

NOTICE OF MEETING

OF THE

PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES COMMITTEE

OF THE
BOARD OF DIRECTORS
OF THE



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

IS SCHEDULED FOR
WEDNESDAY, JUNE 10, 2015
9:00 A.M.

AT THE ADMINISTRATION HEADQUARTERS
6075 Kimball Avenue, Building A
Chino, CA 91708



**PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES
COMMITTEE MEETING
OF THE BOARD OF DIRECTORS
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

**WEDNESDAY, JUNE 10, 2015
9:00 A.M.**

CALL TO ORDER

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form, which are available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEMS

A. MINUTES

The Committee will be asked to approve the Public, Legislative Affairs, and Water Resources Committee meeting minutes of May 13, 2015.

B. AMENDMENTS TO EXTEND THE CONTRACTS FOR FEDERAL LEGISLATIVE SERVICES

It is recommended that the Committee/Board:

1. Amend Contract No. 4600001343 with Innovative Federal Strategies (IFS) to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,500 per month, plus reasonable business expenses, with no change in the current rate;

2. Amend Contract No. 4600001344 with Agricultural Resources to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
3. Authorize the General Manager to finalize and execute the amendments.

C. AMENDMENT TO EXTEND THE CONTRACT WITH WEST COAST ADVISORS

It is recommended that the Committee/Board:

1. Amend Contract No. 4600001846 with West Coast Advisors to provide state legislative consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$9,800 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

D. AMENDMENT TO EXTEND THE CONTRACT WITH CALIFORNIA STRATEGIES, LLC

It is recommended that the Committee/Board:

1. Amend Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

2. INFORMATION ITEMS

A. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

B. LEGISLATIVE REPORTS (WRITTEN)

1. West Coast Advisors
2. Innovative Federal Strategies
3. Agricultural Resources

C. CALIFORNIA STRATEGIES MONTHLY REPORT (WRITTEN)

D. STATE LEGISLATION MATRIX (WRITTEN)

- E. FEDERAL LEGISLATION MATRIX (WRITTEN)
 - F. EAST DECLEZ: INTENT TO PURCHASE PROPERTY (WRITTEN)
 - G. PLANNING AND ENVIRONMENTAL COMPLIANCE UPDATE (ORAL)
3. GENERAL MANAGER'S COMMENTS
 4. COMMITTEE MEMBER COMMENTS
 5. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS
 6. ADJOURN

*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909-993-1736), 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Proofed by: CRT

DECLARATION OF POSTING

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino on Thursday, June 4, 2015.

April Woodruff #853
April Woodruff

**ACTION
ITEM
1A**



MINUTES

**PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES
COMMITTEE MEETING
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CA**

**WEDNESDAY, MAY 13, 2015
9:00 A.M.**

COMMITTEE MEMBERS PRESENT

Steven J. Elie, Chair
Michael Camacho

STAFF PRESENT

Jasmin A. Hall, Director
P. Joseph Grindstaff, General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Kathy Besser, Manager of External Affairs
Andy Campbell, Deputy Manager of Planning and Environmental Resources
Andrea Carruthers, Senior External Affairs Specialist
Lucia Diaz, Senior Site Administrator
Warren Green, Manager of Contract and Facilities Services
Jason Gu, Grants Officer
Liz Hurst, Water Resources Analyst I
Sylvie Lee, Manager of Planning and Environmental Resources
Lisa Morgan-Perales, Water Resources Analyst II
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT

None.

The meeting was called to order at 9:04 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS

The Committee:

- ◆ Approved the Public, Legislative Affairs, and Water Resources Committee meeting minutes of April 8, 2015.
- ◆ Recommended that the Board:
 1. Approve the Policy Principles for the CII Turf Removal Rebate Program; and
 2. Authorize staff to execute the required Supplemental Funding Authorization, setting a maximum CII Turf application funding level;

as an Action Item on the May 20, 2015 Board meeting agenda.

- ◆ Recommended that the Board adopt Resolution No. 2015-5-8, calling for support of the Governor's Executive Order B-29-15; Statewide Mandatory Water Reductions to sustain regional water supplies in the Chino Basin;

as an Action Item on the May 20, 2015 Board meeting agenda.

- ◆ Recommended that the Board:

1. Approve the Foundational Principles of the Santa Ana River Watermaster Action Team;
2. Approve the final draft Memorandum of Understanding (MOU) for the Santa Ana River Watershed-Scale Conjunctive Use Program (SARCUP);
3. Authorize the General Manager to make non-substantive changes and execute the final MOU; and
4. Approve, in concept, the submission of a grant application of \$60 million in funding from SAWPA and DWR for projects totaling \$125 million;

as a Consent Calendar Item on the May 20, 2015 Board meeting agenda.

- ◆ Recommended that the Board:

1. Approve the Memorandum of Understanding (MOU) between Inland Empire Utilities Agency and San Bernardino Valley Municipal Water District for participation in the development of the Santa Ana River Multiple Species Habitat Conservation Plan to address permitting issues of threatened and endangered species associated with Recharge Master Plan construction projects; and
2. Authorize the General Manager to make non-substantive changes and execute the MOU;

as a Consent Calendar Item on the May 20, 2015 Board meeting agenda.

INFORMATION ITEMS

The following information items were presented or received and filed by the Committee:

- ◆ Public Outreach and Communication Report
- ◆ Legislative Reports
- ◆ California Strategies, LLC Activity Report
- ◆ State Legislation Matrix
- ◆ Ordinance No. 103, Establishing Water Connection Fees, Classes of Water Service, and Regulating the Sale and Delivery of Imported Water
- ◆ Planning and Environmental Compliance Update

GENERAL MANAGER'S COMMENTS

General Manager P. Joseph Grindstaff had nothing to report.

COMMITTEE MEMBER COMMENTS

Director Elie requested that staff work with Mr. Michael Boccadoro from West Coast Advisors to set up separate times for the Committee Members to meet with State legislators.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

None.

With no further business, the meeting adjourned at 10:00 a.m.

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District


APPROVED: JUNE 10, 2015


**ACTION
ITEM
1B**

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)
Finance, Legal, and Administration Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Kathy Besser 
Manager of External Affairs

Subject: Amendments to Extend the Contracts for Federal Legislative Services

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend Contract No. 4600001343 with Innovative Federal Strategies (IFS) to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,500 per month, plus reasonable business expenses, with no change in the current rate;
2. Amend Contract No. 4600001344 with Agricultural Resources to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
3. Authorize the General Manager to finalize and execute the amendments.

BACKGROUND

The Agency currently contracts with IFS and Agricultural Resources to provide federal legislative services on issues of interest to the Agency and the community it serves, including water resources, renewable energy, water quality, air quality, and federal funding authorizations and appropriations.

Working together, these two firms have assisted the Agency in securing over \$26 million in federal funding over the past 10 years that has been vital to the financing of the Regional Recycled Water Program, regional desalters, and other water management activities.

IFS and Agricultural Resources have served the Agency well for many years. Their knowledge and expertise, combined with their strong working relationships with existing and new members of IEUA's congressional delegation and effective collaboration with our partner agencies, warrants the extension of this contract.

The contract amendment is consistent with the Agency's Business Goal of Business Practice, key objective of policy leadership in effectively advocate, campaign and guide development of legislation that benefits the region that IEUA serves.

PRIOR BOARD ACTION

On January 16, 2013, the Board approved a contract term of January 1, 2013 through June 15, 2015 for a combined monthly fee of \$12,500.

On May 16, 2012, the Board of Directors approved six-month extensions of existing contracts with IFS and Agricultural Resources for the term July 1, 2012, through December 31, 2012.

IMPACT ON BUDGET

IFS and Agricultural Resources have agreed to hold their prices for FY 2015/16; therefore, there is no change in the combined monthly fee of \$12,500 for federal legislative services. Funding for the continuation of these contracts is included in the proposed FY 2015/16 budget within the Regional Wastewater Operating (RO), Regional Wastewater Capital (RC), Recycled Water (WC) and Water Resources (WW) funds.



AMENDMENT NUMBER: 4600001343-001

FOR

FEDERAL LEGISLATIVE ADVOCACY SERVICES

THIS AMENDMENT NUMBER 1, to Contract Number 4600001343, between the Inland Empire Utilities Agency, and Innovative Federal Strategies, of Washington D.C., for federal legislative advocacy services shall revise the Contract as follows:

REVISE SECTION 5. TERM, TO READ:

The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2016, unless agreed to by both parties, reduced to writing and amended to this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

INNOVATIVE FEDERAL STRATEGIES, LLC:

P. Joseph Grindstaff (Date)
General Manager

Letitia White

Letitia H. White 4/27/15
Partner (Date)



AMENDMENT NUMBER: 4600001344-001

FOR

FEDERAL LEGISLATIVE SERVICES

THIS AMENDMENT NUMBER 1, to Contract Number 4600001344, between the Inland Empire Utilities Agency, and Agricultural Resources, of Washington D.C., for federal legislative services shall revise the Contract as follows:

REVISE SECTION 5, TERM, TO READ:

The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2016, unless agreed to by both parties, reduced to writing and amended to this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

AGRICULTURAL RESOURCES:

P. Joseph Grindstaff (Date)
General Manager

David M. Weiman 4/28/2015

David Weiman (Date)
Owner

**ACTION
ITEM
1C**

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)
Finance, Legal, and Administration Committee (06/10/15)

From: *for* P. Joseph Grindstaff *WJG*
General Manager

Submitted by: Kathy Besser *KB*
Manager of External Affairs

Subject: Amendment to Extend the Contract with West Coast Advisors

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend Contract No. 4600001846 with West Coast Advisors to provide state legislative consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$9,800 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

BACKGROUND

The Agency currently contracts with West Coast Advisors (formerly the Dolphin Group) to provide state legislative services on issues of interest to the Agency and the community it serves, including water resources, renewable energy, water quality, air quality, and funding.

In June 2012, the Finance, Legal, and Administration Committee recommended that Requests for Proposals (RFPs) for state legislative services be circulated in early Fall 2012, as part of a competitive solicitation process. On September 12, 2012, the RFP was issued to 11 firms via The Network and emailed directly to another 14 firms. On September 27, 2012, the Agency received one proposal for state legislative services from the Dolphin Group, the current service provider. Since the Dolphin Group had served the Agency well on state legislative issues, it was recommended that the Agency award the state legislative services contract to the Dolphin Group.

The contract amendment is consistent with the Agency's Business Goal of Business Practice, key objective of policy leadership in effectively advocate, campaign and guide development of legislation that benefits the region that IEUA serves.

PRIOR BOARD ACTION

On January 16, 2013, the Board of Directors approved a three-year contract with the Dolphin Group through December 31, 2015 for a monthly fee of \$9,800.

On May 16, 2012, the Board of Directors approved a six-month extension of the existing contract with the Dolphin Group for the term of July 1, 2012, through December 31, 2012.

IMPACT ON BUDGET

West Coast Advisors have agreed to hold their prices for FY 2015/16; therefore, there is no change in the monthly fee of \$9,800 for state legislative lobbying services. Funding for the continuation of West Coast Advisors' contract is included in the proposed FY 2015/16 budget within the Regional Wastewater Operating (RO), Regional Wastewater Capital (RC), Recycled Water (WC) and Water Resources (WW) funds.



AMENDMENT NUMBER: 4600001846-002

FOR

STATE LEGISLATIVE LOBBYING SERVICES

THIS AMENDMENT NUMBER 2, to Contract Number 4600001846, between the Inland Empire Utilities Agency and West Coast Advisors (formerly The Dolphin Group), shall revise the Contract as follows:

REVISE THE TERM AS FOLLOWS: The term of this Agreement shall extend from January 1, 2013, and terminate upon completion of services or December 31, 2016, whichever occurs first, unless mutually agreed upon to extend for the option period.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

WEST COAST ADVISORS:

P. Joseph Grindstaff
General Manager

(Date)

m. Boccadoro

Michael Boccadoro
President

4/27/15

(Date)

**ACTION
ITEM
1D**

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)
Finance, Legal, and Administration Committee (06/10/15)

From: *for* P. Joseph Grindstaff *John*
General Manager

Submitted by: Kathy Besser *Kathy*
Manager of External Affairs

Subject: Amendment to Extend the Contract with California Strategies, LLC

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

BACKGROUND

California Strategies, LLC is highly regarded as a respected, bipartisan, and full service government relations and advocacy firm based in Sacramento, with offices in Los Angeles, Irvine, San Diego, Modesto, Inland Empire, and Silicon Valley.

Over the past five years, California Strategies has assisted the Agency in developing a successful collaborative strategy with San Bernardino County, Chino Basin Watermaster, and Chino Basin Water Conservation District. In the coming year, California Strategies will continue to assist the Agency with its stormwater and water softener initiatives, as well as coordination on LAFCO issues. California Strategies will also assist with outreach to key elected officials, community leaders, and local government staff, as well as provide advice to the Agency on other initiatives as requested.

Accordingly, staff recommends a one-year renewal of the professional services contract with California Strategies from July 1, 2015 through June 30, 2016, at the current rate of \$6,000 per month, plus reasonable business expenses (no change in fees).

The contract amendment is consistent with the Agency's Business Goal of Business Practice, key objective of policy leadership in effectively advocate, campaign and guide development of legislation that benefits the region that IEUA serves.

PRIOR BOARD ACTION

On May 21, 2014, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2014 to June 30, 2015).

On June 20, 2013, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2013 to June 30, 2014).

On June 20, 2012, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2012 to June 30, 2013).

On June 15, 2011, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2011 to June 30, 2012).

On June 16, 2010, the Board approved the Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services beginning July 1, 2010, to June 30, 2011, at a monthly retainer fee of \$10,000 per month plus reasonable business expenses.

IMPACT ON BUDGET

California Strategies, LLC have agreed to hold their prices for FY 2015/16; therefore, there is no change in the monthly fee of \$6,000 for strategic local government services. Funding for the continuation of California Strategies' contract is included in the proposed FY 2015/16 budget within the Administrative Services (GG) fund.



AMENDMENT NUMBER: 4600000419-006

FOR

STRATEGIC LOCAL GOVERNMENT SERVICES

THIS AMENDMENT NUMBER 6, to Contract Number 4600000419, between the Inland Empire Utilities Agency, and California Strategies LLC, for strategic local government services, shall revise the Contract as follows:

REVISE SECTION 5, TERM, TO READ:

The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2016, unless agreed to by both parties, reduced to writing and amended to this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

CALIFORNIA STRATEGIES, LLC:

P. Joseph Grindstaff
General Manager (Date)

J. B. Withers 04/27/15

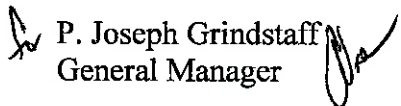
John B. Withers
Partner (Date)


INFORMATION
ITEM
2A

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Kathy Besser 
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

This is an informational item for the Board of Directors to review.

BACKGROUND

June 2015

- June 17, IEUA 65th Anniversary of election that created the Agency; cake and coffee will be served in HQA lobby and at all IEUA facilities.
- June 17, IEUA Summer Blood Drive, Location RP-1 and HQB Event Room, 10 a.m.-2 p.m.

July 2015

- July, Smart Irrigation Month
- July 15, IEUA Annual Employee Appreciation Picnic, Butterfield Park, 17671 Mystic Canyon Drive, Chino Hills, 11:30 a.m.-3:00 p.m.

August 2015

- August 21, 9th Annual San Bernardino County Water Conference, Cal State San Bernardino (5500 University Pkwy, San Bernardino), 8:00 a.m.-12:00 p.m.

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA staff is working with Civic Publications to develop a summer 2015 water-saving campaign. This campaign will focus on water saving in a drought and will include display ads, an email blast and print media. The email blast will be sent out in mid-June and feature a picture demonstrating how Diamond Valley Lake has been affected by drought. All digital media will link to the IEUA micro-site with water-saving tips and rebate information.

- Staff ran ads in the *Daily Bulletin* for Water Awareness Month and Compost Awareness Week.

Media and Outreach

- A water softener ad ran in the Champion Newspaper's Chino Connection Magazine on May 2nd. A compost giveaway ad ran in the *Chino Champion* the first weekend in May. The compost giveaway was a huge success with the IERCF giving away all 10 pallets of compost to the public before the end of the giveaway.
- IEUA staff is working with Civic Publications, *La Opinion*, and *Chino Champion* to develop campaigns for FY 2015/16.
- IEUA staff implemented an additional 12-week drought campaign in movie theaters featuring the 15-second ad that was created in fall 2014. The ad ran through the end of May on all screens at Ontario Palace (Ontario), Victoria Gardens (Rancho Cucamonga) and Harkins (Chino Hills). The ad was played in all theaters as well as the Lobby Entertainment Network (LEN).
- IEUA staff held a Drought Task Force meeting with member agencies on May 20th to develop a regional drought alert logo and tagline and will be developing an outreach plan for consistent drought messaging across the region. Drought Task Force meetings will be held every other month.

Education and Outreach Updates

- Water Discovery Program: 1,827 Girl Scout troop members, elementary and high school students have taken part in the park field trip from September 24, 2014 through May 28, 2015.
- IEUA staff received applications for the 2015/16 Garden in Every School[®] Program. Staff has reviewed the applications, conducted site evaluations, and awarded \$4,500 grants to Citrus Elementary (Fontana), Cortez Elementary (Chino), Eagle Canyon Elementary (Chino Hills), Truman Middle School (Fontana), and \$1,000 mini grants to Golden Elementary (Etiwanda) and Etiwanda Colony (Etiwanda) for their existing gardens.
- The 2015 MWD Solar Cup competition was a successful event for IEUA sponsored schools: Los Osos High School (Rancho Cucamonga), Chino High School (Chino) and Chino Hills High School (Chino Hills). Out of 41 teams that competed, Los Osos HS received third place overall; first place for technical awards and second places for the public service announcement and endurance. Chino HS placed 13th overall; fourth place in endurance and sixth in sprint for the Inland Empire region. Chino Hills HS placed second in the rookie division and received eighth place overall. The teams showed dedication and initiative and earned great recognition.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2014/15 Administrative Service Fund, Public Information Services budget.

INFORMATION
ITEM
2B



May 29, 2015

To: Inland Empire Utilities Agency
From: Michael Boccadoro
President
RE: May Legislative Report

Overview:

May was dominated by budget and fiscal discussions and negotiations. The Governor released his May Revise, which includes updated revenues after April tax receipts, and budget sub-committees met multiple times to discuss budget items and budget trailer bills. Budget trailer bills are policy changes incorporated into the budget and this year, include a significant number of water-related budget measures. They range from giving the State Water Resources Control Board greater authority to levy more stringent penalties on violators, requiring new multi-unit structures to have sub-meters, requiring larger agencies consolidate with smaller, struggling agencies in certain circumstances and other significant items.

On the energy side, the state's major utilities have proposed their own plan to meet the Governor's Executive Order to reduce greenhouse gas levels to 40 percent below 1990 levels by 2030. The utilities, both investor and municipally owned, do not want the Renewable Portfolio Standard (RPS) to be extended, but rather, want the ability to create their own "Clean Energy" portfolio composed of energy efficiency, demand response, energy storage and other measures rather than just adding more solar onto the grid, as they believe extending the RPS would yield.

On May 28 both the Assembly and Senate Appropriations committees met to consider their respective Suspense Files. Suspense Files are all the bills that will have significant fiscal implications and are considered in one marathon hearing of hundreds of bills in both houses. The Senate Suspense file contained funding requests totaling over \$13 billion. The Senate considered 283 and the Assembly considered 427 bills. Both houses will now focus on passing bills off their respective floors as the house of origin deadline is on June 5.

With the May 28 swearing in of Democratic Senator Steve Glazer, all 40 seats in the Senate are occupied. Senator Glazer fills the vacancy left by Senator Desaulnier moving to Congress. The new Senator has an environmental and education background and spent time as a key political advisor to Governor Brown.

Inland Empire Utilities Agency Status Report – May 2015

Budget

The Governor released the May Revise in mid May. The May Revise is the adjusted budget after April tax receipts are received. The Governor added \$7 billion in additional spending and included over \$2.1 billion in drought relief funds. The funds are proposed as follows:

Governor’s May Revision Drought Package

Department	Purpose	\$ in millions	Fund Source
Water Conservation			
DWR	Urban water conservation	\$56	Proposition 1
DWR	Agricultural water conservation	42	Proposition 1
CDFA	Agricultural energy and water reduction projects	40	Cap-and-trade
CEC	Water efficient appliance rebates	30	Cap-and-trade
CEC	Water and energy technology program	30	Cap-and-trade
DWR	Water energy grant programs	20	Cap-and-trade
DGS	Water conservation in state buildings	15	GF/SF
CDCR	Energy efficiency projects at prisons	8	Cap-and-trade
DWR	Save Our Water campaign	4	GF
		Subtotal, Water Conservation (\$245)	
Other Proposition 1 Infrastructure and Planning			
SWRCB	Groundwater cleanup projects	\$784	Proposition 1
SWRCB	Water recycling	475	Proposition 1
SWRCB	Drinking water for disadvantaged communities	180	Proposition 1
SWRCB	Wastewater treatment	160	Proposition 1
SWRCB	Stormwater projects	100	Proposition 1
DWR	Groundwater sustainability grants	60	Proposition 1
DWR	Desalination grants	50	Proposition 1
		Subtotal, Other Proposition 1 (\$1,809)	
Emergency Drought Response			
CalFire	Enhance fire protection	\$62	GF/SF
OES	Drinking water delivery	22	GF
DWR	Removal of emergency rock barriers	22	GF
CSD	General assistance to migrant farm workers	8	GF
HCD	Move households without potable water	6	GF
SWRCB	Implement executive order	1	GF
		Subtotal, Emergency Drought Response (\$121)	
Total \$2,175			

DWR = Department of Water Resources; CDFA = California Department of Food and Agriculture; CEC = California Energy Commission;

DGS = Department of General Services; GF = General Fund; SF = special fund; CDCR = California Department of Corrections and Rehabilitation;
SWRCB = State Water Resources Control Board; CalFire = California Department of Forestry and Fire Protection;
OES = Office of Emergency Services; CSD = Community Services and Development; and HCD = Housing and Community Development.

In addition to the May Revise, there are an unusually high number of budget trailer bills under consideration this year in the water and resources issue area. Budget trailer bills are separate from the main budget bill and increasingly contain significant policy changes.

The trailer bills include:

Drought- Expanded Local Enforcement Authority:

- Allows local water agencies to enforce water conservation ordinances.
- Authorized up to \$10,000 for first violation (and no more penalties for 30 days)—SWRCB is only \$500/day. Intent is to get those really bad actors (example: people stealing water in Santa Barbara, not for people who water their lawns on the wrong day)
- Wholesalers can enforce violations against their retail agencies

Drought Monitoring and Reporting

- Diversions in excess of 10 AF/YR must have a measuring device for reporting. Provision in place beyond “Drought Emergency Period”
- Only applies to Water Code Section 1846—not to illegal diversions or violators of cease and desist orders

Drought Water System Consolidation

- Authorizes the SWRCB to require consolidation under certain limited circumstances.
 - This item has brought significant concern about the agency who would be the one absorbing the smaller agency being liable for past violations. MWD, ACWA and others have been working with the administration to resolve these issues to ensure that the agency absorbing another agency will have appropriate liability protections.

Drought Submetering

- This is the language in SB 750 (Wolk) from last year that died and expected to be amended into her current SB 7 (Wolk).
- Requires submeters in NEW multi-unit structures.
- Concerns about billing, meter reading and installation of submeters from water agencies.
- Other concerns about when a “remodel” would trigger having to add submeters in already constructed buildings.

Groundwater Well Permits- CEQA Exemption for Local Ordinances for Groundwater Protection.

- Legislative findings that would clarify that local governments may regulate groundwater pursuant to their police power (ie. health and safety).
- Exempts “groundwater protection ordinances” from CEQA—goal is to prevent CEQA lawsuit delays.

Drought Stormwater Plans

- Allows the SWRCB's guidelines for stormwater resource plans subject to the same expedited process and rulemaking as Prop 1 guidelines to avoid delays of Administrative Procedures Act rulemaking process.

CEQA Exemption for Drought Mitigation

- The Public Resources Code exempts projects responding to a drought disaster for which a state of emergency has been called because "drought" is not included in the litigated definition of "state of emergency."
- This would exempt certain drought relief projects that are approved during a declared state of emergency. There is no written list, but some of the projects discussed in committee include CEQA exemptions for recycled water pipeline in existing rights of way.

CEQA Exemption for Building Code Provisions Regarding Plumbing for Recycled Water

- AB 2282 (Gatto, 2014) required the Building Standards Commission and Housing Community Development to study dual plumbing for recycled water.
- This provision would exempt the study from having to go through CEQA.

These measures will likely be consolidated into one single budget trailer bill.

Utility Clean Energy Proposal

California's five major utilities, Southern California Edison, Pacific Gas & Electric, Sempra Utilities, Sacramento Municipal Utility District and Los Angeles Department of Water & Power have joined together to offer an alternative to the proposal to increase the state's Renewable Portfolio Standard (RPS) to 50 percent renewable power by 2030.

Their proposal requires the California Air Resources Board (CARB) to set specific greenhouse gas (GHG) reduction targets for the electric utility sector and individual utilities, and then allow each utility to implement a set of measures- in addition to procuring more renewable power- such as energy efficiency investments, transportation electrification initiatives and distributed generation programs to help achieve the new carbon-reduction targets.

The utilities cite the difficulty of integrating that much more renewable power into the grid as reason to support a clean energy standard rather than increasing the RPS.

Environmentalists, renewable power generators and others have expressed that the state should continue with the RPS program put in place.

Glazer Sworn in in the Senate

The final member of the Senate was sworn in on May 28. Senator Steve Glazer won a hotly contested Democrat versus Democrat race against Assemblymember Susan Bonilla by ten points to fill the seat vacated when Senator Desaulnier moved to Congress. With Senator Glazer officially sworn in by Governor Brown, the final count in the Senate is 26 Democrats and 14 Republicans.

Senator Glazer previously served as a city council member and three-time mayor of Orinda. A lifelong environmental advocate, Senator Glazer led efforts that raised hundreds of millions of dollars to permanently protect open space in California and 25 other states.

Senator Glazer served as a senior advisor to Governor Brown and top campaign consultant and was appointed as an California State University Trustee. He has yet to be named to any committees.

Legislative Update

The Legislature worked in their respective appropriations committees to pass bills to the floor before the May 29 deadline. They will now work to pass bills out of their house of origin before the June 5 deadline.

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White, Jean Denton, and Drew Tatum

Date: May 29, 2015

Re: May Monthly Legislative Update

Appropriations Update

Congress had another productive month moving the annual appropriations bills at the subcommittee level, full committee level, and on the floor. A breakdown is included below:

- House
 - Commerce Justice Science – passed at the subcommittee and full committee levels
 - Defense – passed at the subcommittee level
 - Energy and Water – passed the House
 - Legislative Branch – passed the House
 - Military Construction / VA – passed the House
 - Transportation / HUD – passed the subcommittee and full committee levels
- Senate
 - Energy and Water – passed the subcommittee and full committee levels
 - Military Construction / VA – passed the subcommittee and full committee levels

Western Drought in the Spotlight

Senator Dianne Feinstein (D-CA) has still yet to release her California drought bill this year after promising to introduce it after the two-week Easter recess. When questioned, Feinstein indicated that they were still ironing out details, and the bill wouldn't have an effect until the end of the year, leaving more time for introduction, debate, and votes. We have heard that the latest delay has come due to the inability to reach an agreement with the Governor's office over relaxed environmental measures. In the interim, she promised to fight to double the money she placed in the Energy and Water section of the Omnibus Appropriations bill passed at the end of the last Congress for western drought relief. The committee report included \$50 million for drought efforts again this year, but Feinstein's efforts to double it to \$100 million this year fell short when her colleagues voted down her amendments at the full committee level. There is still a chance that the Energy and Water Appropriations bill could be amended on the floor of the Senate, but it would require an offset not to trigger a budget point of order. It is unclear when the bill will come to the floor, as Republicans don't have the votes to clear bills without support from Democrats, who oppose the caps set by the Budget Control Act of 2011.

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The Senate's version of the Energy and Water bill contains the following:

- \$50 million for a "Drought Emergency Assistance Program". In FY2015, those funds were allocated by the Bureau of Reclamation in part for additional Title XVI and WaterSMART grants.
- Language instructing the Army Corps of Engineers that "emphasis should be placed on evaluating current or anticipated conditions that could require deviation from normal release schedules as part of drought contingency planning."
- Language that the Appropriations Committee was pleased to see that the Bureau of Reclamation had increased funding for WaterSMART grants that increase efficiencies in current water uses. The Committee also appreciates Reclamation including a line in the budget request under WaterSMART to provide Drought Response and Comprehensive Drought Plans.
- A request from the Committee that the Bureau of Reclamation request level or increased funding in FY2017 to continue to combat the sustained drought in the western United States.

When Congress returns in June, the Senate Energy and Natural Resources Committee will hold a hearing to hear testimony on the status of drought conditions throughout the western United States and actions states and other organizations are taking to address them. The Committee is headed up by Senator Lisa Murkowski (R-AK) who is good friends with Senator Feinstein. Murkowski recently visited California to see the conditions first-hand, and this hearing is probably a result of that trip. The focus of the hearing will be the entire western United States, but there is expected to be a witness from California to testify how the conditions are effecting agriculture and non-agriculture use in the state. In the House, Majority Leader Kevin McCarthy (R-CA) has promised to lead the effort again on a drought bill for California. He, along with California Representatives David Valadao, Jeff Denham, and Devin Nunez have drafted a bill that could be introduced as early as June. The House passed a bill last year, but it died in the Senate after Senator Feinstein withdrew her support in the closing days of the 113th Congress. The House efforts underway are expected to be similar to the legislation passed last year.

EPA Finalizes Water Rule as House Fights to Overturn It

The Environmental Protection Agency and Army Corps of Engineers has finalized a rule that gives them additional jurisdiction over water quality regulations under the Clean Water Act. Last year the agency and Army Corps of Engineers released their proposed rule to redefine the "water of the United States", and the proposed rule received over 1 million comments during the open comment period. The EPA and Corps of Engineers said in an announcement this week that they had used the comments to refine the rule, making the definition even clearer and exempting most ditches, non-tributary streams, and groundwater recharge basins.

The rule's formation came as a response to conflicting Supreme Court rulings on what waters were covered under the Clean Water Act. EPA Administrator Gina McCarthy said that this rule helps clarify what waters are subject to Federal oversight and streamline the permitting process. "This rule will make it easier to identify protected waters and will make those protections consistent with the law as well as the latest peer-reviewed science," McCarthy told reporters in advance of the announcement in Washington, DC. Jo-Ellen Darcy, the Army assistant secretary for civil works, said the regulation is a reminder that the Clean Water Act makes it illegal to

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pollute or destroy waters without a permit. “If you’re not destroying or you’re not polluting, you don’t need a permit no matter what the water’s status is,” she said. She said traditional navigable waters such as rivers, lakes, interstate waters and territorial seas remain covered by the Clean Water Act under the final regulation. Tributaries are included because they can carry pollution downstream, Darcy said. Gullies, rills and ephemeral streams are not covered, she said. Ditches, a major point of contention in the draft rule, would only be covered if they function in the way a tributary does.

Republicans have long opposed the rule as a federal power grab. Earlier this month, the House passed a bill that would require the EPA and Army Corps of Engineers to withdraw the rule and start over by seeking more stakeholder input. As we have previously reported, the House has also included a measure to block the rule from being implemented in the Energy and Water Appropriations bill. In the Senate, the Chairman of the Environment and Public Works Committee Jim Inhofe (R-OK) has promised a hearing and markup of legislation to address what he believes is an effort by the two agencies to use the Clean Water Act as a conservation tool for habitat. The Agencies introduced the rule, which will be implemented 60 days after being published in the Federal Record, during the Congressional recess. We are sure to see more opposition emerge from Republicans and some western Democrats when Congress returns next week.

Transportation Fix Punted Again

With no prospects for a long-term bill, the House and Senate passed a two month extension of the Transportation Authorization before leaving town for the Memorial Day recess. As we have previously reported, the idea of a two month extension to line up the expiration of the authorization with the expected lull in the Highway Trust Fund had been floated this spring. Lawmakers want the pressure to pass a long-term bill to remain, which is why a short-term bill was passed. Additionally, the bill had no additional costs, which didn’t require that lawmakers consider offsets or revenue increases to pay for an extension.

The Senate Environment and Public Works Committee might be first to the table with a bill set to be released before a scheduled June 24th hearing on a six-year transportation bill. Department of Transportation Secretary Anthony Foxx believes the trick for the committee will come in the form of deciding what funding levels to authorize. Authorizing too high without the funds to pay for the bill could derail its consideration, but low authorization levels could have an adverse effect on funding conversations moving forward. The latest action indicates a growing concern by the authorizers that the tax writing committees need to move forward on proposals to pay for the measures. That’s why Senators Jim Inhofe (R-OK) and Barbara Boxer (D-CA) are moving forward on a bipartisan draft of a multi-year bill hoping to press the Senate Finance Committee to move a tax reform bill that could pay for the measure.

The same tension exists in the House where legislation has not been introduced to authorize the nation’s road and transit projects beyond the July 31st deadline. House Transportation and Infrastructure Chairman Bill Shuster (R-PA) said that his committee will release a multi-year bill when the House Ways and Means Committee identified funding for the project. The administration continues to insist that Congress should write the bill to President Obama’s budget request, or the “GROW America” levels. Their proposal would provide for \$478 billion

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over a six year period. So far, the administration's proposal hasn't gained traction in either the House or Senate over disagreements on whether a one-time tax repatriation on corporate profits being held overseas should be used to pay for the bill.

Outlook for June

The House and Senate will be back in session for the first four weeks of the month before a week-long district/state work period for the July 4th holiday. The Senate is returning for a rare Sunday session on May 31st in an effort to address the expiring provisions of the Patriot Act that deal with the controversial bulk data collection program that is set to expire at the end of the day on May 31st. The House passed an extension in the form of a reform bill that would make telephone companies keep the data to allow the government to collect necessary records with proper legal authorization. Senator Rand Paul, a Republican presidential candidate, took to the floor to filibuster the package right before the recess. The House returns on Monday, June 1st. This month we expect to see debate on the Highway Trust Fund, although if history is a guide, we won't see a bill emerge until July—right before the authorization is set to expire. The House will also consider the FY16 Intelligence Authorization Act which authorizes additional programs within the intelligence community. The House will spend the later part of the month working on healthcare related bills, and they are expected to resume consideration of the Student Success Act (K-12 authorization) at the end of the month. Appropriators also plan to continue their work during the month of June. The House is ready to consider the Commerce, Justice, Science and Related Agencies bill on the floor, and the Senate is tentatively planning to consider the CJS bill and the Defense Appropriations bill at the subcommittee and full committee levels as early as the week of June 1st.

Agricultural Resources

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agresources@erols.com

May 29, 2015

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

FR: David M. Weiman
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

SU: Legislative Report, May 2015

Snapshot. IEUA awarded \$5 Million Title XVI grant. The Interior Department/Bureau of Reclamation finally awarded \$50 million for 50 drought projects in 11 states. The long-awaited drought bill – still being negotiated behind closed doors – remains undisclosed and under wraps. Annual funding bills are moving, but likely won't be enacted until November or later. Late is fast becoming the annual norm. CA's Water Rights system to be reviewed. Orange County Grand Jury calls for more recycled water.

Water and Drought

- ***California's Water Rights Systems Being Questioned – Demands For Full Review Growing.*** Drought conditions are compelling questions to be asked about water rights. Newspaper accounts are reporting abuse, over-subscription and worse and now, calling for top-to-bottom reviews. The SWRCB has initiated preliminary reviews (which could well be expanded). This has the potential to become highly contentious.
- ***Interior Secretary Jewell and BuRec Announce \$50 Million in Drought Grants – IEUA To Receive \$5 Million.*** Last December, the annual funding bill included a \$50 million special drought response. IEUA applied for a grant. Your congressional delegation supported the request. The grant announcement, originally expected in April

was finally announced at an event in late May with the Secretary and LA DWP's Nancy Sutley. Some 50 projects received funding. IEUA was near the top of the list.

- ***Orange County Grand Jury Calls for More Recycled Water.*** In a May 1 Report, the Orange County Grand Jury called for the County and its waste water districts to develop more recycled water in response to the sustained drought conditions and the Governor's call for a 25% reduction in water use. According to published reports, *"The amount of water available for extraction from the groundwater basin depends on annual rainfall and shrinks during droughts. In order to replenish the basin, the county will have to recycle more wastewater or buy more imported water, according to the grand jury findings. They also found that in almost all cases treating wastewater for irrigation ("purple pipe" water) or potable use is less expensive and more dependable than purchasing imported water, given that imported water sources are shrinking, while excess wastewater is simply being pumped into the ocean."*

- ***Ever Elusive Drought Bill – Still Unseen, Still Unintroduced, and Still Being Drafted Behind Closed Doors.*** Last November, a drought bill, negotiated between San Joaquin Valley House Members and Senators Feinstein and Boxer blew up. Secrecy was a factor. The leaking of the draft generated a huge backlash across/up and down the State. At the time, parties claimed that they were "very" close, intimating that another day, two – a week, and the bill would be finalized, introduced and then considered. It didn't happen. Senator Boxer (depending on whose version one believes) either withdrew from the close-door effort OR was kicked out of it. The bill was promised right after the new Congress convened in January. It didn't happen again. Between January and the end of May, reps have been given one date after another for introduction – only for those arbitrary deadlines to be missed – again and again. A few week ago, it was expected that the bill was to be introduced prior to the Memorial Day break and Senate Energy Committee hearings would be held on June 2. No bill was introduced and the June 2 hearing will now consider address broad impacts of the "westwide" drought. Reportedly, a version of a draft bill was submitted to Governor Brown and his staff for their review.

On May 17, here's an excerpt from the Bee (McClatchy) papers on the drought bill, *"Five months into a new Congress, and deep into a lasting drought, California water legislation still stymies and splits the state's lawmakers. Draft copies are tightly held, as if stamped Top Secret. Myriad details are in flux. The legislative timing, though a June 2 Senate hearing could yet happen, remains unsettled. Democrats are divided; some are distinctly unhappy. It all sounds so familiar, and yet there's still no telling how this movie ends. "Right now, I don't know," a gloomy sounding California Democratic Sen. Dianne Feinstein said Thursday, when asked about the prospects for a bill. "It's very difficult to put something together. Obviously change is controversial, so to propose something and then not to be able to do it makes no sense." Feinstein and her staff power the Senate's drought legislation effort, which so far has labored beneath what several California water experts independently called a "cone of silence."*

Senator Boxer is frustrated. House Members, up and down the State, from Rep. Garamendi at the top of the State to Rep. Grace Napolitano, the ranking Dem on one of the Water subcommittees have not been consulted or included. All have been publicly vocal with their frustration. Various water users or interests asked to be included in these water bill talks – but none were.

- ***Lake Mead – Dropping to Critical Levels (Allocations to be Triggered?) – May Rains Bring Limited Relief.*** Media coverage has been focusing on Lake Mead. All year, it's been dropping and is approaching a level so low it may trigger a mandatory allocation later this year or sometime early in 2016.. Late May rains (no snow pack) have provided modest relief.
- ***Drought Conditions – California.*** As May ended, all 58 California Counties are today continuing to experience drought conditions. According to the NOAA/USDA's Drought Monitor, 100% of California is in drought. The Monitor's weekly report for May 28 indicated that more than 90% of the entire State was in severe, extreme or exceptional drought status and more than 90% of the coastal regions (including Southern California) of the State and the entire Sacramento and San Joaquin Valleys were in the highest category of drought.
- ***Drought Conditions – Rest of the West.*** The drought map for the West changed – abruptly – in the past 30 days. The massive killer storms in Texas and Oklahoma have altered the drought map – significantly. Coastal states (CA, OR, and WA) remain in severe drought. Same with Arizona, Nevada and Utah. Western NM and CO remain in drought, but the eastern part of both states are drought-free (now). The storms in Texas and Oklahoma have been so severe that drought conditions were all but erased in a ten-day/two-week period (which explains the massive flooding problems).
- ***El Nino – Maybe.*** Scattered reports are now (again) suggesting that an El Nino year may be in the offing. Unclear. Too soon to know. Maybe.

EPA-Corps of Engineers Issue New Clean Water Act Rule.

- As May came to a close, EPA Administrator, Gina McCarthy, and Assistant Secretary of the Army for Civil Works, Jo-Ellen Darcy, announced final new Clean Water Act regs.
- The regs were both hailed and denounced (either both before anyone could have possibly read or reviewed them). Today, everything is politicized and this is no different.
- IEUA and others asked EPA and the Corps, after reviewing the draft, to exempt recycled water facilities and projects. As requested, these projects were exempted.

International and Security Issues Continue to Dominate and Influence the Congressional Agenda

- ***Major Foreign Policy and International Conflict Issues Continue to Dominate***

National Agenda. As repeatedly reported over the past several months, more than a dozen international issues “continue to dominate – and, at times, overwhelm – the national and congressional agenda. They compete for time, attention and dollars.” Events in or involving Iraq and Iran are particularly sensitive. Financially, Greece is teetering on cliff and may pull out of the European Union (the financial ripple effects have the potential to be global).

- **Privacy v. Security – All but Paralyzing the House and Senate.** The highly controversial Patriot Act had a sunset clause (May 31, 2015). After extensive debate and deliberations, the House was able to pass, overwhelmingly, a bi-partisan bill, but the Senate is in a near stand-still over it. This will carry into June.

2016 – Presidential Politics.

- **2016 President Election – Yes, Very Underway and Part of the Daily Political Equation.** Each week brings new announcements and new entrants into the Presidential sweepstakes. On the Democratic side of the aisle, former Maryland Governor, Martin O’Malley is in the race. So is Senator Bernie Sanders, (I-VT). Meanwhile, on the R side, candidates are announcing at the rate of one/week. By the time all are in, there could be as many as 19 viable candidates, including four sitting senators and at least four former Governors. The first R debates are slated to occur as soon as August. Former Rhode Island Governor/Senator, Lincoln Chafee is expected to announce his candidacy for the D nomination in June as well (Chafee’s father, John Chafee, was Secretary of the Navy, and served in the US Senate serving as R Chair, EPW).

Municipal Bonds

- **Municipal Bonds for America Coalition Submitted Comprehensive Comments to Senate Finance Committee Urging Tax-Exempt Municipal Bonds Be Protected, Preserved and Retained – IEUA Signed Letter.** The Senate Finance Committee, under the direction of Chairman Hatch (R-UT) established five bi-partisan “working groups” – one of which was Community Development and Infrastructure, headed by Senator Heller (R-NV) and Senator Michael Bennet (D-CO). MBFA prepared and submitted comprehensive comments on April 15 urging the Committee, when considering tax reform, not alter or amend bond provisions. MWD, ACWA and others from the water community all signed the letter. The Working Groups were supposed to report to Chairman Hatch by now, but he just extended their review process (likely to or through the August recess). It’s not clear that the Heller-Bennet report to the Chair will be made public (many are asking).
- The Coalition is planning a July “fly-in” and lobby effort.

Quick Takes. CADIZ Sued. A class-action suit was filed last month accusing CADIZ of “lying to investors...” and “...knowingly disseminated false information...” *San Diego Union Tribune published, “A DROUGHT LIKE NO OTHER, California’s Drought Brings State Into Unprecedented Territory.”* This is a lengthy and detailed story which, in addition to chronicling the

current drought, delves into the history of droughts in the Golden State.

[\[http://www.utsandiego.com/news/2015/may/02/drought-severity-consequences/\]](http://www.utsandiego.com/news/2015/may/02/drought-severity-consequences/). **Huffman Drought Bill Pending Introduction.** Rep Huffman, Ranking D on the House Water and Power Subcommittee, is expected to introduce his own drought bill in June. **Contra Costa Times Editorial Slams Governor's Revised Water Plan.** According to the Times, "Gov. Jerry Brown has abandoned any pretense that his massive Delta twin-tunnel project could benefit the environment, leaving it simply as one of the biggest water grabs in state history. Having failed to convince federal agencies that his plan would improve the Delta's health, Brown dropped the \$8 billion, 50-year environmental component of the tunnel project. Salvaging the ecology of the largest estuary west of the Mississippi is officially off the table. Making matters worse, what's now touted as a \$17 billion project could move forward without the approval of the Legislature or California voters by simply increasing property taxes and water rates by fiat. It's just wrong." **Orange County House Member, Rep. Loretta Sanchez to Run for Boxer's Senate Seat.** Long-time (10-Term) Orange County Rep. Loretta Sanchez announced that she will seek the Democratic nomination for the US Senate seat being vacated by three-term California Senator, Barbara Boxer. Sanchez presently serves on Armed Services and Homeland Security Committees. **Governor Inslee (D-WA) Declares Drought Emergency in Washington State.** During the month, a drought emergency was declared in another Pacific Coast state, a result of a similarly sustained drought north of California. According to local press in Washington, "This drought is unlike any we've ever experienced," said Washington Department of Ecology Director Maia Bellon. "Rain amounts have been normal but snow has been scarce. And we're watching what little snow we have quickly disappear." "Snowpack in the mountains has dropped to just 16 percent of normal levels statewide." **Congresswoman Grace Napolitano (D-CA), the Ranking D on the T&I Water Subcommittee Pens Op-Ed with Former BuRec Commissioner Dan Beard – Tout 1 MAF Plan Through Water Recycling/Title XVI.** Napolitano, joined by Commissioner Beard and former Resources/T&I Committee staffer, David Wegner, set forth a vision for how to devise solutions to the current drought. **House Republicans Announced, After Efforts with Feinstein Stalled, That They Would Proceed With a Stand-Alone Drought Bill in the House.** House California Republicans have announced that they will introduce a drought bill, based on but not necessarily limited to the draft bill written with Senator Feinstein. Bill introduction is expected in early June. **Trial in Penalty Phase of Litigation Between San Diego and MWD Nearing Conclusion.** Decision is expected in June.

■ **Looking Into June.**

- * Further knowledge about an EL Nino
- * Drought bills – from House Rs AND from Huffman
- * Senate Drought hearing
- * Ruling on Penalty Phase of SD-MWD litigation

INFORMATION

ITEM

2C



CALIFORNIA STRATEGIES, LLC

Date: May 29, 2015
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: May Activity Report

Listed below is the California Strategies, LLC monthly activity report. Please feel free to call us if you have any questions or would like to receive any more information on any of the items mentioned below.

- Met with IEUA Executive Management Team to review priority issues and to discuss activities for May that they wanted accomplished. (May 11).
- Followed up with IEUA on issues of interest from the ACWA Conference in Sacramento from the previous week.
- Participated in discussions with staffs of San Bernardino and IEUA to discuss coordination of County and District legislative and public policy issue agendas that Executive Staff wanted.
- Monitored LAFCO staff on the status and key issues related to the MSR process currently underway for water conservation districts countywide. Discussed MSR Lafoo hearing and follow up items.
- Support and advise on IEUA/SBVMWD transfer transaction on an as needed basis.
- Provided an update on the recent filing of a Sphere of Influence amendment filing by the CVWRD.
- Continue to monitor statewide water issues including the BDCP, water bond, and drought relief act activities.
- Outreach to Board Directors as needed on issues of interest
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.

INFORMATION

ITEM

2D

IEUA 2015 State Legislation Tracking Matrix-- POSITIONS

Bill	Author	Subject	Status	Description	IEUA Position	Notes
AB 143	STONE (R)	Diamond Valley Reservoir: recreational use.		Current law, with certain exceptions, prohibits recreational use, in which there is bodily contact with water, in a reservoir in which water is stored for domestic use and establishes water standards for those exempted reservoirs. This bill would exempt from this prohibition recreational activity in which there is bodily contact with water by any participant in the Diamond Valley Reservoir if certain standards are met. This bill contains other related provisions.	Oppose	Bill was made a two-year bill.
SB 75	Budget Committee	Emergency Drought Appropriations	Held in Assembly	Emergency Drought Expenditures	Support	The Emergency Drought bills were passed in separate vehicles, ABs 91 & 92, contained the same language as SB 75

INFORMATION

ITEM

2E

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Comprehensive Government Relations

Federal Legislation of Significance

Bill Number	Sponsor	Summary	Status
n/a	Sen. Dianne Feinstein	Potential introduction of drought legislation that could turn into a western drought bill that could loosen some environmental regulations to make additional water available.	Delayed. Apparently there are continued discussions with the Governor's office on a potential compromise. Feinstein is unlikely to introduce legislation if opposed by the Governor's office.
n/a	Rep. Kevin McCarthy	Potential introduction of drought legislation that could turn into a western drought bill that could loosen some environmental regulations to make additional water available.	Potential introduction in June. McCarthy was able to push through legislation last year, and this year's bill is expected to contain similar language. He has publically said that the language might be introduced with his fellow California Republicans in late June.
S.1140	Senator John Barrasso	Requires the Secretary of the Army and the Administrator of the Environmental Protection Agency to propose a regulation revising the definition of the term "waters of the United States".	The Chairman of the Senate EPW committee, Jim Inhofe, has said he will push forward with a hearing and markup of this bill in June. It will potentially receive timely consideration since the EPA and Army Corps of Engineers released the final rule, set to take effect 60 days after publication in the Federal Register.
H.R.1732	Rep. Bill Shuster	Requires the Secretary of the Army and the Administrator of the Environmental Protection Agency to withdraw their existing proposed rule regarding the waters of the United States and propose a new rule with additional stakeholder feedback.	This bill has passed the House. The Senate is currently considering their own version (mentioned above) but might pivot to this bill since the EPA and Army Corps have finalized the rule. Republicans will probably unanimously support the bill, but it will take support from western Democrats to overcome

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			procedural hurdles.
n/a	Rep. Paul Ryan or Senator Orrin Hath	Tax Reform Legislation specific to municipal bond preferential tax status.	There is currently no broad tax reform package up for consideration, but we suspect talk will continue as Congress looks at a long- term highway and transit funding bill.

INFORMATION


ITEM


2F


Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee 
Manager of Planning and Environmental Resources

Subject: East Declez: Intent to Purchase Property

RECOMMENDATION

This is an information item and no action is required.

BACKGROUND

As part of the ongoing recharge improvement discussions, the East Declez Basin was identified as a new project for the Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) parties' consideration. Following a preliminary evaluation from CBWM/IEUA, it was determined that the project had significant recharge potential for recycled water, storm water, in Management Zone 3 (MZ-3), and directly adjacent to existing infrastructure. In addition, this project was identified as a good "substitute" for the lower San Sevaine Basin, since that site was no longer available and had to be removed from the Recharge Master Plan Update approved list of projects.

Declez Basin is located east of Mulberry Avenue and Philadelphia Road in Riverside County. The basin currently is operated as a stormwater capture basin, and is scheduled to receive recycled water in Fall 2015, with the completion of the Wineville Extension Recycled Water Pipeline Project. East Declez property is located directly adjacent to the existing Declez Basin and consists of 85 acres of land. The location of the property is shown below in Figure 1.

Staff is currently in the process of working with CBWM in developing the initial feasibility study to evaluate if the site is a viable site for groundwater recharge. Borings and cone penetration technology will provide hydrological data for the use of the site. Results are expected to be reached by March 2016, which will provide a determination on the feasibility of

East Declez: Intent to Purchase Property

June 17, 2015

Page 2 of 3

the use of the site for groundwater recharge. In the event that it is determined to be a viable groundwater recharge site, IEUA would enter into negotiations for the purchase of this property.



IEUA has been in direct communication with the agent representing the property owner of this property. We concurred to enter into an agreement that would enable IEUA/CBWM time to determine the feasibility of the proposed project and set a cap for the purchase price of the land should IEUA pursue purchase.

The Letter of Intent to Purchase Property has the following terms:

- The property owner will hold the property for nine months with a refundable deposit of \$50,000.
- For time extensions beyond nine-months, \$10,000 per month of the deposit will be released to the Property owner.
- Either party can terminate the intent to purchase at any time during the nine-months or the following five months.
- If IEUA and CBWM are willing to purchase the property based on the results of the feasibility study, IEUA will pay the fair market assessed value, not-to-exceed \$3 Million.

East Declez: Intent to Purchase Property

June 17, 2015

Page 3 of 3

Securing the potential purchase of the East Declez property for groundwater recharge is consistent with the IEUA business goal of *Water Reliability*, namely development of groundwater recharge.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The project will be funded from the FY 2014/15 budget from the Recharge Fund RW15003.00.A.LAND.

Attachments:

1. Letter of Intent to Purchase Declez Property

SLPR LLC
701 NORTH 44TH STREET
PHOENIX, ARIZONA 85008

86129-124

28 May 2015

VIA EMAIL

Joseph Grindstaff
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino Hills, CA 91708

Re: Proposed Sale of approximately 85 acres of unimproved land located in Riverside County, California, and identified as APNs 173-020-020 through 173-020-023 (as more fully described hereinafter, the “Property”)

Dear Mr. Grindstaff:

On behalf of SLPR LLC (the “Seller”), I would like to present the following proposal to Inland Empire Utilities Agency, a Municipal Water District (the “Buyer”) regarding the above referenced Property. It is understood and agreed that this letter is an offer to negotiate only, and is non-binding on the parties and no obligation on the part of the Seller or the Buyer will be created except upon the execution of a definitive purchase agreement (the “Purchase Agreement”) which, generally, shall contain normal and customary terms and, specifically, the following terms and business points:

1. Property: The Property is approximately 85 acres in size, which is more particularly described on Exhibit A attached hereto.

2. Purchase Price: The purchase price (the “Purchase Price”) for the Property will be **Three Million and No/100 Dollars (\$3,000,000.00)**, based on the value in the current appraisal in Buyer’s possession. Notwithstanding the foregoing, in the event Buyer elects to update the appraisal or obtain a new appraisal during the Due Diligence Period (as defined below), and the updated appraised value is less than \$3,000,000.00, then Seller may elect to terminate the Purchase Agreement, unless Buyer elects to proceed with the purchase of the Property at the full Purchase Price of \$3,000,000.00.

3. Deposit: Within three (3) days following the execution of a mutually acceptable Purchase Agreement, Buyer shall deposit in escrow the amount of **Fifty Thousand Dollars (\$50,000.00)** (“Deposit”) with First American Title Insurance Company (“Escrow Holder”) established under the terms of the Purchase Agreement (“Escrow”). Following the expiration of

the Due Diligence Period and provided that Buyer has not elected to cancel the Purchase Agreement, the Deposit shall become non-refundable to Buyer unless Seller breaches Seller's obligations under the Purchase Agreement, in which case the Deposit shall be immediately returned to Buyer; but upon the successful consummation of the subject transaction, the Deposit shall be applied to the Purchase Price of the Property.

4. Payment of Purchase Price: On or before the date of closing, Buyer shall deposit in Escrow in immediately available funds, the balance of the Purchase Price plus Buyer's share of pro-rations and closing costs.

5. Biological Habitat Clearance. Seller will be responsible for determining whether any portion of the Property is situated within a special study zone as designated under the Alquist-Priolo Geologic Hazard Act, and Seller shall use commercially reasonable efforts to deliver a biological habitat clearance certificate for the Property issued by the appropriate governmental authority (the "Biological Clearance") to Buyer on or before the expiration of the Due Diligence Period (as defined below).

6. Due Diligence Period:

(a) Due Diligence Period. Buyer shall have **Two Hundred Seventy (270) days** following the opening of Escrow to conduct its due diligence with respect to the Property (the "Due Diligence Period") and be satisfied in Buyer's sole and absolute discretion with the condition of the Property and all matters relating to the feasibility of the Property for Buyer's intended use.

(b) Extensions of Due Diligence Period If Biological Clearance is Delivered Prior to Expiration of the Initial Due Diligence Period. If Seller has delivered the Biological Clearance to Buyer on or before the expiration of the initial Due Diligence Period described in Paragraph 6(a) above, Buyer will have the right to extend the Due Diligence Period in three (3) 30-day increments for a total of ninety (90) days. In the event Buyer intends to extend the Due Diligence Period under this Paragraph 6(b), Buyer must provide written notice of such election to Seller and Escrow Holder prior to 5:00 PM (PST) on the last day of the then expiration date of the Due Diligence Period, together with instructions for Escrow Holder to immediately release to Seller the sum of **Ten Thousand Dollars (\$10,000.00)** for each 30-day extension, which amount shall remain applicable to the Purchase Price at Close of Escrow.

(c) Extensions of Due Diligence Period If Biological Clearance is not Delivered Prior to Expiration of the Initial Due Diligence Period. If despite Seller's commercially reasonable efforts Seller is unable to obtain and deliver the Biological Clearance prior to the expiration of the initial Due Diligence Period described in Paragraph 6(a) above, then the initial Due Diligence Period shall be automatically extended to the date that Seller delivers the Biological Clearance to Buyer, up to an

additional ninety (90) days. In the event Seller is unable to obtain and deliver the Biological Clearance within said additional 90-day period, either party will be entitled to terminate the Purchase Agreement at that time. Furthermore, in the event Seller obtains and delivers the Biological Clearance subsequent to an automatic extension of the Due Diligence Period, and Buyer still requires additional time to complete its due diligence, Buyer may then elect to extend the Due Diligence Period in 30-day increments up to the total number of days left between the 90 days and the duration of the automatic extension. For example, if Seller were to deliver the Biological Clearance twenty days after the expiration of the Due Diligence Period, the total number of days available to Buyer for additional extensions would be seventy (70) days (90 – 20); resulting in two (2) 30-day extensions and one (1) 10-day extension. Any Buyer extensions exercised after delivery of the Biological Clearance pursuant to this Paragraph 6(c) will be subject to the notice and release of funds requirements set forth in Paragraph 6(b) above (except that any extension period that is less than 30 days will be prorated for purposes of the amount to be released to Seller).

7. Closing Date. The closing date (the “*Close of Escrow*”) shall occur on the date that is **Sixty (60) days** after the expiration of the Due Diligence Period.

8. Inspection of the Property. From and after the opening of Escrow, Buyer (or its agents) may, at its sole cost and expense, conduct inspections of the Property upon reasonable notice to Seller. Any invasive inspections or testing shall be subject to Seller’s prior consent, which consent is not to be unreasonably withheld by Seller. Such inspections may include, but shall not be limited to:

- (a) Physical inspections;
- (b) Soils tests, engineering, seismic, utility and structural studies;
- (c) Review of zoning, building and other laws and permits;
- (d) Review of all plans and engineering and/or soils reports in Seller’s possession or control; and
- (e) Review of the Biological Clearance.

Buyer’s right of entry shall be subject to reasonable evidence of adequate insurance naming Seller as an additional insured, prior to entry upon the Property, in an amount not less than One Million Dollars (\$1,000,000.00). Additionally, Buyer will be obligated to indemnify, defend and hold harmless Seller of and from any and all claims, losses, liabilities, costs, expenses, mechanic’s and materialmen’s liens, and demands of any nature arising from or related to Buyer’s (or its agents) tests and inspections on the Property.

9. Conditions of Buyer's Obligations. Buyer's obligations to consummate the purchase of the Property shall be subject to satisfaction of the following conditions:

- (a) Seller's performance under the Purchase Agreement;
- (b) Buyer's approval of the condition of the Property to be completed prior to the expiration of the Due Diligence Period, in Buyer's sole and absolute discretion;
- (c) Receipt by Buyer of the Escrow Holder's commitment to issue the Title Policy (as hereinafter defined), provided, however, that Buyer's inability to obtain any endorsements will not be a condition to Buyer's obligation to purchase the Property;
- (d) The absence of any material adverse changes occurring to the physical condition of the Property after the expiration of the Due Diligence Period but prior to the Close of Escrow;
- (e) Delivery of the Biological Clearance; and
- (f) Other closing conditions as may be mutually agreed upon in the Purchase Agreement.

10. Title.

(a) Title Report. Within thirty (30) days after the opening of Escrow, Seller shall cause the Escrow Holder to deliver to Seller and Buyer, the following for the Property:

- (i) A CLTA title report covering the Property (the "Title Report");
- (ii) Copies of all exceptions identified in the Title Report; and
- (iii) To the extent available, copies of existing ALTA surveys and any boundary surveys.

(b) Title Policy. At closing, Buyer shall receive a CLTA Owner's Policy, subject only to those exceptions approved or deemed approved by Buyer during the Due Diligence Period, as will be more specifically set forth in the Purchase Agreement (the "Title Policy").

(c) As-Is, Where-Is. At closing the Property will be conveyed to Buyer in its "as-is, where-is" condition with all faults, and without any express or implied warranties, except those warranties specifically set forth in writing in the Purchase Agreement, and the Purchase Agreement will contain an as-is, where-is clause acceptable to Seller.

11. Prorations and Closing Costs. Seller shall pay the premium for the standard portion of the Title Policy, one-half (1/2) of the Escrow Fees, its own legal and accounting fees, and transfer and sales taxes. Buyer shall pay one-half (1/2) of the Escrow fees, and any additional premium for extended CLTA title insurance coverage and any endorsements. All other costs and prorations will be allocated in accordance with local custom in Riverside County, California.

12. Operation of Property Pending Close of Escrow.

(a) Seller shall not sell, convey, grant, assign or otherwise transfer (on or off record) the Property or any interest therein which would survive the Close of Escrow and which would materially and adversely affect the use of the Property for Buyer's intended purpose, without the prior written consent of Buyer, which consent may be granted or withheld in Buyer's reasonable discretion.

(b) Seller shall not alter the physical condition of the Property.

(c) Seller shall deliver to Buyer all material notices or communications Seller receives from any governmental body pertaining to the Property, promptly upon Seller's receipt of same.

13. Brokers. Seller and Buyer each acknowledge that Manuel Mancha with Mancha Real Estate Advisors represents Seller and Buyer in this transaction. Seller and Buyer each represents and warrants to the other that they have not employed, dealt with or incurred any obligation to any other broker, agent or finder in connection with the Property, and that they have not incurred any obligation to pay any real estate, brokerage or other commission or fee in connection with the conveyance by Seller of the Property to Buyer, other than to Mancha Real Estate Advisors. Seller and Buyer agree that Seller will pay commissions under a separate agreement to Mancha Real Estate Advisors. Buyer and Seller agree to indemnify, defend and hold each other free and harmless from and against all costs and liabilities including, without limitation, reasonable attorneys' fees and the costs and expenses of litigation, for causes of action or proceedings in any way related to or resulting from a breach of the foregoing representation and warranty or arising out of any action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party, respectively, in connection with this contemplated transaction.

14. Confidentiality. Seller and Buyer each agree not to disclose the content of this letter or of any negotiations or proprietary information received from the other party and the financial condition of the other party to any unrelated third parties, without first obtaining the prior written consent of the other party.

15. Governing Law. This letter shall be governed by California law.

16. 1031 Exchange. The parties agree to reasonably cooperate with each other in the event either or both parties wish to affect the purchase and/or sale of the Property through a tax-deferred (Section 1031) exchange.

17. Miscellaneous. When executed by both parties, this letter merely evidences the understanding of the Seller and Buyer as to the material terms and conditions for the purchase and sale of the Property, and the parties agree to negotiate in good faith a definitive purchase agreement consistent with the terms stated herein, provided neither party shall have any obligation to the other except as is expressly set forth in a mutually agreeable form of Purchase Agreement executed by both parties.

18. Timing of Proposal. The proposal contained in this letter shall remain valid until June 30, 2015.

Very truly yours,

SLPR LLC

Patrick E. Sovereign

PES:cdf

cc: Leo R. Beus (via interoffice)
Paul E. Gilbert (via interoffice)
Manuel Mancha (via email)

AGREED AND ACCEPTED BY BUYER

Executed as of _____, 2015, by the undersigned, who represents that he/she is duly authorized to execute this proposal on behalf of Buyer.

By: _____

Printed Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[SEE ATTACHED]