

NOTICE OF MEETING

OF THE
**PUBLIC, LEGISLATIVE AFFAIRS,
AND WATER RESOURCES
COMMITTEE**

OF THE
BOARD OF DIRECTORS
OF THE



IS SCHEDULED FOR
WEDNESDAY, SEPTEMBER 9, 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, SEPTEMBER 9, 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 August 12, 2015.

B. AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING FOR THE FREESPRINKLERNZZLES.COM VOUCHER PROGRAM

It is recommended that the Committee/Board:

1. Approve the amendments to the Memorandum of Understanding (MOU) agreement between IEUA and Western Municipal Water District for the implementation and management of a multi-agency Freesprinklernozzles.com Voucher Program (Phase VI) for a not-to-exceed amount of \$243,750; and
2. Authorize the General Manager to execute said agreement.

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. **PLANNING AND ENVIRONMENTAL RESOURCES UPDATE (ORAL)**

3. **GENERAL MANAGER'S COMMENTS**


4. **COMMITTEE MEMBER COMMENTS**

5. **COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS**

6. **ADJOURN**

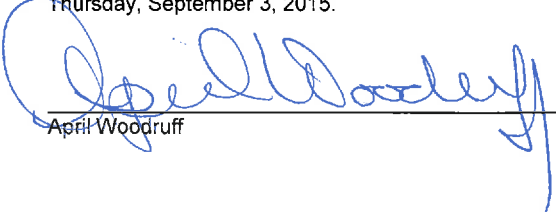
*A Municipal Water District

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: 

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, September 3, 2015.



April Woodruff

**ACTION
ITEM
1A**



MINUTES

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

**WEDNESDAY, AUGUST 12, 2015
9:00 A.M.**

COMMITTEE MEMBERS PRESENT

Steven J. Elie, Chair
Michael Camacho

STAFF PRESENT

Jasmin Hall, Director
Chris Berch, Executive Manager of Engineering/AGM
Kathleen Baxter, Supervisor of Contracts & Programs Administrator
Kathy Besser, Manager of External Affairs
Pietro Cambiaso, Senior Engineer
Andy Campbell, Deputy Manager of Planning and Environmental Resources
Jesse Pompa, Senior Engineer
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT

None

The meeting was called to order at 9:07 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 July 8, 2015.
- ◆ Recommended that the Board:
 1. Approve the agreements with California Steel Industries, Auto Club Speedway, Prologis, City of Fontana and Fontana Water Company to provide wastewater and recycled water services to a portion of the unincorporated area of San Bernardino County; and
 2. Authorize the General Manager, subject to non-substantial changes, to execute agreements;

as an Action Item on the August 19, 2015 Board meeting agenda.

◆ Recommended that the Board:

1. Award a professional service contract for the preparation of a Program Environmental Impact Report (PEIR) to Tom Dodson and Associates (TDA), for a not-to-exceed amount of \$330,000; and
2. Authorize the General Manager to execute the contract;

as a Consent Calendar on the August 19, 2015 Board meeting agenda.

◆ Recommended that the Board:

1. Approve the Memorandum of Understanding (MOU) and Term Sheet between Inland Empire Utilities Agency and Advanced Microgrid Solutions, Inc. (AMS) for an energy Storage Services Agreement; and
2. Authorize the General Manager, subject to non-substantial changes, to execute the MOU;

as a Consent Calendar on the August 19, 2015 Board meeting agenda.

◆ Recommended that the Board approve a position of support for:

1. SB 385 – (Hueso) Primary Drinking Water Standards: Hexavalent Chromium;
2. SB 471 – (Pavley) Water, Energy and Reduction of Greenhouse Gas Emissions;
3. AB 888 – (Bloom) Waste Management: Plastic Microbeads; and
4. AB 1144 – (Rendon) California Renewables Portfolio Standard Program;

as a Consent Calendar on the August 19, 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
- ◆ Federal Legislation Matrix
- ◆ Planning and Environmental Resources 4th Quarter Update

GENERAL MANAGER'S COMMENTS

General Manager Joseph Grindstaff had no additional comments.

COMMITTEE MEMBER COMMENTS

There were no Committee member comments.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

Director Elie requested that staff schedule Mr. Michael Boccadoro, President of West Coast Advisors, to conduct a workshop to guide and update the IEUA Board on State legislation.

With no further business, the meeting adjourned at 9:55 a.m.

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District

APPROVED: SEPTEMBER 9, 2015

**ACTION
ITEM
1B**

Date: September 16, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (09/09/15)

From: P. Joseph Grindstaff *CB*
General Manager

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

Sylvie Lee *SL*
Manager of Planning and Environmental Resources

Subject: Amendment to the Memorandum of Understanding for the
Freesprinklernozzles.com Voucher Program

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve an amendment to the Memorandum of Understanding (MOU) agreement between IEUA and Western Municipal Water District for the implementation and management of a multi-agency Freesprinklernozzles.com Voucher Program (Phase VI) for a not-to-exceed amount of \$243,750; and
2. Authorize the General Manager to execute said agreement.

BACKGROUND

In 2011, the Agency launched the Freesprinklernozzles.com Voucher Program in partnership with Western Municipal Water District (WMWD) with considerable success. WMWD has designed a comprehensive, user friendly website that is enhanced each year to educate consumers on the products available to them through this program. WMWD administers this program on behalf of the Agency as well as many other water agencies throughout the State. The partnership with WMWD has been very beneficial to the Agency and our member agencies by facilitating significant return with minimal program expense.

Over the past five years, the Agency has received 100% reimbursement (except for labor) for all expenses associated with the administration and implementation of the Program through Metropolitan Water District's (MWD) Conservation Credits Program for Member Agency's locally

implemented programs. MWD offered a maximum reimbursement of \$4.00 per nozzle, WMWD invoiced the Agency \$3.60 per nozzle, and MWD reimbursed the Agency \$3.60 per nozzle.

In the spring of 2015, WMWD expanded the Program to include additional brands and sprinkler nozzle options for commercial, industrial and institutional (CII) customers only that exceed \$4.00 per nozzle. The available nozzles and unit costs are:

Brand and Type	Unit Cost
Toro Precision Series Spray Nozzle – Residential and CII	\$3.60
Toro Precision Series Rotating Nozzle – CII only	\$5.00
Hunter MP Rotator Nozzle – CII only	\$5.00
Rain Bird Rotating Nozzle – CII only	\$4.00
Rain Bird Rotating Variable Arc Nozzles – CII only	\$5.00

With the expansion of available CII nozzle options with unit costs greater than \$4.00, the estimated impact on the Program budget would be a shift from a 100% external funding reimbursement to an estimated 75% external funding reimbursement. The members of the Agency’s Water Use Efficiency Workgroup have evaluated the proposal and support the continuation and expansion of the Program.

The following table presents a recap of program activity from inception through June 30, 2015:

Phases	Vouchers Issued	Residential Nozzles	CII Nozzles
1 (FY 2010-11)	1,002	24,931	
2 (FY 2011-12)	1,608	40,012	10,044
3 (FY 2012-13)	843	18,424	35,017
4 (FY 2013-14)	516	11,323	23,032
4 (FY 2014-15)	169	2,786	8,690
5 (FY 2014-15)	698	16,706	30,456
Total to Date	4,386	114,182	107,239

With the installation of these highly efficient nozzles, there is a noticeable reduction in over-spray, water run-off, and misting from landscape irrigation with an estimated annual savings of 974 acre-feet and a five year savings of 4,870 acre-feet over the lifespan of the devices.

The Program will continue to support the region’s transformation in building sustainable landscapes and provide benefit by targeting outdoor water use reduction through the distribution of high efficiency sprinkler nozzles.

The Agency’s 2010 Water Use Efficiency Business Plan developed by staff, and the Agency’s retail member agencies, have identified this nozzle distribution program as one of several core strategies in lowering urban per capita water use 20% by 2020 as mandated under SBX 7-7, as well as assisting our members in meeting their current state mandated water use targets. The Agency

currently offers a comprehensive portfolio of water conservation programs that include landscape evaluations, rebates, landscape training classes, and direct installation programs for residential and commercial customers.

This Program will enable all customers within the Agency's service area, regardless of water provider, to use a web-based portal to obtain a voucher for free high efficiency sprinkler nozzles. Vouchers are redeemed by the customer through local authorized distribution retail channels within the Agency's service area. Agency staff is recommending the continuation and expansion of the Program with implementation of the Phase VI partnership with WMWD.

This Program is consistent with the Agency's Business Goal of increasing *Water Reliability* by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On November 12, 2014, the Board approved Phase V of the Freesprinklernozzles.com Voucher Program.

On July 17, 2013, the Board approved Phase IV of the Freesprinklernozzles.com Voucher Program.

On July 18, 2012, the Board approved Phase III of the Freesprinklernozzles.com Voucher Program

On January 19, 2011, the Board approved Phase I & II of the Freesprinklernozzles.com Voucher Program.

IMPACT ON BUDGET

This item is budgeted for in the Water Resources (10700) Fund for \$243,750 as project WR16011 (Free Sprinkler Nozzle Voucher Program) as part of the adopted FY 2015/16 water conservation budget. Metropolitan Water District provides a \$4 per nozzle reimbursement for this program which offsets approximately 75% of the project costs. If CII customers were to select all nozzles priced at \$5 per unit, then the impact on budget would be \$60,937.50 of non-reimbursable expense and \$182,812.50 of reimbursable expense through MWD.

Amended and Restated **Memorandum of Understanding**

**Between the Western Municipal Water District (“WESTERN”),
and Inland Empire Utilities Agency* (“PROGRAM PARTICIPANT”)**

Participation in Free Sprinkler Nozzles Program and Reimbursement Payments Associated Therewith

Background:

1. WESTERN and PROGRAM PARTICIPANT have previously entered into, or herby enter into, a memorandum of understanding in order to partner for the sole purpose of extending Western’s FreeSprinklerNozzles.com Program to the residential, commercial and irrigation customers within the PROGRAM PARTICIPANT service area. In the event the parties have previously entered into such a memorandum of understanding, then this Amended and Restated Memorandum of Understanding (“MOU”) hereby supersedes, replaces, and otherwise controls over the memorandum of understanding which was in place prior to the effective date of this MOU. In the event the parties have not previously entered into a memorandum of understanding, then this MOU shall be deemed to be the contractual arrangement between the parties on the matters addressed herein.
2. In the event this MOU is replacing a memorandum of understanding that is already in effect, the purpose of this MOU is to provide for the distribution of additional types and models of water-efficient sprinkler nozzles from multiple manufacturers with a variety of unit costs. These additional types of nozzles are rotating nozzles and will be available to commercial/irrigation customers only (“Commercial/Irrigation Nozzles”). These Commercial/Irrigation Nozzles were not part of the FreeSprinklerNozzles.com Program at the time of some of the original memorandum of understandings. The fixed spray nozzles will continue to be available for residential and commercial/irrigation customers.
3. The FreeSprinklerNozzles.com Program budget within the PROGRAM PARTICIPANT service area, funded by the PROGRAM PARTICIPANT will seek to incentivize the installation of water-efficient sprinkler nozzles for residential customers and Commercial/Irrigation customers (collectively referred to as “Nozzles”) during the program offering period of September 16, 2015 to June

30, 2016, within the PROGRAM PARTICIPANT's service area, up to a maximum budget of \$243,750.

4. WESTERN and PROGRAM PARTICIPANT have agreed to work together and coordinate the implementation of the FreeSprinklerNozzles.com Program as set forth in this MOU and as further described at the FreeSprinklerNozzles.com website.
5. Nothing in this MOU shall be deemed to be the provision of any service or other activity outside of each party's respective service area, and to the extent the performance of any aspect of this MOU can be considered a "service," California Government Code Section 54981 permits a local agency to contract with another local agency for performance by the latter of municipal services or functions within the territory of the former. The purpose of this MOU is to facilitate implementation of the FreeSprinklerNozzles.com Program in order to further each party's conservation goals. In addition, WESTERN desires to enter into this MOU in order to obtain funding and other operational support toward the cost and requirements for implementation of the FreeSprinklerNozzles.com Program.

Understandings and Agreements:

1. WESTERN has developed and currently administers a customer self-service website, FreeSprinklerNozzles.com, for the dissemination of product vouchers within its service area. Under the FreeSprinklerNozzles.com Program, the Commercial/Irrigation customer is responsible for selecting the nozzle type and manufacturer prior to being eligible to receive a voucher. Residential customers are offered a voucher for fixed spray nozzles only. Neither WESTERN nor PROGRAM PARTICIPANT shall be responsible for making, or assisting in making, the selection of a Nozzle and shall not be liable in connection with the results, or lack thereof, from the use of such Nozzles.
2. WESTERN has agreed to extend the use of the FreeSprinklerNozzles.com website to the PROGRAM PARTICIPANT service area.
3. Customers, within the PROGRAM PARTICIPANT service area, will, when participating on the FreeSprinklerNozzles.com website, be issued a voucher that is redeemable at participating landscape irrigation equipment suppliers.
4. For every water-efficient sprinkler Nozzle for which a voucher is redeemed at a participating irrigation store, WESTERN will invoice PROGRAM PARTICIPANT, and PROGRAM PARTICIPANT shall pay the amounts shown below or any other amounts which may be in effect as of the date of the applicable invoice as determined by WESTERN under the FreeSprinklerNozzles.com Program,

provided, however that the maximum amount payable by PROGRAM PARTICIPANT pursuant to this MOU shall not exceed the Maximum Amount set forth in paragraph 7 of this Agreement. The Maximum Amount shall apply to all Nozzles regardless of whether Nozzles are for residential, commercial or irrigation customers. PROGRAM PARTICIPANT shall not be permitted to allocate a certain portion of the Maximum Amount for certain types of customers, Nozzles or manufacturers.

Unless different amounts are in effect as of the date of the applicable invoice, as determined by WESTERN, the "per unit" price for each Nozzle shall be as follows:

Toro Precision Series Spray Nozzle: \$3.60
Toro Precision Series Rotating Nozzle: \$5.00
Hunter MP Rotator Nozzle: \$5.00
Rain Bird Rotating Nozzle: \$4.00
Rain Bird Rotating Variable Arc Nozzle: \$5.00

 X By initializing this paragraph, PROGRAM PARTICIPANT is hereby opting to allow and fund both the fixed spray and rotating Commercial/Irrigation Nozzles in connection with requests from Commercial/Irrigation customers. The refusal or failure to initial this paragraph shall indicate that PROGRAM PARTICIPANT will only allow and fund fixed spray Commercial/Irrigation Nozzles in connection with requests from Commercial/Irrigation customers.

5. Additionally, WESTERN will, on a monthly or quarterly basis, as determined by WESTERN, prepare a fully documented invoice, for the amounts due as set forth above stating the amount due for the number of water-efficient sprinkler Nozzles processed during the previous period, that were distributed by way of the voucher program within the PROGRAM PARTICIPANT service area. Each invoice shall be accompanied by back up documentation that shall include at least the following: participant account number, participant address and number of Nozzles distributed to each individual participant. PROGRAM PARTICIPANT shall pay each invoice within thirty (30) days from the date of PROGRAM PARTICIPANT's receipt of the applicable invoice.
6. PROGRAM PARTICIPANT, if it elects to do so, will have the responsibility to audit and verify the installation of the water-efficient sprinkler Nozzles distributed by the FreeSprinklerNozzles.com Program, within its respective service area, including for PROGRAM PARTICIPANT member agencies (local urban water suppliers), if applicable. PROGRAM PARTICIPANT shall be solely responsible, at its sole cost and expense, to enter into the applicable arrangements, if applicable, and take any action which may be required, in order to enforce the requirements of its member agencies as set forth herein.

7. PROGRAM PARTICIPANT has an approved budget, not-to-exceed \$243,750 to support the implementation of the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT service area ("Maximum Amount"). Notwithstanding anything to the contrary in this MOU, PROGRAM PARTICIPANT shall have no obligation to spend funds in excess of the Maximum Amount without further written authorization in the form of a written amendment to this MOU, signed by each party's authorized signatory.
8. PROGRAM PARTICIPANT will coordinate and participate in the overall administrative oversight of, and foster the multiple-agency participation in, the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT service area as applicable. Specifically, PROGRAM PARTICIPANT will be responsible for providing the customer information as requested.
9. The term of this MOU shall extend from the date of full execution until June 30, 2016. This Agreement shall remain in effect during the term unless earlier terminated under the following procedures:
 - (a) If either party to this MOU believes that the other party has failed to perform any obligation of that party in accordance with the terms of this MOU ("Default"), the party alleging the Default shall provide written notice ("Default Notice") to the other party, setting forth the nature of the alleged Default. Unless otherwise provided by a specific term of this MOU, the party claimed to be in Default shall have (i) with respect to a Default involving the payment of money, ten (10) days after its receipt of the Default Notice to completely cure such Default, and (ii) with respect to any other type of Default, thirty (30) days from the receipt of the Default Notice to completely cure such Default or, if such Default cannot reasonably be cured within such thirty (30) day period, to commence the cure of such Default within the thirty (30) day period and diligently prosecute the cure to completion thereafter. If the party claimed to be in Default does not cure such Default within the time periods and procedures as set forth herein, the party alleging Default may then pursue the applicable legal and equitable remedies.
 - (b) In the event either party determines it is not feasible or permissible to continue to perform this MOU due to issues regarding whether a service or activity is being performed outside of a party's service area, either party may terminate this agreement upon ten (10) days prior written notice to the other party. In the event of any such termination, the parties will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.
 - (c) Either party may terminate this MOU for convenience at any time upon thirty (30) days written notice. In the event of any such termination, the parties

will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.

(d) Upon termination of the Agreement, WESTERN shall immediately stop using any data (including the Confidential Data) provided by PROGRAM PARTICIPANT to WESTERN and shall, as directed by PROGRAM PARTICIPANT, return or destroy the Confidential Data and certified the destruction of the same.

(e) **Surviving Obligations.** Obligations with respect to confidentiality, use, and destruction of the Confidential Data, indemnification, and payment shall survive the termination of this Agreement.

10. **Confidentiality and Usage of Data.**

(a) PROGRAM PARTICIPANT agrees to provide WESTERN with PROGRAM PARTICIPANT customer names, addresses and account numbers ("Confidential Data") solely for the purpose of allowing PROGRAM PARTICIPANT customers to participate in the FreeSprinklerNozzles.com Program (the "Authorized Use"). The Confidential Data will remain the property of PROGRAM PARTICIPANT and its customers. WESTERN shall use the Confidential Data solely for the Authorized Use. WESTERN shall not use the Confidential Data for commercial purposes or for any other use other than the Authorized Use.

(b) The Confidential Data or any confidential information disclosed by the disclosing party to the receiving party shall be treated as confidential and maintained in confidence by the receiving party. The receiving party shall not disclose any confidential information of the disclosing party except to its own personnel who have a need to know. Without limiting the foregoing, the receiving party shall take at least the same steps and use the same methods to prevent the unauthorized use or disclosure of Confidential Data of the disclosing party as it takes to protect its own confidential or proprietary information.

(c) **Public Records Act.** In the event a public records request is made to either party ("Receiving Party") for information regarding customers or other information from the other party ("Subject Party"), the Receiving Party shall provide notice to the Subject Party in order to provide the Subject Party with the opportunity to pursue the applicable action for withholding any such records from disclosure.

(d) **Data Security and Distribution.** WESTERN will ensure that any Confidential Information included in the Data is stored on computers and storage media accessible only by those WESTERN personnel with a need to use those portions of the Data, and that only the minimum number of copies reasonably necessary to accomplish the Authorized Use will be made. Confidential Data stored in an electronic format will be stored using industry-standard encryption and security features. (e) WESTERN shall not, and will inform all users that they may not:

- (i) Disclose any portions of the Data that are individually identifiable or that otherwise identifies persons, directly or indirectly, except as permitted under this MOU;
- (ii) Use the Data to learn the identity of any person or entity included in the Data or to contact any such person or entity for any purpose, except as permitted under this MOU;
- (iii) Distribute or publish the Data to anyone other than as expressly permitted under this MOU;

11. General Provisions

(a) Indemnification Each party hereby agrees to defend, indemnify and hold free and harmless the other party from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, breaches of confidentiality or misuse of any data provided by PROGRAM PARTICIPANT or obtained by WESTERN in connection with this MOU; bodily injury, personal injury, death or property damage, arising from or connected with Indemnitor's activities under this MOU, including any Worker's Compensation suits, liability, or expense, arising from or connected with services performed on behalf of Indemnitor by any person pursuant to this MOU, whether such claims, damages, liabilities, costs and/or judgments are based upon alleged negligence, a dangerous condition of public property, or any other theory of liability. Indemnitor's duty to indemnify the Indemnitee shall survive the expiration or other termination of this MOU as to any injuries, occurrences or claims occurring or alleged to have occurred prior to its expiration or termination.

(b) Relationship of the Parties Nothing contained in this MOU shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent, or partnership or joint venture, or any association between the parties, and none of the provisions contained in this MOU or any act of the parties shall be deemed to create any relationship other than as specified

herein, nor shall this MOU be construed, except as expressly provided herein, to authorize any of the parties to act as the agent for the other.

(c) Incorporation of Recitals The Recitals set forth above are incorporated herein and made an operative part of this MOU.

(d) Complete Agreement This MOU constitutes the entire agreement between the parties, both written and oral, with respect to the subject matter hereof. Any prior agreements respecting the subject matter hereof, written or oral, express or implied, between the Parties, are hereby canceled.

INLAND EMPIRE UTILITIES AGENCY*

WESTERN MUNICIPAL WATER DISTRICT

P. Joseph Grindstaff
General Manager

(Date)

John V. Rossi
General Manager

(Date)

*A Municipal Water District

MOU Amendment

Freesprinklernozzles.com



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Lisa Morgan-Perales
September 2015

Freesprinklernozzles.com

- Inter-Agency Partnering Program with Western Municipal Water District
- Online Voucher Program launched: FY 2010-11
- Target Market:
 - Residential, Commercial, Industrial, Institutional, and Landscape Customers
- Success Achieved:
 - 114,182 Residential Nozzles
 - 107,239 Commercial/Industrial Nozzles
- Program's Five Year Water Savings: 4,870 Acre-Feet



Freesprinklernozzles.com

Voucher Program

- Phase VI Program (FY 2015-16)
- MOU Amendment with WMWD: \$243,750
- Program Expansion – New Devices Added
- 48,750 High Efficiency Nozzles (Redeemed at \$5 per unit)
- 75% Reimbursed by MWD Conservation Credits
- Annual Water Savings: 974 AF
- Lifetime Water Savings: 4,870 AF (over 5 years)
- MWD Reimbursement \$182,812.50
- Non-Reimbursable: \$60,937.50



Recommendation

- ❖ Approve an MOU Amendment with Western Municipal Water District for a “not to exceed” amount of \$243,750; and
- ❖ Approve the Program expansion to incorporate new landscape devices for commercial, industrial, and institutional customers.

Consistent with the Agency’s business goal of increasing Water Reliability by promoting water use efficiency and education to enhance water supplies within the region, and meeting the region’s need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

DISCUSSION



INFORMATION

ITEM

2A

Date: September 16, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (9/9/15)

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

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

Subject: Public Outreach and Communication

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

September 2015

- September 23, Chino Day at the LA County Fair, 1101 W. McKinley Avenue, Pomona, 9:00 a.m.-1:00.p.m.
- September 24, Blood Drive, IEUA HQB Event Room, 10:00 a.m. – 2:00 p.m.

October

- October 17, Landscape and Water Conservation Fair, Chino Basin Water Conservation District, 4594 San Bernardino Street, Montclair, 9:00 a.m.-2:00 p.m.
- October 27, WEWAC Project WET Workshop, IEUA HQB Event Room, 8:00 a.m. - 3:00 p.m.
- Date TBD, IEUA Leadership Breakfast, IEUA HQB Event Room, 7:30 a.m. – 9:00 a.m.

November

- November 4, Blood Drive, IEUA HQB Event Room, 10:00 a.m. – 2:00 p.m.

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA staff worked with Civic Publications to develop a summer 2015 water-saving campaign. This campaign focuses on changing habits and water savings and will include display ads, two targeted email campaigns and print media. All digital media will link to the IEUA micro-site with water-saving tips and rebate information.

Media and Outreach

- Staff placed a Kick the Habit ad in the Chino Champion that ran on August 22.
- IEUA staff has renewed contracts with *La Opinion* and *Fontana Herald* for fiscal year 2015/16. Outreach campaigns will feature *Kick the Habit* advertisements and banner displays, as well as promoting upcoming events.
- IEUA staff held the second Drought Task Force meeting with member agencies on July 28 to finalize the development of an outreach plan to implement a logo and tagline for consistent drought messaging across the region. Consultants Tripepi Smith & Associates presented campaign logos they developed to the member agency reps and it was unanimous to go with *Kick the Habit*. Drought Task Force meetings will be held every other month, with the next meeting scheduled for late September.
- Staff has renewed a 12 month signage display contract with Big League Dreams located in Chino Hills. Tripepi Smith & Associates are working on the artwork for signage to update the current Save Our Water display.

Education and Outreach Updates

- Water Discovery Program: 195 professors and/or teachers, Girl Scout troop members, elementary and high school students have taken part in the park field trip from July 1, 2015 through August 31, 2015. Additionally, Water Discovery Field Trips for school year 2015/16 are being scheduled. The Busing Mini-Grant program will be ending in December 2015. Only schools within IEUA's service area will qualify for busing after December 2015.
- Staff is working on updating school contacts and sending out education brochures to all schools within IEUA's service area to begin promotion of IEUA's education programs for school year 2015/16.
- Staff sent out the Summer edition of the E-Basin on August 18, 2015, featuring the latest drought news, water-saving tips and rebates, and upcoming events.
- IEUA staff is working in cooperation with Chino Basin Water Conservation District and member agency representatives to plan the Landscape Water Conservation Fair held annually in October. The Water Conservation Fair will be held Saturday, October 17. IEUA has been awarded MWD's Community Partnering Program grant for an additional \$2,000 funding for outreach and materials.
- Staff worked with the Water Resources Analyst II and graphic design consultants to create a tagline and logo to use for landscape signage, billboards and magnets. Signs have been made available online to members of the community to print and display in their yards.
- IEUA is working on updating various facility illustrations and brochures. The educational component for these brochures is being updated in order for visitors and stakeholders to have a simple yet detailed visual of each IEUA facility and process. Since July 1, 2015, staff has updated brochures for Regional Plant No. 5, as well as the educational brochure; and the Chino Creek Wetlands and Educational Park brochure have gone to printing.
- Staff is currently working on scheduling the Summer Water Association Leadership Breakfast. Colonel Kirk Gibbs, U.S. Army Corps of Engineers, who took command of

the Los Angeles District Office on August 1, has accepted to be the keynote speaker. Date is TBD.

- Staff, in cooperation with our member agencies, is working on recruiting three teams for MWD's 2016 Solar Cup Competition to be held May 13-16, 2016. Schools that have expressed interest to participate thus far: Los Osos High School (Rancho Cucamonga), Chino High School (Chino) and Henry J. Kaiser High School (Fontana). Team names and contacts are due to MWD by September 25, 2015.
- Staff has GIES site inspection visits set up for September for program year 2015/16 participants. A garden dedication has been scheduled for Cypress Elementary in Fontana for February 25, 2016.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2015/16 Administrative Service Fund, External Affairs Services budget.

INFORMATION

ITEM

2B



August 28, 2015

To: Inland Empire Utilities Agency

From: Michael Boccadoro
President

RE: August Legislative Report

Overview:

Legislators have returned to Sacramento after their month-long Summer Recess for the final few weeks legislative session which ends on September 11. Members will have until August 28 to get their bills out of Appropriations Committees and onto the floor before two final weeks of floor sessions. During the final few weeks it is rumored that the Legislature could take action on key issues including a public goods charge for water, cleanup of water district consolidation and allocation of the Greenhouse Gas Reduction Funds. Senator Pavley earlier this week announced she would be amending her SB 20 to create a water resiliency investment fund, sparking further rumor of a public goods charge effort.

The Senate Select Committee on the Sacramento San Joaquin Delta held a hearing to discuss the California WaterFix. The committee is chaired by Senator Wolk who stacked the agenda with pro-Delta, anti-tunnel advocates. The Legislative Analyst's Office gave a general overview of the history of BDCP and issues in the Delta while panelists discussed the effects to the ecosystem and fish, the view of the Delta Counties, alternatives to the CA Water Fix, and the economics of the proposal. Panelists warned any Delta conveyance facility would harm the economy, the ecosystem and take water away from in-Delta interests while costing taxpayers billions of dollars. There was no representation from the Brown Administration or any party that favors the CA WaterFix.

The South Coast Air Quality Management District's (SCAQMD) plan to update and tighten emissions reduction requirements under its NOx trading program continues. Industry is claiming a recently released update would impose massive economic costs, while advocates say the program needs to be even more stringent.

Acting on a drought-response directive from Governor Brown to tackle water-appliance efficiency, the California Energy Commission approved a new standard for showerheads that is expected to save 2.4 billion gallons of water in the first year of the program. The two-phase program will be fully in effect by July 1, 2018.

Several Legislators and environmental groups are pressing the CPUC to revise a Proposed Decision (PD) that implements the recently re-authorized Self Generation Incentive Program. The Legislators and stakeholders argue that while using ratepayer dollars, the program does not require sufficient greenhouse gas emissions reductions and will only incentivize more natural gas powered fuel cells without advancing the state's emissions reduction and renewable energy goals.

Inland Empire Utilities Agency Status Report – August 2015

California Water Resiliency Investment Fund Introduced

Rumor about a new public goods charge for water has been a hot topic in California for months. With Legislative session a few short weeks from ending Senator Fran Pavley (D-Augora Hills) amended her SB 20 to propose a California Water Resiliency Investment Fund. While the Senator has indicated that she does not plan to move the bill this session, it is the most formal step to instituting a public goods charge for water we have seen.

The bill currently consists only of intent language and funding categories but offers some limited insight. The bill creates five “accounts:”

- The Emergency Drought Response and Recovery Account- to support emergency actions to prevent vulnerable populations from the severe impacts of water droughts, including providing emergency drinking water and other residential water supplies, and other economic relief measures.
- The Integrated Regional Water Resiliency Management Account- to provide matching grants to local and regional agencies to increase regional self-reliance and result in integrated, multibenefit solutions for ensuring sustainable water resources. Projects may include groundwater storage, wastewater recycling, stormwater capture, water conservation, flood management, and other water supply and quality projects.
- The Safe Drinking Water for Disadvantaged Communities Account- support planning, construction, operation and maintenance of drinking water systems for disadvantaged communities.
- The Environmental Resilience and recovery Account- provide funding to restore and protect fish and wildlife habitat and populations to avoid or reduce conflicts with water management systems. This funding is only available for projects that are greater than required environmental mitigation measures or compliance obligations and cannot be used to pay for mitigation or environmental review costs of any current or proposed water supply project.
- The Smart Water Data Program Account- support improved data and information systems that enable better management of water resources and to further facilitate expansion of water markets.

The measure currently contains no specifics about funding levels.

Again, the Senator has indicated that she will not move the bill in the final weeks of session. There will likely be stakeholder meetings on the bill in the fall and early winter before the Legislature returns in early 2016. Passage of any new tax or fee, like a public goods charge, would require a two-thirds vote of the Legislature under Proposition 26.

Hearing in Senate on California WaterFix

The Senate Select Committee on the Sacramento San Joaquin Delta recently held a hearing on the California WaterFix. Senator Lois Wolk (D- Davis,) an outspoken opponent of any type of conveyance facility and Chair of the committee, opened the hearing by outlining several questions she has identified as having yet to be answered:

- Will the tunnels improve the Delta ecosystem?
- Will the tunnels significantly impact economies and the community of the Delta and Northern California?
- Will the tunnels improve water supply reliability in other parts of California?
- Will the tunnels be cost effective?
- Will the results justify the cost?
- Will the tunnels help meet the coequal goals?
- Who will control the pumps and their operation?

The Legislative Analyst's Office (LAO) gave a history of the Sacramento San Joaquin Delta, outlined recent efforts and proposals to address Delta challenges, a summary of the major revisions between the Bay Delta Conservation Plan and the California WaterFix and finally discussed issues for the Legislature to consider. Some of the issues the LAO identified the Legislature might want to consider include:

- How well does the California WaterFix align and integrate with the Delta Reform Act, the Delta plan and other Delta efforts?
- What entities currently have the authority to ensure the WaterFix meets statewide goals for the Delta? Is the oversight sufficient and appropriate? How will the project incorporate evolving scientific understandings?
- What role could the Legislature take to exercise its preferred role?
- How does the California WaterFix affect fish and wildlife?
- Does the California WaterFix account for changing water flows in future years?
- Are there viable alternatives?
- What costs might the state have to bear?

Following the LAO, the panel discussion commenced with presentations from Dr. Christina Swanson who discussed if the tunnels would be good for the fish and the ecosystem. She recognized that native fish populations are declining at an alarming rate and that the current management system is not working. While she spoke about many factors, the highlight of her presentation was about flows through the Delta. She noted that if there are sufficient flows in the Delta many of the other contributing factors to ecosystem and habitat decline can be mitigated for easily.

Sacramento County Supervisor Don Nottoli represented the Delta Counties Coalition, another anti-tunnel organization, and spoke about the same issues his Coalition has consistently highlighted, and advocated using Proposition 1 funds for the following:

- Focus on water system operational improvements to existing facilities.
- Increase storage.
- Improve levees.
- Promote regional self-reliance and reduce reliance on the Delta.
- Preserve and protect the Delta economy.

Craig Wilson followed Supervisor Nottoli. The former Delta Watermaster spent most of his time outlining his plan for an alternative diversion point. He believes that a diversion on the west side of the Delta, near Sherman Island, is a better location to the current and proposed intakes. He favors this location because it allows the water to flow through the delta before it is diverted south. He proposes a treatment polishing facility to treat the water that will have picked up salts and other contaminants moving through the Delta. Finally, he envisions a gate system below the confluence of the Sacramento and San Joaquin rivers to protect from any sort of significant saltwater intrusion events.

Dr. Jeffrey Michael from the University of the Pacific was the hearing's last panelist and he focused on the economics. He testified the California WaterFix is completely unfeasible and noted that there was no way for it to get built without significant state/taxpayer funds.

There was well-coordinated public comment from other anti-tunnel representatives, and a few questions from members. It is important to note again that the panel was decidedly biased against the tunnels and that there was no representation from the administration or any other pro-tunnel interest. There was no action taken at the hearing and no further hearings scheduled.

South Coast NOx Program Update

The evolution of the South Coast Air Quality Management District's (SCAQMD) plan to update and tighten emissions reduction requirements under its NOx trading program continues. Industry claims the new update would impose massive economic costs, while advocates say the program should be made even more stringent. The recent "preliminary draft staff report" calls for a total reduction of 14 tons per day (TPD) in two phases. Four TPD by 2016 and then the final ten TPD in equal amounts in 2018 and 2022.

Affected industry coalitions are urging the district to significantly lower the level of emissions reductions charging that the 14 TPD is unworkable and does not reflect best available retrofit control technology (BARCT) and would be so expensive that the program could become dysfunctional and small and medium sized businesses would face significant cost impacts that could lead to cutback and closure.

Environmentalists are urging district officials to tighten the pending proposal to achieve the same emission reductions as traditional command-and-control regulations and that only a more stringent NOx reduction will achieve this standard by requiring the necessary equipment to be installed.

CEC approves new standards for showerheads

The California Energy Commission (CEC) has approved new standards for showerheads, a move expected to save 2.4 billion gallons of water in the first year. The program is a two tiered standard with Tier One requiring on and after July 1, 2016, all fixed and handheld showerheads manufactured or offered for sale in California to have a maximum flow rate of two gallons per minute. The Tier Two standard, set for showerheads manufactured on or after July 1, 2018, decreases the maximum flow rate to 1.8 gallons per minute. The combined standard, the most stringent in the country, is expected to save as much as 38 billion gallons of water per year after full stock turnover in 2028. Additionally, the CEC notes that the standard will save 202 million

therms of natural gas, save 1.3 GW of electricity; and produce \$702 million in annual savings for consumers.

SGIP program review requested at CPUC

Several State Legislators and environmental groups are pressing the CPUC to revise the Proposed Decision (PD) for the Self Generation Incentive Program (SGIP) at the CPUC.

SGIP provides rebates for small distributed energy system facilities installed on the customer's side of the meter, such as fuel cells and energy storage systems. The program provides subsidies for up to 50 percent of a project cost for the installation of distributed generation technologies no greater than 3 megawatts.

The \$415 million ratepayer funded SGIP program was reauthorized by the Legislature last year and included new eligibility requirements. Some groups believe that the PD sets allowable GHG levels higher than a modern gas plant, allowing millions of SGIP subsidies to flow to carbon-intensive distributed resources. The legislators who weighed in also generally agree the PD seems to maintain the eligibility for existing technologies operating on 100 percent conventional natural gas, noting that the proposed rules will do nothing to promote the state's longer climate and energy goals.

Legislative Update

The Legislature has returned from their month-long Summer Recess to immediately begin working in their respective Appropriations Committees until the August 28 deadline for all bills to be on the floor. They will then have until September 11 to pass bills off the floor for the Governor's signature.

The final three weeks of the session could see some last minute efforts on some big policy issues including a public goods charge for water, cleanup of the water district consolidation measure passed with the budget and allocation of up to \$2.2 billion in Cap and Trade proceeds.

Cleanup of the water agency consolidation language is running into disagreement between the proponents, Senators Wolk and Hertzberg, who want the legislation to only include small cleanup measures and the Administration which is interested in putting in more significant policy changes, though the specific policy measures have not yet been outlined yet.

Finally, after several months of work in budget sub committees on the proceeds from the Cap and Trade auctions would be allocated, the expenditures were not ultimately included with budget passage in June. However, in order to spend the funds this fiscal year, legislators must act to appropriate the funds before the session gavels closed on September 11. How the money will be spent remains unclear since a legislative proposal has not yet surfaced. It is likely safe to assume that there will be some funding for energy efficiency in the water sector, as that remains a popular policy program within the Administration.

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Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White, Jean Denton, and Drew Tatum

Date: August 28, 2015

Re: August Monthly Legislative Update

Congress Takes Recess, Many Issues Remain for the Fall

Congress was in recess for the month of August. Lawmakers spent the month traveling their respective states and districts, and many used the opportunity to vacation with their families. Both chambers are slated to return on Tuesday, September 8th for what is shaping up to be a busy fall. A visit from Pope Francis late in September further complicates the schedule, with the House scheduled to be in session for 12 days and the Senate for up to 17. The biggest priority during the month will be completing a funding measure to ensure the government remains open after September 30th—the end of the Federal fiscal year.

There have been internal discussions by the House Appropriations Committee on advancing a continuing resolution for two to three months while Congress works with the White House to come up with a full-year spending plan. Republican Leaders have indicated they would like to repeat what happened last year when Congress returned from the August recess and passed a CR within 9 days. This year that could be particularly challenging. Conservatives have indicated that in light of recent videos released concerning Planned Parenthood's practices, they will insist that any appropriations measure block funding for the organization. Additionally, a controversial amendment regarding the display of the Confederate flag could unravel leaders' plans, as it did with the Interior Appropriations bill in the House earlier this year. Both House Speaker John Boehner (R-OH) and Senate Majority Leader Mitch McConnell (R-KY) have indicated they do not want to see a government shutdown, but they might end up needing Democratic votes if they hope to advance a "clean" continuing resolution in September.

In punting spending issues until later in the year, Congress will be adding pressure on themselves to come up with a grand bargain to solve a number of issues that will resurface before the New Year. Those issues include:

- **Tax extenders:** Several tax breaks that Congress typically renews on an annual basis expired at the end of 2014. They are likely to address those before the end of the year and make them retroactive to the beginning of the tax year.
- **Debt ceiling:** The Treasury Department has indicated its options will expire in mid-November or early-December, at which point the US will default on its debt if Congress doesn't raise or suspend the debt ceiling again.

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- **Transportation authorization/funding:** Congress again passed a three month extension at the end of July, pushing the authorization and funding to October 29th. The Senate passed a bipartisan 6-year bill with only 3-years of funding. The House did not act on the Senate bill, insisting it might craft its own long term plan.
- **Export-Import Bank:** The White House told Congress it expects a reauthorization of the Ex-Im Bank to be attached to legislation that comes to President Obama's desk. That did not happen with the transportation extension, and now the White House has indicated it would like it to be attached to the continuing resolution.
- **Potential use of reconciliation:** In passing a budget resolution for the first time in many years, Congress now has the ability to use a process called reconciliation to fast track and require a lower vote threshold in the Senate of particular legislation. Leaders have not indicated how or when they plan to bring up a potential repeal of the Affordable Care Act or substantial changes to healthcare, but time could be devoted this fall amid an already packed schedule.

The biggest issue this fall is expected to be a year-long or multi-year appropriations deal. Republicans have marked up bills that mostly adhere to the Budget Control Act, which contains caps for federal spending. The White House has indicated that it will not sign any appropriations measure into law that adhere to the 2011 law. At this point, we expect a deal will be negotiated and passed by the time Congress leaves in December. Congress has identified several new revenue sources as it has looked at transportation funding, and some Members of Congress have indicated they'd like to see those revenue sources spread among a fix for transportation programs and to offset raising the caps on defense and discretionary spending in a manner similar to the Ryan-Murray 2-year spending deal reached in 2013. With the clock ticking, it will be an interesting fall, further stressed by the 2016 Presidential campaign.

Courts Block EPA Clean Water Rule

Late Thursday a federal judge in North Dakota issued a temporary order blocking the implementation of the administration's controversial rule defining the "waters of the United States". Judge Ralph Erickson of the District Court for the District of North Dakota issued a preliminary injunction after finding that the 13 states suing the administration met the necessary conditions. The Court found that they would likely be harmed if action wasn't taken to block the order while the underlying lawsuit is argued and decided. The decision throws up a roadblock for the Environmental Protection Agency and the Army Corps of Engineers who released a second iteration of the rule earlier this year before publishing it in the Federal Register—a requirement before enforcement can begin. The rule was published on June 29th, and was set to take effect on August 28th.

Arguing that the judge's ruling only impacts the 13th states that requested the injunction, the Obama administration has indicated it will largely enforce the regulation as initially planned. In a statement shortly after the ruling, the EPA was defiant and said that the injunction only applies in the thirteen states that filed for it: Alaska, Arizona, Arkansas, Colorado, Idaho, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota and Wyoming. Melissa Harrison, an EPA spokeswoman, said "In all other respects, the rule is effective on August 28th." This is simply the next step in what is expected to be a long battle over executive regulations. There are currently 10 lawsuits pending, representing 29 states and business interests.

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Outlook for September

September is shaping up to be a busy month, with most legislative attention expected to be focused on passing a continuing resolution to fund the government past September 30th. Additionally, we may see action on California or West-wide Drought legislation at the committee level in the Senate.

Agricultural Resources

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August 28, 2015

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

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

SU: Legislative Report, August 2015

Snapshot.

- * House and Senate on recess throughout August until after Labor Day.
- * Reports (almost daily) on pending El Nino – filled with uncertainties (where, when, how strong, how intense, rain or snow, ability to capture run-off and most of all, will the storms extend to North California). Big unanswered question, will the precip fall as snow in the Sierras?).
- * Arizona Senators are “shopping” legislative amendments to change the Colorado River shortage allocations (at the expense of CA)
- * Late storms on the Colorado River Basin provided some relief – and pushed the river away from the “shortage allocation trigger” (for now – and estimated not to reach it through 2016).
- * Congressional Schedule – September 10-12 days only. Once again, Government shutdown looms – over two different issues – pending Iran Agreement and social funding in pending CR.

El Nino is Coming, El Nino is Coming.

- El Nino stories from NASA, the Weather Service and academics who track such events are now appearing daily in print and e-media and are reporting this EL Nino to be one of

the strongest formations ever is building in the Pacific in years. Questions remain. Is this a “drought-buster OR a flood-inducer? Will precipitation from storms have a chance to permeate the dry landscape, OR instead, become huge “gully-washers?” Where will the storm hit? Most reports and indications are that Southern California will receive the brunt of an El Nino. What about Northern California? Will it come as rain OR reach the higher elevations as snow? And, will any of this precip carry over to the Colorado River Basin? Within the IEUA service area, if flooding occurs, there will be concerns about the ability to capture and recharge as much water as possible and limit conflicts with the Chino Dairies. Right now, there are more questions than answers. IEUA should be coordinating with SAWPA, the Corps and local governments if flooding occurs or to manage it if/when it comes.

Federal Water/Drought Legislation.

- ***What will happen in Congress and when?*** The House passed the Valadao-Nunes bill (very controversial, highly contentious and that is largely limited to address San Joaquin Valley needs only). In the House and Senate, numerous other drought bills are pending (House, Matsui, Napolitano, McNerney and Huffman). In the Senate, in late July, a comprehensive statewide (all 58-county) Feinstein-Boxer bill was introduced that provides authorization for \$1.2 billion divided between storage (\$600 million) and recycling storage and other programs (\$600 million).
- ***Feinstein-Boxer Bill Goes to Senate Energy Committee – Sen. Lisa Murkowski (R-AK), Chair – Hearings and Markup Pending.*** Sen. Murkowski has publicly stated that hearings will be held, likely not before late September or sometime in October. She has also stated that the Committee will NOT consider a California-only bill, but look to a comprehensive, westside drought bill (OR, WA, NV, AZ, ID and parts of MT, UT and CO are all struggling with drought). As of now, a westwide bill has yet to be drafted. Moreover, in the immediate short-term, it is anticipated that Murkowski’s highest priority will be to take to the Senate floor and pass a comprehensive bi-partisan energy bill which was marked up and passed by Committee prior to the August break.
- ***Westlands and Other San Joaquin Valley Water Interests Are Anxious to Get Drought Legislation into Conference.*** The functional repeal of CVPIA, the Fish and Wildlife Coordination Act, ESA and the San Joaquin Restoration Act repeal are the near-exclusive priorities of the San Joaquin Valley Members (and that’s reflected in the limited nature of the House bill). Feinstein-Boxer excluded those contentious provisions from their bill. The House San Joaquin Valley members want to get a bill into conference as soon as possible so they can engineer a political “trade” – new financial authority (i.e. the \$1.2 billion plus whatever the other states want for their “repealer” list). The Administration is opposed. Feinstein and Boxer are adamant that no such bill will be allowed to pass. As of now, no one can see how this impasse will (or can) be resolved.
- **Feinstein-Boxer – Storage – What’s Really Authorized?** The bill authorizes \$600 million for storage. The bill identifies five possible storage projects, but stops short of

authorizing any of them. The five storage projects – based on publicly available BuRec or DWR reports – are estimated to cost at least \$6 billion – likely far more, excluding the proposed Delta Tunnels (and produce very little water). A question has emerged among many who are reviewing the bill – is the \$600 million a “federal contribution cap” (a limit from the feds) OR is it a down-payment or first installment on a multi-billion federal commitment? It’s unclear and unknown. Staff, reps and interested parties are asking back here in Washington.

Colorado River

- ***Lake Mead – Mandatory Allocation Trigger – Reached Then Late Storms Hit.*** In the June-July period, Lake Mead dropped significantly, and went under the 1075' level. If sustained over a several month average, a mandatory allocation trigger would have been reached. It has not. Late storms brought enough relief to avoid (for now) such a dire situation. Colorado River experts are now indicating that there should be enough water in the system to avoid a trigger event in the remainder of 2015 and (hopefully) 2016 (El Nino potentially could be positive in the Colorado River Basin depending on the intensity, duration and path of the storm systems).
- ***Drought Conditions – California.*** An all but identical report from last few months. At the end of August, all 58 California Counties remained in various levels of drought. According to the NOAA/USDA’s well-visited Drought Monitor web site, 100% of California remains in drought and the August 25 weekly update reported that approximately 90% of the entire State was in severe, extreme or exceptional drought and – once again – 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.*** And, an all but identical report for the rest of the West too. Previously, I reported that the drought map for the West abruptly changed following the huge storms in the Gulf, Texas and Oklahoma several months ago. Drought has all but disappeared east of the Rockies. Almost no drought conditions exist from the Dakotas down through Texas. Coastal states (CA, OR, and WA) remain in severe drought (emergencies were formally declared by both Governors). Same with Arizona, Nevada and Utah. Western MT, and WY. Parts of , NM and CO remain in some level of drought, but the eastern part of each of those states are largely drought-free at this time.

Political Threats – Arizona Claims – Invokes Fear – California Would “Steal” Arizona Water

- ***Arizona Unhinged Over “Possible Threat.”*** Beginning early in 2015, Arizona water leaders began privately and later publicly began expressing outright alarm that California would “steal” Arizona water if the Colorado River dropped low enough to force a mandatory allocation.

- ***Arizona Senators and Delegation Shopping Legislative Amendments to Overturn 1968 Agreement.*** Arizona, in turns out, doesn't like the agreement it negotiated with California and others back in 1968 to finance the Central Arizona Project. In response to the perceived threat today, Members of the Arizona delegation shopped amendments to overturn the 1968 agreement when the Energy Bill was being considered in the Senate Energy Committee. No amendment was offered, but MWD very concerned.

EPA-Corps of Engineers Issue New Clean Water Act Rule Blocked by Federal Judge.

- The "Waters of the US" EPA-Corps rule has been highly controversial, deserved or not. Litigation has occurred and now, a Federal Judge has blocked the implementation of the rule, at least in part and for now. This will be an issue for some time to come.
- And, as a reminder, I previously reported that *"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."*

Municipal Bonds

- ***Municipal Bonds for America Coalition Planning July Fly-In.*** Led by South Carolina Mayor, Steve Benjamin, the Municipal Bonds for America Coalition held a "fly-in" – meeting with House and Senate leadership, Senate Finance and House Ways and Means Committee leaders and members and others. A staff briefing was held in the new Visitor's Center. While comprehensive tax reform is not expected to be considered before 2017, it could be forced to occur if Reconciliation takes place. The only way to achieve a 25% tax rate (personal and business) is to wipe out major sections of the tax code – and deductibility of muni bonds are in that zone.

Looking Into September

- September schedule is packed with high profile, highly controversial issues
- Fiscal years ends September 30, new one begins on October 1. Funding bills (CR) must be enacted by the end of the month to avoid government shut-down.
- House/Senate to consider Disapproval Resolution on Nuclear Agreement with Iran
- Short-term Highway bill set to expire shortly – needs to be addressed
- Filibuster threats have been raised on both the CR and the Iran Agreement
- Congressional Research Service (CRS) detailed analysis of the Feinstein-Boxer bill is expected.

INFORMATION
ITEM
2C



CALIFORNIA STRATEGIES, LLC

Date: August 28, 2015
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: August 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 August that they wanted accomplished.
- 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.
- Received the recently released LAFCO report.
- Discussed County flood control and IEUA issues.
- 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



Bill/Author	Subject	Status	Description	IEUA Position	Notes
AB 143 Stone (R)	Diamond Valley Reservoir: recreational use.	2-Year Bill	Would exempt prohibition recreational activity in which there is bodily contact with water by any participant in the Diamond Valley Reservoir.	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
AB 888 Bloom (D)	Plastic Microbeads	Senate Floor	Would prohibit, on and after January 1, 2020, a person, as defined, from selling or offering for promotional purposes in this state a personal care product containing plastic microbeads that are used to exfoliate or cleanse in a rinse-off product	Support	
SB 385-Hueso (D)	Hexavalent Chromium	Governor's Desk	Would authorize, until January 1, 2020, the State Water Resources Control Board, at the request of a public water system that prepares and submits a compliance plan to the state board, to grant a period of time to achieve compliance with the primary drinking water standard for hexavalent chromium by approving the compliance plan	Support	ACWA Sponsored
SB 471-Pavley (D)	Water Energy Nexus	Appropriations Suspense	Would include reduction of greenhouse gas emissions associated with water treatment among the investments that are eligible for funding from the Greenhouse Gas Reduction Fund. The bill would also make legislative findings and declarations, and a statement of legislative intent, with regard to the nexus between water and energy and water and reduction of greenhouse gas emissions.	Support	