

Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

September 13, 2024

Agenda Item 3c

**Proposition 4: Authorizes Bonds for Safe Drinking Water, Wildfire Prevention, and
Protecting Communities and Natural Lands from Climate Risks**

Subject:

Authorizes \$10 billion in state General Obligation bonds for various projects to reduce climate risks and impacts.

Background:

In early July, the Legislature placed the state's largest-ever climate bond on the November 2024 ballot via Senate Bill 867 (Allen). If passed by a simple majority of voters, Proposition 4 will allocate \$10 billion to dozens of new and existing programs administered primarily by the California Natural Resources Agency and its departments and boards. The \$10 billion is divided into eight categories:

1. Safe drinking water, drought, flood, and water resilience: \$3.8 billion
2. Wildfire and forest resilience: \$1.5 billion
3. Protecting coastal lands and waters from sea level rise and other impacts: \$1.2 billion
4. Protecting biodiversity and implementing nature-based solutions: \$1.2 billion
5. Clean energy: \$850 million
6. Parks and outdoor access: \$700 million
7. Addressing extreme heat: \$450 million
8. Improving climate resilience and sustainability of agricultural lands: \$300 million

Of particular interest to MTC-ABAG are the following appropriations, for which we advocated, consistent with our 2024 Joint Advocacy Program:

- \$765 million to the State Coastal Conservancy for coastal resilience and flood management. At least \$85 million of this is reserved for projects consistent with the San Francisco Bay Restoration Authority Act or San Francisco Bay Area Conservancy Program;

- \$100 million to extend the Department of Water Resources' Integrated Regional Water Management Program; and
- \$135 million to supplement the California Wildfire Mitigation Program, which is the only state program focused on structure-hardening projects that directly protect homes from the impacts of wildfires.

Attachment A provides details on these and additional programs identified by staff and partner agencies as potentially beneficial to Bay Area communities.

Proposition 4 also contains overarching policies supported by MTC and ABAG that are applicable to all programs funded by the bond. For example, at least 40 percent of Proposition 4 bond funds must be allocated for projects that provide meaningful and direct benefits to vulnerable populations or disadvantaged communities. The agency successfully advocated for a "disadvantaged community" definition that takes into account the Bay Area's high cost of living, ensuring Bay Area communities can fairly compete for this funding. Additional provisions we supported in the bond will 1) allow full recovery of the agency's costs to administer funds awarded to the agency and 2) reduce the administrative burden of applying for grants by allowing the state to award funding from multiple programs across departments through a single application.

Recommendation:

Support / ABAG Executive Board Approval

Support / MTC Commission Approval

Discussion:

Used for a wide range of infrastructure projects, state General Obligation (GO) bonds must be approved by a simple majority of voters and are repaid from the state's General Fund. California voters last passed an environmental GO bond in 2018, the \$4.1 billion Proposition 68. According to the Natural Resource Agency's Bond Accountability website, only 3.5% of this remains uncommitted to a specific grantee or project.

California's Fourth Climate Change Assessment, released in 2019, found that statewide costs of adapting to the impacts of climate change will be high: increased energy bills of \$200 million annually to keep homes cooled; \$3 billion to address the effects of a long drought on agriculture; and \$18 billion to replace buildings inundated by rising seas, among many other costs. The report also underscored the loss of life from heat waves, which could kill more than 11,000 Californians annually by 2050.

Bay Area residents, businesses, and governments face similar costs and impacts from a changing climate. The 2017 and 2018 wildfire seasons in the North Bay were some of the most extreme on record and communities throughout the Bay Area are already experiencing the early impacts of rising sea levels, including more extensive coastal flooding during storms, periodic tidal flooding, and increased coastal erosion. The 2023 [Sea Level Rise Adaptation Funding and Investment Framework Final Report](https://mtc.ca.gov/sites/default/files/documents/2023-07/SLR_Framework_Final_Report.pdf) (https://mtc.ca.gov/sites/default/files/documents/2023-07/SLR_Framework_Final_Report.pdf) jointly produced by MTC, ABAG and the Bay Conservation and Development Commission assesses potential sea level rise risk to the Bay Area through 2050. Major impacts could include the loss/relocation of 200,000 jobs and 15,000 businesses and 75,000 homes, including 12,000 homes in the Bay Area's most socially vulnerable communities. In addition, over 20,000 acres of the Bay Area's rich wetlands and other critical ecosystems are at risk of inundation. The report estimates the "cost of inaction" related to transportation infrastructure and impacted parcels alone is at least \$230 billion.

Proposition 4 provides numerous opportunities for Bay Area governments and other entities to implement projects and plans that address sea level rise impacts, as well as those from wildfires and extreme heat. For this reason, staff recommends a support position on the measure.

Known Positions:

Support

See the [Yes on Proposition 4 website](https://www.yesonprop4ca.com/) (https://www.yesonprop4ca.com/)

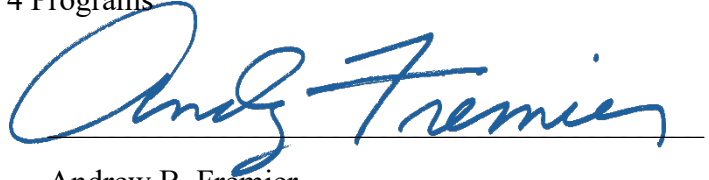
Oppose

See [Ballotpedia](https://ballotpedia.org/California_Proposition_4_Parks_Environment_Energy_and_Water_Bond_Measure_(2024))

(https://ballotpedia.org/California_Proposition_4_Parks_Environment_Energy_and_Water_Bond_Measure_(2024))

Attachments:

- Attachment A: Select Proposition 4 Programs

A handwritten signature in blue ink, reading "Andrew B. Fremier", is written over a horizontal line.

Andrew B. Fremier