revision includes \$37.1 million General Fund to assist drought-impacted communities and enforce water use restrictions, including:

- \$22.2 million General Fund for the Office of Emergency Services to support local jurisdictions using the California Disaster Assistance Act program for approved drought-related projects, including, but not limited to, restoring and replacing public infrastructure that sustained drought-related damages, and emergency protective measures such as delivering water to individuals without drinking or potable water.
- \$7.5 million General Fund for the Department of Community Services Development to provide emergency assistance to unemployed farmworkers, including job training and assistance.
- \$6 million General Fund for the Department of Housing and Community Development to assist or relocate households without potable water sources due to drought.
- \$1.4 million General Fund for the Water Board to increase enforcement of water use restrictions and conduct additional inspections of diversion facilities to verify compliance with water rights laws.

ADDITIONAL LOCAL ENFORCEMENT AUTHORITY

The May Revision proposes legislation to enhance local enforcement authority by providing all water agencies and local governments a consistent, minimum set of enforcement authorities to achieve required water conservation. Local water agencies with existing authorities to enforce against water waste can continue to use those authorities. Under this proposed legislation, any monetary penalties from this enforcement will be used for local conservation efforts. Specifically, it allows penalties to be issued administratively by wholesale and retail water agencies, as well as city and county governments, and enables these entities to enforce local water waste restrictions and Water Board conservation restrictions.