



**Sonoma  
Water**

**Government Affairs Update June 2022**

Please contact Brad Sherwood, Assistant General Manager, for questions related to the Government Affairs Update.

**FEDERAL**

**FY 22 Appropriations**

On March 15<sup>th</sup>, nearly six months into FY22, President Biden signed the FY22 omnibus appropriations bill into law. The law provides funding for a number of Sonoma Water support projects and programs. Highlights include:

- \$8.2 million for Coyote Valley Operations and Maintenance
- \$9.52 million for Dry Creek (Warm Springs) Operations and Maintenance
- \$5.5 million for the U.S. Army Corps of Engineers' (USACE) Water Operations Technical Support (WOTS) Program
- \$1.6 million for USACE Scheduling Reservoir Operations (SRO) in California
- \$45.5 million for the Bureau of Reclamation's (Reclamation) WaterSMART Grant Program
- \$53.2 million for Reclamation's Title XVI Program
- \$69.5 million for the Environmental Protection Agency's (EPA) WIFIA Program
- \$65 million for National Oceanic and Atmospheric Administration's (NOAA) Pacific Coast Salmon Recovery Fund (PCSRF)

**FY 23 President's Budget**

On March 28<sup>th</sup>, President Biden released his FY23 budget request. The transmittal of the President's budget to Congress will kick off the appropriations process in earnest. House and Senate offices accepted appropriations requests and federal agencies will soon begin testifying on their budget requests before the House and Senate Appropriations Committees. Highlights include:

- \$6.05 million for Coyote Valley Operations and Maintenance
- \$8.36 million for Dry Creek (Warm Springs) Operations and Maintenance
- \$5.5 million for USACE's Water Operations Technical Support (WOTS) Program
- \$13.69 million for Reclamation's WaterSMART Grant Program
- \$4 million for Reclamation's Title XVI Program
- \$80.3 million for EPA's WIFIA Program
- \$65 million for PCSRF

**Infrastructure**

With the enactment of the Infrastructure Investment and Jobs Act (IIJA) late last year, the focus in Washington D.C. has shifted to implementation of the law. We are starting to see federal agencies,

including Reclamation, put out initial spend plans for how they intend to use IJA funding in FY22. Reclamation plans to spend \$1.6 billion from IJA in FY22 and their spend plan allocations include:

- \$420 million for rural water projects that benefit various Tribal and non-Tribal underserved communities by increasing access to potable water.
- \$245 million for WaterSMART Title XVI that supports the planning, design, and construction of water recycling and reuse projects.
- \$210 million for construction of water storage, groundwater storage and conveyance project infrastructure.
- \$160 million for WaterSMART grants to support Reclamation efforts to work cooperatively with states, Tribes, and local entities to implement infrastructure investments to increase water supply.
- \$100 million for aging infrastructure for major repairs and rehabilitation of facilities.
- \$100 million for safety of dams to implement safety modifications of critical infrastructure.
- \$50 million for the implementation of Colorado River Basin drought contingency plans to support the goal of reducing the risk of Lake Mead and Lake Powell reaching critically low water levels.
- \$18 million for WaterSMART's Cooperative Watershed Management Program for watershed planning and restoration projects for watershed groups.
- \$15 million for Research and Development's Desalination and Water Purification Program for construction efforts to address ocean or brackish water desalination.
- \$8.5 million for Colorado River Basin Endangered Species Recovery and Conservation Programs.

### **Water Resources Development Act**

Lawmakers in the House and Senate are working to advance the Water Resources Development Act, biennial legislation that authorizes flood control, navigation, and ecosystem restoration projects for USACE. The Senate EPW Committee approved its version of the legislation on May 4<sup>th</sup> by a 20-0 vote. The House Transportation and Infrastructure Committee adopted the bill by voice vote on May 18<sup>th</sup>. The bills will now advance to their respective full chambers for consideration. As Congress has successfully passed four consecutive bipartisan WRDA bills, in 2014, 2016, 2018, and 2020, lawmakers are optimistic that they will be able to complete work on this legislation this year.

### **Support to Rehydrate the Environment, Agriculture and Municipalities (STREAM) STREAM Act**

On May 17<sup>th</sup>, Senators Dianne Feinstein, Mark Kelly (D-AZ) and Kyrsten Sinema (D-AZ) introduced the Support to Rehydrate the Environment, Agriculture and Municipalities Act or STREAM Act, a bill that would increase water supply and modernize water infrastructure in California and throughout the West. The legislation would authorize:

- \$750 million for non-Federal storage projects
- \$250 million for water recycling projects
- \$250 million in environmental funding, including \$150 million for competitive grants for habitat restoration per Senator Wyden's S. 4189 from the 116<sup>th</sup> Congress
- \$100 million in desalination funding
- \$100 million for drinking water assistance to disadvantaged communities
- \$50 million for natural water retention and release projects

- \$150 million for loans at 30-year Treasury rate for water supply projects (expected to make available \$8 to \$12 billion in lending authority under OMB scoring protocols)

The bill was included in a legislative hearing held by the Senate Energy and Natural Resources' Water and Power Subcommittee on May 25<sup>th</sup>.

## **STATE**

### **Drought Funding**

The Senate has proposed an \$18.1 billion climate resilience package including \$7.5 billion in state and federal funds spread over three years to build a climate resilient water system. The proposed funding would be spent as follows:

- \$2 billion to rebalance state water supply and water rights.
  - \$1.5 billion for new California Water Trust to acquire lands with senior water rights from willing sellers.
  - \$500 million to the Department of Conservation for acquisition and repurposing of lands to implement the Sustainable Groundwater Management Act.
- \$1.5 billion to ensure all Californians have safe drinking water.
- \$1.5 billion to improve watershed climate resilience regionally.
- \$1.5 billion for Drought Resilient Water Supply grants, to assist with recycling, stormwater capture, and groundwater cleanup.
- \$1 billion for Flood Management and Dam Safety grants to improve resilience of flood management system and fund public benefit portion dam safety projects.

The Governor, at the May Revision, increased his drought proposal to \$1.3 billion including the following investments:

- \$530 million to support water recycling and groundwater cleanup
- \$553 million to provide grants to urban water districts and smaller community water suppliers for drought-relief projects; support data, research, and public education campaigns
- \$280 million to address fish and wildlife impacts associated with drought and climate change, and to build aquatic habitat.

### **Atmospheric River, FIRO, AQPI**

The Governor's May Revise proposal includes \$10 million to the Department of Water Resources through the AR-FIRO Program for FY 2022-23 and ongoing into future years. This will enable the AR-FIRO Program to bring FIRO to additional reservoirs as well as provide additional O&M funding for AQPI. The AR-FIRO coalition had made a request of Senator McGuire and Assembly member Levine submitted a request for \$10 million for FY 2022-23. In addition to the funding requests, the coalition is sponsoring (with Turlock Irrigation District and Yuba Water Agency as the lead) AB 2087 (Flora) which makes statutory updates to the DWR AR-FIRO Program to better align the program with FIRO practices. Unfortunately, the bill was held in Assembly Appropriations and is now dead for the year. The policy changes sought by AB 2087 will have to be sought in the budget process.

### **AB 2142 (Gabriel) - Turf Replacement Tax Exemption**

The Association of California Water Agencies (ACWA) is spearheading support for AB 2142 (Gabriel), which proposes, for taxable years beginning on or after January 1, 2022, and before January 1, 2027, a gross income exclusion for any amount received as a rebate, voucher, or other financial incentive issued by a "public water system", local government, or state agency for participation in a turf replacement water conservation program.