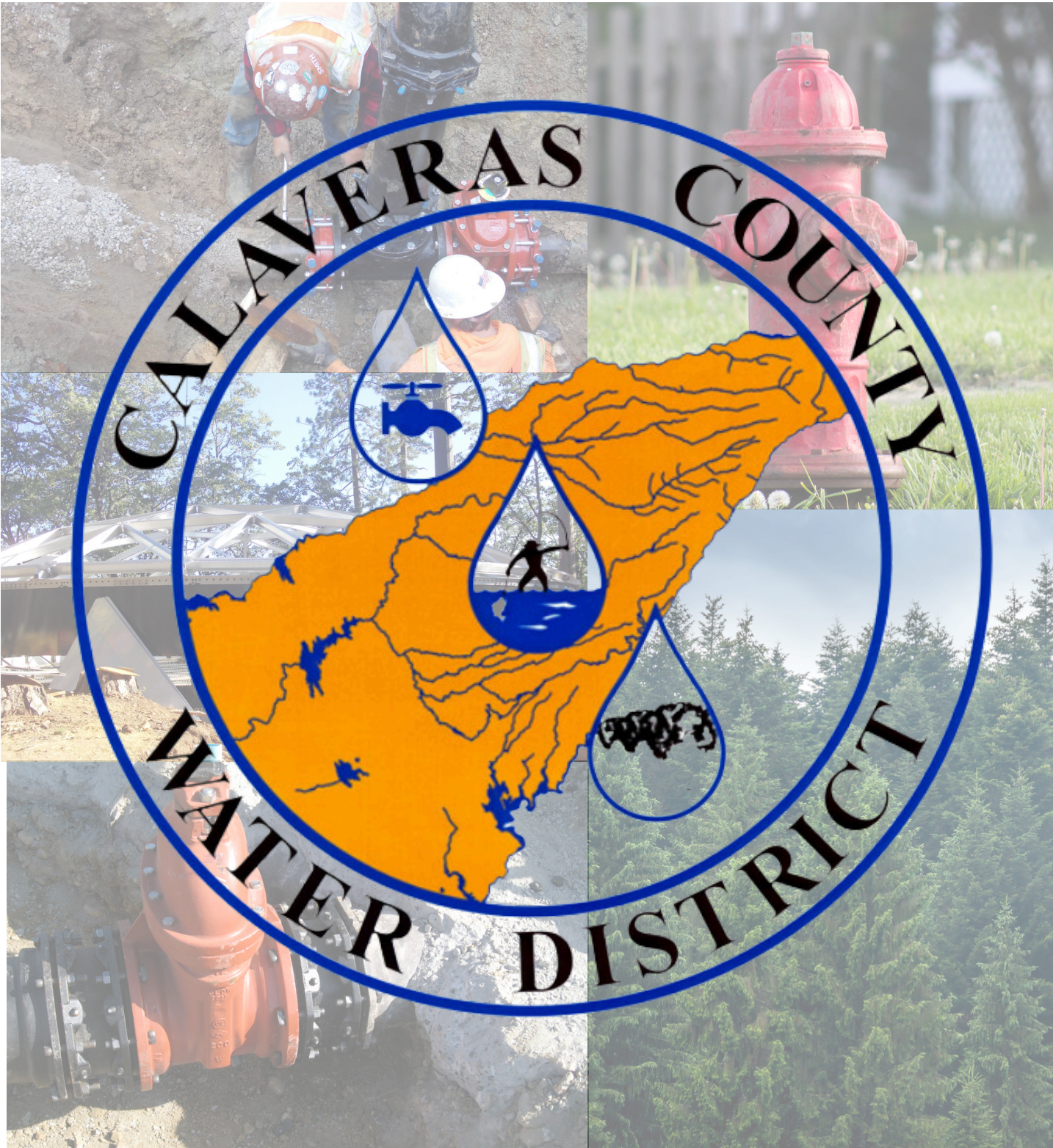


# LEGAL

# AFFAIRS

JUNE 4, 2024

COMMITTEE



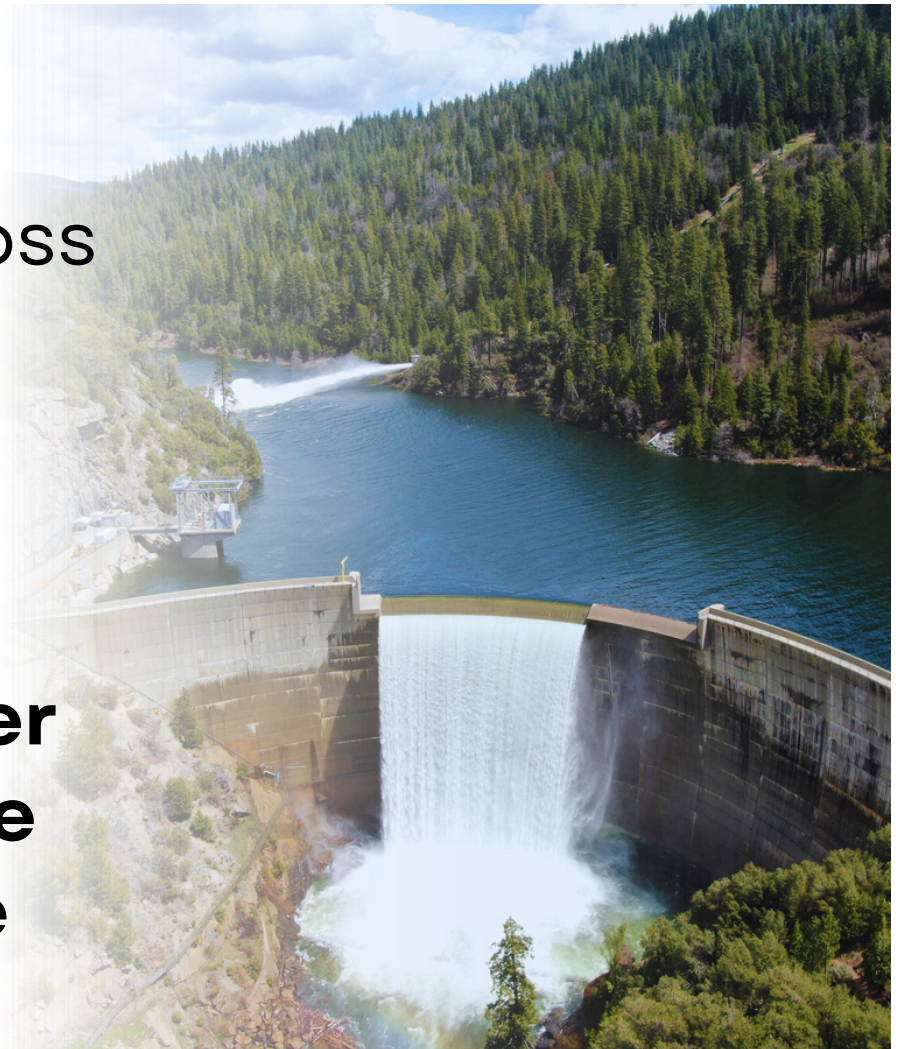
# CLIMATE RESILIENCY BOND



The California Legislature is contemplating a general obligation bond measure for the **November 5, 2024 ballot**. This measure aims to fund investments enhancing California's climate resilience, covering areas such as water and drought preparedness, wildfire protection and forest resilience, coastal resilience, and other natural resource concerns.

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Water and Wastewater agencies across the state are urging the Legislature to include **\$5.75 billion in water infrastructure** funding in the bond.



# **BENEFITS OF A CLIMATE RESILIENCY BOND CCWD AND OUR RURAL NEIGHBORS**



- **Secure & Ensure Reliable Water Storage**
- **Protect and Improve Infrastructure**
- **Upgrade Water Use Efficiency**
- **Compliance Funding for Regulations**
- **Funding for Forest Management**
- **Support Watershed and Headwaters Health**
- **Biomass Energy Innovation**
- **Manage Groundwater and Recharge Aquifers**
- **Comply with CARB Clean Fleets & ZEV Mandates**





California Special Districts Association  
Districts Stronger Together

# Climate Resilience Bond Priorities: Special Districts are Essential to California's Climate Resilience



## To Help Special Districts Meet the State's Climate Goals, a Climate Resilience Bond Must:

1. **Prioritize funding to support local governments' compliance with the California Air Resources Board's Advanced Clean Fleets (ACF) Regulation/Zero-Emission Vehicle mandates** by prioritizing infrastructure funding accessible by special districts and other local governments.
2. **Prioritize funding to support water infrastructure** advocated for by local water providers throughout the state.
3. **Create a reliable funding source** for projects related to community resiliency due to changing climate conditions.
4. **Specify special districts are universally eligible** if they are also doing the work.

Special districts build, operate, and maintain the critical infrastructure and natural lands that will need to stand strong against rising temperatures and drought, increasingly severe storms, insect outbreak and catastrophic wildfire sea level rise and ocean acidity, flooding, and erosion



## Special Districts Are Innovative Leaders In Building Community Climate Resiliency

Many special districts throughout the state are leaders in climate adaptation, preparing their communities to be resilient. However these projects require substantial funding to plan and implement. To meet the needs of communities statewide, additional resources to prepare critical infrastructure are needed.

These local governments need the state, as a global leader on climate adaptation, to be a strong partner in order to meet the urgent and growing needs of California's communities to ensure the delivery of reliable and consistent essential local services that keep Californians healthy and safe.

- [RESILIENT WATER SUPPLY](#)
- [ZERO EMISSIONS FUTURE](#)
- [RENEWABLE ENERGY](#)
- [SEA WATER INTRUSION](#)
- [PROTECTING HEADWATERS](#)
- [FOREST MANAGEMENT](#)
- [DEFENSIBLE SPACE](#)
- [ENVIRONMENTAL RESTORATION](#)
- [CLEAN POWER](#)



### WHAT IS AN INDEPENDENT SPECIAL DISTRICT?

Independent special districts are local agencies, separate and apart from any counties, cities, or other government agencies. Often formed by the communities they serve, California's special districts provide vital services like water and energy, fire protection and public safety, wastewater treatment, parks and recreation, open space, and much more. They safeguard our communities, keep our families healthy, and help our state thrive. ([csda.net/special-districts/learn-about](https://csda.net/special-districts/learn-about))



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## **CLIMATE RESILIENCE BOND: REQUEST FOR FUNDING TO COMPLY WITH CALIFORNIA AIR RESOURCES BOARD (CARB) ADVANCED CLEAN FLEETS (ACF) REGULATION / ZERO EMISSION VEHICLES (ZEV) MANDATES – \$500 MILLION**

CSDA and other local government partners seek to include up to **\$500 million** in any potential Climate Resilience Bond for the infrastructure necessary to comply with the CARB ACF mandate on local governments to transition medium-duty and heavy-duty vehicles to zero-emission. CSDA also seeks to prioritize funding from the bond to support water infrastructure advocated for by local water providers throughout the state. CSDA seeks general parity and equal access to all bond funding among local governments delivering like services.



# CLIMATE RESILIENCY BOND FUNDING FOR COMPLIANCE WITH ZERO EMISSIONS VEHICLE (ZEV) MANDATES



California Special  
Districts Association  
*Districts Stronger Together*

## - FACT SHEET -

### FACT SHEET: Climate Resilience Bond Funding for compliance with zero emission vehicle (ZEV) mandates

**Authors:** Current Climate Resilience Bond measures include Senate Bill 638 (Eggman), Assembly Bill 1567 (Garcia) and SB 867 (Allen)

**Position:** REQUEST \$500 MILLION IN STATE BOND FUNDING

- Request inclusion of up to \$500 million in any Climate Resilience Bond to help special districts, cities, and counties fund Infrastructure and Vehicles to comply with the California Air Resources Board's (CARB) Advanced Clean Fleets (ACF) regulation / zero emission vehicles (ZEV) mandates among other priorities.

**Locations:** Various

**Summary:** CSDA seeks funding to help local governments comply with the CARB ACF regulation / ZEV mandates, and parity with other local governments for eligibility for any funding of like services.

**Major Provisions:** CSDA requests that any climate-related statewide bond measure:

- Allocate up to \$500 million for compliance with the ACF mandates for ZEVs and the infrastructure necessary to fuel, service, and operate them.
- Include general parity and equitable access to funding among local governments providing like services.

#### **Background: CARB ACF regulation.**

State and local government vehicle fleets, including city, county, special district, and state agency fleets, are required to ensure 50 percent of medium-duty and heavy-duty vehicle purchases are zero-emission beginning in 2024 and 100 percent of purchases are zero-emission by 2027. Small government fleets, defined as those with 10 or fewer vehicles and those in designated counties, must start their ZEV purchases beginning in 2027. Alternatively, local government fleet owners may elect to meet ZEV targets using the ZEV Milestones Option, which allows for a graduated percentage of fleets to be in compliance by certain dates and depending on vehicle type. State and local government fleets may purchase either ZEVs or near-ZEVs, or a combination of ZEVs and near-ZEVs, until 2035. Starting in 2035, only ZEVs will meet the mandate.

#### **Talking Points:**

- Local agency surveys show that local agency fleet managers indicate several challenges to compliance including:
  - ZEV versions of the needed medium-duty and heavy-duty vehicles are not currently being manufactured and pricing is not readily available for the small number that could meet their needs.
  - Electrical infrastructure and charging systems are a challenge to fund, plan, design, build, and put into service in time to operate the mandated vehicles.
  - Electrical reliability is dangerously inadequate, particularly during events where medium-duty and heavy-duty vehicles for utilities and other essential service providers are most critical.

# CLIMATE RESILIENCY BOND FUNDING FOR COMPLIANCE WITH ZERO EMISSIONS VEHICLE (ZEV) MANDATES



**California Special  
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## - FACT SHEET -

- Lack of funding mechanisms and the expense of available vehicles. Nearly all local revenue sources are Constitutionally limited, and voter constrained. Costs to provide services are already far outpacing the ability to raise revenues.
- Even \$500 million for local agencies through a Climate Resilience Bond would not be nearly sufficient to cover the immense anticipated costs to comply with ACF. However, any funds will be helpful to assist agencies in their initial efforts to comply.

### Frequently Asked Questions:

**Question:** What are the purchase deadlines special districts are facing to comply with ACF?

**Answer:**

- By purchase schedule method: Generally, 50 percent of medium-duty and heavy-duty vehicle purchases are zero-emission beginning in 2024 and 100 percent of vehicle purchases are zero-emission by 2027.
- By Milestone Method: A graduated percentage of the fleet, depending on vehicle type through 2033 or 2039.

**Question:** What challenges are special districts facing to comply with ACF?

**Answer:**

- CSDA members report concerns obtaining charging or refueling infrastructure on the extremely short, mandated timeline.
- Required vehicle acquisition, particularly of specialty vehicles necessary for the specialized services special districts provide, is infeasible.
- Costs are exorbitant and special districts lack sufficient funding mechanisms.
- Power reliability is inadequate, particularly during emergency events where the medium-duty and heavy-duty vehicles affected by the regulation become critical to communities' health and safety.

**Question:** What are the costs to comply with ACF?

**Answer:**


This is brand new territory and not all aspects of the related industries are fully mature, available, or fully understood. Notably, the California Department of Transportation (Caltrans) has requested a \$279 million Fleet Replacement Budget Change Proposal (Request 2660-068-BCP-2024-GB) for each of two years to begin to comply with the mandate. The Caltrans plan is to acquire over 2,100 medium and heavy-duty compliant vehicles and related infrastructure and staffing within two years.

The thousands of special district, city, and county vehicle fleets impacted by the ACF mandate will have similar or greater costs, but perhaps without the economies of scale that the state may benefit from.



# H.R. 7525 SPECIAL DISTRICT GRANT ACCESSIBILITY ACT

In a major milestone for the nation's special districts, on **May 6, 2024**, the U.S. House of Representatives overwhelmingly approved the Special District Grant Accessibility Act. The bill (H.R. 7525), which is sponsored by Representative Pat Fallon (R-TX) with original co-sponsorship by Brittany Pettersen (D-CO) and co-sponsorship by 14 Representatives from both sides of the aisle of the California Congressional Delegation, cleared the House on an overwhelming 352-27 vote.



**Special District Grant Accessibility Act**  
Sponsored by Representative Pat Fallon (R-TX)  
& Representative Brittany Pettersen (D-CO)  
Introduced: March 5, 2024

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Approximately 35,000 special districts are local governments providing critical infrastructure and essential services in thousands of communities across the country. They exist when a community demands a service that another unit of government is not otherwise providing. These agencies are established and locally governed under an enabling act or special act of a state to provide a limited and specific set of public services.

**The Problem**

Despite the significant presence of special districts in the U.S., **Federal law lacks a consistent definition and reference to special purpose units of local government.**

*As a result, special districts:*

- May have difficulties directly accessing funding opportunities.
- Are commonly omitted as eligible in the definitions of "local government" for proposed legislation and laws intended to assist all local governments.
- Are mistaken for small businesses or nonprofit corporations.
- Lack official population figures, as they are not federally recognized as "geographic units of government."

**The Solution: H.R. 7525**

**The Special District Grant Accessibility Act**

- Requires Federal agencies to recognize special districts as local government for the purpose of Federal financial assistance determinations.
- Codifies in Federal law a first-ever, formal definition of "special district."

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**"Special District" Defined**

*H.R. 7525 - The Special District Grant Accessibility Act, defines "special district" as follows:*

“ The term "special district" means a **political subdivision of a State**, with specified boundaries and significant budgetary autonomy or control, created by or pursuant to the laws of the State, for the **purpose of performing limited and specific governmental or proprietary functions** that distinguish it as a significantly separate entity from the administrative governance structure of any other form of local government unit within a State. ”

**Common Services Provided**

|                    |                        |                       |
|--------------------|------------------------|-----------------------|
| Water & Wastewater | Healthcare & Hospital  | Road & Highway        |
| Irrigation         | Park & Recreation      | Airport               |
| Fire Protection    | Port/Harbor/Navigation | Electricity           |
| Ambulance          | Library                | Mosquito Control      |
| Transit            | Cemetery               | Resource Conservation |

**Quick Facts**

**35,000** Special District Governments

**17%** All local government revenue

**50 states**

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Connect & Engage on Solutions

NSDC is the only national organization representing and advocating for all types of special districts at the federal level.

[jk@paragonlobbying.com](mailto:jk@paragonlobbying.com)  
 (877) 924-2732  
[WWW.NATIONALSPECIALDISTRICTS.ORG](http://WWW.NATIONALSPECIALDISTRICTS.ORG)







It is the intent of the Legislature to establish a Rural and Small Community Fire Resilience Program within the Office of Emergency Services to work in coordination with the Department of Water Resources, the State Water Resources Control Board, and other appropriate state entities to develop a program for the distribution of state matching funds to communities within the Wildland Urban Interface (WUI), to improve water system infrastructure, including upgrading and upsizing waterlines, **installing additional fire hydrants of water systems, and enhancing water system delivery** to ensure adequate water flow for fire prevention and suppression activities.

# SB 1088

Senator Marie Alvarado-Gil  
Office of Emergency  
Services: state matching  
funds: water system  
infrastructure  
improvements.

## UPDATE

May 23, 2024  
Passed the Senate

37 = Yea

0 = Nay

3 = Abs

Heading to  
Assembly

## WILDLAND URBAN INTERFACE (WUI)

The WUI is the zone of transition between unoccupied land and human development. It is the line, area, or zone where structures and other human development meet or intermingle with undeveloped wildland or vegetative fuels. Much of Calaveras County is considered part of the WUI and, like many of California's rural communities, has suffered increased environmental and economic devastation during the past decade due to wildfires. Calaveras County in particular experiences a high probability of fire danger throughout the year, with the most devastating fire being in **2015** when the **Butte Fire** destroyed more than 70,000 acres.



**SB 945** would require state agencies, led by the Department of Public Health, to build a database that measures wildfire specific impacts to health combined with data that measures wildfire fuels mitigation investments. The data will support policy makers, public health officials and forest health management by comprehensively understanding how fuels mitigation investments mitigate the detrimental effects of wildfire smoke on California's environment and population. Currently, this data does not exist.

# SB 945

Senator Marie Alvarado-Gil  
Assemblymember Juan  
Alanis

The Wildfire Smoke and  
Health Outcomes Data Act.

## UPDATE

May 24, 2024  
Passed the Senate

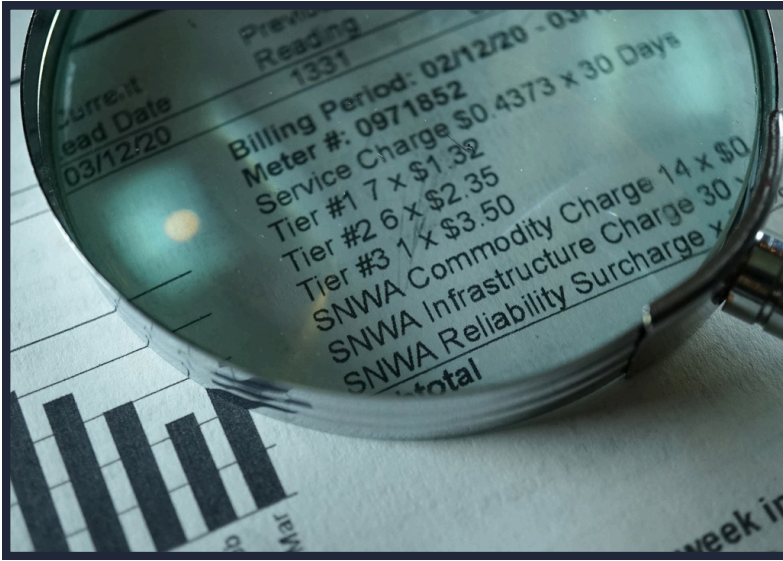
38 = Yea

0 = Nay

2 = Abs

Heading to  
Assembly





Authored by Assemblymember Lori Wilson (D-Suisun City), the bill would require litigants to participate and raise specific objections before a public hearing, providing an opportunity to resolve a dispute and avoid litigation altogether. It would build on the success of ACWA-sponsored SB 323 (Caballero, 2021), which created a 120-day statute of limitations for filing lawsuits against water and sewer rates through the Proposition 218 process.

Public agencies depend on service rates and assessments for essential functions, but increasing litigation under Proposition 218 hampers their ability to set fair rates that cover costs. Many lawsuits arise without prior discussion of alleged violations, preventing agencies from addressing concerns beforehand, which threatens their financial stability. AB 2257 seeks to improve Proposition 218's ratemaking procedures by fostering dialogue, transparency, and issue resolution during the public process, aiming to reduce litigation and ensure stable budgets for effective operation.

# AB 2257

Assemblymember Lori  
Wilson

Local government:  
property-related water and  
sewer fees and  
assessments: remedies.

## UPDATE

May 16, 2024

Passed Assembly

52 = Yea

12 = Nay

16 = Abs

Moves to Senate



The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties relating to the regulation of drinking water to protect public health. Existing law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Existing law requires the state board to annually adopt a fund expenditure plan, as provided, and requires expenditures from the fund to be consistent with the fund expenditure plan. Existing law requires the state board to base the fund expenditure plan on data and analysis drawn from a specified drinking water needs assessment.

This bill would require the state board to update a needs analysis of the states public water systems to include an assessment, as specified, of the funds necessary to provide a **20% discount for low-income households** served by community water systems with fewer than 3,000 service connections and for community water systems with fewer than 3,000 service connections to meet a specified affordability threshold on or before July 1, 2026, and on or before July 1 of every 3 years thereafter.

# SB 1255

Senator Maria Elena Durazo  
Senator Bill Dodd  
Public water systems:  
needs analysis

## UPDATE

May 22, 2024  
Passed Senate

33 = Yea

6 = Nay

1 = Abs

In Assembly

