

- A shopping center or business establishment that employs more than 1,000 people or has more than 500,000 square feet of floor space.
- A commercial office building that employs more than 1,000 people or has more than 250,000 square feet of floor space.
- An industrial, manufacturing, or processing plant, or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of floor area.
- A mixed-use project that includes any of the above-described projects.
- A proposed development that would account for an increase of 10 percent or more of the number of public water system's existing service connections if the public water system that would serve the project has fewer than 5,000 service connections.

Today, under these water supply planning requirements, when a city or county determines that one of these larger developments is subject to the California Environmental Quality Act (CEQA), and would require either an environmental impact report (EIR), negative declaration (ND), or mitigated ND, the city or county is required to identify a water system that could serve the site and any water system adjacent to the project site that is a public water system that could supply water for the development. If the city or county is not able to identify such public water systems, the city or county is required to prepare a WSA.

CEQA.

CEQA provides a process for evaluating the environmental effects of a project and includes statutory exemptions, as well as categorical exemptions, in the CEQA guidelines. If a project is not exempt from CEQA, an initial study is prepared to determine whether a project may have a significant effect on the environment. If the initial study shows that there would not be significant environmental effects, the lead agency prepares an ND. If the initial study shows that the project may have significant environmental effects, the lead agency must prepare an EIR.

Not all "projects" under CEQA are "projects" for purposes of the above-described water supply planning requirements.

Legislative efforts to streamline permitting of development.

Over the past several years, the Legislature has enacted various CEQA exemptions and ministerial approvals to "speed up" the permitting process of various types of development projects that meet specified requirements, including ministerial approvals for housing developments and CEQA exemptions for housing, commercial, and industrial developments.

Most recently, the Legislature enacted SB 131 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025) and AB 130 (Committee on Budget, Chapter 22, Statutes of 2025). SB 131, a Public Resources Budget Trailer Bill for the 2025-26 budget, among other things, exempted from CEQA agricultural employee housing

projects; projects that consist exclusively of a day care center, rural health clinic, nonprofit food bank or food pantry, or facility for advanced manufacturing; and heavy maintenance facilities or other maintenance facility for electrically powered high-speed rail, as provided. SB 131 also established a process to review housing development projects that meet all but one eligibility criteria for specified CEQA exemptions (often referred to as a “near-miss”), with specified exemptions. AB 130, a Housing Budget Trailer Bill for the 2025-26 budget, among other things, exempted from CEQA certain housing development projects that are not more than 20 acres, are consistent with the applicable general plan and zoning ordinance, as well as any applicable local coastal program, as specified, and meet other criteria (AB 130 CEQA exemption).

Additionally, the Legislature has passed SB 35 (Wiener, Chapter 366, Statutes of 2017) which creates a streamlined, ministerial approval process for multifamily housing developments and AB 2011 (Wicks, Chapter 647, Statutes of 2022) which made certain housing developments meeting certain objective standards a use by right and subject to one of two streamlined, ministerial review processes.

Existing law:

- 1) Under water supply planning requirements:
 - a) Requires any city or county that determines a project, as defined below, is subject to CEQA to comply with certain requirements relating to water supply planning. (Water Code (WAT) §§10910 et. seq).
 - b) Defines, for purposes of water supply planning, a “project” as any of the following:
 - i) A proposed residential development of more than 500 dwelling units.
 - ii) A proposed shopping center or business establishment employing more than 1,000 persons or having more than 500,000 square feet of floor space.
 - iii) A proposed commercial office building employing more than 1,000 persons or having more than 250,000 square feet of floor space.
 - iv) A proposed hotel or motel, or both, having more than 500 rooms.
 - v) A proposed industrial, manufacturing, or processing plant, or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of floor area.
 - vi) A mixed-use project that includes one or more of the above-described projects.
 - vii) A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.
 - viii) If a public water system has fewer than 5,000 service connections, a proposed residential, business, commercial, hotel or motel, or industrial

development that would increase the number of the public water system's existing service connections by 10 percent or more, or a mixed-use project that would demand any amount of water equivalent to, or greater than, the amount of water required by residential development that would represent an increase of 10 percent or more in the public water system's existing service connections (WAT §10913).

- c) Requires the city or county, at the time it determines whether an EIR, ND, or mitigated ND is required, to identify any water system whose service area includes the project site and any water system adjacent to the project that is, or may become as a result of supplying water to the project identified, a public water system, that may supply water for the project. If the city or county is not able to identify a public water system, the city or county is required to prepare a WSA, as specified (WAT §10910(b)).
 - d) Requires the city or county, at the time it determines whether an EIR, ND, or mitigated ND is required, to request each public water system identified pursuant to c) to determine whether the projected water demand associated with the proposed project was included in the most recent urban water management plan.
 - e) Requires the governing body of each public water system to submit the assessment to the city or county no later than 90 days from the date on which the request was received, with the possibility of a 30 day extension. If the public water systems fails to submit the assessment, the city or county may seek a writ of mandamus to compel the governing body of the public water system to comply with the water supply planning requirements.
- 2) Under CEQA, requires lead agencies with the principal responsibility for carrying out or approving a proposed discretionary project to prepare an ND, mitigated ND, or EIR for this action, unless the project is exempt from CEQA (Public Resources Code (PRC) §§21000 *et seq.*)
 - 3) Makes certain housing development projects that meet specified requirements a use by right (Government Code (GOV) §65913.4, §§65912.110 *et seq.*).

PROPOSED LAW

This bill would:

- 1) Require a city or county to comply with the above-described water supply planning requirements if either of the following apply:
 - a) An applicant submits to the city or county a preliminary application for a housing development project that is subject to an AB 130 CEQA exemption.
 - b) For a project, as defined for purposes of the water supply planning, when the city or county deems a development application complete.
- 2) Require a city or county, instead of identifying any water system whose service area includes the project site, and any water system adjacent to the project site that is a public water system that may supply water for the project when it determines the

appropriate environmental review document, to identify the water systems upon receipt of an application that meets the criteria described in 1), above.

- 3) Require, if the city or county is not able to identify any public water system for the project, that the city or county prepare a water supply assessment.
- 4) Require the city or county, within 15 days of receipt of an application that meets 1), to request each public water system identified in 2) to determine whether the projected water demand associated with the proposed project was included in the most recent urban water management plan.
- 5) For housing development projects that are subject to an AB 130 CEQA exemption and projects that are proposed to be permitted pursuant to SB 35 or AB 2011, require the public water system to submit the assessment to the city or county no later than 45 days from the date that the request was received.
 - a) Specify that the governing body of each public water system, or the city or county, if either is required to comply with these water supply planning requirements, is not required to approve the assessment at a public meeting.
 - b) Authorize the city or county to seek a writ of mandamus to compel the public water system to complete with the water supply planning requirements relating to the submission of the water supply assessment if the public water system fails to submit the assessment.
- 6) Delete an obsolete provision relating to the application of these requirements only applying to a project for which a notice of preparation was submitted on or after January 1, 1996.

ARGUMENTS IN SUPPORT

According to the author, “SB 1085 restores an important, long-standing safeguard on water availability for large new developments that was inadvertently circumvented through recent legislation. For more than two decades, state law has required water supply assessments (WSAs) for certain large development projects to strengthen the link between land use planning and water supply planning. These assessments ensure that local governments have a clear, forward-looking understanding of whether sufficient water supplies exist to serve new development alongside existing and planned uses over a 20-year horizon.”

“Because WSAs have been a consistent part of California’s planning framework, communities have largely been able to rely on the expectation that growth would be supported by real, available water supplies. That was not always the case. Prior to these requirements, reliance on “paper water” contributed to serious consequences in some regions, particularly in the Central Valley, where communities experienced water shortages so severe that residents had to rely on bottled water for basic needs.”

“In recent years, the Legislature has appropriately focused on removing barriers to housing development, including through CEQA streamlining and exemptions. However, because WSAs are currently triggered by CEQA, these changes have had the unintended effect of removing this key planning tool for projects that still meet large

development thresholds. Without a WSA, cities and counties may lack critical information about water demand and long-term supply reliability.”

“At a time when climate change is increasing pressure on California’s water systems, SB 1085 ensures that this proven planning tool remains in place to support informed decision-making and sustainable growth.”

ARGUMENTS IN OPPOSITION

According to the California Building Industry Association, “while CBIA supports responsible water supply planning, SB 1085 would directly undermine the landmark CEQA reforms the Legislature enacted less than a year ago in AB 130 and SB 131, creating new litigation pathways against housing projects the Legislature specifically sought to protect, and introduce timeline conflicts that make compliance with the state’s streamlined housing approval laws effectively impossible.”

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“[AB 130 and SB 131] were designed to get housing approved and built faster by removing unnecessary procedural barriers. SB 1085 would re-attach one of those barriers.”

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CBIA argues that requiring a WSA even when a CEQA exemption applies will lead to “challenge[s] to the exemption determination itself, arguing it was invalid because the required WSA was missing or inadequate. This effectively turns the WSA into a standalone litigation weapon against projects “

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“Even if the lawsuit is ultimately dismissed, the developer faces potentially years of litigation delays. As time elapses, financing terms could expire, construction costs could rise, and the ...homes that the Legislature’s streamlining framework was supposed to deliver are delayed or never built.”

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“We want to ensure that the legislation does not create new litigation risks, retains the existing legal frameworks for WSAs, does not undermine CEQA exemptions recently approved by the Legislature, and synchronizes the timeframes of WSAs and exempt or streamlined projects. To that end, we would welcome the opportunity to work with the author and the sponsors on amendments that resolve these conflicts.”

COMMENTS

Double referral. This bill is double referred with the Senate Local Government Committee, with this committee being the committee of first referral. Elements of this bill under the jurisdiction of the Senate Local Government Committee are included here for context and completeness only and will be discussed before that Committee.

Purposeful change or unintended side effect? Under existing law, the requirement for a city or county to identify a water system that could serve a proposed large development project is triggered when the city or county determines which environmental review document would be appropriate. However, with the enactment of SB 131 and AB 130, many projects that were previously subject to CEQA, such as advanced manufacturing facilities, maintenance facilities for electrically powered high-speed rail, or certain larger housing development projects, are now exempt. Because a city or county is no longer required to determine the appropriate environmental review document for these projects, it does not activate the requirement to identify the water systems that may supply water for the project.

An argument could be made that by creating the various CEQA exemptions and eliminating various “unnecessary procedural barriers” to certain development projects, the Legislature also intended to eliminate the water supply planning requirements. It is unclear whether this is what the Legislature truly intended as AB 130 and SB 131 were enacted as “budget trailer bills.” Senate and Assembly floor analyses and Senate Floor discussions of AB 130 and SB 131 on June 30, 2025, do not include reference to water supply assessments and the water supply planning requirements. On the other hand, an argument could also be made that when enacting the CEQA exemptions, the Legislature was unaware that CEQA also acted as a trigger for water supply planning requirements.

The removal of this planning tool may leave cities and counties without critical information about the potential water demands of a proposed large development project and whether a water system is able to meet those needs.

Importance of WSAs. WSAs are an important planning tool to help project proponents identify potential water supply issues and avoid water scarcity for the development. According to the *Show Me the Water* article, the author of the article conducted two surveys, the first in 2004 and the second in 2009, to evaluate how local agencies were responding to the *Show Me the Water* bills. The first survey involved 59 cities and counties that had reported review activity under SB 221 or SB 610 in a statewide survey conducted earlier that year. Within those jurisdictions, water supply adequacy reviews had been completed for 95 projects. Nine of the 95 projects were initially deemed to have insufficient supplies, and in 7 of those 9 cases, developers were asked to find additional water supplies or modify their project. For the other two projects, the option of augmenting supplies was considered infeasible, and the projects were rejected.

The second survey, completed in 2009, contained similar findings. The survey involved 108 jurisdictions, 96 of which had completed water supply assessments for 261 projects between 2005 – 2009. According to the *Show Me the Water* article, only one project in the sample did not proceed because of water supply concerns and nearly 30% of all projects took special measures to introduce conservation, recycled-water, or new water through water transfers. The project that did not go forward was due to a local requirement that all new developments purchase and store 20 years worth of water before getting approval for a water connection. The lack of supplemental water available through the State Water Project for purchase put the project on hold indefinitely.

Thus, it seems that WSAs have aided developers, local jurisdictions, and water agencies to identify water supply issues early in the project development process and sometimes preemptively design “water smart” projects.

Are WSAs duplicative of other water supply planning tools? One may argue that the needed information can be found in an Urban Water Management Plan (UWMP) or that a city or county is required to receive a written Water Supply Verification (WSV) from the applicable public water system that a “sufficient water supply” is available before a final subdivision map can be approved.

UWMPs, which are prepared by urban water suppliers, are plans intended to project water supply and demand over a period of 20 years and are required to be updated every 5 years. Each plan includes a description of how much water the agency has on a reliable basis, how much its needs for the foreseeable future, what the agency’s strategy is for meeting its water needs, the challenges facing the agency, and any other information necessary to provide a general understanding of the agency’s plan. However, a UWMP might not have contemplated a large development project in its latest update.

Written WSVs are required pursuant to the Subdivision Map Act and thus the written WSV requirement only applies when there are subdivisions involved. Therefore, a written WSV would not be required for a residential development of rental units, an advanced manufacturing facility development, a maintenance facility, or commercial facility, as none of these developments involve creating subdivisions. Additionally, as discussed above, the WSV was intended to be a “final check” on water availability for a development, whereas a WSA is intended to start the planning process early to identify any potential water supply issues. The two are meant to complement each other, not have one be a replacement for the other.

Finally, while there may be some instances where the information otherwise provided by a WSA could be covered by a UWMP or a written WSV, there may also be instances where a project has neither. This bill would help capture those projects.

If not now, when? Typically, WSAs can help identify water supply issues early in the process and start conversations on how to address them. Regardless of the type of development involved, and whether CEQA applies, a project developer is going to have to figure out its water supply source and a water system may have to figure out if additional capacity is going to be needed to address that increased demand. If a WSA is not required, will these conversations take place early enough in the planning process to help avoid water supply-related surprises? This consideration may be especially important in the context of large infill housing projects, where existing water infrastructure within an urban development may not be adequate to service the new development. This was the purpose of the “show me the water” bills – to connect land use planning with water use planning.

More than housing. A majority of the arguments raised in opposition are centered around the bill’s impact on housing production. However, this bill extends beyond housing. This bill also reinstates the water supply requirements for large-scale commercial or industrial development, which have the potential to use significant amounts of water.

Invitation to litigate? An argument has been made that requiring a water supply assessment could provide an opportunity for opponents to a development project to delay or stop a project through litigation. There is concern that a project opponent would directly challenge the contents of the WSA itself.

It is unclear if, outside of CEQA, such a right of action exists. Generally, challenges to the adequacy of a water supply assessment have occurred pursuant to CEQA. In *California Water Impact Network v. Newhall County Water District*, 161 Cal.App.1464 (2008) (*California Water*), the California Court of Appeal found California Water Impact Network (C-WIN) could not directly challenge the adequacy of a WSA because C-WIN failed to demonstrate that the WSA constitutes a final determination, finding, or decision since the EIR for the project had not yet been certified and that C-WIN failed to exhaust its administrative remedies pursuant to CEQA. The court, noting that “until a public agency makes a ‘final’ decision, the matter is not ripe for judicial review,” reasoned that the WSA is “a technical, informational advisory opinion of the water provider. Though the WSA is required by statute to include an assessment of certain statutorily identified water supply issues and is required to be included in the EIR, the WSA’s role in the EIR process is akin to that of other informational opinions provided by other entities concerning potential environmental impacts.” Because it is the lead agency that ultimately decides whether to accept or reject the water supplier’s analysis and whether water supplies are sufficient for the proposed project, the court concluded that the WSA is not final for the purposes of mandamus review until the lead agency makes a final determination on the sufficiency of water supplies, the CEQA review is complete, and the project is approved.

In *O.W.L. Foundation v. City of Rohnert Park*, 168 Cal.App.4th 568 (2008) (*O.W.L.*), a WSA was challenged before the EIR had been certified, but by the time the court considered the matter, the EIR had been certified. In that case, the City of Rohnert Park issued a tentative WSA and, after public comment, adopted a resolution adopting the final WSA. The O.W.L. Foundation challenged that final WSA but before the EIR had been certified. The court, among other things, had to determine whether the court had subject matter jurisdiction to consider a challenge to a WSA before certification and approval of a project. The court in this case emphasized that “the adequacy of a WSA is not subject to judicial challenge until after a lead agency has certified an EIR and approved a project.” What made this case unusual, the court noted, is that by the time the court was called upon to consider the matter, the City had certified an EIR, which was being challenged in another lawsuit. Ultimately, the court decided that it did have the jurisdiction to evaluate the adequacy of the WSA because, by the time the matter was before the court, an EIR which incorporated the final WSA had been certified.

Recently, in *City of Vallejo v. City of American Canyon*, 117 Cal.App.5th 1112 (2026) (*City of Vallejo*), the California Court of Appeal held that a neighboring city’s challenge to another city’s WSA, which was incorporated into its certified EIR for an industrial warehouse complex project, was justiciable. The court in *City of Vallejo* distinguished the case before them from *California Water*, stating that “unlike the water assessment in *California Water*, the instant water supply assessment was evaluated by the lead agency, incorporated into the EIR, and certified. Consequently, we are not confronted with the same finality and exhaustion concerns as the *California Water* court.”

It is worth noting that both the *California Water* and *City of Vallejo* cases were challenges alleging violations of CEQA law. The court in the *O.W.L.* case did determine that the WSA could be challenged, but only because the EIR had been certified. The *O.W.L.* court highlighted that the court's conclusion was limited to the unique facts of that case. Thus, case law provides little insight into whether reinstating these water supply planning requirements will invite litigation for these projects. Based on case law, it is unclear if an action exists if CEQA is not in play.

Recent author amendments.

The author has recently amended the bill in an effort to address the opposition's concern that the timeframes provided under current WSA requirements are not in line with timeframes that are provided in certain streamlined processes such as SB 35, AB 2011, and AB 130. Additionally, the author has met with stakeholders to discuss the concern of WSAs increasing the risk of litigation against housing projects and discussion seeking potential solutions to this concern are ongoing. Usually, issues of housing and litigation are not a core part of this committee's jurisdiction.

Related legislation

AB 130 (Committee on Budget, Chapter 22, Statutes of 2025), among other things, exempts from CEQA certain housing development projects that are not more than 20 acres, are consistent with the applicable general plan and zoning ordinance, as well as any applicable local coastal program, as specified, and meet other criteria.

SB 131 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025), among other things, exempts from CEQA agricultural employee housing projects; projects that consist exclusively of a day care center, rural health clinic, nonprofit food bank or food pantry, or facility for advanced manufacturing; and heavy maintenance facilities or other maintenance facility for electrically powered high-speed rail, as provided.

SB 423 (Wiener, Chapter 778, Statutes of 2023), among other things, modifies the objective planning standards that are applied in SB 35 (see below).

AB 2011 (Wicks, Chapter 647, Statutes of 2022) creates the Affordable Housing and High Road Jobs Act of 2022 and makes certain housing development that meets specified objective standards a use by right and subject to one of two streamlined, ministerial review processes.

SB 35 (Wiener, Chapter 366, Statutes of 2017), among other things, subjects multifamily housing developments that satisfy specified planning objective standards to a streamlined, ministerial approval process.

SB 1262 (Pavley, Chapter 594, Statutes of 2016) requires a city or county that determines a project is subject to CEQA to identify any water system whose service area includes the project site and any water system adjacent to the project site.

SB 221 (Kuehl, Chapter 642, Statutes of 2001) prohibits the approval of a tentative map, or a parcel map for which a tentative map was not required, or a development agreement for a subdivision of property of more than 500 dwelling units unless the

legislative body of the city or county provides written verification from the applicable public water system that a sufficient water supply is available or will be available before completion of the project.

SB 610 (Costa, Chapter 643, Statutes of 2001) requires a city or county that determines a project is subject to CEQA to identify any public water system that may supply water for the project and to request those public water systems to prepare a specified water supply assessment. If the city or county is not able to identify a public water system, the city or county is required to prepare a water supply assessment.

SUGGESTED AMENDMENTS: none**SUPPORT**

Association of California Water Agencies (ACWA)
California Coastkeeper Alliance
California Environmental Voters
California Farm Bureau
California Municipal Utilities Association
California Special Districts Association
California Water Association
City of Sacramento
City of Sacramento Department of Utilities
Clean Earth 4 Kids
Clean Water Action California
Community Water Center
Community Alliance With Family Farmers
Contra Costa Water District
Defenders of Wildlife
East Bay Municipal Utilities District
Friends of the River
Irvine Ranch Water District
Las Virgenes Municipal Water District
Leadership Counsel for Justice & Accountability
Mono Lake Committee
Planning and Conservation League
Rancho California Water District
Regional Water Authority
San Francisco Baykeeper
Santa Clara Valley Water District
Sierra Club California
State Building & Construction Trades Council of California
Trout Unlimited
Unite Here International Union, AFL-CIO
Western Municipal Water District
Wholly H2O

OPPOSITION

California Building Industry Association