Legislation and Communications Committee

# Consider Staff Recommendation to Take No Position on Proposition 45: Building an Affordable California Initiative

Item 8-5

September 15, 2026

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# Item 8-5 Summary

## Subject

Consider staff recommendation to take no position on Proposition 45: Building an Affordable California Initiative

## Purpose

Seek Board direction for a position on Proposition 45

# Prop 45 Overview

## Building an Affordable California Act

- Statewide initiative on the November 2026 ballot
- Establishes an optional, expedited CEQA framework for “essential projects”
- Intended to accelerate project delivery by:
  - Establishing mandatory environmental review timelines
  - Capping public comment periods
  - Expediting permit decisions
  - Expediting and narrowing judicial review
- Applies to essential housing, water, clean energy, transportation, broadband, public safety, public health, and education projects

# Defining "Essential Water Project"

## Eligibility for Existing Metropolitan Projects

- Proposition 45 defines an "essential water project" as a project or action to construct, expand, repair, replace, improve, or augment:
  - A public water system
  - A system that directly or indirectly provides water to a public water system
  - A system generally described and within the scope of the state's Water Resilience Portfolio

# Prop 45 and Metropolitan

## Recent Metropolitan Environmental Reviews

- Since April 2024, Metropolitan has completed environmental review as the project proponent and lead agency for 6 projects
  - All 6 would have been eligible for Prop 45 streamlining, including PWSC, but are now past environmental review
- Since August 2024, Metropolitan reviewed and commented on 12 CEQA documents from other agencies that could have been eligible for Prop 45 streamlining

Prop 45 and State Water Project

# Recent SWP Environmental Reviews

- Since 2024, State Water Contractors have commented on 3 CEQA documents  to seek protections for SWP supplies and exhaust administrative remedies
  - SWC filed a CEQA lawsuit over one and may do so on a second
- Limits on judicial remedies could hinder ability to resolve disputes in the interest of SWP supplies

Prop 45 and State Water Project

# Water Right Permits

- Prop 45 streamlining would also apply to water right permits
  - SWC has filed or threatened protests to permit applications for essential water projects to protect SWP supplies
  - 90-day deadline for the Water Board to issue water right permits could impede stakeholder ability to address concerns
- Delta Conveyance Project excluded

## Legal Issues

# Navigating Judicial Challenges

- Court challenges limited to violations of “objective existing laws” is overly broad and will require court interpretation when dealing with conflicting laws and standards
    - Unclear how courts would adjudicate impacts to environmental resources that rely on qualitative analysis or professional judgment
- Litigation would provide little leverage in negotiating resolutions due to limited judicial review and remedies
- The range of ways an applicant can pick and choose streamlining provisions is likely to be challenged

Amending Prop 45

# Legislative Amendments

- Require a two-thirds vote of both houses of the Legislature
- Must be consistent with and further the purposes of the initiative
- Must be in print for at least 12 business days prior to their passage in either house of the Legislature

# Prop 45 Support

## Proponents

- Coalition of business, housing, clean energy, and social justice organizations
- Prop 45 would accelerate housing, water, transportation, clean energy, and other essential infrastructure
- Makes California more affordable by cutting unnecessary delays to deliver the essential projects our communities need
- Would establish clear timelines that would improve accountability and reduce unnecessary delays while preserving strong environmental, labor, and tribal cultural resource protections

# Prop 45 Opposition

## Opponents

- Coalition of environmental, social justice, and labor groups
- Prop 45 would fundamentally weaken California's environmental review system by prioritizing project approval over environmental protection
- Limits consideration of evolving science and cumulative environmental impacts
- Removes required consultation with non-federally recognized tribes
- Shifts environmental, infrastructure, and public safety costs to taxpayers and local governments
- Creates legal uncertainty regarding implementation

# Board Options

## Option #1

- Take no position on Proposition 45

## Option #2

- Adopt a support position on Proposition 45

## Option #3

- Adopt an oppose position on Proposition 45

# Board Options

## Staff Recommendation

Option #1
Take no position on Proposition 45

- Prop 45 could be beneficial when initiating Metropolitan's own projects

- Could be concerning as a reviewing agency, challenger, or stakeholder in the interest of protecting source water quality, infrastructure, and SWP supplies

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
1928