Date of Hearing: June 30, 2026

ASSEMBLY COMMITTEE ON WATER, PARKS, AND WILDLIFE
Diane Papan, Chair
SB 872 (McNerney) – As Amended May 14, 2026

SENATE VOTE: 39-0

SUBJECT: Delta Levees and Canal Subsidence Fund

SUMMARY: Establishes the Delta Levees and Canal Subsidence Fund (Delta and Canal Fund) in the State Treasury to be a receptacle for funds for capital projects to restore the design capacity of the State Water Project (SWP) and improve existing levees in the Sacramento-San Joaquin Delta (Delta). Specifically, **this bill**:

1) Establishes the Delta and Canal Fund in the State Treasury to provide funds for capital projects to restore the design capacity of SWP and improve existing levees in the Delta.

2) Provides the Secretary of the Natural Resources Agency may seek out state moneys for the Delta and Canal Fund, including from the General Fund, Greenhouse Gas Reduction Fund, and bonds.

3) Provides the Delta and Canal Fund may accept moneys from non-state sources, including from federal and private sources.

4) Provides moneys in the Delta and Canal Fund are continuously appropriated for the purposes of this bill.

5) Provides the Secretary of the Natural Resources Agency shall allocate moneys in the Delta and Canal Fund in proportion to need and, in part, based on seismic risk to the Department of Water Resources (DWR) to address subsidence damage in SWP or the Delta Conservancy to improve Delta Levees.

6) Requires DWR to prioritize funding it receives from the Delta and Canal Fund for projects based on the volume of water capacity that can be restored to SWP and where a groundwater basin is implementing best management practices aligned with the Sustainable Groundwater Management Act.

    a) Provides DWR may adopt program guidelines when disbursing funds received from the Delta and Canal Fund.

    b) Provides the adoption of program guidelines by DWR shall not be subject to the Administrative Procedures Act; however, requires DWR to provide opportunity for public comment and hold at least one public workshop before adopting or revising program guidelines.

7) Requires the Delta Conservancy to prioritize funding it receives from the Delta and Canal Fund for projects that improve the sustainability of local or state water supplies and that improve instream, riparian, floodplain, and wetland habitat.

a) Provides the Delta Conservancy may adopt program guidelines when disbursing funds received from the Delta and Canal Fund.

b) Provided the adoption of program guidelines by the Delta Conservancy shall not be subject to the Administrative Procedures Act; however, requires the Delta Conservancy to provide opportunity for public comment and hold at least one public workshop before adopting or revising program guidelines.

c) Requires the Delta Conservancy to develop and approve an annual spending plan before disbursing any funds from the Delta and Canal Fund to a project. The Delta Conservancy must allow at least 45 days for public comment and hold a public workshop on the spending plan before approving it.

d) Provides the Delta Conservancy may establish an advisory committee to support development of the spending plan.

e) Requires the spending plan to consider the Delta Levees Investment Strategy developed by the Delta Stewardship Council (DSC).

f) Requires the Delta Conservancy to convene a working group that includes representatives of local governments, landowners, reclamation districts, environmental groups, and environmental justice organizations to provide recommendations during development of the spending plan.

g) Requires the Delta Conservancy, in conjunction with DSC and DWR, to prepare a 5-year spending plan to improve existing levees in the Delta every two years beginning December 1, 2027. The 5-year spending plan shall be published on the Conservancy's web site.

8) Requires DWR to submit a 5-year plan to the Legislature detailing the engineering and capital improvements necessary to address state water conveyance systems impacted by land subsidence. The initial 5-year plan shall be submitted by May 1, 2027 and every two years thereafter.

a) The initial 5-year plan shall cover 2027–28 to 2031–32 fiscal years and include the out-years anticipated for completion of any capital improvement identified in the plan.

b) Provides DWR may charge state water contractors the actual and reasonable costs of developing the 5-year spending plan.

9) Prohibits the use of any funds made available pursuant to this bill from being used to pay the costs of design, construction, operation, mitigation, or maintenance of any additional Delta conveyance facilities. Provides those costs shall be the responsibility of the water agencies that benefit from the design, construction, operation, mitigation, or maintenance of those facilities.

10) Requires the Secretary of the Natural Resources Agency to report to the Legislature on expenditures made and public benefits realized pursuant to this bill by January 1, 2032 and every five years thereafter.

11) Makes various legislative findings and declarations regarding the impact of climate change on the Delta and SWP and the need for investment in Delta levees and SWP.

EXISTING LAW:

1) Defines the legal boundaries of the Delta (Water Code § 12220).

2) Establishes the Delta Conservancy as a state agency to work in collaboration and cooperation with local governments and interested parties to implement ecosystem restoration in the Delta and to advance environmental protection and the economic well-being of Delta residents [Public Resources Code (PRC) § 32320 *et seq.*].

3) Requires the Delta Conservancy to cooperate and consult with a city or county in which a grant is proposed to be expended or an interest in real property is proposed to be acquired and coordinate its efforts with other state agencies. Also requires, as necessary or appropriate, the conservancy to cooperate and consult with a public water system, levee, flood control, or drainage agency that owns or operates facilities where a grant is proposed to be expended or an interest in land is proposed to be acquired (PRC § 32363).

4) Establishes DSC to develop, adopt, and begin implementation of a Delta Plan to achieve the state's co-equal goals for the Delta: (i) provide a reliable water supply; and (ii) protect, enhance, and restore the Delta ecosystem (Water Code §§ 85020 and 85200–85310).

5) Requires DSC to recommend priorities for state investment in levee operation, maintenance, and improvements in the Delta and include these recommendations in the Delta Plan (Water Code § 85306).

6) Establishes the Delta Levees Special Flood Control Projects program to protect discrete and identifiable public benefits, including public highways and roads, utility lines and conduits, urbanized areas, water quality, recreation, navigation, and fish and wildlife habitat (Water Code §§ 12310—12318).

7) Establishes the Delta Levees Maintenance Subventions program at DWR to reimburse local flood control agencies in the Delta for up to 75% of the costs to maintain or improve Delta levees to specified standards (Water Code §§ 12986—12995).

8) Provides that local flood control agencies in the Delta must have a maintenance and improvement plan approved by the Central Valley Flood Protection Board (CVFPB) in order to be eligible for reimbursements under the Delta Levees Maintenance Subventions Program (Water Code § 12987).

9) Authorizes the issuance of $1.75 billion in general obligation bonds for the acquisition, construction, and completion projects making up the "State Water Resources Development System" (i.e., SWP) previously authorized by the Legislature as part of Central Valley Project (CVP), including Lake Oroville and the California Aqueduct. States the goal of SWP is to meet local needs, including, flood control and water supply augmentation (Water Code § 12930 *et seq.)*.

10) Provides that the construction, operation, and maintenance of the CVP is for the welfare and benefit of the people of the state and for the improvement of their prosperity and living conditions (Water Code § 11126 *et seq.*).

11) Authorizes Lake Oroville, the California Aqueduct, and Delta diversion project as part of CVP (Water Code § 11260).

FISCAL EFFECT: Unknown. This bill is keyed fiscal.

COMMENTS:

1) **Purpose of this bill**. According to the author, the [Delta] and [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." The author argues this bill will protect California's main water system by directing funding to essential levee repairs in the Delta and shoring up SWP's canals impacted by subsidence.

2) **Background**. The Delta lies at the confluence of the Sacramento and San Joaquin Rivers, adjacent to San Pablo Bay. Freshwater flows from these rivers and other local streams meet seawater in numerous waterways, creating a rich and diverse landscape and ecosystem. While most of the vast expanses of tule marsh that once characterized the Delta have been converted to agricultural uses, remnant natural and managed marshes still support a variety of native and introduced fish, wildlife, and waterfowl. The Delta is also a significant stopover for birds migrating along the Pacific Flyway and a migration corridor for millions of salmon annually. Because of its geographic location – stretching from Sacramento to the confluence of the San Joaquin and Stanislaus Rivers, from Stockton to the Suisun Bay – the Delta is also an infrastructure hub laced with highways, railroads, aqueducts, oil and gas pipelines, powerlines, and other important infrastructure. With its legacy communities reflecting the rich cultural heritage and history of the region, as well as its natural and recreational resources, the Delta is a National Heritage Area and has been recognized in statute as a unique place that has immense value and must be protected. Additionally, the Delta is a key component of California's water infrastructure (SWP and CVP), providing a critically important source of water for 27 million Californians.

   Delta Levees. A defining feature of the Delta is its 1,100 miles of levees that have facilitated reclamation and development of the islands they protect. However, unlike typical river levees that are stressed by high water during floods, Delta levees constantly have water against them and must continuously withstand the pressures and erosive forces of river flows, tides, and wind waves. Many of these levees were built over 150 years ago with readily available borrow material from adjacent lands or channels and are underlain with low strength/stability organic peat soil and alluvial sands. Current and future threats to the integrity of Delta levees include land subsidence, climate change, and sea level rise.

   Land subsidence in the Delta increases flood risk by lowering the elevation of lands protected by levees and threatening the stability of levees. This subsidence has created a situation

where the dry land behind levees is at a lower elevation (typically 15 feet or more below sea level) than the water on the "wet side" of the levee on a majority of Delta islands. As a result, levees must withstand greater hydraulic pressure as the supporting soil on the landside of the levee sinks. Land subsidence in the Delta is an ongoing process because the peat soils on many Delta islands oxidize when exposed to air.

Delta Levees Programs. Through its programs, DWR plays a key role in protecting and enhancing the Delta, addressing the need for investments in flood risk management, prioritizing maintenance, repair, and improvements of the levees that are essential to the Delta's current function and its resilience moving forward. DWR has invested over $400 million to improve Delta levees through the following programs:

- Delta Levees Maintenance Subventions Program: Established in 1973, this program reimburses local levee maintaining agencies (e.g., reclamation districts) for their costs in maintaining Delta levees to specified federal and state standards. The types of activities funded by this program include vegetation control, rodent control, erosion control, erosion repair, access road repairs, levee rehabilitation, rip rap replacement, clearing drains and toe ditches, encroachment removal, levee crown repairs, seepage control, debris removal, regular inspection, and levee crown raises to compensate for subsidence. To be eligible for the funding, a local levee maintaining agency must have a levee and maintenance improvement plan that is approved by CVFPB and have submitted an application to DWR. DWR makes recommendations to CVFPB which then reviews DWR's recommendations, approves final awards, and executes work agreements with grantees selected. Upon completion of work, DWR conducts an inspection of the project and, if satisfactory, reimburses a local levee maintaining agency for up to 75% of its project costs. Program guidelines place caps on the total amount a levee maintaining agency may receive and prioritize maintenance projects over rehabilitation projects when available funding is limited.

- Delta Levees Special Flood Control Projects Program: Established in 1988, this program provides funding to local public agencies that maintain Delta levees for field investigations, habitat projects, setback levees, levee improvement, levee repair, emergency response planning and preparedness, engineering analysis and design work, environmental permitting and planning work, planning studies, scientific studies and research, beneficial reuse of dredged materials projects, and the development or update of a five-year plan. To be eligible for funding, a local public agency must have a completed five-year plan approved by DWR that provides an assessment of the agency's existing levee system and a strategic plan to meet required standards and level of protection. DWR typically provides no more than $10 million to a given project or funds up to 75% of the project cost, whichever is lower. The $10 million cap or 75% cost share can be exceeded if projects are to meet a levee standard specified by DWR or provide other benefits such as protecting a statewide interest (e.g., water or transportation infrastructure) or providing habitat.

- Delta Ecosystem Enhancement Section: This is not a standalone program, but an effort by an interdisciplinary team within DWR to help develop and oversee the habitat elements of Delta levee projects funded by the Delta levees programs and other flood protection programs administered by DWR. Staff from this team review,

> coordinate, monitor, and manage habitat mitigation and enhancement projects to provide ecosystem benefits for native aquatic and terrestrial species.

These programs are targeted specifically to Delta levees, but local agencies can also apply for and receive funding from other statewide flood protection programs administered by DWR such as the Systemwide Flood Risk Reduction Program and Small Communities Flood Risk Reduction Program. The primary source of funding for the Delta levees programs over the past two decades has been general obligation bonds. For example, Proposition 4 from 2024 includes $150 million for projects in the Delta to improve existing levees "to increase flood protection and improve climate resiliency."

Delta Levee Investment Strategy (DLIS). Following a public process at DSC that took roughly a decade, DLIS took effect as a regulation on January 1, 2024 (23 California Code of Regulation §§ 5001 and 5012). DLIS is based on a decision support tool that uses various metrics to assess risks to people, assets, water supply reliability, the Delta ecosystem, and the Delta as a place. These metrics consider both the probability and consequences of flooding, utilizing hazard recurrence curves and fragility curves to inform the analysis. Based on this analysis, DLIS assigns a risk-based priority of "very high," "high," or "other" to each island or tract within the legal boundaries of the Delta to prioritize state investment in Delta levees. Per the regulation, DWR must expend public funds on "very high" levees before it expends funds on other priority levees. DWR can deviate from this rule, but it must document the rationale for each exception in its annual report to DSC on investments in Delta levees.

SWP. DWR is also responsible for managing SWP, "a multi-purpose water storage and delivery system that extends more than 705 miles" and encompasses a collection of canals, pipelines, reservoirs, and hydroelectric power facilities that delivers clean water to 27 million Californians, 750,000 acres of farmland, and businesses throughout California. SWP collects surface water from the northern part of the state in its largest reservoir, Lake Oroville, and transports that water south through rivers, the Delta, and the California Aqueduct to 29 cities, counties, and water districts that have contracts with SWP. DWR delivers a percentage of water to its contractors depending on hydrologic conditions and forecasted runoff. The California Aqueduct is a key feature of SWP and the primary method of transporting water from Northern California to Southern California. It is a concrete-lined canal that winds its way through the Central Valley, moving water from the Clifton Court Forebay in the Delta down to Lake Perris, SWP's southernmost reservoir. Water travels by gravity until it is lifted by pumping plants and then continues its journey south by gravity until the next pumping plant.

Land subsidence. Land subsidence is the sinking of land due to various factors, including the de-watering of sediments in an aquifer due to excessive groundwater pumping (i.e., overdraft) and oxidation of soils (as discussed above). According to DWR's *Best Management Practices for Land Subsidence* (2026):

> Aside from impacting the structure of the aquifer itself, subsidence can also significantly impact infrastructure, including water conveyance facilities, pipelines, levees, building foundations, railways, highways, well casings, and bridges. Subsidence from groundwater pumping has severely impacted land surfaces and infrastructure in parts of California. Rates of subsidence and its associated impacts have increased in some areas of California due to unsustainable groundwater pumping. The effects are costing

> Californians hundreds of millions of dollars annually in damage repairs, reducing water supply reliability, and jeopardizing public safety. It is imperative that existing subsidence is minimized as quickly as possible and that the emergence of new subsiding areas is avoided.

Impact of land subsidence on SWP. DWR monitors the impacts of land subsidence on the capacity of the California Aqueduct; in a recent analysis, DWR estimates that "under 2043 climate conditions, projected subsidence would cause reductions in SWP deliveries by 84 percent." Land subsidence primarily caused by groundwater overdraft has been occurring in the San Joaquin Valley since at least the 1920's. During construction of the California Aqueduct in the 1960's, 20 to 30 feet of subsidence had already occurred. While the situation stabilized for a few decades following construction, there has been an alarming increase in subsidence in recent decades. In January 2026, DWR estimated that restoring the capacity lost in the California Aqueduct and San Luis Canal (a joint federal-state water conveyance facility) due to land subsidence will cost nearly $4 billion.

3) **Arguments in support**. Restore the Delta (RTD) supports this bill and argues that it dedicates funding to two statewide priorities: 1) maintaining and improving Delta levees; and 2) address land subsidence impacts to the California Aqueduct. Regarding Delta levees, RTD notes that many at risk of failure today, "these levees were constructed in the late 1800s, and do not currently meet the 200-year flood standard. Climate change places additional stress on Delta levees, impacted by increasing droughts, extreme precipitation events, earlier snowmelt, and sea level rise. As the levees continue to age in the face of climate change, there is an increasing risk of levee breach or boils. In 2025 alone, there were 3 near-levee breaches." By addressing these two priorities, RTD contends this bill is "contributing to a shared and coordinated investment to protect Delta communities and the economy more broadly from flood risk, and to avoid the further degradation of state water conveyance infrastructure."

4) **Proposed committee amendments**. This bill creates a new Delta levee program at the Delta Conservancy and tasks the Delta Conservancy with creating a five-year spending plan to improve Delta levees. Given that there are existing programs at DWR for Delta levees and there have been previous planning and prioritization efforts (e.g., Delta Levee Investment Strategy), rather than duplicate existing work, the Committee may wish to request that the author amend this bill to incorporate the Delta Conservancy into the existing programs. The following amendments will task the Delta Conservancy with soliciting community input to make recommendations to DWR regarding project funding, require a minimum of 15% of the funds made available by this bill to go to levees to improve flood risk, protect human health and safety, or protect agricultural interests and waive the local cost share requirement for the Delta Levee Subventions Program and Delta Levees Special Flood Control Projects Program for three years:

Amendment 1 – make technical correction to findings:

(i) The Sacramento-San Joaquin Delta Reform Act of 2009 required, among other things, that the Delta Stewardship Council establish a plan to reduce flood risk and guide prioritization of state investments in the Delta. The resulting Delta Levees Investment Strategy (DLIS) is a risk-based prioritization for levee investments in the Delta ***that became law*** ~~***adopted by the Delta Stewardship Council***~~ as part of the Delta Plan on January 1, 2024. The goal is to

maximize flood protection for people, property, water supply, the delta ecosystem, and infrastructure, for the benefit of all Californians. While the strategy provides a risk-based prioritization of levee repairs in the Delta, it does not currently have funding sources to meet its goals.

Amendment 2 – incorporate Delta Conservancy into existing Delta Levees programs

12997. (a) The Delta Levees and Canal Subsidence Fund is hereby created in the State Treasury. Upon appropriation by the Legislature, moneys deposited into the fund shall be available to the secretary for expenditure consistent with this part.

(b) (1) The secretary may seek out, and the fund may accept, state moneys, including, but not limited to, from the General Fund, special funds, the Greenhouse Gas Reduction Fund created pursuant to Section 16428.8 of the Government Code, or any bond funds, for purposes of this part.

(2) The fund may accept moneys from nonstate sources, including, but not limited to, federal and private moneys, for purposes of this part.

(3) The secretary may establish accounts within the fund.

(4) Notwithstanding subdivision (a), and Section 13340 of the Government Code, any nonstate funds, including, but not limited to, federal and private funds, in the fund are continuously appropriated without regard to fiscal year to the secretary for expenditure consistent with this part.

(c) The secretary shall 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 all of the following purposes:

(1) (A) To the department 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.

(B) The department shall prioritize projects based on the volume of water capacity they can restore to the state water system, and shall provide priority to projects where the surrounding groundwater basin is implementing best management practices aligned with the goals of the Sustainable Groundwater Management Act (Part 2.74 (commencing with Section 10720)), or the equivalent as determined by the department, to manage land subsidence, as determined by the department.

(C) (i) The department may adopt guidelines to implement this paragraph. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to the adoption of the guidelines by the department to implement this paragraph. Before adopting or revising the guidelines or other standards, the department shall provide an opportunity for public comment and at least one public workshop.

(ii) For purposes of moneys deposited into the fund, the department may impose additional requirements on projects to meet any conditions of the funding source.

(2) (A) To the ~~***conservancy***~~ ***department*** for projects ***consistent with the Delta Levee Maintenance Subventions program (commencing with Section 12980 of the Water Code), the Delta Special Flood Control Projects program (commencing with Section 12310 of the Water Code) or other 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.

(B) Projects may include, but are not limited to, projects to address subsidence alongside levees and the construction of seepage and stability berms on levees to correct underseepage, through-seepage, or structural instability.

(C) The ~~***conservancy***~~ ***department*** shall prioritize projects ***consistent with the Delta Levees Investment Strategy.*** ~~***that improve the sustainability of local or state water supplies, and projects that improve instream, riparian, flood plain, and wetland habitat.***~~

(D) (i) The conservancy shall convene a working group that includes representatives of local governments, landowners, reclamation districts, tribes, environmental groups, and environmental justice organizations to develop a list of recommended projects for any funding made available pursuant to subdivision (A). The list of projects shall be approved by the board. The conservancy shall publish the list of projects on its internet website, allow at least 45 days for public comment, and hold at least one community meeting before the list of projects is approved by the board.

(ii) The board may establish an advisory committee to support development of the list of recommended projects for funding.

(D) (i) The ~~***conservancy***~~ ***department*** may adopt ***or revise*** guidelines to implement this paragraph. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to the adoption of the guidelines by the conservancy to implement this paragraph. Before adopting or revising the guidelines or other standards, the ~~***conservancy***~~ ***department*** shall provide an opportunity for public comment and at least one public workshop.

(ii) For purposes of moneys deposited into the fund, the ~~***conservancy***~~ ***department*** may impose additional requirements on projects to meet any conditions of the funding source.

(E) (i) ***At least 15 percent of the funds made available under (A) shall be for levee projects within the legal Delta recommended by the conservancy pursuant to subdivision (D) that improve flood risk, protect human health and safety, or protect agricultural interests.***

~~***Before expending funds for any project pursuant to this paragraph, the conservancy shall prepare an annual spending plan that shall be approved by the board that details the projects the conservancy intends to fund in that fiscal year. The conservancy shall publish the spending plan on its internet website, allow at least 45 days for public comment on the spending plan, and hold at least one community meeting on the spending plan before it is approved by the board.***~~

~~***(ii) The board may establish an advisory committee to support development of the spending plan***~~**.**

~~***(iii) The spending plan shall consider the Delta Levees Investment Strategy.***~~

(ii) The department shall administer any grants or funding agreement from the list of projects recommended by the conservancy.

~~***(iv) The conservancy shall convene a working group to provide recommendations during the development of the spending plan that includes representatives of local governments, landowners, reclamation districts, environmental groups, and environmental justice organizations.***~~

~~***(F) No later than December 1, 2027, and biennially thereafter, the conservancy, in conjunction with the council and the department, shall prepare a five-year spending plan to improve existing levees in the Sacramento-San Joaquin Delta. The conservancy shall publish the five-year spending plan on its internet website.***~~

Amendment 3 – Permit DWR to waive local cost share requirement for Delta Levee Maintenance Subventions program where local agency demonstrates economic hardship

SEC. 3. Section 12986 of the Water Code is amended to read as follows:

12986. (a) The department, upon appropriation by the Legislature, shall reimburse an eligible local agency pursuant to this part for costs incurred in any year for the maintenance or improvement of project or nonproject levees as follows:

(1) Costs incurred shall not be reimbursed if the entire cost incurred per mile of project or nonproject levee is either of the following:

(A) Two thousand five hundred dollars ($2,500) or less for a project or nonproject levee in an urban area.

(B) One thousand dollars ($1,000) or less for a project or nonproject levee in a rural area.

(2) ***(i)*** Not more than 75 percent of any costs incurred in excess of the amount per mile of project or nonproject levee specified in paragraph (1) shall be reimbursed.

(ii) The department may waive the limitation in (i) if a local agency demonstrates economic hardship and reimbursement is for a project that addresses an imminent threat to life, property, water supply, or habitat.

(3) In addition to project plans approved by the board, the department shall require the local agency to provide information to the department that may include, but is not limited to, a detailed engineer's report prepared pursuant to subdivision (b) of Section 4 of Article XIII D of the California Constitution, audited financial statements, or an assessment commissioners' report. The information provided to the department shall be the basis for determining the maximum allowable reimbursement eligible under this part. Nothing in this paragraph shall be interpreted to increase the maximum reimbursement allowed under paragraph (2).

(4) Reimbursements made to the local agency in excess of the maximum allowable reimbursement shall be returned to the department.

(5) All final costs allocated or reimbursed under a plan shall be approved by the Central Valley Flood Protection Board for project and nonproject levee work.

(6) Costs incurred pursuant to this part that are eligible for reimbursement include construction costs and associated engineering services, financial or economic analyses, environmental costs, mitigation costs, and habitat improvement costs.

(b) Upon completion of its evaluation pursuant to Sections 139.2 and 139.4, by January 1, 2008, the department shall recommend to the Legislature and the Governor priorities for funding under this section.

(c) Reimbursements made pursuant to this section shall reflect the priorities of, and be consistent with, the Delta Plan established pursuant to Chapter 1 (commencing with Section 85300) of Part 4 of Division 35.

5) **Related legislation**. SB 890 (Nielsen and Borgeas) of 2022 would have established the Water Storage and Conveyance Fund to help expand and restore water conveyance and storage capacity throughout California, specifically projects that support subsidence repair and reservoir storage costs. SB 890 failed passage in the Senate Natural Resources and Water Committee.

SB 559 (Hurtado) of 2021 would have established the Water Conveyance Restoration Program at DWR to minimize losses in water conveyance capacity due to damaged conveyance infrastructure. SB 559 was subsequently amended to ratify a tribal-state gaming compact and enacted into law.

SB 129 (Skinner), Chapter 69, Statutes of 2021, is the "Budget Bill Junior" that makes changes to the 2021-22 Budget Act passed by the Legislature on June 14, 2021. Among other provisions, SB 129 appropriates $100 million to DWR for water conveyance projects (e.g., SWP and Friant-Kern Canal) where a project has an adequate nonstate cost share to match the state's investment.

SB 559 (Hurtado) of 2020 would have required DWR to identify federal funding approved to restore the capacity of the Friant-Kern Canal and recommends an appropriate state cost share for the project in a report to the Legislature. SB 559 was vetoed by the Governor.

SB 854 (Budget and Fiscal Review Committee), Chapter 51, Statutes of 2018, makes various changes to the Delta Levee Subventions program and deletes the repeal date of the program, making the program operational indefinitely.

AB 732 (Frazier) of 2017 would have extended the July 1, 2018 sunset date for the Delta Levee Subventions program by two years to July 1, 2020. AB 732 was held in the Senate Appropriations Committee.

SB 554 (Wolk) of 2016 would have extended the Delta Levee Subventions program by two years, until July 1, 2020. SB 554 was vetoed by Governor Brown.

REGISTERED SUPPORT / OPPOSITION:

Support

California Municipal Utilities Association
California State Association of Counties
County of Contra Costa
County of Sacramento
County of San Joaquin
County of Solano
County of Yolo
Restore the Delta
Suisun Resource Conservation District
Yorba Linda Water District

Opposition

None on file

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