

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

## **LEG Committee**

F. Jung, Chair  
A. Kassakhian, Vice Chair  
J. Abdo  
L. Ackerman  
B. Dennstedt  
A. Fellow  
J. Garza  
G. Gray  
M. Luna  
J. McMillan  
T. Phan  
B. Pressman  
M. Ramos  
T. Smith

## **Legislation and Communications Committee**

Meeting with Board of Directors \*

**June 10, 2024**

**9:00 a.m.**

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. Written public comments received by 5:00 p.m. (business days) before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 873 4767 0235. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 876 9484 9772 or click <https://us06web.zoom.us/j/87694849772?pwd=V3dGZGRYUjJ3allqdUxXTIJRM044Zz09>

**Monday, June 10, 2024  
Meeting Schedule**

**09:00 a.m. LEG  
11:00 a.m. Break  
11:30 a.m. Legal  
01:30 p.m. EOT  
03:30 p.m. OWS**

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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

Cedars Sinai Medical Center • 8700 Beverly Blvd • Los Angeles, CA 90048

3008 W. 82nd Place • Inglewood, CA 90305

City Hall • 303 W. Commonwealth Avenue • Fullerton, CA 92832

81973 Alegre • La Quinta, CA 92253

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\* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**\*\* CONSENT CALENDAR ITEMS -- ACTION \*\***

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the minutes of the Legislation and Communications Committee for May 13, 2024 (copies have been submitted to each Director, any additions, corrections, or omissions) [21-3450](#)

**Attachments:** [06102024 LEG 2A \(05132024\) Minutes](#)

### 3. CONSENT CALENDAR ITEMS - ACTION

- 7-8 Express support for ballot measure ACA 1: Local government financing: affordable housing and public infrastructure: voter approval; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3446](#)

**Attachments:** [06112024 LEG 7-8 B-L](#)  
[06102024 LEG 7-8 Presentation](#)

- 7-9 Express opposition to Initiative 1935: The Taxpayer Protection and Government Accountability Act and express support for ballot measure ACA 13: Voting thresholds; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA [21-3447](#)

**Attachments:** [06112024 LEG 7-9 B-L](#)  
[06102024 LEG 7-9 Presentation](#)

**\*\* END OF CONSENT CALENDAR ITEMS \*\***

### 4. OTHER BOARD ITEMS - ACTION

- 8-3 Authorize entering into a three-year contract with We Are RALLY, LLC for media placement services related to drought awareness and water conservation not to exceed \$10.5 million; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3445](#)

**Attachments:** [06112024 LEG 8-3 B-L](#)  
[06102024 LEG 8-3 Presentation](#)

### 5. BOARD INFORMATION ITEMS

NONE

### 6. COMMITTEE ITEMS

- a. Report on Permissible Activities related to Ballot Measures [21-3460](#)

**Attachments:** [06102024 LEG 6a Presentation](#)

- b. Report on Activities from Sacramento [21-3457](#)

**Attachments:** [06112024 LEG 6b State Legislative Matrix](#)  
[06102024 LEG 6b Presentation](#)

- c. Report on Activities from Washington, D.C. [21-3458](#)

**Attachments:** [06112024 LEG 6c Federal Legislative Matrix](#)  
[06102024 LEG 6c Presentation](#)

## 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. External Affairs activities [21-3459](#)

**Attachments:** [06102024 LEG 7a External Affairs Report](#)  
[06102024 LEG 7a Presentation](#)

## 8. FOLLOW-UP ITEMS

NONE

## 9. FUTURE AGENDA ITEMS

## 10. ADJOURNMENT

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

**LEGISLATION AND COMMUNICATIONS COMMITTEE**

**May 13, 2024**

Vice Chair Kassakhian called the meeting to order at 11:17 a.m.

Members present: Directors Abdo, Ackerman, Dennstedt, Fellow, Garza (AB2449 “just cause”, confirmed attendance after roll call), Jung (teleconference posted location), Kassakhian, McMillan, Pressman (teleconference posted location) entered after rollcall, Ramos (teleconference posted location), and Smith (AB2449 “just cause”).

Members absent: Directors Gray, Luna and Phan.

Other Board Members present: Directors Armstrong, Camacho, Erdman, Lefevre, Miller, Morris, Ortega, Peterson and Seckel.

Director Smith indicated he is participating under AB 2449 “just cause” due to a contagious illness. He appeared by audio and on camera, and announced during roll call that no one was in the room with him.

Committee Staff present: Hagekhalil, Zinke, Stites, Sims and Novoa.

**1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE’S JURISDICTION**

None

**CONSENT CALENDAR ITEMS – ACTION**

**2. CONSENT CALENDAR OTHER ITEMS - ACTION**

A. Approval of the Minutes of the Legislation and Communications Committee for April 8, 2024.

**3. CONSENT CALENDAR ITEMS – ACTION**

None

Director Fellow made a motion, seconded by Director Dennstedt to approve item 2A.

Ayes: Directors Abdo, Ackerman, Dennstedt, Fellow, Garza, Jung,  
Kassakhian, McMillan, Pressman, Ramos and Smith.

Noes: None

Abstentions: None

Absent: Directors Gray, Luna, and Phan.

The motion for item 2A passed by a vote of 11 ayes, 0 noes, 0 abstain, and 3 absent

Director Garza indicated he is participating under AB 2449 “just cause” due to a contagious illness. He appeared by audio and on camera, and announced no one was in the room with him.

Director Smith stated that no one was in the room with him.

#### **END OF CONSENT CALENDAR ITEMS**

#### **4. OTHER BOARD ITEMS – ACTION**

None

#### **5. BOARD INFORMATION ITEMS**

None

#### **6. COMMITTEE ITEMS**

a. Subject: Results of Focus Groups on Water Issues and Public Trust

Presented by: Tom Patras Principal and CFO, EMC Research

Mr. Tom Patras provided an update on the findings of focus group results on water issues and public trust. He discussed the key findings on the results of trust in public agencies and trust in water quality.

The following Directors provided a comment or asked a question:

- 1.) Peterson
- 2.) Fellow
- 3.) Dennstedt
- 4.) Armstrong
- 5.) Garza
- 6.) Ackerman
- 7.) Kassakhian

b. Subject: Update on Education Programs

Presented by: Benita Horn, Team Manager – Education

Ms. Horn provided an update on the activities, events, and programs promoting conservation and stewardship for grades Pre-K through 12 and college.

The following Directors provided a comment or asked a question:

- 1.) Dick

Staff responded to the Directors' comments or questions.

c. Subject: Report on Activities from Sacramento

Presented by: Jay Jefferson, Executive Legislative Representative

Mr. Jefferson provided an abbreviated update on the state budget, Sacramento legislative calendar, and two year bills of interest, including climate bonds and water rights.

d. Subject: Report on Activities from Washington, D.C.

Presented by: Abby Schneider, Executive Legislative Representative

Ms. Schneider provided an abbreviated update on supported bills, including PFAS Liability Protection and Low-Income Household Water Assistance Program, FY25 Appropriations Hearings, and FY25 Policy Proposal.

**8. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

a. Subject: External Affairs Management Announcements and Highlights

Presented by: Dee Zinke, Assistant General Manager

Ms. Zinke deferred her full report. However, she called to the attention of the board a few items highlighting the value of water such as the External Affairs General Manager's report, Water Awareness Month, the new mwdh2o homepage, and the current social media campaign.

**9. FOLLOW-UP ITEMS**

None

**10. FUTURE AGENDA ITEMS**

None

**11. ADJOURNMENT**

Meeting adjourned at 12:44 p.m.

Vice Chair Kassakhian



● **Board of Directors**  
**Legislation and Communications Committee**

6/11/2024 Board Meeting

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7-8

**Subject**

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Express support for ballot measure ACA 1: Local government financing: affordable housing and public infrastructure: voter approval; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

**Executive Summary**

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Ballot measure ACA 1: Local government financing: affordable housing and public infrastructure: voter approval. (ACA 1) proposes a constitutional amendment that is qualified for the November 5, 2024 ballot (**Attachment 1**). The measure is sponsored by California Professional Firefighters and the California State Building and Construction Trades Council. ACA 1 seeks to create parity between school districts and other local government entities by giving cities, counties and special districts the ability to adopt ad valorem property taxes and pass local bond and special tax measures at the same vote threshold that is currently afforded to school districts when placing a bond or special tax on the ballot.

If passed by the voters, ACA 1 allows for new ad valorem property taxes and special local taxes to be imposed pursuant to a 55 percent majority vote, providing that the taxes pay for bonded indebtedness to pay for affordable housing, permanent supportive housing, or public infrastructure (including water and wastewater infrastructure). New ad valorem property taxes imposed for the specified purposes would be exempt from the constitutional total 1 percent ad valorem limit if approved by a 55 percent vote. Additionally, the voting threshold for local agencies placing a bond or local special tax on the ballot to fund the identified projects is lowered from two-thirds to 55 percent majority. This measure would also set control measures to ensure the taxes pay for the authorized purposes only and allows the Legislature to create additional control measures.

**Proposed Action(s)/Recommendation(s) and Options**

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**Staff Recommendation: Option #1**

**Option #1**

Express Support for Ballot Measure ACA 1: Local government financing: affordable housing and public infrastructure: voter approval.

**Fiscal Impact:** Unknown

**Business Analysis:** If passed, ACA 1 would improve local agencies' ability to raise revenues for specified housing and public infrastructure (including water and wastewater infrastructure) projects, which increases the feasibility of project success and improves water supply management.

**Option #2**

Take no action

**Fiscal Impact:** Unknown



**Business Analysis:** Without this measure, local agencies and governments will continue to not have parity with the voting threshold required to raise revenue with local school districts and would continue to need a two-thirds supermajority to approve financing for affordable housing, permanent supportive housing and public infrastructure (including water and wastewater infrastructure) projects.

### **Alternatives Considered**

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Not applicable

### **Applicable Policy**

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Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

### **Related Board Action(s)/Future Actions**

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Not applicable

### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination for Option #1:**

The proposed action is not defined as a project under CEQA because it involves proposals for legislation to be enacted by the State Legislature. (State CEQA Guidelines Section 15378(b)(1).)

#### **CEQA determination for Option #2:**

None required

### **Details and Background**

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#### **Background on ACA 1**

ACA 1 will be on the November 2024 ballot and is sponsored by the California Professional Firefighters and the California State Building and Construction Trades Council. This measure allows for new ad valorem property taxes and special local taxes to be imposed pursuant to a 55 percent majority vote, providing that the taxes pay for bonded indebtedness to pay for affordable housing, permanent supportive housing, or public infrastructure (including water and wastewater infrastructure). New ad valorem property taxes imposed for the specified purposes would be exempt from the constitutional total 1 percent ad valorem limit if approved by a 55 percent vote. Additionally, the voting threshold for local agencies placing a bond or local special tax on the ballot to fund the identified projects is lowered from two-thirds to 55 percent majority. This measure would also set control measures to ensure the taxes pay for the authorized purposes only and allows the Legislature to create additional control measures.

This measure is broadly supported by local government agencies that view the measure as establishing parity between local school districts and other local governments. Currently, school districts have the ability to impose ad valorem property taxes and pass a bond or special tax with a 55 percent vote. If passed, ACA 1 would provide local communities the same ability to finance other public infrastructure and critically needed affordable housing, in addition to local educational facilities.

#### **Key Provisions of ACA 1**

##### *Ad Valorem Tax for Voter-Approved Debt*

The California Constitution currently prohibits the assessment of an ad valorem tax above 1 percent of the property value, unless specified exemptions apply. Exemptions include:

- (1) Indebtedness approved by the voters before July 1, 1978.
- (2) Bonded indebtedness to fund the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.
- (3) Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities approved

by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after November 8, 2000.

ACA 1 would add an exemption for bonded indebtedness incurred by a city, county, city and county, or special district for the development or replacement of public infrastructure, affordable housing, or permanent supportive housing. (Attachment 1)

This measure also contains a range of voter protections and guardrails, which include, but are not limited to: (1) a requirement that the local agency conduct annual, independent financial audits on the revenues and uses related to bond proceeds and (2) a requirement that a local citizens oversight committee be established to ensure appropriate management of the funds.

#### *Parcel Taxes and Sales and Use Taxes*

The California Constitution currently requires local government agencies to pass special taxes with a two-thirds vote of the local electorate in order to take effect. Specifically, these are parcel taxes, sales and use taxes, and transactions and use taxes.

ACA 1 would provide local government agencies the ability to pass a special tax measure with a 55 percent vote instead of the current two-thirds vote requirement. This section of the measure also contains the same voter protections as noted for the ad valorem tax above, including requirements for an independent audit to be conducted through the duration of the tax funds being in use and the establishment of a citizen's oversight committee to oversee the management of the funds.

#### Supporters

Supporters include, but are not limited to, the California Special Districts Association and League of California Cities; the measure was sponsored by the California Professional Firefighters California State Building and Construction Trades Council.

#### Arguments in Support

Proponents of ACA 1 argue this measure will level the playing field and create parity with school districts so that cities, counties, and special districts have a viable financing tool to help address important community needs for affordable housing and public infrastructure. Local voters would still need to overwhelmingly support a new ad valorem tax, bond or special tax with a 55 percent vote, and ACA 1 provides specific requirements for financial accountability.

Questions of taxation and public indebtedness are of the greatest importance to the voters of this state. That is why the California Constitution requires that these questions be taken directly to the voters instead of decided solely by their elected representatives. A 55 percent threshold is enough to indicate whether the bulk of a community is willing to incur that indebtedness or pay a tax for such important services. The current two-thirds structure gives every no vote twice as much say as a yes vote. These are local decisions where a significant majority of the people should be enough to have a say in shaping the outcomes of their community.

#### Opponents

Opponents include but are not limited to the California Association of Realtors, California Chamber of Commerce, California Taxpayers Association and Howard Jarvis Taxpayers Association.

#### Arguments in Opposition

Opponents argue that Californians resoundingly approved Proposition 13 to provide a check on local governments' taxing authority, and to ensure a greater representative voice for those who would be taxed. Proposition 13 also limits taxes on property to 1 percent of the property's assessed value. Reducing the vote threshold would diminish the people's voice on tax increases and would erode property tax safeguards.

In addition, ACA 1 would sharply lower Proposition 13's two-thirds voter threshold to 55 percent for local special taxes to fund 'infrastructure' so vaguely defined that virtually anything could qualify. It would open the door to the possibility of significant new tax hikes, giving the government more control over property taxpayers without providing an appropriate return on investment.

If passed, ACA 1 would provide local communities parity in financing public infrastructure, including water and wastewater, and critically needed affordable housing with local school districts. For this reason, staff recommends that the Board express support for ACA 1.

  
\_\_\_\_\_  
*Susan B. Sims*  
*Group Manager – External Affairs* *6/6/2024*  
*Date*

  
\_\_\_\_\_  
*Adel Hagekhalil*  
*General Manager* *6/6/2024*  
*Date*


**Attachment 1 – ACA 1: Local government financing: affordable housing and public infrastructure: voter approval.**

Ref# 12694298


RC 173

**Assembly Constitutional Amendment No. 1**


Adopted in Assembly September 6, 2023

  
\_\_\_\_\_  
*Chief Clerk of the Assembly*

Adopted in Senate September 14, 2023

  
\_\_\_\_\_  
*Acting Secretary of the Senate*

This resolution was received by the Secretary of State this  
20<sup>th</sup> day of September, 2023, at 11  
o'clock a.m.

  
\_\_\_\_\_  
*Deputy Secretary of State*

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## RESOLUTION CHAPTER \_\_\_\_\_

Assembly Constitutional Amendment No. 1—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 1 and 4 of Article XIII A thereof, by amending Section 2 of, and by adding Section 2.5 to, Article XIII C thereof, by amending Section 3 of Article XIID thereof, and by amending Section 18 of Article XVI thereof, relating to local finance.

## LEGISLATIVE COUNSEL'S DIGEST

ACA 1, Aguiar-Curry. Local government financing: affordable housing and public infrastructure: voter approval.

(1) The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions.

This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, including downpayment assistance, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, city and county, or special district, as applicable, and the proposition includes specified accountability requirements. The measure would prohibit a city, county, city and county, or special district from placing a proposition on the ballot pursuant to these provisions if the voters have previously approved a proposition pursuant to these provisions or the below special tax provisions until all funds from the previous proposition are committed to programs and projects listed in the specific local program or ordinance, as described. The measure, subject to certain vote thresholds, would authorize the Legislature to enact laws establishing additional accountability measures and laws for the downpayment assistance programs authorized by the measure, as specified. The measure would specify that these provisions apply to any city, county, city and county, or special district measure

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ACA 1

imposing an ad valorem tax to pay the interest and redemption charges on bonded indebtedness for these purposes that is submitted at the same election as this measure.

(2) The California Constitution conditions the imposition of a special tax by a local government upon the approval of  $\frac{2}{3}$  of the voters of the local government voting on that tax.

This measure would authorize a local government to impose, extend, or increase a sales and use tax or transactions and use tax imposed in accordance with specified law or a parcel tax for the purposes of funding the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, including downpayment assistance, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by a majority vote of the membership of the governing board of the local government and by 55% of its voters voting on the proposition and the proposition includes specified accountability requirements. The measure would prohibit a local government from placing a proposition on the ballot pursuant to these provisions if the voters have previously approved a proposition pursuant to these provisions or the above ad valorem tax provisions until all funds from the previous proposition are committed to programs and projects listed in the specific local program or ordinance, as described. The measure, subject to certain vote thresholds, would authorize the Legislature to enact laws establishing additional accountability measures and laws for the downpayment assistance programs authorized by the measure, as specified. This measure would also make conforming changes to related provisions. The measure would specify that these provisions apply to any local measure imposing, extending, or increasing a sales and use tax, transactions and use tax, or parcel tax for these purposes that is submitted at the same election as this measure.

(3) The California Constitution prohibits specified local government agencies from incurring any indebtedness exceeding in any year the income and revenue provided in that year, without the assent of  $\frac{2}{3}$  of the voters and subject to other conditions. In the case of a school district, community college district, or county office of education, the California Constitution permits a proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction,

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rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, to be adopted upon the approval of 55% of the voters of the district or county, as appropriate, voting on the proposition at an election.

This measure would expressly prohibit a special district, other than a board of education or school district, from incurring any indebtedness or liability exceeding any applicable statutory limit, as prescribed by the statutes governing the special district. The measure would also similarly require the approval of 55% of the voters of the city, county, city and county, or special district, as applicable, to incur bonded indebtedness, exceeding in any year the income and revenue provided in that year, that is in the form of general obligation bonds issued to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing projects, if the proposition proposing that bond includes specified accountability requirements. The measure would specify that this 55% threshold applies to any proposition for the incurrence of indebtedness by a city, county, city and county, or special district for these purposes that is submitted at the same election as this measure.

(4) This measure would deem another measure on the same statewide election ballot relating to state or local requirements for the imposition, adoption, creation, or establishment of taxes, charges, and other revenue measures in conflict with it and would make the other measure null and void if this measure receives more affirmative votes.

*Resolved by the Assembly, the Senate concurring,* That the Legislature of the State of California at its 2023–24 Regular Session commencing on the fifth day of December 2022, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California, that the Constitution of the State be amended as follows:

First—That Section 1 of Article XIII A thereof is amended to read:

SECTION 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed 1 percent of the full cash value of that property. The 1 percent tax shall be collected by the

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## ACA 1

counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

(1) Indebtedness approved by the voters before July 1, 1978.

(2) Bonded indebtedness to fund the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(3) Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after November 8, 2000. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in this paragraph, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(4) (A) Bonded indebtedness incurred by a city, county, city and county, or special district for the construction, reconstruction,



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rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing for persons at risk of chronic homelessness, including persons with mental illness, or the acquisition or lease of real property for public infrastructure, affordable housing, or permanent supportive housing for persons at risk of chronic homelessness, including persons with mental illness, approved by 55 percent of the voters of the city, county, city and county, or special district, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(i) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in this paragraph, and not for any other purpose, including city, county, city and county, or special district employee salaries and other operating expenses. The administrative cost of the city, county, city and county, or special district executing the projects and programs of the proposition shall not exceed 5 percent of the proceeds from the sale of the bonds.

(ii) A requirement that the proceeds from the sale of the bonds only be spent on projects and programs that serve the jurisdiction of the city, county, city and county, or special district.

(iii) The specific local program or ordinance through which projects will be funded and a certification that the city, county, city and county, or special district has evaluated alternative funding sources.

(iv) A requirement that the city, county, city and county, or special district conduct an annual, independent performance audit to ensure that the funds have been expended pursuant to the local program or ordinance specified in clause (iii).

(v) A requirement that the city, county, city and county, or special district conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the public infrastructure or affordable housing projects, as applicable.

(vi) A requirement that the city, county, city and county, or special district post the audits required by clauses (iv) and (v) in a manner that is easily accessible to the public.

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(vii) A requirement that the audits required by clauses (iv) and (v) will be submitted to the California State Auditor for review.

(viii) (I) A requirement that the city, county, city and county, or special district appoint a citizens' oversight committee to ensure that bond proceeds are expended only for the purposes described in the measure approved by the voters.

(II) Members appointed to an oversight committee established pursuant to subclause (I) shall receive educational training about bonds and fiscal oversight.

(ix) A requirement that an entity owned or controlled by a local official that votes on whether to put a proposition on the ballot pursuant to this section will be prohibited from bidding on any work funded by the proposition.

(B) Notwithstanding any other law, if the voters of the local government have previously approved a proposition pursuant to this paragraph or Section 2.5 of Article XIII C, the local government shall not place a proposition on the ballot pursuant to this section until all funds from the previous proposition are committed to programs and projects listed in the proposition's specific local program or ordinance described in clause (iii) of subparagraph (A) or subparagraph (C) of paragraph (2) of subdivision (a) of Section 2.5 of Article XIII C, as applicable.

(C) The Legislature may, by two-thirds vote, enact laws establishing accountability measures in addition to those listed in subparagraph (A), provided such laws are consistent with the purposes and intent of this paragraph.

(D) The Legislature may, by majority vote, enact laws for the downpayment assistance programs established pursuant to this paragraph, provided that those laws further the purposes of this paragraph.

(E) For purposes of this paragraph:

(i) (I) "Affordable housing" shall include housing developments, or portions of housing developments, that provide workforce housing affordable to households earning up to 150 percent of countywide median income, and housing developments, or portions of housing developments, that provide housing affordable to extremely low, very low, low-, or moderate-income households, as those terms are defined in state law. Affordable housing may include capitalized operating reserves, as the term is defined in state law.

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(II) “Affordable housing” shall also include downpayment assistance programs.

(ii) “At risk of chronic homelessness” includes, but is not limited to, persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in program guidelines.

(iii) “Permanent supportive housing” means housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist residents in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community. “Permanent supportive housing” includes associated facilities, if those facilities are used to provide services to housing residents.

(iv) “Public infrastructure” shall include, but is not limited to, projects that provide any of the following:

(I) Water or protection of water quality.

(II) Sanitary sewer.

(III) Treatment of wastewater or reduction of pollution from stormwater runoff.

(IV) Protection of property from impacts of sea level rise.

(V) Parks and recreation facilities.

(VI) Open space.

(VII) Improvements to transit and streets and highways.

(VIII) Flood control.

(IX) Broadband internet access service expansion in underserved areas.

(X) Local hospital construction.

(XI) Public safety buildings or facilities, equipment related to fire suppression, emergency response equipment, or interoperable communications equipment for direct and exclusive use by fire, emergency response, police, or sheriff personnel.

(XII) Public library facilities.

(v) “Special district” has the same meaning as provided in subdivision (c) of Section 1 of Article XIII C and specifically includes a transit district, a regional transportation commission,

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ACA 1

and an association of governments, except that “special district” does not include a school district, redevelopment agency, or successor agency to a dissolved redevelopment agency.

(F) This paragraph shall apply to any city, county, city and county, or special district measure imposing an ad valorem tax to pay the interest and redemption charges on bonded indebtedness for those purposes described in this paragraph that is submitted at the same election as the measure adding this paragraph.

(c) (1) Notwithstanding any other provisions of law or of this Constitution, a school district, community college district, or county office of education may levy a 55-percent vote ad valorem tax pursuant to paragraph (3) of subdivision (b).

(2) Notwithstanding any other provisions of law or this Constitution, a city, county, city and county, or special district may levy a 55-percent vote ad valorem tax pursuant to paragraph (4) of subdivision (b).

Second—That Section 4 of Article XIII A thereof is amended to read:

SEC. 4. Except as provided by Section 2.5 of Article XIII C, a city, county, or special district, by a two-thirds vote of its voters voting on the proposition, may impose a special tax within that city, county, or special district, except an ad valorem tax on real property or a transactions tax or sales tax on the sale of real property within that city, county, or special district.

Third—That Section 2 of Article XIII C thereof is amended to read:

SEC. 2. Notwithstanding any other provision of this Constitution:

(a) Any tax imposed by a local government is either a general tax or a special tax. A special district or agency, including a school district, has no authority to levy a general tax.

(b) A local government may not impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax is not deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

## ACA 1

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(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and before the effective date of this article, may continue to be imposed only if that general tax is approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held no later than November 6, 1996, and in compliance with subdivision (b).

(d) Except as provided by Section 2.5, a local government may not impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax is not deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

Fourth—That Section 2.5 is added to Article XIII C thereof, to read:

SEC. 2.5. (a) The imposition, extension, or increase of a sales and use tax imposed in accordance with the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) or a successor law, a transactions and use tax imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) or a successor law, or a parcel tax imposed by a local government for the purpose of funding the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing for persons at risk of chronic homelessness, including persons with mental illness, or the acquisition or lease of real property for public infrastructure, affordable housing, or permanent supportive housing for persons at risk of chronic homelessness, including persons with mental illness, is subject to approval by 55 percent of the voters in the local government voting on the proposition, if both of the following conditions are met:

(1) The proposition is approved by a majority vote of the membership of the governing board of the local government.

(2) The proposition contains all of the following accountability requirements:

(A) A requirement that the proceeds of the tax only be used for the purposes specified in the proposition, and not for any other purpose, including general employee salaries and other operating expenses of the local government. The administrative cost of the

local government executing the projects and programs funded by the proposition shall not exceed 5 percent of the proceeds of the tax.

(B) A requirement that the proceeds of the tax only be spent on projects and programs that serve the jurisdiction of the local government.

(C) The specific local program or ordinance through which projects will be funded and a certification that the local government has evaluated alternative funding sources.

(D) A requirement that the local government conduct an annual, independent performance audit to ensure that the proceeds of the special tax have been expended pursuant to the local program or ordinance specified in subparagraph (C).

(E) A requirement that the local government conduct an annual, independent financial audit of the proceeds from the tax during the lifetime of that tax.

(F) A requirement that the audits required by subparagraphs (D) and (E) will be submitted to the California State Auditor for review.

(G) A requirement that the local government post the audits required by subparagraphs (D) and (E) in a manner that is easily accessible to the public.

(H) (i) A requirement that the local government appoint a citizens' oversight committee to ensure the proceeds of the special tax are expended only for the purposes described in the measure approved by the voters.

(ii) (I) A requirement that members appointed to an oversight committee established pursuant to clause (i) receive educational training about local taxation and fiscal oversight.

(II) A requirement that an entity owned or controlled by a local official that votes on whether to put a proposition on the ballot pursuant to this section will be prohibited from bidding on any work funded by the proposition.

(3) The Legislature may, by two-thirds vote, enact laws establishing accountability measures in addition to those listed in paragraph (2), provided such laws are consistent with the purposes and intent of this section.

(b) Notwithstanding any other law, if the voters of the local government have previously approved a proposition pursuant to this section or paragraph (4) of subdivision (b) of Section 1 of

## ACA 1

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Article XIII A, the local government shall not place a proposition on the ballot pursuant to this section until all funds from the previous proposition are committed to programs and projects listed in the specific local program or ordinance described in subparagraph (C) of paragraph (2) of subdivision (a) of this section or clause (iii) of subparagraph (A) of paragraph (4) of subdivision (b) of Section 1 of Article XIII A.

(c) The Legislature may, by majority vote, enact laws for the downpayment assistance programs established pursuant to this section, provided that those laws further the purposes of this section.

(d) For purposes of this section, the following terms have the following meanings:

(1) (A) “Affordable housing” shall include housing developments, or portions of housing developments, that provide workforce housing affordable to households earning up to 150 percent of countywide median income, and housing developments, or portions of housing developments, that provide housing affordable to extremely low, very low, low-, or moderate-income households, as those terms are defined in state law. Affordable housing may include capitalized operating reserves, as the term is defined in state law.

(B) “Affordable housing” shall also include downpayment assistance programs.

(2) “At risk of chronic homelessness” includes, but is not limited to, persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in program guidelines.

(3) “Permanent supportive housing” means housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist residents in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community. “Permanent supportive housing” includes associated facilities, if those facilities are used to provide services to housing residents.

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ACA 1

(4) “Local government” has the same meaning as provided in subdivision (b) of Section 1 of this article and specifically includes a transit district, a regional transportation commission, and an association of governments.

(5) “Public infrastructure” shall include, but is not limited to, the projects that provide any of the following:

- (A) Water or protection of water quality.
- (B) Sanitary sewer.
- (C) Treatment of wastewater or reduction of pollution from stormwater runoff.
- (D) Protection of property from impacts of sea level rise.
- (E) Parks and recreation facilities.
- (F) Open space.
- (G) Improvements to transit and streets and highways.
- (H) Flood control.
- (I) Broadband internet access service expansion in underserved areas.
- (J) Local hospital construction.
- (K) Public safety buildings or facilities, equipment related to fire suppression, emergency response equipment, or interoperable communications equipment for direct and exclusive use by fire, emergency response, police, or sheriff personnel.
- (L) Public library facilities.

(e) This section shall apply to any local measure imposing, extending, or increasing a sales and use tax imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law, a transactions and use tax imposed in accordance with the Transactions and Use Tax Law, or a parcel tax imposed by a local government for those purposes described in subdivision (a) that is submitted at the same election as the measure adding this section.

Fifth—That Section 3 of Article XIII D thereof is amended to read:

SEC. 3. (a) An agency shall not assess a tax, assessment, fee, or charge upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A or receiving a 55-percent approval pursuant to Section 2.5 of Article XIII C.



## ACA 1

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(3) Assessments as provided by this article.

(4) Fees or charges for property-related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service are not deemed charges or fees imposed as an incident of property ownership.

Sixth—That Section 18 of Article XVI thereof is amended to read:

SEC. 18. (a) A county, city, town, township, board of education, or school district, shall not incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for that year, without the assent of two-thirds of the voters of the public entity voting at an election to be held for that purpose, except that with respect to any such public entity that is authorized to incur indebtedness for public school purposes, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the purpose of repairing, reconstructing, or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the voters of the public entity voting on the proposition at the election; nor unless before or at the time of incurring such indebtedness provision shall be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and to provide for a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed 40 years from the time of contracting the indebtedness. A special district, other than a board of education or school district, shall not incur any indebtedness or liability exceeding any applicable statutory limit, as prescribed by the statutes governing the special district as they currently read or may thereafter be amended by the Legislature.

(b) (1) Notwithstanding subdivision (a), any proposition for the incurrence of indebtedness in the form of general obligation bonds for the purposes described in paragraph (3) or (4) of subdivision (b) of Section 1 of Article XIII A shall be adopted upon the approval of 55 percent of the voters of the school district, community college district, county office of education, city, county, city and county, or other special district, as appropriate, voting on the proposition at an election. This subdivision shall apply to a

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ACA 1

proposition for the incurrence of indebtedness in the form of general obligation bonds for the purposes specified in this subdivision only if the proposition meets all of the accountability requirements of paragraph (3) or (4) of subdivision (b), as appropriate, of Section 1 of Article XIII A.


(2) The amendments made to this subdivision by the measure adding this paragraph shall apply to any proposition for the incurrence of indebtedness in the form of general obligation bonds pursuant to this subdivision for the purposes described in paragraph (4) of subdivision (b) of Section 1 of Article XIII A that is submitted at the same election as the measure adding this paragraph.

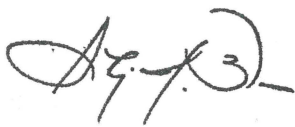
(c) When two or more propositions for incurring any indebtedness or liability are submitted at the same election, the votes cast for and against each proposition shall be counted separately, and if two-thirds or a majority or 55 percent of the voters, as the case may be, voting on any one of those propositions, vote in favor thereof, the proposition shall be deemed adopted.

Seventh—In the event that this measure and another measure or measures relating to state or local requirements for the imposition, adoption, creation, or establishment of taxes, charges, and other revenue measures shall appear on the same statewide election ballot, the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

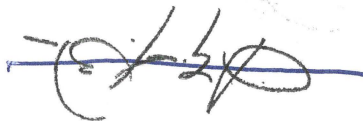
**FILED**  
in the office of the Secretary of State  
of the State of California

SEP 20 2023

By   
Deputy Secretary of State



Attest:



\_\_\_\_\_  
*Secretary of State*

Legislation and Communications Committee



# Express support for ballot measure ACA 1: Local government financing: affordable housing and public infrastructure: voter approval

Item 7-8

June 10, 2024

# Ballot Measure ACA 1

## Subject

Express support for ballot measure ACA 1: Local government financing: affordable housing and public infrastructure: voter approval; the General Manager has determined that the action is exempt or otherwise not subject to CEQA.

## Purpose

Seeking Board support for ACA 1 which adjusts the voting threshold for local agency revenue measures for specified public infrastructure projects, including water and wastewater; scheduled for November 2024 ballot

# Ballot Measure ACA 1

## ACA 1: Local government financing: affordable housing and public infrastructure: voter approval

### Sponsors

- California Professional Firefighters
- California State Building and Construction Trades Council

### Summary

ACA 1 adjusts the voting threshold for local agency revenue measures to 55% for specified public infrastructure projects, including water and wastewater, which is consistent with public school districts

# Ballot Measure ACA 1

## Key Provisions

- Adjusts voter approval threshold to 55% from supermajority (two-thirds) for specified project types (housing and public infrastructure)
- Allows for new ad valorem tax, exempt from the 1% limit, for voter-approved debt if approved by 55% of voters
- Allows bonds & local special taxes (parcel, sales and use) by the local agency on the ballot to be passed with a 55% majority
- Includes control measures, and allows for additional legislative control

# Benefits to Metropolitan & Member Agencies

If passed, ACA 1 would:

- Provide parity for local governments with public school systems regarding voting thresholds for specified revenue measures
- Improve local agency ability to raise revenues for water and other specified infrastructure projects
- Increases project success rate and improves water supply management

Legislation & Communications  
Committee

## Ballot Measure ACA 1



# Ballot Measure ACA 1

## Support & Opposition

### Supporters (partial)

- California Professional Firefighters (co-sponsor)
- California State Building and Construction Trades Council (co-sponsor)
- California American Federation of State, County and Municipal Employees, AFL-CIO
- Santa Clara Valley Water District Valley Water

### Opposition (partial)

- California Association of Realtors
- California Chamber of Commerce
- California Taxpayers Association
- Howard Jarvis Taxpayers Association

# Ballot Measure ACA 1

## Opposition Arguments

- Vague definition of “infrastructure”
- Erodes Proposition 13 property tax protections, including the 1 percent ad valorem total cap
- Lowers current voter thresholds from two-thirds (supermajority) to 55%, and may result in increased special and property taxes to property owners

# Ballot Measure ACA 1

## Options

### Option #1

- Express Support for Ballot Measure ACA 1: Local government financing: affordable housing and public infrastructure: voter approval

### Option #2

- Take no action

Legislation & Communications Committee  
**Ballot Measure**  
**ACA 1**

# Staff Recommendation

- Option #1





- **Board of Directors**  
***Legislation and Communications Committee***

6/11/2024 Board Meeting

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7-9

## Subject

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Express opposition to Initiative 1935: The Taxpayer Protection and Government Accountability Act and express support for ballot measure ACA 13: Voting thresholds; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

## Executive Summary

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Two ballot measures relating to government revenues are presented for Board action and direction in this item: Initiative 1935: The Taxpayer Protection and Government Accountability Act (Initiative 1935) and Assembly Constitutional Amendment 13: Voting Thresholds (ACA 13).

Initiative 1935, entitled the “Taxpayer Protection and Government Accountability Act,” is a ballot measure that was introduced by the California Business Roundtable and is eligible for the November 2024 ballot. If successful, this measure would limit the State of California and local agency abilities to raise taxes, fees, assessments, and other charges for agency services, infrastructure improvements, and for any administrative actions by amending Articles XIII.A, C and D of the California Constitution. This measure would require a simple majority vote on the November 2024 ballot in order to amend the State Constitution. Initiative 1935 would prohibit an advisory measure - a non-binding measure often used by local governments to gauge voter preferences in how local funds may be used - from appearing on the same ballot as a general tax measure. The measure would apply retroactively to void all revenue measures adopted by the state or local agency after January 1, 2022. Initiative 1935 is currently being challenged before the California Supreme Court by the California Legislature as unconstitutional and as an improper change to the Constitution’s basic governmental structure. The Court heard the case on May 8, 2024, and may issue a decision at any time.

ACA 13 is a ballot measure introduced in the State Assembly to counter Initiative 1935. The measure would apply to any initiative that seeks to change a constitutional vote requirement to a supermajority (two-thirds), including Initiative 1935. ACA 13 would require that an initiative could only pass by the same vote requirement as proposed in the respective constitutional amendment. ACA 13 would also expressly allow advisory ballots to be placed on the same ballot as a companion tax measure. If Initiative 1935 is removed by the California Supreme Court’s decision, staff proposes to support ACA 13 independent of the status of Initiative 1935.

## Proposed Action(s)/Recommendation(s) and Options

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### Staff Recommendation: Option #1

#### Option #1

Express opposition to Initiative 1935: The Taxpayer Protection and Government Accountability Act and express support for ballot measure ACA 13: Voting thresholds

**Fiscal Impact:** Unknown

**Business Analysis:** If passed, Initiative 1935 would impede fundamental local and state powers and functions, and create significant risk of costly litigation, potentially reduced quality of service to the public, and budgetary uncertainty and instability for public agencies.

**Option #2**

Take no action

**Fiscal Impact:** Unknown**Business Analysis:** Unknown**Alternatives Considered**

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Not applicable

**Applicable Policy**

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Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

**Related Board Action(s)/Future Actions**

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Not applicable

**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

The proposed action is not defined as a project under CEQA because it involves proposals for legislation to be enacted by the State Legislature. (State CEQA Guidelines Section 15378(b)(1).)

**CEQA determination for Option #2:**

None required

**Details and Background**

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**Background on Initiative 1935**

Initiative 1935, Two-Thirds Legislative Vote and Voter Approval for New or Increased Taxes Initiative, also known as the “Taxpayer Protection and Government Accountability Act” (**Attachment 1**), is sponsored by the California Business Roundtable and proposes to amend the California Constitution to change the rules for how the state and local governments impose taxes, fees, and other charges, including requiring local special taxes proposed through citizens’ initiative to be approved by a two-thirds vote as opposed to the current majority vote requirement.

This measure has raised significant concern for the state and local government agencies. The Governor and State Legislature filed a challenge to the constitutionality of the measure and believe it should not appear on the ballot since the initiative would amount to an unlawful revision of the California Constitution and an impermissible interference with essential government functions. The Governor and Legislature have requested a Court decision by June in anticipation of the November election. The Court heard the case on May 8, 2024, but it is unclear how or when the California Supreme Court will rule.

The stated intent of the initiative is to ensure direct voter control when determining taxes and improve government transparency by expanding the definition of taxes to include all other state and local revenue sources like fees and charges.

The ability of the state and local government to raise revenues is considered a fundamental function necessary to carry out their duty to the public. This initiative obstructs this essential government function by restricting state and local government abilities and changes the role of the state and local governing bodies. Additionally, this initiative creates significant risk of costly litigation, potentially reduced quality of service, and budgetary uncertainty and instability. It is critical that the state and local governments retain the ability to raise revenue based on clear standards.

### Key Provisions of Initiative 1935

#### *Broadens the Definition of a Tax*

This initiative revises the definition of a tax to include any levy, charge, or exaction of any kind imposed under state law as a tax, unless it is considered an exempt charge through a new, vague, stricter standard than exists in current law. Exempt charges include:

- 1) a “reasonable charge,” which is a charge that reflects the actual cost of service to the customer. “Actual cost” is defined to mean “the minimum amount necessary to reimburse the government for providing the service;”
- 2) reasonable regulatory costs;
- 3) reasonable charges for entering or using government property;
- 4) imposition of fines or penalties related to violations of the law or adjudicatory due process;
- 5) charges imposed as a condition of property development;
- 6) assessments, fees, and charges imposed on a business by a tourism marketing district or business improvement district; and
- 7) charges for specified healthcare services.

The term “reasonable” is not defined in the text; the term “actual cost” is defined, but it does not take into account that local rate-setting is based on projections and not solely on past costs incurred. This creates undue risk for legal challenges due to the ambiguity in determining what is “reasonable” or an “actual cost” on the part of the state or the local agency. In order to claim an exemption, an agency must present “clear and convincing evidence” that such an exemption complies with the law. Further, if the state or local agency cannot prove that the charge is exempt with “clear and convincing evidence,” the charge may be invalidated and becomes subject to an election. In current law, the evidentiary standard is a “preponderance of the evidence;” this initiative both creates new restrictions on government’s ability to raise revenues and also raises the legal burden of proof.

Finally, an exempt charge at the state or local level must be imposed through the adoption, respectively, of legislation at the state level or an ordinance at the local level.

#### *Retroactive to January 1, 2022*

This initiative would be retroactive and would apply to all fees, charges and assessments adopted after January 1, 2022, and onwards. If any charge adopted since January 1, 2022, is determined to be in violation, then the agency will have 12 months to cease the charges, or reassess the charge consistent with the requirements of the new law. This provision could subject agencies to frivolous litigation as a result of the Initiative 1935’s lack of clarity, and could result in costly settlements for charges that have already been implemented, including fees linked to index or other fees that may increase over time.

#### *Requirement for Ratification by Majority Vote Statewide for State Taxes*

Initiative 1935 would require the state to ratify all “taxes” by a majority vote of the electorate statewide after it passes the Legislature’s 2/3 vote approval. The requirement for voter ratification of all taxes is prohibitive of the State Legislature enacting any tax without costly elections and would delay administration of many government activities and programs.

#### *Legislative Action Required to Adopt Any State Revenue Measures, including Administrative Fees*

Initiative 1935 prohibits the State Legislature from delegating the enactment of administrative fees (even though they are categorized as exempt charges) to administrative agencies. This means that even fees for the most minor government service, such as licensing fees, would have to be adopted by the Legislature. The new requirement could delay government functions, activities, and services to the public. It would also interfere with the current operational role of agencies, like the State Water Resources Control Board, and create undue delays for the licenses and other permits handled by state agencies.



### *Restricts Citizen Initiative Power*

Taxes or other revenue measures proposed by the voters through initiatives are subject only to the majority vote requirement applicable to any initiative, as provided in the California Constitution, Article II, Section 9. Initiative 1935, would require taxes proposed through the voter initiative power be subject to a two-thirds vote. The measure would restrict local agencies and voters in funding services or other activities important to the public.

### *Additional Administrative Compliance*

This initiative adds a requirement that an ordinance be passed for all local exempt charges and requires local agencies to comply with a specific format when placing taxes on the ballot, including identification of the duration of the tax. Requiring an “ordinance” be passed for any local agency charge is both unclear and could be administratively burdensome.

### *Prohibition on Advisory Measures*

Initiative 1935 would prohibit an advisory measure from appearing on the same ballot as a general tax measure. Advisory measures are non-binding measures often used by local governments to gauge voter preferences in how local funds may be used. This prohibition would eliminate the use of an important tool for local community engagement.

### Opponents

Opponents include, but are not limited to, the Association of California Water Agencies, AFSCME California, California Alliance for Jobs, California State Association of Counties, the League of California Cities, and the California Special District Association (CSDA).

### Arguments in Opposition

Opponents of Initiative 1935 argue it is designed to cripple state and local government's ability to raise critically needed revenues at a time when local resources are already strained. This measure brings significant risk of resulting in costly litigation, reduced quality of service and unstable revenues for agencies providing essential services. As the water industry advances various strategies to respond to climate change, opponents believe it is critical that local government retains the ability to raise revenue based on clear standards that do not inhibit the needs of the public.

### Supporters

Supporters include, but are not limited to, the California Business Roundtable (Sponsor), the California Chamber of Commerce and the Howard Jarvis Taxpayers Association.

### Arguments in Support

Proponents of Initiative 1935 argue that California has some of the highest taxes in the nation, which has created significant challenges for affordability. This initiative seeks to give California voters the power to determine what they should pay for in taxes and improve transparency by ensuring government officials cannot hide taxes under the guise of fees and charges.

### **Background on ACA 13**

ACA 13: Voting thresholds (**Attachment 2**) is a constitutional amendment passed by the Legislature and is sponsored by the California School Employees Association (CSEA), AFL-CIO and Service Employees International Union (SEIU) California. This measure was specifically introduced to address the adverse impacts of Initiative 1935.

ACA 13 would require that any constitutional ballot measure that proposes a specific vote requirement must also itself pass by that same vote requirement. In addition, this measure would expressly allow a local government agency to present an advisory measure on the same ballot as a general tax measure.

Staff recommends supporting ACA 13 independent of the status of Initiative 1935.

### Supporters

Supporters include, but are not limited to, CSDA, CSEA, AFL-CIO, SEIU California, California State Association of Counties, and the League of California Cities.

### Arguments in Support

Supporters note that under current law, a simple majority of voters can insert a three-fifths, two-thirds, four-fifths, or higher vote threshold into the California Constitution, even without the corresponding level of support in terms of votes cast in favor of the original amendment proposal.

The California Special Districts Association writes:

“ACA 13 would propose to California voters a solution to this quirk in the initiative process: if approved by two-thirds of the California Legislature, California voters would be asked to decide whether an initiative constitutional amendment containing provisions that increase vote thresholds should be required to attain the same proportion of votes in favor of the amendment that the proposed increased vote thresholds would demand. In this way, ACA 13 would ensure that a proposal cannot impose vote thresholds on our communities and our State that exceed the level of support for imposing such thresholds. ACA 13 protects the democratic process in local communities by ensuring that a simple majority of statewide voters cannot restrict the will of a supermajority of voters in a local community.”

### Opponents

Opponents include, but are not limited to, the California Business Roundtable, the California Chamber of Commerce and the Howard Jarvis Taxpayers Association.

### Argument in Opposition

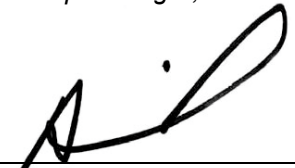
Opponents argue:

The initiative process is a vital tool for Californians to voice their concerns, propose changes, and stand up for their values. It allows citizens to bypass the usual legislative channels and bring about changes that matter deeply to them. However, ACA 13 risks diminishing these voices, shifting power away from the people and towards the Legislature in a drastic and unprecedented way. Under ACA 13, the power to increase voter thresholds for new and higher taxes would vest solely with the Legislature, taking away a fundamental and often-used tool for voters looking to better control their cost of living and higher taxes. However, the power to reduce voter thresholds would remain with both citizens and the Legislature, creating a significant power imbalance and an unlevel playing field.

In order to protect the fundamental function of the state and local governments to raise revenues appropriately as necessary to carry out their duty to the public and provide equity and consistency in voting thresholds needed to amend the State Constitution, staff recommends that the Board express opposition to Initiative 1935 and express support for ACA 13.

  
\_\_\_\_\_  
*Susan Sims*  
Group Manager, External Affairs

6/3/2024  
Date

  
\_\_\_\_\_  
*Adel Hagekhalil*  
General Manager

6/6/2024  
Date

**Attachment 1 – Initiative 1935: The Taxpayer Protection and Government Accountability Act**

**Attachment 2 – ACA 13: Voting thresholds**

Ref# 12703716

**BELL, McANDREWS & HILTACHK, LLP**

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21-0042 Amdt. # 1

January 4, 2022

**RECEIVED**

**JAN 04 2022**

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Anabel Renteria  
Initiative Coordinator  
Office of the Attorney General  
State of California  
PO Box 994255  
Sacramento, CA 94244-25550

Re: Initiative 21-0042 - Amendment Number One

Dear Initiative Coordinator:

Pursuant to subdivision (b) of Section 9002 of the Elections Code, enclosed please find Amendment #1 to Initiative No. 21-0042 "The Taxpayer Protection and Government Accountability Act." The amendments are reasonably germane to the theme, purpose or subject of the initiative measure as originally proposed.

I am the proponent of the measure and request that the Attorney General prepare a circulating title and summary of the measure as provided by law, using the amended language.

Thank you for your time and attention processing my request.

Sincerely,



Thomas W. Hiltachk

## The Taxpayer Protection and Government Accountability Act

[Deleted codified text is denoted in ~~strikeout~~. Added codified text is denoted by *italics and underline*.]

### Section 1. Title

This Act shall be known, and may be cited as, the Taxpayer Protection and Government Accountability Act.

### Section 2. Findings and Declarations

(a) Californians are overtaxed. We pay the nation's highest state income tax, sales tax, and gasoline tax. According to the U.S. Census Bureau, California's combined state and local tax burden is the highest in the nation. Despite this, and despite two consecutive years of obscene revenue surpluses, state politicians in 2021 alone introduced legislation to raise more than \$234 *billion* in new and higher taxes and fees.

(b) Taxes are only part of the reason for California's rising cost-of-living crisis. Californians pay billions more in hidden "fees" passed through to consumers in the price they pay for products, services, food, fuel, utilities and housing. Since 2010, government revenue from state and local "fees" has more than doubled.

(c) California's high cost of living not only contributes to the state's skyrocketing rates of poverty and homelessness, they are the pushing working families and job-providing businesses out of the state. The most recent Census showed that California's population dropped for the first time in history, costing us a seat in Congress. In the past four years, nearly 300 major corporations relocated to other states, not counting thousands more small businesses that were forced to move, sell or close.

(d) California voters have tried repeatedly, at great expense, to assert control over whether and how taxes and fees are raised. We have enacted a series of measures to make taxes more predictable, to limit what passes as a "fee," to require voter approval, and to guarantee transparency and accountability. These measures include Proposition 13 (1978), Proposition 62 (1986), Proposition 218 (1996), and Proposition 26 (2010).

(e) Contrary to the voters' intent, these measures that were designed to control taxes, spending and accountability, have been weakened and hamstrung by the Legislature, government lawyers, and the courts, making it necessary to pass yet another initiative to close loopholes and reverse hostile court decisions.

### Section 3. Statement of Purpose

(a) In enacting this measure, the voters reassert their right to a voice and a vote on new and higher taxes by requiring any new or higher tax to be put before voters for approval. Voters also intend that all fees and other charges are passed or rejected by the voters themselves or a governing body elected by voters and not unelected and unaccountable bureaucrats.

(b) Furthermore, the purpose and intent of the voters in enacting this measure is to increase transparency and accountability over higher taxes and charges by requiring any tax measure placed on the ballot—

either at the state or local level—to clearly state the type and rate of any tax, how long it will be in effect, and the use of the revenue generated by the tax.

(c) Furthermore, the purpose and intent of the voters in enacting this measure is to clarify that any new or increased form of state government revenue, by any name or manner of extraction paid directly or indirectly by Californians, shall be authorized only by a vote of the Legislature and signature of the Governor to ensure that the purposes for such charges are broadly supported and transparently debated.

(d) Furthermore, the purpose and intent of the voters in enacting this measure is also to ensure that taxpayers have the right and ability to effectively balance new or increased taxes and other charges with the rapidly increasing costs Californians are already paying for housing, food, childcare, gasoline, energy, healthcare, education, and other basic costs of living, and to further protect the existing constitutional limit on property taxes and ensure that the revenue from such taxes remains local, without changing or superseding existing constitutional provisions contained in Section 1(c) of Article XIII A.

(e) In enacting this measure, the voters also additionally intend to reverse loopholes in the legislative two-thirds vote and voter approval requirements for government revenue increases created by the courts including, but not limited to, *Cannabis Coalition v. City of Upland*, *Chamber of Commerce v. Air Resources Board*, *Schmeer v. Los Angeles County*, *Johnson v. County of Mendocino*, *Citizens Assn. of Sunset Beach v. Orange County Local Agency Formation Commission*, and *Wilde v. City of Dunsmuir*.

Section 4. Section 3 of Article XIII A of the California Constitution is amended to read:

Sec. 3(a) Every levy, charge, or exaction of any kind imposed by state law is either a tax or an exempt charge.

(b)(1) (a) Any change in state statute law which results in any taxpayer paying a new or higher tax must be imposed by an act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, and submitted to the electorate and approved by a majority vote, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property, may be imposed. Each Act shall include:

(A) A specific duration of time that the tax will be imposed and an estimate of the annual amount expected to be derived from the tax.

(B) A specific and legally binding and enforceable limitation on how the revenue from the tax can be spent. If the revenue from the tax can be spent for unrestricted general revenue purposes, then a statement that the tax revenue can be spent for “unrestricted general revenue purposes” shall be included in a separate, stand-alone section. Any proposed change to the use of the revenue from the tax shall be adopted by a separate act that is passed by not less than two-thirds of all members elected to each of the two houses of the Legislature and submitted to the electorate and approved by a majority vote.

(2) The title and summary and ballot label or question required for a measure pursuant to the Elections Code shall, for each measure providing for the imposition of a tax, including a measure proposed by an elector pursuant to Article II, include:

(A) The type and amount or rate of the tax;

(B) The duration of the tax; and

(C) The use of the revenue derived from the tax.

(c) Any change in state law which results in any taxpayer paying a new or higher exempt charge must be imposed by an act passed by each of the two houses of the Legislature. Each act shall specify the type of exempt charge as provided in subdivision (e), and the amount or rate of the exempt charge to be imposed.

(d) ~~(b)~~ As used in this section and in Section 9 of Article II, "tax" means every ~~any~~ levy, charge, or exaction of any kind imposed by the State state law that is not an exempt charge, except the following:

(e) As used in this section, "exempt charge" means only the following:

~~(1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the State of conferring the benefit or granting the privilege to the payor.~~

(1) ~~(2)~~ A reasonable charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable actual costs to the State of providing the service or product to the payor.

(2) ~~(3)~~ A charge imposed for the reasonable regulatory costs to the State incident to issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(3) A levy, charge, or exaction collected from local units of government, health care providers or health care service plans that is primarily used by the State of California for the purposes of increasing reimbursement rates or payments under the Medi-Cal program, and the revenues of which are primarily used to finance the non-federal portion of Medi-Cal medical assistance expenditures.

(4) A reasonable charge imposed for entrance to or use of state property, or the purchase, rental, or lease of state property, except charges governed by Section 15 of Article XI.

(5) A fine, or penalty, ~~or other monetary charge~~ including any applicable interest for nonpayment thereof, imposed by the judicial branch of government or the State, as a result of a state administrative enforcement agency pursuant to adjudicatory due process, to punish a violation of law.

(6) A levy, charge, assessment, or exaction collected for the promotion of California tourism pursuant to Chapter 1 (commencing with Section 13995) of Part 4.7 of Division 3 of Title 2 of the Government Code.

(f) ~~(e)~~ Any tax or exempt charge adopted after January 1, ~~2022~~ 2010, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void 12 months after the effective date of this act unless the tax or exempt charge is reenacted by the Legislature and signed into law by the Governor in compliance with the requirements of this section.

(g) ~~(1) (d)~~ The State bears the burden of proving by a preponderance of the clear and convincing evidence that a levy, charge, or other exaction is an exempt charge and not a tax. The State bears the burden of proving by clear and convincing evidence that the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor, ~~that the amount is no more than necessary to cover the reasonable costs of the governmental activity and~~

that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity

(2) The retention of revenue by, or the payment to, a non-governmental entity of a levy, charge, or exaction of any kind imposed by state law, shall not be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

(3) The characterization of a levy, charge, or exaction of any kind as being voluntary, or paid in exchange for a benefit, privilege, allowance, authorization, or asset, shall not be a factor in determining whether the levy, charge, or exaction is a tax or an exempt charge.

(4) The use of revenue derived from the levy, charge or exaction shall be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

(h) As used in this section:

(1) "Actual cost" of providing a service or product means: (i) the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor, and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.

(2) "Extend" includes, but is not limited to, doing any of the following with respect to a tax or exempt charge: lengthening its duration, delaying or eliminating its expiration, expanding its application to a new territory or class of payor, or expanding the base to which its rate is applied.

(3) "Impose" means adopt, enact, reenact, create, establish, collect, increase or extend.

(4) "State law" includes, but is not limited to, any state statute, state regulation, state executive order, state resolution, state ruling, state opinion letter, or other legal authority or interpretation adopted, enacted, enforced, issued, or implemented by the legislative or executive branches of state government. "State law" does not include actions taken by the Regents of the University of California, Trustees of the California State University, or the Board of Governors of the California Community Colleges.

Section 5. Section 1 of Article XIII C of the California Constitution is amended, to read:

Sec. 1. Definitions. As used in this article:

(a) "Actual cost" of providing a service or product means: (i) the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor, and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.

(b) "Extend" includes, but is not limited to, doing any of the following with respect to a tax, exempt charge, or Article XIII D assessment, fee, or charge: lengthening its duration, delaying or eliminating its expiration, expanding its application to a new territory or class of payor, or expanding the base to which its rate is applied.



~~(c) (a)~~ "General tax" means any tax imposed for general governmental purposes.

~~(d)~~ "Impose" means adopt, enact, reenact, create, establish, collect, increase, or extend.

~~(e) (b)~~ "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity, or an elector pursuant to Article II or the initiative power provided by a charter or statute.

~~(f)~~ "Local law" includes, but is not limited to, any ordinance, resolution, regulation, ruling, opinion letter, or other legal authority or interpretation adopted, enacted, enforced, issued, or implemented by a local government.

~~(g) (c)~~ "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

~~(h) (d)~~ "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

~~(i) (e)~~ As used in this article, and in Section 9 of Article II, "tax" means every ~~any~~ levy, charge, or exaction of any kind, imposed by a local government law that is not an exempt charge., ~~except the following:~~

~~(i)~~ As used in this section, "exempt charge" means only the following:

~~(1)~~ A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

~~(1) (2)~~ A reasonable charge imposed for a specific local government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable actual costs to the local government of providing the service or product.

~~(2) (3)~~ A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

~~(3) (4)~~ A reasonable charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.

~~(4) (5)~~ A fine, or penalty, or other monetary charge including any applicable interest for nonpayment thereof, imposed by the judicial branch of government or a local government administrative enforcement agency pursuant to adjudicatory due process, as a result of to punish a violation of law.

~~(5) (6)~~ A charge imposed as a condition of property development. No levy, charge, or exaction regulating or related to vehicle miles traveled may be imposed as a condition of property development or occupancy.

~~(6) (7)~~ An Assessments and property related fees assessment, fee, or charge imposed in accordance with the provisions of subject to Article XIII D, or an assessment imposed upon a business in a tourism marketing district, a parking and business improvement area, or a property and business improvement district.

(7) A charge imposed for a specific health care service provided directly to the payor and that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the health care service. As used in this paragraph, a "health care service" means a service licensed or exempt from licensure by the state pursuant to Chapters 1, 1.3, or 2 of Division 2 of the Health and Safety Code.

The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Section 6. Section 2 of Article XIII C of the California Constitution is amended to read:

Sec. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

(a) Every levy, charge, or exaction of any kind imposed by local law is either a tax or an exempt charge. All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.

(b) No local law government, whether proposed by the governing body or by an elector, may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b). (d) No local law government, whether proposed by the governing body or by an elector, may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

(d) The title and summary and ballot label or question required for a measure pursuant to the Elections Code shall, for each measure providing for the imposition of a tax, include:

(1) The type and amount or rate of the tax;

(2) the duration of the tax; and

(3) The use of the revenue derived from the tax. If the proposed tax is a general tax, the phrase "for general government use" shall be required, and no advisory measure may appear on the same ballot that would indicate that the revenue from the general tax will, could, or should be used for a specific purpose.

(e) Only the governing body of a local government, other than an elector pursuant to Article II or the initiative power provided by a charter or statute, shall have the authority to impose any exempt charge. The governing body shall impose an exempt charge by an ordinance specifying the type of exempt charge

as provided in Section 1(j) and the amount or rate of the exempt charge to be imposed, and passed by the governing body. This subdivision shall not apply to charges specified in paragraph (7) of subdivision (i) of Section 1.

(f) No amendment to a Charter which provides for the imposition, extension, or increase of a tax or exempt charge shall be submitted to or approved by the electors, nor shall any such amendment to a Charter hereafter submitted to or approved by the electors become effective for any purpose.

(g) Any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void 12 months after the effective date of this act unless the tax or exempt charge is reenacted in compliance with the requirements of this section.

(h)(1) The local government bears the burden of proving by clear and convincing evidence that a levy, charge or exaction is an exempt charge and not a tax. The local government bears the burden of proving by clear and convincing evidence that the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor.

(2) The retention of revenue by, or the payment to, a non-governmental entity of a levy, charge, or exaction of any kind imposed by a local law, shall not be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

(3) The characterization of a levy, charge, or exaction of any kind imposed by a local law as being paid in exchange for a benefit, privilege, allowance, authorization, or asset, shall not be factors in determining whether the levy, charge, or exaction is a tax or an exempt charge.

(4) The use of revenue derived from the levy, charge or exaction shall be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

Section 7. Section 3 of Article XIII D of the California Constitution is amended, to read:

Sec. 3. Property Taxes, Assessments, Fees and Charges Limited

(a) No tax, assessment, fee, ~~or~~ charge, or surcharge, including a surcharge based on the value of property, shall be assessed ~~by any agency~~ upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax ~~imposed pursuant to~~ described in Section 1(a) of Article XIII and Section 1(a) of Article XIII A, and described and enacted pursuant to the voter approval requirement in Section 1(b) of Article XIII A.

(2) Any special non-ad valorem tax receiving a two-thirds vote of qualified electors pursuant to Section 4 of Article XIII A, or after receiving a two-thirds vote of those authorized to vote in a community facilities district by the Legislature pursuant to statute as it existed on December 31, 2021.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

Section 8. Sections 1 and 14 of Article XIII are amended to read:

Sec. 1 Unless otherwise provided by this Constitution or the laws of the United States:

(a) All property is taxable and shall be assessed at the same percentage of fair market value. When a value standard other than fair market value is prescribed by this Constitution or by statute authorized by this Constitution, the same percentage shall be applied to determine the assessed value. The value to which the percentage is applied, whether it be the fair market value or not, shall be known for property tax purposes as the full value.

(b) All property so assessed shall be taxed in proportion to its full value.

(c) All proceeds from the taxation of property shall be apportioned according to law to the districts within the counties.

Sec. 14. All property taxed by state or local government shall be assessed in the county, city, and district in which it is situated. Notwithstanding any other provision of law, such state or local property taxes shall be apportioned according to law to the districts within the counties.

Section 9. General Provisions

A. This Act shall be liberally construed in order to effectuate its purposes.

B. (1) In the event that this initiative measure and another initiative measure or measures relating to state or local requirements for the imposition, adoption, creation, or establishment of taxes, charges, and other revenue measures shall appear on the same statewide election ballot, the other initiative measure or measures shall be deemed to be in conflict with this measure. In the event that this initiative measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other initiative measure or measures shall be null and void.

(2) In furtherance of this provision, the voters hereby declare that this measure conflicts with the provisions of the "Housing Affordability and Tax Cut Act of 2022" and "The Tax Cut and Housing Affordability Act," both of which would impose a new state property tax (called a "surcharge") on certain real property, and where the revenue derived from the tax is provided to the State, rather than retained in the county in which the property is situated and for the use of the county and cities and districts within the county, in direct violation of the provisions of this initiative.

(3) If this initiative measure is approved by the voters, but superseded in whole or in part by any other conflicting initiative measure approved by the voters at the same election, and such conflicting initiative is later held invalid, this measure shall be self-executing and given full force and effect.

C. The provisions of this Act are severable. If any portion, section, subdivision, paragraph, clause, sentence, phrase, word, or application of this Act is for any reason held to be invalid by a decision of any court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this Act. The People of the State of California hereby declare that they would have adopted this Act and each and every portion, section, subdivision, paragraph, clause, sentence, phrase, word, and application not

declared invalid or unconstitutional without regard to whether any portion of this Act or application thereof would be subsequently declared invalid.

D. If this Act is approved by the voters of the State of California and thereafter subjected to a legal challenge alleging a violation of state or federal law, and both the Governor and Attorney General refuse to defend this Act, then the following actions shall be taken:

(1) Notwithstanding anything to the contrary contained in Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code or any other law, the Attorney General shall appoint independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.

(2) Before appointing or thereafter substituting independent counsel, the Attorney General shall exercise due diligence in determining the qualifications of independent counsel and shall obtain written affirmation from independent counsel that independent counsel will faithfully and vigorously defend this Act. The written affirmation shall be made publicly available upon request.

(3) A continuous appropriation is hereby made from the General Fund to the Controller, without regard to fiscal years, in an amount necessary to cover the costs of retaining independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.

(4) Nothing in this section shall prohibit the proponents of this Act, or a bona fide taxpayers association, from intervening to defend this Act.

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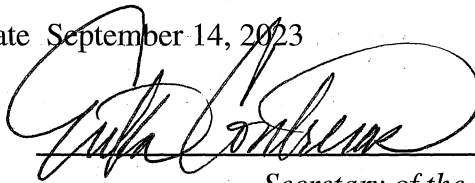
**Assembly Constitutional Amendment No. 13**

Adopted in Assembly September 14, 2023



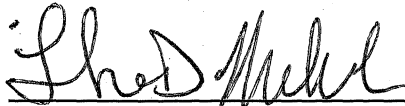
Chief Clerk of the Assembly

Adopted in Senate September 14, 2023



Secretary of the Senate

This resolution was received by the Secretary of State this  
2nd day of November, 2023, at 10  
o'clock a.M.



Deputy Secretary of State

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## RESOLUTION CHAPTER \_\_\_\_\_

Assembly Constitutional Amendment No. 13—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 10 of, and adding Section 10.5 to, Article II thereof, and adding Section 7.8 to Article XI thereof, relating to voting.

## LEGISLATIVE COUNSEL'S DIGEST

ACA 13, Ward. Voting thresholds.

The California Constitution provides that a proposed constitutional amendment and a statewide initiative measure each take effect only if approved by a majority of the votes cast on the amendment or measure.

This measure would further provide that an initiative measure that includes one or more provisions that would amend the Constitution to increase the voter approval requirement to adopt any state or local measure would be approved by the voters only if the proportion of votes cast in favor of the initiative measure is equal to or greater than the highest voter approval requirement that the initiative measure would impose. The measure would specify that this voter approval requirement would apply to statewide initiative measures that appear on the ballot on or after January 1, 2024.

The California Constitution also permits initiative and referendum powers to be exercised by the voters of each city or county under procedures provided by the Legislature.

This measure would expressly authorize a local governing body to hold an advisory vote concerning any issue of governance for the purpose of allowing voters within the jurisdiction to voice their opinions on the issue. The measure would specify that an advisory question is approved only if a majority of the votes cast on the question are in favor.

This measure would further declare that its provisions are severable and that if any provision is held invalid, the other provisions of the act remain valid, as specified.

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WHEREAS, In an era of special interests and others attempting to manipulate the electoral process, it is important to preserve the fundamental right of California citizens to approve statewide initiative statutes and referenda by a majority vote; and

WHEREAS, Initiative measures proposing to amend the Constitution to increase the vote requirement above a majority vote to pass other state and local measures violate the principle of majority rule; and

WHEREAS, Citizens have a substantial interest in voicing their opinions on issues of local governance and must be allowed to approve local advisory measures by majority vote; and

WHEREAS, The provisions of this measure are not intended to reverse or invalidate provisions of the Constitution in effect before January 1, 2024, including the provisions of Proposition 13 of 1978; and

WHEREAS, The purpose of this measure is to do all of the following:

(a) Retain the majority vote requirement to pass statewide initiative statutes and referenda;

(b) Provide that any proposed initiative measure that would amend the Constitution to increase the voter approval requirement to pass other state or local measures is effective only if the initiative is approved by the highest vote requirement it imposes on other measures;

(c) Constitutionally authorize local governments to submit questions to voters asking for their opinion on issues of governance; now, therefore, be it

*Resolved*, That this measure shall be known, and may be cited, as the Protect and Retain the Majority Vote Act; and be it further

*Resolved by the Assembly, the Senate concurring*, That the Legislature of the State of California at its 2023–24 Regular Session, commencing on the fifth day of December 2022, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California that the Constitution of the State be amended as follows:

First—That Section 10 of Article II thereof is amended to read:

Sec. 10. (a) An initiative statute or referendum approved by the electors pursuant to Section 10.5 takes effect on the fifth day after the Secretary<sup>1</sup> of State files the statement of the vote for the election at which the measure is voted on, but the measure may



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provide that it becomes operative after its effective date. If a referendum petition is filed against a part of a statute, the remainder of the statute shall not be delayed from going into effect.

(b) If provisions of two or more measures approved at the same election conflict, the provisions of the measure receiving the highest number of affirmative votes shall prevail.

(c) The Legislature may amend or repeal a referendum statute. The Legislature may amend or repeal an initiative statute by another statute that becomes effective only when approved by the electors unless the initiative statute permits amendment or repeal without the electors' approval.

(d) Before circulation of an initiative or referendum petition for signatures, a copy shall be submitted to the Attorney General who shall prepare a title and summary of the measure as provided by law.

(e) The Legislature shall provide for the manner in which a petition shall be circulated, presented, and certified, and the manner in which a measure shall be submitted to the electors.

Second—That Section 10.5 is added to Article II thereof, to read:

Sec. 10.5. (a) Except as provided in subdivision (b), a statewide initiative statute or referendum is approved if a majority of the votes cast on the measure are in favor.

(b) Notwithstanding Section 4 of Article XVIII or any other provision of the Constitution, an initiative measure that includes one or more provisions that amend the Constitution to increase the voter approval requirement to adopt any state or local measure is approved by the voters only if the proportion of votes cast in favor of the initiative measure is equal to or greater than the highest voter approval requirement that the initiative measure would impose for the adoption of any state or local measure.

(c) This section applies to all statewide initiative measures submitted to the electors on or after January 1, 2024, including measures that appear on the ballot at the same election at which the measure adding this section is approved by the electors.

Third—That Section 7.8 is added to Article XI thereof, to read:

Sec. 7.8. At any election, pursuant to procedures that the Legislature shall provide, a local governing body may hold an advisory vote concerning any issue of governance for the purpose of allowing voters within the jurisdiction to voice their opinions

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on the issue. An advisory question is approved only if a majority of the votes cast on the question are in favor. The results of the advisory vote shall in no manner be controlling on the sponsoring local governing body.

Fourth—The provisions of this measure are severable. If any portion, section, subdivision, paragraph, clause, sentence, phrase, word, or application of this measure is for any reason held to be invalid by a decision of any court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this measure. The people of the State of California hereby declare that they would have adopted this measure and each and every portion, section, subdivision, paragraph, clause, sentence, phrase, word, and application not declared invalid or unconstitutional without regard to whether any portion of this measure or application thereof would be subsequently declared invalid.

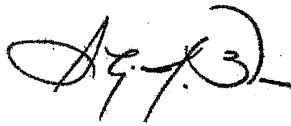
**FILED**

in the office of the Secretary of State  
of the State of California

**NOV 02 2023**

By   
Deputy Secretary of State

Attest:



Secretary of State



Express opposition to Initiative 1935: The Taxpayer Protection and Government Accountability Act and express support for ballot measure ACA 13: Voting thresholds

June 10, 2024

Item 7-9

# Proposed Initiative 1935 & Ballot Measure ACA 13

## Subject

Express opposition to Initiative 1935: The Taxpayer Protection and Government Accountability Act and express support for ballot measure ACA 13: Voting thresholds; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

## Purpose

Seek Board direction on proposed Initiative 1935 and ballot measure ACA 13, which are both constitutional amendments dealing with local government revenue measures; scheduled to appear on the November 2024 ballot

# Proposed Initiative 1935

## Initiative 1935: The Taxpayer Protection and Government Accountability Act

### Sponsor

- California Business Roundtable

Summary: Proposes to amend the California Constitution to change the rules for how the State and local governments impose taxes, fees, and charges.

*Contingent upon the qualification deadline (June 27) and legal challenge*

# Initiative 1935: The Taxpayer Protection and Government Accountability Act

## Key Provisions

- Applies retroactively to January 1, 2022
- Broadens definition of taxes
- Requires state election for all state taxes, as defined
- Requires legislative action for any state revenue measures
- Requires two-thirds vote for citizen-initiated special local taxes
- Prohibits “advisory measures” on same ballot as general tax measures

Legislation & Communications Committee

## Proposed Initiative 1935 & Ballot Measure ACA 13

# Proposed Initiative 1935

## Impacts on Metropolitan & Member Agencies

- Puts at risk any fees, rates and charges adopted since January 1, 2022 by the State or local agencies
- Fees, rates and charges would have to be reinstated consistent with Initiative provisions within 12 months to remain legal
- Requires a local ordinance be passed for all local exempt charges
- Prohibits local agencies from placing advisory measures on the same ballot as general tax measure



# Proposed Initiative 1935

## Impacts on Metropolitan & Member Agencies (continued)

- Requires legislative approval of any state administrative fees potentially delaying essential functions that require state-issued permits
- Any state tax would require ratification by a statewide majority vote

# Proposed Initiative 1935 & Ballot Measure ACA 13

## ACA 13: Voting thresholds

### Sponsors

- California School Employees Association (CSEA), AFL-CIO
- SEIU California

Summary: Requires a ballot measure, including Initiative 1935, to pass with the same voting threshold requirement it is proposing

# ACA 13: Voting thresholds

## Key Provisions

- Requires a ballot measure, including Initiative 1935, to pass with the same voting threshold requirement it is proposing
- Allows advisory measures on same ballot as general tax measures

Legislation & Communications Committee

## Proposed Initiative 1935 & Ballot Measure ACA 13

# Benefits to Metropolitan & Member Agencies

- Protects Metropolitan and member agencies by requiring a ballot measure, including Initiative 1935, to pass with the same voting threshold requirement it is proposing
- Allows local agencies to place advisory measures on the same ballot as general tax measures

# Supporters & Opposition

## Proposed Initiative 1935

### *Support (partial)*

California Business Roundtable (sponsor)  
California Chamber of Commerce  
Howard Jarvis Taxpayer Association

### *Opponents (partial)*

ACWA  
AFSCME California  
California Alliance for Jobs  
California State Association of Counties  
League of California Cities  
California Special Districts Association

## Ballot measure ACA 13

### *Support (partial)*

SEIU California (co-sponsor)  
California School Employees Association,  
AFL-CIO (co-sponsor)  
ACWA  
CMUA  
Three Valleys Municipal Water District

### *Opponents (partial)*

California Business Roundtable  
California Chamber of Commerce  
Howard Jarvis Taxpayer Association

# Proposed Initiative 1935 & Ballot Measure ACA 13

## Arguments in Support of Initiative 1935 & Opposition to ACA 13

- Californians are overtaxed, and taxes are part of the reason for rising cost of living
- Californians are subject to hidden fees and charges
- Proponents of Initiative 1935 argue it increases voter control over revenue measures and provides increased transparency
- Opponents of ACA 13 oppose removing the two-thirds supermajority vote requirement for initiatives

# Proposed Initiative 1935 & Ballot Measure ACA 13

## Options

### Option #1

- Express opposition to Initiative 1935: The Taxpayer Protection and Government Accountability Act and express support for ballot measure ACA 13: Voting thresholds; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

### Option #2

- Take no action

# Staff Recommendation

## Option #1

Legislation & Communications Committee  
Proposed  
Initiative 1935 &  
Ballot Measure  
ACA 13







- **Board of Directors**  
**Legislation and Communications Committee**

6/11/2024 Board Meeting

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8-3

## Subject

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Authorize entering into a three-year contract with We Are RALLY, LLC for media placement services related to drought awareness and water conservation not to exceed \$10.5 million; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

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As Southern California faces increasingly variable weather and climate whiplash, staff proposes to continue paid advertising and outreach efforts that build upon a strong water conservation ethic within the region. In November 2023, staff initiated a request for proposals seeking multimedia and multilingual advertising services for a three-year agreement not to exceed \$10.5 million, resulting in 16 qualified candidate agencies. Staff conducted a competitive consultant selection process. Following the interview and analysis of three finalist agencies, staff recommends the Board authorize the General Manager to enter into a three-year agreement with We Are RALLY, LLC (RALLY) for multimedia advertising placement consulting services not to exceed \$10.5 million.

## Proposed Action(s)/Recommendation(s) and Options

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### Staff Recommendation: Option #1

#### Option #1

Authorize the General Manager to enter into a three-year agreement with We Are RALLY, LLC for media placement and advertising consulting services not to exceed \$10.5 million.

**Fiscal Impact:** Funds not to exceed \$3.5 million per year are contingent on FY 2024/25 and 2025/26 board-approved biennial budget. Contract capacity for FY 2026/27 is \$3.5 million if needed, but expenditures will not exceed the funding provided in the future board-approved biennial budget.

**Business Analysis:** Sustained water conservation and climate change communication will help the region improve its water supply reliability, increase awareness of regional and local rebate programs, and highlight the value of a Southern California water-saving lifestyle. Media placements, strategic advice and research would focus on public messaging consistent with Metropolitan's strategic objectives to effectively market the region's conservation goals.

#### Option #2

Do not authorize the General Manager to enter into a three-year agreement with We Are RALLY, LLC.

**Fiscal Impact:** It is clear that Southern California's imported water supplies face unprecedented challenges due to increasingly extreme and variable weather exacerbated by climate change. Without paid conservation messaging, Metropolitan would miss opportunities to promote water efficiency programs that support the state's Making Conservation a California Way of Life legislation, which plays a critical role in managing available storage supplies.

**Business Analysis:** A summer campaign will launch during hotter, drier weather when conservation is more top-of-mind. Staff would seek direction from the Board on whether to re-bid for media placement services.

Re-bidding services would take two to four months and would delay a strong media campaign beyond summer months when demands peak.

## **Alternatives Considered**

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Not applicable

## **Applicable Policy**

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Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District's Administrative Code Section 4210: Water Conservation. It shall be the policy of Metropolitan to undertake and support water conservation programs. To that end, Metropolitan may develop and implement such programs and enter into agreements with member public agencies and other organizations to make more efficient use of water resources through water conservation programs so long as such agreements serve a beneficial purpose of Metropolitan.

## **Related Board Action(s)/Future Action(s)**

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None

## **California Environmental Quality Act (CEQA)**

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### **CEQA determination for Option #1:**

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (State CEQA Guidelines Section 15378(b)(4).)

### **CEQA determination for Option #2:**

None required

## **Details and Background**

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### **Background**

With Southern California experiencing extreme and dynamic weather conditions, Metropolitan continues to expand its outreach to promote water conservation and rebates. Metropolitan is completing the third year of its current \$10.5 million three-year agreement with media agency GP Generate, LLC, which successfully leveraged Metropolitan's investment with highly visible multimedia advertising buys and generated an estimated 2 billion media impressions. This included cost-efficient multilingual media buys across various television, outdoor, digital and radio platforms. External Affairs staff designed assets and scripted messaging unique to non-English speaking communities. Using in-house capacity provided cost efficiency by absorbing all creative design costs and allowing the full \$3.5 million budget to be directed toward media buys, saving an estimated \$6 million over three years. The in-house capabilities also allowed staff to shift messaging quickly in response to evolving drought and supply conditions, which became paramount as the region experienced more unpredictable weather patterns beginning in the winter of 2022.

Media buy strategies reflected nuanced messaging approaches while prioritizing hard-to-reach audiences and underrepresented communities throughout Southern California. Creative assets were developed and made available in seven different languages. Staff coordinated with the agency to place the outdoor advertisements in communities where the languages were predominantly spoken, reaching millions of residents. The campaigns also successfully engaged with hundreds of thousands of new and diverse online audiences through social media influencer partnerships and mobile gaming advertising. A multilingual television commercial produced entirely in-house by External Affairs staff captured the intricacies of climate change's impacts on regional hydrologic conditions and served as a reminder to conserve rain or shine.

In total, the awareness-based campaigns garnered nearly 2 billion impressions and 1 million visits to [bewaterwise.com](http://bewaterwise.com). The final campaign phase focused on digital and social media platforms ended in May 2024.

Recent polling led by External Affairs and Probolsky Research shows a strong public commitment to water efficiency and that conservation remains paramount for Southern Californians amid a changing climate. The survey found that a majority of residents are committed to doing more to conserve water as the region grapples with the intensifying impacts of climate change and growing water reliability concerns. With a hotter, drier future forecasted, communicating about water conservation remains an essential public service and operational necessity. The flexibility afforded by staff’s in-house capacities will allow Metropolitan to be flexible in messaging and maximize media buying strategies as water supply conditions continue to evolve. In preparation for future public outreach campaign buys, staff initiated a request for proposals seeking multimedia and multilingual advertising services for a new three-year agreement not to exceed \$10.5 million.

**Water Conservation Advertising Budget**

Funding for media placement services under this proposed agreement will come from current and future conservation program budgets since the advertising supports and helps facilitate the demand management program goals and objectives. Anticipated media platforms will include, but are not limited to television, radio, outdoor, print, Google search, and strategic advice, including research services. Funding not to exceed \$3.5 million for FY 2024/25 and FY 2025/26 will come from the Board-approved budget, and contract capacity will provide for expenditures not to exceed \$3.5 million for FY 2026/27, if needed and approved by the Board in the next biennium. Actual expenditures for conservation outreach in FY 2024/25 and FY 2025/26 would not exceed the Board’s approved biennial budget and will be determined, in part, based on water supply conditions and board direction. A portion of this funding will also be used for strategic input and research related to campaign performance and reaching diverse audiences and underrepresented communities. Staff will continue to carefully manage budget resources and report to the Board on conservation expenditures.

This funding will purchase media to promote Metropolitan’s water use efficiency goals and drive traffic to Metropolitan’s bewaterwise.com® website, Metropolitan’s primary online water-saving portal where consumers can find water-saving tips, education resources, member agency programs and access to Metropolitan’s conservation rebates. Research activities include focus groups, surveys, polling, and pre-and post-campaign assessments to determine quantifiable measures of success. Staff will also expand partnership opportunities with other agencies and negotiate for added value to maximize the reach of advertising and outreach.

<b>FISCAL YEAR</b>	<b>CONTRACT CAPACITY</b> Media planning and placement, strategic input, research
<b>FY 24/25</b> July 1, 2024 – June 30, 2025	Up to \$3.5 million
<b>FY 25/26</b> July 1, 2025 – June 30, 2026	Up to \$3.5 million
<b>FY 26/27</b> July 1, 2026 – June 30, 2027	Up to \$3.5 million
	\$10.5 million

## **Evaluation Process**

Sixteen firms responded to RFP-EA-436884. The proposals were evaluated by a five-member internal selection committee consisting of External Affairs and Water Resource Management. The evaluation criteria included qualifications and staffing; record of past performance, technical approach and methodology; draft media plans; environmental sensitivity; planned outreach to underrepresented communities and audiences; and small business representation. The three firms that received the highest cumulative scores were invited to interview on March 14, 2024. RALLY received the highest cumulative score from the selection committee in the review and interview processes. Based on the comprehensive review, the committee recommends RALLY be awarded the contract.

## **Introduction to We Are RALLY**

RALLY is a Los Angeles-based issue-driven communications firm established in 2013 with offices in San Francisco, Seattle and New York City. With 75 percent women and a predominantly diverse staff, RALLY is also committed to working through a lens of diversity, equity and inclusion that influences the types of tactics and creative approaches they employ. The firm has served over 500 clients to date, from large foundations to small community-based organizations and public agencies, all seeking to raise awareness and drive action around important social challenges.

As part of this proposal, RALLY has partnered with three Small Business Enterprise agencies –Wonnacott Strategies, Lunia Blue Graphics and Probolsky Research – to enhance and leverage the media buying capacities for the Metropolitan. Wonnacott Strategies has more than a decade of experience in California’s water industry. Since 2018, Wonnacott has worked with Metropolitan’s External Affairs Group on in-house paid social media campaigns, and in 2021, Wonnacott provided Metropolitan with media buying services for a \$1 million conservation campaign as drought conditions intensified throughout the region. Wonnacott also served as program manager for the state’s multi-million dollar Save Our Water campaign from 2014-2018, which involved close coordination with the Association of California Water Agencies and the California Department of Water Resources. Lunia Blue is a full-service creative agency that served as the lead creative and media buying team for the Save Our Water campaign from 2016-2018. The Lunia team has cultivated strong partnerships within outdoor, radio, television, print, and digital advertising sources across California and specializes in hyper-targeted media buying strategies. Probolsky Research is a woman and Latina-owned firm specializing in multilingual market and opinion research with more than 400 surveys and 60 focus groups conducted for California water agency clients. The Probolsky team has extensive research experience in water, water policy, conservation, advertising, and behavioral change campaigns and has served as strategic advisors to hundreds of local, county, and statewide government agencies.

RALLY’s submission also provides an extremely cost-conscious approach with unparalleled access to essential inventory in Southern California’s in-demand and highly saturated media market through a direct partnership with iHeartMedia’s extensive radio, outdoor and digital network. This includes a first-of-its-kind Black Information News Network and an iHeartLatino division dedicated entirely to the diverse communities they serve. This caliber of access to in-language and culturally relevant media inventory will help Metropolitan reach historically underserved communities where they are. Cost-consciousness is further demonstrated through the agency’s tiered commission structure for this agreement, which is below the industry standard of 15 percent.

External Affairs staff proposes to work with RALLY to negotiate for cost-effective, high-value multicultural paid campaign buys supported by in-house creative design and development. RALLY, along with its agency partners, will provide significant value-added benefits for Metropolitan given its access to the extensive iHeartMedia network and experience in the regional marketplace. The campaigns will continue to be executed in multiple languages with outreach to community-based organizations, collaboration with member agencies on customized campaign-related resources and materials, and high-visibility outreach activities throughout the region. Staff will regularly update the Board on campaign creative activities and media buys and will provide performance reports.

**Next Steps**

With board authorization, staff will finalize the agreement with We Are RALLY, LLC and begin preparing Metropolitan's summer 2024 campaign media plan.

  
\_\_\_\_\_  
Sue Sims  
External Affairs Group Manager

6/6/2024  
Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

6/6/2024  
Date

Ref# 12699233

Legislation & Communications Committee



Authorize entering into a three-year contract with We Are RALLY, LLC for media placement services

Item 8-3  
June 10, 2024

Authorize  
entering into  
a three-year  
contract  
with We Are  
RALLY, LLC  
for media  
placement  
services

## Subject

Approval to enter into a three-year agreement with We Are RALLY, LLC

## Purpose

To provide Metropolitan with multimedia placement and consulting services



# Background & Context

Request for proposals

- In November 2023, staff initiated a request for proposals to enter into a three-year multimedia placement services agreement not to exceed \$3.5 million annually.
- Recent polling shows a strong commitment to water efficiency and that conservation remains paramount for Southern Californians amid climate change.
- Surveys also found that residents want to know what businesses and government are doing for the region.

Multimedia Placement Services

# Scope of Work

Outlined in the request for  
proposals

Purpose: Remain cost-conscious and nimble while prioritizing diverse and underrepresented audiences.

- Develop research-based media strategies
- Purchase cost-effective media buys
- Secure added value opportunities
- Conduct surveys and focus groups
- No creative design or development

Multimedia Placement Services

# Budget

Board-approved & future

FISCAL YEAR	CONTRACT CAPACITY Media planning, placement, strategic input, research
FY 2024/25	Up to \$3.5 million*
FY 2025/26	Up to \$3.5 million*
FY 2026/27	Up to \$3.5 million
<b>TOTAL</b>	<b><u>Up to \$10.5 million</u></b>  *Board-approved

Multimedia Placement Services

# Evaluation Criteria

Outlined in the request for  
proposals

Firm  
Qualifications

Record of Past  
Performance

Key Personnel  
& Staff

Technical  
Approach &  
Methodology

Business  
Outreach  
Program

Multimedia Placement Services

Recommended  
Agency

The logo for RALLY, featuring the word "RALLY" in bold, black, uppercase letters centered on a bright yellow rectangular background.

**RALLY**

## We Are RALLY

Subcontractors: Wonnacott Strategies, Lunia Blue, Probolsky Research

- Proven record of past performance
- Past public and water agency experience
- Guaranteed added value opportunities
- Small business and minority-owned subcontractors

Multimedia Placement Services

# Diverse Media Plan

Multimedia & multilingual



Television  
Outdoor  
Streaming audio  
Experiential  
Strategic advice

Radio  
Print & digital media  
Community-based  
outreach  
Search engine (Google)  
Research

## Next Steps

- Board approval to enter into three-year agreement
- Finalize agreement with RALLY
- Prepare media plan and strategy
- Launch new campaign media buys

# Options

## Option 1:

- Authorize the General Manager to enter into a three-year agreement with RALLY for media placement and advertising consulting services not to exceed \$10.5 million.

## Option 2:

- Do not authorize the General Manager to enter into a three-year agreement with RALLY.



# Staff Recommendation

- Option I





Legislation and Communications Committee

# Permissible Activities Related to Ballot Measures

Item 6a

June 10, 2024

## Summary

- Private citizens may engage in campaign activities
- Use of public funds for campaign activities or express advocacy is prohibited by courts and by statute
- Local agencies may expend public funds to provide accurate, fair, and impartial presentations of the relevant facts to educate voters
- There are criminal and civil liabilities for using public funds for campaign purposes

Campaign  
activity  
versus  
informational  
material

- A public agency **cannot** spend public funds to promote a partisan position in an election campaign, including ballot measures
- A public agency can disseminate information to the public if it provides a fair presentation of the relevant facts
  - *Stanson v. Mott* (1976) and *Vargus v. City of Salinas* (2009)

# Informational material or campaign activity?



Information

Campaign

“Frequently the line between authorized informational activities and unauthorized campaign expenditures is not so clear.”

*Stanson v. Mott*, 17 Cal. 3d at 222

## Permissible activities

- **Analyze** the measure and its impacts
- **Adopt a formal position** through usual board process
- **Publicize the adopted position** in an informational and balanced manner and through its usual methods
- **Inform the public** about the possible effects of a measure on the activities, operations, or policies of the agency **in a fair, accurate, and impartial manner**

## Prohibited Actions

- **Advocate** that voters take **a position** for or against a measure
- **Use traditional campaign materials** to publicize ballot measure (bumper stickers, social media ads)
- **Use argumentative or inflammatory language** to present public agency position
- **Contribute public funds or resources** to election campaigns (public employee time, use of public agency car or office products)



Prohibitions  
apply to  
directors,  
officers,  
employees,  
and  
consultants

- An officer, employee, or consultant of a local agency may not expend or authorize the expenditure of any local agency funds to support or oppose the approval or rejection of a ballot measure by the voters. **Gov. Code § 54964(a)**
- Using public resources for a campaign activity, or personal or other purposes not authorized by law, is unlawful. **Gov. Code § 8314**

## Potential civil liability

- Penalties of **three times the amount** improperly used plus **\$1,000 per day** (Gov. Code § 8314)
- **Up to \$5,000 per violation** (Gov. Code § 91005.5; FPPC Regulations, 2 C.C.R. §§ 18104, et seq.)

## Potential criminal liability

- Penal Code § 424—Prohibits public officials from appropriating public moneys for any purpose not authorized by law
  - Up to 4 years (felony)
  - *People v. Battin* (1978): jury found county supervisor running for another elected office guilty of using county resources for his campaign
- Government Code § 91000
  - Imposes criminal (misdemeanor) liability for each violation
  - Plus penalties the greater of \$10,000 or three times the amount improperly used

Personal  
political  
activities  
permitted if  
no use of  
public  
resources

- Directors, officers and employees, in their personal capacities **can**:
  - Contribute to campaigns from personal funds
  - Advocate for or against a measure
- Clarify that this is a personal opinion, and not done in an official capacity



**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

<b>Bill Number Author</b>	<b>Amended Date Location</b>	<b>Title-Summary</b>	<b>MWD Position</b>	<b>Effects on Metropolitan</b>
<b>AB 400 B. Rubio (D – Baldwin Park)</b>  Sponsors: California State Association of Counties, League of California Cities	Chaptered  Signed by Governor Chapter 201, Statutes of 2023	<b>Local agency design-build projects: authorization.</b>  This measure would extend the existing sunset date to January 1, 2031, for the use of design- build as a delivery method for public works contracts.	<b>Support</b>  Based on October 2021 Board Action	Metropolitan’s current authority to use design-build under AB 1845 (Calderon, CH. 275, 2022) will sunset on January 1, 2028. The provisions of this bill allow Metropolitan to use design-build for future projects through January 1, 2031.
<b>AB 460 Bauer- Kahan (D – Orinda)</b>	Amended 6/3/2024  Two-year bill  Senate Natural Resources and Water Committee	<b>State Water Resources Control Board: water rights and usage: civil penalties.</b>  This bill would require the State Water Resources Control Board to adjust for inflation, by January 1 of each year, beginning in 2025, the amounts of civil and administrative liabilities or penalties imposed by the board in water right actions, as specified.	<b>Watch</b>  Based on Metropolitan Policy Principles for Modernization of Water Rights Administration, adopted April 2023	The latest amendment strikes all provisions expanding the State Water Resources Control Board authority to issue temporary restraining orders or preliminary injunctions. The bill now would provide for enhanced civil penalties for violations of any State Board regulation or curtailment order.
<b>AB 1337 Wicks (D – Oakland)</b>	Amended 5/18/23  Two-year bill  Senate Natural Resources and Water Committee	<b>State Water Resources Control Board: water diversion curtailment.</b>  This bill would authorize SWRCB to adopt regulations for various water conservation purposes and implement these regulations through orders curtailing the diversion or use of water under any claim of right.	<b>Oppose</b>  Based on Metropolitan Policy Principles for Modernization of Water Rights Administration, adopted April 2023	Regardless of whether there is a drought emergency, this bill would allow the State Board, by regulation, to permanently reduce permit rights (including SWP, Colorado River pre-1914 rights, or Delta Island license, pre-1914 or riparian right diversions) upon a finding that current diversions result in a waste or unreasonable use of water or that they harm public trust (fish and wildlife) resources. This would be a new broad power to the State Board that could permanently reallocate any water rights under any water year conditions without the protection or process of individual adjudications.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

<b>Bill Number Author</b>	<b>Amended Date Location</b>	<b>Title-Summary</b>	<b>MWD Position</b>	<b>Effects on Metropolitan</b>
<b>AB 1567 Garcia (D- Coachella)</b>	Amended 5/26/2023  Two-year bill  Senate Natural Resources and Water Committee	<b>Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024.</b>  This measure would authorize a \$15.995 billion general obligation bond for the March 5, 2024, ballot to fund a broad range of resource-based programs that will assist California to improve its climate resiliency.	<b>Support, if Amended</b>  Based on June 2023 Board Action	This measure is consistent with Metropolitan’s current policy priorities and supports the objectives of Metropolitan’s Climate Adaptation Master Plan.  Metropolitan is seeking amendments to increase funding for recycled water, dam safety, regional conveyance, drought and conservation projects.
<b>AB 1572 Friedman (D - Glendale)</b>  Co-sponsors: Metropolitan, Heal the Bay, National Resources Defense Council	Chaptered  Signed by Governor Chapter 849, Statutes of 2023	<b>Potable water: nonfunctional turf.</b>  This measure prohibits the use of potable water for the irrigation of non-functional turf located on commercial, industrial, institutional. This measure provides the State Water Resources Control Board with the authority to postpone compliance dates as prescribed.	<b>Co-sponsor</b>  Based on April 2023 Board action	Based on input from the Board and member agencies, Metropolitan secured amendments to exclude multi- family residential buildings and protect the authority and local control of public water systems. Metropolitan is a co-sponsor of this measure.
<b>AB 1573 Friedman (D - Glendale)</b>  Sponsor: Earth Advocacy and California Native Plant Society	Amended on 9/1/2023  Two Year Bill  Senate Floor – Inactive File	<b>Water conservation: landscape design: model ordinance.</b>  This measure would update the model water efficient landscape ordinance for new or renovated nonresidential areas to require at least 25% local native plants beginning January 1, 2026. This measure would also prohibit the use of nonfunctional turf in nonresidential landscape projects after January 1, 2026.	<b>Support</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	This measure is consistent with Metropolitan’s effort to reduce nonfunctional turf within its service area.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

<b>Bill Number Author</b>	<b>Amended Date Location</b>	<b>Title-Summary</b>	<b>MWD Position</b>	<b>Effects on Metropolitan</b>
<b>AB 1648 Bains (D - Bakersfield)</b>	Amended 3/16/2023  Dead	<b>Water: Colorado River Conservation</b>  This measure would specifically prohibit Metropolitan and LADWP to offset federally required reductions on Colorado River resources with increased water deliveries from other regions of California, including the Delta, retroactively as of January 1, 2023.	<b>Oppose</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	This measure would impair Metropolitan’s flexibility with its entire water portfolio, including the Integrated Water Resources Plan and the Annual Operating Plan. Metropolitan’s reliability and its ability to meet demands would also be impaired by restrictions on partnerships with its State Water Project and Colorado River Basin stakeholders.
<b>SB 122 Senate Committee on Budget and Fiscal Review</b>	Chaptered  Signed by the Governor Chapter 51, Statutes of 2023	<b>Flood Flow Streamlining</b>  Provisions in this trailer bill provide that diversion of flood flows for groundwater recharge do not require an appropriative water right if specified conditions regarding the diversion are met. These provisions exempt from the California Environmental Quality Act (CEQA) specified actions related to the implementation of Colorado River water conservation agreements with the US Bureau of Reclamation.	<b>Seek Amendments</b>  Based on Metropolitan Policy Principles for Modernization of Water Rights Administration 2023 Water Rights Principles, adopted April 2023	The no-permit authorization poses a significant concern to Metropolitan’s State Water Project supplies. There is no protest process, no requirement that diverters avoid harm to other legal water users with water rights senior to the flood flow diverter, and no protection of SWP and CVP rights to divert “excess flows” when they exist in the system up to the full capacity of the projects.  Metropolitan will work with the Administration to address these issues as the program is implemented.
<b>SB 124 Senate Committee on Budget and Fiscal Review</b>	Chaptered  Signed by the Governor Chapter 53, Statutes of 2023	<b>Green Financing Programs for Federal IRA Funding</b>  This measure contains various provisions to implement the 2023 State Budget Act, which includes authorizing the State Infrastructure and Economic Development Bank and the Department of Water Resources (DWR) to access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.	<b>Support</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	For the State Water Project, DWR’s direct investment in qualifying projects could lower its capital costs, which would ultimately be passed on to Metropolitan and other SWP contractors.



**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

<b>Bill Number Author</b>	<b>Amended Date Location</b>	<b>Title-Summary</b>	<b>MWD Position</b>	<b>Effects on Metropolitan</b>
<b>SB 146 Gonzalez (D-Long Beach)</b>	Chaptered  Signed by the Governor Chapter 58, Statutes of 2023	<b>Public resources: infrastructure: contracting.</b>  This measure is part of the negotiated infrastructure trailer bill package and authorizes DWR to use the progressive design-build (PDB) project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.	<b>Support</b>  Based on October 2021 Board Action	By utilizing PDB and awarding a project contract prior to the completion of all design work, DWR can potentially reduce overall costs and execute shorter project delivery schedules. This could lead to reduced costs for SWP-related projects-resulting in cost savings being passed on to Metropolitan.
<b>SB 147 Ashby (D- Sacramento)</b>	Chaptered  Signed by the Governor Chapter 59, Statutes of 2023	<b>Fully protected species: California Endangered Species Act: authorized take</b>  This measure is part of the negotiated infrastructure trailer bill package and authorizes the take of fully protected species for certain infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.	<b>Support and Amend</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	While this alternative may have benefits over current FPS regulations, the requirements are extensive and may make permit terms infeasible or cost prohibitive and could create other litigation risks for permittees.
<b>SB 149 Caballero (D- Merced)</b>	Chaptered  Signed by the Governor Chapter 60, Statutes of 2023	<b>California Environmental Quality Act: administrative and judicial procedures: record of proceedings: judicial streamlining.</b>  This measure is part of the negotiated infrastructure trailer bill package and makes various changes to CEQA. This bill provides clarification for what is considered as part of the administrative record, as well as allowing a public agency to deny a request to prepare the record of proceedings. This bill also provides for expedited judicial review for specified energy and transportation projects.	<b>Support and Amend</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	Administrative Records Streamlining: Overall, the provisions would be beneficial to Metropolitan as they could lower CEQA litigation costs and shorten litigation timelines.  Expedited Judicial Review: The process for preparing the administrative record for any governor-certified infrastructure project must follow certain extensive and potentially costly specifications. While expedited judicial review is beneficial in concept, unless amended, the prerequisites may be infeasible or costly to implement.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
<b>SB 150 Durazo (D-Los Angeles)</b>	Chaptered  Signed by the Governor Chapter 61, Statutes of 2023	<b>Construction: workforce development: public contracts.</b>  This measure is part of the negotiated infrastructure trailer bill package and focuses on strengthening the state’s workforce and community benefits with infrastructure investments through California’s share of federal funds.	<b>Support</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	This bill is intended to help develop procurement models to enhance the state’s training and access pipeline for jobs while ensuring community benefits on infrastructure and manufacturing investments.  This bill is consistent with Metropolitan’s policy and practice and could benefit the district by helping build the next generation of the state’s construction workforce.
<b>SB 366 Caballero (D - Merced)</b>  Sponsors: California Municipal Utilities Association, California Council for Environmental and Economic Balance, California State Association of Counties	Amended 4/8/24  Two-year bill  Assembly Water, Parks, and Wildlife Committee	<b>The California Water Plan: long-term supply targets.</b>  This measure would revise the California Water Plan to require the DWR to update the California Water Plan by December 31, 2028, and every five years after, to include a long-term water supply target for 2050 and discussion on the development of specified water supply sources to meet demand.	<b>Support, if Amended</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	The intent of this bill is to help modernize California’s water management practices and provide long-term reliable supplies in response to the current climate challenges.  Metropolitan is seeking amendments that include, but are not limited to, ensuring the 2050 target reflects statewide, regional, and local planning efforts and clarifying that the CA Water Plan should not establish a separate plan for complying with the Delta Plan, but should be complimentary and focus on supporting the co-equal goals of the Delta.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

<b>Bill Number Author</b>	<b>Amended Date Location</b>	<b>Title-Summary</b>	<b>MWD Position</b>	<b>Effects on Metropolitan</b>
<b>SB 659 Ashby (D – Sacramento)</b>  Sponsors: Sacramento Regional Water Authority	Chaptered  Signed by the Governor Chapter 624, Statutes of 2023	<b>California Water Supply Solutions Act of 2023.</b>  This bill would require DWR to develop a groundwater recharge plan by January 1, 2026, to create additional groundwater recharge capacity and include the plan as part of the 2028 update to the California Water Plan.	<b>Support, if Amended</b>  Based on 2023 Legislative Priorities and Principles adopted December 2022.	This bill intends to elevate the importance of groundwater in the state’s planning efforts. Additional recharge capacities developed through implementation of this bill could potentially help in the successful implementation of projects such as Metropolitan’s Pure Water project, LADWP’s Operation Next project, and the Pure Water San Diego, potentially helping to maximize stormwater capture and increase sustainability of groundwater basins within Metropolitan’s service area.
<b>SB 687 Eggman (D - Stockton)</b>	Amended 5/2/2023  Dead	<b>Water Quality Control Plan: Delta Conveyance Project.</b>  This measure will require the State Water Resources Control Board to adopt a final update of the Bay-Delta Water Quality Control Plan before the Board considers a change in the point of diversion or any other water rights permit or order for the Delta Conveyance Project.	<b>Oppose</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	Metropolitan supports updating the Water Quality Control Plan to protect beneficial uses in the Delta. This bill would result in halting or delaying planning efforts on the Delta Conveyance Project and potentially prevent the project from operating if approved.
<b>SB 706 Caballero (D- Merced)</b>  Sponsors: CA State Association of Counties; County of San Diego; Design Build Institute of America Western Pacific Chapter; League of California Cities	Chaptered  Signed by the Governor Chapter 500, Statutes of 2023	<b>Public contracts: progressive design-build: local agencies.</b>  This bill would provide additional authority, until January 1, 2023, for cities, counties, and special districts to use progressive design-build (PDB) authority for up to 10 public works projects that are in excess of \$5 million. In addition, any local agency that uses this authorized progressive-design build process must submit a report to the Legislature.	<b>Support</b>  Based on 2023 Legislative Priorities and Principles, adopted December 2022	Currently, PDB-eligible projects are limited to wastewater treatment facilities, park and recreational facilities, solid waste management facilities and water recycling facilities. This bill now authorizes cities, counties and special districts, including Metropolitan, to use PDB for public works projects. This supports Metropolitan’s priority of ensuring reliable water supply deliveries throughout its service area.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

<b>Bill Number Author</b>	<b>Amended Date Location</b>	<b>Title-Summary</b>	<b>MWD Position</b>	<b>Effects on Metropolitan</b>
<b>SB 867 Allen (D-Santa Monica)</b>	Amended 6/22/2023  Two-Year Bill  Assembly Natural Resources Committee	<b>Drought, Flood and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024.</b>  This measure would authorize a \$15.5 billion general obligation bond for a range of resource- based programs that will improve California’s climate resiliency. If approved, this measure would be on the March 5, 2024 statewide ballot.	<b>Support, if Amended</b>  Based on June 2023 Board Action	This measure is consistent with Metropolitan’s current policy priorities and supports the objectives of Metropolitan’s Climate Adaptation Master Plan.  Metropolitan is seeking amendments to increase funding for recycled water, dam safety, regional conveyance, drought, and conservation projects.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
<b>AB 2610</b> <b>E. Garcia (D – Coachella)</b>	Amended 4/10/2024  Senate Natural Resources and Water Committee	<p><b>Protected species: authorized take: Salton Sea Management Program: System Conservation Implementation Agreement.</b></p> <p>Current law authorizes the Department of Fish and Wildlife, if certain conditions are fulfilled, to authorize the take of species, including fully protected species, resulting from impacts attributable to implementation of the Quantification Settlement Agreement on specified lands and bodies of water, including the Salton Sea. This bill would additionally authorize the department, if certain conditions are fulfilled, to authorize the take of species resulting from impacts attributable to the implementation of the Salton Sea Management Program or implementation of any System Conservation Implementation Agreement between the United States Bureau of Reclamation and the Imperial Irrigation District to implement the Lower Colorado River Basin System Conservation and Efficiency Program, as provided, on the specified lands and bodies of water.</p>	<p><b>Support</b></p> <p>Based on 2024 Legislative Priorities and Principles, adopted January 2024</p>	<p>This bill will help to advance conservation agreements and collective conservation goals related to reducing reliance of the Colorado River in order to account for changes in climate and low water supplies by allowing IID to advance their short-term conservation goals between 2024 – 2026.</p>

**Metropolitan Water District of Southern California  
State Legislative Matrix  
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Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
<b>AB 1827 D. Papan (D – San Mateo)</b>	Amended 4/4/2024  Senate Local Government Committee	<b>Local government: fees and charges: water: higher-consumptive water parcels.</b>  The Legislature passed the Proposition 218 Omnibus Implementation Act in 1997 to provide guidance for implementation of the new constitutional provisions. AB 1827 (Papan) proposes to add Government Code section 53750.6 to the Act to clarify that the costs that may be recovered through retail water service fees may include the incrementally higher costs of water service due to (1) the higher water usage demand of parcels, (2) the maximum potential water use of parcels, or (3) projected peak water usage.	<b>Support</b>  Based on 2024 Legislative Priorities and Principles, adopted January 2024.	Metropolitan’s wholesale water service rates to its co-op members are not subject to Proposition 218 and therefore, the bill does not have an effect on Metropolitan. It will, however, provide clearer guidance for its member agencies that provide retail water service and any retail water service provider within Metropolitan service area.
<b>AB 2257 L. Wilson (D – Suisun City)</b>	Amended 4/23/2024  Senate Judiciary Committee	<b>Local government: property-related water and sewer fees and assessments: remedies.</b>  AB 2257 establishes a process for objections to be submitted by any party objecting to the proposed fee or assessment, notice to the public of the requirements, and prerequisites for suing an agency on the basis of the validity of the fee or assessment. The bill requires exhaustion of the administrative procedures provided therein before a plaintiff may file suit and it limits the administrative record that may be reviewed in that litigation to evidence presented to or available to the agency prior to the adoption of the fee or assessment.	<b>Support</b>  Based on 2024 Legislative Priorities and Principles, adopted January 2024	Metropolitan does not currently collect any fee or assessment on properties within its service area that is subject to Article XIII D. It does, however, have the authority to do so. Should it decide to adopt such a fee or assessment, it would be required to follow these proposed additional procedural requirements. Any litigation challenging such a fee or assessment would also be subject to the administrative remedy exhaustion and evidence limitation provided for by AB2257.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
<b>AB 2409</b> <b>D. Papan (D – San Mateo)</b>	Amended 4/11/2024  Dead	<p><b>Office of Planning and Research: permitting accountability transparency dashboard.</b></p> <p>Would require the Office of Planning and Research, on or before January 1, 2026, to create and maintain, as specified, a permitting accountability transparency internet website (dashboard). The bill would require the dashboard to include a display for each permit to be issued by specified state agencies for all covered projects. The bill would define various terms for these purposes. The bill would also require the dashboard to include, but not be limited to, information for each permit to be issued by a state agency that is required for the completion of the project, including, among other requirements, the permit application submission date. The bill would require each state agency with a responsibility for issuing a permit for a covered project to provide information in the appropriate time and manner as determined by the office. The bill would also make related findings and declarations.</p>	<p><b>Support</b></p> <p>Based on 2024 Legislative Priorities and Principles, adopted January 2024</p>	<p>AB 2409 requires the Governor’s Office of Planning and Research (OPR) to create and maintain a permitting transparency website with a project dashboard showing the status of each state permit for specific projects with an estimated cost of \$100 million or more. AB 2409 would be beneficial to Metropolitan by making environmental permitting more transparent and would help the public understand why large projects take years to permit (e.g., Pure Water Southern California or Delta Conveyance).</p>

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
<b>AB 2060</b> <b>E. Soria (D – Fresno)</b>	Amended 5/16/2024  Senate Natural Resources and Water Committee	<p><b>Lake and streambed alteration agreements: exemptions.</b></p> <p>This bill would exempt qualifying temporary permit diversions of water from streams at or near flood stage to groundwater storage from the requirements of Fish &amp; Game Code section 1602. Section 1602 requires anyone proposing to substantially alter the bed, banks or natural flows of a stream, river or lake to notify the California Department of Fish and Wildlife (CDFW). If CDFW determines the proposed activity may have a significant adverse impact on fish or wildlife, it will require a Lake or Stream Alteration Agreement (LSAA) that functions as a permit for the activity, and which always requires mitigation, monitoring and reporting to CDFW. It is designed to prevent harm to fish and wildlife from covered activities. AB 2060 would exempt qualifying diversions from this requirement. The only “mitigation” required to qualify is installation of basic fish screens, with no requirement that they meet any standards, including those adopted by CDFW and the federal fish services.</p>	<p><b>Support if Amended</b></p> <p>Based on Metropolitan Policy Principles for Modernization of Water Rights Administration 2023 Water Rights Principles, adopted April 2023 and 2024 Legislative Priorities and Principles, adopted January 2024</p>	<p>This bill was amended to ensure the temporary permit authorization is consistent with existing law on diversion authorizations for current water rights holders. Metropolitan is seeking additional amendments to ensure the inclusion of fish screens on all intakes, not just “temporary pump” intakes, and that the screens minimize both entrainment <i>and</i> impingement, since impingement is just as deadly as entrainment.</p>



**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
SB 903 N. Skinner (D – Berkeley)	Amended 4/11/2024  Dead	<p><b>Environmental health: product safety: perfluoroalkyl and polyfluoroalkyl substances.</b></p> <p>Starting January 1, 2025, certain substances called perfluoroalkyl and polyfluoroalkyl substances (PFAS) will be prohibited in new textiles, cosmetics, food packaging, and juvenile products in the state. This means that manufacturers and sellers cannot add PFAS to these products. A new bill, starting January 1, 2032, will also require the Department of Toxic Substances Control to determine if using PFAS in a product is necessary and unavoidable before it can be offered for sale. The department will keep a list of these determinations on its website and use any penalties collected for administering and enforcing these laws. By January 1, 2027, the department will adopt regulations to carry out this bill, including setting an application fee and creating an appeal process for penalties and decisions made under this law. A PFAS Oversight Fund will be created from the application fees to cover the department's expenses for administering this act, with funds allocated by the legislature.</p>	<p><b>Support</b></p> <p>Based on 2024 Legislative Priorities and Principles, adopted January 2024</p>	<p>From a source water protection standpoint, the bill creates provisions to reduce PFAS contamination and enhance protection of water quality and public health. By limiting PFAS in consumer products, the bill indirectly aims to reduce PFAS contamination in water sources, potentially decreasing treatment costs and complexity for water providers. The bill encourages the development and adoption of PFAS alternatives, potentially impacting the types of materials and products used within the water industry and by consumers, promoting safer water handling and packaging materials.</p>

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
SB 1072 S. Padilla (D – San Diego)	Amended 4/24/2024  Assembly Desk	<b>Local government: Proposition 218: remedies.</b>  The California Constitution has rules for imposing taxes at a local level. It excludes certain fees and assessments if they meet certain criteria, such as not exceeding the benefit given to a property or the cost of the service provided. There is also a law known as the Proposition 218 Omnibus Implementation Act that outlines how local agencies must comply with these requirements. This bill, if passed, would require local agencies to correct any fees or charges for property-related services that violate these constitutional provisions and credit the amount of the violation against the revenues needed for the service. This bill supports the purposes and intent of Proposition 218 and the Omnibus Implementation Act.	<b>Support</b>  Based on 2024 Legislative Priorities and Principles, adopted January 2024	Metropolitan does not currently collect any revenue from any property related fees or assessments subject to Articles XIII C or D. However, Metropolitan does have statutory authority to collect such fees. If Metropolitan were to adopt such a fee or assessment in the future, the revenues from those fees or assessment would be subject to the limitation added by SB 1072.

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
<b>SB 1169</b> <b>H. Stern (D – Los Angeles)</b>	Amended 3/18/2024  Assembly Desk	<p><b>Los Angeles County Flood Control District: finances.</b></p> <p>This law, known as the Los Angeles County Flood Control Act, sets up a district responsible for managing and preserving flood and wastewaters in the county. It permits the district to borrow money from certain sources to fund flood control work and repay the loan within 20 years with a maximum interest rate of 4.25% annually. The district must also collect enough taxes from property owners each year to cover the loan payments. Currently, the district is limited to borrowing a maximum of \$4.5 million and issuing bonds up to the same amount. This proposed bill would extend the loan repayment period to 35 years with a maximum interest rate of 5.5% annually. It would also remove the borrowing and bond limits for the district. The bill justifies these changes by stating the need for a special law for the Los Angeles County Flood Control District.</p>	<p><b>Support</b></p> <p>Based on 2024 Legislative Priorities and Principles, adopted January 2024</p>	<p>Support for this bill will help with Los Angeles County’s flood control program and is consistent with the Board’s policy to support development of local resources and conservation efforts.</p>

**Metropolitan Water District of Southern California  
State Legislative Matrix  
June 10, 2024 – Second Year of Legislative Session**

Bill Number Author	Amended Date Location	Title-Summary	MWD Position	Effects on Metropolitan
<b>SB 1390 A.</b> <b>Caballero (D – Merced)</b>	Amended 4/24/2024  Assembly Desk	<p><b>Groundwater recharge: floodflows: diversion.</b></p> <p>Under current law, all water in the state belongs to the people, but individuals can gain the right to use it through a legal process. This process requires the water to be used for a purpose that is helpful or beneficial. However, if certain conditions are met, using floodwater for groundwater recharge does not require a specific legal right. These conditions include receiving notice from a local or regional agency that there is a risk of flooding, and filing a report with the State Water Resources Control Board once the diversion is finished. This applies to diversions that began before January 1, 2029. This bill would extend these requirements to diversions that began before June 1, 2032. It would also add additional conditions that must be met for the diversion to be allowed, such as the local agency declaring that the diversion is in line with specific plans or emergency operations plans. The diversion must also stop within 90 days unless it is renewed, and the final report must include information about the methods used to predict and prevent flooding. Finally, the diversion must not harm any prior water rights holders in the area.</p>	<p><b>Support if Amended</b></p> <p>Based on Metropolitan Policy Principles for Modernization of Water Rights Administration 2023 Water Rights Principles, adopted April 2023 and 2024 Legislative Priorities and Principles, adopted January 2024</p>	<p>SB 1390 could adversely impact Metropolitan’s SWP supplies by increasing the amount of diversions authorized under SB 122. SB 122 could harm State Water Project supplies directly and indirectly. When the Delta is in “excess conditions,” the State Water Project may divert inflows that are not releases of stored water (known as unregulated water). If enough diverters in the Delta watershed take advantage of SB 122 and this proposed exemption, it could cost Metropolitan some of its SWP supplies. It could also indirectly affect supplies because such diversions could adversely impact listed fish species, thereby triggering restrictions on SWP operations more frequently or for longer periods. Metropolitan is requesting amendments to ensure that these unpermitted diversions can only take place when the delta is in excess conditions without restrictions, and ensure that the appropriate guardrails are in place as this new authority is being implemented.</p>



Legislation and Communications  
Committee

# Report on Activities from Sacramento

June 10, 2024  
Item 6b

# Report on Activities from Sacramento

## Subject

Report on Activities from Sacramento

## Purpose

To provide an update on relevant state legislative issues

# Sacramento Legislative Calendar

## Legislative Calendar

June 15 Budget Bill must be passed by midnight.

June 27 Last day for a legislative measure to qualify for November ballot.

# State Budget Update

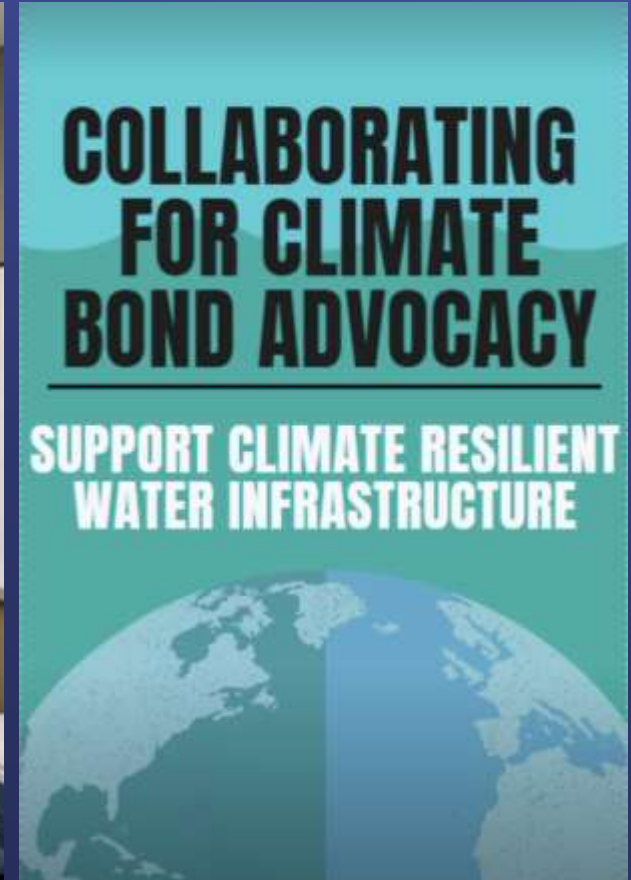
## Sacramento Budget Update





# Climate Bond Advocacy: Support for Climate Resilient Water Infrastructure

## Sacramento Legislative Highlights



# Sacramento Legislative Highlights

## Appropriations Suspense File

- AB 2409 (Papan) Office of Planning and Research: permitting accountability transparency dashboard.
- AB 2489 (Ward) Local agencies: contracts for special services and temporary help.
- AB 2614 (Ramos) Water policy: California tribal communities.
- SB 903 (Skinner) Environmental health: product safety: perfluoroalkyl and polyfluoroalkyl substances.

# Sacramento Legislative Highlights

## Water Rights: Watch (Amended 6/3/2024)

- AB 460 (Bauer-Kahan) State Water Resources Control Board: water rights and usage: interim relief: procedures.

Sacramento  
Legislative  
Highlights

# California Water Plan: Support if Amended

- SB 366 (Caballero): The California Water Plan: long-term supply targets

## Low-Income Rate Assistance: Update

- SB 1255 (Durazo) Public water systems: needs analysis: water rate assistance program.



**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Assistance for Disadvantaged Communities	<b>H.R. 8032</b> <b>(Sorenson, D-IL)</b>  <b>S. 3830</b> <b>(Padilla, D-CA)</b>	4/16/24: Referred to the House Committees on Energy and Commerce and Transportation and Infrastructure.  2/28/24: Referred to the Senate Committee on Health, Education, Labor, and Pensions.	<b>Low-Income Household Water Assistance Program (LIHWAP) Establishment Act</b>  Establishes a permanent, nationwide water assistance program to help low-income households with their water and wastewater bills.	<b>SUPPORT</b>  Based upon 2024 Legislative Priorities and Principles, adopted January 2024	This bill makes the temporary low-income household water assistance program established at the height of the COVID-19 pandemic permanent. Sustained federal assistance to help low-income household afford their water and wastewater bills would help residents in Metropolitan’s service area and Metropolitan’s member agencies.
Conservation	<b>H.R. 3490</b> <b>(Gallego, D-AZ)</b>	5/19/23: Referred to the House Transportation and Infrastructure Subcommittee on Water Resources and Environment.	<b>Water Infrastructure Modernization Act of 2023</b>  Authorizes a new grant program to help wastewater and drinking water systems detect leaks and reduce water loss.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This bill directly benefits Metropolitan and its member agencies by creating a grant program to help cover the costs for conveyance leak detection and reduce supplier-side water loss. It could be used for a variety of investments including smart water network technologies, real-time sensing technologies, real-time decision support, and advanced metering infrastructure.

**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

<b>Topic</b>	<b>Bill/Author</b>	<b>Status</b>	<b>Title – Summary</b>	<b>MWD Position</b>	<b>Effects on MWD</b>
Conservation	<b>S. 2166 (Padilla, D-CA)</b>	7/19/23: Hearing held before the Senate Energy and Natural Resources Subcommittee on Water and Power.	<b>Voluntary Agricultural Land Repurposing Act</b>  Authorizes a grant program at the Bureau of Reclamation to provide States and Indian Tribes with funding to establish programs to voluntarily repurpose agricultural land to reduce consumptive water use.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This new program would provide federal funding to support California’s Multi-benefit Land Repurposing Program. It would provide funding to help agriculture lands transition out of production and instead be used for habitat restoration, renewable energy projects, or other purposes. The program would support Metropolitan’s work in the Central Valley and along the Colorado River.
Conservation	<b>H.R. 5016 (Levin, D-CA)</b>  <b>S. 2654 (Padilla, D-CA)</b>	7/27/23: Referred to the House Committee on Energy and Commerce.  7/27/23: Referred to the Senate Committee on Environment and Public Works.	<b>Water Efficiency, Conservation, and Sustainability Act of 2023</b>  Creates new US EPA grant programs for water efficiency and conservation measures, water loss control programs, and water efficient plumbing code adoption.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This bill directly benefits Metropolitan and its member agencies by creating new grant programs to help both water agencies and consumers reduce water loss. The new programs will supplement on-going work by Metropolitan and its member agencies and promote water conservation throughout Metropolitan’s service area.



**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

<b>Topic</b>	<b>Bill/Author</b>	<b>Status</b>	<b>Title – Summary</b>	<b>MWD Position</b>	<b>Effects on MWD</b>
Endangered Species Act Oversight	<b>H.R. 872 (Calvert, R-CA)</b>	2/21/23: Referred to the House Natural Resources Subcommittee on Water, Wildlife and Fisheries.	<b>Federally Integrated Species Health Act or the “FISH Act”</b>  Transfers the authority to oversee ESA-related responsibilities for anadromous fish from the Secretary of Commerce to the Secretary of the Interior.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This would simplify ESA consultations by consolidating those functions/authorities to one federal agency (US Fish and Wildlife Service) rather than two under the current law (the second being National Marine Fisheries Service). This would directly benefit Metropolitan's interests in the Delta related to SWP operations and facilities, as well as Delta islands activities.
Financing Tools for Water Infrastructure Projects	<b>H.R. 1837 (Kustoff, R-TN)</b>  <b>S. 1453 (Wicker, R-MS)</b>	3/28/23: Referred to the House Committee on Ways and Means.  5/4/23: Referred to the Senate Committee on Finance.	<b>House Title: Investing in Our Communities Act</b>  <b>Senate Title: Lifting Our Communities through Advance Liquidity for Infrastructure Act or the LOCAL Infrastructure Act</b>  Both bills amend the Internal Revenue Code of 1986 to restore the tax exemption for advance refunding bonds.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	The ability to advance refund bonds on a tax-exempt basis would benefit Metropolitan and its member agencies by allowing municipal issuers to lower borrowing costs to take advantage of favorable interest rates.

**Metropolitan Water District of Southern California  
Federal Legislative Matrix  
June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Financing Tools for Water Infrastructure Projects	<b>S. 2162 (Feinstein, D-CA)</b>	7/19/23: Hearing held before the Senate Energy and Natural Resources Subcommittee on Water and Power.	<p><b>Support To Rehydrate the Environment, Agriculture, and Municipalities Act” or the “STREAM Act</b></p> <p>Authorizes funding for a variety of Bureau of Reclamation infrastructure investments including storage, water recycling, desalination, and ecosystem restoration projects for 5 years. It also authorizes a new assistance to provide drinking water to disadvantaged communities and creates a new low interest loan program to help finance western water projects.</p>	<p><b>SUPPORT</b></p> <p>Based upon 2023 Legislative Priorities and Principles, adopted December 2022</p>	<p>This bill would benefit Metropolitan and its member agencies by providing more funding for water infrastructure projects and ecosystem restoration projects. For example, the bill would accelerate the development of local water recycling projects by authorizing \$300 million for the Title XVI- WIIN water reuse grants program and raising the per-project funding cap from \$20 million to \$50 million. Additionally, the bill authorizes \$250 million for environmental restoration projects, including helping imperiled species adapt to climate change. This new program could support Metropolitan’s science projects in the Delta.</p>

**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

<b>Topic</b>	<b>Bill/Author</b>	<b>Status</b>	<b>Title – Summary</b>	<b>MWD Position</b>	<b>Effects on MWD</b>
Financing Tools for Water Infrastructure Projects	<b>H.R. 7776 (Lee, D-NV)</b>  <b>S. 4016 (Sinema, I-AZ)</b>	5/22/24: Hearing held by the House Resources Subcommittee on Water, Wildlife and Fisheries.  3/21/24: Referred to the Senate Committee on Energy and Natural Resources.	<b>Help Hoover Dam Act</b>  Amends the Boulder Canyon Project Act to authorize the Secretary of the Interior to expend money in the Colorado River Dam fund.	<b>SUPPORT</b>  Based upon 2024 Legislative Priorities and Principles, adopted January 2024	This legislation gives the Bureau of Reclamation authority to utilize stranded funds paid by the Hoover Dam power contractors for operations, maintenance, repair, and clean up actions at Hoover Dam. The bill would benefit Metropolitan and its member agencies by providing a new source of funding for needed work on Hoover Dam.
Financing Tools for Water Infrastructure Projects	<b>H.R. 7990 (Napolitano, D-CA)</b>	4/15/24: Referred to the House Natural Resources Committee.	<b>Large Scale Water Recycling Reauthorization and Investment Act of 2024</b>  Extends Reclamation’s large-scale recycled water program for six years, increases the cost threshold for large-scale projects from \$500M to \$1 B, and authorizes \$1B for the program.	<b>SUPPORT</b>  Based upon 2024 Legislative Priorities and Principles, adopted January 2024	This bill would benefit Metropolitan and our member agencies by re-authorizing Reclamation’s large-scale recycled water program. This program provides federal assistance for large regional recycled water projects.

**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Financing Tools for Water Infrastructure Projects	<b>H.R. 8030</b> <b>(Peters, D-CA)</b>  <b>S. 4134</b> <b>(Padilla, D-CA)</b>	04/16/24: Referred to the House Committees on Transportation and Infrastructure, and Energy and Commerce.  04/16/24: Referred to the Senate Committee on Environment and Public Works.	<b>Drought Relief Obtained Using Government Help Today Act of 2024 (DROUGHT Act)</b>  Increases the maximum WIFIA loan a project can receive from 49% to 90% of the total cost if it is being built in either a state that has experienced D2 level droughts for 4 weeks in the past 3 years, a county for which a Governor has declared a drought emergency during the last 3 years, or serves a historically disadvantaged community.	<b>SUPPORT</b>  Based upon 2024 Legislative Priorities and Principles, adopted January 2024	This legislation would benefit Metropolitan and our member agencies by increasing the cap on WIFIA loans from 49% of a total project’s costs to 90% under some circumstances. WIFIA is an EPA program that provides low interests loans for water projects that cost over \$20 million.
Source Water Protection	<b>H.R. 1181</b> <b>(Garamendi, D-CA)</b>	2/27/23: Referred to the House Transportation and Infrastructure Subcommittee on Water Resources and Environment	<b>Federal Water Pollution Control Permitting Terms</b>  Amends the Federal Water Pollution Control Act (Clean Water Act) with respect to permitting terms.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This legislation would extend the maximum term for National Pollutant Discharge Elimination System (NPDES) permits issued under the Clean Water Act from 5 to 10 years, for public agencies that have demonstrated compliance with existing permit conditions. This change is designed to better reflect the construction schedules for public agencies.

**Metropolitan Water District of Southern California  
Federal Legislative Matrix  
June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Source Water Protection	<b>H.R. 3439 (Panetta, D-CA)</b>  <b>S. 1715 (Feinstein, D-CA)</b>	6/23/23: Referred to the House Committees on Agriculture, Education and Workforce, Energy and Commerce and Natural Resources.  5/18/23: Referred to the Senate Committee on Agriculture, Nutrition and Forestry.	<b>Wildfire Emergency Act of 2023</b>  To direct the Secretary of Agriculture to select and implement landscape-scale forest restoration projects, to assist communities in increasing their resilience to wildfire, and for other purposes.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This bill has water supply, water quality, and ecosystem benefits for the Colorado River watershed and State Water Project watershed. Proper forest management and wildfire prevention promotes runoff, helps protect water quality, and improves habitat.

**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Source Water Protection	<b>H.R. 1236 (Crow, D-CO)</b>  <b>S. 540 (Bennet, D-CO)</b>	3/22/23: Referred to the House Committees on Agriculture and Natural Resources.  2/28/23: Referred to the Senate Committee on Agriculture, Nutrition and Forestry.	<b>Protect the West Act of 2023</b>  Establishes a \$60 billion fund at the Treasury Department for use by the Secretary of Agriculture for restoration and resilience projects, wildfire risk reduction projects and habitat restoration projects.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This bill would benefit Metropolitan and its member agencies by funding projects to improve watershed health. It creates a grant program for restoration and resilience projects to improve forest conditions, rangeland health, watershed functions, or wildlife habitat. Additional grants would provide funding for partnership projects to reduce wildfire risk, restore habitat, and expand access to the outdoors. State agencies, local and tribal governments, and special districts may use these funds along with partner organizations.

**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

<b>Topic</b>	<b>Bill/Author</b>	<b>Status</b>	<b>Title – Summary</b>	<b>MWD Position</b>	<b>Effects on MWD</b>
Source Water Protection	<b>H.R. 7872 (Curtis, R-UT)</b>  <b>S. 2514 (Bennett, D-CO)</b>	5/22/24: Hearing held before the House Natural Resources Subcommittee on Water Wildlife and Fisheries.  7/26/23: Referred to the Senate Committee on Agriculture, Nutrition, and Forestry.	<b>Colorado River Salinity Control Fix Act</b>  Amends the Colorado River Basin Salinity Control Act to modify certain requirements applicable to salinity control units, and for other purposes.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	The bill directly benefits Metropolitan and its member agencies by ensuring continued federal funding for salinity control projects along the Colorado River. This bill increases the federal cost share for projects to reduce the salt load in the Colorado River. The states have insufficient funds to meet the current cost share requirements because project costs are increasing, and the state contribution is funded by hydropower power revenue which is declining. The cost share change is needed to maintain the current program.
Water Project Authorizations	<b>H.R. 924 (Harder, D-CA)</b>	2/10/23: Referred to the House Transportation and Infrastructure Subcommittee on Water Resources and the Environment.	<b>Stop the Tunnels Act</b>  Prohibits the Corps of Engineers from issuing a permit for the Delta Conveyance Project.	<b>OPPOSE</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This bill prevents the Army Corps from issuing a Clean Water Act section 404 permit for the Delta Conveyance Project. Metropolitan has invested in the planning and permitting process for this project and if enacted this bill would stop the permitting process from moving forward.

**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Water Project Authorizations	<b>H.R. 2419</b> <b>(Costa, D-CA)</b>  <b>S. 2161</b> <b>(Feinstein, D-CA)</b>	5/8/23: Referred to the House Natural Resources Subcommittee on Water, Wildlife and Oceans.  7/19/23: Hearing held before the Senate Energy and Natural Resources Subcommittee on Water and Power.	<b>Canal Conveyance Capacity Restoration Act</b>  This bill authorizes the Bureau of Reclamation to provide financial assistance to mitigate the impacts of subsidence on California’s water delivery system.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	This legislation would authorize repairs to the Friant-Kern Canal, Delta-Mendota Canal, and California Aqueduct to restore conveyance capacity lost due to subsidence.
Water Science	<b>S. 466</b> <b>(Peters, D-MI)</b>	2/16/23: Referred to the Committee on Commerce, Science, and Transportation	<b>Federal PFAS Research Evaluation Act</b>  Directs the National Academy of Sciences to study and report on a federal research agenda to advance the understanding of PFAS.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	Metropolitan supports research studies to understand the occurrence of PFAS in the environment. This bill directs the National Academy of Sciences to conduct studies to determine the research efforts needed to further the understanding of human exposure to, and toxicity of PFAS, as well as treatment of PFAS contamination in the environment, and the development of safe alternatives to PFAS.



**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Water Science	<p><b>H.R. 2429</b> <b>(Lee, D-NV)</b></p> <p><b>S. 1118</b> <b>(Cortez-Mastro, D-NV)</b></p>	<p>5/8/23: Referred to the House Natural Resources Subcommittee on Water, Wildlife and Oceans.</p> <p>12/14/23: Reported out favorably by the Senate Committee on Energy and Natural Resources.</p>	<p><b>Open Access Evapotranspiration Data Act</b></p> <p>Establishes the Open Access Evapotranspiration (OpenET) Data Program to provide satellite-based evapotranspiration data from across the western U.S. to Federal agencies, States, and Indian Tribes. Authorizes \$23 million per year for five years for this program.</p>	<p><b>SUPPORT</b></p> <p>Based upon 2023 Legislative Priorities and Principles, adopted December 2022</p>	<p>The OpenET platform is currently supported by NASA and private philanthropy. Dedicated federal funding and support will improve the quantification of evaporation and consumptive water use and help provide data users with field- scale estimates of evapotranspiration over user- defined time periods. This information will help Metropolitan measure consumptive water use in Palo Verde and throughout the Colorado River basin, including areas where there is currently little data available.</p>

**Metropolitan Water District of Southern California  
Federal Legislative Matrix  
June 10, 2024 118<sup>th</sup> Congress, Second Session**

Topic	Bill/Author	Status	Title – Summary	MWD Position	Effects on MWD
Water Science	<b>H.R. 3027 (Porter, D-CA)</b>	6/14/23: Hearing held before the House Natural Resources Subcommittee on Water, Wildlife and Fisheries.	<b>Reclamation Climate Change and Water Program Reauthorization Act of 2023</b>  Extends the authorization for Reclamation’s basin studies program for ten years.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	The Basin studies bring together technical experts, state and local water managers, conservation groups, and other stakeholders to assess water supply and demand imbalances at the river basin level. This benefits Metropolitan and its member agencies by ensuring consistent operations using science and awareness of the. In addition to the Colorado River basin, Reclamation has conducted these studies in other watersheds across the West including the Los Angeles and Santa Ana basins in Metropolitan’s service area and the Sacramento-San Joaquin system.

**Metropolitan Water District of Southern California**  
**Federal Legislative Matrix**  
**June 10, 2024 118<sup>th</sup> Congress, Second Session**

<b>Topic</b>	<b>Bill/Author</b>	<b>Status</b>	<b>Title – Summary</b>	<b>MWD Position</b>	<b>Effects on MWD</b>
Water System Security	<b>H.R. 1367</b> <b>(Schakowsky, D-IL)</b>  <b>S. 660</b> <b>(Markey, D-MA)</b>	3/6/23: Referred to the House Energy and Commerce Subcommittee on Water Resources and Environment.  3/6/23: Referred to the Senate Committee on Environment and Public Works.	<b>Water System Threat Preparedness and Resilience Act of 2023</b>  Establishes a new EPA grant program to increase drinking water and wastewater system threat preparedness and resilience, by helping cover the dues to join the Water Information Sharing and Analysis Center (WaterISAC).	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	The WaterISAC is a source of information and best practices for water systems to protect against, mitigate, and respond to natural hazards, as well as physical and cyber security threats. Metropolitan, and many of our member agencies, are members of WaterISAC. This new program could help cover our dues or be used to help smaller agencies who lack access to WaterISAC participate in the program.
Water System Security	<b>H.R. 7944</b> <b>(Curtis, R-UT)</b>  <b>S.1430</b> <b>(Lummis, R-WY)</b>	4/11/24: Referred to the House Committees on Energy and Commerce, and Transportation and Infrastructure.  5/3/23: Referred to the Senate Committee on Environment and Public Works.	<b>Water Systems PFAS Liability Protection Act</b>  Provides exemptions to drinking water and wastewater facilities from liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) for PFAS chemicals designated as hazardous substances.	<b>SUPPORT</b>  Based upon 2023 Legislative Priorities and Principles, adopted December 2022	The bill follows the “polluters pay” principle for cleanup of PFAS under CERCLA by shielding drinking water and wastewater systems from cleanup liability when they properly dispose of water treatment byproducts containing PFAS.



Legislation and Communications Committee

# Report on Activities from **Washington, D.C.**

Item 6c  
June 10, 2024

Report on  
Activities  
from  
Washington,  
D.C.

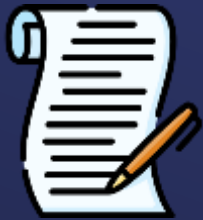
**Subject**

Report on Activities from Washington, D.C.

**Purpose**

To provide a legislative update

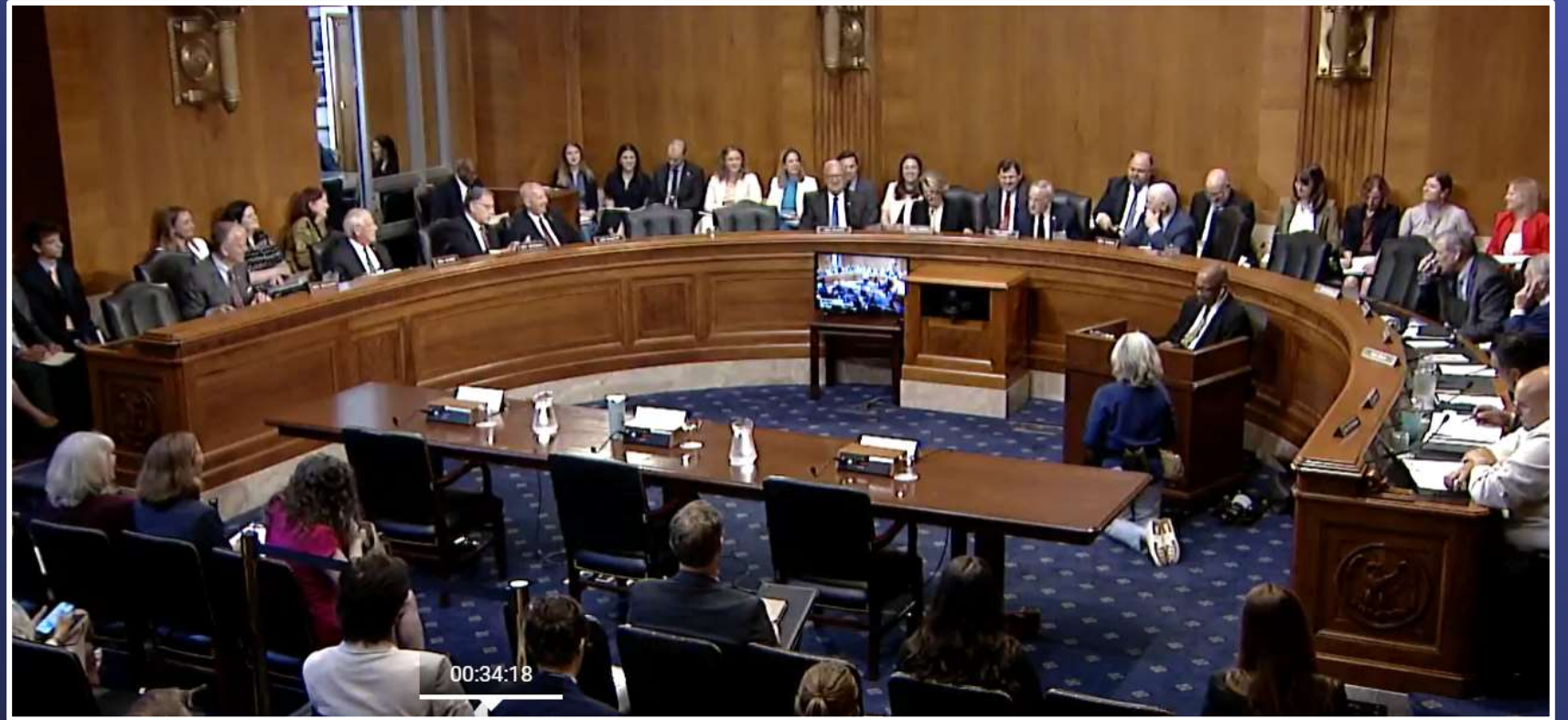
# Bill Update.



## House Natural Resources Subcommittee on Water, Wildlife, and Oceans Hearing

- H.R. 7776: Help Hoover Dam Act
- H.R. 7872: Colorado River Salinity Control Fix Act

# WRDA Update.



## Senate Environment and Public Works Committee Markup

# Appropriations Update.



## Senate Energy and Water Appropriations Subcommittee Hearing





# Senate Budget Committee Hearing.







## External Affairs Group

### • External Affairs Monthly Activities Report for May 2024

#### Summary

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This report provides a summary of External Affairs’ group activities for May 2024.

#### Purpose

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Informational

#### Detailed Report

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#### Highlights

Metropolitan honored Asst Group Manager and AWWA President-elect Heather Collins, and ACWA President Cathy Green and Vice President Ernie Avila at a reception co-hosted by several water districts. (May 1)

On Tap Water Day and as part of Water Awareness Month, Metropolitan’s One Water Awards ceremony honored projects in Carson, Perris, El Cajon, and Tarzana funded by the Water Savings Incentive and Turf Replacement Programs. Chair Ortega, Directors Alvarez, Dennstedt, Goldberg, and Luna attended the event. (May 2)



Chair Ortega and Directors Luna, Garza and McCoy participated in Metropolitan’s first-ever Spanish language Sacramento Bay-Delta inspection trip. (May 6–8)

Chair Ortega, Vice Chair Camacho, and Directors Ackerman, Alvarez, De Jesus, Dennstedt, Erdman, Fellow, Garza, McMillan, Morris and Peterson, GM Hagekhalil, General Counsel Scully, and executive staff attended the ACWA Conference. Chair Ortega spoke on climate change impacts in the Delta and GM Hagekhalil shared his perspectives on leadership and workforce development in the water industry. Metropolitan also sponsored a leadership luncheon with the California African American Water Education Foundation and an event with Fellowship Latinos of Water (FLOW) which featured Chair Ortega alongside Sec Crowfoot.. (May 8–10)

Metropolitan signed MOUs with Friant Water Authority and Westlands Water District, and with the Water Blueprint for the San Joaquin Valley to seek opportunities to collaborate on surface and groundwater storage, transfers, exchanges and other projects. (May 8)

GM Hagekhalil joined with Marty Adams, Mark Pestrella, and Brian Jordan at the VerdeExchange 2024 Marketmakers Conference. (May 13)



*The signing of two MOUs signals a new era of cooperation between Metropolitan and Central Valley agriculture and water agencies for mutually beneficial projects*

## GM Monthly Report May 2024



A Board Room banner was unveiled, celebrating the years in which Metropolitan has won the best tasting municipal tap water at Berkeley Spring's International Water Tasting competition. (May 14)

Chair Ortega and GM Hagekhalil were honored for their leadership at the Heal the Bay Bring Back the Beach event. Also attending were Vice-Chair Abdo, Directors Alvarez, Erdman, Luna, and McMillan. (May 16)

*Directors at the unveiling of new board room banner honoring past water quality awards*

GM Hagekhalil spoke about the future of water infrastructure at the United for Infrastructure Week event. (May 17)

Chair Ortega, Directors Cordero and Ackerman, and Metropolitan staff attended a tour with leaders of the Colorado River Indian Tribe that highlighted conservation projects and native habitat recovery. (May 17)



*Chair Ortega and Directors Cordero and Ackerman spent the day learning and connecting with the Colorado River Indian Tribe*



*Officials gather for USBR's Announcement of Large Scale Water Recycling Project Grants*

Metropolitan hosted a ceremony at which the US Bureau of Reclamation Commissioner Touton announced new federal funding for innovative water reuse projects that strengthen drought resilience across the West including Pure Water Southern California, as well as projects for LADWP, City of Ventura and the Washington County Water Conservation District. Senator Padilla, Reps. Napolitano and Barragan, and State Water Board Chair Esquivel attended the event along with many local officials and water industry leaders. (May 28)

Metropolitan sponsored the "Water Infrastructure Networking Summit: The New Politics of Water," featuring Senator Padilla. Attendees included Chair Ortega, who served as closing keynote, and Dirs. Garza, Dennstedt, McMillan, and McCoy, along with GM Hagekhalil, Chief of Staff Mortada, AGM Zinke, and staff. (May 31)



### **Federal**

GM Hagekhalil testified before the U.S. Senate Budget Committee at a hearing entitled “Droughts, Dollars, and Decisions: Water Scarcity in a Changing Climate” during which he highlighted Metropolitan's achievements, challenges, and future plans, and advocated for sustained federal assistance to ensure the continued delivery of safe and reliable drinking water. (May 22)

### **State**

#### **May Revise Budget Proposal**

On May 10, the Governor released his May Revised budget proposal for the 2024–25 fiscal year. This proposal addresses \$8.2 Billion in additional solutions for the 2024–25 budget year, on top of the Early Action Budget Package in April, which provided \$17.3 Billion in solutions. This brings the state to a total of \$25.5 Billion in budget solutions for 2024–25, with a \$19.4 Billion outstanding deficit that needs to be addressed.



*Chair Ortega led a coalition of water, labor, business, and community based organizations in meetings with state legislative leaders and the Newsom Administration officials to advocate for water investments in the Climate Resilience Bond.*

#### **Climate Resilient Water Infrastructure**

Metropolitan Water District led a coalition of water, labor, business, agricultural, local government, and social justice organizations for a lobby day in Sacramento to advocate for the importance of including significant funding for water infrastructure in the climate resilience bond being considered this legislative session. The coalition met with 12 legislative office and the Governor’s Office, representing a coalition of 15 different regional and statewide organizations. (May 29).

### **Local**

This month, Metropolitan staff presented, monitored, and/or participated in 66 webinars, meetings, and events with community organizations and trade associations, board members, and federal or state elected officials on Metropolitan activities and other water-specific topics.

- Metropolitan staff attended the United Chambers of Commerce 2024 Inspirational Women Awards Ceremony. (May 9)
- Metropolitan sponsored and Chief SRI Officer Crosson attended the LAANE “Women for the New Los Angeles” event. (May 10)
- Chair Ortega and Vice Chair Camacho attended a tour of Elsinore Valley Municipal Water District facilities in Riverside County. (May 15)
- Metropolitan staff attended the Calleguas MWD event celebrating grant funding from the state Drought Relief and Prop 1 programs. Assemblymember Bennett (D-Oxnard) was the keynote speaker. (May 17)
- Director Kassakhian, GM Hagekhalil, Chief of Staff Mortada and staff attended, and Metropolitan sponsored, the Arab American Association of Engineers & Architects - CA “LA28” event. (May 23)

# GM Monthly Report May 2024

Metropolitan sponsored the Rancho Los Alamitos Cottonwood Luncheon honoring Director Cordero for her long standing commitment to local community service. (May 30)

## Media and Communications



External Affairs' Holmes and Mendez accept the EPIC Award from the California Association of Public Information Officers

### Press Releases

- One Water Awards celebrating four innovative, water saving projects
- State's release of new cost estimate and benefit-cost analysis for Delta Conveyance Project
- Award of federal grant to Metropolitan for large-scale recycling program
- Celebrated awards received by the district, including Engineering Services' Dam Safety Award, California Association of Public Information Officers EPIC award for the dedication event of the Grace F. Napolitano Pure Water Southern California Innovation Center, and four awards from the National Association of Government Communicators

### Creative Design

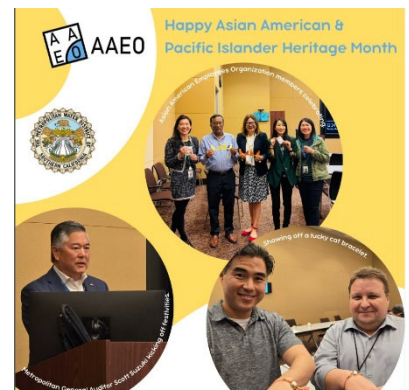
- Created lobby banners for Water Awareness Month, assets for social media, and looping video for rotunda monitors.
- Created PRIDE@Met handouts for Pride Month Activities.
- Shot video and photography in the Delta, focusing on the planned Webb Tract rice cultivation and wetlands restoration activities.
- Scripted and taped influencer spots featuring LGBTQIA+ content creator and designer Dabito and the historic Bob Baker Marionette Theater.



### Website

- For Water Awareness Month, updated mwdh2o.com homepage with video loop that showcases staff and activities to highlight Metropolitan's work to ensure reliability and quality of water supplies.
- Garnered more than 63,000 visits to mwdh2o.com, with careers, job postings, and How We Get Our Water pages the most popular; registered over 55,000 visits to bewaterwise.com site.

### Social Media



## GM Monthly Report May 2024

- Featured Metropolitan staff on posts commemorating Military Appreciation Month and Memorial Day.
- Posted the second in a series of “Why Plant a Tree” rebate assets, in collaboration with Tree People, which received more than 360,000 impressions, the most received across all platforms.
- Celebrated National Environmental Education Week and Teacher Appreciation Week.
- Showcased two mother/child duos at Metropolitan (Alicia and Terral Benbow; Rosa and Vanessa Roth) for Mother’s Day.
- Highlighted Asian American and Pacific Islander Month.

### Community Outreach

Chair Ortega, GM Hagekhalil, and AGM Upadhyay discussed water issues and provided an overview of CAMP4W to the MWDOC board. (May 1)

Supported 14 water conservation and education projects and events through the community partnering program:

- Rancho Santa Ana Botanic Garden—Waterwise Community Festival
- Water Replenishment District—14<sup>th</sup> Annual Groundwater Festival
- Rowland Water District—What’s in your bottle:Waterwise Refill Station Project
- Olivenhain Municipal Water District—Water Awareness Month Event
- The San Diego River Park Foundation—River Kids Discovery Days
- Walnut Valley Water District—H2O Heroes Fun Fest
- Arlington Garden in Pasadena—Waterwise Garden Field Guide Project
- Nature Collective—Pollinator & Indigenous Plant School Garden
- The UC Irvine Foundation—Collaborating for Change Symposium
- Long Beach Utilities Department—Deforest Park Wetland Exploaration and Education
- Cucamonga Valley Water District—Open House and Water Fair
- Moulton Niguel Water District—Nature Space Waterwise Garden Tour
- Trabuco Canyon Water District—Water Awareness Day
- Upper San Gabriel Valley Municipal Water District—Water Fest 2024

Provided outreach to HOAs in Lake Forest and Mission Viejo on AMP Urgent Relining; met with residents to discuss encroachments on Upper Feeder and Palos Verdes Feeder.

Presented updates on CAMP4W to West Basin Water Association and Western Water Drought Task Force.

Led three inspection trips to Hoover Dam and the Colorado River and three trips to the State Water Project.

### Pure Water Southern California

- Provided tours for CalCities (May 3), UCLA Nursing students (May 9, 17), Strength Based Community Change (in Spanish, May 13), One Water Nevada (May 16), general public (May 18), and CORO Fellows (May 22).
- Staffed information tables at Upper District MWD Water Fest (May 11) and Water Infrastructure Networking Summit (May 31).
- Presented to Whittier City Council (May 14); met with LA Trade Tech to discuss potential classes in Carson (May 20); met with Union Pacific (May 21), City of Carson (May 22), and Del Amo Plaza Property Owner and Lessee (May 28) regarding project and conveyance system.
- Launched public opinion survey on attitudes and awareness on direct potable reuse.

# GM Monthly Report May 2024

## Education

Interacted with 2,600 teachers, students, and adults through in-person and online meetings and events.

- Displayed student art exhibit at Jurupa Community Services District; met with the Water Energy Education Alliance Leadership Roundtable, University of La Verne’s Business Council, and WRD’s Water Industry Workforce Development; hosted education booths at the LA County Fair.
- Provided water education and water industry careers information for career days for Sunburst Youth Academy, Roynon Elementary School in La Verne, Haynes Elementary School in La Verne, Hillcrest Elementary School in Monterey Park, and Coldwater Canyon Elementary in Northridge.







Legislation and Communications Committee

# External Affairs Activities

Item 7a  
June 10, 2024

Report on  
Activities  
from  
External  
Affairs

Subject

Report on Activities from External  
Affairs

Purpose

To provide management  
announcements and highlights for  
External Affairs

# Federal Funding Announcement

Strong media coverage of event with US Bureau of Reclamation to announce funding for large-scale water recycling projects



Legislation &  
Communications Committee

# Website: Focus on Water Quality



# Water Awareness Month

- Metropolitan and 17 member agencies posted social media about Tap Water Day
- Drinking Water Week video



# 2024 Value of Water Index

## Top Federal Priorities

**88%**  
say ensuring a  
reliable supply  
of water should  
be a priority for  
the federal  
government  
this year

## Drinking Water

**47%**  
drink filtered tap  
water

23% drink  
bottled water  
and 23% drink  
unfiltered water  
from tap

## Views of Local Infrastructure

**63%**  
say local water  
infrastructure  
is good (down  
from 86% in  
2016)

27% say it is  
bad

## Affordability

**60%**  
say what they  
pay for water  
services is  
affordable

30% say it is  
not affordable

# 2024 Value of Water Index

**A majority of voters would pay modest rate increases to support local utility projects that improve water accessibility and community health.**

Despite affordability concerns, 61 percent of voters would pay



61% of voters would pay \$50 more per year on their water bills if it:



ensured that everyone in their community had basic water services



helped make drinking water safer and healthier



helped reduce pollution

# Telling Our Stories



QuenchCA  
Building Water for You

California Clients | Infrastructure | Project Library | Resources | Partnerships

Click here to learn how Metropolitan Water District of Southern California is re-engineering its water system to better serve its communities.

THIRSTY FOR MORE

SOCIAL MEDIA  
FY 2023/24

15.6  
MILLION  
IMPRESSIONS FROM ALL  
METROPOLITAN CONTENT

13  
MILLION  
IMPRESSIONS FROM  
CONSERVATION CAMPAIGN  
ALONE

228,000+  
CLICKS TO  
BEWATERWISE.COM



