



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

**WEDNESDAY, NOVEMBER 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 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 October 11, 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)
 - F. WATER SUPPLY AND WATER QUALITY ACT OF 2018 (JERRY MERAL)
(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, November 2, 2017.



April Woodruff

**ACTION
ITEM
1A**



MINUTES

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

WEDNESDAY, OCTOBER 11, 2017
9:00 A.M.

COMMITTEE MEMBERS PRESENT

Steven J. Elie, Chair
Kati Parker

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
Andrea Carruthers, Senior External Affairs Specialist
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

None

The meeting was called to order at 9:02 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS

The Committee:

- ◆ Approved the Community and Legislative Affairs Committee meeting minutes of September 13, 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 P. Joseph Grindstaff had no comments.

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 9:34 a.m.

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District

APPROVED: NOVEMBER 8, 2017

Community and Legislative Affairs Committee

INFORMATION
ITEM
2A



Date: November 15, 2017

To: The Honorable Board of Directors

From: P. Joseph Grindstaff, General Manager

Committee: Community & Legislative Affairs

11/08/17

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.

December 7, MWD "Water is Life" Student Art Recognition Event, MWD Headquarters: 700 Alameda St, Los Angeles, 9:00 a.m.

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

IEUA distributed an email blast to 250,000 IP addresses (Geo Target: new homeowners, homeowners and those interested in landscaping/gardening – all within IEUA's service area) in October that featured water-wise planting and irrigation tips with a Halloween theme.

IEUA ran a Fall spadea in the Daily Bulletin on October 31 featuring native plantings.

MWD selected two IEUA student art winners for their 2017 "Water is Life" student art poster contest: Sunny Lin (Townsend-Chino Hills) and Alyssa Vallejo (Don Lugo-Chino).

Staff's Recommendation:

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

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

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

December

- December 7, MWD “Water is Life” Student Art Recognition Event, MWD Headquarters: 700 Alameda St, Los Angeles, 9:00 a.m.
- 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 distributed an email blast to 250,000 IP addresses (Geo Target: new homeowners, homeowners and those interested in landscaping/gardening – all within IEUA’s service area) in October that featured water-wise planting and irrigation tips with a Halloween theme.
- IEUA ran a Fall spadea in the *Daily Bulletin* on October 31 featuring native plantings.

Media and Outreach

- IEUA ran an ad in the *Champion Newspaper’s* Winter Connection that featured a Thanksgiving theme layout with water saving tips focused on water use in the kitchen.
- IEUA will run an ad in the *Champion Newspaper’s* Thanksgiving Guide on November 23.
- IEUA continues to run banner ads with *Fontana Herald News*.
- IEUA featured ads for the Water Conservation Festival through the *Daily Bulletin* and *La Opinión*.
- IEUA submitted an ad for the November Fontana Chamber newsletter featuring IEUA’s free education programs.
- In October, 38 posts were published to the IEUA Facebook page and 38 tweets were sent on the @IEUAwater Twitter handle.
 - The top three Facebook posts, based on reach and engagement, in the month of October were:
 - 10/10: IEUA is accepting applications for Wastewater Treatment Plant Operator (OIT - Grade V)
 - 10/23: National Prescription Drug Take-Back Day
 - 10/21: #Chinocreekwetlands feature
 - The top three tweets, based on reach and engagement, in the month of September were:
 - 10/3: #TipTuesday plant watering tips
 - 10/9: Water Professionals Week
 - 10/10: #TipTuesday gardening tips

Education and Outreach Updates

- Upland High School, Chino High School and Los Osos High School Solar Cup Teams attended the boat building workshop on Sunday, November 5 at Three Valleys Municipal Water District from 8:00 a.m. – 4:00 p.m. The technical workshop is scheduled for December 2.

- Staff is continuing to schedule Water Discovery field trips for program year 2017/18. To date, staff has provided field trips and scheduled approximately 2,343 students from July 2017 to May 2018.
- IEUA participated in the planning and successful execution of the Landscape & Water Conservation Festival. The event was held on Saturday, October 21 at CBWCD.
- On October 25, IEUA and LifeStream held a blood donation event at IEUA Headquarters. 32 people participated and 27 units were collected. One pint can save as many as three lives.
- MWD selected two student art winners out of 15 submitted by IEUA for their 2017 “Water is Life” student art poster contest. Student winners will be invited to MWD’s “Water is Life” Student Art Recognition Event on December 7 and their artwork will be featured in the 2018 “Water is Life” calendar.
 - Student winners: Sunny Lin, 7th grade student at Robert O. Townsend Junior High School (Chino Hills) and Alyssa Vallejo, 9th grade student at Don Antonio Lugo High School (Chino).

INFORMATION

ITEM

2B



October 27, 2017

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

Overview:

The first year of the 2017-2018 Legislative Session concluded with the Governor taking final action on bills before the October 15 deadline. Of the 997 bills that were sent to him, he signed 859 and vetoed 118, a 12 percent veto rate.

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, and will likely pick back up quickly when the legislature returns on January 3.

With the start of the new water year on October 1, California's major reservoirs are in the best position they have been in at the start of a new water year in nearly six years. Water managers are cautiously optimistic for the upcoming year; it is too early to tell at this point what the winter months might have in store.

As widely reported, the Metropolitan Water District of Southern California voted to support the California WaterFix on October 10. Ten of the other twelve contractors have voted to support the project with two, Kern County Water Agency and Santa Clara Valley Water District conditionally supporting the project.

The State Water Resources Control Board (SWRCB) released additional specifics and scientific support for Phase II of their Bay-Delta Plan update, covering the Sacramento River and its tributaries. Most notably the plan suggests a range of 35-75% unimpaired flows for Sacramento River Delta inflow.

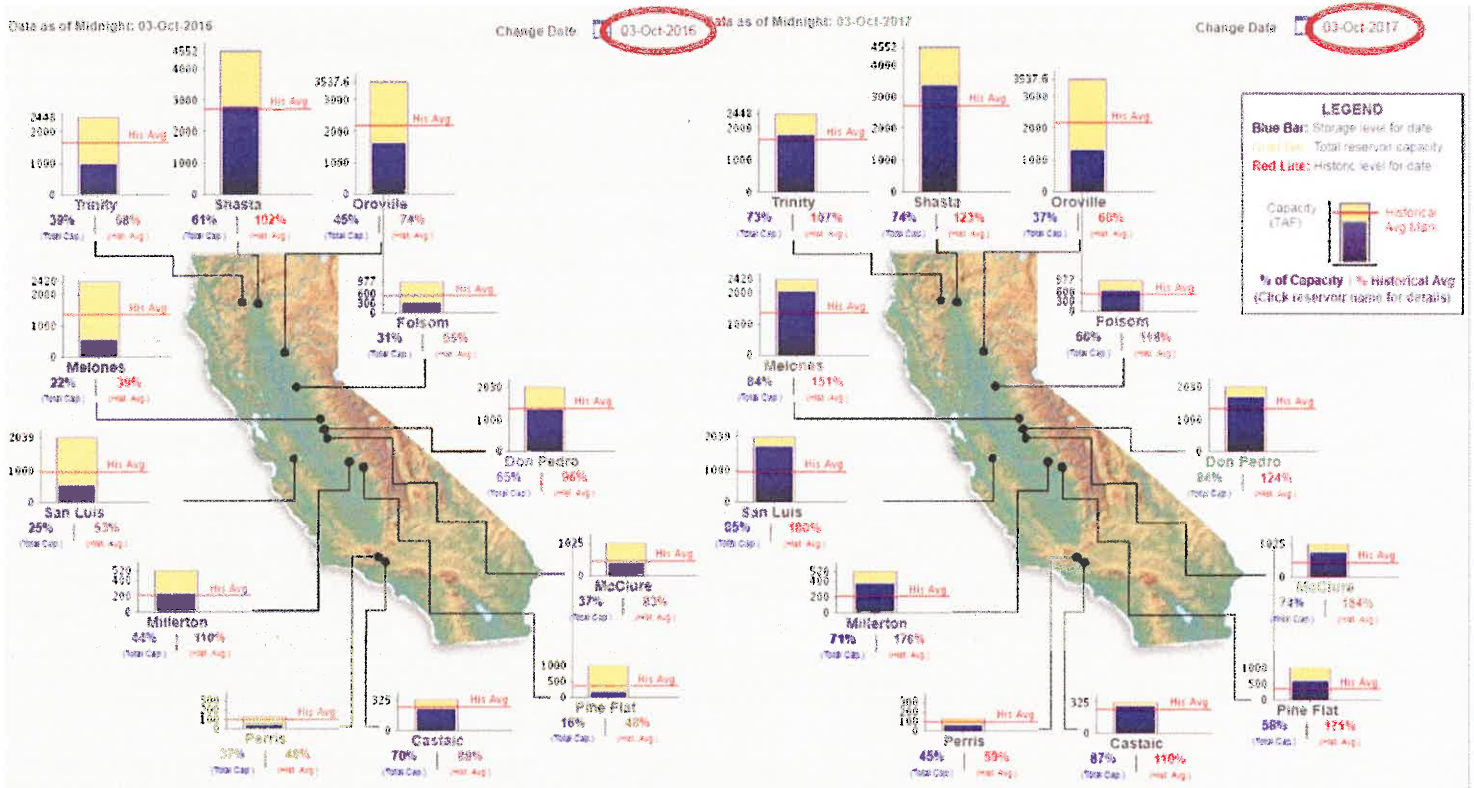
Southern California Gas Co. recently filed a general rate case application at the California Public Utilities Commission (CPUC) asking for a 40 percent, \$3.3 billion, increase in revenues over the next four years.

The Emerging Trends Committee at the California Public Utilities Commission (CPUC) recently discussed the status of the BioMAT program. The BioMAT program was created in 2012 by IEUA sponsored SB 1122 (Rubio) in hopes of sparking a market for bioenergy projects. Of the 250 MWs authorized in the legislation, only 10.4 MWs have actually been contracted. More projects are expected as landfill diversion and Short Lived Climate Pollutant programs require and incentivize more organic waste digester projects.

Inland Empire Utilities Agency Status Report – October 2017

Water Supply Conditions

With the start of the new water year on October 1, California’s major reservoirs are in the best position they have been in at the start of a new water year in nearly six years. Lake Oroville is the one exception, as it has been kept low during the repair of the damaged spillway and auxiliary spillway. Water managers are cautiously optimistic for the upcoming year; it is too early to tell at this point what the winter months might have in store.



WaterFix Update

As widely reported, the Metropolitan Water District of Southern California voted to support the California WaterFix on October 10. There was significant discussion about the possibility of a one tunnel option ending with a commitment to bring any variation to the current proposal back to the board for final approval. With both the Los Angeles and San Diego delegations split, the vote passed at a comfortable margin. Other contractors held votes throughout October. The final results are below.

Agency	Date	Support Water Fix
Zone 7 Water Agency	Sept. 20	Yes
Mojave Water Agency	Sept. 28	Yes
San Geronio Pass Water Agency	Oct. 2	Yes
Desert Water Agency	Oct. 2	Yes
San Bernardino Valley MWD	Oct. 3	Yes
Crestline-Lake Arrowhead WA	Oct. 5	Yes
Coachella Valley Water District	Oct. 10	Yes
Metropolitan Water District of S. CA	Oct. 10	Yes
Castaic Lake Water Agency	Oct. 11	Yes
Alameda County Water District	Oct. 12	Yes
Kern County Water Agency	Oct. 12	“Tentative Endorsement”
Santa Clara Valley Water District	Oct. 17	One tunnel only.

As to what happens next, a lot of that depends on Governor Brown. He has indicated that he is open to a one-tunnel option, but has yet to officially switch to that approach. Should a one-tunnel plan move forward, a new economic analysis would have to be conducted, and environmental permitting will need to be updated. It is also unclear how that will change support from Westlands or further solidify support from Kern County Water Agency. MWD’s support for a one-tunnel solution also appears lukewarm.

Additionally, after several days of confusion, Trump clarified that they will continue to work on the delta tunnels project, however they have no plans to fund it.

SWRCB Moves Forward with Bay-Delta Plan Update – Phase II

The State Water Resources Control Board (SWRCB) released additional specifics and scientific justifications for Phase II of their Bay-Delta Plan update. Phase II covers the Sacramento River and its tributaries. The SWRCB released an initial working draft of the Scientific Basis Report for Phase II last October.

The preliminary Phase II proposal begins to lay the groundwork for a number of updates, including the following:

- A range of 35-75% unimpaired flows for Sacramento River Delta inflow
- Cold water habitat requirements (for the first time in the Delta-Plan)
- Maintain existing Delta outflow requirements of 3,000-8,000 cfs for July-January and 7,100 cfs for February-June
- Replace existing “inflow-based Delta outflow” objective (calculated by adding up the required inflows and making appropriate adjustments for natural losses and gains scaled to the percent of unimpaired flow level)
- Add existing U.S. Fish and Wildlife Service Biological Opinion September-January fall outflow requirements (Fall X2)
- Add Old and Middle River (OMR) reverse flow limits from December-June consistent with existing Biological Opinions and incidental take permits
- Add Delta Cross Channel gates restrictions in October consistent with existing Biological Opinions and incidental take permits

- Add modified April-May export constraints based on San Joaquin River flows

The new materials, calling for potentially significant changes, come as a bit of a surprise to the water community. While the Bay-Delta Plan update has been a hot topic over the last year, the Phase I proceedings for the San Joaquin River were put on hold at the request of the Governor to attempt to execute voluntary agreements between the State and water rights holders affected by the update. It appears that little progress has been made with those efforts, but the SWRCB has not moved forward with any additional formal actions. Initial estimates suggest the flow requirements could significantly impact carry-over storage in the state's main Northern California Reservoirs.

The SWRCB is requesting responses to a specific set of questions on the proposal and 400-page scientific document by November 9th. An extended, more focused comment period will occur at a later date, yet to be announced.

SoCal Gas Seeks \$3.3 Billion Revenue Increase Over the Next Four Years

Southern California Gas Co. recently filed a general rate case application at the California Public Utilities Commission (CPUC) asking for a 40 percent, \$3.3 billion, increase in revenues over the next four years. They are asking for a 19 percent increase in 2019, an additional 8.54 percent increase in 2020, an additional 6.19 percent increase in 2021 and a final additional 6.18 percent increase in 2022.

Non-core Commercial and Industrial customers are proposed to receive a 25 percent increase over 2017 rates in 2019.

SoCalGas notes that about 57 percent of the revenue increase is directly related to safety measures and reflects a new, risk-based decision-making framework adopted by the CPUC. In the wake of the Aliso Canyon leak, SoCalGas highlights that a number of new and emerging regulations on underground natural gas storage are primary contributors to the expenditures plan. They are also proposing to expand in-line inspections of transmission pipelines, use of a new technology to assess and mitigate pipeline risk, and preplacement of aging distribution pipelines.

The application also proposes additional funds for renewable energy, such as increased support for biogas projects that capture methane for use as a fuel source. They note that renewable gas will be “integral to the state reaching its goal of 40 percent reduction of GHG emissions below 1990 levels by 2030 by reducing fugitive methane emissions from the agricultural and waste sectors.”

The case is expected to take at least 12 to 18 months.

CPUC Ponders BioMAT (SB 1122) Program Performance

At a recent meeting of the Emerging Trends Committee at the California Public Utilities Commission (CPUC), Commissioners discussed the status of the BioMAT program. The BioMAT program was created in 2012 by IEUA sponsored SB 1122 (Rubio) in hopes of sparking a market for bioenergy projects including wastewater digesters. Unfortunately, program implementation obstacles have made it difficult for projects to actually participate. Of the 250 MWs authorized in the legislation, only 10.4 MWs have actually been contracted. Projects

proposing pipeline injection instead of onsite electricity production have also limited participation.

Commission staff identified a number of challenges with the program including lack of competition, an ineffective price-allocation method, and difficulty getting permits for projects.

Commissioners are faced with several options including suspending the program to contemplate modifications, modify without suspending the program, or seeking statutory changes to SB 1122. WCA recently testified before the CPUC on the merits, benefits and importance of the program as the state seeks to divert landfill organic waste and reduce short-lived climate pollutants (SLCPs).

Commission President Picker voiced strong skepticism for the biogas market and noted that there are a lot of unrealistic expectations about the biogas market. It is unclear what the next step for the CPUC will be.

Legislative Update

The first year of the 2017-2018 Legislative Session concluded with the Governor taking final action on bills before the October 15 deadline. Of the 997 bills that were sent to him, he signed 859 and vetoed 118, a 12 percent veto rate.

The Governor signed AB 574 (Quirk, D-Hayward) the WaterReuse sponsored legislation which would re-define specific categories of recycled water.

He also signed SB 5 (de Leon, D-Los Angeles). While it was called a \$4 billion “Water and Parks Bond,” there is very little funding for water projects included in the text. 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.

As reported earlier, the Governor signed SB 231 (Hertzberg, D-Van Nuys) addressing the financing of stormwater capture, cleanup and reuse projects.

Soon after the legislative session ended, Jerry Meral began the campaign to qualify the measure for the ballot. The \$8.78 billion bond is completely water 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.

Assemblymember Adam Gray’s (D-Merced) AB 313, a bill to reform the water rights appeals process at the State Water Resources Control Board, was revived in the final hours of the

legislative session. The bill would require water rights enforcement appeal proceedings, previously heard by SWRCB members, to be heard by an administrative law judge. Proponents of the bill, including the bill's sponsor – Byron-Bethany Irrigation district, argue that this will increase fairness for water rights proceedings.

The bill had previously sat on the Senate Appropriation Committee Suspense File, without any real hope of advancing this year. Then, in the final hours of session, the bill was pulled out of the committee, to the Senate Floor, and passed both houses within a matter of minutes. While unconfirmed by legislative leadership, the move was presumably made in exchange for Gray's support for SB 5 (de Leon), the Pro Tem's Parks and Water Bond that was struggling to get the required two-thirds vote in the Assembly.

While Asm. Gray had the late support from legislative leadership to revive the bill before the end of session, he clearly failed to secure the support of the Governor, who vetoed the measure. However, the Governor did direct Cal EPA to look into the issues raised by the bill.

Members will return to Sacramento on January 3 to start the final year of the two-year session. It is expected that they will hit the ground running on the carry-over legislation from last year, specifically water conservation and water user fees. As discussed in previous reports, other issues likely to be hot topics include: Prop 218 reform for low-income water rates; SB 100 to accelerate and increase RPS and zero carbon energy goals, and the creation of a Western regional energy grid. It is possible that there will be legislation introduced to address, stall or possibly block WaterFix, as there have been similar efforts every year for the past few years.

Please see the matrix for a final report on all IEUA tracked bills.

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff, Kathy Besser

From: Letitia White, Jean Denton, Annie Wake

Date: October 27, 2017

Re: October Monthly Legislative Update

House Adopts Budget Setting Up Release of Tax Bill Next Week

House Republicans narrowly adopted a budget resolution Thursday, October 26 unlocking a fast-track process to achieve their long-sought goal of cutting Americans' taxes by the end of the year. The next step will be releasing a draft tax measure as early as Wednesday, November 1.

The 216-212 vote allows Congress to enact tax cuts later that increase the federal deficit by up to \$1.5 trillion over 10 years. The bill could pass the Senate with just 50 votes -- plus a tie-breaker from Vice President Mike Pence -- bypassing the need for any Democratic support.

While Republicans have not outlined a full plan, their tax framework calls for doubling the standard deduction for individuals and reducing the current seven income brackets to three -- 12 percent, 25 percent and 35 percent, with a possible fourth bracket for top earners. Those tax cuts may be funded by limiting the deduction for state and local income and property taxes, an idea opposed by some GOP moderates from high-tax states.

Moderate Republicans, mostly from Northeast states, had threatened to hold up the budget measure but now will reserve their fight for the tax bill itself.

"Tax reform is good for the country; it's just not good when it's on the backs of six states," said Representative Tom MacArthur (R-NJ).

Republicans are determined to enact a tax-cut plan, especially after spending much of the year trying to use the same fast-track process to repeal the Affordable Care Act (ACA). That effort finally collapsed, leaving Congress with no major legislative achievements thus far in President Donald Trump's first year in office. Some Republicans say a failure to cut taxes could doom many of them in the 2018 elections.

Some revenue-raisers are needed to keep the tax reductions within the \$1.5 trillion revenue loss cap. Deficit hawks like Senator Bob Corker (R-TN) have said they would vote against a tax bill that results in a greater revenue loss. He has also said that "reasonable" growth estimates would need to show that the \$1.5 trillion loss would be erased by economic growth.

Innovative Federal Strategies LLC

Although the House adopted its own budget on Thursday, October 5, Republicans decided to speed the tax-overhaul process by agreeing Thursday, October 26 to pass the Senate's version, avoiding the need for negotiations between the two chambers.

The budget measure, H.Con.Res. 71, would allow a \$90 billion increase in defense spending above the current cap, and would let lawmakers raise \$1 billion by opening Alaska's Arctic National Wildlife Refuge to oil drilling for the first time. It doesn't include a House proposal to cut entitlement spending.

Balance in 10 Years

The budget claims to reach balance in 10 years through \$5 trillion in spending cuts, though it does not contain a mechanism to fast-track a vote on the cuts this year.

Democrats said the budget will set up a rushed vote on a tax plan that would increase the deficit and ultimately lead to cuts in social spending that helps the elderly and poor.

"They don't want you to find out that it overwhelmingly benefits the wealthy, while increasing taxes on millions of middle-class families," said top Budget Committee Democrat Representative John Yarmuth (D-KY) on the House floor. In addition to the spending reductions called for in the budget, "more cuts will be coming once the Republican tax cuts blow an enormous hole in the budget," he said.

Most conservatives said they would vote for the budget to advance tax reform and that they plan to resume their quest for cuts in social spending next year.

Tax Deductions

Ways and Means Committee Chairman Kevin Brady (R-TX) Wednesday, October 25 that the state and local tax deduction issue needs to be resolved before the tax measure is released.

One moderate Republican spelled out his reasons for wanting to keep the state and local deduction. "The rest of the country is getting a tax cut and the best they are offering my folks is you will break even? I can't go back to my district and say, 'Re-elect me, it could have been worse,'" Representative Peter King (R-NY) said Wednesday, October 25.

Representative King and other moderates propose keeping the deduction for individuals earning up to \$400,000 a year. Other ideas would allow the deduction of property taxes but not income taxes, or would convert the deduction to a credit that could be used by people who don't itemize.

'Brings Some Fairness'

White House Budget Director Mick Mulvaney said Wednesday, October 25 night that the Trump Administration wants to eliminate the deduction. Getting rid of it "brings some fairness where it wasn't before," he said at Georgetown University.

Republicans also are talking about raising money by reducing the annual limit on 401(k) retirement account contributions -- an idea President Trump has flatly rejected. That would "violate our principles," Director Mulvaney said, adding that if a tax plan raised taxes on the middle class, "we would certainly give serious thought to vetoing it."

Innovative Federal Strategies LLC

Chairman Brady's committee plans to vote on the tax bill during the week of Monday, November 6, with a full House vote the following week.

The fight over the deduction is just the start of the coming battles over tax legislation. Other controversial elements include a possible global minimum tax for multinational companies, a phase-in of a new 20 percent corporate rate, ending the deductibility of business interest expenses, and safeguards to prevent wealthy individuals from improperly taking advantage of a new 25 percent rate for individually owned businesses.

New Battles to Erupt After Senate Clears \$36.5B in Disaster Aid

A \$36.5 billion disaster aid bill is on its way to President Trump's desk for his signature, after the Senate cleared the House measure without changes Tuesday, October 24, putting a hold on lawmakers' demands for billions in additional recovery funds.

Enactment of the disaster package will provide a new infusion of funds to ensure the Federal Emergency Management Agency (FEMA) does not run out of resources to help areas struck by hurricanes and wildfires. It also will buy time for the President Trump administration to develop its next multibillion-dollar request for "emergency" funding for disaster-hit areas.

But members of both parties said after the disaster aid package was cleared on a vote of 82-17 that their attention already is shifting to the size and details of the President's third supplemental request, which is expected to land on Capitol Hill in November. They said they are working with their delegations early in the process to make sure the White House and Republican congressional leaders provide a more adequate funding package the next time.

Enactment of the House package (H.R. 2266) provides \$18.7 billion in new funds for FEMA's Disaster Relief Fund (DRF) and \$16 billion to forgive debt and enable the National Flood Insurance Program to pay claims. It also provides \$576.5 million to combat western wildfires. FEMA is said to be close to exhausting funds provided in the \$15 billion emergency package passed in September.

Many Republicans joined Democrats in criticizing the new package, saying it inadequately addresses the recovery and needs of Texas and Florida, as well as the immediate issues facing Puerto Rico and the U.S. Virgin Islands. Lawmakers also are clamoring for more money to fight wildfires.

"While some of these resources will impact Texans recovering from Hurricane Harvey, I want to stress that much, much more will be needed in my state," said Senate Majority Whip John Cornyn (R-TX), top deputy to Majority Leader Mitch McConnell (R-KY). "I want to make one point abundantly clear: Harvey has not been permanently handled in Texas. It's not over and done with and it's not time to just move on."

'Spending Frenzy' Underway

The bill was cleared after the Senate easily beat back a challenge raised by Senator Rand Paul (R-KY), who complained of the bill's spending without corresponding cuts

Innovative Federal Strategies LLC

elsewhere in the budget. The Senate voted 80-19 to reject Senator Paul's budgetary point of order.

Senator Paul said the federal deficit is on track to double both under Republican and Democratic administrations and Republicans' plans to pass multiple disaster aid packages this fall on an "emergency" basis without offsets signals "another spending frenzy" is underway in the Capitol.

"Maybe we should take it from another area of spending that's less in need. I think that just simply borrowing it even for something that you can argue is compassionate is really foolhardy and may make us weaker as a nation," Senator Paul said.

Senator Paul was joined by other conservatives in voting against the measure but many others in both parties lined up to support the latest disaster package.

Senator Cornyn said the Texas delegation will keep pressing for the \$18 billion in extra money they unsuccessfully sought when the measure was moving through the House and Senate. A large portion is for Community Development Block Grant (CDBG) funds.

"There was the storm and now there's the storm after the storm," Senator Cornyn said. "Nearly two months after the hurricane the most extreme rain even in history, many Texans are waiting for normalcy to return to their homes, to their routines, their workplaces, their children's schools."

Similar comments were made by Senator Bill Nelson (D-FL), whose home state still wants to get at least \$20 billion extra, including CDBG funds and help for the state's citrus growers. Senator Nelson and Senator Marco Rubio (R-FL) are calling for more aid for Puerto Rico—at least \$4 billion.

Opioids, Wildfire Money

Other demands are on the rise. Among other things, Senator Jon Tester (D-MT) suggested that the \$576.5 million in the bill may not be the last word on wildfires.

"In total, fires have burned nearly 9 million acres, significantly more than the yearly average," Senator Tester said. "1.2 million of those acres are in Montana, and these fires have cost the taxpayers nearly \$3 billion to date."

President Trump told Republicans at their weekly luncheon that he may be ready to propose an "emergency" plan to tackle the opioid crisis. But Senator Roy Blunt (R-MO), chairman of the Senate Appropriations Subcommittee on Labor, Health, and Human Services, stated that he is not sure that statement will translate into a request for emergency funding in the next supplemental.

"It would go quickly but now we have to see what he means by 'emergency,'" Senator Blunt said.

Congress Rolls Toward Shutdown Fight Over Immigration and Healthcare

The year's most divisive fights in Congress are set to converge in a bitter partisan clash in December that could result in a U.S. government shutdown. The unresolved battles --

Innovative Federal Strategies LLC

over a wall on the U.S.-Mexico border, immigration, health-care subsidies, Planned Parenthood and storm relief -- are hanging over talks on must-pass spending legislation to keep the government open after Friday, December 8. The spending measure is at risk of becoming so weighted with controversial items that it collapses.

Even without contentious issues, completing a trillion-dollar spending bill in time would be a tall order. The brewing battle could leave Republicans with no major accomplishments in President Trump's first year after they couldn't find enough votes to repeal the Affordable Care Act (ACA). The more protracted the fight, the less time in 2017 to overhaul the tax code, the GOP's top priority.

There also may be pressure to raise the federal debt limit as part of a year-end package, although the Treasury Department is likely to use its authority to delay the need for an increase into early next year.

Unbridgeable policy differences might result in a push to simply extend current spending authority through fiscal 2018. That would limit military spending to \$549 billion, leaving out the big boost sought by Senate Armed Services Committee Chairman John McCain (R-AZ) and other Republican defense hawks.

'Always a Risk'

Senator McCain is among those threatening to take his year-end priorities to the mat. He said Wednesday, October 18 that he will not support any temporary extension of government agency spending unless the defense caps are lifted. He said a government shutdown -- for the first time since 2013 -- is possible. "There's always a risk every time we go through this cycle," he said.

Democrats say a shutdown can be averted if President Trump and congressional Republicans, including the conservative House Freedom Caucus, put aside unrealistic demands such as a ban on funds for Planned Parenthood or requiring any added hurricane-relief funds to be offset with domestic spending cuts. "We don't want a shutdown," said Senate Democratic leader Senator Chuck Schumer (D-NY). "Ask President Trump. Ask our hard-right Freedom Caucus types."

Democratic Leverage

There is still a chance the two parties can agree on a deal. Senate Democrats have leverage because spending bills require 60 votes for passage while Republicans have a slim 52-48 majority.

Innovative Federal Strategies LLC

The biggest looming dispute is over immigration. Senator Schumer and House Minority Leader Nancy Pelosi (D-CA) say they want the President to make good on a tentative deal they struck last month to allow about 800,000 people who entered the U.S. illegally as children to stay with a possible path to citizenship. In exchange, Democrats would support stronger border security -- without the wall that President Trump promised in his 2016 campaign.

The White House angered both top Democrats this month by calling for “complete construction” of the wall and more immigration enforcement. Senator Schumer and Representative Pelosi say the administration can expect broad Democratic opposition to wall funding in a year-end spending plan.

The wall fight alone could lead to a government shutdown. President Trump upped the ante by saying in May that a “good shutdown” may be necessary to win approval of \$1.6 billion he wants to fund the wall. The money is in the House and Senate draft spending bills for Homeland Security, meaning it will be on the table in any omnibus negotiations.

ACA Exchanges

An effort to bolster ACA insurance exchanges could also doom spending legislation. Republican Senator Lamar Alexander (R-TN) and Democrat Patty Murray (D-WA) agreed this week on a plan to provide two more years of subsidies to help low-income people buy individual coverage on ACA’s insurance exchanges. They seek to lure Republican votes by also giving states added flexibility in overseeing insurer offerings on the exchanges.

President Trump, who earlier encouraged Senator Alexander to cut a deal, signaled opposition to the measure. His spokeswoman, Sarah Sanders, said, “We need something that goes a little further to get on board.”

Senate Republican leaders have not promised to advance the health-care pact, and many House Republicans -- including Speaker Paul Ryan (R-WI) -- say they don’t want to shore up a health-care system they’d rather repeal.

Senator Schumer told reporters Wednesday, October 18 that both sides should continue to seek a fix, possibly in the spending bill.

Disaster Relief

Another sticking point is disaster relief. Texas, Florida and Puerto Rico could seek tens of billions of dollars in additional rebuilding money once final damage assessments are

Innovative Federal Strategies LLC

tallied. Conservatives are likely to seek spending cuts in exchange for such funds, which Democrats and many other Republicans reject.

A dispute over extending the Children's Health Insurance Program (CHIP), which expired in September, could also carry over into the spending bill. So too could a perennial push by Republican House conservatives to ban funding for Planned Parenthood.

On defense, Republicans are seeking to increase spending caps by \$54 billion, while Democrats insist that must be coupled with the same increase for non-defense spending.

House GOP's Tax-Cut Hopes Ride on Deciding Who Is Middle Class

House Republicans agree with President Trump that they want to cut taxes for the middle class, but who fits that definition is where the consensus stops.

For some GOP members of Congress, a middle income household tops out at \$100,000 a year. For others, a family making \$400,000 still deserves a break. Whatever definition they settle on will be central to determining whether the party's tax plan delivers on Trump's most basic promise: a historic middle-class tax cut.

"Our framework ensures that the benefits of tax reform go to the middle class, not to the highest earners," President Trump said Wednesday, October 11 in Pennsylvania. "It's a middle-class bill."

The debate is playing out now as House Republicans explore a compromise to cap the income level at which people would still be allowed to deduct state and local taxes, instead of eliminating the deduction altogether as proposed in their recently released tax blueprint. The definition of middle class will also be a key factor shaping where Republicans set the thresholds for individual income tax brackets.

The promised boon for the middle class is a key GOP counterpoint to charges that their plan will mostly benefit America's highest earners. Yet nobody in Congress or the Trump Administration has defined yet who counts as middle class.

Regional Differences

It's not surprising that lawmakers from rural Alabama may define middle class differently from those representing Manhattan. But even Republicans from the same state cannot agree on the definition. "The middle class is whatever you want it to be in

Innovative Federal Strategies LLC

many ways,” said Jim Renacci (R-OH), who sits on the Ways and Means Committee. “I think the middle class, is anywhere from zero to \$80,000 to \$100,000. That’s really the target zone.”

For Warren Davidson (R-OH) who represents the Ohio district on the outskirts of Cincinnati where the biggest company is AK Steel Corp., middle class families could be those making up to \$250,000 a year.

“I think for our district, people probably don’t start feeling like they’re middle class until they start earning \$40,000 a year, and they probably still feel like they’re middle class up until about a quarter million a year,” Representative Davidson said in an interview.

Representative Davidson gave the example of a two-teacher household that might be able to pay the bills but struggles to put much away for future college tuition. He said those are the people who need to be keeping more of their paycheck every year. “If those folks aren’t getting a tax cut, I don’t think we’ve gotten the tax cut right,” Representative Davidson said.

President Trump has staked out similar ground. When the president found out that eliminating state and local tax deductions could hurt some middle class families, he grew angry and demanded changes, according to two people familiar with his thinking. Nonetheless, Gary Cohn, President Trump’s top economic adviser, said Thursday, October 12 that the White House is not reconsidering its support for abolishing that break.

Senator Tim Scott (R-SC) said Friday, October 13 that he expects a group of House Republicans to help change the GOP plan to put an income cap for the state and local deduction “in the \$200,000 to \$250,000 range,” he stated.

No Single Definition

There is no single definition among economists for what makes someone middle class, but the dividing lines usually depend on income, education, home ownership or some combination of them all.

The Pew Research Center, for example, classifies the middle class as households making between two-thirds and double the median household income -- or between \$42,500 and \$125,000 for a family of three in 2014. Other definitions consider whether people have a college degree or even their job type.

Innovative Federal Strategies LLC

Americans themselves are more likely to place themselves into the middle class than any other group. In a Gallup poll released in June, 62 percent of respondents said they belong to the middle or upper-middle class.

Kevin Brady (R-TX), the chairman of the House Ways and Means Committee and one of the main architects of the tax policy framework, said his panel has “not yet” identified how individual brackets will be defined. But, again, he promised that the group is “moving toward a very strong middle class tax cut.”

The policy framework published last month suggests three tax brackets for individuals -- 12 percent, 25 percent and 35 percent -- and gives congressional tax-writing committees the flexibility to add a fourth bracket for the highest earners. It also calls for a near-doubling in the standard deduction for households, a “significant,” yet unspecified increase in the child tax credit and the elimination of personal exemptions for dependents.

A study by the nonpartisan Urban-Brookings Tax Policy Center found that most middle-income families would enjoy after-tax gains under the GOP framework, but that taxes would go up for almost 30 percent of people making \$50,000 to \$150,000. The study said it used brackets outlined in the House GOP tax blueprint released in 2016 -- a methodology that Brady and others criticized.

With the House scheduled to be in session for only 23 more days before the end of the year, House Republicans say they need to start making some decisions soon.

White House ‘Not There Yet’ on Infrastructure Bill: Senator Moran

The White House's highly-anticipated infrastructure bill is not ready for legislative action, because the Trump Administration continues to work out the financing, according to several Senate Republicans.

Months after the Trump Administration first pitched a \$1 trillion infrastructure package, officials updated the Senate Commerce Committee Republicans on the Trump Administration's progress. “It seems to me that they're well-prepared for legislation. We're not there yet, but they have certainly laid the groundwork very well,” Senator Jerry Moran (R-KS) stated after the meeting.

The Trump Administration did not delve into specifics about how to pay for the proposal, Senator John Thune (R-SD), chairman of the Commerce, Science, and Transportation Committee, announced. “It sounds like they think they've identified

Innovative Federal Strategies LLC

reductions in spending in other areas of the budget,” Senator Thune said. “Of course none of us have seen that. Right now they are being kind of vague about how they are going to pay for it.”

The White House infrastructure bill has been pushed back several times from the third quarter to the fall to sometime after tax reform. Senator Thune and several other committee members don't expect to dive into the bill until the new year.

Financing?

The White House is still trying to determine how much the proposal would cost, but intends for it to be in addition to the investments made in the FAST Act, Senator Moran stated. “This meeting was all about the plan, not how to pay for it. That's the way it's always been, nothing new there,” he said.

The Trump Administration is looking at public-private partnerships, incentives for private investment, tailored elements for rural areas, and “transformational projects,” Senator Thune said. “They think there's a tremendous amount of leverage that can be had with a certain amount of public funding and then private investment to create a very robust infrastructure program that would be very good for the economy,” he said.

What Will the Bill Look Like?

Senators seized the opportunity to pitch their own visions for what the infrastructure package should include. Senator Dan Sullivan (R-AK) gave reporters a handout from the meeting on his proposal to fix the “broken” federal permitting process. “An infrastructure package, which should get a lot of bipartisan support, should also be accompanied by significant federal permitting reform because the permitting system is broken. And I think a lot of Democrats share that view, I know they do because I've talked to a lot of them,” Senator Sullivan announced.

The package will address a wide breadth of issues like roads, water, broadband and transit, Senator Deb Fischer (R-NE) said.

Timing?

None of the meeting attendees was willing to guess at the timing for a package and several made it clear that conversations with the Trump Administration on the substance of a bill are ongoing.

“We have things that have to be in order before this happens, the tax bill and all that,” Senator James Inhofe (R-OK) said.

Innovative Federal Strategies LLC

The Senate approved a budget proposal Thursday, October 19 and plans to take up a tax overhaul before the new year, Majority Leader Mitch McConnell (R-KY) said.

“Right now the focus is tax reform, but my view is we can walk and chew gum, right? Infrastructure issues are really important and they're really bipartisan opportunities and we should seize them,” Senator Sullivan told reporters.

President Trump Encourages Affordable Care Act Effort as Bill Gains Support

President Trump said he is supportive of the work lawmakers are doing to help temporarily stabilize the Affordable Care Act's (ACA) insurance markets, as a bill to do so was introduced Thursday, October 19 with broad bipartisan support in the Senate. “I respect very much the two senators your talking about, I love that they're working on it,” President Trump said at the White House Thursday, October 19 when asked about his position on the bill.

Shortly after President Trump's comments, Tennessee Republican Lamar Alexander (R-TN) and Washington Democrat Patty Murray (D-WA) introduced their stabilization bill with 22 senators, half of whom are Republicans. That broad backing could give the package momentum in the Senate.

“This is a first step,” Senator Alexander said on the Senate floor. “Improve it and pass it sooner rather than later.”

Time is short for lawmakers to act before Wednesday, November 1, when the ACA's insurance markets open for Americans to sign up for coverage. Even if a bill passes, it's likely to be a chaotic enrollment season. Health insurers have sharply raised the rates they plan to charge next year, citing the uncertainty in Washington. And President Trump, who has sent contradictory signals about the bipartisan bill in the past days, has said he is taking steps to dismantle ACA and wants to eventually replace it.

The legislation will also have to make it through the House, where Republicans have said they too want to repeal ACA, not stabilize it.

President Trump said that's ultimately his priority as well, and he prefers giving money to states to run their own programs. “It'll be absolutely short term because ultimately it's going to be repeal and replace,” he said of the Senate bill.

Innovative Federal Strategies LLC

No Bailout

President Trump has made conflicting statements on the Senate effort, urging lawmakers to work on it and then seemingly pulling back his support for it. Senator Alexander said the version he's introducing contains language to make clear there won't be what Trump has cast as a bailout of health insurers.

"I want them to be careful with respect to the insurance companies, insurance companies are extremely good at making money," President Trump said. "I want to take care of our people. I don't want to take care of our insurance companies."

The bill has "about a page and a half of language in our agreement that tries to make it clear that the benefits of cost-sharing reductions go to consumers and not insurance companies," Senator Alexander said in an interview Thursday, October 19 before the bill was introduced.

The bill would pay for two years of health insurance subsidies, known as cost-sharing reduction payments, that were instituted under ACA and help consumers afford out-of-pocket health costs. President Trump cut off those payments last week, leaving it up to Congress to fund them. The bill would also give more flexibility to states to modify how the ACA is run in their own insurance markets.

"Some have said well that's not enough," Senator Alexander said. "Well, that's more than we've gotten for eight years and it's a first step."

State Flexibility

The bill requires states to come up with their own plan to ensure that insurers that have already set 2018 premiums higher given uncertainty over the payments don't get to double dip. The state plans could include monthly or one-time rebates to consumers or the federal government. It's unclear whether this will appease President Trump. Senate Majority Whip John Cornyn (R-TX) said the President has to be comfortable with the measure before it can come to the Senate floor for a vote.

The legislation also gives states flexibility to implement ACA and allows anyone to enroll in catastrophic plans that cost less up front.

On the Republican side, co-sponsors of Senator Alexander's bill include three senators who have opposed previous efforts by the GOP to repeal and replace ACA: Senator John McCain (R-AZ), Senator Susan Collins (R-ME), and Senator Lisa Murkowski (R-AK).

Innovative Federal Strategies LLC

'Better Path'

Senator Murkowski thanked Senators Alexander and Murray for helping the Senate find a "better path."

Others such as Senator Ted Cruz (R-TX), shared President Trump's concerns. He tweeted Wednesday, October 18 that "Ins co profits have DOUBLED under O'care & Dems top priority is corp bailouts w/ nothing for citizens paying higher premiums."

Senator Alexander predicted the bill would become law this year. "I do not believe that Congress would want to fail to deal with a problem that will hurt millions of Americans if we allow it to continue," he said. "I predict that this agreement that we're suggesting today, we 24 senators, will become law in some fashion before the end of the year."

White House Adds Clues to Deregulatory Agenda

Lists of rules that agencies intend to cut in the upcoming year will appear in the fall regulatory agenda, which is scheduled to be published by the end of November, said Neomi Rao, administrator of the White House Office of Information and Regulatory Affairs (OIRA).

This was an additional clue about the broad deregulatory agenda of President Trump that Rao offered to a conference hosted by the American Bar Association's (ABA) Section of Administrative Law and Regulatory Practice.

"Looking ahead to fiscal year 2018, the president has called on every agency to set a negative regulatory cost allocation, which means that every agency has to reduce their overall burdens in 2018," Rao said.

Nearly every agency has submitted its allocation, such as the Department of Transportation, which anticipates achieving \$35 million per year in net regulatory savings, Rao said. OIRA is working with agencies on their fall agendas and regulatory plans to make sure they identify unnecessary regulatory burdens, she said.

A Fine Line

Rao walked a fine line in her remarks between the clear wishes of the president to massively slash regulation and the concerns of lawyers, practitioners, and regulators if he succeeds.

"We believe that rolling back unnecessary and unlawful regulations is essential to restoring regulatory freedom and to promoting economic growth, job creation, and innovation," Rao said.

Innovative Federal Strategies LLC

“Now to be sure, regulatory actions can implement important health, safety, and welfare priorities ... and we're certainly not looking to unravel regulations that are working,” she added.

The push to reduce regulatory burdens depends on an understanding that there are many areas in which agencies can reduce or eliminate regulatory costs without compromising important health or safety goals, Rao said.

“We're also not looking at regulatory reform just on the margins,” Rao said. “We're not trying to get a few more benefits at slightly more cost. We're really trying to get agencies to focus on duplicative, outdated, or unnecessary regulations, and to reduce the cumulative burden,” she said.

OIRA must ensure that the benefits and costs of new regulations are calculated based on accurate information and reasonable assumptions, Rao said.

Similarly, deregulatory actions also must meet cost-benefit standards, Rao said. “We want to make sure that deregulatory actions are responsible, and that we're not dismantling those regulations that serve important public purposes or those regulations that continue to provide significant net benefits,” she said.

INFORMATION

ITEM

2C



CALIFORNIA STRATEGIES, LLC

Date: October 26, 2017
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: October 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 on October 11th. The meeting was rescheduled due to scheduling conflicts. CalStrat principals attended and did discuss various issues with senior staff including the Water Bank JPA, Regional Contract and other items of interest to the senior management of the agency.
- We discussed the status of the planning of the Water Bank JPA and issues that one of the local cities still have outstanding. Joe tasked California Strategies with reaching out to leadership in that city to see if we could expedite the discussion. There was concern that if the JPA was not established prior to the receipt of any infrastructure funding, it would complicate things when others wanted to be a part of the JPA. Following our contact, the Director of Public Works called Joe to discuss outstanding issues.
- We discussed the Regional Contract which has now been signed.
- We scheduled a meeting with California Strategies and the incoming GM.
- We answered questions regarding the redistricting efforts in one of our member agency cities as well as other issues in that city that might have an impact on IEUA.

INFORMATION
ITEM
2D

State Legislation

Bill Number	Sponsor	Title and/or Summary	Summary/Status	IEUA Position
AB 574	Quirk	Potable Reuse	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."	SUPPORT Signed by Governor
AB 791	Frazier	Sacramento San Joaquin Delta: State Water Project and federal Central Valley Project: new conveyance facility.	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.	OPPOSE Failed in Assm. Appropriations DEAD

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 Signed 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. Con. Res. 71	Rep. Diane Black (R-TN)	Establishing the congressional budget for the United States Government for fiscal year 2018 and setting forth the appropriate budgetary levels for fiscal years 2019 through 2027	<p>Legislation that would change the tax code and increase the deficit by as much as \$1.5 trillion over a decade could be passed with simple majorities in both chambers under the Senate amendment to H. Con. Res. 71.</p> <p>The proposed fiscal 2018 budget resolution would direct the tax-writing panels -- House Ways and Means and Senate Finance -- to produce reconciliation legislation by Monday, November 13.</p> <p>The plan calls for spending \$3.13 trillion in fiscal 2018, while bringing in \$2.49 trillion in revenue, for a deficit of \$641 billion. Those figures don't include "off-budget" items such as Social Security, which would bring total spending to \$3.99 billion in fiscal 2018. It would seek about \$5.1 trillion in spending reductions over the next decade and \$1.6 trillion in tax cuts.</p> <p>The House adopted its version of H. Con. Res. 71 by a vote of 219-206 on Thursday, October 5. The Senate adopted an amended version by a vote of 51-49 on Thursday, October 19. And, the House passed the Senate amended bill on Thursday, October 26 by a vote of 216-212. It now goes to the White House for the President's expected signature.</p>
H.R. 2266	Rep. John Conyers (D-MI)	Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017	<p>Hurricane and wildfire relief efforts would receive an additional tranche of emergency supplemental funding under a House amendment to the Senate amendment to H.R. 2266.</p> <p>The \$36.5 billion aid package would: Appropriate \$18.7 billion for the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund (DRF). As much as \$4.9 billion could be transferred to FEMA's Community Disaster Loan (CDL) program to help local governments and U.S. territories provide essential services. Cancel \$16 billion in loans to the National Flood Insurance Program (NFIP), which reached its borrowing limit after hurricanes Harvey and Irma. And allow as much as \$1.27 billion in previously appropriated funding to be transferred for emergency nutritional assistance in Puerto Rico.</p> <p>The Senate agreed to the House amendment to the Senate amendment to H.R. 2266 by 82-17 on Tuesday, October 24.</p>

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> <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.</p>

	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	<p>The Senate Appropriations Committee approved their FY18 Energy and Water Bill on July 20th in full committee markup.</p> <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</p>

			resiliency programs authorized in the Water Infrastructure Improvements Act (WIIN Act).
	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 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</p>

			<p>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> <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.</p>
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>

INFORMATION
ITEM
2F

Date: November 15, 2017

To: The Honorable Board of Directors

From: P. Joseph Grindstaff, General Manager

Committee: Community & Legislative Affairs

11/08/17

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

Subject: Water Supply and Water Quality Act of 2018 (Jerry Meral)

Executive Summary:

The Water Supply and Water Quality Act of 2018 is an initiative measure led by Jerry Meral. If approved, it would appear on the November 2018 California ballot. The measure seeks to invest \$8.877 billion dollars in California water infrastructure with the mission of benefiting people, the environment and agriculture. The measure provides \$500 million to safe drinking water, \$300 million to water conservation and \$250 million to wastewater treatment for low income communities. Other priorities within the measure include groundwater management, stormwater management, and environmental restoration. This initiative appears to be bad public policy. As currently written, the money is assigned to specific projects; none of the money would be distributed through competitive grants.

The June 2018 ballot will include SB 5 California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, a \$4 billion bond that was signed by the Governor on October 15, 2017. The bond includes approximately \$1.5 billion for water.

Attached is a list of supporters -- all of which are listed in the initiative as recipients of bond funds.

Staff's Recommendation:

This is an information item for the Board. Staff recommends the Agency wait to take an official position on the Water Supply and Water Quality Act of 2018 until signatures are gathered.

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

Account/Project Name:

Not Applicable

Fiscal Impact (explain if not budgeted):

Not Applicable

Prior Board Action:

Not Applicable

Environmental Determination:

Not Applicable

Business Goal:

Attachments:

Attachment 1 - List of Supporters as of October 2, 2017

Endorsement List, Water Supply and Water Quality Act of 2018

As of October 2

Conservation Groups

Ducks Unlimited
California Waterfowl Association
California Wildlife Foundation/California Oaks Fund
Natural Heritage Institute

Agricultural Organizations

California Dairies
California Fresh Fruit
American Pistachio Growers
California Rice Commission
California Rice Industry Association

Water Agencies

Arvin Edison Water Storage District
Friant Water Authority
Lindsay-Strathmore Irrigation District
Kern-Tulare Water District
Madera Irrigation District
Northern California Water Association
Porterville Irrigation District
Solano County Water Agency
Tulare Irrigation District
Saucelito Irrigation District
Lindmore Irrigation District

Individuals

Ann L. Riley, Ph.D.