



**CMUA**  
CALIFORNIA MUNICIPAL UTILITIES  
ASSOCIATION



February 12, 2025

The Honorable Gavin Newsom  
Governor of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

The Honorable Mike McGuire  
Senate President Pro Tempore  
1021 O Street, Suite 8518  
Sacramento, CA 95814

The Honorable Robert Rivas  
Speaker of the Assembly  
1021 O Street, Suite 8330  
Sacramento, CA 95814

The Honorable Scott Wiener  
Chair, Senate Budget Committee  
1020 N Street, Room 502  
Sacramento, CA 95814

The Honorable Jesse Gabriel  
Chair, Assembly Budget Comm  
1021 O Street, Suite 8230  
Sacramento, CA 95814

The Honorable Ben Allen  
Chair, Senate Budget Sub Comm #2  
1021 O Street, Suite 6610  
Sacramento, CA 95814

The Honorable Steve Bennett  
Chair, Assm. Budget Sub Comm #4  
1021 O Street, Suite 4710  
Sacramento, CA 95814

Dear Governor Newsom, Pro Tem McGuire, Speaker Rivas, Chair Wiener, Chair Gabriel, Chair Allen and Chair Bennett,

WaterReuse California (WRCA), the Association of California Water Agencies (ACWA), the California Association of Sanitation Agencies (CASA), the California Municipal Utilities Association (CMUA) and the Southern California Water Coalition (SCWC) represent the state's water recycling, wastewater and water agencies. We strongly believe that investing in water recycling is critical to ensure water supply reliability for all Californians.

State government, at all levels, has a longstanding commitment to supporting recycled water development as a local, drought-resilient water supply. The Governor's Water Supply Strategy for Adapting to a Hotter, Drier California identifies water recycling as the key action to protecting community water supplies. The Strategy calls for reusing at least 800,000 acre-feet of water per year by 2030 and 1.8 million acre-feet by 2040.

We respectfully propose several budget actions to ensure water recycling can keep pace with the demand for drought-proof, local, resilient water supplies. With *at least* \$16 billion in planned recycled water projects in California, we look forward to working with the Governor and the Legislature to ensure development of local water supplies is a priority in the 2025-26 state budget.

**Reject the Governor’s Proposal to Revert \$51M in Recycled Water General Funds**

The Governor’s budget proposes to revert \$51 million in General Fund appropriated in the 2024-25 budget. Between FY 2012-22 and FY 24-25, the SWRCB has been allocated \$380.5 million for recycled water competitive grants. Despite having projects lined up and ready to go, over the past several years, **72 percent of those allocated funds have been reverted back to the general fund.**

The \$51 million was allocated to projects in the State Water Resources Control Board Intended Use Plan adopted on August 13. Those projects are in the final stages of finalizing funding agreements and the loss of \$51 million will terminate those agreements.

“Backfilling” with Proposition 4 funds only reduces the number of projects that can get funded. With the number of projects waiting for funding, it is critical that the \$51 million is restored.

**Support \$153 million for Proposition 4 Water Recycling**

We are very supportive of the proposal to allocate \$153 million in FY 2025-26. This funding is critical to helping keep costs for California ratepayers as low as possible while providing access to clean and safe drinking water. We urge approval of \$153 million for water recycling from Proposition 4.

There is an existing program at the State Water Resources Control Board that can expeditiously get water recycling funding into local communities. For example, funds allocated in the 2024-25 state budget were awarded to projects by August of 2024.

**Exempt Water Recycling Funds from BCP Language**

The Climate Bond Expenditure Plan Budget Change Proposal Section E- Implementation notes, *“Existing programs may offer grant solicitations as early as Spring or Summer of 2026.”*

We respectfully request the State Water Resources Control Board not be held to this timeline for water recycling funds. The Water Recycling Funding Program is an established and efficient program with a well-understood solicitation and program guidelines. Delaying funding for over a year is unnecessary and costly for projects waiting in the pipeline for funding.

**Support Draft Proposition 4 Trailer Bill**

The “Climate Bond Trailer Bill” correctly proposes to expedite the Climate Bond funds by bypassing the APA process. Expeditious allocation of bond funds to projects throughout California is imperative to helping meet California's climate goals. As mentioned above, the Water Recycling Funding Program is a longstanding, efficient, program that shouldn’t be delayed.

The Legislative Analyst’s Office agrees: *“We recommend the Legislature approve the proposed APA exemption, as such an action has precedence, and likely would make bond implementation both more efficient and expeditious.”* ([LAO Report 4958](#))

**Staffing**

We are concerned that the actions to eliminate vacant positions at state agencies has resulted in positions that are funded through fees or special funds to eliminate staff positions. The document released by the Department of Finance notes that the State Water Resources Control Board

eliminated \$5.773 million in General Fund positions and \$12.482 million in “Other Funds” positions.

We are very concerned that these “Other Funds” positions are coming from funds that are funded by fees water users pay and offer no General Fund relief. While no water, wastewater or recycled water agency likes paying fees, it is well understood that they are needed to ensure timely execution of critical functions such as reviewing and issuing critical permits.

Fees have been rising exponentially recently and any decline in the service those fees are purported to pay for is unacceptable.

We respectfully requests a deeper discussion of which positions were eliminated and which funds were used to pay for those positions.

### **Conclusion**

Our coalition of recycled water, wastewater and water associations strongly urge the immediate restoration of General Fund allocations and expeditious allocation of Proposition 4 funds without any delay. The water community and all levels of state government have been great partners in advancing water recycling and we look forward to continuing to work with the Governor and the Legislature on important water recycling issues.

If you have any questions, please feel free to contact WaterReuse CA Managing Director Brenley McKenna at [bmckenna@watereuse.org](mailto:bmckenna@watereuse.org) or 916-955-9806.

Sincerely,

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