

Date of Hearing: August 3, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

SB 489 (Laird) – As Amended June 13, 2022

Policy Committee:	Rules	Vote:	8 - 0
	Water, Parks and Wildlife		14 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill authorizes the Department of Water Resources (DWR) to advance Flood Control Subventions Program funds to local agencies to implement the Pajaro River Flood Risk Management Project (proposed project).

Specifically, this bill, among other things:

- 1) Limits the eligible recipients for flood subvention funds for the proposed project to Monterey or Santa Cruz counties or a local agency in either of those counties.
- 2) Provides the state may advance flood subvention funds for the planning, engineering, design, and construction of the proposed project; the acquisition of required lands, easements, rights-of-way, and other facilities for the proposed project; and mitigation of the proposed project.
- 3) Grants the state discretion to reduce to 0% the retention withheld under any cost-share agreement to fund the proposed project.
- 4) Authorizes the state to advance funds before federal funds are available to the proposed project so long as any advanced state funds do not exceed the nonfederal share of the proposed project.

FISCAL EFFECT:

No costs to DWR.

COMMENTS:

- 1) **Purpose.** This bill authorizes DWR to advance up to \$147 million (or the total nonfederal share) to the local agencies involved with implementing the proposed project even before the federal government appropriates or expends funds for the proposed project. The author argues this change is necessary to keep the proposed project moving forward and notes that locals are stepping up to contribute to funding the operations and maintenance of the proposed project due to “the recent passage of the voter-approved benefit assessment in South Santa Cruz County[...].” The author further contends the proposed project is important “to protect the severely disadvantaged communities of Watsonville and Pajaro who have faced repeated floods due to inadequate levels of flood protection along the Pajaro River system.” Finally, the author maintains the Legislature recognized the importance of and

unique need for the proposed project in passing SB 496 (Laird), Chapter 310, Statutes of 2021, and that this bill is the “final piece” in realizing the proposed project.

- 2) **Background.** The existing Pajaro River flood risk management project (existing project) was completed by the U.S. Army Corps of Engineers (Army Corps) in 1949. The existing project offers a low level of protection to the region, and the area has experienced four major floods since the levee system was first constructed. Congress has long recognized the inadequacy of flood protection in the area, first authorizing reconstruction of the levee system in the Flood Control Act of 1966 (Public Law 89-789, 80 Stat. 1421) and re-authorizing the proposed project in the Water Resources Development Act of 1990 (Public Law 101-640). The Santa Cruz County Flood Control and Water Conservation District and the Monterey County Water Resources Agency jointly maintain the existing project.

The proposed project will provide 100-year flood protection to approximately 10,000 acres in Santa Cruz and Monterey counties, including the City of Watsonville, the unincorporated Town of Pajaro, state transportation facilities (Highways 129 and 152 bridges), and the highly productive agricultural land in the region.

According to the Army Corps’ December 2019 assessment, the proposed project entails building new setback levees, rebuilding existing levees, building new floodwalls, and building bank protection along various reaches of the Pajaro River, Corralitos Creek, and Salsipuedes Creek. The Army Corps estimates the proposed project will cost \$394 million with a nonfederal share of \$147 million which, due to the passage of SB 496 last year, can be 100% funded by the state. DWR notes the funding authorization approved in SB 496 means this bill, SB 489, will have no additional fiscal impact or cost pressure on the state. The bill simply provides clear direction to DWR that it is authorized to advance funds from the Flood Control Subventions Program to the proposed project, given that the local communities in the region do not have the financial capacity to front the reimbursable costs.

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