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2025 Legislative Update for Water/Wastewater Agencies

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Introduction

We prepared the following information regarding legislation passed in the California Legislature during the 2025 Legislative Session and which became law. This information is not presented as specific legal advice, but rather, as a legislative update to our public agency water/wastewater clients.

Our 2025 Legislative Update is divided into six sections:

1. General
2. Water
3. Wastewater
4. Construction
5. Finance
6. Informational

We have also included copies of our Firm's **Alerts** on certain key pieces of legislation.

This year's Legislative Update includes discussion of a number of pieces of legislation which may be of particular interest to our public agency water/wastewater clients. In particular, we bring to the reader's attention the following pieces of legislation:

► **Senate Bill 707 (Statutes of 2025, Chapter 327)**

This legislation makes various changes to the Ralph M. Brown Act ("Brown Act") and is discussed in the **General** section. This legislation was also the subject of an AALRR Alert, which can be found at this link: https://www.aalrr.com/newsroom-alerts-4182 and is included in the **Alerts** section of this Update.

► **Senate Bill 394 (Statutes of 2025, Chapter 540)**

This legislation addresses water theft from (and tampering with) public agency fire hydrants, including increasing potential civil penalties and is discussed in the **Water** section. This legislation was also the subject of an AALRR Alert, which can be found at this link: https://www.aalrr.com/newsroom-alerts-4179 and is included in the **Alerts** section of this Update.

► **Senate Bill 852 (Statutes of 2025, Chapter 331)**

This legislation makes certain changes to the Political Reform Act of 1974. Of principal concern to water/wastewater public agencies is that (effective as of January 1, 2026) public officials who manage public investments (see California Government Code Section 87200) will be required to file their periodic statements of economic interests (including Forms 700, 730 and similar) with the Fair Political Practices Commission (FPPC) using the FPPC's electronic filing system. Public agencies may receive information from their respective county filing officers on this process and transition. Further details are set out in the **Finance** section. This legislation was also the subject of an AALRR Alert, which can be found at this link: https://www.aalrr.com/newsroom-alerts-4188 and is included in the **Alerts** section of this Update.

I General

Assembly Bill No. 370 – Chapter 34 - Carrillo. California Public Records Act: Cyberattacks

The California Public Records Act requires state and local agencies to make their records available for public inspection, except as specified. Existing law requires each agency, within 10 days of a request for a copy of records, to determine whether the request seeks copies of disclosable public records in possession of the agency and to promptly notify the person of the determination and the reasons therefor. Existing law authorizes that time limit to be extended by no more than 14 days under unusual circumstances, and defines "unusual circumstances" to include, among other things, the need to search for, collect, and appropriately examine records during a state of emergency when the state of emergency currently affects the agency's ability to timely respond to requests due to staffing shortages or closure of facilities, as provided.

This legislation revises the definition of unusual circumstances as it applies to a state of emergency to require the state of emergency, in addition to currently affecting the agency's ability to timely respond to requests as described above, to also require the state of emergency to directly affect the agency's ability to timely respond to requests as described above.

This legislation also expands the definition of unusual circumstances to include the inability of the agency, because of a cyberattack, to access its electronic servers or systems in order to search for and obtain a record that the agency believes is responsive to a request and is maintained on the servers or systems in an electronic format. Under the bill, the extension would apply only until the agency regains its ability to access its electronic servers or systems and search for and obtain electronic records that may be responsive to a request.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This legislation makes legislative findings to that effect.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This legislation makes legislative findings to that effect.

Assembly Bill No. 428 – Chapter 151 – Blanca Rubio. Joint Powers Agreements; Water Corporations

Existing law, the Joint Exercise of Powers Act, authorizes 2 or more public agencies, if authorized by their governing bodies, by agreement, to jointly exercise any power common to the contracting parties. Existing law authorizes 2 or more local public entities, or a mutual water company, as defined, and a public agency, to provide insurance, as specified, by a joint powers agreement. Existing law authorizes a mutual water company and a public agency to enter into a joint powers agreement for the purposes of risk pooling, as specified.

Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including water corporations.

This legislation authorizes a water corporation, as defined, a mutual water company, and one or more public agencies to provide insurance, as specified, by way of a joint powers agreement. The legislation also authorizes a water corporation, a mutual water company, and one or more public agencies to enter into a joint powers agreement for the purposes of risk pooling, as specified. The legislation prohibits the Public Utilities Commission from allowing a water corporation to join a joint powers agency for insurance coverage if there are no greater benefits to the customers of the water corporation than are provided by the water corporation's current insurance policy. The legislation requires the joint powers agency to be 100% reinsured with no joint and several liability, no assessments, and no financial liability attributable to the participating members, as provided. If a water corporation enters into a joint powers agreement for the purposes of risk pooling, the legislation requires the water corporation to submit an annual information filing to the Public Utilities Commission and the joint powers agency, as specified.

Senate Bill No. 707 – Chapter 327 – Durazo. Open Meetings; Meeting and Teleconference Requirements

*[Please see discussion in **Alerts**]*

Assembly Bill No. 1319 – Chapter 638 – Schultz. Protected Species; California Endangered Species Act

Existing law makes it unlawful to take a bird, mammal, fish, reptile, or amphibian, except as authorized by law.

This legislation makes it unlawful for a person in California to import, cause to be imported, export, cause to be exported, transport, sell, offer for sale, possess with the intent to sell, receive, acquire, or purchase any fish, wildlife, or plant that was taken, possessed, transported, or sold in violation of any law or statute of any state or any law, treaty, or statute of the United States with regard to fish, wildlife, or plants in effect on January 19, 2025. The legislation, upon conviction or other entry of judgment, requires any seized evidence be forfeited, as specified. The legislation makes these provisions inoperative on December 31, 2031, and would repeal them on January 1, 2032.

Under existing law, a violation of the Fish and Game Code is a crime.

Because the above provision would be part of the Fish and Game Code, a violation of which would be a crime, this legislation imposes a state-mandated local program.

The California Endangered Species Act (CESA) requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species pursuant to a prescribed listing process, and generally prohibits the taking of those species. Existing law requires the commission to publish a notice in the California Regulatory Notice Register upon receipt of a petition to add or remove a species from either the list of endangered species or the list of threatened species by the Department of Fish and Wildlife ("DFW").

This legislation requires the department to determine if there is a decrease in protections by the federal government for an endangered or threatened species, as defined, and, if so, would require the department to publish written findings in the California Regulatory Notice Register that would add the species to the commissions list of provisional candidate species, as specified. The legislation requires DFW to report the provisional candidacy determination at the next public meeting of the commission. The legislation prohibits criminal or civil liability for an entity operating under federal authorization for take, as specified, as long as the entities are in full compliance with their federal biological opinion. The legislation makes these provisions inoperative on December 31, 2031, and would repeal them on January 1, 2032.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

II Water

Senate Bill No. 72 – Chapter 210 - Caballero. The California Water Plan; Long Term Supply Targets

Existing law requires the Department of Water Resources ("DWR") to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as "The California Water Plan" ("Water Plan"). Existing law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, and water transfers, that may be pursued in order to meet the future needs of the state. Existing law requires the department to establish an advisory committee to assist the department in updating the plan.

This legislation revises and recasts certain provisions regarding The California Water Plan to, among other things, require DWR to expand the membership of the advisory committee to include tribes, labor, and environmental justice interests. The legislation requires DWR, as part of the 2033 update to the Water Plan, to update the interim planning target for 2050, as provided. The legislation requires the target to consider the identified and future water needs for a sustainable urban sector, agricultural sector, and environment, and ensure safe drinking water for all Californians, among other things. The legislation requires the Water Plan to include specified components, including a discussion of the estimated costs and benefits of any project type or action that is recommended by DWR within the Water Plan that could help achieve the water supply targets. The legislation requires DWR to report to the State Legislature the amendments, supplements, and additions included in the updates of the Water Plan, together with a summary of DWR's conclusions and recommendations, in the session in which the updated Water Plan is issued. The legislation also requires DWR to conduct public workshops to give interested parties an opportunity to comment on the Water Plan.

Assembly Bill No. 1096 – Chapter 290 – Connolly. Water; School Sites; Lead Testing

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board ("SWRBC") to administer provisions relating to the regulation of drinking water to protect public health. Existing federal regulations require community water systems to contact all schools and childcare facilities, as defined, to provide information about the health risks from lead in drinking water and of eligibility to be sampled for lead by the water system. Existing federal regulations require a community water system to report to the State annually on the notification of eligibility and sampling for lead, and information regarding the number and names of schools and childcare facilities served by the water system, those sampled in the previous year, the facilities that declined sampling, facilities that did not respond to outreach attempts for sampling, and information pertaining to those outreach attempts for sampling.

Existing law makes it a crime to knowingly make any false statement or representation in any application, record, report, or other document submitted, maintained, or used for purposes of compliance with this act.

This legislation requires a community water system, when making outreach attempts to elementary schools and childcare facilities for the purposes of offering lead sampling in drinking water, to compile specified information and to provide elementary schools and childcare facilities that decline lead testing with an opportunity to provide information about their reasons for declining by allowing them to select from a list that includes specified options, unless the school or childcare facility is exempted from lead testing by federal waiver, as provided. The legislation authorizes SWRCB to add additional reasons for declining lead testing to that list. The legislation requires a community water system to submit all of the above-described information that it compiles or that is provided to it to the SWRCB, as provided. The legislation requires the SWRCB, on or before June 30, 2028, to make all of that information publicly available in a searchable format on its internet website, as specified. The legislation also requires, on or before December 31, 2028, a community water system to include, in its annual consumer confidence report, a written statement about the availability of information pertaining to lead testing in schools and childcare facilities on the SWRCB's internet website and a direct link to that website. Because knowingly making a false statement or representation in that report would be a crime under the California Safe Drinking Water Act, the legislation imposes a state-mandated local program by expanding the scope of a crime.

Senate Bill No. 466 – Chapter 320 – Caballero. Drinking Water; Primary Standard for Hexavalent Chromium; Exemption

The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board ("SWRCB") various duties and responsibilities for the regulation and control of drinking water in the State of California. The Act requires the SWRCB to adopt primary drinking water standards for contaminants in drinking water based upon specified criteria, and requires a primary drinking water standard to be established for hexavalent chromium. Existing law authorizes the SWRCB to grant a variance from primary drinking water standards to a public water system.

This legislation prohibits a public water system that meets the total chromium maximum contaminant level (MCL) enforceable standard for drinking water in California from being determined, held, considered, or otherwise deemed in violation of the primary drinking water standard for hexavalent chromium while implementing an SWRCB approved compliance plan or while SWRCB action on the proposed and submitted compliance plan is pending, except as provided.

Assembly Bill No. 293 – Chapter 359 – Bennett. Groundwater Sustainability Agency; Transparency

Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans,

except as specified. Existing law requires a groundwater sustainability plan to be developed and implemented for each medium- or high-priority basin by a groundwater sustainability agency. Existing law authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin, as provided. Existing law requires members of the board of directors and the executive, as defined, of a groundwater sustainability agency to file statements of economic interests with the Fair Political Practices Commission using the commission's online system for filing statements of economic interests.

This legislation requires each groundwater sustainability agency to publish the membership of its board of directors on its internet website, or on the local agency's internet website, as provided. The legislation also requires each groundwater sustainability agency to publish a link on its internet website or its local agency's internet website to the location on the Fair Political Practices Commission's internet website where the statements of economic interests, filed by the members of the board of directors, and executives of the agency, can be viewed.

Senate Bill No. 697 – Chapter 422 – Laird. Determination of Water Rights; Stream System

(1) Existing law authorizes the State Water Resources Control Board ("SWRCB") to hold proceedings to determine all rights to water of a stream system whether based upon appropriation, riparian right, or other basis of right. Existing law provides various requirements for the SWRCB when determining adjudication of water rights, including, among other things, performing a detailed field investigation of a stream system, as defined, issuing an order of determination, providing notice and a hearing process, and filing a final order.

This legislation revises the above-described provisions regarding SWRCB's statutory adjudication of water rights during an investigation of a stream system to, among other things, require representatives of SWRCB to investigate in detail the use of water with the authority, but no requirement, to conduct a field investigation, authorize SWRCB, if SWRCB determines that the information provided by the person, as specified, is inadequate, to issue information orders that require claimants to submit reports of water use from the stream system through a form provided by SWRCB, and require claimants to respond to that order within 75 days of the date of issuance by SWRCB.

(2) Existing law establishes procedures for reconsideration and amendment of specified decisions and orders of the board. Existing law authorizes any party aggrieved by a specified decision or order of the board to file, not later than 30 days from the date of final board action, a petition for writ of mandate for judicial review of the decision or order.

This legislation applies the procedures for reconsideration, amendment, and judicial review to decisions and orders of SWRCB issued pursuant to the provisions described above.

Assembly Bill No. 1075 – Chapter 538 – Bryan. Fire Protection; Privately Contracted Fire Prevention Resources; Public Water Sources

Existing law establishes in State government, within the office of the Governor, the Office of Emergency Services ("OES"). Existing law requires the office to be responsible for the State's emergency and disaster response services for natural, technological, or manmade disasters and emergencies, including responsibility for activities necessary to prevent, respond to, recover from, and mitigate the effects of emergencies and disasters to people and property. Existing law, the FIRESCOPE Act of 1989, requires the office to establish and administer a program, known as the FIRESCOPE program, to maintain and enhance the efficiency and effectiveness of managing multiagency firefighting resources in responding to an incident. Existing law requires the office, in collaboration with the Department of Forestry and Fire Protection and the board of directors of the FIRESCOPE program, to develop standards and regulations for any privately contracted private fire prevention resources operating during an active fire incident in the state, as provided, and to develop regulations to govern the use of equipment used by privately contracted private fire prevention resources during an active fire incident, as provided.

This legislation additionally requires the office to develop regulations prohibiting privately contracted private fire prevention resources from hooking up their equipment to public water sources, unless approved by incident command or the authority having jurisdiction over the active fire incident and unless the equipment includes a backflow prevention device.

The California Safe Drinking Water Act provides for the operation of public water systems and imposes certain responsibilities on community water systems related to the operation of water distribution systems, as defined.

This legislation explicitly states that none of the above-described regulations governing the use of equipment used by privately contracted fire prevention resources during an active fire incident shall alter, impair, or interfere with the authority of a community water system to operate a water distribution system.

Senate Bill No. 394 (Statutes of 2025, Chapter 540)

*[Please see discussion in **Alerts**]*

Assembly Bill No. 639 – Chapter 617 – Soria. Dams; Exceptions

Existing law defines a dam to mean any artificial barrier, together with appurtenant works, that does or may impound or divert water, and meets other specified criteria. Existing law excludes from the definition a barrier that is or will be not in excess of 6 feet in height, regardless of storage capacity, or that has or will have a storage capacity not in excess of 15 acre-feet, regardless of height. Existing law requires the Department of Water Resources ("DWR") to supervise the construction, enlargement, alteration, repair, maintenance, operation, and removal of dams and reservoirs for the protection of life and property.

This legislation additionally excludes from the definition of a dam a barrier that does not impound water above the top of a levee where maximum storage behind the barrier has a minimum of 3 feet of freeboard on the levee and is a weir, as defined, but would apply only to specified weirs named in the legislation.

Assembly Bill No. 1466 – Chapter 643 – Hart. Groundwater Adjudication

(1) Existing law establishes procedures for the comprehensive adjudication of groundwater rights in civil court. Under existing law, if the court finds that claims of right to extract or divert only minor quantities of water, as defined, would not have a material effect on the groundwater rights of other parties, the court may exempt those claimants from the proceedings, except as specified. Existing law further prescribes that a judgment in a comprehensive adjudication to determine rights to extract groundwater in a basin is not binding on, among others, claimants whose claims have been exempted.

This legislation authorizes a court, in lieu of the exemption process described above, to treat persons with claims of right to extract or divert only minor quantities of water separately from other parties to the comprehensive adjudication. The legislation requires the court to hold a hearing within a specified time to determine whether to exempt or treat those claimants separately and to establish a procedure to register and administer such claims.

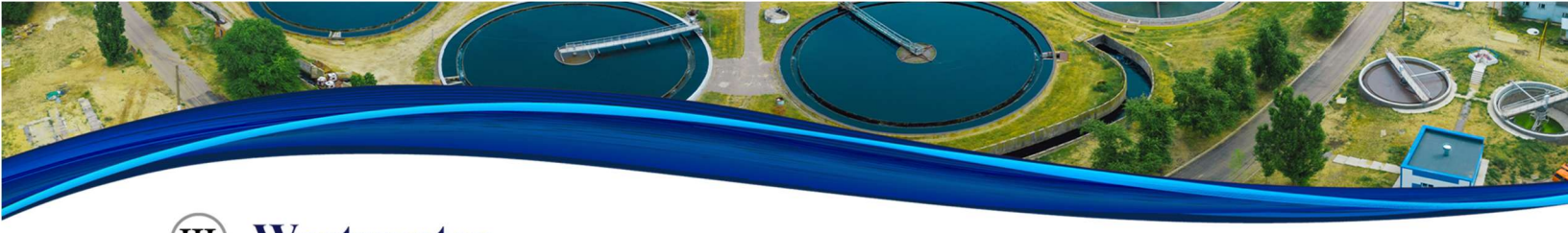
(2) Existing law, in a comprehensive adjudication of groundwater rights in civil court, requires a party to serve on the other parties and the special master, if appointed, an initial disclosure that includes certain information within six months of the party's appearance in a comprehensive adjudication, except as specified. Existing law requires that information to include a description of the general purpose for which the groundwater has been used and the area in which the groundwater has been used.

This legislation requires the court to presume the accuracy of the facts asserted by a party in the initial disclosure described above if the party claims an annual extraction of not more than 100 acre-feet of water. The legislation provides that a party who challenges the facts asserted in an initial disclosure that qualifies for this presumption has the burden of proving the inaccuracy of those facts. The legislation, if the groundwater has been used for an agricultural use, requires the initial disclosure to include information regarding the type of crops grown and the number of acres irrigated during the preceding 10 years.

(3) Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources ("DWR") to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Existing law authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin and imposes specified duties upon that agency or combination of agencies, as provided.

This legislation requires the court to, in any adjudication in a basin where one or more groundwater sustainability agencies have adopted a groundwater sustainability plan that has been approved by

the department, request that the groundwater sustainability agency provide a technical report, to the extent that the agency is able to do so at a reasonable effort and expense. The legislation requires such a report to, at a minimum, quantify and describe the groundwater use of parties that have not otherwise appeared before the court, as provided. The legislation provides for the payment or reimbursement of costs related to the technical report, as provided. The legislation permits the court during the pendency of the report to award interim or partial payments to be made by the parties, upon a motion with proper notice, as specified, by a groundwater sustainability agency, and following a hearing. The legislation provides that the technical report shall be prima facie evidence of the physical facts found in the report, as provided.



III Wastewater

Senate Bill No. 279 – Chapter 651 – McNerney. Solid Waste; Compostable Materials

Existing law requires the Department of Resources Recycling and Recovery ("Department") to adopt and revise regulations setting forth minimum standards for composting, in accordance with law. Existing regulations require all compostable materials handling activities to obtain a permit prior to commencing operations and to comply with specified requirements. Existing regulations specify 4 regulatory tiers for composting operations, with different requirements for each tier. The 4 tiers are excluded, enforcement agency notification, registration permit, and full solid waste facility permit.

In the excluded tier, existing regulations specify the "excluded activities" that do not constitute compostable material handing operations or facilities and, therefore, are not subject to permit requirements or other regulatory requirements. One of the excluded activities is the composting of green material, agricultural material, food material, and vegetative food material, alone or in combination, if the total amount of feedstock and compost onsite at any one time does not exceed 100 cubic yards and 750 square feet.

This legislation expands this excluded activity exemption for composting activities by eliminating the maximum square-foot condition and authorizing a total amount of feedstock and compost onsite at any one time of up to 200 cubic yards, or 500 cubic yards for a composting activity owned by a public agency, as defined. The bill would also authorize the Department to further increase those amounts by regulation. The legislation also makes the composting of agricultural materials and residues that are from a large-scale biomass management event at an agricultural facility that does not otherwise operate as a solid waste facility an excluded activity, as specified.

Existing regulations prohibit a composting operation from giving away or selling more than 1,000 cubic yards of compost product annually if it is in the excluded tier or if it is an agricultural material composting operation in the enforcement agency notification tier, its feedstock is both green material and agricultural material, and the operation is located on land zoned for agricultural uses.

This legislation authorizes composting activities to give away or sell up to 5,000 cubic yards of compost product annually. The legislation authorizes the Department to increase, by regulation, that amount when the composting is of agricultural materials and residues that are from a large-scale biomass management event at an agricultural facility.

Senate Bill No. 31 – Chapter 736 – McNerney. Water Quality; Recycled Water

(1) The Water Recycling Law generally provides for the use of recycled water with the State of California ("State"). Existing law requires any person who, without regard to intent or negligence, causes or permits an unauthorized discharge of 50,000 gallons or more of recycled water in or on any waters of the State to immediately notify the appropriate regional water board.

This legislation, for the purposes of the above provision, redefines "recycled water" and provides that water discharged from a decorative body of water during storm events is not to be considered an unauthorized discharge if recycled water was used to restore levels due to evaporation.

(2) Existing law regulating the use of recycled water prohibits the use of prescribed potable water by State and local agencies for any nonpotable uses, including cemeteries, golf courses, parks, and highway landscaped areas if prescribed recycled water is available, and deems use of the recycled water in lieu of the potable water to constitute a reasonable beneficial use of that water.

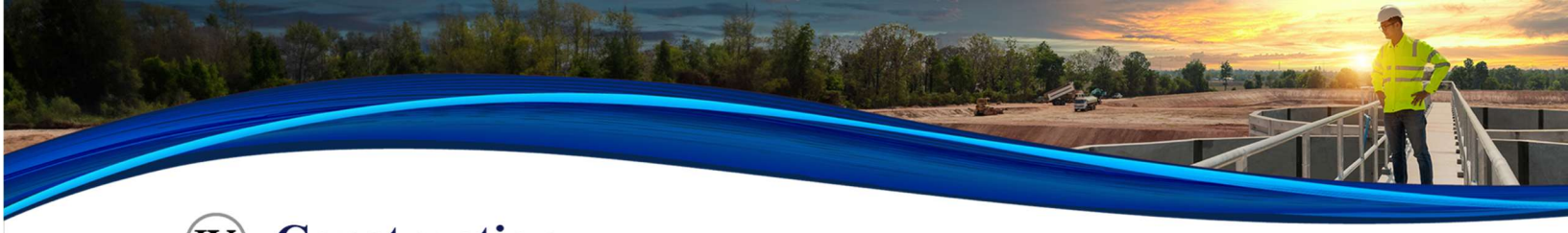
The legislation provides that incidental amounts of spray, mist, or runoff are to be permitted to enter outdoor eating areas of parks and open spaces when irrigated with disinfected tertiary treated recycled water that complies with a specified regulation regarding irrigation.

(3) Existing law authorizes any public agency, including a state agency, city, county, city and county, district, or any other political subdivision of the state, to require the use of recycled water for irrigation of residential landscaping, as specified.

The legislation provides that outdoor landscape irrigation of common areas that does not enter the boundaries of a residence is not to be considered a part of the same premises as an individual residence and is not to be considered a dual-plumbed system. The legislation requires recycled water used for this purpose to comply with specified water quality and cost conditions.

(4) Existing law authorizes any public agency, including a State agency, city, county, city and county, district, or any other political subdivision of the State, to require the use of recycled water for toilet and urinal flushing in structures, as specified. Existing law defines "structures" for the purposes of these provisions.

This legislation includes food handling and processing facilities as part of the definition of "structures." The legislation authorizes the use of recycled water for toilet or urinal flushing or outdoor irrigation in and around food handling or processing facilities, commercial, institutional, and industrial buildings, and cafeterias, provided the recycled water does not enter the room where food handling or processing occurs, as specified.



IV Construction

Assembly Bill No. 1002 – Chapter 567 - Gabriel. Contractors; Failure to Pay Wages; Discipline

Existing law, the Contractors State License Law, establishes the Contractors State License Board to license and regulate contractors and establishes the registrar of contractors as the executive officer and secretary of the board. Existing law requires the registrar, upon receipt of the Labor Commissioner's finding of a willful or deliberate violation of the Labor Code by a licensee or transmission to the board of citations or other actions taken by the Division of Occupational Safety and Health, to initiate disciplinary action against the licensee within 18 months.

This legislation authorizes the State Attorney General to bring a civil action to impose discipline upon, to deny an application for, or to deny continued maintenance of, a contractor's license for failing to pay its workers the full amount of wages the workers are entitled to under state law or because the contractor has not fulfilled a wage judgment or is in violation of an injunction or court order regarding the payment of wages to its workers. The bill would require the Attorney General to notify the registrar before bringing a civil action and would authorize the board to intervene in a proceeding brought pursuant to the bill's provisions. The legislation requires a court to issue an order directing the registrar to suspend or revoke, to deny an application for, or to deny the continued maintenance of, a contractor's license under terms specified by the court.

Senate Bill No. 598 – Chapter 655 – Durazo. Public Contracts; Local Water Infrastructure Projects; Construction Manager/General Contractor Project Delivery Method

Existing law defines the Construction Manager/General Contractor project delivery method (CM/GC method) as a project delivery method in which a construction manager is procured to provide preconstruction services during the design phase of a project and construction services during the construction phase of the project. Under existing law, the method allows the contract for construction services to be entered into at the same time as the contract for preconstruction services or at a later time. Existing law authorizes the Metropolitan Water District of Southern California to utilize the CM/GC method for regional recycled water projects or other water infrastructure projects under specified conditions. Pursuant to existing law, certain information required to be submitted as part of the CM/GC method is required to be verified under oath. Existing law makes the provisions described above pertaining to the CM/GC method effective only until January 1, 2028, and inoperative as of that date.

This legislation, until January 1, 2031, authorizes a local agency, as defined, upon approval of its governing body, to similarly use the CM/GC method for a regional recycled water project or other water infrastructure project undertaken by the local agency to alleviate water supply shortages attributable to drought or climate change. The legislation requires that authorization to apply to no more than 15 capital outlay projects for each local agency and requires a local agency to award a contract pursuant to the legislation on a best value basis or to the lowest responsible bidder.

Because the legislation expands the crime of perjury, it would impose a state-mandated local program.

The California Constitution requires the State to reimburse local agencies and school districts for certain costs mandated by the State. Statutory provisions establish procedures for making that reimbursement.

V Finance

Senate Bill No. 595 – Chapter 323 – Choi. Local Government; Investments and Financial Reports

(1) Existing law regulates the investment of public funds by local agencies, as defined. Existing law authorizes the legislative body of a local agency, as specified, that has money in a sinking fund or in its treasury not required for the immediate needs of the local agency to invest the money as it deems wise or expedient in certain securities and financial instruments, subject to various requirements. These permissible investments include, among others, commercial paper of prime quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization that is issued by entities meeting certain criteria, if the eligible commercial paper has a maximum maturity of 270 days or less.

This legislation revises the maximum maturity periods for the investments in prime quality commercial paper to 397 days.

Existing law, until January 1, 2026, authorizes local agencies, as specified, that have less than $100,000,000 of investment assets under management to invest no more than 25%, and those local agencies that have $100,000,000 or more of investment assets under management to invest no more than 40%, of their moneys in eligible commercial paper, as specified. Existing law, beginning January 1, 2026, instead authorizes those local agencies regardless of the amount of investment assets they have under management to invest no more than 25% of their moneys in eligible commercial paper, as specified.

This legislation instead repeals the former provisions on January 1, 2031, and postpones the operative date for the latter provisions until January 1, 2031.

Existing law prohibits a local agency from investing specified public funds in any security that could result in zero-interest accrual if held to maturity, as specified. Existing law, until January 1, 2026, authorizes a local agency as an exception to that provision to invest in securities issued by, or backed by, the United States government that could result in zero-interest accrual if held to maturity, as specified.

This legislation instead repeals the above-described exception on January 1, 2031.

(2) Existing law requires the State Controller to annually compile, publish, and make publicly available on the Controllers website reports of the information concerning financial transactions and annual compensation of each county, city, and school district within the state, as specified. If an officer of a local agency fails or refuses to make and file their financial report within 20 days after receipt of a written notice of the failure from the Controller, existing law requires that officer or local agency to forfeit to the state a specified amount depending on the amount of total revenue of that local agency.

Senate Bill No. 852 – Chapter 331 – Committee on Elections and Constitutional Amendments; Political Reform Act of 1974; Citizens Redistricting Commission

(1) The Political Reform Act of 1974 ("PR Act") provides for the comprehensive regulation of political campaigns, lobbying, and other matters relating to governmental ethics and elections. The PR Act is an initiative measure that authorizes the Legislature to amend its provisions by enactment of a bill by a 23 vote of each house if that bill furthers the PR Act's purposes and, at least 8 days before passage, or at least 12 days before passage if the previous form of the bill did not amend the act, the bill in its final form has been delivered to the Fair Political Practices Commission ("FPPC") for distribution to the news media and every person who has requested a copy from the commission. The act requires the Legislative Counsel, through a specified electronic system, to allow the public to sign up to receive an email alert any time a bill that would amend the act is, among other things, introduced, amended, referred to the floor or committee, or voted on.

This legislation eliminates the requirement that a bill amending the PR Act must be delivered to the FPPC for distribution to the news media and every person who has requested a copy, instead requiring an otherwise proper amendment of the act to be printed, distributed to the Members of the Legislature, and published on the internet. The legislation declares that it furthers the purposes of the PR Act.

The PR Act also regulates conflicts of interest of public officials and requires that public officials file periodic statements of economic interest that disclose certain information regarding income, investments, and other financial data. The act provides that the FPPC is the filing officer for Statewide elected officers and candidates and other specified public officials, and requires those officers, candidates, and officials to file their statements of economic interest using the FPPC's electronic filing system.

This legislation adds public officials who manage public investments to the list of individuals for whom the FPPC is the filing officer for statements of economic interest and would require those officials to file their statements of economic interest using the FPPC's electronic filing system.

The PR Act also prohibits the receipt, delivery, or attempted delivery of a contribution in the State Capitol, any State office building, or any office for which the State pays the majority of the rent other than a legislative district office.

This legislation expands that prohibition to apply to local government office buildings and offices for which the State or a local government pays rent. The legislation also eliminates the exception for legislative district offices.

*[Please also see discussion in **Alerts**]*

Assembly Bill No. 1280 – Chapter 395 – Garcia. Energy

(1) The Bergeson-Peace Infrastructure and Economic Development Bank Act ("Act") establishes the California Infrastructure and Economic Development Bank (I-Bank) in the Governor's Office

of Business and Economic Development, governed by a board of directors. The Act, among other things, authorizes the I-Bank to make loans, issue bonds, and provide financial assistance for various types of projects that qualify as economic development or public development facilities. The Climate Catalyst Revolving Fund Act of 2020 authorizes the I-bank, under the Climate Catalyst Revolving Fund Program, to provide financial assistance to any eligible sponsor or participating party in connection with the financing or refinancing of a climate catalyst project, either directly to the sponsor or participating party or to a lending or financial institution, as provided. The act requires the I-Bank to adopt climate catalyst financing plans for specified categories of climate catalyst projects, as specified, after meeting and conferring with the appropriate consulting agencies for those specified categories of climate catalyst projects.

This legislation authorizes the I-bank to provide financial assistance in connection with the financing or refinancing of a new category of climate catalyst projects, those that enable the decarbonization of industrial facilities' use of heat and power, including, but not limited to, industrial heat pump and thermal energy storage projects, as specified, with the State Energy Resources Conservation and Development Commission ("Commission") and the State Air Resources Board ("SARB") as consulting agencies. The legislation specifies conditions to be satisfied regarding these projects. The legislation makes implementation of the financial assistance for this new category of climate catalyst projects contingent upon an appropriation by the Legislature.

(2) Existing law requires the Commission to establish and implement the Long-Duration Energy Storage Program to provide financial incentives for eligible projects, including thermal storage, that have power ratings of at least one megawatt and are capable of reaching a target of at least 8 hours of continuous discharge of electricity in order to deploy innovative energy storage systems to the electrical grid for purposes of providing critical capacity and grid services. Existing law requires the Commission to give preference to eligible projects that have certain impacts, including those that increase the use of renewable energy.

This legislation establishes and implements an Industrial Facilities Thermal Energy Storage Program within the Long-Duration Energy Storage Program to provide financial incentives for eligible projects to decarbonize industrial facilities' use of heat and power, as specified. The legislation includes thermal energy storage, as defined, rather than thermal storage, as an eligible project. The legislation requires the Commission to give preference to eligible projects that increase the use of renewable energy through reducing curtailment and shifting power usage from peak to off-peak times, rather than to all projects that increase the use of renewable energy. The legislation prohibits, after January 1, 2027, the Commission from providing these financial incentives to projects that involve the performance of work by contractors in the construction industry unless that work is performed under a project labor agreement, as provided.

(3) Existing law requires the commission to establish and administer the Industrial Grid Support and Decarbonization Program to provide financial incentives for the implementation of eligible projects at eligible industrial facilities to provide significant benefits to the electrical grid, reduce emissions of greenhouse gases, achieve the state's clean energy goals, and exceed compliance requirements. Existing law subjects projects to certain conditions of eligibility for these financial

incentives. Existing law requires the commission, in providing financial incentives, to give preference to certain types of projects.

This legislation renames the program the Industrial Decarbonization and Improvement of Grid Operations Program and would add, among its purposes, reducing emissions of health-harming pollutants. The legislation revises some of the conditions for eligible projects. The legislation makes, after January 1, 2027, projects that involve the performance of work by contractors in the construction industry ineligible for these financial incentives unless the work is performed under a project labor agreement, as provided. The legislation requires, after January 1, 2027, an eligible project for a facility that has a record of air permit violations to separately develop a plan for pollution remediation, including for ecological and public health harms. The legislation requires the Commission to also give preference, in providing financial incentives, to an eligible project that is located in an under-resourced community, as defined, and an eligible project that develops a community benefit fund or agrees to pursue a community benefits agreement with the surrounding community and other affected stakeholders.

Senate Bill No. 499 – Chapter 543 – Stern. Residential Projects; Fees and Charges

Existing law, the Mitigation Fee Act, imposes various requirements with respect to the establishment, increase, or imposition of a fee by a local agency as a condition of approval of a development project. If a local agency imposes any fees or charges on designated residential developments for the construction of public improvements or facilities, existing law imposes various conditions on the fees and charges. Among these conditions, existing law prohibits the local agency from requiring the payment of those fees or charges until the date the first certificate of occupancy or first temporary certificate of occupancy is issued, whichever occurs first, except as specified. Existing law, for designated residential development projects, authorizes the local agency to collect utility service fees related to connections at the time an application for service is received if those fees do not exceed the costs incurred by the utility provider resulting from the connection activities.

This legislation additionally authorizes a local agency to collect utility service charges related to connections at the time an application is received, as described above.

Existing law also authorizes a local agency to require the payment of fees or charges on designated residential developments for the construction of public improvements or facilities earlier than the date the first certificate of occupancy or first temporary certificate of occupancy is issued if the local agency determines that the fees or charges will be collected for public improvements or facilities related to providing water, sewer, or wastewater service to the residential development.

This legislation also requires the fees or charges to be consistent with an existing provision of law prohibiting a local agency from imposing fees or charges for water or sewer connections that exceed the estimated reasonable cost for providing the service for which the fee or charge is imposed, except as specified.

Existing law also authorizes a local agency to require the payment of fees or charges on designated residential developments for the construction of public improvements or facilities earlier than the date the first certificate of occupancy or first temporary certificate of occupancy is issued if the local agency determines that the fees or charges will be collected for public improvements or facilities related to providing fire, public safety, and emergency services to the residential development.

This legislation revises that provision to specify that those public improvements or facilities related to providing fire, public safety, and emergency services include parkland and recreational facilities identified in the local agency's safety element or local hazard mitigation plan for an emergency purpose, as specified.

This legislation instead requires that forfeiture if the officer fails or refuses to make and file their financial report within 10 months after the end of the local agency’s fiscal year, or within the time prescribed by the Controller, whichever is later.

VI Informational

Assembly Bill No. 523 – Chapter 266 – Irwin. Metropolitan Water Districts; Proxy Vote Authorizations

Under the Metropolitan Water District Act, the board of a metropolitan water district is required to consist of at least one representative from each member public agency, as prescribed. The act authorizes each member public agency to appoint additional representatives not exceeding one additional representative for each 5% of the assessed valuation of property taxable for district purposes within the entire district that is within the boundaries of that member public agency.

This legislation, until January 1, 2030, authorizes a representative of a member public agency that is entitled to designate or appoint only one representative to the board of directors to assign a proxy vote authorization to a representative of another member public agency to be exercised when the assigning representative is unable to attend a meeting or meetings of the board, as provided. The legislation requires the proxy vote authorization to be memorialized by a written instrument, as specified. The legislation prohibits a proxy vote authorization from authorizing the assumption of the assigning representatives officer position at the designated meeting and would limit a proxy vote authorizations effectiveness to no more than 6 board meetings in a calendar year. The legislation declares that all provisions of the act apply to the representative assigned the proxy vote authorization and that all conflict of interest laws that apply to the assigning representative also apply to the representative assigned a proxy vote authorization.

Assembly Bill No. 900 – Chapter 385 – Papan. Environmental Protection; 30x30 Goals; Land Conservation; Stewardship

By Executive Order No. N-82-20, Governor Gavin Newsom directed the Natural Resources Agency (“Agency”) to combat the biodiversity and climate crises by, among other things, establishing the California Biodiversity Collaborative and conserving at least 30% of the State's lands and coastal waters by 2030. Existing law provides that it is the goal of the State to conserve at least 30% of California's lands and coastal waters by 2030, known as the 30x30 goal. On April 22, 2022, the Agency issued the "Pathways to 30x30 California: Accelerating Conservation of California's Nature" report and existing law requires the Secretary of the Agency to prepare and submit an annual report to the Legislature on progress made toward achieving the 30x30 goal, as provided.

This legislation, to further specified findings of the Pathways to 30x30 Report, requires the Agency to develop strategies to reduce barriers and increase support for stewardship of conserved lands. The legislation requires the Agency to collaborate with stakeholders, California Native American tribes, and relevant State agencies to prepare a section on stewardship as part of the 2027 annual report on progress made toward achieving the 30x30 goal, which the legislation requires to include, among other things, recommendations to increase and improve stewardship of 30x30 lands, including innovative ways to reduce barriers and increase federal, State, and local support for

stewardship, as specified. The legislation requires the update to be posted on the Agency's internet website.

Assembly Bill No. 818 – Chapter 534 – Avila Farias. Permit Streamlining Act; Local Emergencies

Existing law, the Permit Streamlining Act, requires a public agency to determine whether an application for a development project is complete within specified time periods, as specified. The act requires a public agency that is the lead agency for a development project to approve or disapprove that project within specified time periods. Existing law, the California Emergency Services Act, among other things, authorizes the governing body of a city, county, or city and county to proclaim a local emergency under certain circumstances, as specified, and grants political subdivisions various powers and authorities in periods of local emergency.

This legislation requires a city, county, or city and county to approve or deny a complete application, within 10 business days of receipt of the application, for a building permit or an equivalent permit for any of the specified structures intended to be used by a person until the rebuilding or repair of an affected property is complete. By imposing new duties on local agencies, this legislation imposes a state-mandated local program.

The legislation includes findings that changes proposed by this legislation address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

Senate Bill No. 394 – Chapter 540 – Allen. Water Theft; Fire Hydrants

On October 10, 2025, Governor Newsom signed Senate Bill 394 (SB 394) into law. This legislation is designed to strengthen existing legal protections for utility service providers against utility theft, particularly water theft resulting from the unauthorized use or tampering of fire hydrants.

Under existing California law, a utility provider may bring a civil action for damages against any person who diverts, attempts to divert, or aids in utility theft. In certain cases, such as where a device was used to steal the utility, or when a meter is tampered with, there is a rebuttable presumption that the party who controls the premises or receives the direct benefit of the utility is liable for damages.

SB 394 authorizes a utility service provider to bring a cause of action for damages for the unauthorized diversion of water from fire hydrants and related facilities. SB 394 also creates a rebuttable presumption that a violation of statute occurs in cases where a party does so without authorization to obtain water and without paying the full lawful charge of the water.

Existing California law also authorizes a local agency that provides water services to adopt an ordinance that prohibits water theft (i.e., action to divert, tamper, or reconnect water utility services) with violations punishable by an administrative fine or penalty. However, water agencies

lacked statutory authority to impose fines or penalties against unauthorized connections to fire hydrants.

SB 394, which adds Government Code section 53069.46, responds to this growing concern by authorizing local agencies that provide retail water services to adopt an ordinance that prohibits the unauthorized connection to a fire hydrant and imposes an administrative fine or penalty. The fines and penalties set forth in Government Code section 53069.46 are significantly higher than those previously authorized by law for water theft of a utility. For water theft from a fire hydrant, the fines may reach but shall not exceed: $2,500 for the first violation, $5,000 for the second violation, and $10,000 for the third and subsequent violations.

The changes resulting from SB 394 will allow local agencies that provide retail water services to better crack down on water theft through a fire hydrant. In addition to providing deterrence by administrative penalty, SB 349 also allows local agencies to seek to recoup damages for losses caused by water theft and resultant damage to infrastructure through civil actions.
Should you have any questions about crafting an ordinance under SB 394 or any other questions about the bill, feel free to contact the authors of this alert or your regular AALRR counsel.

Assembly Bill No. 70 – Chapter 678 – Aguiar-Curry. Solid Waste; Organic Waste; Diversion; Biomethane

(1) The California Integrated Waste Management Act of 1989 generally regulates solid waste disposal, management, and recycling. The act requires each city, county, and regional agency to develop a source reduction and recycling element of an integrated waste management plan. The act requires that element to include a 50% solid waste diversion requirement, as specified, and provides that up to 10% may be achieved through biomass conversion under certain conditions, with biomass conversion defined as the production of heat, fuels, or electricity by certain means from specified materials. One of the conditions for using biomass conversion to satisfy a portion of the solid waste diversion requirement is that pyrolysis not be included in the source reduction and recycling element. Pyrolysis is not defined for that purpose or for other purposes in the act.

This legislation defines pyrolysis for purposes of the act as the thermal decomposition of material at elevated temperatures in the absence or near absence of oxygen.

(2) Existing law requires the Department of Resources Recycling and Recovery ("Department"), in consultation with the State Air Resources Board, to adopt regulations, as specified, to achieve specified reductions in the organic waste disposed of in landfills. The Department's regulations provide for, among other things, the calculation by the Department of recovered organic waste product procurement targets for each local jurisdiction and a list of eligible recovered organic waste products for purposes of the procurement targets.

This legislation requires the Department, no later than January 1, 2027, to amend those regulations to include, as a recovered organic waste product attributable to a local jurisdiction's procurement target, pipeline biomethane converted exclusively from organic waste, as specified.

Assembly Bill No. 367 – Chapter 690 – Bennett. Water; County of Ventura; Fire Suppression

Existing law provides generally for the regulation of wells, pumping plants, conduits, and streams. Existing law requires the State Fire Marshal to identify areas in the state as moderate, high, and very high fire hazard severity zones based on consistent statewide criteria and based on the severity of fire hazard that is expected to prevail in those areas.

This legislation, beginning July 1, 2030, requires a water supplier, as defined, to have access to sufficient backup energy sources to operate critical fire suppression infrastructure, as defined, needed to supply water for at least 24 hours for the purpose of fire suppression in high or very high fire hazard severity zones in the County of Ventura, or to have access to alternative sources of water supplied by a different water supplier or agency that can serve this same purpose of supplying backup water to critical wells and water pumps for 24 hours, as provided. The legislation requires the water supplier to take various actions, including annually inspecting critical fire suppression infrastructure and backup energy sources and notifying the Ventura County Office of Emergency Services within 3 business days of any reduction in its water delivery capacity that could substantially hinder firefighting operations or significantly delay the replenishment of reservoirs. The legislation requires, if any fire damages and makes uninhabitable more than 10 residential dwellings within the service area of a water supplier, a report be made by the Ventura County Fire Department in cooperation with the water supplier, as specified.

This legislation makes legislative findings and declarations as to the necessity of a special statute for County of Ventura.

Assembly Bill No. 1373 – Soria. Water Quality; State Certification

Under existing law, the State Water Resources Control Board ("SWRCB") and the California regional water quality control boards prescribe waste discharge requirements in accordance with the Federal Water Pollution Control Act and the Porter-Cologne Water Quality Control Act. Under federal law, any applicant seeking a federal license or permit for an activity that may result in any discharge into the navigable waters of the United States is required to first seek a state water quality certification, as specified. The Porter-Cologne Water Quality Control Act authorizes the state board to certify or provide a statement to a federal agency, as required pursuant to federal law, that there is reasonable assurance that an activity of any person subject to the jurisdiction of the state board will not reduce water quality below applicable standards. The federal act provides that if a state fails or refuses to act on a request for this certification within a reasonable period of time, which shall not exceed one year after receipt of the request, then the state certification requirements are waived with respect to the federal application.

This legislation requires the SWRCB, if requested by the applicant within 14 days of an initial draft certification being issued, to hold a public hearing at least 21 days before taking action on an application for certification for a license to operate a hydroelectric facility, as provided. The legislation, if a public hearing is requested on the draft certification, prohibits the authority to issue a certification for a license to operate a hydroelectric facility from being delegated. The legislation

authorizes the SWRCB to include in its fee schedule for hydroelectric facility applicants an amount up to the reasonable costs incurred by the SWRCB in implementing these provisions.

AALRR ALERTS

California SB 394: Cracking Down on Water Theft from Fire Hydrants

10.20.2025

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connection to a fire hydrant and imposes an administrative fine or penalty. The fines and penalties set forth in Government Code section 53069.46 are significantly higher than those previously authorized by law for water theft of a utility. For water theft from a fire hydrant, the fines may reach but shall not exceed: $2,500 for the first violation, $5,000 for the second violation, and $10,000 for the third and subsequent violations.

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Should you have any questions about crafting an ordinance under SB 394 or any other questions about the bill, feel free to contact the authors of this alert or your regular AALRR counsel.

Special thanks to our post-bar law clerk John Adamson for his assistance with this alert.

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RELATED INDUSTRIES

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SB 707 Expands and Modernizes Open Meeting and Teleconferencing Requirements under the Ralph M. Brown Act

10.22.2025

Governor Gavin Newsom signed Senate Bill 707 (Durazo) into law on October 3, 2025. SB 707 makes extensive updates to the Ralph M. Brown Act (Government Code section 54950 *et seq.*), the primary open meeting law governing local agency legislative bodies. The legislation both restores and restructures various provisions set to expire in 2026, makes permanent certain transparency-related reforms, and establishes new requirements to enlarge public access and participation in local government proceedings.

The Brown Act generally requires all meetings of a legislative body of a local agency to be open and public, and it prohibits the body's members from taking action outside an authorized meeting. SB 707 significantly revises these provisions to take into consideration the technological and accessibility changes these recent years.

Among many technical changes, SB 707 repeals the expiration date in Government Code section 54952.2, thereby permanently allowing members of a legislative body to use internet-based social media platforms to engage with the public on matters within their jurisdiction, so long as they do not deliberate or discuss business among themselves on such platforms. Government Code section 54952.7 now also mandates the local agency to provide a copy of the Brown Act provisions to any serving members on the legislative body of the local agency.

Additionally, the legislation permanently amends the traditional teleconferencing provision, Government Code section 54953, to codify accessibility accommodations and expand teleconferencing options.

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Members of a legislative body with disabilities may now participate in meetings remotely as a reasonable accommodation. These members must participate using both audio and video technology unless their disability requires an exception. They must also disclose whether any other individuals over the age of eighteen are present in the room in their remote location and the general nature of their relationship to those individuals. Participation by members under these circumstances is deemed equivalent to in-person attendance for all legal purposes, including the quorum requirements. This amendment to Section 54953 appears to codify the California Attorney General opinion, discussed more in this Alert.

What "Eligible Legislative Bodies" Need to Do under SB 707: Audiovisual Teleconferencing, Translation, and Community Outreach

Perhaps the most significant addition in SB 707 is the new Government Code section 54953.4, which imposes broad new requirements on "eligible legislative bodies" to promote public accessibility, language equity, and community outreach in local governance. Eligible legislative bodies include city councils and county boards of supervisors in jurisdictions with populations of 30,000 or more, as well as large special districts meeting certain thresholds regarding full-time equivalent employees and annual revenues. **The statutory definition of "eligible legislative bodies," at this time, does not include school districts.**

Operative starting on July 1, 2026, eligible legislative bodies must provide the public with the ability to attend all open and public meetings via a two-way telephonic service or two-way audiovisual platform (e.g., Zoom). Each eligible legislative body must also adopt, at a noticed public meeting, a written policy for responding to disruptions in the telephonic or internet service that prevent public members from attending or observing the meeting. In the event of such a disruption, the body must recess its open session and engage in a good-faith attempt to restore service. The session must stay in recess for at least an hour or until the disruption has been addressed and remedied, whichever is earlier.

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The new Section 54953.4 further requires the translation of meeting agendas and public meeting webpages into all "applicable languages," which is generally defined as languages spoken jointly by 20% percent or more of the relevant population that speaks English less than "very well," as determined by data from the American Community Survey.

Under Section 54953.4, local agencies must also take reasonable steps to encourage participation by residents who have not traditionally engaged in public meetings, including outreach to community-based and non-English-speaking organizations, and ensuring that requests for agendas and documents can be made electronically.

In recognition of these stringent requirements imposed by this new section, the legislation does afford local agencies protection by prohibiting any actions to be commenced against a local agency regarding the content or accuracy of any translation or the purported failure to engage in community outreach under Section 54953.4.

Alternative Teleconferencing Provisions

SB 707 also substantially reorganizes and expands the Brown Act's teleconferencing framework through new Sections 54953.8 through 54953.8.7. These provisions create a unified structure of remote participation and teleconferencing as an alternative and in addition to the traditional teleconferencing provision under section 54953. For clarity, the teleconference framework through the new Sections 54953.8 through 54953.8.7 are not limited to "eligible legislative bodies" but are for all legislative bodies of local agencies to use.

Teleconferencing under Section 54953, sometimes referred to as the Traditional Teleconferencing Rules, remains available for members of a legislative body. Under Section 54953, at least a quorum of the members of the legislative body must be present within the jurisdictional boundaries of the local agency during a teleconference meeting. Any teleconferencing location is also required to be accessible to the public.

The new alternative teleconferencing provisions, under section 54953.8, authorize teleconferencing, under limited and specific circumstances, without the traditional quorum and location requirements. Depending

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on the type of local agency, different quorum, location, and public accessibility requirements may be imposed. The relevant provisions also expanded the list of "just cause" that permits members to participate remotely for reasons including, but not limited to, childcare responsibilities, illness, family medical emergencies, or military service.

Teleconferencing Disruption Rules Officially Codified

Finally, SB 707 updates the enforcement provisions relating to meeting decorum and disruptions. Through new Section 54957.96, the legislation expressly affirms that local agencies may remove or restrict participation by individuals engaging in disruptive behavior during teleconferenced or hybrid meetings, ensuring that the orderly conduct of public meetings is maintained even in virtual settings.

SB 707 represents a significant modernization of California's open meeting laws. The legislation seeks to balance technological flexibility with transparency and public access. Given the nuanced technical changes, this Alert is not intended to be exhaustive of all changes or amendments in SB 707. We strongly recommend any local agencies subject to the Brown Act consult with legal counsel to ensure future compliance and readiness with the Act's expanded requirements.

Thanks to our FCPPG post-bar law clerk, Benjamin Chen, for his extensive work on this alert.

"Public Officials Managing Investments" Now Required to E-file Statement of Economic Interests (Form 700) with the Fair Political Practices Commission (FPPC)

11.14.2025

Beginning in 2026, public officials who manage a local agency's investment will be required to file Form 700 Statement of Economic Interest with the FPPC through FPPC's e-filing system.

Senate Bill (SB) 852, signed into law by Governor Newsom on October 3, 2025, amends the Political Reform Act of 1974 (Government Code sections 81000 *et seq.*). Specifically, SB 852 amends Government Code section 87500 to now require "a public official who manages public investments" to e-file with the FPPC instead of filing with their local agency.

According to the legislature, the intent behind SB 852 was to "fix a drafting error...that omitted public officials who manage public investments from those who must file their Form 700s electronically." (Assembly Floor Analysis, 3rd Reading of S.B. 852, 2025–2026 Reg. Sess. (Cal. Aug. 27, 2025)).

The category of "public officials who manage public investment" is not new to the Political Reform Act. Section 87200 of the Government Code made conflicts of interest disclosures applicable to "other public officials who manage public investments." Originally, however, these officials filed their disclosure forms locally. Now, with SB 852, they will need to file with the FPPC's e-filing system.

While SB 852 does not define "manage" or "public investment" under Section 87500, the FPPC Regulations fill in the gap by defining these terms in relation to Government Code section 87200. Under 2 C.C.R.

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section 18700.3(b)(1), "[o]ther public officials who manage public investments" means:

- *"(A) Members of boards and commissions, including pension and retirement boards or commissions, or of committees thereof, who exercise responsibility for the management of public investments;*
- *(B) High-level officers and employees of public agencies who exercise primary responsibility for the management of public investments, such as chief or principal investment officers or chief financial managers. This category shall not include officers and employees who work under the supervision of the chief or principal investment officers or the chief financial managers; and*
- *(C) Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions that would otherwise be performed by the public officials described in subdivision (b)(1)(B)."*

"Public investments" encompasses the "investment of public moneys in real estate, securities, or other economic interests for the production of revenue or other financial return." (2 C.C.R. section 18700.3(c)).

"Management of public investments" means the non-ministerial functions of "directing the investment of public moneys, formulating or approving investment policies, approving or establishing guidelines for asset allocations, or approving investment transactions." (2 C.C.R. section 18700.3(e)).

The Draft Form 700 Reference Pamphlet, published as an attachment to the 2025/2026 Form 700 Statement of Economic Interests Interested Persons Meeting, retains and reincorporates these definitions under the Terms & Definitions.

The Notice to the Interested Persons Meeting also indicates that the FPPC's Statement of Economic Interests Unit will send notices to filing officials in the coming months regarding implementation of SB 852 and information on how to include the new filers to the FPPC system.

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In summary, starting in 2026, contracted consultants, pension and retirement board members, chief investment officers, and similar officials or contracted individuals performing non-ministerial functions with respect to public investments must e-file Form 700 with the FPPC, while junior staff will continue to file with their respective local agencies.

If you have any further questions regarding Form 700 filing procedures, please do not hesitate to reach out to one of the authors of this alert, or your AALRR attorney.

Thanks to our FCPPG post-bar law clerk, Benjamin Chen, for his work on this alert.