

AGENDA ITEM 5: LEGISLATIVE WRAP-UP

BACKGROUND:

Legislative Summary

The California Legislature adjourned August 31st giving the Governor until September 30th to take action on the bills that had reached his desk and officially close the 2015-2016 two-year legislative session. Of the nearly 100 bills that RWA tracked and monitored, including the 37 top priority “hot bills”, eleven were signed into law by the Governor. The remaining hot bills were either amended to issues of no concern to RWA; failed to make it out of the legislature; or were vetoed by the Governor.

The RWA “Hot List” bills signed into law are shown in the table below:

Bill (Author)	Bill Title (or Abbreviation)
AB 935 (Salas)	Water Projects
AB 1716 (McCarty)	Lower American River Conservancy Program
AB 1755 (Dodd)	The Open and Transparent Water Data Act
AB 2480 (Bloom)	Source Watershed Financing
AB 2551 (Gallagher)	Contract Procurement: Surface Storage Projects
SB 7 (Wolk)	Housing: Water Meters: Multiunit Structures
SB 552 (Wolk)	Public Water Systems Consolidations
SB 814 (Hill)	Drought: Excessive Water Use
SB 1262 (Pavley)	Water Supply Planning
SB 1263 (Wieckowski)	Public Water Systems: Permits
SB 1398 (Leyva)	Public Water Systems: Lead User Service Lines

Three of the bills signed by the Governor - SB 7, SB 814, and SB 1398 - will have impacts to all RWA member agencies. A summary analysis of these three bills and their impact is provided below (full analysis and bill text of these three bills and all top priority bills are available on the RWA website):

SB 7 – Water meters for new multiunit structures. Beginning January 1, 2018, this bill requires any water purveyor that delivers water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure for which a new water connection is required to ensure each individual unit be metered or sub-metered as a pre-condition to a new water service. The developer and/or owner of the newly constructed structure is required to install, certify, maintain, test and read the sub-meters unless the water purveyor agrees otherwise. This bill prohibits the water purveyor from imposing an additional capacity or connection fee or charge for a sub-meter that is installed by an owner or his or her agent.

October 26, 2016

This bill further provides consumer protections for tenants; requirements that put the onus on the developer to ensure sub-meters are installed in compliance with all applicable laws and regulations; and directs the State Department of Housing and Community Development to propose state building standards requiring sub-meters in newly constructed multiunit residential structures or mixed use residential and commercial structures as part of triennial building code cycle.

SB 814 – Excessive water use during drought conditions. This bill prohibits excessive water use by metered residential customers during specific types of drought emergencies. The specific “types of drought emergencies” for which this prohibition applies are all based on local drought conditions.

The bill requires, as part of scheduled updates to Urban Water Management Plans (years ending in “0” and “5”), every urban retail water supplier, **except those not fully metered**, to establish a method to identify and discourage excessive water use during drought conditions through one of the following options:

- a. Establishing a rate structure that includes block tiers, water budgets, or rate surcharges over and above base rates for excessive water use by a residential water customer or,
- b. Establishing or amending excessive water use ordinance that includes a procedure to identify and address excessive water use by metered residential customers. Under this option, urban water suppliers:
 - i) Must measure excessive water use in terms of either gallons or hundreds of cubic feet of water used during the urban retail water supplier’s regular billing cycle.
 - ii) May consider, in establishing the definition of excessive use, factors that include, but are not limited to, all of the following:
 - (1) Average daily use.
 - (2) Full-time occupancy of households.
 - (3) Amount of landscaped land on a property.
 - (4) Rate of evapotranspiration.
 - (5) Seasonal weather changes.
 - iii) Must issue an infraction or administrative civil penalty for violations of an excessive use ordinance. The penalty for a violation **may** be based on conditions identified by the urban retail water supplier and may include, but is not limited to, a fine of up to \$500 for each hundred cubic feet of water, or 748 gallons, used above the excessive water use threshold established by the urban retail water supplier in a billing cycle.
 - iv) Must establish a process and conditions for the appeal of a fine imposed pursuant to an excessive use ordinance.
- c. Agencies that are **not yet fully metered** are exempt from the above requirements until such time as they become fully metered. In lieu of the

October 26, 2016

above requirements, these agencies are required to prohibit certain water use practices (such as specific non-watering days, no runoff, etc.) and impose penalties for prohibited uses of water. The urban retail water supplier may include a process to issue written warnings prior to imposing penalties as well as increased penalty amounts for successive violations.

SB 1398 – Lead user service lines. The intent of the Legislature is to ensure that any known lead water pipes are identified and replaced as promptly as possible and that appropriate action is taken on water service lines of unidentified composition to ascertain whether they contain lead so that water suppliers can manage the replacement of service lines on a schedule that is commensurate with the risks and costs involved. Specifically, this bill requires:

- a. By July 1, 2018, public water suppliers are to compile an inventory of known lead user service lines in use in its system and identify areas that may have lead user service lines. A timeline for replacement of the known lead user service lines in its distribution system must be submitted to the State Water Resources Control Board (SWRCB) for approval.
- b. By July 1, 2020, public water suppliers who identified areas within their system, as “may have lead user service lines” must do either of the following:
 - i. Determine the existence or absence of lead user service lines in use in their distribution systems and provide that information to the SWRCB; or,
 - ii. Provide a timeline for replacement of those user service lines whose content cannot be determined to the SWRCB for approval.
- c. The bill prohibits the SWRCB, where a portion of a distribution system is located within in a Superfund site under an active federal cleanup order, from proposing a timeline for lead user service line replacement that does not conform to any applicable federal regulatory requirements or timelines.

Of note during this legislative session were bills that failed to move forward. For example, at the start of the 2016 session, RWA and other water organizations geared up in anticipation that a carry-over bill from the first year of the session, SB 20 (Pavley), would be taken up as the vehicle for imposing a public goods charge. While that bill was later gutted and amended and the public goods charge discussion never materialized, the topic of a public goods charge is not dead. RWA has an adopted policy acknowledging the need for helping disadvantaged communities but opposing a PGC that would be imposed on our member’s customers. It is recommended that RWA continue to keep a close eye on future legislation that would consider imposition of such a charge.

Other bills of note that died included a bill that would have circumvented time schedules of the Sustainable Groundwater Manager Act by imposing on counties a

October 26, 2016

permitting requirement on new groundwater wells throughout the State. These topics will most likely continue to crop up in future legislative sessions.

2017 Advocacy Work Plan

As part of that 2017 Work Plan development process, we have reviewed the Policy Principles adopted by the RWA Board in 2016 and intend to recommend the Board affirm those principles without amendments at its November 2016 meeting. The 2017 Work Plan will focus on preparing for the upcoming 2017 legislative session, continuing to expand RWA's advocacy efforts, and fostering existing and new partnerships and coalitions. Already on the agenda as part of the Work Plan is a water quality tour with legislative staff members on November 15th.

Staff will be reaching out to RWA members to see if other agencies are interested in joining the subscription-based program to employ the contract lobbyist. As part of this process, staff is also evaluating the fee structure for the LSP and anticipates proposing a tiered rate structure to the Program Committee in November. The new fee structure will not result in a fee increase for any of the member agencies.

STAFF RECOMMENDATION:

Information Presentation: Dave Brent, Water Policy Advisor