



Environmental Quality Policy Committee
Thursday, January 26, 2023
10:00am – 2:00pm

Register for this meeting:

https://us06web.zoom.us/j/89426004173?pwd=azZuV3lmVmZjd0ZkNnlwc2tPNS9CQT09

Immediately after registering, you will receive a link and confirmation email to join the meeting.

AGENDA

- I. Welcome
Speakers: Chair Jennifer Cavanaugh, Vice Mayor, Piedmont
Vice Chair Illece Buckley Weber, Council Member, Agoura Hills
Cal Cities President Ali Sajjad Taj, Council Member, Artesia
Cal Cities Executive Director and CEO Carolyn Coleman

II. Public Comment

III. General Briefing Informational

IV. Cal Cities 2023 Advocacy Priorities Informational

V. Adoption of 2023 Policy Committee Work Plan (Survey) Action

5 Minute Recess

VI. Our Neighborhood Voices Draft Land Use Initiative (Attachment A) Discussion

15 Minute Recess and Return to Working Brown Bag Lunch (Approx. 12:30 pm-12:45 pm)

VII. Pure Water Project: Potable Reuse
Riki Clark, Las Virgenes-Triunfo Joint Powers Authority Informational

VIII. 2023-24 State Legislation and Budget Review (Attachment B) Informational

IX. Adjourn

Next Virtual Meeting: Thursday, March 16, 2023, 10:00 am – 2:00 pm

Brown Act Reminder: The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:

- 1) Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (Note: If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or
2) A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.

A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at League meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.

**Environmental Quality Policy Committee
Legislative Agenda
January 26, 2023**

Staff: Jason Rhine, Assistant Director, Legislative Affairs
Nick Romo, Lobbyist, Legislative Affairs

Our Neighborhood Voices (ONV) Draft Land Use Initiative (01/16/2023) ([FULL TEXT](#))

Initiative Summary:

The ONV land use initiative provides that, except for certain types of state laws, (1) cities' land use planning and zoning laws prevail over conflicting state laws; and (2) a charter city's land use planning and zoning law is a municipal affair that prevails over a conflicting state statute.

Initiative Description:

The ONV land use initiative makes two changes to the California Constitution:

The Police Power: The Constitution grants both general law and charter cities the power to adopt ordinances to protect the public's health, safety, and welfare. This grant is called the "police power." This is the source of a city's land use and zoning authority. In the event of a conflict between a state law and a local ordinance adopted under the police power, the state law prevails. State law is said to "preempt" the local ordinance. Since the 1960s, the state has enacted many laws that have preempted local land use and zoning ordinances. These laws include the Fair Employment and Housing Act (FEHA), Housing Element, Housing Accountability Act (HAA), density bonus, Permit Streamlining Act, Accessory Dwelling Units (ADU), California Environmental Quality Act (CEQA) and many more.

Under the ONV land use initiative, in the event of a conflict between a state law and a **local land use and zoning ordinance**, the local ordinance prevails unless the state law addresses a matter of statewide concern and relates to any of the following "**covered state statutes**":

- Protection of the environment or natural resources including CEQA, California Endangered Species Act, Coastal Act, Porter-Cologne Water Quality Act.
- Surface Mining and Reclamation Act, Pollution control or environmental justice laws.
- Protection of health and safety.
- Emergency response to natural disasters and disaster planning and recovery.
- The regulation of the physical structure and construction of buildings.
- The regulation of residential or commercial rents and landlord-tenant relations, including the Ellis Act and Costa-Hawkins Rental Housing Act.
- The siting of a power generating facility capable of generating more than 50 megawatts.
- The development or construction of a water, communication or transportation infrastructure project.

- Fair housing matters including but not limited to California Fair Employment and Housing Act.
- Reporting and planning requirements.

In order for a state statute on one of these subjects adopted after January 1, 2016, to prevail over a local ordinance, it must include a finding that it addresses a matter of statewide concern.

Charter Cities and Municipal Affairs: Of California's 482 cities, 108 of them are charter cities. The Constitution grants charter cities the additional power to adopt ordinances affecting "municipal affairs." This power, commonly referred to as "home rule" is based on the principle that a city, rather than the state, is in the best position to identify and satisfy the needs of the local community. An ordinance adopted under a charter city's home rule power cannot be enforced if it affects a "matter of statewide concern". The Constitution does not define "municipal affair". The subjects that the courts have identified as "municipal affairs" or as "matters of statewide concern" have changed over the years with changing economic, social, and political circumstances.

Under the ONV land use initiative, a land use and zoning ordinance adopted by a charter city is deemed to be a "municipal affair" that prevails over a conflicting state statute unless the statute is a "**covered state statute**".

Restrictions on State Funding

The ONV land use initiative prohibits the State from:

- Modifying state funding appropriated before the effective date of the measure based upon a city adopting an ordinance that prevails over a state statute; and
- Discriminating in favor of, or giving any preference to, a city that voluntarily complies with state-adopted land use planning and zoning laws.

Background:

HCED, the Environmental Quality policy committee and the Cal Cities staff have worked on several land use initiatives since June 2021. Cal Cities formed a working group in July 2021 to consider ACA 7 (Muratsuchi) and the first draft of an initiative very similar to the ONV land use initiative. The working group held three meetings and dedicated more than seven hours analyzing and debating the measures. Additionally, HCED set aside nearly eight hours to focus on ACA 7 and the land use initiative. After a thorough review, the working group and HCED raised concerns that the measures may have significant, unintentional consequences, including pitting local jurisdictions against each other, and that additional feedback from cities was needed.

In early December 2021, the Cal Cities Board of Directors voted unanimously, with one abstention, to "take no position at this time on ACA 7 and the land use initiative. The Board reaffirmed its strong desire to protect local decision-making authority over land use, housing, and zoning to meet the needs of their communities. To that end, the Board directed staff, working with the relevant policy committees, to develop a menu of near-, mid-, and long-term strategies to reform state housing laws". In 2022, a menu of strategies to reform state housing laws was developed.

Additionally, at the Cal Cities' 2022 Annual Conference, a petitioned resolution was brought forward to require Cal Cities to partner with, and help advance and qualify,

the Brand-Mendoza-Candell Tripartisan Land Use Initiative (as known as the ONV land use initiative) for the November 2024 ballot.

The petitioned resolution qualified and was forwarded to the General Resolutions Committee for consideration. Following public comment and Committee discussion, the General Resolutions Committee recommended that the resolution be referred to the Housing, Community, and Economic Development and Environmental Quality policy committees for further study.

The General Assembly voted to approve the General Resolutions Committee's recommendation.

Environmental Quality Committee Scope of Responsibility:

The Committee on Environmental Quality reviews issues related to air, water and water quality, climate change, California Environmental Quality Act (CEQA), integrated waste management, hazardous materials, coastal issues, energy, and utilities.

Statement from the Environmental Quality Policy Committee to Cal Cities Board of Directors – Potential Actions to Protect Local Control:

In February 2022, the Cal Cities Environmental Quality Policy Committee, in review of ACA 7 and related land use initiatives, transmitted the following statement to the Board of Directors to affirm commitment to the protection of core environmental laws:

“Dear League of California Cities Board of Directors (Board),

At our February 11 meeting, the Cal Cities Environmental Quality policy committee approved the following statement to be sent to the Board regarding any actions contemplated by the Board to protect local control and local land use:

“The Cal Cities Environmental Quality policy committee, in accordance with our League of California Cities mission to protect and expand local control for cities through education and advocacy to enhance the quality of life for all Californians, wants to ensure that any actions Cal Cities takes to uphold local control and land use does not conflict with existing state environmental laws, such as the California Environmental Quality Act and the California Coastal Act.”

This statement was approved by a vote of 40 ayes, one no, and three abstentions.”

Fiscal Impact:

There would be no direct fiscal impact to cities.

Existing Cal Cities Policy:

Vision

To be recognized and respected as the leading advocate for the common interests of California's cities.

Mission Statement

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

We Believe

- Local self-governance is the cornerstone of democracy.
- Our strength lies in the unity of our diverse communities of interest.
- In the involvement of all stakeholders in establishing goals and in solving problems.
- In conducting the business of government with transparency, openness, respect, and civility.
- The spirit of honest public service is what builds communities.
- Open decision-making that is of the highest ethical standards honors the public trust.
- Cities are vital to the strength of the California economy.
- The vitality of cities is dependent upon their fiscal stability and local autonomy.
- The active participation of all city officials increases the League's effectiveness.
- Partnerships and collaborations are essential elements of focused advocacy and lobbying.
- Ethical and well-informed city officials are essential for responsive, visionary leadership and effective and efficient city operations.

California Environmental Quality Act (CEQA)

Cal Cities has extensive existing policy regarding CEQA. Most of this policy is highly specific to the implementation of the Act. [Click here](#) to review the full policy.

Climate Change

Cal Cities recognizes that climate change is both immediate and long term, with the potential for profound environmental, social and economic impacts to the planet and to California.

- Smart Growth. Consistent with Cal Cities Smart Growth policies, encourage the adoption of land use policies designed to reduce sprawl, preserve open space, and create healthy, vibrant, and sustainable communities.

Cal Cities supports efforts to encourage regional climate adaptation planning to reduce climate risk, foster collaboration among local, regional, and state entities, and develop guidance for potential state, federal, or private investment in regional adaptation projects.

Zoning

Cal Cities believes local zoning is a primary function of cities and is an essential component of home rule. The process of adoption, implementation and enforcement of zoning ordinances should be open and fair to the public and enhance the responsiveness of local decision-makers. State policy should leave local siting and use decisions to the city and not interfere with local prerogative beyond providing a constitutionally valid procedure for adopting local regulations. State agency siting of facilities, including campuses and office buildings, should be subject to local notice and hearing requirements in order to meet concerns of the local community. Cal Cities opposes legislation that seeks to limit local authority over parking requirements.

Housing Element

Housing issues should be addressed in the general plan as other planning issues are. The housing element should be prepared for the benefit of local governments and should have equal status with the other elements of the general plan.

Subdivision Map Act

Cal Cities supports maximizing local control over subdivisions and public improvement financing. Discretion over the conditions and length of subdivision and parcel maps should be retained by cities.

Annexation and Incorporation

Cal Cities supports strengthening city control over urban boundaries. Sphere of Influence law should be modified to ban county development and to allow cities to annex logical growth. The Revenue and Taxation Code should not allow counties to block annexations in exchange for unreasonable property tax sharing agreements. In addition, cities should have expanded authority over adjacent lands outside of their sphere of influence regardless of jurisdictional lines so long as the land is not within another city's sphere. Cities should not be required to incur costs for planning to meet infrastructure needs of unincorporated areas or leveraged to annex areas which would result in unfunded costs. Cal Cities supports facilitating the incorporation of cities that have met procedural requirements and voter approval. Cal Cities opposes efforts by the Legislature to disincorporate a city for any reason, unless requested by the affected city.

Comments:

The ONV land use initiative requires more than 962,105 valid signatures to qualify for the November 2024 statewide general election. If voters approve the measure, by a simple majority vote, the California Constitution will be amended.

Under the ONV land use initiative, a local "land use planning and zoning law" prevails over a state law unless the state law addresses one of the ten subjects listed in the measure (see "**covered state statutes**" above). A city cannot simply ignore a conflicting state statute (that is not a "**covered state statute**"). Rather, a city must adopt an ordinance that "conflicts" with the statute and thus would then prevail over the state law.

The definition of "covered state statute" lists specific state statutes (such as CEQA and the Ellis Act) but also includes other statutes that are not listed but "are related to" the listed statutes such as statutes "relating to" fair housing matters; environmental justice laws; and the protection of the environment or natural resources. Further interpretation will be required to identify other "covered state statutes" which are not specifically listed in the measure.

For example, the housing element law is not listed as a "covered state statute," but requires a city to include a program that affirmatively furthers fair housing and to plan for its fair share of the regional housing need for persons of all income levels. Affirmatively furthering fair housing includes combating discrimination, overcoming patterns of segregation, and fostering inclusive communities. The regional allocation of housing need (RHNA) must also "affirmatively further fair housing" and the final plan

must ensure that each jurisdiction in the region receive an allocation of units for low- and very low-income households. This leads one to question whether the housing element law, or other state laws which “relate to” “fair housing matters,” prohibitions against discrimination, affirmatively furthering fair housing, the protection of health and safety, or the protection of the environment or natural resources will ultimately be determined to be “covered state statutes,” or be replaced by an uncoordinated patchwork of hundreds of local ordinances favoring different standards.

Given the retroactive date of January 1, 2016, the ONV initiative may constrain the development of new laws and policies, related to covered statutes, to address evolving issues such as climate change and land use. The ONV initiative requires these laws to include detailed findings of the “specific goals, purposes, and objectives” of the state statute. Failing to do so will allow local jurisdictions to override these state laws.

Finally, given the broad scope of the ONV land use initiative and the significant changes it proposes to the State-local relationship under the police power and to the municipal affairs analysis, it is possible that the measure might be a “revision” rather than an “amendment” to the Constitution. Although the voters can amend the Constitution by an initiative, a “revision” of the Constitution may be accomplished only by convening a constitutional convention and then obtaining voter approval of what the convention proposes. The idea is that “comprehensive changes” to the Constitution require more formality, discussion and deliberation than is available in the initiative process [*Raven v. Deukmejian* (1990) 52 Cal.3d 335].



February 14, 2022

TO: Cal Cities Board of Directors

**FROM: Cal Cities Environmental Quality Policy Committee Chair
David Pollock, Council Member, City of Moorpark**

**RE: Statement from the Environmental Quality Policy Committee to Cal Cities
Board of Directors – Potential Actions to Protect Local Control**

Dear League of California Cities Board of Directors (Board),

At our February 11 meeting, the Cal Cities Environmental Quality policy committee approved the following statement to be sent to the Board regarding any actions contemplated by the Board to protect local control and local land use:

"The Cal Cities Environmental Quality policy committee, in accordance with our League of California Cities mission to protect and expand local control for cities through education and advocacy to enhance the quality of life for all Californians, wants to ensure that any actions Cal Cities takes to uphold local control and land use does not conflict with existing state environmental laws, such as the California Environmental Quality Act and the California Coastal Act."

This statement was approved by a vote of 40 ayes, one no, and three abstentions.

(Here set forth the unique numeric identifier provided by the Attorney General and circulating title and summary prepared by the Attorney General. Both the Attorney General's unique numeric identifier and the circulating title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

We, the undersigned, registered, qualified voters of California, residents of _____ County , hereby propose amendments to the Constitution of California, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or as otherwise provided by law. The proposed constitutional amendments read as follows:

SECTION 1. The people of the State of California find and declare all of the following:

(a) California's housing crisis is primarily due to a failure to provide enough housing (to own or rent) that is affordable for working class and lower income Californians, and this crisis has worsened due to massive reductions in available funding to help local governments encourage more affordable housing production. The involvement of large financial institutions and speculators in our housing markets and recent state laws that usurp the power of local government to exercise its constitutional authority to make local land use planning and zoning decisions have combined to further restrict affordable housing options and displace many working class families and people of color from their own historic communities.

(b) Local government is best able to consider all the requisite factors and make the difficult land use planning and zoning decisions to ensure that new development is supported by the infrastructure and utilities required to maintain appropriate levels of public services, including police and fire services, parklands and public open spaces, transportation, parking, and schools. The specific needs and challenges facing every California community vary greatly and therefore require significant input and leadership from local government to achieve best outcomes on land use planning and zoning issues, including the provision of affordable housing and protecting the environment.

(c) The State Legislature cannot adequately consider or address the unique impacts of land use planning and zoning laws on every local community, and recent state laws designed to require local governments to increase housing density and encourage the production of more market rate housing by minimizing public input and eliminating environmental review will not solve our affordable housing crisis. In fact, these state laws will harm communities by escalating housing costs and increasing property tax burdens instead of encouraging collaboration with local government to produce more affordable housing.

(d) The purpose of this measure is to protect the ability of local communities to make local land use planning and zoning decisions, and to clarify the process to resolve conflicts between current or future state and local land use planning and zoning laws. One size does not fit all, and recent statewide land use and zoning laws will do great harm without significant input and participation from local communities. The “home rule” doctrine is enshrined in Sections 4 and 5 of Article XI of the California Constitution, and local land use planning or zoning initiatives approved by voters shall not be nullified or superseded by state law.

(e) This constitutional amendment is expressly intended to authorize local land use planning and zoning law to override conflicting state law while ensuring that specified laws remain in full force and effect.

SEC. 2. Section 3.5 is added to Article XI of the California Constitution, to read:

SEC. 3.5. For purposes of this article:

(a) “Land use planning and zoning law” means any law, whether adopted or put into effect by charter, ordinance, regulation, local initiative, or other action that accomplishes any of the following:

(1) Eliminates or restricts a city or county’s discretion to establish or change the zoning designation of any parcel within its jurisdiction.

(2) Requires a city or county to review, approve, or deny a development application on a streamlined, ministerial, or expedited basis if the project meets a specified criteria.

(3) Approves or denies a development or subdivision of a parcel.

(4) Imposes any restriction on the ability of a city or county to deny a development project or subdivision of a parcel.

(5) Establishes the procedure for establishing or changing the zoning designation of any parcel within its jurisdiction.

(6) Establishes the procedure or timing for reviewing and approving development applications.

(b) “Covered state statute” means a state law that addresses a matter of statewide concern rather than a municipal affair, as that term is used in Section 5 of this article, and relates to any of the following:

(1) The protection of the environment or natural resources, including, but not limited to any of the following:

(A) The California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and California Environmental Quality Act Guidelines (Chapter 3 (commencing with Section 15000) of Division 6 of Title 14 of the California Code of Regulations).

(B) The California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code).

(C) The California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code).

(D) The Porter-Cologne Water Quality Act (Division 7 (commencing with Section 13000) of the Water Code).

(E) The Surface Mining and Reclamation Act of 1975 (Chapter 9 (commencing with Section 2710) of Division 2 of the Public Resources Code).

(F) Pollution control or environmental justice laws, rules, or regulations.

(2) The protection of health and safety, including but not limited to, the development of contaminated sites and regulation of hazardous material storage sites.

(3) Emergency response to natural disasters and disaster planning and recovery.

(4) The regulation of the physical structure and the construction of buildings.

(5) The regulation of residential or commercial rents and landlord-tenant relations, including the Ellis Act (Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 of the Government Code) and Costa-Hawkins Rental Housing Act (Chapter 2.7 (commencing with Section 1954.50) of Title 5 of Part 4 of Division 3 of the Civil Code).

(6) The siting of a power generating facility capable of generating more than 50 megawatts of electricity and the California Public Utilities Commission has determined that a need exists at that location and that the facility addresses a matter of statewide concern.

(7) (A) The development or construction of a water, communication, or transportation infrastructure project for which the Legislature lists the specific reasons explaining how the project addresses the statewide concern and declares that the development is in the best interests of the state.

(B) For purposes of this paragraph, a transportation infrastructure project does not include a transit-oriented development project, whether residential, commercial, or mixed-use.

(8) Fair housing matters, including, but not limited to the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), prohibitions against discrimination, or affirmatively furthering fair housing.

(9) Reporting and planning requirements, provided that the requirement does not otherwise impact the ability of a city or county to adopt, or put into effect, a land use planning and zoning law described in paragraph (1). Reporting and planning requirements imposed pursuant to this paragraph shall apply uniformly to all cities and counties and shall not discriminate amongst cities or counties based on voluntary compliance with any land use planning and zoning law adopted by the state.

SEC. 3. Section 5.5 is added to Article XI of the California Constitution, to read:

SEC. 5.5. (a) Except as provided in subdivision (b), in the event of a conflict with a state statute, a land use planning and zoning law within the boundaries of

the city shall be deemed a municipal affair within the meaning of Section 5 and shall prevail over a conflicting state statute.

(b) A covered state statute shall prevail over conflicting land use planning and zoning laws, provided that for a covered state statute enacted on or after January 1, 2016, the Legislature makes a finding that the covered state statute addresses a matter of statewide concern. A finding of statewide concern made pursuant to this subdivision shall list the specific goals, purposes, and objectives of the statute.

(c) (1) State funding appropriated before the effective date of this section shall not be modified due to a city preempting any state law pursuant to this section.

(2) State funding appropriated after the effective date of this section shall not discriminate in favor of, or give any preference to, a city that voluntarily complies with state-adopted land use planning and zoning laws.

(d) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 4. Section 7 of Article XI of the California Constitution is amended to read:

SEC. 7. *(a) (1) A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations ~~not in conflict with general laws~~. that are not, except as provided in subdivision (b), in conflict with general laws.*

(2) A county or city shall not supersede or otherwise interfere with any voter approved local initiative.

(b) (1) Except as provided in paragraph (2), a land use planning and zoning law within the boundaries of the county or city shall prevail over conflicting general laws.

(2) A covered state statute shall prevail over conflicting land use planning and zoning laws, provided that for a covered state statute enacted on or after January 1, 2016, the Legislature makes a finding that the covered state statute addresses a matter of statewide concern. A finding of statewide concern made pursuant to this paragraph shall list the specific goals, purposes, and objectives of the statute.

(c) (1) State funding appropriated before the effective date of this section shall not be modified due to a city or county preempting any state law pursuant to this section.

(2) State funding appropriated after the effective date of this section shall not discriminate in favor of, or give any preference to, a city or county that voluntarily complies with state-adopted land use planning and zoning laws.

(d) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 5. Article XXXIV of the California Constitution is repealed.

Governor's Climate Change Budget Proposal Review January 2023

Cities are leading the way on many important environmental goals, such as single-use plastic reduction. However, they must also adapt to rapidly changing climate conditions, including extreme weather events such as drought, flooding, and wildfires.

The Governor's proposed 2023-2024 budget maintains significant investments despite significant revenue volatility but makes substantial adjustments that will impact city climate programs.

The budget maintains 89% of the \$54 billion dedicated over 5 years with triggers for increases back to pre-approved levels should the budget condition improve. The Administration is also seeking federal funds and is considering a resources revenue bond to cover any shortfalls.

Below is a breakdown of the major program adjustments proposed in the state budget.

Water and Electricity Bill Relief: Shifts \$400 million from the state arrearage support program to the General Fund effectively winding down this program.

Residential Solar Subsidy: Significantly reduces funds for the residential solar and storage program while maintaining 70% of funds available to support low-income utility customers.

Wildfire Response: Maintains nearly all fire prevention funds. There is a reduction of \$10 million for defensible space inspections and monitoring. Workforce training funds in this space are largely maintained.

Extreme Heat: Significantly cuts programs of importance to cities but maintains 70-85% of total funds made available in prior years. Adjustments include a nearly 40% cut to the extreme heat and community resilience program and a reduction of \$100 million from the Urban Greening Program.

Coastal Resilience: Reduces 40% of funding to coastal resilience funding contingent on budget conditions. Significant adjustments include cuts to the Coastal programs of \$175 million in 2022-23 and \$297 million in 2023-24.

Organic Waste: Maintains the \$180 million for SB 1383 (Statutes of 2016) implementation that Cal Cities successfully fought for in 2022. The budget maintains 95% of funds available to support the implementation of short-lived climate pollutant strategies and organic waste infrastructure.

Climate Infrastructure

The Governor's proposed, multi-year combination of deferrals and investments extends toward various statewide infrastructure projects. This includes funding to accelerate the

transition to zero-emission vehicles, broadband connectivity investments, and \$8.6 billion of previously committed funding to address the state's drought resiliency and response.

Further aligning the state's transportation and climate goals, the budget proposes shifting \$4.3 billion in spending on zero-emission vehicles from the state's General Fund to a special fund paid into by drivers of cars with internal combustion engines. The budget would delay \$3.1 billion in climate and transportation funding by a year with the hope of restoring that spending in 2024 or offsetting it with federal money. Specific reductions include:

Zero-Emission Vehicles: Reduces \$2.5 billion General Fund across various zero-emission vehicle programs, which are partially offset by approximately \$1.4 billion in fund shifts to the Greenhouse Gas Reduction Fund.

The budget also includes new investments to continue supporting the state's drought response, accelerate the implementation of the state's water supply strategy, and increase flood preparedness and response, including:

Urban Flood Risk Reduction: Provides \$135.5 million General Fund over two years to support local agencies working to reduce urban flood risk.

2023 Drought Contingency: Set asides \$125 million General Fund to be allocated as part of the spring budget process when additional water data is available to inform future drought needs.

Delta Levees: Allocates \$40.6 million General Fund for ongoing delta projects that reduce the risk of levee failure and flooding, provide habitat benefits, and reduce the risk of saltwater intrusion contaminating water supplies.

Central Valley Flood Protection: Provides \$25 million General Fund to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability.