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December 16, 2021

The Honorable Gavin Newsom Governor of California State Capitol, Suite 1173 Sacramento, CA 95814

RE: 2022-23 State Budget Surplus: Water Storage and Conveyance Infrastructure Funding

Dear Governor Newsom:

In early November, the Legislative Analyst's Office (LAO) reported an anticipated \$31 billion surplus in Fiscal Year 2022-23. Additionally, California is in the midst of another dry winter, with an untold number of drought years ahead. As your Administration deliberates how best to allocate this surplus, we strongly urge you to address California's drought crisis.

In 2014, voters approved Proposition 1, which allocated substantial funding for water infrastructure. Incredibly, government inaction has ensured that not a single new gallon of water has been stored in the seven years since its passage.

Over the course of four decades, state leaders have failed to build any new water storage, missing every opportunity to capture and store additional water while also failing to provide funding for the repair and restoration of various canals throughout the state, severely limiting the state's conveyance capacity. Our outdated and inadequate water infrastructure struggles to meet the demands of a population that has doubled over the same time period and Californians simply cannot endure further delays.

We believe that investing in water infrastructure is the most prudent way to allocate revenue expected to exceed the State Appropriations Limit—or Gann Limit—enacted by Proposition 4 (1979). Because the LAO <u>report</u> estimates that the state will need to allocate roughly \$12 billion to meet the constitutional requirements under the Gann Limit in 2022-23, we urge you to respect the will of the voters and invest *their* tax dollars for the expressed reasons *they* approved under Proposition 4.

We respectfully request your Administration include in the 2022-23 State Budget an investment of \$3.285 billion in water infrastructure to be allocated as follows:

- \$2.6 billion to fully fund the already voter-approved Sites Reservoir; and
- \$685 million for the repair of the Friant-Kern/Delta-Mendota Canals and the San Luis Field/San Joaquin Divisions of the California Aqueduct.

Approval of this funding would ensure an additional 1.5 million acre-feet of water is stored during wet years to be conveyed across the state during times of drought. With both drought and uncertain economic years ahead, it is crucial we invest in our water infrastructure while we still have the opportunity.

Sincerely,

Jim Nielsen

Vice Chair, Senate Budget Committee

- Nielsen

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