

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 72 (Caballero) – As Amended April 10, 2025

Policy Committee: Water, Parks and Wildlife

Vote: 12 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill revises and recasts requirements for the contents of the California Water Plan, requires the Department of Water Resources (DWR) to develop a long-term water supply planning target for 2050, and establishes an interim target to develop an additional nine million acre-feet (AF) of water by 2040.

Specifically, this bill, among other things:

- 1) Recasts the California Water Plan as a comprehensive, strategic plan for the sustainable management and stewardship of California's water resources and requires the plan to include long-term water supply targets and strategies to meet those targets. Requires DWR to update the California Water Plan on or before December 31, 2028, and every five years thereafter.
- 2) Requires DWR to coordinate with the California Water Commission (CWC), State Water Resources Control Board (State Water Board), other local, state and federal agencies, and the stakeholder advisory committee – which this bill expands – to develop the California Water Plan.
- 3) Requires DWR to release a preliminary draft of the California Water Plan, as updated, upon request, to interested parties for review and comment and requires DWR to consider these comments in preparation of the final publication of the California Water Plan, as updated.
- 4) Adds to the list of strategies DWR is required to discuss when updating the plan to include groundwater recharge, conveyance, stormwater transfer, and demand management activities.
- 5) Requires DWR to conduct public workshops, as specified, when preparing an update to the California Water Plan to give interested parties an opportunity to comment on the plan.
- 6) Requires each update to include the following components: (a) a discussion of environmental needs, urban sector water needs, and agricultural water needs, on a regional basis; (b) a summary of sources that could finance project types or actions within the various strategies; (c) a discussion of the estimated costs, benefits, and impacts of any project type or action that is recommended by DWR within the plan that could help achieve the water supply targets; and (d) a report on the development of regional and local water projects within each hydrologic region of the state undertaken to improve water supplies to meet municipal, agricultural, and environmental water needs and minimize the need to import water from other hydrologic regions.

- 7) As a part of the 2028 update, requires DWR to include an interim planning target of nine million AF of additional water, water conservation, or water storage capacity to be achieved by 2040, as specified.
- 8) As a part of the 2033 update, requires DWR to update the aforementioned planning target and requires subsequent updates to include a range of water supply targets that consider future scenarios with a 50-year planning horizon at a watershed scale, as specified.
- 9) Requires DWR to incorporate opportunities for demand management and current and future needs of disadvantaged communities into its preliminary draft of assumptions and other estimates upon which updates to the California Water Plan are to be based.

FISCAL EFFECT:

- 1) DWR will incur significant costs to update the California Water Plan in accordance with the requirements of this bill. DWR reports it currently spends about \$4.5 million annually on developing and updating the California Water Plan, with \$3.4 million from the General Fund and \$1.1 million from the State Water Project. In addition to these direct expenditures, DWR estimates partner agencies expend about \$3.3 million in in-kind participation and data-sharing.

In addition to what it currently spends on work related to the California Water Plan, DWR anticipates this bill will result (in 2024 dollars) in new annual costs of approximately \$6.8 million for the first five years followed by costs of approximately \$3.4 million annually thereafter. Tasks include developing future supply targets in open processes and building a model to assess the ability for California's water system to meet those targets; expanding investigations and modeling of the state's ten hydrologic regions; assessing environmental, urban, and agricultural water needs; developing comprehensive libraries of local projects with estimated benefits; producing statewide adaptation strategies; coordinating with the CWC, the advisory committee, and other specified entities; and various other tasks.

- 2) Ongoing cost pressure of an unknown, but potentially significant, amount (General Fund, special fund, or bond funds) for the state to undertake projects and activities to meet the goals and implement the strategies identified in the California Water Plan to address the state's water needs and meet water supply targets.
- 3) Likely minor and absorbable costs for the State Water Board and CWC.

COMMENTS:

- 1) **Purpose.** According to the author:

A reliable and sustainable water supply is critical to California's economy and to the quality of life for all Californians...Despite decades of work to improve California's water system, our infrastructure remains woefully inadequate to meet present and future needs. [This bill] would establish reasonable water supply targets to ensure the state adequately plans for water for all uses, including our

urban areas, agriculture and the environment, by modernizing the California Water Plan for a 21st century climate.

- 2) **Background. *California Water Plan.*** According to DWR, the California Water Plan is “the master plan which guides the orderly and coordinated control, protection, conservation, development, management and efficient utilization of the water resources of the state.” As a part of updating the plan every five years, state law requires DWR to include a discussion of various strategies, including those relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, and water transfers that may be used to meet future water needs of the state. As part of the update to the California Water Plan, state law requires DWR to conduct a study to determine the amount of water needed to meet the state’s future needs and to recommend programs, policies, and facilities to meet those needs.

The California Water Plan was most recently updated in 2023 and indicates that total “applied” water use (urban, irrigated agriculture, and environmental water) ranged from 64.2 million AF to 90.6 million AF between the years 2016 and 2020. To address the water challenges facing California, the 2023 update outlines a wide range of objectives, recommendations, and actions.

California’s Water Supply Strategy – Adapting to a Hotter, Drier Future. In August 2022, Governor Newsom released this strategy to address a projected 10% decrease in water supply (six million AF to nine million AF of water) by 2040 due to climate change. To address this shortfall, the strategy sets various numerical targets to generate new water supply, reduce demand, and develop additional water storage by 2040. In total, the strategy identifies 2.9 million AF of “new” water and four million AF of increased storage capacity to “close the evaporative gap” (increased evaporation tied to warmer average temperatures); however, the Governor’s strategy also includes the caveat that “additional storage capacity does not equate to a similar volume of new water supply.” As discussed in the Assembly Water, Parks, and Wildlife Committee’s analysis of this bill, the distinction between “new water” and expanded storage is important and one this bill does not make. The expansion of water storage will be necessary to adapt to climate change, but it will only be filled when water is available given hydrologic conditions and must be consistent with existing water rights, water quality standards, and other regulations.

- 3) **Prior Legislation.** SB 366 (Caballero), of 2023-2024 Legislative Session, was similar (but not identical) to this bill and was vetoed by the Governor. The Governor’s veto message stated SB 366 would create substantial ongoing costs for DWR, the State Water Board, and other state agencies and departments to assist in the development of water supply planning targets, and that “a revision to the Plan of this magnitude, that creates such significant costs, must be considered in the context of the annual budget.”

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