

THIRD READING

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Bill No: SB 872  
Author: McNerney (D), et al.  
Amended: 5/14/26  
Vote: 21

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SENATE ENVIRONMENTAL QUALITY COMMITTEE: 5-0, 3/18/26  
AYES: Blakespear, Valladares, Allen, Hurtado, Menjivar  
NO VOTE RECORDED: Dahle, Gonzalez

SENATE NATURAL RES. & WATER COMMITTEE: 7-0, 4/7/26  
AYES: Becker, Seyarto, Allen, Blakespear, Cabaldon, Grove, Stern

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26  
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

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**SUBJECT:** Delta Levees and Canal Subsidence Fund

**SOURCE:** Author

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**DIGEST:** This bill establishes the Delta Levees and Canal Subsidence Fund and, upon appropriation, requires the Secretary of the California Natural Resources Agency to allocate moneys from the fund to the Department of Water Resources (DWR) for supporting capital improvements to restore the original design water conveyance capacity for state water conveyance systems impacted by land subsidence and to the Sacramento-San Joaquin Delta Conservancy for projects in the Sacramento-San Joaquin Delta or Suisun Marsh to improve existing levees.

**ANALYSIS:**

Existing law:

- 1) Authorizes state financial assistance for the following types of flood programs and projects, among others:

- a) Construction, operation, and maintenance for facilities of the State Plan of Flood Control. Facilities of the State Plan of Flood Control include levees, weirs, channels, and other features of the federally and state-authorized flood control facilities located in the Sacramento River and San Joaquin River drainage basin.
- b) Delta levee maintenance pursuant to the Delta Levee Subvention Program (Water Code (Wat. C.) §12986).
- c) Delta levee improvements pursuant to the Delta Special Flood Control Projects Program (Wat. C. §12311 et seq.).

This bill:

- 1) Creates the Delta Levees and Canal Subsidence Fund (Fund) and makes moneys deposited into the Fund available to the Secretary of the California Natural Resources Agency (Secretary) for specific reasons:
  - a) Makes moneys in the Fund available upon appropriation, except that nonstate funds are continuously appropriated without regard to fiscal year.
  - b) Authorizes the Secretary to seek out, and authorizes the Fund to accept, state moneys or any bond funds for these purposes.
  - c) Authorizes the Fund to accept moneys from nonstate sources, including, but not limited to, federal and private moneys for these purposes.
  - d) Authorizes the Secretary to establish accounts within the Fund.
- 2) Requires the Secretary to allocate moneys in the Fund, subject to funding availability, in proportion to need, as determined by the Secretary, and based at least in part on seismic risk assessment, for the following purposes:
  - a) To DWR for the purpose of supporting capital improvements to restore the original design water conveyance capacity for state water conveyance systems impacted operationally by land subsidence. Requires DWR to prioritize projects based on the volume of water capacity they can restore to the state water system and provide priority to projects where the surrounding groundwater basin is implementing best management practices aligned with the goals of the Sustainable Groundwater Management Act to manage land subsidence, as determined by DWR.

- b) To the Conservancy for projects in the Sacramento-San Joaquin Delta or Suisun Marsh to improve existing levees, including multibenefit levee projects that protect, enhance, or restore habitat, and improve water quality. Requires the Conservancy to prioritize projects that improve the sustainability of local or state water supplies, and projects that improve instream, riparian, flood plain, and wetland habitat.
- 3) Authorizes DWR and the Conservancy to adopt guidelines to implement these provisions that would not be subject to the Administrative Procedure Act. Requires DWR and the Conservancy to provide an opportunity for public comment and at least one public workshop before adopting or revising the guidelines or other standards.
- 4) Requires the Conservancy, before expending funds for any project pursuant to these provisions, to prepare an annual spending plan, as specified, that details the projects the Conservancy intends to fund in that fiscal year. Requires the Conservancy to publish the spending plan on its internet website, allow at least 45 days for public comment, and hold at least one community meeting before it is approved by the Conservancy governing board.
- 5) Requires the Conservancy, by December 1, 2027, and biennially thereafter, to prepare a five-year spending plan to improve existing levees in the Sacramento-San Joaquin Delta.
- 6) Requires DWR, by May 1, 2027, and biennially thereafter, to provide a report to the Assembly Committee on Budget and to the Senate Committee on Budget and Fiscal review that contains a five-year spending plan detailing the engineering and capital improvements necessary to address state water conveyance systems impacted operationally by land subsidence, as specified. Authorizes DWR to charge the state water supply contractors for the actual and reasonable costs of developing the spending plan.
- 7) Makes findings and declarations relating to subsidence and its impact on the State Water Project and relating to the need for levee maintenance to protect the Delta and its residences, businesses, agricultural lands, tribal cultural sites, and infrastructure.

## **Background**

*Sacramento-San Joaquin Delta.* The Sacramento-San Joaquin Delta (Delta) is formed by the confluence of the Sacramento and San Joaquin rivers and covers

about 1,150 square miles in Sacramento, San Joaquin, Contra Costa, Solano, and Yolo counties. The Delta comprises about 70 islands that have been created from what was historically tidal marshland through the construction of over 1,100 miles of levees.

Although the Delta is geographically located in one part of the state, it affects the rest of the state in four important ways. The Delta is (1) a biologically diverse ecosystem, (2) essential to the State Water Project (SWP), (3) a place with economic and cultural value to the state, and (4) an important infrastructure corridor. The Delta is the largest estuary on the west coast and contains a variety of habitat types for over 700 species of fish and wildlife. In addition, many of the state's native fish species migrate through the Delta. As a result, the Delta is important for maintaining biodiversity in California and the United States, and essential to the state's water system.

*The State Water Project.* Water supply in California does not naturally occur where demand is highest. Much of the state's precipitation occurs in the northern and eastern parts of the state, while much of the demand occurs in the south and on the western coast because of the locations of population centers and agricultural lands. As a result, two large water projects—the SWP and the federal Central Valley Project (CVP) — were built to store and transport water throughout the state. These projects store water in dams upstream of the Delta and use rivers to transport it to the Delta. The water then moves through the Delta's waterways to pumps in the southern part of the Delta, where the SWP and the CVP then pump, or “export,” that water to the Central Valley, Southern California, and parts of the San Francisco Bay Area. The project makes deliveries to two-thirds of California's population.

*Delta levees.* The Delta levees are essential for the protection from flooding of human life, property (e.g. buildings, equipment, and crops, among others), water quality, and wildlife habitat. While the Delta levees are mostly private, the State relies upon them to maintain the Delta in its current state as a water conveyance system for the SWP and the federal CVP.

*Subsidence issues.* Subsidence is the sinking of land surface due to changes in the soil or sediment in the ground. Subsidence occurs for a variety of reasons such as groundwater pumping, oil extraction, and geologic processes. Subsidence is a growing issue in California that impacts our water infrastructure and the communities who rely on it.

According to a DWR fact sheet, subsidence impacts across the state can be grouped into three broad categories: (1) infrastructure, (2) flood control, and (3)

groundwater wells. Infrastructure impacts include damage to roads, pipelines, bridges, and water canals. Examples of impacted infrastructure include the SWP and local irrigation projects. Flood control system impacts include the lowering of levees and loss of channel capacity to move water during storm events. These impacts are occurring primarily in the San Joaquin River and Tulare Lake hydrologic regions. Subsidence can worsen the risk of flooding over time, damage groundwater well casings, and render some wells unusable.

As discussed above, large-scale canals deliver water to vast areas of the Central Valley and Southern California. Projects like the SWP deliver millions of acre-feet of water to urban and agricultural users to grow crops and use in their homes and businesses through a system of gravity canals, pumps, and control structures. When the land sinks along these canals, they lose their ability to move water and the canal structures are put at risk.

**FISCAL EFFECT:** Appropriation: Yes Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee,

- “Unknown but significant cost pressures (various funds) to provide funding for deposit into the Delta Levees and Canal Subsidence Fund in order to be allocated pursuant to the provisions of this bill. SB 872 would require CNRA to allocate monies in the fund, subject to availability, to specified purposes proportionate to need, as determined by CNRA, and based, at least in part, on seismic risk assessment. Some of these monies may come from sources other than state funds, such as private or federal funds.
- “Unknown, potentially significant ongoing costs, possibly in the hundreds of thousands of dollars annually (General Fund) for the Conservancy and Department of Water Resources to develop and produce spending plans as provided.
- “Implementation and administration costs for CNRA, DWR, the Conservancy, and other state entities would be dependent upon actual amounts allocated in any given year, and would likely vary significantly across departments and fiscal years.
  - DWR has existing State Water Project staff who are already doing some of the subsidence work identified by the bill and therefore DWR anticipates no additional costs to implement that portion of the bill.

- DWR operates two local assistant programs that support work on levees of the Delta – the Delta Levee Maintenance Subventions Program and the Delta Special Projects Program – that currently receive between \$12 million and \$15 million annually and are supported by approximately 10 staff. Based on current program data, it is estimated that each doubling of grant monies would call for an increase of approximately 5 staff. Actual staffing needs and associated costs would depend on amounts allocated.
- The Conservancy estimates that in order to implement a new program it would need funding allocated across several key functions. Of the total amount allocated, the Conservancy estimates it would need approximately five percent to support program delivery, including contract management, communications, budgeting, and accounting. An additional five percent would be dedicated to planning and monitoring activities, such as grant and contract management. Lastly, the Conservancy estimates that about 10 percent would fund technical assistance, provided by both internal staff and external consultants. The Conservancy notes that the scope and cost of technical assistance would vary depending on the type of expertise required and the location of the work.
- Unknown but potentially significant costs for the Delta Stewardship Council to support implementation of annual Delta Levees Investment Strategy prioritization.
- “Unknown costs of up to the low hundreds of thousands of dollars once every five years for CNRA to prepare and provide the required report to the Legislature.”

**SUPPORT:** (Verified 5/14/26)

Alameda County Zone 7 Water Agency  
 Antelope Valley East Kern Water Agency  
 Association of California Water Agencies  
 Bay Area Council  
 Burbank Water and Power  
 Cal Asian Chamber of Commerce  
 California Alliance for Jobs

California Building Industry Association  
 California Central Valley Flood Control Association  
 California Council for Environmental & Economic Balance  
 California Environmental Voters  
 California Municipal Utilities Association  
 California State Association of

Counties  
Camrosa Water District  
Carpinteria Valley Water District  
Central Coast Water Authority  
City of Beverly Hills  
City of Fullerton  
City of Glendale Water & Power  
Coachella Valley Water District  
Contra Costa County  
County of Yolo  
Crescenta Valley Water District  
Crestline-lake Arrowhead Water Agency  
Cucamonga Valley Water District  
Defenders of Wildlife  
Delta Counties Coalition  
Desert Water Agency  
Dudley Ridge Water District  
Foothill Municipal Water District  
Fresno County Economic Development Corporation  
Great Valley Farm Water Partnership  
Greater Conejo Valley Chamber of Commerce  
Inland Empire Utilities Agency  
International Union of Operating Engineers, Cal-Nevada Conference  
Irvine Ranch Water District  
Kern County Water Agency  
Las Virgenes Municipal Water District  
Long Beach Area Chamber of Commerce  
Metropolitan Water District of Orange County  
Metropolitan Water District of Southern California  
Mojave Water Agency  
Napa County Flood Control and Water Conservation District  
New California Coalition  
Orange County Business Council  
Palmdale Water District  
Public Water Agencies Group  
Rancho California Water District  
Restore the Delta  
San Bernardino Valley Municipal Water District  
San Diego County Water Authority  
San Gabriel Valley Council of Governments  
San Gabriel Valley Municipal Water District  
San Gabriel Valley Water Association  
San Geronio PASS Water Agency  
San Joaquin Area Flood Control Agency  
San Joaquin; County of  
Santa Clara Valley Water District  
Santa Clarita Valley Water Agency  
Secure Water Alliance  
Sierra Club California  
Solano County Water Agency  
Solano; County of  
Southern California Leadership Council  
Southern California Water Coalition  
Southwest California Legislative Council  
State Building & Construction Trades Council of California  
State Water Contractors  
The Greater Coachella Valley Chamber of Commerce  
Three Valleys Municipal Water District  
Upper San Gabriel Valley Municipal Water District  
Valley Ag Water Coalition

West Basin Municipal Water District  
Western Municipal Water District

**OPPOSITION:** (Verified 5/14/26)

None received

**ARGUMENTS IN SUPPORT:** According to the author, “The Sacramento-San Joaquin River Delta and the State Water Project (SWP) together make up California’s primary water source, providing freshwater supplies to 27 million people, businesses, and farms in the Central Valley, the Bay Area, and Southern California. But the Delta’s levees and the SWP’s water canals are in desperate need of repair. Many of the Delta’s aging levees are at risk of collapse, threatening the region with catastrophic flooding. And the SWP’s canals are being seriously impacted by sinking land, imperiling up to 80% of the system’s water supplies. SB 872 protects CA’s main water system by creating a fund for essential levee repairs in the Delta and shoring up SWP’s canals impacted by subsidence to prevent interruptions in essential water deliveries. Historically, CA’s longstanding water wars have pitted North against South, the environment versus agriculture. SB 872 provides a pragmatic and peaceful solution by bringing traditional adversaries together to support projects that will benefit the entire state.”

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