



**COMMUNITY AND LEGISLATIVE AFFAIRS  
COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS  
INLAND EMPIRE UTILITIES AGENCY\*  
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

**WEDNESDAY, FEBRUARY 8, 2017  
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 January 11, 2017.

**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. PLANNING & ENVIRONMENTAL RESOURCES UPDATE (ORAL)
- 3. GENERAL MANAGER'S COMMENTS
- 4. COMMITTEE MEMBER COMMENTS
- 5. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS
- 6. CLOSED SESSION
  - A. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS
    - Executive Manager of External Affairs and Policy Development/Assistant General Manager
- 7. 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, February 2, 2017.

  
for \_\_\_\_\_  
April Woodruff

**ACTION  
ITEM  
1A**



## **MINUTES**

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

**WEDNESDAY, JANUARY 11, 2017  
9:00 A.M.**

#### **COMMITTEE MEMBERS PRESENT**

Steven J. Elie, Chair  
Michael Camacho

#### **STAFF PRESENT**

P. Joseph Grindstaff, General Manager  
Chris Berch, Executive Manager of Engineering /AGM  
Kathryn Besser, Manager of External Affairs  
Andrea Carruthers, Senior External Affairs Specialist  
Jason Pivovarov, Senior Engineer  
Stephanie Riley, External Affairs Analyst  
April Woodruff, Board Secretary/Office Manager  
Craig Proctor, Source Control/Environmental Resources Supervisor  
Sylvie Lee, Manager of Planning and Environmental Resources  
Teresa Velarde, Manager of Internal Audit  
Richard Mykitta, Manager of Operations and Maintenance  
Matt Poeske, Construction Project Manager, P.E.  
Shaun Stone, Manager of Engineering

#### **OTHERS PRESENT**

Kati Parker, Director

The meeting was called to order at 9:06 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 December 14, 2016.
- ◆ Recommended that the Board adopt Resolution No. 2017-1-3 in support of San Bernardino Valley Municipal Water District's pursuit of acquiring supplemental water from the Sites Reservoir Project;

as an Action Item on the January 18, 2017 Board meeting agenda.

**INFORMATION ITEMS**

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

- ◆ Public Outreach and Communications
- ◆ Legislative Reports
- ◆ California Strategies, LLC Activity Report
- ◆ 2<sup>nd</sup> Quarter Planning and Environmental Resources Update

**GENERAL MANAGER'S COMMENTS**

General Manager Joseph Grindstaff said that Inland Empire Utilities Agency has been notified by Standard and Poor's that the Agency's credit rating will be upgraded from AA to AA+.

**COMMITTEE MEMBER COMMENTS**

There were no Committee member comments.

**COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS**

There were no Committee member requests for future agenda items.

With no further business, Director Elie adjourned the meeting at 9:40 a.m.

Respectfully submitted,

April Woodruff  
Board Secretary/Office Manager

\*A Municipal Water District


**APPROVED: FEBRUARY 8, 2017**


**INFORMATION**  
**ITEM**  
**2A**

Date: February 15, 2017

To: The Honorable Board of Directors

Through: Community and Legislative Affairs Committee (02/08/17)

From: P. Joseph Grindstaff  
General Manager 

Submitted by: Kathy Besser   
Manager of External Affairs

Subject: Public Outreach and Communication

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### **RECOMMENDATION**

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

### **BACKGROUND**

#### February

- February 16, IEUA Water Association Leadership Breakfast, IEUA HQB Event Room, 7:30 a.m. – 9:00 a.m.

#### March

- March 2, Project WET and Garden in Every School® Mini-Grant Workshop, IEUA HQB Event Room, 8:00 a.m. – 3:00 p.m.
- March 20-26, Fix a Leak Week
- March 20, IEUA Hosted Special Districts Dinner, Panda Inn: 3223 E. Centre Lake Drive, Ontario
- March 22, World Water Day
- March 24, Montclair High School, Garden in Every School® Dedication, 4725 Benito Street, Montclair, 3:00 p.m.

#### April

- April 13, Arroyo Elementary, Garden in Every School® Dedication, 1700 E. 7th Street, Ontario, 5:30 p.m.
- April 19, Student Earth Day, Chino Creek Wetlands and Educational Park, 9:00 a.m. – 2:00 p.m.
- April 20, Community Earth Day, Chino Creek Wetlands and Educational Park, 4:00 p.m. – 7:00 p.m.
- April 29, National Prescription Drug Take Back Day

## Public Outreach and Communication

February 15, 2017

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### May (Water Awareness Month)

- May (Date TBD), IERCF 10 Year Anniversary Celebration
- May 7-13, International Compost Awareness Week
- May 10, Townsend Junior High, Garden in Every School® Dedication, 15359 Ilex Drive, Chino Hills. 5:30 p.m.
- May 19-21, MWD Solar Cup Competition, Lake Skinner

### Outreach/Education - Civic Publications Newspaper Campaign

- IEUA is working with Civic Publications to update the KickWaterWaste.com micro-site.
- IEUA is working with Civic Publications to distribute themed email blasts each month for March through June.

### Media and Outreach

- IEUA is continuing to run banner ads through *Fontana Herald News* and *La Opinión* newspapers.
- Staff has developed spring messages for the season that align with the *Kick the Habit* brand and include a “Spring Into Action” theme.
- A *Kick the Habit* ad ran in the *Champion Newspaper*’s Healthy Living section on January 21.
- A *Kick the Habit* ad ran in the *Chino Connection* on February 4.
- In January, 33 posts were published to the IEUA Facebook page and 34 tweets were sent on the @IEUAWater Twitter handle.
- The top three Facebook posts, based on reach and engagement, in the month of December were:
  - 1/13: Townsend Junior High Garden In Every School® Highlight
  - 1/6: Project WET Facilitator Workshop Announcement
  - 1/10: Job Announcement Post
- IEUA provided automatic water softener removal rebate bill inserts to the city of Chino Hills (23,000) and Cucamonga Valley Water District (48,000). Staff is continuing to coordinate mailing schedules with the cities of Chino and Upland. Monte Vista Water District is including a write-up about the AWS program in their January/February newsletter. It will be mailed to 10,900 customers.

### Education and Outreach Updates

- Staff is continuing to book field trips for the current school year. To date, staff has provided field trips to approximately 1,028 students.
- IEUA staff hosted two educational workshops on January 25 and January 26 facilitated by the Water Education Foundation – Project WET division. The January 25 workshop was facilitator training for those educators in southern California interested in becoming Project WET certified. The workshop held on January 26 focused on the Next Generation Science Standards and how to incorporate those standards into current Project WET activities.
- Staff has awarded four schools the Garden in Every School® water-wise grant for program year 2016/17. Schools awarded include: Arroyo Elementary in Ontario, Rolling Ridge Elementary in Chino Hills, Townsend Junior High School in Chino Hills, and Montclair



High School in Montclair. Planting has been completed at Arroyo Elementary School, and a reading bench was installed. Townsend Junior High School's planting has been completed. Rolling Ridge Elementary planting has been completed. Montclair High School's garden installation began on January 25 with an estimated completion date of February 1. Dedication ceremonies will be planned for spring 2017.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

The above-mentioned activities are budgeted in the FY 2016/17 Administrative Services (GG) Fund, External Affairs Services budget.

**INFORMATION**

**ITEM**

**2B**



**January 27, 2017**

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

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**Overview:**

The Legislature returned to Sacramento in January and got to work crafting legislation. While bill introductions have been slow, there have been lots of discussions and speculation about specific legislation that will be introduced. Another attempt will be made to reform Proposition 218 for stormwater, conservation-based rates and lifeline rates. This time, it will be championed by Senator Hertzberg. Legislation from WaterReuse to streamline the terms and definitions of recycled water is also on the horizon, while an effort to craft legislation authorizing the California Independent System Operator to explore a regional electric grid still looms.

The Governor proposed a \$177 billion budget that includes more than \$200 million for Integrated Water Management as well as funds for organics management. Budget sub-committees will meet to discuss specific line items, but work will begin in earnest after the April tax returns come in and the Governor issues his "May Revise."

Just weeks before the end of the Obama administration, U.S. Department of the Interior Secretary Sally Jewell issued a Secretarial Order directing the Department and its bureaus to take action on pending California WaterFix permits. The order directs the Bureau of Reclamation and the U.S. Fish and Wildlife Service to complete the technical, scientific, and analytical work necessary to make permitting, regulatory, and other decisions associated with the California WaterFix and various other water initiatives currently in play in the state.

The California Public Utilities Commission (CPUC) has adopted policy guidelines to assess time periods for future time-of-use rates. The decision also grandfathers net-energy metering projects on their current rates for ten years. Southern California Edison's (SCE) proposal is to shift the peak period to 4:00 PM to 9:00PM. Parties will begin discussions on this proposal in the coming months as SCE moves through its General Rate Case process.

Assembly Speaker Anthony Rendon released his committee assignments. Nobody from the IEUA delegation was assigned to the Water, Parks and Wildlife Committee.

With the recent deluge of precipitation, the Department of Water Resources recently announced an increase in its estimate of 2017's State Water Project (SWP) allocation to 60%, up from the initial estimate of 20%. Metropolitan Water District of Southern California is currently expected to get 1.15 of its requested 1.9 million acre feet in 2017.

The case that could determine the future of the state's cap-and-trade program moved closer to resolution. Attorneys for both sides argued in front of the state appeals court recently. At issue is if the program is considered a tax or a fee. If the court ultimately decides it is a tax, the program would be invalid because it was not approved by a two-thirds vote of the legislature.

## **Inland Empire Utilities Agency Status Report – January 2017**

### ***Department of the Interior Secretary Issues Secretarial Order on California WaterFix***

Just weeks before the end of the Obama administration, U.S. Department of the Interior Secretary Sally Jewell issued a Secretarial Order directing the Department and its bureaus to take action on pending California WaterFix permits. The order directs the Bureau of Reclamation and the U.S. Fish and Wildlife Service to complete the technical, scientific, and analytical work necessary to make permitting, regulatory, and other decisions associated with the California WaterFix and various other water initiatives currently in play in the state.

The order calls for six actions:

1. California WaterFix Environmental Review, including a final Biological Opinion to be issued by April 2017.
2. Collaborative Delta Science Engagement Process for developing the Adaptive Management Framework as part of the California WaterFix.
3. Delta Smelt Resiliency Strategy, including acquiring up to 250,000 acre-feet/year of water for Delta outflow.
4. Re-initiation of Consultation under the Endangered Species Act on Coordinated Long-Term Operations of the Central Valley Project and State Water Project.
5. Active Engagement in Development of Voluntary Agreements for Flow Requirements and Coordination on Flows with ESA Requirements.
6. Winter-run Chinook "Species in the Spotlight" Action Plan, focusing on five key actions to be taken by 2020 to accelerate recovery. Actions include, among others, improving management of Shasta reservoir cold water storage, restoring and providing access to Battle Creek Habitat, and managing winter and early spring Delta conditions to improve juvenile survival.

### ***CPUC Finalizes Time-of-Use Proceeding***

The California Public Utilities Commission (CPUC) has adopted policy guidelines to assess time periods for future time-of-use rates. While the decision does not adopt specific time-of-use rates, the guidelines adopted will help shape the periods that Southern California Edison (SCE) and others will adopt. SCE's proposal is to shift the peak period to 4:00 PM to 9:00 PM. Parties will begin discussions on this proposal in the coming months as SCE moves through its General Rate Case process.

The shift in the peak period is very concerning for customers who use the net-energy metering program for distributed generation. Changing the peak period to a time when the sun isn't shining brightly could significantly change the economics of solar projects. The CPUC addressed this concern by allowing customers with projects interconnected before July 31, 2017

to stay in the existing time-of-use schedule for ten years. While this will still change the economics of a project after ten years, the CPUC believes that ten years will allow those who invested in solar energy to recoup their investment before the periods change.

***Assembly Committee Assignments Announced***

Assembly Speaker Anthony Rendon recently announced committee assignments. Unlike the Senate Natural Resources and Water Committee, the Assembly Water, Parks and Wildlife committee, chaired by Eduardo Garcia (D- Coachella), is comprised of a well-balanced group of Legislators from all regions of the state. Committee assignments are as follows:

**Eloise Reyes (D- Fontana)**

Appropriations  
Judiciary  
Labor and Employment  
Privacy and Consumer Protection  
Utilities and Energy  
Legislative Ethics, Chair

**Phillip Chen (R- Chino Hills)**

Banking and Finance, Vice Chair  
Environmental Safety and Toxic Materials  
Revenue and Taxation  
Rules  
Utilities and Energy

**Mark Steinorth (R- Rancho Cucamonga)**

Banking and Finance  
Business and Professions  
Housing and Community Development, Vice Chair  
Jobs, Economic Development, and the Economy

**Chris Holden (D- Upland)**

Business and Professions  
Communications and Conveyance  
Environmental Safety and Toxic Materials  
Judiciary  
Utilities and Energy, Chair

**Freddie Rodriguez (D- Chino, Ontario, Montclair)**

Communications and Conveyance  
Health  
Jobs, Economic Development, and the Economy  
Public Employees, Retirement and Social Security, Chair  
Joint Legislative Committee on Emergency Management, Vice Chair

### ***SWP Allocation Estimate Increased to 60%***

With the recent deluge of precipitation, the Department of Water Resources recently announced an increase in its estimate of 2017's State Water Project (SWP) allocation to 60%, up from the initial estimate of 20%. Metropolitan Water District of Southern California is expected to get 1.15 of its requested 1.9 million acre feet in 2017.

Last year's initial allocation of 10% was raised to 60% by the time it was finalized in May.

DWR also announced that they anticipate Article 21 water will become available in 2017. The storage levels in San Louis Reservoir are the final determining factor for DWR. Article 21 water has not been available since 2011 and does not count against SWP allocations.

### ***Governor Proposes 2017-18 State Budget***

Governor Brown released his proposed 2017-18 state budget on January 10. Fear of impending economic downturn and a Republican controlled Washington D.C., the Governor presented a \$177.1 billion proposed budget, assuming the state will take in billions less than previously estimated.

The budget emphasizes "making conservation a way of life" and appropriates \$248 million from Proposition 1 for Integrated Regional Water Management. In addition, the Governor proposed to allocate \$2.1 billion from the Greenhouse Gas Reduction Fund, including waste diversion projects at Cal Recycle. This year, there is a short-lived climate pollutants section that includes not only waste diversion, but black carbon woodsmoke and dairy digesters into one \$95 million category. The Legislature will work to allocate funds within that category.

While the allocations from GGRF are a positive step, Governor Brown did stipulate that the funds would not be expended until the Legislature approved extending the cap-and-trade program beyond 2020 by a two-thirds vote.

### ***Cap and Trade Argued in Appeals Court***

The case that could determine the future of the state's cap-and-trade program moved closer to resolution. Attorneys for both sides argued in front of the state appeals court recently. At issue is if the program is considered a tax or a fee. If the court ultimately decides it is a tax, the program would be invalid because it was not approved by a two-thirds vote of the legislature.

A decision is expected from the appeals court within 90 days. The decision is expected to be appealed to the California Supreme Court by whichever party the ruling goes against. The Governor does not want to risk or wait for the final decision from the Supreme Court and is asking the Legislature to approve the program by a two-thirds vote this year. If they do so, the legal case would no longer be needed.

Statutory or legal approval of the program is critical to the Governor's climate change plans. Revenue from the Greenhouse Gas Reduction Fund (GGRF) is earmarked for several of the Governor's legacy projects including the high-speed rail. The legal uncertainty of the program has caused led to lackluster allowance auctions, which has left the GGRF fund significantly

lower than projected. As discussed above, the Governor is not waiting for a prolonged legal battle at the State Supreme Court, and is pushing for authorization from the Legislature.

### *Legislative Update*

The Legislature returned to Sacramento in January and began working on legislation for 2017. There has been a slow trickle of bills introduced thus far, as legislators have until February 17 to introduce bills. A high-volume of introductions is expected to start the week of February 13.

In the mean-time, there are many conversations about planned bill introductions. Specifically, another attempt at reforming Proposition 218 has been discussed. There will be a two-part legislative effort on rate reform for stormwater, conservation based rates and lifeline rates. The California Water Foundation will introduce a majority-vote bill aimed at rate basing stormwater capture. A separate effort is underway on a Constitutional amendment to authorize conservation-based rates and lifeline rates. This effort would require a super majority, or two-thirds, vote and voter approval.

Additionally, the WaterReuse effort to streamline the definitions of categories for recycled water are moving along. WaterReuse has a first draft of their legislation into Legislative's Council and will be looking for an author in the coming weeks.

One of the most anticipated packages of legislation concerns long-term water efficiency standards. As the State Water Resources Control Board moves through its process to establish permanent efficiency standards, there will be an effort to codify efficiency standards and policies into state law. While nothing has been introduced, there is draft legislation on conservation and efficiency standards circulating around Sacramento, all indications suggest that the administration will work on legislation later in the session.

Finally, the ongoing effort by the California Independent System Operator (CAISO) to gain statutory authorization to start the formation of a regional grid is still floundering. All indications suggest that the administration is very supportive of the idea, but there has been no public document outlining the governance structure and other details of a proposed regional grid. With the departure of Martha Guzman to the California Public Utilities Commission, and Chief Consultant Sue Kateley from the Assembly Utilities and Energy Committee, there is a leadership void at the moment. Stakeholders are waiting for a proposal so that the process input and revisions can begin.

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Comprehensive Government Relations

## MEMORANDUM

**To:** Joe Grindstaff and Kathy Besser, IEUA

**From:** Letitia White, Jean Denton, and Drew Tatum

**Date:** January 27, 2017

**Re:** January Monthly Legislative Update

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### ***Lawmakers Narrowly Pass FY17 Budget Resolution, Set Up Obamacare Fight***

The House and Senate adopted a budget resolution for fiscal year 2017 that will allow for subsequent reconciliation legislation to repeal parts of the Affordable Care Act with a simple majority vote in the Senate. Additionally, the legislative reconciliation package cannot be filibustered by Democrats in the Senate. After introducing the resolution the same week lawmakers convened the 115th Congress, some Republican lawmakers have expressed skepticism with moving forward on repealing the Affordable Care Act until a replacement is ready for floor consideration. Nevertheless, Republicans opted to move forward with the budget resolution to set up the reconciliation procedure without divulging when that legislation will come to the floor.

Senators spent nearly a week debating the budget resolution amid a number of confirmation hearings before taking roll call votes on amendments in a budget “vote-a-rama”. After completing consideration, the Senate adopted the budget resolution on a vote of 51-48 with Senator Rand Paul (R-KY) as the sole Republican voting with Democrats against the resolution. Due to confirmation hearings, votes on amendments to the budget resolution did not gain as much media attention as they have in years past. Traditionally, the amendment process to budget resolutions is used to force Senators to take hard votes that could be used to embarrass them during their next election.

In the House, lawmakers narrowly passed the fiscal year 2017 budget resolution after it was sent over from the Senate on a vote of 227-198. Nine House Republicans joined Democrats in voting against the resolution. House rules allowed for the expedited consideration of the resolution only one day after it was received from the Senate.

The Senate Finance Committee, Senate Health, Education, Labor, and Pensions Committee, House Energy and Commerce Committee, and the House Ways and Means Committee now have until January 27 to submit deficit reduction legislation to their respective Budget Committees. That legislation will be used as the vehicle to repeal parts of the Affordable Care Act, but it is unclear when the respective Budget Committees might report that legislation to the floor.



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### ***House Appropriator Eyes Action on FY17 Bills***

House Appropriators are looking at several options to wrap up the fiscal year 2017 appropriations process, including the possibility that the Defense Appropriations bill will be considered on its own during the Spring. Lawmakers would then turn their attention to the 10 remaining domestic discretionary appropriations bills in one legislative package, according to one member of the House Appropriations Committee.

“As soon as the Trump administration comes in we are going to start moving on the Defense appropriations bill immediately,” Representative Tom Cole (R-OK), the chairman of the Labor-HHS-Education Appropriations Subcommittee, said in early January, though no action has yet been taken by the House Appropriations Committee. “Then we are going to turn to a domestic omnibus, if you will. The remainder of the programs. This will give the new administration an opportunity if they want to do something a little different or add something here or there,” he continued. “The aim would be to get that passed by the April 28 end of the CR. Then we could operate the rest of the year with a normal functioning government; without the restraints of a CR.”

While lawmakers had originally hoped to move all fiscal year 2017 appropriations bills before the end of the 114th Congress, intervening action by President-elect Trump saw the passing of a continuing resolution through the end of April.

The House Appropriations Committee met for the first time on January 24 for its organizational meeting. The new Chairman of the Committee, Representative Rodney Frelinghuysen (R-NJ), recently asked the Appropriations Subcommittee staff to submit an list of outstanding issues from last year, but has not yet provided guidance on how the committee will address the remainder of the fiscal year 2017 appropriations bills.

Complicating the calendar for the appropriations process is the number of nominees the Senate will need to devote floor time to early in the year. With the number of nominees who will be contested by Democrats, it is unclear how much time the Senate will have to dedicate to the consideration of appropriations legislation until April. While the House does not have the constitutional responsibility of confirming presidential nominees, it is unlikely they will move forward with appropriations legislation until the Senate is also ready to take action. Additionally, Congress has historically waited until there is a deadline approaching to finalize appropriations legislation—setting up the possibility that fiscal year 2017 appropriations legislation will not be passed until late April.

### ***With Trump's Promise of an Infrastructure Plan, Democrats Introduce Their Own***

President Donald Trump renewed his promise to rebuild crumbling infrastructure in his inaugural address after making repeated campaign promises to focus on the nation's infrastructure woes. The president's team reached out the National Governors Association (NGA) in December to collect states' project wish lists, and approximately 40 states have responded thus far. Scott Pattison, the executive director of the NGA, said in an interview he believes that the administration wants to assess how many projects there are as it crafts the president's infrastructure initiative. Former President Barack Obama's administration made a similar request for “shovel-ready” projects for the more than \$800 billion stimulus package developed in 2009.

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While President Trump has proposed spending between \$550 billion and \$1 trillion on an infrastructure initiative, House Speaker Paul Ryan (R-WI) and Senate Majority Leader Mitch McConnell (R-KY) have indicated they would not support an infrastructure spending plan that was not paid for either through spending cuts or a tax-reform package. As we have previously reported, House Transportation and Infrastructure Committee Leaders have indicated that the committee will use the early days of the administration to identify potential pay-fors before drafting an infrastructure package.

Recognizing the administration's desire to pass an infrastructure bill, Senate Democrats capitalized on the fact that Republicans have not introduced a legislative package by introducing their own. In unveiling their \$1 trillion infrastructure package in late January, Democrats say that the legislation would create as many as 15 million jobs without using public/private partnerships that that would provide tax credits to private investors. The 10-year infrastructure rebuilding plan did not include a mechanism to pay for the legislation, nor were potential offsets identified. The legislation does include a "Buy America" provision that has been a popular theme with President Trump. The provision would require the use of US made products where government funds are being used for projects.

It is unlikely that the Democrat's plan will move, as they do not control the House or Senate. However, it will give Democrats some leverage when Republicans look to draft a framework later this year. The president has taken a personal interest in infrastructure projects, given his background in commercial real estate and construction. He has asked New York real estate developers Richard LeFrak and Steven Roth to lead a new council devoted to giving him advice on infrastructure projects with the aim of introducing an infrastructure package later this spring.

### ***Leadership of House Committees Finalized***

House Republicans and Democrats have announced the following full committee leaders for the 115<sup>th</sup> Congress.

<b>House Committee</b>	<b>Chairman</b>	<b>Ranking Democrat</b>
Agriculture	Mike Conaway (TX)	Collin Peterson (MN)
Appropriations	Rodney Frelinghuysen (NJ) - new	Nita Lowey (NY)
Armed Services	Mac Thornberry (TX)	Adam Smith (WA)
Budget	Diane Black-interim (TN) - new*	John Yarmuth (KY) - new
Education / Workforce	Virginia Foxx (NC) - new	Bobby Scott (VA)
Energy and Commerce	Greg Walden (OR) - new	Frank Pallone (NJ)
Ethics	Susan Brooks (IN) - new	Ted Deutch (FL) - new
Financial Services	Jeb Hensarling (TX)	Maxine Waters (CA)
Foreign Affairs	Ed Royce (CA)	Eliot Engel (NY)
Homeland Security	Michael McCaul (TX)	Bennie Thompson (MS)
House Administration	Gregg Harper (MS) - new	Robert Brady (PA)
Intelligence	Devin Nunes (CA)	Adam Schiff (CA)
Judiciary	Bob Goodlatte (VA)	John Conyers (MI)

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Natural Resources	Rob Bishop (UT)	Raul Grijalva (AZ)
Oversight / Government Reform	Jason Chaffetz (UT)	Elijah Cummings (MD)
Rules	Pete Sessions (TX)	Louise Slaughter (NY)
Science, Space and Technology	Lamar Smith (TX)	Eddie Bernice Johnson (TX)
Small Business	Steve Chabot (OH)	Nydia Velazquez (NY)
Transportation and Infrastructure	Bill Shuster (PA)	Peter DeFazio (OR)
Veterans' Affairs	Phil Roe (TN) - new	Tim Walz (MN) - new
Ways and Means	Kevin Brady (TX)	Richard Neal (MA) - new
Joint Economic	Pat Tiberi (OH) - new	Carolyn Maloney (NY)
* President Donald Trump announced his intention to nominate Price as secretary of Health and Human Services. Black was named by House Speaker Paul Ryan to head the House Budget Committee on an interim basis, which could give her a leg up in a race for the permanent slot if Price is confirmed.		

### ***President Trump Signs Immigration Executive Orders***

President Donald Trump acted on two of the most fundamental—and controversial—elements of his presidential campaign, declaring that he would build a wall on the border with Mexico and greatly tighten restrictions on who can enter the U.S. Trump signed a pair of orders to set in motion the construction of a "physical wall" across the 1,989-mile length of the southern border and to strengthen immigration enforcement within the U.S. The second order includes an attempt to crack down on "sanctuary cities" that refuse to allow their police to enforce federal immigration law.

The executive order regarding the wall instructs the Department of Homeland Security to deliver a report in six months detailing how to build the barrier and how much money Congress will be asked to provide, both for construction and to acquire land from private owners on the border. The order specifies that the wall must be "a contiguous, physical wall or other secure, contiguous and impassable physical barrier," a definition that appears to prohibit fencing or electronic surveillance.

Trump also called for hiring 5,000 additional Border Patrol agents and 10,000 immigration officers, though that move is subject to available appropriations. And the Department of Homeland Security is directed to allocate what money it can to building new detention facilities to house undocumented immigrants apprehended near the border.

The order also prioritizes the removal of immigrants who have been convicted or charged with a criminal offense or abused public benefits provided by the government, similar to the policy President Barack Obama set.

The second order will increase federal agency efforts to stop illegal immigration, including restoration of the "Secure Communities Program." The State Department is directed to take steps to ensure countries of origin accept the return of illegal immigrants who have committed

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criminal acts. The Attorney General and Secretary of Homeland Security are given the ability to withhold federal grants from so-called sanctuary cities that do not help the federal government deport immigrants. It's unclear what impact the penalty will have because the order says funding cannot be withheld in violation of the law or when federal dollars are needed for law enforcement.

### **Supreme Court to Decide "Waters" Jurisdictional Question**

The U.S. Supreme Court has agreed to decide whether challenges to the Environmental Protection Agency and Army Corps of Engineers "waters of the United States" rule properly lie in federal district courts, or a specific federal appeals court. The court granted a request filed by the National Association of Manufacturers, which asked the court to determine whether the US Court of Appeals for the Sixth Circuit erred when it claimed exclusive jurisdiction to decide petitions to review the waters rule.

According to legal experts, an interlocutory appeal—or one made from a non-final judgement order—is rarely granted and is akin to a Hail Mary. A decision in the case is expected in the Supreme Court term that end by early July. As this is a jurisdictional question, it is unclear how the Justices will come down on the challenge.

Several states and industry groups argue and have sued on the basis that the waters of the U.S. rule, jointly released by the EPA and U.S. Army Corps of Engineers on June 29, 2015, improperly expands federal authority. In February 2016, the Sixth Circuit ruled in favor of the Obama administration in a 1-1-1 opinion that said the appeals court, not the district courts, was the proper venue to hear challenges to the rule. It is a Sixth Circuit rule that only the court sitting en banc, rather than a panel, can overrule circuit precedent. The full court denied such a petition, but the circuit stayed the rule nationwide on October 9, 2015 while it studied the challenge.

"The panel's ruling, if allowed to stand, would disserve the federal judicial process, which depends on district courts and courts of appeals independently analyzing legal issues," the National Association of Manufacturers wrote in its petition to the high court. "Under the panel's ruling, challenges to important CWA regulations would be funneled to a single court of appeals, without the benefit of initial consideration by the district courts or the opinions of the other federal courts of appeals on the same issues."

While the rule continues to make its way through the courts, Republican lawmakers have identified the rule as a top target to roll back in the new administration. Previous efforts have failed, as Republicans have been unable to include language prohibiting the implementation in the appropriations process and came up short in attempting to use the Congressional Review Act to overturn it. Republican Chairmen whose Committees will have jurisdiction over the rule—Senator John Barrasso (R-WY) and Representative Bill Shuster (R-PA)—have both indicated that a rollback will be a high priority in the 115th Congress, but cautioned that it could be weeks before their committees were stood up and ready to address the issue.

### ***Cabinet Confirmations and Senior Administration Picks***

President Trump's cabinet is beginning to take shape with the confirmation of two Cabinet Secretaries and the confirmation of his United Nations Ambassador. We have included a list

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below of the nominees along with the status of their confirmation and/or the next steps at the committee level. Additionally, we have included a list below that includes senior White House staff not requiring Senate confirmation.

<b>Cabinet</b>	<b>Trump's Pick</b>	<b>Next Committee/Floor Action</b>
Secretary of State	Rex Tillerson	Jan. 30 (cloture vote)
Treasury Secretary	Steve Mnuchin	Next steps unscheduled (hearing held)
Defense Secretary	James Mattis	Confirmed 1/20/17
Attorney General	Jeff Sessions	Jan. 30 (committee vote)
Interior Secretary	Ryan Zinke	Jan. 31 (committee vote)
Agriculture Secretary	Sonny Perdue	Next steps unscheduled
Commerce Secretary	Wilbur Ross	Jan. 24 (committee vote)
Labor Secretary	Andrew Puzder	Feb. 7 (hearing – HELP)
HHS Secretary	Tom Price	Next steps unscheduled (hearing held)
HUD Secretary	Ben Carson	Jan. 12 (committee vote)
Transportation Secretary	Elaine Chao	Jan. 30 (confirmation vote)
Energy Secretary	Rick Perry	Jan. 31 (committee vote)
Education Secretary	Betsy DeVos	Jan. 31 (committee vote)
Veterans Affairs Secretary	David Shulkin	Feb. 1 (hearing – VA)
Homeland Security Secretary	John F. Kelly	Confirmed 1/20/17
<b>High-level Offices</b>	<b>Trump's Pick</b>	<b>Hearing Date</b>
White House Chief of Staff	Reince Priebus	n/a
Director of Office of Management and Budget	Mick Mulvaney	Feb. 1 (committee vote)
Director of the CIA	Mike Pompeo	Confirmed 1/23/17
Admin. of the Small Business Admin	Linda McMahon	Jan. 30 (committee vote)
Admin. of the EPA	Scott Pruitt	Next steps unscheduled (hearing held)
Admin. Centers for Medicare & Medicaid	Seema Verma	Next steps unscheduled
Deputy Commerce Secretary	Todd Ricketts	Next steps unscheduled
Secretary of the Army	Vincent Viola	Next steps unscheduled
Trade Representative	Robert Lighthizer	Next steps unscheduled
Chair Securities and Exchange Commission	Jay Clayton	Next steps unscheduled
<b>Selected Ambassadors</b>	<b>Trump's Pick</b>	<b>Hearing Date</b>
Ambassador to the United Nations	Nikki Haley	Confirmed 1/25/17
United States Ambassador to China	Terry Branstad	Next steps unscheduled
United States Ambassador to Israel	David Friedman	Next steps unscheduled
<b>Assistants to the President</b>	<b>Trump's Pick</b>	

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Counsel to the President	Don McGahn
Special Advisor on Regulatory Reform	Carl Icahn
Economic Policy and National Econ Council	Gary Cohn
Counselor to the President	Kellyanne Conway
Deputy National Security Advisor	KT McFarland
National Security Advisor	Michael Flynn
National Trade Council	Peter Navarro
Special Rep. International Negotiations	Jason Greenblatt
Senior Counselor and Chief Strategist	Stephen Bannon
Press Secretary	Sean Spicer
Director of Strategic Communications	Hope Hicks
Senior Advisor to the President for Policy	Stephen Miller
Director of Social Media	Dan Scavino
Deputy Chief of Staff for Operations	Joe Hagin
Deputy Chief of Staff for Implementation	Rick Dearborn
Deputy Chief of Staff	Katie Walsh
Director of Legislative Affairs	Marc Short
Director of Presidential Personnel	John DeStefano
Director of Communications Office of Public Liaison	Omarosa Manigault
Chief of Staff to the Vice President	Josh Pitcock
Director of Oval Office Operations	Keith Schiller
President and Director of Advance	George Gigicos
Deputy Communications Director	Jessica Ditto
Deputy Communications and Research Director	Raj Shah
Political Director	Bill Stepien
Deputy Chief of Staff to the Vice President	Jen Pavlik
Personal Aide to the President	John McEntee
Director Domestic Policy Council	Andrew Bremberg
Dep. Dir. of the Domestic Policy Council and Dir. of Budget Policy	Paul Winfree
Healthcare Policy	Katy Talento
Urban Affairs and Revitalization	Ja'Ron Smith
Education Policy	Rob Goad
Justice and Homeland Security Policy	John Zadrozny
Regulatory Reform	Zina Bash
Senior Policy Analyst	Peter J. White
Director of Policy and Interagency Coord.	Carlos Diaz-Rosillo
Advisor for Policy	Vince Haley

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Advisor for Policy	Ross Worthington
Advisor for Policy Dev. and Speechwriting	Ryan Jarmula
Special Assistant to the Senior Advisor	Robert Gabriel
Dep. Dir. of the Natl Trade Council for the Def Industrial Base	Alexander Gray
Dep. Dir. of the Natl Trade Council for "Buy American"	Rolf Lundberg

### ***Outlook for February***

The House and Senate are scheduled to be in session for three out of four weeks during the month of February, with a recess occurring the week of President's Day.

Starting next week, the Senate is expected to devote significant floor time to the consideration of President Trump's nominees for cabinet positions. Elaine Chao, the nominee to serve as Secretary of Transportation and the wife of Senate Majority Leader Mitch McConnell, is expected to be confirmed on Monday, January 30. The Senate is also expected to take a cloture vote on the nomination of Rex Tillerson to serve as Secretary of State. While Senate Democrats cannot block votes on President Trump's nominees, they can force Republicans to file cloture petitions on the nominees, which delays final confirmation votes by at least 3 days absent an agreement to yield back time.

Senate Democrats have indicated that they will force Republicans to file a cloture petition on most of the remaining nominees. At this time, it is unclear if Republicans will use their control of the schedule to force votes at random hours of the night, or if Democrats will agree to hold cloture votes earlier by unanimous consent.

One additional complication for the floor schedule in the Senate is that President Trump is expected to announce his nominee for the Supreme Court on Thursday, February 2. When the Democrats used the nuclear option to reduce the number of votes necessary to advance cabinet and most judicial nominees, they specifically exempted Supreme Court nominees. That means that Republicans would either need to get the support of some Democrats to advance a Supreme Court pick, or use the nuclear option themselves if the nominee didn't gain support from Democrats.

The House is expected to use the first week or two of the month to introduce and pass Congressional Review Act (CRA) resolutions of disapproval on regulations and rules finalized at the end of President Obama's term. Using the CRA, Congress can pass a resolution with a simple majority in both chambers and, with the president's signature, repeal final rules from executive agencies. The procedure has only been successfully employed once when Congress used the CRA to overturn a Clinton-era rule regarding ergonomics in the opening days of President Bush's first term.

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In late February, the House may move forward with the reconciliation legislation allowed for in the recently passed fiscal year 2017 budget resolution. The reconciliation legislation being drafted would repeal many parts of the Affordable Care Act. Though not expected in February, Republicans are expected to introduce replacement legislation for the healthcare law to be passed soon after a repeal is finalized. The reconciliation legislation will only require a simple majority in the House and Senate, thwarting any potential filibusters in the Senate.

While unannounced and so far unrequested from the administration, the House and Senate may also consider supplemental appropriations requests from the Department of Defense (for overseas military operations) and from the Department of Homeland Security (to build the border wall between the US and Mexico and fund border control activities).



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January 27, 2017

## Legislative Report

**TO:** Joe Grindstaff  
General Manager, Inland Empire Utility Agency

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

**SU:** Legislative Report, January 2017

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### State of Affairs

- \* New Year.
- \* New Congress.
- \* New President.
- \* Inauguration.
- \* New Cabinet.
- \* Transition.

### House and Senate Leaders Elected – Only One Change, Schumer to Lead Senate

- \* 115<sup>th</sup> Congress convened.
- \* Leaders in both parties and in both the House and Senate were elected.
- \* In the House, Speaker Ryan was reelected and Rep. Nancy Pelosi was reelected by the Democratic Caucus as Minority Leader.
- \* In the Senate, Senator McConnell remains Majority Leader and Sen. Chuck Schumer (D-NY) became Democratic Leader, replacing the retiring Sen. Harry Reid (D-NV).

### **Trump Begins To Staff his Administration, Selected and Nominated Cabinet Officials**

- \* Key WH positions named.
- \* Beginning in November-December and extending into January, Trump picked his Cabinet.
- \* The VA and USDA picks – last of the Cabinet selections – were made in January.

### **Inauguration – Trump Sworn in as 45<sup>th</sup> President**

- \* On January 20, 2017, Trump was sworn in as President of the United States in a public ceremony held on the West Front of the US Capitol.

### **Trump Landing Teams Began Arriving at Departments and Agencies**

- \* Shortly after noon on the 20<sup>th</sup>, as Trump was sworn in, designated “Landing Teams” arrived at Departments and Agencies and formally assumed the responsibilities for managing government.
- \* In some cases, the Landing Teams were quite small. With each passing day, more and more individuals arrived and were assigned throughout their respective department and/or agencies.
- \* Throughout the Federal Government, this occurred peacefully and without incident.
- \* The Trump teams are still sparse, but that will change dramatically over the next 30-60-90 days.

### **Senate Confirmation Hearings Underway**

- \* The Constitution requires that the US Senate “advise and consent” to nominations selected.
- \* Immediately after being sworn, and while still at the US Capitol, President Trump signed the formal nomination papers for his proposed cabinet (those made to that date).
- \* With nominations now formally before the US Senate, the various committees began confirmation hearings.
- \* As January comes to a close, two Cabinet Members have been confirmed. Others are pending.

### **Interior – President Nominates Rep. Ryan Zinke to Serve As Secretary of the Interior**

- \* Last month, I reported that the President selected Zinke to serve as Interior Secretary.
- \* The Senate Energy Committee held a confirmation hearing in January.

- \* Zinke did well and was well received by the entire Panel.
- \* The Energy Committee has scheduled a vote on the confirmation for January 31. The nomination is expected to be approved easily.
- \* Nomination will be immediately considered by the full Senate. Confirmation by the entire Senate is expected to be finalized within the first few days of February.
- \* Zinke's nomination is expected to be approved with a strong bi-partisan vote.
- \* One observation regarding the Committee's four-hour confirmation hearing – public lands, climate disruption, oil and gas development on public lands and other similar issues dominated the discussion. Noticeably absent – issues, questions and/or comments about water (or even drought).

### **Infrastructure**

- \* Trump declared that a key domestic initiative would be a \$1 TRILLION infrastructure proposal.
- \* In broad concept, this initiative has been received well on a bi-partisan basis.
- \* In late January, the new Administration released a list of 50 projects.
- \* With 24 hours, the Governors released a list of 300 projects.
- \* Senate Dems also released a proposal (the centerpiece of which is the use of existing authorized programs).
- \* Anticipate that Washington will be flooded with lists, projects and proposals in the coming days and weeks.
- \* Key question – not yet answered, how to fund – how to finance?
- \* Trump envisions the use of tax credits (if that is to be accomplished then the deductibility of muni bonds must be maintained).
- \* If, for instance, a Trillion Dollar Plan directed a mere \$1 Billion to Title XVI, California could produce approximately 1 MAF in new “wet” water annually, blunting future drought conditions throughout the State, relieve pressure on the Delta and accomplish these objectives without “taking” water from another user or purpose.
- \* Whatever occurs, legislatively or administratively, it is not expected to take place until later in 2017.

- \* ACWA, MWD and DC based water reps for California and other states are actively discussing and tracking the issue.

#### **Tax Reform – Muni Bonds Still At Risk**

- \* Tax reform is expected to be acted upon quickly (thought target dates for action keep shifting).
- \* Deductibility of Muni Bonds remain “at high risk.”
- \* For public agencies – this is financially critical.
- \* Speaker Ryan announced, in late January, that he expected to act on tax reform in the first 200 days – presumably by the August recess.
- \* If public agencies are to have any kind of meaningful access or be expected to participate in an infrastructure initiative, then muni bonds are essential – and their deductibility must be assured.
- \* House Ways and Means Committee has not released a bill yet. Timing for the introduction of a bill remains unclear at this time.

#### **Drought – Water Conditions**

- \* The NOAA-USDA-University of Nebraska Drought Monitor picture of California looks a whole lot different in January 2017 than it has for the past half decade.
- \* Drought conditions are gone in Northern California and substantially reduced in intensity for Southern California.
- \* A wave of storms slammed California and the Sierras throughout the month. The snowpack is strong (although the water content is relatively low).
- \* DWR monthly water surveys and reservoir conditions reflect the same.
- \* Water allocations to water users are increasing – especially meaningful to south of the Delta water users in the San Joaquin Valley and State Water Contractors in Southern California.
- \* Amidst all this, California is experiencing the unthinkable – droughts AND flooding, both at the same time.
- \* To be sure, strong snow and rain, drought is NOT over. A single wet Winter does not eliminate the drought (numerous commentators and experts are making this point throughout the state). And weather for February and March remain uncertain.

\* As for Lake Mead and the Colorado River – news is NOT as encouraging. As of today, Lake Mead is still expected to drop later this year.

Final note. Congressional and Senate Committees are only beginning to organize. The process is underway and will accelerate in February. Congress is now waiting for the Trump Administration to submit its budget priorities and are braced for significant cuts in numerous programs.

# # # # #

**INFORMATION**

**ITEM**

**2C**



CALIFORNIA STRATEGIES, LLC

Date: January 26, 2017  
To: Inland Empire Utilities Agency  
From: John Withers, Jim Brulte  
Re: January Activity Report

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California Strategies is honored to provide consulting services to the Inland Empire Utilities Agency. In addition to our regular monthly meeting with the Senior Staff of the Agency, we continue to be available to members of the Senior Staff and Board Members throughout the year to deliver advice, answer questions or provide services consistent with the mission of IEUA. Here is our monthly activity report:

- Participated in our monthly meeting with the Senior Staff of the Agency
- Briefed the Senior Staff on anticipated unannounced upcoming staff changes at local government entities in IEUA service territory
- Discussed the recent Board elections and the issue of automatic rotation of Board officers
- Discussed IEUA 2017 Goals and Objectives and ways that California Strategies can assist the Agency with the accomplishment of those goals.
- Participated in a continuation of previous discussion related to State Finances and Processes
- Discussed the Regional Contract and the phasing of contacts with local stakeholders
- Discussed and made recommendations related to the creation of a Water Bank JPA with the City of Ontario, Monte Vista Water District and Cucamonga Valley Water District
- And at least one Board member contacted both John Withers and Jim Brulte to solicit advice.