

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA**

**March 21, 2018; 8:30 a.m.
5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692**

AGENDA

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.
- 3. CONSENT CALENDAR**
Minutes of the February 21, 2018 Executive Committee meeting
Action: Approve Consent Calendar item
- 4. LEGISLATIVE/REGULATORY UPDATE**
Information Presentation: Adam W. Robin, Legislative and Regulatory Affairs
Program Manager
Action: Adopt Bill Positions
- 5. SUBCOMMITTEE UPDATES**
Information Presentation: Conference Subcommittee, Membership Subcommittee
and Discussion
- 6. EXECUTIVE DIRECTOR'S REPORT**
- 7. DIRECTOR'S COMMENTS**

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings – April 25, 2018 and May 23, 2018 at 8:30 a.m. at the RWA office

Next RWA Board of Directors' Meeting – Thursday, May 3, 2018, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610

March 21, 2018

AGENDA ITEM 3a: CONSENT CALENDAR

Minutes of the February 21, 2018 Executive Committee meeting

Action: Approve Consent Calendar item

1. CALL TO ORDER

Chair Yasutake called the meeting of the Executive Committee to order at 8:00 a.m. Individuals in attendance are listed below:

Executive Committee Members

Ron Greenwood, Carmichael Water District
Marcus Yasutake, City of Folsom
Jim Peifer, City of Sacramento
Debra Sedwick, Del Paso Manor
Paul Schubert, Golden State Water Company
Robert Dugan, Placer County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Adam W. Robin, Nancy Marrier, Amy Talbot, Cecilia Partridge, Monica Garcia, Nicole Krotoski and Ryan Bezerra, legal counsel.

Others in Attendance

Charles Duncan

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held January 24, 2018.

Motion/Second/Carried (M/S/C) Mr. Dugan moved, with a second by Ms. Tobin, to approve the minutes from the January 24, 2018 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. DEVELOPMENT OF FISCAL YEAR 2018 – 2019 BUDGET

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. The EC discussed some strategic drivers of the proposed Fiscal Year 2018-2019 budget ("FY19 Budget") at the January 24, 2018 EC meeting. The EC was presented with a list of

the significant decisions that impacted the development of the budget objectives and outcomes, which then drives fees and expenses.

John Woodling, Executive Director, gave a PowerPoint presentation with an overview of the budget elements impacting the FY19 budget.

Final Phase of Strategic Plan Implementation

The Strategic Plan Fund began in FY16 and helped to pay for the implementation of the strategic plan in FY17 and FY18. FY18 represents the first full year of execution of the advocacy element of the strategic plan, including a full year of staffing costs. With the final strategic plan implementation, the FY19 proposed budget reflects a shift of the contract advocacy costs from a subscription program to core program. Initial funding of these costs is anticipated to be from the remaining strategic plan fund and the remaining subscription designation for FY19. For FY20, these costs will also be paid from the strategic fund and then the balance will be paid for by core dues. The advocacy costs will be paid for from the following sources:

	FY19	FY20	FY21
Remaining Subscription designation FY18 (\$100,800)	\$100,800	\$ -	\$ -
Estimated Strategic Fund Designation from FY18 (\$109,700)	\$ 19,200	\$90,500	\$ -
Core Dues	\$ -	\$29,500	\$120,000

Operating Fund Changes

RWA follows Policy 500.1 the Financial Designation and Reserve Policy. According to the existing policy, the minimum target balance of the operating fund should be four months to fund budgeted operating expenses with a maximum of six months. A portion of the operating expenses are paid for by SGA, yet RWA has been including these reimbursed expenses as part of the overall operating fund calculation. Since SGA also maintains an operating fund for expenses incurred, including the reimbursed expenses in RWA’s operating fund calculation effectively double counted the cash flow needed for these expenses. The proposed budget now deducts estimated SGA reimbursements in determining the target operating fund balance. The change in calculation results in a lower required operating fund for RWA. It also results in a lower required fee increase in FY19 and future periods.

Water Efficiency Program (“WEP”) Cost Shift

For the last few years, the water efficiency manager has been assisting with RWA core functions. Mr. Woodling emphasized that the water efficiency program is the only subscription program of RWA that is designed to fund a full-time staff position.

Because the WEP manager also assists with RWA core functions, since FY17, RWA has been shifting 10% per year of the WEP manager and related office costs to the RWA core program, increasing it by 10% per year. The FY19 budget includes a 30% shift of these costs paid for by the core dues. This shift does increase core dues over time. The savings by WEP can be used on WEP public outreach costs or may result in future cost savings to WEP related fees charged to participants.

Unfunded Pension Liability

In keeping with RWA's policy 500.15, the EC was provided the information regarding unfunded pension liability balances. Mr. Woodling indicated that the proposed budget reflects paying the unfunded pension liability over a four year period which is slightly faster than had been previously budgeted in FY18.

OPEB Funding

Mr. Woodling stated that RWA needs to have an actuarial report prepared to determine the OPEB contributions for FY19. The proposed FY19 budget assumes an increase in payment (from FY18 \$56,400 payment to \$83,000) to reflect the new legislative staff position plus potential cost increases for reducing the discount rate for the updated report. The current discount rate used in the July 1, 2015 report used a 7.0% discount rate. RWA will continue to fund both the explicit and implicit contributions of the OPEB plan. RWA will have an actuarial study completed this calendar year that will provide updated funding data.

Additional Cost Drivers

Mr. Woodling also discussed additional FY19 expenses affecting the budget. RWA negotiated a new lease agreement, and while favorable, still reflects a cost increase from the previous lease. The FY19 budget reflects human resource consulting support to update human resource manuals as well as other human resource needs. The budget also includes consulting costs to support additional education and informational forums. He also mentioned that legal fees have also increased associated with advocacy but members may be experiencing savings from these costs since now RWA is centralizing this work.

Mr. Woodling expressed good news that the overall fee increase for members and associates for FY19 is expected to be 4%. He indicated that most members who paid for the water advocacy subscription costs would actually experience an overall cost savings. Also, FY19 is the last year of the Powerhouse Science Center collection.

For FY20, the current projection for fee increases is 15% and for FY21 is 22%. The driver of these cost increases are largely due from the strategic plan implementation, although there are other costs that increase with time.

Additional information from the budget staff report

The following excerpts from the executive committee staff report for the budget are included for background information.

Summary Budget Overview

Revenues

- 1) A total 4% increase on general and associate membership fees is proposed. A 10% increase was forecast in the previous year for FY19. The increase is needed to fully implement the strategic plan including consulting services, plus continuing to pay sums towards the unfunded pension liability. Additionally, core revenues are now projected to cover 30% of the WEP manager costs and related office expenses. For most participants who helped fund the advocacy work through a subscription program, the fees in FY19 will be lower than the combined general dues plus subscription fees paid in FY18.
- 2) No increases to affiliate membership fees are planned.
- 3) SGA service fees represent 50% sharable costs according to the Administrative Services Agreement and exclude the Water Efficiency Program staffing, the legislative program manager, and the retired annuitants for RWA and SGA. SGA does pay for 20% of the project assistant position.
- 4) Subscription program revenues provide approximately 13% of needed RWA Core revenues and reflect income earned from providing staffing and office support to subscription based programs, including the WEP.
- 5) Powerhouse Science Center reflects five years of collection of funds with FY19 as the final year, to be paid to PSC over 15 years.
- 6) Other revenues represent interest income and holiday social revenues.

Expenses

- 1) The core program budgets for all staffing positions
- 2) Shared staffing costs are allocated 50/50 to SGA and RWA. The Legislative Program Manager is fully funded by RWA; the Water Efficiency Program Manager is funded 30% by RWA and 70% by WEP; and the Project Research Assistant is funded 80% by WEP and 20% by SGA. These allocations result in 4.8 FTEs for RWA and 2.2 FTEs for SGA for a total of 7 fulltime positions.
- 3) Staff salaries are within ranges assigned by the FY18 total compensation survey and reflect a possible 4% increase for merit plus 3% COLA and a 5% increase in out years. Beginning in FY19, staff will pay the full 7% employee share of their pension contributions.
- 4) Benefit costs also include projected increases for OPEB and health care, and a reduction of the employer pick up of the employee portion of PERS retirement benefits, so that the employees are paying their entire 7% of their employee portion starting in July 2019.
- 5) RWA continues to plan for additional CalPERS pension payments for the unfunded liability. The additional payment is higher than previously projected in the FY18 cycle since the time horizon for payment is now slightly accelerated at four years which follows policy 500.15.

- 6) Office cost increases are based upon estimated increases in FY19. For FY20 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified.
- 7) Professional fees includes higher audit, accounting and actuarial analysis fees due to the reporting requirement for GASB 68 and implementation of GASB 75, increased public relations, human resources assistance, increase legal costs associated with advocacy, IRWM consulting costs, water advocacy consulting fees and \$20,000 for unexpected items.
- 8) Other includes office equipment purchases.
- 9) Core project expenses include costs associated with the Powerhouse Science Center partnership.

Revenues net of Expenses

- 1) Core expenses in excess of core revenues project a net cash outflow of approximately \$7,100 for the core program. The subscription based programs pay for use of staff time as well as some allocated office costs to run these programs.
- 2) Subscription expenses are projected to exceed revenues by approximately \$242,700. Of the \$242,700, \$200,000 represents a return of subscription funds to participants. Many subscription program expenses will be funded from previously collected funds which have been set aside for this purpose.
- 3) Combined core and subscription expenses versus revenues net a projected increase in cash out flow of approximately \$249,800.

Designations

- 1) The operating fund is targeted at six months for FYE 18-19 (using the new method of subtracting estimated SGA reimbursements), which falls within the policy guideline of four to six months.
- 2) The Strategic Plan Fund represents resources being set aside to fully implement the strategic plan. The FY18 budget used a portion of this fund to pay for the new legislative program manager. In FY19, the remaining funds from the lobbyist subscription program will be moved to the RWA core program and pay for the water advocacy. A portion of the cost will also come from the strategic plan fund. In FY20, the remaining strategic fund will help pay for the water advocacy.
- 3) The Powerhouse Science Center ("PSC") designation represents the difference in collection of fees for this project versus the payments made per the contract with PSC.
- 4) The designations are detailed by type. The total change in cash from Projected FY18 to Proposed FY19 by subtotal for the core program reflects the overall net cash outflow of approximately \$7,100 and the effect on each type of designation.
- 5) The designations for the subscription program reflect a decrease of approximately \$242,700 over subscription based expenses. Of the \$242,700, the water energy grant is expecting to return \$200,000. These programs typically collect revenues in advance of expenses. These expenses will be funded from the corresponding program designations.

SUBSCRIPTION PROGRAMS

These subscription based programs are subject to approval by the individual participants. The revenues are included for total estimate purposes and to reflect the expected contribution towards the Core program for staffing and office costs which is budgeted at 13% for FY19. Adopting the fiscal year 2018-2019 budget does not approve the subscription based programs.

- 1) Subscription program revenues are projected for the Water Efficiency Program (WEP Category 1 and 2), Prop 84 grant management and grant revenue, the 2014 drought grant management and grant revenue, and the 2015 IRWM grant. The revenues include fees from participants and grant reimbursements from existing grants.
- 2) Subscription program expenses represent the direct consulting and third-party costs for these subscription programs. It also includes the cost of using RWA staff and allocated office costs to determine the cash flow effect on these programs. In a combined budget, the RWA staff and allocated office costs are netted out to avoid double counting of the costs since these costs are also included in the Core budget. See Summary Table – Split Program for a reconciliation of the individual budgets to the overall RWA budget per the combined Executive Summary Table.
- 3) The subscription based programs collect fees in advance of expenses and often straddle several years prior to completion. The funds are held in an advance restriction until the expenses are incurred. With the exception of WEP, these additional program advances are only recognized as income as the related expenses are incurred. These advances are tracked for budgeting purposes and also included on the detail program budget sheet. While WEP fees are set aside for WEP services, these fees are recognized as incurred.
- 4) An additional \$18,700 equaling an additional 10% of salary and administrative expenses for WEP reflects a shift of salary and administrative expenses to the core RWA budget. For the FY19 budget, a total of 30% of expenses, or approximately \$50,000, will be paid for by RWA core dues.
- 5) The subscription restrictions reflect the available funds for these programs. The use of these designations projected in FY19 is reflected in the changes in the individual restrictions.

Outlook for FY 2020 and FY 2021

In looking out to the future, RWA can anticipate a potential 15% increase in dues in FY20 in order to meet increased expenses related to the water advocacy consulting, increased leasing costs, continue paying the unfunded pension plan liability and increased costs related to the change in discount rate, and continue paying for the shift of the WEP manager costs to be funded 40% by core dues. In FY21, RWA is currently projecting a 22% increase that largely reflects when RWA core dues pay the full cost of the government consulting costs. FY20 and beyond does reflect increased budgeted 5% salary costs. Future projections assume RWA and SGA share staffing and administrative costs and subscription based programs will contribute approximately 10% of revenues to pay for Core staffing and office costs.

Finally, no changes to membership are anticipated, including any decline due to agency consolidations or nonparticipation or recruitment of new members. Any membership changes would have a significant impact on rate increases in the future.

The projected timeline is to present a draft budget to the RWA Full Board at the March 8, 2018 meeting for possible adoption. If the budget is not adopted by the board at the March meeting it will be brought back to the Executive Committee in March and April and presented to the RWA Full Board at the May 3, 2018 meeting for adoption.

For FY18, expected overall expenses of \$1,818,200 exceed the budgeted overall expenses of \$1,813,500 by \$4,700. In FY17, RWA did not make the \$25,000 Powerhouse payment and delayed it to FY18. While RWA did maintain the Powerhouse payment in a designated account and has the funds to pay it, it increases the overall expenses and cashflow for FY18. RWA's budget policy 500.11 specifies that the EC must explicitly approve if overall anticipated budgeted costs exceed the original budget.

M/S/C Ms. Tobin moved, with a second by Mr. Dugan, to recommend RWA Board Approval of 2018–2019 Budget. The motion carried by the unanimous voice vote of all directors present.

M/S/C Ms. Sedwick moved, with a second by Mr. Peifer, to approve FY18 additional budget expense of approximately \$4,700 to reflect expected expenses of \$1,818,200 compared to the approved budget of \$1,813,500. The motion carried by the unanimous voice vote of all directors present.

5. POLICY 500.1 FINANCIAL DESIGNATION/RESERVE POLICY

A draft of the revised Policy 500.1 was included in the packet. In addition to some editorial changes, the significant changes to this policy include the following:

Calculating the Operating Fund Target Balance

In determining the minimum and maximum operating fund balance, RWA has used the budgeted operating expenses. Since SGA reimburses RWA for a portion of shared common costs, and SGA also carries an operating reserve, including these shared costs as part of the calculation for operating fund target balance results in a higher than needed balance. For example, in FY17, SGA reimbursed RWA for \$476,712 in common operating expenses. When projecting these expenses, RWA's operating fund needed a minimum of \$158,900 in the operating fund to pay for these costs. Since RWA can expect repayment of these common operating costs in a timely manner, including these common operating costs as part of the operating fund balance calculation inflates the cash flow requirement.

Additionally, non-recurring costs have historically been excluded from calculating the operating fund target balance in previous budgets. The policy now reflects the practice of excluding these costs.

Retirement Benefits Fund

The rationale section was streamlined and simplified. Additionally, the policy was modified to remove SGA's reference to reimbursements since SGA has its own pension plan and pays for pension plan services directly.

M/S/C Ms. Tobin moved, with a second by Mr. Greenwood, to recommend RWA Board Approval of Policy 500.1 Revisions. The motion carried by the unanimous voice vote of all directors present.

6. MARCH 8, 2018 RWA BOARD MEETING AGENDA

Through discussion it was suggested that changes be made to the order of agenda items for the March 8, 2018 RWA Board meeting.

M/S/C Mr. Dugan moved, with a second by Mr. Schubert, to approve the March 8, 2018 proposed RWA Board meeting agenda with the suggested changes. The motion carried by the unanimous voice vote of all directors present.

7. EXECUTIVE DIRECTOR'S REPORT

Water Efficiency Update – The second of five 2018 snow surveys was conducted on February 1st. The survey showed below average results both locally at Phillips Station and statewide with snow water equivalents of 2.6 inches or 14% of average for this date and 4.9 inches or 27% of average, respectively. There is discussion among state agencies, the media, and other stakeholders about the possibility of the state returning to drought conditions in 2018. However, it is too early to make definitive conclusions.

Mandatory reporting (production, R-GPCD, water waste violations, etc.) to the State Water Resources Control Board (SWRCB) officially expired in November 2017 along with the associated Executive Order. Most water agencies in the state and the region are continuing to report. RWA is also still collecting similar monthly data and would like to continue to collect this information in the future regardless of the state's actions. RWA uses the collected data to inform a number of projects including the Reliability Plan, grant applications, and water efficiency related metrics like GPCD. To make future reporting more efficient, RWA is considering modernizing data collection efforts with an online platform similar to what the SWRCB used during the drought.

To assist with the evaluation of AB 1668 and SB 606, several water agencies expressed a desire to purchase imagery for their service areas. Imagery provides data on landscape material type, irrigation, and impervious/pervious designation to help estimate landscape irrigation budgets like those associated with the proposed legislation. RWA researched several options for a regional purchase of imagery for all RWA water agencies. The most cost effective option was to partner with the Sacramento Area Council of Governments (SACOG) and join their existing effort. The goal is to obtain comprehensive, consistent imagery for the entire region to evaluate regulation proposals and provide local imagery files to each RWA water agency for additional planning and infrastructure maintenance purposes. As part of the partnership, SACOG has offered RWA access to all imagery under their

current contract for our use. The imagery for both the SACOG and additional RWA areas will be 3 inch aerial imagery, which will provide enough detail to identify impervious and pervious land area for residential and commercial parcels at minimum.

There are two additional costs associated with the Imagery Project. The first is ground control or the process of matching the digital imagery to static locations on the ground to ensure imagery data accuracy. Ground control for the RWA 3 inch imagery areas will be performed by SACOG's imagery vendor, Sanborn, Inc. The second additional cost is a 5% SACOG administration fee to add RWA to their existing contract. RWA will cover both of these additional costs as well as a portion of the infrared cost.

All imagery (3 inch and infrared) is scheduled to be collected by Sanborn, Inc., between February and April 2018 with delivery expected in September 2018. Due to the timing of infrared imagery collection, distinguishing between irrigated and non-irrigated land area may be less precise due to potential supplemental irrigation from winter storms. To address this concern, RWA may also use National Agriculture Imagery Project (NAIP) imagery (includes infrared), which is scheduled to be collected in summer 2018 at the peak of irrigation season. Altogether the 3 inch, infrared, and NAIP imagery should provide a solid base to perform a wide range of analysis related to the proposed legislation.

Legislative & Regulatory Advocacy Update – The 2018 Legislative Year is well underway, with the deadline for introducing new bills passing on February 16. The RWA Lobbyist Subscription Program will meet on February 28 to review recently-introduced legislation and develop recommendations for any new bill positions for the Executive Committee's consideration. RWA staff continues to engage legislative offices and stakeholders on a variety of two-year bills including long-term water use efficiency legislation (AB 1668/SB 606) and the water tax (SB 623). A significant development related to the water tax proposal was the February 1 release of the Brown Administration's budget trailer bill language to create a "Safe and Affordable Drinking Water Fund." The budget trailer bill closely mirrors the policy framework in SB 623 and includes an identical proposal for per-connection taxes to be collected by water systems. With the release of the budget trailer bill, RWA staff and other parties with an interest in the water tax will now engage in both the policy and budget committees of the Legislature.

Adam W. Robin, Legislative and Regulatory Affairs Project Manager, gave an update on the revisions to the proposed Permanent Prohibitions on Waste and Unreasonable Use of Water regulations by the State Water Resources Control Board. The Water Board was scheduled to consider adoption of the proposed prohibitions on February 20 but deferred taking action at that time. An idea is that there is an alternative pathway through the water code that wouldn't have the potential water rights implications that the Waste and Unreasonable Use approach might have. It may be a month or two before they take action, to allow the regulations to come into force in July. RWA staff prepared and submitted comments in response to the revised regulations on February 12 that emphasized the effectiveness of locally-driven approaches to advancing water use efficiency and provided specific comments on the revised prohibitions.

Subcommittee Update – RWA will convene a symposium on Thursday, March 15, 2018 regarding the timely legislative and regulatory issues of water affordability and safe drinking water for disadvantaged communities. The event will feature a broad discussion with panels made up of representatives on all sides of the issue.

The next informational event planned by the subcommittee may be a workshop in association with either an RWA or SGA board meeting. The workshop would have a presentation by the State Board Drinking Water Program with information for a better understanding of the process for setting a flow standard. The workshop would include the Board's status of the lead sampling in schools and any issues that are coming up. Agencies would have a chance to present their status of the lead sampling in schools.

RWA Outreach – RWA recently completed the first in what will be a bi-monthly update of activities. The update is a summary of RWA activities and would be of interest to agency board members. The document is suitable for inclusion in board and council agendas, and is available at <http://rwah2o.org/regional-water-authority-update-for-february-2018/>.

Ryan Bezerra, legal counsel, gave an update on the Water Fix. Everyone is waiting for word from the State Water Board as to what the next steps are. Tomorrow morning will begin part two of the hearing without any direction as to what is expected. It is anticipated that DWR will present their witnesses with interesting cross examinations. There was discussion and agreement that the process and desired outcome are confusing. The webcast is available on the State Water Board website for those interested in watching the February 22nd hearing.

8. DIRECTORS' COMMENTS

Mr. Dugan said that he sits on the American River Authority which is the JPA that was created for the purpose of preparing, developing, building and ultimately managing the water of what would have been the Auburn Dam years ago. There have been steps taken with the American River Authority to decommission the authority because it is no longer a viable feasible project. There is group of engineers that were part of the former effort that are attempting to revive a new JPA to build an Auburn Dam. The Placer County communities that would be directly affected have adopted a resolution in opposition. The environmental community has agreed not to pursue wild and scenic status as a mechanism to stop the dam process. As we look at the American River, Sacramento River and interconnectivities we are working towards more reasonable and feasible possibilities.

Mr. Dugan agreed to give a brief update report at the next RWA Board meeting on what transpired at the annual American River Authority meeting.

Ms. Sedwick reported that last year Del Paso Manor Water District had a defeat on a Proposition 218 process. The District is going through the process again. Tomorrow night is the first community meeting where the numbers will be

presented to the board members at the same time that the rate payers receive them. It is expected that the board will hear comments from the public and then give direction to the consultant. There is opposition and if the District receives 50% protest they may be in a position to consider some type of consolidation. The public feedback appears to be positive and favors remaining as an independent district.

Mr. Woodling said that he appreciates the Executive Committee's understanding of the budget and for the vision of where RWA is going.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 9:04 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

March 21, 2018

AGENDA ITEM 4: LEGISLATIVE AND REGULATORY UPDATE

BACKGROUND:

RWA staff will update the Executive Committee on legislative and regulatory issues including:

- a. Long-Term Urban Water Use Efficiency Legislation
- b. Water Tax Legislation – SB 623 (Monning) and Budget Trailer Bills
- c. SWRCB Draft Permanent Prohibitions on Wasteful and Unreasonable Uses

Staff will also present bill position recommendations in the first bill packet of the 2018 legislative session.

STAFF RECOMMENDATION:

Information Presentation: Adam W. Robin, Legislative and Regulatory Affairs
Program Manager

Action: Adopt Bill Positions

RWA Executive Committee
Bill Packet – March 21, 2018

Page	Bill	Description	Recommendation
1	AB 1876	Delta Stewardship Council	Watch
1	AB 1944	SGMA: San Luis Rey Valley	Watch
1	AB 2038	Water Shortage Contingency Plans	Watch
2	AB 2050	Small Water System Authority Act	Support (Pending Review)
2	AB 2053	Harmful Algal Bloom Task Force	Watch
2	AB 2060	IRWM Grants: Advance Payments	Watch
2	AB 2064	IRWM Grants: Advance Payments	Watch
3	AB 2065	Local Agencies: Surplus Land	Watch
3	AB 2071	Accessory dwelling units: improvements: liability	Watch
3	AB 2072	SWRCB: Contaminants of Emerging Concern	Watch
3	AB 2077	Net Energy Metering: Eligible Customer-Generators	Watch
4	AB 2091	Prescribed Burns	Watch
4	AB 2283	Income Taxes: exclusion: turf removal	Support
4	AB 2339	Water Utility: Sale of Water Utility Property	Watch
5	AB 2377	Agriculture: technical assistance grant program	Watch
5	AB 2441	Delta Abandoned Vessel Removal Account	Watch
5	AB 2501	Consolidation and Extension of Service	Watch
6	AB 2516	Dams: reservoir restrictions	Watch
6	AB 2545	DFW: lake or streambed alteration program	Watch
6	AB 2549	Tidelands and submerged lands: exchange	Watch
7	AB 2697	Habitat: idled agricultural lands	Watch
7	AB 2728	Replacement of service lines: loans	Watch
7	AB 2828	Waste Discharge Requirements: oil and gas	Watch
7	AB 2900	New water systems: preliminary report	Watch
8	AB 2939	Accessory dwelling units	Watch
8	AB 2975	Wild and scenic rivers	Watch
8	AB 3045	Natural Resources Agency: dam safety	Watch
8	AB 3116	Ballast water	Watch
8	AB 3170	Sales taxes: exemptions: water efficiency	Support
9	AB 3206	Water meters: accuracy and performance standards	Oppose Unless Amended
9	ACA 21	CA Infrastructure Investment Fund	Watch
9	SB 831	Accessory dwelling units	Oppose/OUA
10	SB 914	Local agency contracts	Watch
10	SB 919	Water resources: stream gages	Watch
10	SB 959	Water corporation: advice letters	Watch
10	SB 966	Onsite treated nonpotable water systems	Support
11	SB 998	Water shutoffs: water systems	Oppose/OUA
11	SB 1145	Enhanced infrastructure financing districts: maintenance	Watch
12	SB 1215	Consolidation and extension of service	Watch
12	SB 1301	State permitting: environment: processing times	Watch
12	SB 1401	Public utilities: inspection and audit of books	Watch
12	SB 1453	Statute of Limitations: Forest Practices Act	Watch

RWA "Not Yet Considered" Bills for 3/21/18 Executive Committee Meeting

AB 1876 (Frazier D) Sacramento-San Joaquin Delta: Delta Stewardship Council.

Introduced: 1/16/2018

Summary:

The Sacramento-San Joaquin Delta Reform Act of 2009 establishes the Delta Stewardship Council, which consists of 7 members, and requires the council to develop, adopt, and commence implementation of a comprehensive management plan for the Delta, known as the Delta Plan. This bill would increase the membership of the council to 13 members, including 11 voting members and 2 nonvoting members, as specified.

Position: Not Yet Considered

Notes 1: As introduced, this bill would modify the membership composition of the Delta Stewardship Council (DSC) to increase the representation of in-Delta interests.

At present, the DSC consists of seven voting members: four members appointed by the Governor and confirmed by the Senate, one member appointed by the Senate Committee on Rules, one member appointed by the Speaker of the Assembly, and the Chairperson of the Delta Protection Commission.

This bill would expand the total membership of the DSC to 11 (with nine voting members) by adding the following: One member appointed by a "municipal selection committees" composed of local officials or their designees from the primary zone and the secondary zone of the Delta; Two members with their primary residences in the Delta (one member with expertise in Delta agricultural interests and one member with expertise in Delta small business interests), appointed by a selection committee organized by the Boards of Supervisors of the Counties of Contra Costa, Sacramento, San Joaquin, Solano, and Yolo; and, one Member of the Senate appointed by the Senate Committee on Rules and one Member of the Assembly appointed by the Speaker of the Assembly, both of whom represent areas within the primary zone of the Delta, as ex officio members of the DSC without vote.

RECOMMENDATION: WATCH

AB 1944 (Garcia, Eduardo D) Sustainable groundwater management: San Luis Rey Valley Groundwater Basin.

Introduced: 1/29/2018

Summary:

Would divide the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin, as prescribed, and would designate the subbasins as medium priority until the department reassesses basin prioritization. The bill would require water beneath the surface of the ground within the Upper San Luis Rey Valley Groundwater Subbasin to be included within the definition of groundwater for the purposes of the act by any groundwater sustainability agency developing or implementing a groundwater sustainability plan and would except from this requirement certain water beneath the surface of the ground extracted and used as authorized under an existing appropriative water right.

Position: Not Yet Considered

Notes 1: As introduced, this bill would amend SGMA to:

1. Divide the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin and would designate the subbasins as medium priority until the department reassesses basin prioritization.
2. Amend the definition of "groundwater" to specifically include water flowing in known and definite channels in the San Luis Rey Valley.

RECOMMENDATION: WATCH

AB 2038 (Gallagher R) Countywide drought and water shortage contingency plans.

Introduced: 2/6/2018

Summary:

Would require the Department of Water Resources, no later than January 1, 2020, in consultation with the State Water Resources Control Board and other relevant state and local agencies and stakeholders, to use available data to identify small water suppliers and rural communities that may be at risk of drought and water shortage vulnerability and would require the department to notify counties and groundwater sustainability agencies of those suppliers or communities.

Position: Not Yet Considered

Notes 1: As introduced, this bill is nearly identical to the provisions of AB 1668 (Friedman) that relate to state and county-level planning for small water suppliers and rural communities. As of 2/21/18, the author's office has indicated that they do not intend to advance the measure in its current form.

RECOMMENDATION: WATCH

AB 2050 (Caballero D) Small System Water Authority Act of 2018.

Introduced: 2/6/2018

Summary:

Would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill would define various terms and require a change in organization to be carried out as set forth in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Position: Not Yet Considered

Notes 1: This bill is co-sponsored by the Eastern Municipal Water District and the California Municipal Utilities Association. EMWD General Manager Paul Jones presented the legislative concept to interested RWA members in January 2018. A fact sheet regarding AB 2050 is attached to this bill packet.

RECOMMENDATION: SUPPORT (PENDING REVIEW OF LEGISLATIVE LANGUAGE)

AB 2053 (Quirk D) Harmful Algal Bloom Task Force.

Introduced: 2/6/2018

Summary:

Would require the State Water Resources Control Board, until January 1, 2022, to establish and coordinate the Harmful Algal Bloom Task Force, comprised of specified representatives of state agencies, including the conservancy, and other agencies as determined by the board, in consultation with the Secretary for Environmental Protection, and would prescribe the functions and duties of the task force.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

AB 2060 (Garcia, Eduardo D) Water: grants: advanced payments.

Introduced: 2/6/2018

Summary:

Current law requires a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds where the project proponent is a nonprofit organization or a disadvantaged community, or the project benefits a disadvantaged community. Current law requires the department, within 60 days of receiving the project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria, including that the grant award for the project is less than \$1,000,000 and requires the advanced funds to be handled as prescribed. This bill would instead require the department to provide advanced payment for those projects of \$500,000 or 50% of the grant award, whichever is less.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

AB 2064 (Gloria D) Integrated regional water management plans: grants: advanced payment.

Introduced: 2/7/2018

Summary:

Current law, until January 1, 2025, requires a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds if the project proponent is a nonprofit organization or a disadvantaged community or the project benefits a disadvantaged community. Current law requires the department, within 60 days of receiving this project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria and require the advanced funds to be handled, including that the funds are required to be spent within 6 months of the date of receipt unless the department waives this requirement. The bill, until January 1, 2025, would require a project proponent, upon completion of the first one-half of a project receiving an above-described grant award, to provide a first one-half project accountability report to the department that reports the completion of objectives for the first one-half of the project and documents the expenditure and use of advanced

grant funds.

Position: Not Yet Considered

Notes 1: This bill is sponsored by the San Diego County Water Authority.

RECOMMENDATION: WATCH

[AB 2065](#) (Ting D) Local agencies: surplus land.

Introduced: 2/7/2018

Summary:

Current law prescribes requirements for the disposal of surplus land by a local agency. Current law defines "local agency" for these purposes as every city, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property. This bill would expand the definition of "local agency" to include sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions of this state and any instrumentality thereof that is empowered to acquire and hold real property, thereby requiring these entities to comply with these requirements for the disposal of surplus land.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2071](#) (Bloom D) Accessory dwelling units: improvements: liability.

Introduced: 2/7/2018

Summary:

Would provide that a public entity, including, but not limited to, a city, county, or city and county; public officer, including, but not limited to, a member of the legislative body of a city, county, or city and county; or an employee of a public entity, is not liable for any personal injury, death, property damage, or inverse condemnation, that has arisen from or is related to the use of an accessory dwelling unit and that is proximately caused by any utility system, including, but not limited to, a water system or electrical system equipment, that the public entity owns, operates, or maintains if the legislative body of a local agency has permitted the water, electrical system equipment, or accessory dwelling unit, to remain in the same location as it existed prior to January 1, 2018.

Position: Not Yet Considered

Notes 1: As introduced, this bill would only apply to the use of an accessory dwelling unit that meets both of the following:

(1) The accessory dwelling unit was constructed prior to January 1, 2018 pursuant to an ordinance adopted pursuant to Section 65852.2 as that section read on December 31, 2017.

(2) The owner of the accessory dwelling unit, at the time of the personal injury, death, property damage, or inverse condemnation, was attempting to bring the accessory dwelling unit into compliance with applicable local agency rules, regulations, or ordinances.

RECOMMENDATION: WATCH

[AB 2072](#) (Quirk D) State Water Resources Control Board: contaminants of emerging concern.

Introduced: 2/7/2018

Summary:

Would require the State Water Resources Control Board, to the extent that the state board determines funds are available, to establish and maintain a dedicated program to research contaminants of emerging concern to understand the contaminants entering drinking water supplies. The bill would require the program to research the impacts of contaminants of emerging concern on human health and the environment, as prescribed.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2077](#) (Limón D) Electricity: net energy metering: eligible customer-generators.

Introduced: 2/7/2018

Summary:

Current law requires every electric utility, defined to include electrical corporations, local publicly owned electric utilities, and electrical cooperatives, to develop a standard contract or tariff for net energy metering, as defined, for generation by a renewable electrical generation facility, as defined, and to

make this contract or tariff available to eligible customer-generators, as defined, upon request on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer generators exceeds 5% of the electric utility's aggregate customer peak demand. This bill would add a local government to the list of customers of an electric utility or large electrical corporation that are eligible for a net energy metering contract or tariff.

Position: Not Yet Considered

Notes 1: This bill would make local government entities eligible for a net energy metering contract or tariff. This may provide a benefit for RWA members with solar photovoltaic systems as it would make them eligible for a credit for the full retail value of the electricity their system generates.

RECOMMENDATION: WATCH

AB 2091 (Grayson D) Prescribed burns.

Introduced: 2/7/2018

Summary:

Would establish the Prescribed Burning Board in the Department of Forestry and Fire Protection. The bill would require the board to establish, on or before January 1, 2022, standards for prescribed burning, and establish standards for certification, recertification, and training for certified and insured prescribed burn managers, among other things. The bill would require the board to establish a schedule of fees for purposes of certifying a prescribed burn manager and would establish the Prescribed Burn Fund for deposit of those fees.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

AB 2283 (Holden D) Income taxes: exclusion: turf removal water conservation program.

Introduced: 2/13/2018

Summary:

The Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on or after January 1, 2014, and before January 1, 2019, provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for participation in a turf removal water conservation program. This bill would extend the operation of those provisions to January 1, 2024.

Position: Not Yet Considered

Notes 1: As introduced, this bill would extend the expiration date of the existing exemption from gross income of "any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for participation in a turf removal water conservation program" from 2019 to 2024.

RWA has previously recognized securing state funding for turf rebates as an Advocacy Program priority. This bill will ensure that turf removal benefit recipients will not be assessed state income tax on the amount of their benefit, providing further incentive for all turf removal programs.

RECOMMENDATION: SUPPORT

AB 2339 (Gipson D) Water utility service: sale of water utility property by a city.

Introduced: 2/13/2018

Summary:

Would permit a city that owns and operates a public utility for furnishing water service to sell the public utility for the purpose of consolidating its public water system with another public water system pursuant to the procedures that are generally applicable to the sale of real property by a city, only if the potentially subsumed water system is wholly within the boundaries of the city, if the city determines that it is uneconomical and not in the public interest to own and operate the public utility and if certain requirements are met. The bill would prohibit the city from selling the public utility for one year if 50% of interested persons, as defined, protest the sale.

Position: Not Yet Considered

Notes 1: According to supporters of AB 2339, the need for this bill arises from a recent effort to consolidate a small water system operated by a municipality with a larger surrounding PUC-regulated water system.

This bill is substantially similar to provisions included in AB 272 (Gipson) which was held in the Assembly

Appropriations Committee in 2017.

RECOMMENDATION: WATCH

[AB 2377](#) (Irwin D) Agriculture: Cannella Environmental Farming Act of 1995: technical assistance grant program.

Introduced: 2/14/2018

Summary:

Would require the Department of Food and Agriculture, in consultation with the Scientific Advisory Panel on Environmental Farming, to establish a technical assistance grant program to provide funds to technical assistance providers, as defined, to provide assistance to Healthy Soils Program, alternative manure management practices programs, and State Water Efficiency and Enhancement Program, applicants.

Position: Not Yet Considered

Notes 1: This bill would require the Department of Food and Agriculture, in consultation with the panel, to establish a technical assistance grant program to provide funds to technical assistance providers, as defined, to provide assistance to Healthy Soils Program, alternative manure management practices programs, and State Water Efficiency and Enhancement Program, applicants. The bill would require the department to make available to the grant program not less than 15% of the funds appropriated to the department for those programs, for the purposes of providing technical assistance to farmers and ranchers who apply for grants from those programs, prioritizing that technical assistance to small and moderately-scaled farms and ranches, and supporting annual information sharing among technical assistance providers, the department, and other relevant stakeholders for the continuous improvement of programmatic guidelines, application processes, and relevant climate change and agricultural research.

RECOMMENDATION: WATCH

[AB 2441](#) (Frazier D) Sacramento-San Joaquin Delta Abandoned Vessel Removal Account: removal of abandoned vessels.

Introduced: 2/14/2018

Summary:

Current law requires that all rental income received for surface uses, including, but not limited to, surface drilling rights, upon lands under the jurisdiction of the commission be deposited in the State Treasury to the credit of the General Fund, except for certain income from state school lands, royalties received from the extraction of minerals on the surface of those lands, and all rental income from surface uses for lands at Lake Tahoe. This bill would additionally exclude from the above requirement relating to the use of rental income received from surface uses of public lands, all rental income from surface uses for lands in the Sacramento-San Joaquin Delta, as defined.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2501](#) (Chu D) Drinking water: consolidation and extension of service.

Introduced: 2/14/2018

Summary:

The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order extension of service to an area within a disadvantaged community that does not have access to an adequate supply of safe drinking water so long as the extension of service is an interim extension of service in preparation of consolidation. The act defines "disadvantaged community" for these purposes to mean a disadvantaged community that is in an unincorporated area, is in a mobilehome park, or is served by a mutual water company or small public water system. This bill would redefine "small public water system" for these purposes as a system with 200 connections of less.

Position: Not Yet Considered

Notes 1: As introduced, this bill would:

1. Expand the authority of the State Water Resources Control Board to consolidate water systems and require existing systems to extend service to state small water systems, "unregulated water systems," and individual domestic wells.
2. Require ordered consolidations to "occur within six months of the initiation of the extension of service."
3. Require the SWRCB to "consider ordering consolidation of a water system with a receiving water system if a disadvantaged community served by the water system does not have an adequate supply

of safe drinking water and at least 75 percent of the households in that disadvantaged community petition the state board for consolidation."

4. Require a finding from the SWRCB that the capacity of the proposed interconnection needed to accomplish the consolidation would include service to vacant lots within the community served by the subsumed water systems and residents of disadvantaged communities in existence as of the date of consolidation and that are located within one-quarter mile of the community served by the subsumed water system or infrastructure of the subsumed water system before the consolidation order could be issued.

This bill would significantly expand the SWRCB's authority to order consolidations and extensions of service. Input is needed regarding the extent to which this bill could impact RWA members.

RECOMMENDATION: WATCH

AB 2516 (Eggman D) Dams: reservoir restrictions.

Introduced: 2/14/2018

Summary:

Would require the Department of Water Resources to post, and update quarterly, on its Internet Web site a report containing the name of each reservoir subject to a restriction, the effective date of the reservoir restriction, the reason for the restriction, and actions that would allow the restriction to be removed. The bill, if no reservoir restrictions are in effect, would require the department to post this fact on its Internet Web site.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

AB 2545 (Gallagher R) Department of Fish and Wildlife: lake or streambed alteration agreements: definitions.

Introduced: 2/15/2018

Summary:

Current law prohibits an entity from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or from depositing certain material where it may pass into any river, stream, or lake, without first notifying the Department of Fish and Wildlife of that activity, and entering into a lake or streambed alteration agreement if required by the department to protect fish and wildlife resources. This bill would define "river" and "stream" for purposes of these provisions.

Position: Not Yet Considered

Notes 1: This bill would define the terms "river" and "stream" as meaning "a body of water that flows at least periodically or intermittently through a bed or channel having banks and supports fish or other aquatic life. This includes watercourses having a surface or subsurface flow that supports or have supported riparian vegetation."

The author has previously sponsored legislation that would add or amend definitions related to the Department of Fish and Wildlife's Lake and Streambed Alteration Program, including AB 947 (2017). AB 947 was held in the Assembly Appropriations Committee last year.

RECOMMENDATION: WATCH

AB 2549 (Stone, Mark D) Tidelands and submerged lands: exchange agreements.

Introduced: 2/15/2018

Summary:

Current law authorizes the State Lands Commission to enter into an exchange, with any person or public entity, of filled or reclaimed tidelands and submerged lands or beds of navigable waterways, or interests in these lands, that are subject to the public trust for commerce, navigation, and fisheries, for other lands or interests in lands, if the commission finds that specified conditions are met. This bill would expressly authorize the commission, with regard to the above described exchange that involves any lands or interests in lands that a public entity holds title to pursuant to a legislative grant, to require that the lands or interest in lands be subject to the same public trust requirements and terms and conditions prescribed in the statute providing for the grant of those lands or interest in lands to the public entity.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2697](#) (Gallagher R) Wildlife, bird, and waterfowl habitat: idled agricultural lands.

Introduced: 2/15/2018

Summary:

Would require the Wildlife Conservation Board to establish a program, which may include direct payments or other incentives, to encourage landowners to voluntarily cultivate or retain cover crops or natural vegetation on idled lands to provide waterfowl, upland game bird, and other wildlife habitat cover for purposes, including, but not limited to, encouraging the use of idle agricultural lands for wildlife habitat.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2728](#) (Chen R) Replacement of corroded or lead-containing plumbing or service lines: loans.

Introduced: 2/15/2018

Summary:

Would, to the extent funding is made available, authorize the State Water Resources Control Board to establish a grant program to provide funding to a county or qualified nonprofit organization, as specified, to provide low-interest loans to defined property owners for the replacement of corroded or lead-containing plumbing and service lines that adversely impact drinking water standards or for the installation of a point-of-use or point-of-entry water treatment system, as specified.

Position: Not Yet Considered

Notes 1: As introduced, this bill includes at least two provisions of potential concern RWA members:

1. The bill does not include water suppliers or local governments as eligible grant recipients.
2. The bill provides that, "the state board shall use reasonable and feasible efforts to secure local matching funds for the purposes of providing a grant pursuant to this section." It is unclear whether these "local matching funds" could include contributions or funding requirements from local water suppliers.

The author is a Republican but has experienced moderate success in seeing his measures enacted, including a water bill (AB 1343, 2017).

RECOMMENDATION: WATCH

[AB 2828](#) (Friedman D) Waste discharge requirements: produced water: oil and gas operations.

Introduced: 2/16/2018

Summary:

Under the Porter-Cologne Water Quality Control Act, the State Water Resources Control Board and the California regional water quality control boards are the principal agencies with authority over water quality. Under the act, persons discharging waste are required to file with the appropriate regional board a report of the discharge and the discharge is subject to waste discharge requirements prescribed by that regional board. This bill would require the state board to conduct a public hearing, as specified, to determine whether using produced water from an oil and gas operation for specified water uses would pose a hazard to the public, employees that regularly interact with the produced water, or the environment.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2900](#) (Committee on Environmental Safety and Toxic Materials) Proposed new public water system: preliminary technical report.

Introduced: 2/16/2018

Summary:

The California Safe Drinking Water Act requires a proposed new public water system to first submit a preliminary technical report to the state board at least 6 months before initiating construction of any water-related improvement that includes, among other things, the name of each public water system for which any service area boundary is within 3 miles of the proposed new public water system's service area and discussions of the feasibility of each of the adjacent public water systems supplying domestic water to the proposed new public water system's service area. This bill would authorize the state board to approve the preliminary technical report and allow construction to proceed before the end of the 6-month period.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2939](#) (Ting D) Accessory dwelling units.

Introduced: 2/16/2018

Summary:

Would require the local agency to ministerially approve an application for a building permit to create within a multifamily zone at least one accessory dwelling unit within an existing multifamily structure with at least 5 residential units if specified conditions are met. The bill would prohibit an application ministerially approved pursuant to this provision from having a limit on the number of accessory dwelling units created within the existing residential units or accessory structures or both. By increasing the duties of local officials, this bill would create a state-mandated local program.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 2975](#) (Friedman D) Wild and scenic rivers.

Introduced: 2/16/2018

Summary:

Would, if the federal government takes action to remove or delist any river or segment of a river in California that is included in the national wild and scenic rivers system and not in the state wild and scenic rivers system, or if the secretary determines that the federal government has exempted a river or segment of a river in California that is not in the state wild and scenic river system from the protection of certain federal provisions governing restrictions on water resources projects, require the secretary, after holding a public hearing on the issue, to take any necessary action to add the river or segment of a river to the state wild and scenic rivers system and to classify that river or segment of a river.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 3045](#) (Gallagher R) Natural Resources Agency: Division of Safety of Dams.

Introduced: 2/16/2018

Summary:

Would establish within the Natural Resources Agency the Division of Safety of Dams. The bill would transfer authority over dams and reservoirs from the department to the division.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 3116](#) (Cooley D) Ballast water.

Introduced: 2/16/2018

Summary:

The Marine Invasive Species Act, which is administered by the State Lands Commission and generally applies to all vessels carrying or capable of carrying ballast water into the coastal waters of the state after operating outside of the coastal waters of the state and to all ballast water and associated sediments taken on a vessel, imposes specified requirements on the master, owner, operator, or person in charge of one of those vessels to minimize the uptake and release of nonindigenous species, including minimizing the uptake of ballast water in specified areas and under certain circumstances. This bill would also require those persons to minimize the uptake of ballast water in areas designated by the State Lands Commission.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

[AB 3170](#) (Friedman D) Sales and use taxes: exemptions: water efficiency.

Introduced: 2/16/2018

Summary:

Would exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, qualified water efficiency products sold or purchased during the 3-day period beginning at 12:01 a.m. on the Saturday preceding the last Monday in March, and ending at 11:59 p.m. on the following Monday in March, or for which a layaway agreement is entered into, a raincheck is issued, or other specified orders are placed, during this period, as specified.

Position: Not Yet Considered

Notes 1: As introduced, this bill would create an annual three day exemption from sales tax for “qualified water efficiency products” including, but not limited to, any of the following tangible personal property:

1. A soaker or drip-irrigation hose.
2. A moisture control for a sprinkler or irrigation system.
3. Mulch.
4. A rain barrel or an alternative rain and moisture collection system.
5. A permeable ground cover surface that allows water to reach underground basins, aquifers, or water collection points.
6. A Water Sense product.

RECOMMENDATION: SUPPORT

AB 3206 (Friedman D) Water conservation: water meters: accuracy and performance standards.

Introduced: 2/16/2018

Summary:

Would require the State Energy Resources Conservation and Development Commission, on or before January 1, 2020, to adopt regulations setting standards for the accuracy of water meters purchased, repaired, or reconditioned on and after the effective date of those regulations, including water meters installed pursuant to the Water Measurement Law, as specified. The bill would allow a water purveyor to install a water meter possessed by that water purveyor before the effective date of the regulations for a time period deemed appropriate by the commission.

Position: Not Yet Considered

Notes 1: In addition to the provisions described above, this bill would also:

1. Require the State Water Resources Control Board to establish, by regulation, requirements for accuracy testing of installed water meters on or before January 1, 2021.
2. Require the State Water Resources Control Board to adopt, by regulation, protocols to be used by each urban water supplier for the regular sampling and testing of its customers’ service meters to establish a statistically sound estimate of the accuracy of the water meters serviced by the urban water supplier on or before January 1, 2020.

As introduced, the bill includes no requirements that the SWRCB's regulations account for implementation issues such as the technical feasibility of required sampling and testing, or cost impacts to local water suppliers.

RECOMMENDATION: OPPOSE UNLESS AMENDED

ACA 21 (Mayes R) State infrastructure: funding: California Infrastructure Investment Fund.

Introduced: 1/3/2018

Summary:

Would amend the California Constitution to create the California Infrastructure Investment Fund in the State Treasury. The measure would require the Controller, beginning in the 2019–20 fiscal year, to transfer from the General Fund to the California Infrastructure Investment Fund in each fiscal year an amount equal to up to 2.5% of the estimated General Fund revenues for that fiscal year, as provided. The measure would require, for the 2019–20 fiscal year and each fiscal year thereafter, the amounts in the fund to be allocated, upon appropriation by the Legislature, for specified infrastructure investments, including the funding of deferred maintenance projects.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 831 (Wieckowski D) Land use: accessory dwelling units.

Introduced: 1/4/2018

Summary:

The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of accessory dwelling units in single-family and multifamily residential zones and sets forth standards the ordinance is required to impose, including, among others, maximum unit size, parking, and height standards. Current law authorizes a local agency, special district, or water corporation to require a new or separate utility connection between the accessory dwelling unit and the utility and authorizes a fee to be charged, except as specified. Current law requires a local agency to submit an ordinance adopted for the creation of accessory dwelling units to the Department of Housing and Community Development and authorizes the department to review and comment on the ordinance. This bill would delete the requirement that the area be zoned to allow single-family or multifamily use.

Position: Not Yet Considered

Notes 1: As introduced, this bill would delete provisions of existing law authorizing a local agency, special district, or water corporation to require an applicant to install a separate utility connection for the accessory dwelling unit and would state that an accessory dwelling unit shall not be considered a new residential use for purposes of calculating fees and shall not be subject to impact fees, connection fees, capacity charges, or any other fees levied by those entities.

This bill is one of several seeking to increase the development of accessory dwelling units (ADUs). Depending on the extent to which RWA members are experiencing ADU development in their service areas, the provisions of this bill removing the requirement for separate utility connections for ADUs may pose a significant problem.

RECOMMENDATION: OPPOSE/OPPOSE UNLESS AMENDED

SB 914 (Dodd D) Local agency contracts.

Introduced: 1/22/2018

Summary:

Current law authorizes a county, until January 1, 2023, with approval of the board of supervisors, to utilize construction manager at-risk construction contracts for the erection, construction, alteration, repair, or improvement of any building owned or leased by the county, subject to certain requirements, including that the method may only be used for projects that are in excess of \$1,000,000. This bill would authorize the use of this method of contracting for the erection, construction, alteration, repair, or improvement of any infrastructure, excluding roads.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 919 (Dodd D) Water resources: stream gages.

Introduced: 1/22/2018

Last Amended: 2/26/2018

Summary:

Would require the Department of Water Resources, upon appropriation by the Legislature, to develop a plan to deploy a network of stream gages that includes a determination of funding needs and opportunities for reactivating existing gages. The bill would require the department, in consultation with the State Water Resources Control Board, the Department of Fish and Wildlife, the Central Valley Flood Protection Board, interested stakeholders, and, to the extent they wish to consult, local agencies, to prioritize the deployment of stream gages based upon gaps in the existing system of gages and specified considerations.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 959 (Beall D) Water corporation: advice letters.

Introduced: 1/31/2018

Summary:

Under current law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations, as defined. This bill would require a water corporation with more than 10,000 service connections to maintain on its Internet Web site an archive of all pending, approved, or rejected advice letters.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 966 (Wiener D) Onsite treated nonpotable water systems.

Introduced: 1/31/2018

Summary:

Would, on or before December 1, 2022, require the State Water Resources Control Board, in consultation with the California Building Standards Commission, to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water, as provided. The bill would authorize the state board to contract with public or private entities regarding the content of the standards and would exempt those contracts from, among other provisions, review and approval of the Department of General Services.

Position: Not Yet Considered

Notes 1: This bill is sponsored by the San Francisco Public Utilities Commission.

The intent of the bill is to create a consistent, statewide framework for onsite nonpotable treatment and reuse water systems by requiring the SWRCB, in consultation with the California Building Standards Commission, to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water. The bill would prohibit an onsite treated nonpotable water system from being installed except under a program established by a local jurisdiction in compliance with the bill's provisions.

RECOMMENDATION: SUPPORT

SB 998 (Dodd D) Water shutoffs: urban and community water systems.

Introduced: 2/5/2018

Summary:

Would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on residential service shutoff available in English, Spanish, or any other language spoken by at least 5% of the people residing in its service area. The bill would require the policy to include certain components and be available on the system's Internet Web site and be provided annually to customers in writing.

Position: Not Yet Considered

Notes 1: As introduced, this would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on residential service shutoff available in English, Spanish, or any other language spoken by at least 5% of the people residing in its service area. The bill would require the policy to include certain components and be available on the system's website and be provided annually to customers in writing. The bill would make a violation of these provisions punishable by a civil penalty issued by the SWRCB or the PUC, as appropriate, in an amount not to exceed \$500 for each day in which the violation occurs.

This bill would prohibit an urban and community water system from shutting off residential service until a payment by a customer has been delinquent for at least 60 days. The bill would require an urban and community water system to contact the customer named on the account and provide the customer with the urban and community water system's policy on residential service shutoff no less than 3 business days before shutoff, as prescribed. The bill would prohibit an urban and community water system from shutting off residential service until the system notifies the local health department and the local health department assesses that a shutoff at the residence would not pose a grave threat to the health and safety of the residents, except as provided.

This bill would prohibit residential service from being shut off under specified circumstances. The bill would require a water system that shuts off residential service to provide the customer with information on how to restore service and petition for a waiver of reconnection fees. The bill would require a water system to waive reconnection fees and offer a reduction or waiver of interest charges on delinquent bills for a residential customer with a demonstrated household income below 200% of the federal poverty line and would limit the amount of a reconnection of service fee imposed on any other residential customer.

The bill would require an urban and community water system to report the number of annual shutoffs for inability to pay on its Internet Web site. The bill would require an urban water supplier, as defined, or an urban and community water system regulated by the PUC, to comply with the bill's provisions on and after February 1, 2019, and any other urban and community water system to comply with the bill's provisions on and after April 1, 2019.

This bill has significant potential negative operational and financial implications for water systems, including RWA members. RWA staff are already engaged in initial statewide water supplier coalition discussions regarding this bill. The author's office's fact sheet regarding this bill is attached.

RECOMMENDATION: OPPOSE UNLESS AMENDED

SB 1145 (Leyva D) Enhanced infrastructure financing districts: maintenance.

Introduced: 2/14/2018

Summary:

Current law authorizes a district to finance, among other things, the purchase, construction, expansion, or rehabilitation of property and related planning and design work. Current law prohibits a district from financing routine maintenance and repair work. This bill, instead, would authorize a district to finance

the ongoing or capitalized costs to maintain public capital facilities financed by the district.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 1215 (Hertzberg D) Drinking water systems and sewer systems: consolidation and extension of service.

Introduced: 2/15/2018

Summary:

Current law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. This bill would also authorize the state board to set timeline and performance measures to facilitate completion of extension of service of drinking water. This bill contains other related provisions and other current laws.

Position: Not Yet Considered

Notes 1: As introduced, this bill is focused on consolidation of sewer systems.

RECOMMENDATION: WATCH

SB 1301 (Beall D) State permitting: environment: processing times.

Introduced: 2/16/2018

Summary:

Would require the Department of Fish and Wildlife, the San Francisco Bay Conservation and Development Commission, the California Coastal Commission, the State Water Resources Control Board, and a California Regional Water Quality Control Board, for certain permits that each entity administers, to keep an accurate record of permit processing times. The bill would require these entities to issue a quarterly report that discloses any legally mandated permit processing times and the average permit processing times for all projects and for large-sized projects, as specified.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 1410 (Morrell R) Public utilities: inspection and audit of books and records.

Introduced: 2/16/2018

Summary:

The Public Utilities Act requires the Public Utilities Commission to inspect and audit the books and records of electrical corporations, gas corporations, heat corporations, telegraph corporations, telephone corporations, and water corporations for regulatory and tax purposes. An inspection and audit is required to be done at least every 3 years if the utility has over 1,000 customers. This bill would additionally authorize the commission to inspect and audit the books and records of those utilities in accordance with the commission authorized general rate case cycle, if that cycle provides for a rate case no less frequently than once every five years.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 1453 (McGuire D) Statutes of limitations.

Introduced: 2/16/2018

Summary:

Current law provides that civil actions can only be commenced within prescribed periods, based on the nature of the action. Current law prescribes a limitations period of one year for, among other things, an action upon a statute for a forfeiture or penalty to the people of the state. Under existing law, this one-year period is applicable to an action to petition a court to impose a civil penalty for an intentional, knowing, or negligent violation of the Z'berg-Nejedly Forest Practice Act of 1973 or any rules or regulations of the State Board of Forestry and Fire Protection. This bill would instead provide that such an action is subject to a three-year limitations period.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

Total Measures: 42

Total Tracking Forms: 42

March 21, 2018

AGENDA ITEM 5: SUBCOMMITTEE UPDATES

BACKGROUND:

RWA convened a symposium on Thursday, March 15th, 2018 regarding the timely legislative and regulatory issues of water affordability and safe drinking water for disadvantaged communities. The event featured a broad discussion with panels made up of representatives on all sides of the issue. RWA members and associates were invited to attend. There was a good turnout as expected from the region as well as other parts of the state.

The RWA Board adopted Policy 500.16 in March 2018, which identifies how long-term liabilities of members could be assessed. The Executive Committee discussed in 2017 the need for this policy prior to recruiting new members.

STAFF RECOMMENDATION:

Information Presentation: Conference Subcommittee, Membership Subcommittee and Discussion

March 21, 2018

AGENDA ITEM 6: EXECUTIVE DIRECTOR'S REPORT

The Executive Director will present an oral report.

March 21, 2018

AGENDA ITEM 7: DIRECTORS' COMMENTS