

Date of Hearing: July 11, 2023

ASSEMBLY COMMITTEE ON WATER, PARKS, AND WILDLIFE

Rebecca Bauer-Kahan, Chair

SB 470 (Alvarado-Gil) – As Amended April 27, 2023

SENATE VOTE: 40-0

SUBJECT: Water: Urban Water Community Drought Relief program: Small Community Drought Relief program: high fire hazard and very high fire hazard severity zones

SUMMARY: Codifies both the Urban Water Community Drought Relief (UCDR) program and the Small Community Drought Relief (SCDR) program at the Department of Water Resources (DWR). Specifically, **this bill:**

- 1) Codifies the UCDR program and the SCDR program to address impacts on human health and safety, impacts on fish and wildlife resources, and to provide water to small or rural communities whose water supply is threatened by drought.
 - a) Requires the UCDR program to fund projects that benefit communities supplied by an urban water supplier.
 - b) Requires the SCDR program to fund projects that benefit communities *not* supplied by an urban water supplier.
- 2) Allows, upon appropriation, that these programs may fund projects related to drought relief including projects that reduce the risk of wildfires for communities through water delivery system improvements for fire suppression purposes in high- and very high-fire hazard severity zones.
- 3) Extends the article repeal date from January 1, 2024, to January 1, 2026.
- 4) Declares the intent of the Legislature to enact subsequent legislation that would, in the event certain appropriations are made for programs that were deferred for future appropriation in the 2021 Budget Act, ensure funding eligibility for projects that reduce the risk of wildfire for entire neighborhoods and communities through water delivery system improvements for fire suppression purposes in high fire hazard severity zone or very high fire hazard severity zone communities, as specified.
- 5) Makes findings and declarations regarding the need for improved water infrastructure to suppress environmentally and economically devastating fires.

EXISTING LAW:

- 1) Establishes DWR within the Natural Resources Agency and sets forth its powers and duties relating to water resources (Water Code § 120).
- 2) Allows an implementing agency, as listed, to make grants and direct expenditures for interim or immediate relief in response to conditions arising from a drought scenario to address immediate impacts on human health and safety, including providing or improving availability of food, water, or shelter; address immediate impacts on fish and wildlife resources; or

provide water to persons or communities that lose or are threatened with the loss or contamination of water supplies until January 1, 2024 (Water Code §§ 13198.2, 13198.8).

- 3) Requires the State Fire Marshal to classify lands within state responsibility areas into fire hazard severity zones and requires that local agencies also designate fire hazard severity zones in their jurisdiction after receiving recommendations from the State Fire Marshal. These classifications shall be based on fuel loading, slope, fire weather, and other relevant factors (Public Resource Code § 4204, Government Code §§ 51178, 51179).
- 4) Directs a city or county, upon the next revision of the housing element of a general plan on or after January 1, 2014, to include a set of feasible implementation measures designed to carry out specified goals, policies, and objectives, including designing adequate infrastructure if a new development is located in a state responsibility area or in a very high fire hazard severity zone, including water supplies for structural fire suppression (Government Code § 65302).

FISCAL EFFECT: Unknown. This bill is keyed fiscal.

COMMENTS:

- 1) **Purpose of this bill.** This bill establishes the UCDR and SCDR programs in DWR and permits funds for these programs to be used for projects that reduce the risk of wildfires for communities through water delivery system improvements for fire suppression purposes in high- and very high-fire hazard severity zones. According to the author, “California’s rural communities have been ground zero for large-scale environmental and economic devastation during the past decade due to wildfires. Aging infrastructure combined with insufficient resources to prepare for adequate wildfire response has left many rural communities at high risk for further unchecked fire activity. Many rural mountain communities are identified as ‘at-risk’ and lack a clear boundary between wildland fuels and the developed community. This bill will help provide more funding for wildfire defense and protect rural communities.”
- 2) **Background.** Climate change, drought conditions, and a buildup of dry vegetation have all contributed to the increase in wildfires. According to California Department of Forestry and Fire Protection (CAL FIRE), over 9,000 wildfires burned over 4.2 million acres in California in 2020, making it the largest wildfire season in California’s modern history. Since 2010, wildfires have killed nearly 150 people in California, and since 2005, wildfires have destroyed over 97,000 structures, required mass evacuations, and exacerbated California’s housing crisis. In addition, wildfire smoke is unhealthy to breathe and is a public health concern. Further, wildfire losses are not experienced equally as lower-income households are more likely to lose all of their assets and less likely to have adequate insurance to cover their losses. In response to these worsening conditions, State Farm announced in May 2023 that the company would stop accepting new applications for business and homeowners insurance policies in California due to historic increases in construction costs outpacing inflation, a challenging reinsurance market, and rapidly growing catastrophe exposure.

Over half (57%) of California's forests are owned and managed by federal agencies, 3% are owned and operated by the state, while the remaining 40% of the land is private.¹ Across these lands, groups and fire crews work on controlling wildfire initiation and spread by removing fire fuel. In August 2020, California and the U.S. Forest Service agreed to scale up vegetation treatment and maintenance to one million acres of federal, state, and private forest and wildlands annually by 2025.² However, wildfires are not completely preventable, so fire crews work to suppress wildfire by applying water or fire retardant to the fire. Fire crews in California are increasingly turning to retardants. Over the last three years, CAL FIRE dropped 45 million gallons of aerial retardant, compared with 32 million gallons of water, according to CAL FIRE data.³ Retardants, however, have received criticism for their ecological harm, especially to water systems, which is complicated by their effectiveness at preventing wildfire spread (also harmful).

In addition to the use of water used for fire suppression, there is a strong link between wildfire and water quality: silt generated from wildfires may impact water storage in reservoirs and contaminate drinking water. According to the California Forest Carbon Plan, at least 60% of California's developed water supply comes from forested watersheds in the Sierra Nevada and National Forest lands yield 50% of the state's water supply. Not only do water systems need to be able to handle enough supply to suppress fires, but also to maintain functionality during and after emergency to deliver clean water to communities. So there is a strategic objective to manage wildfires, provide abundant clean water, and maintain watersheds in good condition.

Support for water infrastructure for suppressing fire. Historically, California's efforts to protect communities from wildfire focused primarily on suppressing fires, but the state's approach has been evolving in recent decades, including advancing fire-resilient natural environments, preventative measures like prescribed burns, fire-resistant buildings and infrastructure, and greater awareness of wildfire threats as well as local, state, federal, tribal, and private partnership.

Most state plans and documentation recognized the need to protect and harden water infrastructure to prevent water contamination in the event of a fire, but fewer plans identify the need to improve aging or insufficient water infrastructure that may be used for fire suppression. For example, the agreement between the State of California and the U.S. Department of Agriculture recognizes that much of California's physical water infrastructure, including reservoirs and pipelines, runs through high risk fire zones and, as such, protecting water systems against damaging wildfire effects from 'the forest to the faucet' is a focus. Both the Wildfire and Forest Resilience Task Force 2021 Action Plan and CAL FIRE's 2018 Strategic Fire Plan for California also mention the need to strengthen protection for communities, but do not contain goals or support for improving aging water infrastructure. The Emergency California-Nevada Tahoe Basin Fire Commission Report contained a recommendation that a study should be conducted to assess the cost associated with replacing and updating undersized water distribution infrastructure. Updates to this report acknowledge that little progress has been made.

¹ California's Wildfire and Forest Resilience Action Plan (January 2021)

² Agreement for Shared Stewardship of California's Forest and Rangelands between the State of California and the U.S. Department of Agriculture, Forest Service (2020).

³ Aircraft delivered water and retardant ([link](#))

Small water suppliers and rural communities. Pursuant to AB 1668 (Friedman, Chapter 15, Statutes of 2018), DWR issued the Small Water Systems and Rural Communities Drought and Water Shortage Contingency Planning and Risk Assessment in 2021. This report, released in two parts, identified small water systems and rural communities at risk of drought and water shortage vulnerability (Part II) and made recommendations for improving drought contingency planning for those areas (Part I).

DWR examined the relative risk of drought and water shortage for 2,419 small water suppliers in the report. The results show that a vast majority of the state's counties (47 of the 58 counties) have small water suppliers in the top 10% of risk scores (240 suppliers) for water shortage. Of those in the top 10%, over half (61% or 149 suppliers) are located in high or very high fire hazard severity zones. In other words, there are many small and rural communities across the state that are at high risk of running out of water during a drought or other disaster. Also, many communities located in areas with a high risk for wildfire are at high risk of water shortage, which could impact their capacity to suppress fires when they occur.

The report recommended that the state support small community water systems to install additional infrastructure to improve drought and water shortage preparedness and response. The report noted that most water systems under 1,000 connections have difficulty ensuring water supplies during natural disaster events, regardless of the development of planning materials, due to their inherent lack of economies of scale to finance needed infrastructure improvements and the high cost of emergency response activities. The minimum infrastructure resiliency measures to help ensure sustainable water supplies include, among others, having source and distribution system capacity to meet wildfire flow requirements.

According to CAL FIRE, water delivery infrastructure does pose a challenge for some of the communities in CAL FIRE service areas, as some hydrant systems cannot support fire operations at the required flow rate and volume. In some cases, using an older hydrant has caused water pipes to collapse, which can cutoff water delivery to that specific neighborhood in the aftermath of an incident.

Urban Community Drought Relief Program. This program, established via the Budget Act of 2021, offers grant funding for urban water suppliers, among others, for drought relief, including to provide water to communities that face the loss or contamination of their water supplies, address immediate impacts on human health and safety, secure the future of California's water supply, and protect fish and wildlife resources. Eligible project types include projects that support immediate drought response, installation of temporary or permanent community water tanks, emergency water interties, new wells or rehabilitation of existing wells, and construction or installation of a permanent connection to adjacent water systems. An urban water supplier is defined as a supplier, either publicly or privately owned, that provides water for municipal purposes, either directly or indirectly, to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually.

The Budget Act of 2021, Chapter 44, Statutes of 2022, provided \$200 million for this program. The remaining \$1.2 million is expected to be committed by December 2023. Allocations for urban drought relief in the Budget Act of 2021, Chapter 240, Statutes of 2021, were folded together with the multi-benefit allocation to create the Urban and Multi-benefit Drought Relief program and all the funding from that program has been awarded.

Small Community Drought Relief Program. This program, established via the Budget Act of 2021, provides immediate and near-term financial and technical support to help small communities survive this and future droughts. The program aims to implement needed resiliency measures and infrastructure improvements for small water suppliers and rural communities. The specific objectives are to implement projects that provide reliable water supply sources, improve water system storage, replace aging and leaking pipelines, and provide alternative power sources for operation (emergency generators). Eligible project types include the construction or installation of permanent infrastructure, including connections to adjacent water systems, installation of water system pipelines, installation of booster pump stations, installation of water intake works, installation of water storage tanks, and construction of other projects. Projects must benefit communities not supplied by an urban water supplier, as defined in the UCDR program.

The Budget Act of 2021, Chapter 240, Statutes of 2021 and Chapter 44, Statutes of 2022, provided \$300 million in total for this program. The remaining \$4 million in this program is being held for emergencies and contingencies with existing grants.

- 3) **Policy considerations.** Several bond acts are currently before the Legislature that would provide additional funding for water infrastructure used for fire suppression, if approved by voters. SB 867 (Allen) would authorize the state to issue \$15.5 billion in general obligation bonds that would include funding for wildfire risk reduction, pre-hazard mitigation, safe and clean drinking water, and infrastructure upgrades, and similarly AB 1567 (Garcia) proposes nearly \$16 billion in general obligation bonds for, among other things, safe drinking water, wildfire prevention, and pre-hazard mitigation. Additionally, the Federal Water Infrastructure Improvements for the Nation Act (2016) authorized up to \$50 million for “municipal water infrastructure that significantly improves the firefighting capability of local government within the Lake Tahoe Basin.”

Should California’s Legislature and voters not approve a natural resource bond, it may be necessary to clarify where grants can be sought to improve water infrastructure for fire suppression upon appropriation. As this is a cross-cutting issue, it is not immediately clear which agency is most suited to oversee grants for these kinds of projects. CAL FIRE’s grant programs largely focus on preventing wildfires and stewardship of natural resource systems. As the goal of this bill is to improve water infrastructure, it is likely that DWR is the most appropriate agency to steward such grants. The goals of the UCDR and SCDR programs most closely align with the goals of this bill. DWR may already consider fire suppression to be an eligible project under these programs as there is no distinction between infrastructure that would or would not be used for fire suppression, so this bill may also help secure drinking water from contamination.

- 4) **Amendments.** This bill would clarify that improvements to water infrastructure for fire suppression is an acceptable use of UCDR and SCDR program funds. However, as written, this bill shifts the goals of the programs away from drought relief and does not equally highlight currently eligible project types. Additionally, to enable these projects to receive funding in the future, the January 1, 2026, repeal date may be insufficient time to secure and award funding. Removing the repeal date will also eliminate conflict with this year’s natural resources trailer bill (SB 122), which removes the existing sunset. Finally, several technical

changes will also improve the clarity of this bill. As such the Committee may wish to ask the author to amend this bill as follows:

Amendment 1 – Amend Water Code § 13198.5 as follows:

(a) There is hereby established in the department the Urban Water Community Drought Relief program to provide grants for interim or immediate drought relief *to secure the future of California's water supply* to address immediate impacts on human health and safety, *to protect* ~~and on~~ fish and wildlife resources, and to provide water to ~~persons or small or rural~~ *urban* communities that lose or are threatened with the loss or contamination of water supplies.

(b) A project funded by this program shall benefit a community supplied by an urban water supplier as defined in Section 10617.

(c) The program, upon appropriation for these purposes after the operative date of this section, may fund projects that provide benefits in addition to drought relief, including, *but not limited to,*

(1) Projects that provide water deliveries such as hauled water, temporary community water tanks, bottled water, or water vending machines.

(2) Projects that construct infrastructure such as emergency water interties, drilling or rehabilitating new wells, or the installation of permanent water infrastructure.

(3) Projects ~~projects~~ that reduce the risk of wildfire for entire neighborhoods and communities through water delivery system improvements for fire suppression purposes in high fire hazard severity zone communities or very high fire hazard severity zone communities, as designated by the State Fire Marshal pursuant to Article 9 (commencing with Section 4201) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code or by a local agency pursuant to Chapter 6.8 (commencing with Section 51175) of Part 1 of Division 1 of Title 5 of the Government Code.

(4) Projects that rescue, protect, and relocate fish and wildlife.

(5) Projects that support water conservation activities, including, but not limited to, education, fixture replacement incentives and rebate programs, and turf replacement with drought tolerant landscaping.

Amendment 2 – Amend Water Code § 13198.51 as follows:

(a) There is hereby established in the department the Small Community Drought Relief program to provide grants for interim or immediate drought relief to address ~~immediate~~ impacts on human health and safety, *to address impacts on* ~~and on~~ fish and wildlife resources, and to provide water to persons or small or rural communities that lose or are threatened with the loss or contamination of water supplies.

(b) A project funded by this program shall benefit a community not supplied by an urban water supplier as defined in Section 10617.

(c) The program, upon appropriation for its purposes after the operative date of this section, may fund projects that provide benefits in addition to drought relief, including, but not limited to,

(1) Projects that provide water deliveries such as hauled water, temporary community water tanks, bottled water, or water vending machines.

(2) Projects that construct infrastructure such as emergency water interties, drilling or rehabilitating new wells, or the installation of permanent water infrastructure.

(3) Projects ~~projects~~ that reduce the risk of wildfire for entire neighborhoods and communities through water delivery system improvements for fire suppression purposes in high fire hazard severity zone communities or very high fire hazard severity zone communities, as designated by the State Fire Marshal pursuant to Article 9 (commencing with Section 4201) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code or by a local agency pursuant to Chapter 6.8 (commencing with Section 51175) of Part 1 of Division 1 of Title 5 of the Government Code.

(4) Projects that rescue, protect, and relocate fish and wildlife.

Amendment 3 – Strike Section 4, which makes changes to Water Code § 13198.8

- 5) **Arguments in support.** A variety of groups write in support of this bill highlighting the dire need to upgrade water systems to support fire suppression efforts. The California Tahoe Alliance, a partnership of local governments, special districts, and non-profit organizations in the Tahoe Basin, writes that “the Caldor fire demonstrated the need for water infrastructure capable of supporting fire hydrants. The region’s multijurisdictional approach to prioritizing and implementing fuel thinning projects played a key role in helping firefighters protect nearly all structures within the Tahoe Basin during the Caldor Fire. Another key component of this success was the availability of adequate water supply to maintain defensible lines. However, significant portions of the Lake Tahoe Basin have water systems incapable of providing water capacities to meet firefighting requirements.” The El Dorado Water Agency shares that most of the water systems in the county were developed between 70 and 90 years ago and communities are being served by a patchwork of small, isolated, and undersized water systems that lack the capacity to combat wildfires.
- 6) **Related legislation.** SB 867 (Allen) of the current legislative session would enact a new bond act, which if approved by the voters, would authorize the issuance of \$15.5 billion in general obligation bonds, for, among other things, drought, flood, and water resilience, and wildfire and forest resilience. SB 867 is pending before the Assembly Natural Resources Committee.

AB 1567 (Garcia) of the current legislative session would enact a new bond act, which if approved by the voters, would authorize the issuance of nearly \$16 billion in general obligation bonds for various purposes, including safe drinking water, wildfire prevention, and drought preparation. AB 1567 is pending before the Senate Natural Resources and Water Committee.

AB 2387 (Garcia) of 2022 would have enacted a new bond act, which if approved by the voters, would have authorized the issuance of over \$7 billion in bonds for various purposes, including \$300 million for a pre-hazard mitigation grant program that may fund, among other eligible project types, grants for water delivery system improvements for fire suppression purposes for specified communities. AB 2387 was held in Assembly Appropriations Committee.

AB 1668 (Friedman) Chapter 15, Statutes of 2018, among other things, required DWR to propose recommendations and guidance to the Governor and Legislature relating to the development and implementation of countywide drought and water shortage contingency plans to address the planning needs of small water suppliers and rural communities.

REGISTERED SUPPORT / OPPOSITION:**Support**

Association of California Water Agencies
California Fire Chiefs Association
California Tahoe Alliance
El Dorado County Water Agency
Fire Districts Association of California
Humboldt and Mendocino Redwood Companies

Opposition

None on file

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