



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

**WEDNESDAY, OCTOBER 11, 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 is 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 Community and Legislative Affairs Committee meeting minutes of September 13, 2017.

2. INFORMATION ITEMS

A. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

B. LEGISLATIVE REPORTS (WRITTEN)

1. West Coast Advisors
2. Innovative Federal Strategies

- C. CALIFORNIA STRATEGIES MONTHLY REPORT (WRITTEN)
- D. STATE LEGISLATION MATRIX (WRITTEN)
- E. FEDERAL LEGISLATION MATRIX (WRITTEN)
- 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: JH

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, October 5, 2017.



April Woodruff

**ACTION
ITEM
1A**



MINUTES

COMMUNITY AND LEGISLATIVE AFFAIRS COMMITTEE MEETING INLAND EMPIRE UTILITIES AGENCY* AGENCY HEADQUARTERS, CHINO, CA

WEDNESDAY, SEPTEMBER 13, 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
Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM
Randy Lee, Executive Manager of Operations/AGM
Christina Valencia, Executive Manager of Finance & Administration/AGM
Jason Gu, Grants Officer
Sally Lee, Executive Assistant
Sylvie Lee, Manager of Planning & Environmental Resources
Stephanie Riley, External Affairs Analyst
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT

Kevin Hardy, National Water Research Institute
Eric Grubb, Cucamonga Valley Water District

The meeting was called to order at 9:02 a.m. Executive Director of the National Water Research Institute (NWRI) Kevin Hardy introduced himself and gave an overview of NWRI and its benefit for the Agency. He also invited the Board to the Clarke Prize events that will occur on October 19-20, 2017 at the Irvine Marriott.

ACTION ITEMS

The Committee:

- ◆ Approved the Community and Legislative Affairs Committee meeting minutes of August 9, 2017.

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
- ◆ State Legislation Matrix
- ◆ Federal Legislation Matrix

GENERAL MANAGER'S COMMENTS

General Manager Joe Grindstaff stated that an email has been sent out to IEUA staff announcing Ms. Halla Razak as the new General Manager effective December 1, 2017. He also stated that there has been staff training on presentations, and presenting staff will be videotaped at the Committee meetings today and possibly next month. The Agency is anticipating that video recordings of Committee and Board meetings may be a requirement in the near future.

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 9:29 a.m.

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District

APPROVED: OCTOBER 11, 2017


INFORMATION
ITEM
2A

Date: October 18, 2017

To: The Honorable Board of Directors

From: P. Joseph Grindstaff, General Manager

Committee: Community & Legislative Affairs

 10/11/17

Executive Contact: Kathy Besser, Executive Manager of Ext. Aff. & Policy Dev./AGM

Subject: Public Outreach and Communication

Executive Summary:

This is an informational item that provides highlights of the External Affairs team's monthly outreach, education and communication programs and updates.

October 21, Landscape and Water Conservation Festival, CBWCD: 4594 San Bernardino Street, Montclair, 9:00 a.m. – 2:00 p.m.

October 25, IEUA Blood Drive, IEUA HQB Blood Mobile, 8:00 a.m. – 1:00 p.m.

IEUA launched the updated KickWaterWaste.com micro-site. The site highlights the Kick the Habit campaign and focuses on water topics, rebates and water-saving tips.

IEUA distributed an email blast to 250,000 IP addresses (Geo Target: Educators, Families with children ages 5-18 – all within IEUA's service area) in September.

Staff is continuing to schedule Water Discovery field trips for program year 2017/18. To date, staff has provided field trips and scheduled approximately 1,417 students from July 2017 to March 2018.

Staff's Recommendation:

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

Budget Impact *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Prior Board Action:

N/A

Environmental Determination:

Not Applicable

Business Goal:

IEUA is committed to providing a reliable and cost-effective water supply and promoting sustainable water use throughout the region.

IEUA is committed to enhancing and promoting environmental sustainability and the preservation of the region's heritage.

Attachments:

Attachment 1 - Background

Background

Subject: Public Outreach and Communication

October

- October 21, Landscape and Water Conservation Festival, CBWCD: 4594 San Bernardino Street, Montclair, 9:00 a.m. – 2:00 p.m.
- October 25, IEUA Blood Drive, IEUA HQB Blood Mobile, 8:00 a.m. – 1:00 p.m.

December

- December 20, IEUA Holiday Luncheon, Los Serranos Country Club: 15656 Yorba Avenue, Chino Hills, 11:00 a.m. – 3:00 p.m.

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA launched the updated KickWaterWaste.com micro-site. The site highlights the *Kick the Habit* campaign and focuses on rebates, water-saving tips and more.
- IEUA distributed an email blast to 250,000 IP addresses (Geo Target: Educators, Families with children ages 5-18 – all within IEUA's service area) in September.
- A fall email blast will be distributed in the month of October that will focus on fall planting and irrigation tips.

Media and Outreach

- IEUA ran an ad in the Senior Living section of the *Champion Newspaper* on October 7.
- IEUA continues to run banner ads with *Fontana Herald News*.
- Staff ran a *Kick the Habit* Halloween-themed ad in October's issue of Inland Empire Magazine.
- In September, 33 posts were published to the IEUA Facebook page and 33 tweets were sent on the @IEUAWater Twitter handle.
- The top three Facebook posts, based on reach and engagement, in the month of September were:
 - 9/7: #ThrowbackThursday Feature - Biogas Digester Project at Regional Water Recycling Plant No. 2 in May 1991
 - 9/6: National Preparedness Month – Make an Emergency Plan
 - 9/5: Free Landscape Evaluation Promo
- The top three tweets, based on reach and engagement, in the month of September were:
 - 9/20: Chino Day at the LA County Fair – Outreach
 - 9/6: National Preparedness Month – Make an Emergency Plan
 - 9/12: Drip Kit Workshop Promo

Education and Outreach Updates

- Staff held a lottery drawing to determine IEUA's three sponsored Solar Cup teams for program year 2017/18. Team names were submitted to MWD on September 7: Chino High School (Chino), Upland High School (Upland), and Los Osos High School (Rancho Cucamonga). Staff has submitted a request to MWD for an additional allotment and should receive an answer by early October. Teams will attend their first boat building workshops November 4 and 5.

- Staff is continuing to schedule Water Discovery field trips for program year 2017/18. To date, staff has provided field trips and scheduled approximately 1,417 students from July 2017 to March 2018.
- Staff has conducted 11 of the 12 school site evaluations for the qualifying 2017/18 Garden in Every School® Mini-Grant participants. After site evaluations take place and recommendations are made, schools will receive \$1,000 to fund approved garden materials.

Community and Legislative Affairs Committee

INFORMATION

ITEM

2B



September 29, 2017

To: Inland Empire Utilities Agency
From: Michael Boccadoro
Beth Olhasso
RE: September Legislative Report

Overview:

The first year of the 2017-2018 Legislative Session concluded in the very early morning hours of September 16. Over the course of the year 1,191 bills were passed with about 700 still on the Governor's desk awaiting action before the October 15 deadline. In the final weeks, days and hours of the session, consideration was given to bills ranging from water conservation to clean energy.

Establishing long-term water-use efficiency standards and a drinking water fee were among the hottest topics in Sacramento at the end of the session. Both proposals were made two-year bills. Other hot legislative topics include revising Proposition 218 for stormwater financing and low-income rates, and establishing a 100 percent Renewable Portfolio Standard.

The Public Policy Institute of California (PPIC) recently released a report urging new commitment and specific management techniques to improve the health of California's headwater forests. The funding for such projects is still unclear.

The U.S. Bureau of Reclamation and water contractors have proposed to increase pumping from the Sacramento-San Joaquin Delta starting the first week of October by a total of 400,000 acre-feet.

As widely reported, the Westlands Water District recently voted to not participate in the California WaterFix. While not unexpected, it still leaves many wondering what the fate of the project will be. The Metropolitan Water District of Southern California held a public hearing on WaterFix ahead of its October 10 vote on the project with other contractors holding votes in the coming weeks.

California Air Resources Board Chair Mary Nichols was in New York at the end of September and stated that Governor Brown has expressed interest in barring the sale of vehicles powered by internal combustion engines to help meet the state's long-term greenhouse gas emissions goals.

Efforts to allow the California Independent System Operator (CAISO) to move forward with entering into an agreement to establish a western regional grid were once again introduced at the very end of the legislative session and were once again shelved because of significant opposition. This issue remains very important to the Governor, so the ongoing discussion will likely return in 2018.

Inland Empire Utilities Agency

Status Report – September 2017

PPIC Recommends Action to Protect Headwater Forests

The Public Policy Institute of California (PPIC) recently released a report urging new commitment and specific management techniques to improve the health of California's headwater forests.

The report, *Improving the Health of California's Headwater Forests*, noted that headwater forests provide two-thirds of the state's surface water, and their condition affects both the quantity and quality of that supply. The long-standing policy of fire suppression has severely increased the density of trees and other fuels, resulting in massive tree die-offs and large, severe wildfires.

The report contained recommendations from the Water Policy Center of PPIC including management techniques such as prescribed fire, managed wildfire, and mechanical thinning to help rebuild forest resilience.

The PPIC report states that many reforms can be made at low or no added financial cost, but require political vision and commitment to bring state, federal and local stakeholders together.

"Making forest health a top land management priority for public and private lands would be a critical first step in reversing the degraded condition of the state's headwater forests," said report coauthor Henry McCann, a research associate with the PPIC Water Policy Center.

The report urges management, regulatory, and legal reforms that will allow strategic removal of high-density smaller trees and fuels to increase the long-term resilience of headwater forests.

Recommendations are grouped into these categories:

- Make long-term forest health the top priority for guiding agency rules, policy, and management practices.
- Define forest treatment needs and make the most of available funds.
- Make greater use of tools that create opportunities for collaboration.

A roundtable discussion of the report with stakeholders and public speakers was also held. One of the major barriers identified to headwater management was funding. In the past, several environmental groups have suggested that headwater management is as crucial as managing the State Water Project. They have suggested that funding headwater management come from all downstream water users. Several years ago, there was talk of legislation to fund headwater management through a water user fee, and it is possible a similar proposal could emerge in 2018.

Contractors Seek Increased Pumping

The U.S. Bureau of Reclamation and the water contractors have proposed to increase pumping from the Sacramento-San Joaquin Delta starting the first week of October. They contend that the complicated set of requirements federal scientists use to set Delta pumping rates would allow for 400,000 acre-feet of additional water to be pumped south this year. The pumping restrictions change with the seasons depending on river flows through the Delta, how salty the water is and where Delta smelt and other fish live at various points during the year.

The contractors see increased need to move more water south because of the crisis earlier this year at Lake Oroville. For safety purposes, dam managers are releasing an additional 1.5 million

acre-feet from the reservoir by Nov. 1- leaving less water available next spring and summer for the south-of-Delta State Water Project contractors.

Environmentalists, including the Natural Resources Defense Council, say the proposal would put the critically endangered Delta smelt at unnecessary risk when an abnormally wet year was supposed to give the fish a break, while the contractors contend that pumping reductions haven't been proven to help the smelt. Environmentalists additionally argue that during exceptionally wet years, Delta smelt are entitled to get flows heading toward the Pacific Ocean that keep them in their preferred habitat in the Suisun Marsh. The additional pumping proposed by the contractors could reduce flows to the point that smelt would be pushed into undesirable areas. Environmentalists also noted that the last time conditions allowed for high Delta outflows this time of year was in 2011, and the smelt saw a "10-fold increase" in their population numbers.

Federal regulators are expected to make a decision sometime during the first week of October.

WaterFix Update

As widely reported, the Westlands Water District recently voted to not participate in the California WaterFix. While not unexpected, it still leaves many wondering what the fate of the project will be. The Metropolitan Water District of Southern California held a public hearing on WaterFix ahead of its October 10 vote on the project. There was about five hours of public comment and only minor discussion from MWD Directors. Several directors made it very clear they were not interested in picking up Westlands share of the cost.

Zone 7 Water Agency, a contractor just east of San Francisco, voted to support the WaterFix, while other contractors such as Kern County Water Agency, and Santa Clara Valley Water District have scheduled votes in the days and weeks following the MWD vote.

In the meantime, the State Water Resources Control Board announced they will move forward with Part 2 of the hearing, on DWR and the U.S. Bureau of Reclamation's (Reclamation) water right change petition needed to move the intake location for the WaterFix project, beginning on January 18, 2018. A number of opponents have called for the indefinite delay of Part 2 pending the issuance of a Record of Decision (ROD) by Reclamation, and further consultation between Reclamation and the U.S. Fish and Wildlife Service (USFWS) and National Marine Fisheries Service (NMFS) in accordance with the National Environmental Policy Act.

Regulators have concluded that a continuation of the hearing is not legally required, and that the public interest weighs in favor of proceeding with the hearing. At the hearing, they will take into consideration: (1) the substantial information available concerning the potential effects of the project, (2) DWR and Reclamation's burden of demonstrating that each element necessary for approval of their petition has been met, (3) the risks and costs of postponing for an indefinite period the conclusion of the evidentiary hearing, and (4) either the hearing or the State Water Board's decision on the petition can be re-opened if necessary and appropriate to consider new information.

Following the hearing it is up to the SWRCB to either approve or deny the change in water right request. No timeline for that decision has been released.

California to Ban Internal Combustion Engines?

California Air Resources Board Chair Mary Nichols was in New York at the end of September and stated that Governor Brown has expressed interest in barring the sale of vehicles powered by internal combustion engines to help meet the state's long-term greenhouse gas emissions goals. According to Nichols, the Governor sees similar policies being discussed in China, the U.K. and France and is interested in a very similar policy for California.

Nichols notes that California already has the authority to write its own pollution rules, dating back to the 1970 Clean Air Act. But those rules are contingent upon waivers granted by the Environmental Protection Agency. Noting that it is highly unlikely that the Trump administration would grant such a waiver, Nichols said that the state would have to take a different route.

As Governor Brown enters his final year of office, this could be the final piece of legacy he is looking to create.

Regional Grid Proposal Update

Efforts to allow the California Independent System Operator (CAISO) to move forward with entering into an agreement to establish a regional grid in the West were once again introduced at the very end of the legislative session and were once again shelved because of significant opposition. Stakeholder discussions about a regional western grid previously happened through early 2017 before stalling.

Conversations over the regional grid virtually stopped until the late proposal surfaced.

Opposition was wide spread, as the proposal introduced had few details and no opportunity for legislative oversight once a more comprehensive plan is created. The proposal was for a CAISO driven process over ten months to create a governance proposal for a regional independent board. The “Regional Grid Transformation Committee” would be made up of four representatives from the legislature and four from the administration who would have final approval or refusal of the proposal. There would be a “market advisory committee” made up of market participants to advise throughout the process. A proposal was to be released by the end of October 2018 with a final decision by the committee by December of 2018.

Originally, one of the main reasons some other western states might want to join a western grid is to help with clean power mandates authorized by the Obama administration. With those mandates likely to be weakened or repealed, western states have less incentive to join California and other states.

Some lawmakers and environmentalists noted that any deal would have to ensure that California does not import "dirty electrons" from other states and that other states need to be like-minded to California when it comes to climate leadership. Large energy users are concerned that including other states could cause higher costs for ratepayers. The State Water Contractors are also concerned about cost implications.

A regional grid is a top priority for Governor Brown, so it is likely this issue will return next year.

Legislative Update

The first year of the 2017-2018 Legislative Session concluded in the very early morning hours of September 16. Over the course of the year 1,191 bills were passed with about 700 still on the Governor's desk awaiting action before the October 15 deadline. In the final weeks, days and hours of the session, consideration was given to bills ranging from water conservation to clean energy. Below is a summary of key legislation IEUA has been tracking.

SB 100: 100 Percent RPS

Senate President Pro Tem Kevin de Leon (D-Los Angeles) introduced legislation to establish an accelerated Renewable Portfolio Standard (RPS) culminating in 100 percent clean power by 2045. The bill would have accelerated the current 50 percent requirement to 2026 and created a new 60 percent renewable requirement by 2030.

The Investor Owned Utilities (IOUs) expressed concern about the renewable electricity mandates and would prefer broader clean energy goals, with a focus on GHG emission reductions providing opportunities for the market to work in the most cost-effective manner, without compromising reliability.

As reported previously, the author surprisingly agreed to take amendments to require the State Water Project to transition to zero-carbon/renewable energy resources by the end of 2045.

Metropolitan Water District and the State Water Contractors went back and forth with the author of the bill and the committee chairs who had other differing opinions on whether to include the

SWP or not. The most current version of the bill not only included the SWP, but all state agencies.

The bill was not taken up for a vote in the Assembly before the deadline. The bill still had too much opposition from the utilities and the Pro Tem had other priorities at the end of session. It is likely that the bill will return in 2018.

Water Financing

Senator Bill Monning's (D-Carmel) legislation that would have created a fund for clean drinking water was also made into a two-year bill. SB 623 (Monning), sponsored by the Community Water Center and Western Growers Association, would create the "Safe, Affordable Drinking Water Fund." Stakeholders representing agriculture and some urban water interests worked with the proponents of the bill to reach a compromise, but one was never reached. The Association of California Water Agencies (ACWA) was in fierce opposition to the bill noting that, while they support clean drinking water for all, the General Fund is the more appropriate funding source.

The most recent amendments added a \$0.95 per month charge on all residential meters to fund the operation and maintenance of failing water systems. Some in the agricultural community also agreed to the portion of the bill that levies a mill tax on fertilizer and a livestock fee on milk production.

The proponents have vowed to work with the opposition over the winter to hopefully reach a compromise.

Water Use Efficiency Legislation

Implementation of the Brown Administration's final report on "Making Conservation a Way of Life" was not successful in 2017.

Several vehicles were used to try to implement new water-use efficiency standards including a budget trailer bill from the Governor to establish a process for creating long-term water use efficiency standards. Many in the water community were concerned with the proposed trailer bill because it deviated from the final report in that it left broad authority for the SWRCB to develop efficiency standards.

As previously reported, the Governor's office hosted meetings throughout the early summer to hear and address the concerns of the water community. They released a revised Trailer Bill in mid-June, but indicated they would delay voting so that members of a legislative working group could attempt to develop an acceptable proposal to move through the legislative process.

The water community, under the leadership of the Association of California Water Agencies (ACWA) developed their own legislation to establish short and long-term efficiency standards with Assemblymember Blanca Rubio (D-West Covina) as the sponsor.

Finally, Assemblymember Laura Friedman (D-Burbank), a former MWD director, introduced three bills that put the Governor's original trailer bill language into policy bills to be considered in the normal legislative process.

The bills were heard in Senate Natural Resources and Water Committee on July 11 and Chair Hertzberg (D-Van Nuys) took the opportunity to take control of the process. He held all bills and only passed out two, AB 1654 (Rubio) and AB 1668 (Friedman), and committed to work with stakeholders and the administration to come up with a final package.

Senator Hertzberg set up a process run through his committee in coordination with the Assembly Water, Parks and Wildlife Committee and other Assembly stakeholders, to craft a comprehensive policy over the summer recess. Hertzberg and Senator Nancy Skinner (D-Berkeley) authored SB 606 to serve as the “Senate Version” of the package.

After several stakeholder meetings SB 606 and AB 1668 were amended to establish water efficiency targets. Many stakeholders saw this language as a step in the right direction, with many taking a Support if amended position, and eventual full support positions after some minor tweaks. The language gives the SWRCB authority to establish a statewide efficiency standard, however, requiring them to go back to the legislature if they want to revise the standard. Protection of water rights is clearly laid out in the language and Commercial Institutional Industrial customers are only to implement “performance measures.” However, some stakeholders were still concerned with how recycled water would be treated in the efficiency standards.

Among those concerned was Assemblymember Blanca Rubio, the author of AB 1654, who declined to take the amendments offered by the Natural Resources and Water Committee.

Throughout the end of session, she remained angry that Senator Hertzberg took over the process and didn't give her concerns significant attention.

While not the only reason the package failed, she was able to garner the support of enough members of the Moderate Democrats Caucus to make it difficult to find the 41 votes necessary for passage.

AB 869 (Rubio), which would give a full credit for potable reuse and a significant credit for landscape irrigation, had been stalled in the Senate Natural Resources and Water Committee.

Proposition 218 Reform

Senator Bob Hertzberg had introduced two bills to address Proposition 218 reform. The bills pick up where the 2016 ACWA effort left off. SB 231 is sponsored by the California Water Foundation and addresses stormwater, specifically how to finance stormwater capture, cleanup and reuse in rates. The bill ran into a little trouble from many California cities worried that the bill might add onto the already onerous new MS4 permit requirements. The bill passed off the Senate floor with 23 votes, just two over the minimum needed, and passed off the Assembly floor with just 41 votes, the minimum needed for passage. It awaits action on the Governor's desk.

SCA 4, also by Senator Hertzberg is a constitutional amendment that would address lifeline and conservation rates. ACWA has agreed to sponsor SCA 4, and has been working out the final details about which article of the California Constitution to amend. The compromise position

seems to be using Article 17, an empty article of the constitution. Disagreement continues between the author's office and ACWA, with ACWA wanting complete transparency by referencing Article 13 and Prop 218. Hertzberg's office prefers the language to be vague, to help the bill gain votes by avoiding Proposition 218. Since the bill is a Constitutional Amendment, it is not subject to the typical legislative deadlines.

Recycled Water

The WaterReuse bill (AB 574, Quirk) which would re-define specific categories of recycled water passed out of both the Senate Environmental Quality Committee and the Senate Natural Resources and Water Committee. The bill passed both houses, having never received a single "no" vote and is awaiting final action by the Governor.

Parks/Water Bonds

At the end of the session, SB 5 (de Leon, D-Los Angeles) passed through the legislature. While it was called a \$4 billion "Water and Parks Bond," there is very little funding for water projects included in the measure. Most notably, there is \$100 million for water recycling. Other "water" funding categories include: clean drinking water and drought preparedness, groundwater sustainability, flood protection and repair, regional sustainability, and funding for state and local conservancies.

Soon after the legislative session ended, Jerry Meral filed his bond measure and began the campaign to qualify the measure for the ballot. The \$8.78 billion bond is water and resource related and includes the following highlights:

- \$400 million for water recycling and desal
- \$750 million for safe drinking water
- \$5 million for IRWM
- 400 million for the capture and use of urban runoff and stormwater

The bond previously filed with the Secretary of State from The Nature Conservancy has been pulled from consideration after SB 5 passed.

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff, Kathy Besser

From: Letitia White, Jean Denton, Annie Wake

Date: September 29, 2017

Re: September Monthly Legislative Update

Congress Sends Debt Ceiling, Continuing Resolution, Hurricane Aid Package to Trump

Congress cleared legislation Friday, September 8 to suspend the U.S. debt limit and provide \$15.25 billion for hurricane relief under a deal between President Donald Trump and Democrats. In a 316-90 vote, the House agreed to suspend the debt limit and keep the government open through Friday, December 8 and finance aid to flood victims in Texas and other parts of the Gulf Coast. The President also signed the measure on Friday, September 8.

To many Republicans, President Trump's deal with Democrats showed that even with their party in control of the White House and both chambers of Congress, they cannot easily accomplish their goals. They wanted spending cuts and a longer-term debt limit extension. House Speaker Paul Ryan (R-WI) backed the bill after initially seeking a longer extension and then reversed course after the President agreed to the short-term deal with Democratic leaders.

Republicans say Democrats may gain the upper hand in negotiations when the short-term agreements are due to expire in early December. The agenda likely will include President Trump's proposed border wall with Mexico, his decision to end a program that lets young undocumented immigrants stay in the U.S., and perhaps the debt limit.

All of the votes against the bill were cast by Republicans. Many GOP members said they had little choice but to support the measure because funding is urgently needed for disaster relief.

"Of course, I have to vote yes. It's my district that was hit," said Representative Blake Farenthold (R-TX), whose Texas district includes Corpus Christi and much of the area

Innovative Federal Strategies LLC

along the Gulf of Mexico damaged by Hurricane Harvey. "The saving grace of this is we can revisit the debt ceiling in a couple of months and maybe get some spending reforms."

With Hurricane Irma bearing down on Florida and tens of thousands suffering flood damage along the Gulf coast from Harvey, the bill will replenish the depleted Federal Emergency Management Agency (FEMA) disaster relief fund with \$7.4 billion, plus \$450 million in funding for the Small Business Administration and \$7.4 billion for the Community Development Block Grant (CDBG) program to address housing needs in disaster zones.

The bill, H.R. 601, also extends the nation's flood insurance program to Friday, December 8, a high priority in the wake of Harvey and Irma.

An earlier version of the bill containing just Harvey aid passed the House on a 419-3 vote. The President then surprised Republicans by agreeing to attach the short-term debt ceiling and government funding bill, even though the final bill did not include funding for a border wall. In May, President Trump suggested a government shutdown in September would be needed to force Democrats to fund the wall on the U.S.-Mexico border.

Bruising December

The legislation sets up a bruising December for Congress, which is already attempting to rewrite the U.S. tax code by the end of the year. December presents big opportunities for congressional Democrats and risks for Republicans.

Senate Minority Leader Chuck Schumer (D-NY) and House Minority Leader Nancy Pelosi (D-CA) had advocated for a short-term debt ceiling increase to obtain more leverage in December talks over a final spending deal for fiscal 2018.

Democratic leaders, knowing their votes are needed to pass a debt ceiling increase, plan to seek higher domestic spending in those talks. They may use the occasion to push for legislation exempting undocumented immigrants who arrived in the U.S. as children from deportation.

Senator Schumer said his hopes for an immigration deal have been raised by the "happy ending" that President Trump provided to the September fiscal debate. President Trump and Democrats also discussed working on a deal to end periodic debt ceiling votes, an idea that splits Republicans.

Innovative Federal Strategies LLC

“For many years, people have been talking about getting rid of debt ceiling altogether,” President Trump told reporters Thursday, September 7 at the White House. “And there are a lot of good reasons to do that, so certainly that’s something that will be discussed. House Speaker Ryan and Senate Majority Leader Mitch McConnell (R-KY) lost the fight over the length of the debt ceiling extension at a tense Oval Office meeting Wednesday, September 6 hours after Speaker Ryan denounced a short-term debt extension in a press conference.

"The longer, the better for the stability of the credit markets. That’s my strong opinion," the House Speaker said afterward. He added that in agreeing to the short-term extension, President Trump "was interested in making sure that this is a bipartisan moment while we respond to these hurricanes."

House Passes Spending Package as Lawmakers Eye December Talks

Thursday, September 14, the House passed a \$1.2 trillion fiscal year 2018 spending package, laying down a marker ahead of negotiations with the Senate and White House over a final spending deal in December, as the current continuing resolution (CR) expires on Friday, December 8.

The 12-bill package (H.R. 3354), which includes \$510 billion for non-defense discretionary spending and \$621 billion for defense spending, passed by a vote of 211-198.

Bipartisan negotiations will be needed to avoid automatic spending cuts known as sequestration because the measure exceeds the Budget Control Act (BCA) military spending cap of \$549 billion. The cap on non-defense discretionary spending is \$516 billion. Democrats have criticized the focus on defense spending over non-defense spending.

While skinnier than the bills that Senate appropriators have marked up so far this year, the House omnibus would provide more funding overall than President Donald Trump requested. The White House sought \$462 billion in non-defense discretionary funds, or \$48 billion less than the House’s spending package. The White House had asked for \$603 billion in defense funds, \$18 billion less than the House measure would provide. Any measure lifting the defense caps would require support from Senate Democrats, who’ve called for a corresponding increase in the caps for domestic programs.

House and Senate Appropriations Committee staffers have started informal discussions, and talks will intensify before the current continuing resolution (CR) funding runs out,

Innovative Federal Strategies LLC

said Representative Ken Calvert (R-CA), who chairs the House Appropriations Interior-Environment Subcommittee.

"We have an eventful day coming up in December, so I hope this leads to a budget agreement," Representative Calvert said. "That would be the best thing."

The Senate has not passed any appropriations bills. Senate Appropriators have advanced eight of their 12 bills, avoiding some of the partisan flash points that turned off Democrats to the House's bills.

House Disputes

In addition to debates over the topline numbers, the House spending package has prompted fights over policy riders -- some that Republicans included, and others that Democrats were not permitted to have considered.

"The process for this bill has been outrageous, and this debate is an utter waste of time," House Appropriations Committee Ranking Member Representative Nita Lowey (D-NY) said in a floor speech.

The House Rules Committee didn't allow a vote on an amendment that would have barred the federal government from interfering in areas that have legalized medical marijuana, including 29 states, the District of Columbia, Guam and Puerto Rico. Offered by Representative Dana Rohrabacher (R-CA), the House has included the provision since fiscal year 2015, and the Senate Appropriations Committee incorporated it in its fiscal 2018 proposal. Senate Subcommittee Chairman Senator Richard Shelby (R-AL) has said he would like to see it omitted from a final spending deal.

Democratic amendments that didn't get floor votes included a proposal to let participants in the Deferred Action for Childhood Arrivals (DACA) program eligible to work for the federal government.

Trump Administration Tax Plan Released

President Trump and Republican leaders launched an urgent effort to get a major legislative win this year, announcing a long-awaited tax plan that will immediately set off a fight over how much top earners should pay.

The framework proposes cutting the top individual rate to 35 percent -- but leaves it up to Congress to decide whether to create a higher bracket for those at the top of the income scale, according to the document released Wednesday, September 27.

Innovative Federal Strategies LLC

The rate on corporations would be set at 20 percent, down from the current 35 percent, and businesses would be allowed to immediately write off their capital spending for at least five years. Pass-through businesses would have their tax rate capped at 25 percent.

The plan sets out three tax brackets for individuals -- 12 percent, 25 percent and 35 percent, down from the existing seven rates, which top out at 39.6 percent. Though a system of three tax brackets are not firmly set, as congressional tax-writing committees will be given flexibility to add a fourth rate for the highest earners -- an effort to prevent the overhaul from providing too much of a benefit for the wealthy.

There is significant support among Republican members of the tax-writing House Ways and Means Committee to create a special top income-tax bracket for the highest earners, according to a GOP member of the panel. Still, House Ways and Means Chairman Kevin Brady (R-TX) has said he's committed to offering across-the-board tax relief. President Trump has repeatedly said he's focusing on middle-class individuals.

At the same time, though, the tax plan calls for repealing the alternative minimum tax, the estate tax and the generation-skipping estate tax, all of which would be a boon for higher earners and the wealthy.

"The last thing we should be doing right now is providing hundreds of billions in tax breaks to the wealthiest people and most profitable corporations in this country," Senator Bernie Sanders (I-VT), an independent who caucuses with the Democrats, said in an statement. "It is particularly obscene to repeal the estate tax that would provide a \$269 billion tax break to the top 0.2 percent."

The release of the plan is the result of a months-long process to craft a tax overhaul that was a key promise in President Trump's campaign. But it marks only the start of what could be a brutal fight in Congress among lawmakers who disagree on key elements of the framework. One influential skeptic has been Senate Finance Committee Chairman Orrin Hatch (R-UT), who pledged his committee would not be a "rubber stamp" for the plan.

Other Republicans cheered the plan. "At first glance, the policies released today are good news to the American people," Representative Mark Walker (R-NC), chairman of a large conservative caucus, said in statement. "We need to begin acting on this framework legislatively as soon as possible."

International Plans

Innovative Federal Strategies LLC

On the international side, the plan would move toward a “territorial” approach that would scale back the U.S.’s unique worldwide approach to taxing corporate profits regardless of where they’re earned. But it includes “rules to protect the U.S. tax base by taxing at a reduced rate and on a global basis the foreign profits of U.S. multinational corporations.” The amount of that reduced rate isn’t specified.

Companies with accumulated offshore profits would be subject to a one-time tax on those earnings -- clearing the way for that income to return to the U.S. The rates that would be applied are unclear, but there would be a higher rate for income held in cash compared to the rate for less liquid investments. Firms would be able to pay the new tax over several years.

Under current law, companies can defer paying U.S. tax on their offshore earnings until they bring them to the U.S. As a result, U.S. firms have stockpiled an estimated \$2.6 trillion in profit offshore.

So-called pass-through entities, which include partnerships and limited liability companies, would see their rate capped at 25 percent. Currently, those businesses -- which can range from mom-and-pop grocers to hedge funds -- don’t pay income tax themselves but pass their earnings through to their owners, who then pay tax based on their individual rates.

While the pass-through rate cut would represent a major tax break for lucrative pass-throughs, tax-writers would craft measures aimed at preventing individuals from recharacterizing their personal wages as business income.

Middle-Class Benefits

In terms of middle-class benefits, the framework outlines a near doubling of the standard deduction -- to \$12,000 for individuals and \$24,000 for married couples -- and calls for “significantly increasing” the child tax credit from the current \$1,000 per child under 17. It would also expand eligibility to include more upper-middle class parents.

The tax plan still lacks extensive details about ways to offset its rate cuts with additional revenue. It says most itemized deductions for individuals should be eliminated, without providing specifics -- while calling for mortgage interest and charitable giving deductions to be preserved. The tax exemption for municipal bonds would also be retained.

Innovative Federal Strategies LLC

However, the state and local tax deduction would be abolished. Ending that break, which tends to benefit high-income filers in Democratic states, would raise an estimated \$1.3 trillion over a decade. The move faces some Republican headwinds from lawmakers in districts that use the deduction heavily.

The plan would also limit the interest deduction companies can take on their borrowing, but no additional details were provided. Congress's tax-writing committees will be tasked with limiting other business credits to help generate additional revenue.

Seeking Offsets

House leaders have proposed abolishing the corporate interest deduction, a move opposed by debt-reliant industries like private equity and commercial real estate. Senate leaders, including Senators Hatch and John Thune (R-ND), the chamber's No. 3 Republican, have said they want to maintain the deduction at some level at least.

The lack of consensus on how to offset tax cuts -- a prerequisite to making them permanent under the procedure that Senate leaders plan to use to pass the legislation -- poses hurdles. If they fail to raise enough money to avoid a long-term hit to the deficit, at least part of the package would have to expire within a decade under current rules. But as tax writers surface ideas to raise revenue by closing loopholes or ending specific tax breaks, they'll unleash a torrent of lobbying similar to the campaign that killed a proposed border-adjusted tax earlier this year.

"We're already working on it," said Representative Carlos Curbelo (R-FL), a member of the Ways and Means panel, in reference to finding offsets. "There are a number of pay-fors out there that are not just pay-fors, but also good elements of tax reform that will level the playing field across the economy and lead to greater growth," said Representative Curbelo. He said the committee's goal is to make the tax changes as permanent as possible.

Demise of Obamacare Repeal Shows How Far GOP Remains from Goal

Senate Republicans spent the last few weeks making one last desperate push to repeal Obamacare. But as they neared a final deadline, it became clear: They were never really all that close.

Senator Susan Collins (R-ME) said Monday, September 25 the bill would cause too many Americans to lose insurance, while Senator Rand Paul (R-KY) said it preserved too many of the federal subsidies for health care -- even after the bill's authors made a spate of last-minute changes to win them over. Their opposition followed Senator John

Innovative Federal Strategies LLC

McCain's (R-AZ) declaration last week that it was too hasty and partisan, as the Republican raced to meet a Saturday, September 30 deadline.

Their firm stances against it -- each for a very different reason -- underscore the difficulty Republicans face in trying to make dramatic changes to the 2010 Affordable Care Act (ACA). Even though most Republicans relish replacing President Barack Obama's signature achievement with something less costly and more flexible, doing so is all but impossible with wafer-thin control of one of the chambers.

Senate Majority Leader Mitch McConnell (R-KY) decided not to put Republicans through the spectacle of one more vote on a bill to repeal the ACA that is doomed. Republicans, who hold 52 seats in the chamber, could also make another run at repeal later in the year when they try to enact a GOP tax overhaul, but that could prove even more challenging.

Meanwhile, Senator Lamar Alexander (R-TN), who leads a key Senate health committee, said on Tuesday, September 26 that he's resumed exploring bipartisan ways to shore up the market and limit premium increases for next year. An earlier effort he spearheaded with Senator Patty Murray (D-WA) state was sidelined by the renewed repeal push. A likely compromise would fund cost-sharing reduction payments while giving states more flexibility to set their own insurance rules.

President Trump and Democrats Near Another Deal, This Time on Immigrants

President Trump said he is close to a deal with congressional Democrats to permanently safeguard from deportation nearly a million immigrants brought illegally to the U.S. as children -- people whose protections he promised as a candidate to end on his first day in office.

He also said that a deal to reinstate the protections, known as Deferred Action for Childhood Arrivals (DACA) and established under former President Barack Obama, would not include money to construct a wall on the border with Mexico.

"We're working on a plan for DACA. People want to see that happen," President Trump told reporters as he left the White House to visit hurricane-ravaged Florida. "You have 800,000 young people brought here, no fault of their own, so we're working on a plan." The plan would include "massive border control," he said, but money for his promised border wall "will come later," he said.

After criticism by members of his own party, President Trump repeatedly shifted his conditions for a DACA deal over the course of the day. Upon landing in Florida, he said the border wall wouldn't have to be included in the legislation -- but that Democrats

Innovative Federal Strategies LLC

would have to promise not to “obstruct” it in the future. When he returned to the White House later, he again made clear the wall and DACA would be handled separately.

The President’s deal-making -- which came at a White House dinner on Wednesday, September 13 with Senate Minority Leader Chuck Schumer (D-NY) and House Minority Leader Nancy Pelosi (D-CA), both Democrats -- left Republicans flummoxed as the president issued multiple, and sometimes contradictory statements, about what exactly had been agreed to.

News of the deal drew swift rebukes from factions of the Republican party that want to reduce immigration to the U.S. It was the president’s second such deal with Senator Schumer and Representative Pelosi in as many weeks, following an agreement to delay a potential default on the nation’s debt and a fight over the government’s budget until December.

President Trump defended his plan to enact a DACA-like program, telling reporters in Florida, “We’re not looking to citizenship. We’re not looking at amnesty. We’re looking at allowing people to stay here.”

‘Trump Caves’

Representative Steve King (R-IA), who is one of the strongest advocates of immigration restrictions in Congress, lumped the President together with previous presidents who had sought to grant undocumented immigrants legal status.

Representative King said he worries that a DACA deal will rip apart the party’s base. But he said that Republicans will have trouble rejecting something if President Trump is behind it. “It’s hard to oppose the president of your own party,” he said.

Several Senate Republicans said they could support some kind of package with DACA protections and border security. House Speaker Paul Ryan (R-WI) said that President Trump made clear in a phone call from Air Force One Thursday, September 14 that “there is no agreement.”

“I think the president understands he needs to work with majority,” Speaker Ryan told reporters. “We’re not going to bring a solution to the floor that doesn’t have the support of President Trump.”

A White House spokeswoman, Lindsay Walters, told reporters aboard Air Force One that the DACA legislation would provide the immigrants a “responsible path forward” that “could include legal citizenship over a period of time.”

“There will be no amnesty,” Walters said. Representative King and other immigration restrictionists generally consider any path to citizenship for undocumented immigrants to be amnesty.

President Trump told reporters as he boarded the presidential helicopter that he’d spoken with Republican leaders in Congress and that House Speaker Ryan and Senate Majority Leader Mitch McConnell (R-KY) were on board with a DACA deal.

Innovative Federal Strategies LLC

Earlier on Thursday, September 14, the President promised a bipartisan group of House members that he would seek a vote in Congress soon on protecting the young undocumented immigrants, said Representative Henry Cuellar (R-TX) “He did say, ‘We need to move on this quickly. I don’t want to wait six months. People forget about it in six months,’” Representative Cuellar said after President Trump met Wednesday, September 13 at the White House with about a dozen lawmakers who call themselves the “problem solvers.”

Representative Cuellar said the President wanted to put in law the Obama-era program shielding immigrants illegally brought to the U.S. as children, and combine it with increased security along the U.S.-Mexico border and elements of a separate proposal giving immigration priority to high-skilled workers. President Trump also stressed the need for low-skilled workers in the agricultural industry, Representative Cuellar said.

DHS Announces Grant Allocations for Fiscal Year 2017 Preparedness Grants

On Friday, September 1, the Department of Homeland Security (DHS) announced allocations of \$288 million for six Fiscal Year (FY) 2017 DHS competitive preparedness grant programs to be used for states, urban areas, tribal and territorial governments, nonprofit agencies, and the private sector in conjunction with their preparedness efforts.

Upon the announcement of the grants, Acting Secretary Elaine Duke stated, “The Department of Homeland Security remains committed to supporting our partners in government and the private sector nationwide as we strengthen our ability to prepare for and respond to a variety of threats together,” said Acting Secretary Elaine Duke. “The threat environment today is continuing to evolve quickly, and these grants help our partners plan for and ready themselves against everything from natural disasters to terrorist attacks. Protecting the American people is a shared responsibility, and we must remain vigilant and ready to respond.”

Notable DHS grant funding for FY 2017 include:

Homeland Security Grant Program (HSGP)—provides more than \$1 billion for states and urban areas to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and other threats.

Emergency Management Performance Grant (EMPG) Program—provides more than \$350 million to assist local, tribal, territorial, and state governments in enhancing and sustaining all-hazards emergency management capabilities.

Innovative Federal Strategies LLC

Transit Security Grant Program (TSGP)—provides \$88 million to owners and operators of transit systems to protect critical surface transportation and the traveling public from acts of terrorism and to increase the resilience of transit infrastructure.

President Trump's Indefinite Travel Ban Opens New Stage in Legal Fight

President Trump restricted or suspended travel to the U.S. from eight countries, adding North Korea and Venezuela, while subtracting Sudan, from his earlier ban on travelers from six Muslim-majority nations.

“I must act to protect the security and interests of the United States and its people,” the President wrote in the Sunday, September 24 proclamation. The move came as the original order, which had been limited by court challenges, was set to expire. Speaking to reporters earlier, President Trump said “the tougher, the better” about the restrictions, which will remain in place until the countries are found to have changed their behavior. During his presidential campaign, President Trump spoke often of “extreme vetting” of those wanting to enter the U.S.

The new restrictions impact travel to varying degrees from Iran, Libya, Somalia, Syria and Yemen, all of which were on the original list. The U.S. will also now restrict or ban travel from Chad, North Korea and Venezuela. Each of the countries will be subject to its own set of restrictions, as set out in the new order. Sudan is no longer on the list. The Department of Homeland Security would have the authority to add or remove travel restrictions on countries as conditions change, a senior administration official said.

New parts of the restrictions will take effect Monday, October 18, a grace period that may prevent the kind of mass confusion seen at airports in the U.S. and abroad after the initial iteration of the travel ban took effect immediately. Other limitations took effect Sunday, September 24.

“The State Department will coordinate with other federal agencies to implement these measures in an orderly manner,” Secretary of State Rex Tillerson said in a statement. The previous travel ban was scheduled to expire on Sunday after the Supreme Court’s ruling in June, which tailored the ban to only include those who have no “bona fide relationship” to the U.S.

DHS Study

Acting Homeland Security Secretary Elaine Duke sent President Trump recommendations for entry restrictions and additional visa requirements tailored to shortcomings in the information each country shares with the U.S. and an assessment of the risk of terrorist infiltration the nation poses, administration officials announced on Friday, September 22.

Innovative Federal Strategies LLC

“The restrictions announced are tough and tailored, and they send a message to foreign governments that they must work with us to enhance security,” Acting Secretary Duke said in a statement Sunday, September 24.

In the order, the President said the Secretary of Homeland Security assessed that Iraq also did not meet requirements for identity-management protocols and other risk-mitigating factors -- but that entry restrictions weren't warranted given the country's ties to the U.S. and efforts to combat terrorists.

President Trump's previous efforts to restrict travel to the U.S. prompted court challenges, mass protests and criticism from corporate leaders. He rescinded his first travel ban after it was halted by a judge and replaced it with a new executive order on Monday, March 6, which was challenged at the Supreme Court. That order was set for a Sunday, October 10 argument at the Supreme Court. It's unclear how the new restrictions issued by President Trump will impact that case, which also covers a separate provision of the order that suspends refugee admissions until Tuesday, October 24.

Justice Department spokeswoman Sarah Flores said last week that government lawyers would continue to “vigorously defend” the travel restrictions. A Trump Administration official said an updated brief will be filed with the Supreme Court Sunday, September 24.

Tensions Inflamed?

The travel restrictions could further inflame geopolitical tensions around the world as President Trump is engaged in heated rhetoric against the governments of Iran, North Korea and Venezuela.

The U.S. notified all countries in July of “baseline” standards they would need to meet to avoid travel restrictions, said Miles Taylor, a counselor to Duke at the Department of Homeland Security. Several countries didn't respond to the U.S. requests for more information, he said. “Some countries didn't even have the courtesy to say ‘fly a kite’,” Taylor said. “We're talking about countries that were willfully non-compliant and refused to engage with the United States.”

With Venezuela and North Korea now on the list, President Trump's ban may no longer be tagged as a de-facto ban on Muslims entering the U.S., as he pledged to do during his campaign. But that wasn't the reason the two countries were added, a White House official stated.

White House Regulatory Staffing and Future Plans

The White House has continued their focus on streamlining and limiting government regulations through and emphasis on staffing regulator positions and focusing on regulator budget plans.

Regulatory Staffing:

Innovative Federal Strategies LLC

The White House Office of Information and Regulatory Affairs (OIRA) is now fully staffed with four political appointees to help Administrator Neomi Rao fulfill the president's deregulatory agenda.

OIRA, an agency within the Office of Management and Budget (OMB), reviews all significant federal regulations before executive branch agencies release them, and therefore plays a key role in shaping the regulatory policies of the Trump Administration. Rao won Senate confirmation July 10 in a 54-41 vote to be President Trump's chief regulatory officer and leader of the administration's efforts to deregulate and simplify rules. Since then, Rao has hired or retained four senior staff officials from a variety of backgrounds who bring differing perspectives to the regulatory debate.

Agencies to Submit Next Year's Regulatory Plans

Federal agencies had to submit by Monday, September 18 their plans to regulate and deregulate in the year ahead, although the Office of Management and Budget (OMB) still has not given them their regulatory budgets for fiscal 2018.

Agencies also are being asked to fill out new worksheets to show compliance with Executive Order 13,771, which requires them to eliminate two regulations for every one issued and offset the cost of the new one. The new worksheets submitted to OMB will clearly identify deregulatory actions but won't be made public. "This process highlights agency priorities, promotes planning and coordination, and encourages public participation in the regulatory process," said an OMB memorandum dated Friday, August 18.

Beginning with the fall 2017 agenda, agencies were told they should not issue regulations in the coming year that have not been included in the most recent version of the agenda, the latest memo said.

Generally, agency plans should describe the most important significant regulatory and deregulatory actions that the agency reasonably expects to issue in proposed or final form during the upcoming year through October 2018, the memo said. This year, agencies should balance the costs of anticipated regulatory actions issued within the fiscal year with cost savings from anticipated deregulatory actions, the memo declared.

Senate Passes FY18 Defense Authorization Bill

By an 89 to 8 vote, the Senate passed legislation that authorizes \$700 billion for national security spending in fiscal year 2018 and permits \$60 billion in war spending. Under the legislation, defense programs would be authorized to receive \$692.1 billion in discretionary funding under the fiscal 2018 defense authorization measure, S. 1519, approved by the Senate Armed Services Committee. The measure could be offered as a substitute amendment to the House-passed bill, H.R. 2810.

Innovative Federal Strategies LLC

The authorization primarily covers defense activities at the Defense Department (DOD), as well as some programs at the Energy and State departments.

The authorization would include \$640 billion in base discretionary funding, which would exceed the \$549 billion defense spending cap under the 2011 Budget Control Act, Public Law 112-25. The bill also would authorize \$60.2 billion in Overseas Contingency Operations (OCO) funding that doesn't count against the cap on defense spending. The House-passed measure would have authorized \$74.6 billion in OCO funds.

INFORMATION

ITEM

2C



CALIFORNIA STRATEGIES, LLC

Date: September 29, 2017
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: September Activity Report

California Strategies is pleased 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 month to deliver advice, answer questions or provide services consistent with the mission of IEUA. Here is our monthly activity report:

- We held our regularly scheduled face to face meeting with agency senior staff September 5th. Calstrat principals attended and did discuss various issues with senior staff including the Regional Contract, Water Bank planning efforts, and legislative matters.
- We discussed the Sept 7 Water Leadership event with Roger Patterson.
- We continued to review the Chino Basin Water Bank work plan related to the consultant selection and discussed the recent Prop 1 Grant activities.
- We answered inquiries from IEUA Board members
- We reviewed General Manager recruitment activities and timeline.
- We discussed member agency communications.
- We discussed various pieces of state legislation including SB 49 and AB 1000.
- We monitored Santa Ana Regional Board activity that might impact the district.
- We discussed various member agency political developments and issues.

INFORMATION
ITEM
2D

State Legislation

Bill Number	Sponsor	Title and/or Summary	Summary/Status	IEUA Position
AB 574	Quirk	Potable Reuse	<p>Current law required the State Department of Public Health to develop and adopt uniform water recycling criteria for surface water augmentation, as defined, by December 31, 2016, if a specified expert panel found that the criteria would adequately protect public health health. Current law defined the terms “direct potable reuse,” “indirect potable reuse for groundwater recharge,” and “surface water augmentation” for these purposes. This bill would remove certain references to “direct potable reuse,” “indirect potable reuse for groundwater recharge,” and “surface water augmentation,” and would instead specify the four different types of potable reuse projects as “groundwater augmentation,” “reservoir augmentation,” “raw water augmentation,” and “treated water augmentation.”</p>	<p>SUPPORT</p> <p>Waiting for action by Governor</p>
AB 791	Frazier	<p>Sacramento-San Joaquin Delta: State Water Project and federal Central Valley Project: new conveyance facility.</p>	<p>The Sacramento-San Joaquin Delta Reform Act of 2009 prohibits construction of a new Delta conveyance facility from being initiated until the persons or entities that contract to receive water from the State Water Project and the federal Central Valley Project or a joint powers authority representing those entities have made arrangements or entered into contracts to pay for certain costs required for the construction, operation, and maintenance of the facility and full mitigation of property tax or assessments levied for land used in the construction, location, mitigation, or operation of the facility. This bill would require, before a water contractor enters into a contract to pay for these costs, that the lead agency provide the breakdown of costs for each water contractor entering into a contract and what benefits each contractor will receive based on the proportion it has financed of the proposed conveyance project.</p>	<p>OPPOSE</p> <p>Failed in Assm. Appropriations</p> <p>DEAD</p>

AB 792	Frazier	Sacramento-San Joaquin Delta: Delta Plan: certification of consistency.	The Sacramento-San Joaquin Delta Reform Act of 2009 establishes the Delta Stewardship Council and requires the council to develop, adopt, and commence implementation of a comprehensive management plan for the Delta, known as the Delta Plan. The act requires a state or local public agency that proposes to undertake a covered action to prepare and submit to the council a written certification of consistency with the Delta Plan before undertaking that action. This bill would prohibit the council from granting a certification of consistency with the Delta Plan until the board has completed its update of a specified water quality control plan.	OPPOSE 2 Year Bill
AB 793	Frazier	Sacramento-San Joaquin Delta: financing.	Would declare it to be state policy that the existing state of the Sacramento-San Joaquin Delta is recognized and defined as an integral component of California's water infrastructure. The bill would state that the maintenance and repair of the Delta are eligible for the same forms of financing as other water collection and treatment infrastructure and would specify the maintenance and repair activities that are eligible are limited to certain cleanup and abatement-related restoration and conservation activities.	OPPOSE 2 Year Bill
SB 231	Hertzberg	Local government: fees and charges.	Articles XIIC and XIID of the California Constitution generally require that assessments, fees, and charges be submitted to property owners for approval or rejection after the provision of written notice and the holding of a public hearing. Current law, the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with Articles XIIC and XIID of the California Constitution and defines terms for these purposes. This bill would define the term "sewer" for these purposes. The bill would also make findings and declarations relating to the definition of the term "sewer" for these purposes.	SUPPORT Waiting for action by Governor

AB 1668	Friedman	An Act Relating to Water	This bill would state the intent of the Legislature to enact legislation necessary to help make water conservation a California way of life.	SUPPORT 2-year bill
AB 1669	Friedman	Urban water conservation standards and use reporting	Requires the State Water Resources Control Board (SWRCB) in consultation with the Department of Water Resources (DWR) to adopt long-term standards for urban water conservation and water use by May 20, 2021	WATCH Held in Assembly Appropriations
AB 968	Rubio	Urban water use: water efficiency	Establishes a new 2025 water use efficiency requirement for urban retail water suppliers	WATCH Held Assembly Appropriations
AB 1654	Rubio	An Act Relating to Water	This bill would state the intent of the Legislature to enact legislation necessary to help make water conservation a California way of life.	WATCH DEAD in Senate Natural Resources and Water
AB 869	Rubio	Sustainable water use and demand reduction: recycled water	Excludes, from the calculation of any water use or water efficiency target established after 2020, recycled water, as specified, delivered within the service area of an urban retail or wholesale water supplier	WATCH Held in Senate Natural Resources and Water
SB 606	Skinner/Hertzberg	An Act Relating to Water	This bill would state the intent of the Legislature to enact legislation necessary to help make water conservation a California way of life.	Support 2-Year bill

**INFORMATION
ITEM
2E**

Federal Legislation of Significance

Bill Number	Sponsor	Title and/or Summary	Summary/Status
H.R. 3711	Reps. Lamar Smith (R-TX)/Ken Calvert (R-CA) /Bob Goodlatte (R-VA)	The Legal Workforce Act	<p>A bill that would require all U.S. employers to use the E-Verify electronic employment verification system. The requirement would be phased over a two-year period, starting with the largest employers. The agriculture industry would have an additional six months (or 30 months total) to come into compliance.</p> <p>H.R. 3711 was referred to the Committee on the Judiciary, and in addition to the Committees on Ways and Means, and Education and the Workforce on Friday, September 8th.</p>
H.R. 601	Rep. Nita Lowey (D-NY)	Reinforcing Education Accountability in Development Act	<p>\$15.25 billion dollar bill for disaster aid following the destruction caused by Hurricane Harvey and anticipated by Hurricane Irma. This bill will also raise the debt limit and includes a continuing resolution funding the government until December 8th.</p> <p>H.R. 601 was passed in the Senate on Thursday, September 7 will additional Hurricane funding and the deficit reduction until December provisions. The House passed the bill on Friday, September 8, and was signed by the President on the same day.</p>
H.R. 3354	Rep. Ken Calvert (R-CA)	Make America Secure and Prosperous Appropriations Act, 2018	<p>An omnibus package including the Interior; Homeland Security; Financial Services; Commerce, Science, and Justice; Transportation, Housing and Urban Development; Agriculture; Labour and Health and Human Services, and Education; and State and Foreign Operations Appropriations Acts, fiscal year 2018. The House-passed version of H.R. 3354 includes all 12 appropriations bills, including four that were previously passed in H.R. 3219.</p> <p>Highlighted bills in this package are below.</p> <p>H.R. 3219 was introduced in the House Rules Committee on Wednesday, August 16. was considered and passed by a vote of 211 to 198 on the House Floor on September 14, 2017.</p>
H.R. 3219	Rep. Kay Granger (R-TX)	Make America Secure Appropriations Act, 2018	<p>A small omnibus package including the Defense, Energy and Water, Military Construction and Veterans Affairs, and Related Agencies, Legislative Branch, and Border Barrier funds from the Homeland Security Bill Appropriations Acts, fiscal year 2018.</p> <p>Highlighted bills in this package are below.</p>

			H.R. 3219 was introduced in the House Rules Committee on Monday, June 24. It was passed on the House Floor by a vote of 235-192.
Rep. Charlie Dent (R-PA)	Fiscal 2018 Military Construction and Veterans Affairs, and Related Agencies Appropriations Act		<p>This legislation provides \$88.8 billion in discretionary funding, \$6 billion above the fiscal year 2017 level. Within this total, funding for the Department of Veterans Affairs was increased by \$4 billion over the fiscal year 2017 level, and increases access to services for veterans and regulatory oversight within the department. Also within the total, Military construction was increased by \$2.1 billion over the fiscal year 2017 level.</p> <p>This bill was passed out of the Appropriations Committee on June 15th. The Senate's corresponding legislation was reported out of the Senate Appropriations Committee in July.</p> <p>This bill was included in H.R. 3219 and passed on the House Floor by a vote of 235-192.</p>
Rep. Mike Simpson (R-ID)	Fiscal 2018 Energy and Water Appropriations Act		<p>The House Appropriations Committee marked up the FY18 Energy and Water Bill in full committee on July 17th.</p> <p>Within the bill, the Bureau of Reclamation funding is reduced from the FY17 level but well above what the Administration had requested for FY18. Also, the bill would authorize the EPA and Army to withdraw from the Waters of the United States rule.</p> <p>This bill was included in H.R. 3219 and passed on the House Floor by a vote of 235-192.</p>
Rep. Mario Diaz-Balart (R-FL)	Fiscal 2018 Transportation, Housing and Urban Development, and Related Agencies Appropriations Act		<p>The House Appropriations Committee today approved the fiscal year 2018 Transportation, Housing and Urban Development funding bill on July 17, 2017.</p> <p>In total, the bill reflects an allocation of \$56.5 billion in discretionary spending – \$1.1 billion below fiscal year 2017 and \$8.6 billion above the request.</p> <p>Within the bill, Community Development Block Grants are funded at \$2.9 billion, \$100 million below fiscal year 2017 level.</p>
Sen. Lamar Alexander (R-TN)	Fiscal 2018 Energy and Water Appropriations Act		The Senate Appropriations Committee approved their FY18 Energy and Water Bill on July 20 th in full committee markup.

			<p>Within the bill the Committee recommended funding the Bureau of Reclamation at \$1,287,725,000, which is \$190,332,000 above the President's FY18 budget request. Similar to the House mark, the Senate provided \$34,406,000 for Title XVI and \$24,000,000 for WaterSMART grants. Also, an additional \$98,000,000 for drought resiliency programs authorized in the Water Infrastructure Improvements Act (WIIN Act).</p>
	Sen. Susan Collins (R-ME)	Fiscal 2018 Transportation, Housing and Urban Development, and Related Agencies Appropriations Act	<p>The Senate Appropriations Committee marked up the FY18 Transportation, Housing and Urban Development, and Related Agencies Bill in subcommittee on July 25th. At this time the bill and report text has not been released.</p> <p>The FY2018 appropriations bill providing \$60.058 billion in discretionary spending for the U.S. Department of Transportation, U.S. Department of Housing and Urban Development, and related agencies. Within the bill, TIGER grants were funded at \$550 million, \$50 million above the FY2017 enacted level; and the Community Development Block Grant (CDBG) formula program is funded at \$3 billion.</p>
H.R. 23	Rep. David Valadao (R-CA)	Gaining Responsibility on Water Act of 2017	<p>Among other things the legislation would require regulators to comply with the Bay-Delta Accord and make changes to the state's Central Valley and State Water projects and streamline permitting processes. The bill included provisions from multiple other bills previously passed by the House that sought to increase the flow of water to areas of California that have experienced drought over the past five years. The measure was referred to the House Committee on Natural Resources and the Committee on Agriculture.</p> <p>By a vote of 230-190, the House passed H.R. 23, as amended, on July 12, 2017.</p>
	Rep. Bill Shuster (R-PA) /Sens. Jim Inhofe (R-WY) and Kamala Harris (D-CA)	Infrastructure Package	<p>Throughout the month, the House Transportation and Infrastructure Committee have held a series of hearings entitled, "Building a 21st Century Infrastructure for America," which have focused on various aspects of infrastructure, from passenger rail service to reauthoring the Federal Aviation Authorization (FAA).</p> <p>On June 7, President Trump outlined that he intends to leverage \$200 billion in direct federal funding over ten years to help stimulate \$1 trillion in investment in infrastructure. This federal funding will consist of 1) grants and loans that seek to privatize the country's air traffic control system, 2) grants to repair bridges, road, 3) enhanced loan program with the Transportation Infrastructure Finance and Innovation Act, and 4) incentive programs with grants to states and municipalities.</p> <p>One part of the president's plan has already been put into legislation. House Transportation and Infrastructure Committee Chairman Bill Shuster and Aviation</p>

			<p>Subcommittee Chairman Frank LoBiondo (R-NJ) introduced the FAA’s reauthorization legislation, H.R. 4441, the 21st Century Aviation Innovation, Reform, and Reauthorization (AIRR) Act, which will transfer air traffic control operations from the FAA to a private, nonprofit, 13-member board. While Representative Shuster said that the bill does not “mirror” President Trump’s infrastructure outline, he said that he considered many aspects of the proposal. Shuster has also voiced his hope that the committee will markup the legislation on Tuesday, June 27 and move to the floor in mid-July.</p> <p>Currently, it is unclear who will champion the bill in the other chamber. Senate Commerce, Science and Transportation Committee Chairman John Thune (R-SD) announced that the Senate’s FAA reauthorization legislation will not include privatizing the air traffic control system. That said, Representative Sam Graves (R-MO), who last year voted against the 2016 FAA reauthorization bill, helped develop the legislation with Chairman Shuster.</p>
H.R. 1663	Rep. Grace Napolitano (D-CA) / Rep. Rob Wittman (R-VA)	Water Resources Research Amendments Act	<p>This legislation would extend a Federal-State partnership aimed at addressing state and regional water problems, promoting distribution and application of research results, and providing training and practical experience for water-related scientists and engineers. H.R. 1663 would authorize \$9,000,000 annually over five years for grants to water resources research institutes and require two-to-one matching with non-federal funds. It would also promote exploration of new ideas, expand research to reduce energy consumption, and bolster reporting and accountability requirements.</p> <p>The bill has been introduced in the House Committee on Natural Resources and no actions have yet been scheduled on it.</p>
H.R. 497/ S.357	Rep. Paul Cook (R-CA)/ Sen. Dianne Feinstein (D-CA)	Santa Ana River Wash Plan Land Exchange Act	<p>This bill directs the Department of the Interior: (1) to quitclaim to the San Bernardino Valley Water Conservation District in California approximately 327 acres of identified federal land administered by the Bureau of Land Management, and (2) in exchange for such land, to accept from the Conservation District a conveyance of approximately 310 acres of its land.</p> <p>On April 27th HR 497 passed through the House Natural Resources Committee by unanimous consent, and was scheduled for the House Floor Consideration on June 2nd.</p> <p>This bill was passed by the House on June 27th by a vote of 424-0.</p>

			The Senate Environment and Public Works Committee held a hearing on S. 357 on July 26, 2017. No further activity is anticipated until the Fall.
S. 32	Sen. Dianne Feinstein (D-CA)	California Desert Protection and Recreation Act	<p>This bill would designate important wilderness in the California desert and protect lands for recreation, wildlife and tourism. Aspects of the bill include:</p> <ul style="list-style-type: none"> • Mandate study and protection of Native American cultural trails along the Colorado River. • Designate 230,000 acres of additional wilderness area between the Avawatz Mountains near Death Valley to Imperial County's Milpitas Wash. • Add 43,000 acres to Death Valley and Joshua Tree national parks. • Create a 75,000-plus acre special management area at Imperial County's Vinagre Wash. • Designate Inyo County's Alabama Hills as a National Scenic Area. • Prohibit new mining claims on 10,000 acres in Imperial County considered sacred by the Quechan Tribe. <p>Additionally, the bill protects 140,000 acres of existing off-road vehicle riding areas from mining, energy development, military base expansion or other decisions that would close them to vehicle use.</p> <p>The Senate Environment and Public Works Committee held a hearing on S.32 on July 26, 2017. No further activity is anticipated until the Fall.</p>
H.R. 2510	Rep. Peter DeFazio (D-OR)	Water Quality Protection and Job Creation Act of 2017	<p>This bill would amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds.</p> <p>This bill has been introduced to the House Transportation and Infrastructure subcommittee on Water resources and Environment.</p>
H.R. 1654	Rep. Tom McClintock (R-CA)	Water Supply Permitting Coordination Act	<p>This bill would allow water project sponsors the opportunity to use an expedited permitting process for new or expanded surface non-federal storage facilities through the Bureau of Reclamation, which would be the lead and central agency coordinating the review process.</p> <p>The House Natural Resources Committee approved the bill by a vote of 24-16 on April 27th. The House Rules Committee on June 20th dictated final amendments for passage on the House Floor; this bill passed the House on June 22nd by a vote of 233-180.</p>