



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

**WEDNESDAY, JUNE 12, 2019
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 three 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 April 10, 2019.

B. ADOPT POSITIONS ON STATE LEGISLATION

Staff recommends that the Committee/Board:

1. Adopt a position of "Oppose" for AB 217(E. Garcia);
2. Adopt a position of "Oppose" for AB 756 (C. Garcia);
3. Adopt a position of "Support" for AB 841 (Ting);
4. Adopt a position of "Support" for AB 1588 (Gloria);
5. Adopt a position of "Support" for SB 200 (Monning);
6. Adopt a position of "Support" for SB 414 (Caballero);
7. Adopt a position of "Support if Amended" for SB 667 (Hueso); and
8. Adopt a position of "Support" for ACA 1 (Aguiar-Curry).

C. SUPPORT OF FEDERAL LEGISLATION

Staff recommends that the Committee/Board adopt a support position on:

1. HR 1162 (Napolitano) - The Water Recycling Investment and Improvement Act;
2. HR 1764 (Garamendi) - To amend the Federal Water Pollution Control Act with respect to permitting terms; and
3. HR 2313 (Huffman) - Water Conservation Rebate Tax Parity Act.

2. INFORMATION ITEMS

A. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

B. STATE LEGISLATIVE REPORT AND MATRIX – WEST COAST ADVISORS (WRITTEN)

C. FEDERAL LEGISLATIVE REPORT AND MATRIX – INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

D. CALIFORNIA STRATEGIES MONTHLY REPORT (WRITTEN)

3. GENERAL MANAGER’S COMMENTS

4. COMMITTEE MEMBER COMMENTS

5. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

6. ADJOURN

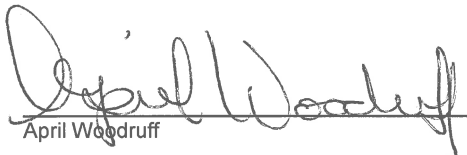
*A Municipal Water District

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: 

DECLARATION OF POSTING

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino on Thursday, June 6, 2019.


April Woodruff

**ACTION
ITEM
1A**



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

**WEDNESDAY, APRIL 10, 2019
9:00 A.M.**

COMMITTEE MEMBERS PRESENT

Jasmin A. Hall, Chair
Paul Hofer

COMMITTEE MEMBERS ABSENT

None

STAFF PRESENT

Shivaji Deshmukh, 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
Shaun Stone, Acting Executive Manager of Engineering/AGM
Christina Valencia, Executive Manager of Finance & Administration/AGM
Andrea Carruthers, Manager of External Affairs
Cathleen Peroni, Manager of Government Relations
John Scherck, Senior Project Manager
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT

Steve Elie, IEUA
Eric Grubb, CVWD

The meeting was called to order at 9:11 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 March 13, 2019.
- ◆ Recommended that the Board:
 1. Adopt a position of Support for AB 292 (Quirk);
 2. Adopt a position of Support for AB 405 (Rubio);
 3. Adopt a position of Support for AB 557 (Wood);
 4. Adopt a position of Support for AB 654 (Rubio);

5. Adopt a position of Support for AB 1180 (Friedman);
6. Adopt a position of Support for AB 1672 (Bloom);
7. Adopt a position of Oppose Unless Amended for SB 332 (Hertzberg); and
8. Adopt a position of Support for AJR 8 (Quirk).

as a Consent Calendar Item on the April 17, 2019 Board meeting agenda.

The Committee recommended to postpone the position of Support for AB 1204 (Rubio) to a later date.

INFORMATION ITEMS

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

- ◆ Public Outreach and Communications
- ◆ State Legislative Report and Matrix – West Coast Advisors
- ◆ Federal Legislative Report and Matrix – Innovative Federal Strategies
- ◆ California Strategies Monthly Report

GENERAL MANAGER'S COMMENTS

There were no General Manager 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 Hall adjourned the meeting at 9:39 a.m.

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District

APPROVED: JUNE 12, 2019

**ACTION
ITEM
1B**



Date: June 19, 2019

To: The Honorable Board of Directors

From: Shivaji Deshmukh, General Manager JSD

Committee: Community & Legislative Affairs

06/12/19

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

Subject: Adopt Positions on State Legislation

Executive Summary:

The following remaining bills have the potential to impact the Agency and fall within Board-adopted Legislative Policy Principles:

1. AB 217 (E. Garcia, Coachella) - Safe Drinking Water for All Act.
2. AB 756 (C. Garcia, Bell Gardens) - Public water systems: perfluoroalkyl substances and polyfluoroalkyl substances.
3. AB 841 (Ting, San Francisco) - Drinking water: contaminants: perfluoroalkyl and polyfluoroalkyl substances.
4. AB 1588 (Gloria, San Diego) - Drinking water and wastewater operator certification programs.
5. SB 200 (Monning, Carmel) - Safe and Affordable Drinking Water Fund.
6. SB 414 (Caballero, Salinas) - Small System Water Authority Act of 2019.
7. SB 667 (Hueso, Logan Heights) - Greenhouse gases: recycling infrastructure and facilities.
8. ACA 1 (Aguiar-Curry, Winters) - Local government financing: affordable housing and public infrastructure: voter approval.

Staff's Recommendation:

1. Adopt a position of "Oppose" for AB 217 (E. Garcia);
2. Adopt a position of "Oppose" for AB 756 (C. Garcia);
3. Adopt a position of "Support" for AB 841 (Ting);
4. Adopt a position of "Support" for AB 1588 (Gloria);
5. Adopt a position of "Support" for SB 200 (Monning);
6. Adopt a position of "Support" for SB 414 (Caballero);
7. Adopt a position of "Support if Amended" for SB 667 (Hueso); and
8. Adopt a position of "Support" for ACA 1 (Aguiar-Curry).

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

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Prior Board Action:

Adoption of 2019 Legislative Policy Principles.

Environmental Determination:

Not Applicable

Business Goal:

Taking legislative positions is in line with IEUA's business practices goal of advocating for the development of policies, legislation and regulations that benefit the region.

Attachments:

- Attachment 1 - Background
- Attachment 2 - AB 217 (E. Garcia): Bill language
- Attachment 3 - AB 756 (C. Garcia): Bill language and fact sheet
- Attachment 4 - AB 841 (Ting): Bill language
- Attachment 5 - AB 1588 (Gloria): Bill language and fact sheet
- Attachment 6 - SB 200 (Monning): Bill language
- Attachment 7 - SB 414 (Caballero): Bill language and fact sheet
- Attachment 8 - SB 667 (Hueso): Bill language and fact sheet
- Attachment 9 - ACA 1 (Aguiar): Bill language and fact sheet
- Attachment 10 - PowerPoint

Background

Subject: Adopt Positions on State Legislation

SAFE AND AFFORDABLE DRINKING WATER (SADW)

There continues to be a number of policy bills and a budget trailer bill moving through the legislative process aimed at ensuring all Californian's have access to clean, safe and affordable drinking water. Most notably, ACWA and CMUA's sponsor bill, SB 669 (Caballero), did not make it out of appropriations in May. At this time, IEUA staff makes the following recommendations for taking positions related to SADW legislation. Staff further recommends that all SADW bill positions be brought before the full Board for consideration subsequent to the Board Workshop on May 1, 2019.

SB 414 (Caballero): Small Systems Water Authority Act of 2019 – Recommend SUPPORT.

SB 414 is Eastern Municipal Water District's re-introduction of AB 2050 (Caballero) from 2018. The bill seeks to address the drinking water issue by enhancing long-term sustainable systems. SB 414 looks at how to manage districts with failing water systems and establish a new category of public water agency by way of merging formerly non-compliant drinking water systems in order to sustainably provide the technical, managerial, and financial capabilities necessary to ensure the consistent delivery of safe drinking water. A similar measure was vetoed in 2018. This bill is included in the Pro Tem's drinking water package.

AB 217 (E. Garcia): Safe Drinking Water for All Act – Recommend OPPOSE.

This bill is the Assembly's proposal for Safe and Affordable Drinking Water. It includes similar funding components to the Governor's Trailer Bill, including a tax on fertilizer, dairy, and confined animal facilities. AB 217 also includes language to tax public water agencies \$0.50 per connection.

SB 200 (Monning): Safe and Affordable Drinking Water Fund – Recommend SUPPORT.

This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury to provide the mechanism by which funds could be collected and distributed to failing water systems. This bill, as currently written, does not institute any fees or taxes and is a companion measure to the Senate President Pro Tempore's proposal through the Senate Budget Committee for \$150 million per year from the General Fund, which currently enjoys a \$21.5 billion surplus.

Budget Conference – Recommend SUPPORTING GENERAL FUNDING and OPPOSING A WATER TAX.

In January, the Governor released language for a budget trailer bill that closely mirrored the language from 2018's SB 623 (Monning) that would institute a \$.95 per month or greater fee on water users and impose other fees on agricultural operations. ACWA and many water agencies strongly oppose this proposal as well as the use of a budget trailer bill to accomplish the fee.

The trailer bill was discussed in both the Senate and Assembly Budget Subcommittees early in the budget season with both committees leaving the item open for further discussion. The Governor indicated that he wants the issue taken care of as part of the budget's adoption in June. Budget Subcommittees met again in mid-May and the Senate President Pro Tem, through the Senate Budget Subcommittee on Resources, proposed a \$150 million ongoing appropriation in General Funds. The Senate Budget Subcommittee and, subsequently, the full Senate Budget Committee adopted this proposal, while rejecting the Governor's Trailer Bill.

Because the Assembly did not take any action on Safe and Affordable Drinking Water, instead working through the policy committee process, the matter will go to the Joint Budget Conference Committee. Budget Conference Committee is expected discuss the issue in early June with final budget adoption required by June 15. Staff will need to be flexible in this dynamic process and generally support funding the SADW initiative with State General Funds and oppose the institution of new taxes on water bills.

TESTING FOR PERFLUORALKYL AND POLYFLUOROALKYL SUBSTANCES (PFAS)

PFAS are a group of man-made chemicals which are generally resistant to heat, water, and oil. They have been used extensively in consumer products such as carpets, clothing, fabrics for furniture, paper packaging for food, fire-fighting foams, and other materials designed to be waterproof, stain-resistant or non-stick. PFAS can move through the ground, getting into groundwater that may be used for water supplies or private drinking water wells. Such contamination is typically localized and associated with a specific facility, such as an industrial facility where these chemicals were manufactured or used in other products, or an airfield which used the chemicals for firefighting.

IEUA is committed to assuring public health and supports the regulatory approach for establishing PFAS detection levels for drinking water. AB 841 provides a reasonable approach for achieving this goal and AB 756 does not.

AB 841 (Ting): Drinking Water: Contaminants: Perfluoroalkyl and Polyfluoroalkyl Substances – Recommend SUPPORT.

As amended on March 20, 2019, this bill would require the State to adopt and complete a work plan within prescribed timeframes to assess which substances in the class of perfluoroalkyl and polyfluoroalkyl substances should be identified as a potential risk to human health. The bill adds that there needs to be an assessment to consider which substances have the potential to be detected in California waters based on the prevalence of manufacturing of, manufacturing products with, or use of, PFAS in California and which substances are technically feasible to detect based on current detection methodologies.

AB 756 (C. Garcia): Drinking water: contaminants: perfluoroalkyl and polyfluoroalkyl substances – Recommend OPPOSE.

AB 756 would require that a public water system monitor for the entire family of PFAS chemicals and would establish new notification criteria for customers. By legislating this approach, it circumvents the normal regulatory, science-based approach for establishing detection limits. Moreover, reliable testing for the vast majority of PFAS chemicals does not currently exist, making this an unsupportable proposal.

FUNDING POLICY OPTIONS

IEUA generally supports options for reducing the cost of financing water infrastructure projects. The following two bills provide a financial tool and a potential funding source for IEUA or its member agencies. Staff recommends that the first bill be considered by the full Board.

ACA 1 (Aguiar-Curry): Local government financing: affordable housing and public infrastructure: voter approval – Recommend SUPPORT.

Currently, the California Constitution requires a two-thirds vote at the local level for both General Obligation (G.O.) bonds and special taxes, regardless of what the city, county, or special district proposes to use the funds for. ACA 1 creates a new constitutional vote threshold of 55 percent for both G.O. bonds and special taxes, when proposed specifically for the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing. IEUA generally does not issue GO bonds nor is it likely that IEUA would assess a special tax in the near future. However, it is believed that ACA 1 would benefit IEUA's member agencies that have the ability and need for these funding alternatives, thereby strengthening the region's ability to provide water services.

SB 667 (Hueso): Greenhouse gasses: recycling infrastructure and facilities – Recommend SUPPORT IF AMENDED.

This bill would require the Department of Resources Recycling and Recovery to develop, by 2021 a 5-year investment strategy to drive innovation and support technological development and infrastructure, in order to meet specified organic waste reduction and recycling targets. The bill would require, on or before June 1, 2021, the department to develop financial incentive mechanisms, including, but not limited to, loans and incentive payments, to fund organic waste recycling infrastructure, in accordance with the investment strategy.

IEUA has previously considered the possibility of expanding digestion to include food waste but ultimately could not cost-justify the investment. This bill could help fund infrastructure at RP-5 and the Inland Empire Regional Composting Facility could potentially be expanded to accept more organic waste and possibly also accept food waste for composting if cost-effective to do so.

IEUA would seek amendments to assure that the development of the Department's 5-year investment strategy would be accomplished with collaboration with stakeholders like IEUA.

WORKFORCE DEVELOPMENT

IEUA is supportive of initiatives promoting workforce development.

AB 1588 (Gloria and Gray): Drinking water and wastewater operator certification programs – Recommend SUPPORT.

This bill would allow military veterans to apply relevant experience and education towards obtaining water and wastewater system operator certifications from the SWRCB.

SUMMARY OF OTHER AGENCY POSITIONS TAKEN ON SLATE OF BILLS

The following table provides a summary of current positions taken by the Metropolitan Water District of Southern California (MWD) and five of IEUA's membership organizations for the Committee's reference.

To Full Board	Bill	Recommended IEUA Position	MWD	CASA	CSDA	SCWC	ACWA	ACP
Yes	AB 217 (E. Garcia)	Oppose			O/A	Watch	O/A	
	AB 756 (C. Garcia)	Oppose			Watch	Watch	Oppose	
	AB 841 (Ting)	Support					Support	
	AB 1588 (Gloria & Gray)	Support	Support	Support	Support	Support	Support	
Yes	SB 200 (Monning)	Support					Support	
Yes	SB 414 (Caballero)	Support	Support				Support	
	SB 667 (Hueso)	Support if Amended		Support				Support
Yes	ACA 1 (Aguiar-Curry)	Support		Support	Support			

Membership Organization Acronyms:

- CASA: California Association of Sanitation Agencies
- CSDA: California Special Districts Association
- SCWC: Southern California Water Coalition
- ACWA: Association of California Water Agencies
- ACP: Association of Compost Producers

AMENDED IN ASSEMBLY MAY 21, 2019

AMENDED IN ASSEMBLY MAY 1, 2019

AMENDED IN ASSEMBLY MARCH 28, 2019

AMENDED IN ASSEMBLY MARCH 19, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 217

Introduced by Assembly Member Eduardo Garcia

(Principal coauthor: Assembly Member Rendon)

(Coauthors: Assembly Members Bloom, Bonta, Carrillo, Chau, Chiu, Gipson, Gonzalez, Holden, Quirk, Robert Rivas, Mark Stone, and Wicks)

(Coauthor: Senator Monning)

January 16, 2019

An act to add Article 10.5 (commencing with Section 595) to Chapter 3 of Part 1 of Division 1 of, to add Article 6.5 (commencing with Section 14615) to Chapter 5 of Division 7 of, to add Article 14.5 (commencing with Section 62215) to Chapter 2 of Part 3 of Division 21 of, and to repeal Section 14616 of, the Food and Agricultural Code, to add Chapter 4.6 (commencing with Section 116765) to Part 12 of Division 104 of, to add Chapter 4.7 (commencing with Section 116774) to Part 12 of Division 104 of, and to repeal Article 5 (commencing with Section 116771) of Chapter 4.6 of Part 12 of Division 104 of, the Health and Safety Code, and to add Section 79724.5 to the Water Code, relating to water, and making an appropriation therefor. *therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 217, as amended, Eduardo Garcia. Safe Drinking Water for All Act.

(1) Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would enact the Safe Drinking Water for All Act and would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the board to provide a source of funding to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies, and to contribute funding available from other sources related to water quality. The bill would require the board to expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants with certain projects. *The bill would authorize the board to provide money from the fund to the Attorney General for the purpose of litigation brought against parties responsible for contamination of drinking water supplies to recover the costs of remediation, replacement drinking water supplies, or other board activities that restore safe drinking water to communities and would require all funds recovered through litigation to be deposited into the fund.* The bill would require the board, working with a multistakeholder advisory group, to adopt a fund implementation plan and policy handbook with priorities and guidelines for expenditures of the fund. The bill would require the board annually to prepare and make available a report of expenditures from the fund. The bill would require the board to adopt annually, after a public hearing, an assessment of funding need that estimates the anticipated funding needed for the next fiscal year to achieve the purposes of the fund. By creating a new continuously appropriated fund, this bill would make an appropriation.

(2) Existing law, the Fee Collection Procedures Law, the violation of which is a crime, provides procedures for the collection of certain fees and surcharges.

This bill would establish a statewide safe and affordable drinking water system charge in the amount of \$0.50 per service connection per month on all ~~public retail~~ water systems. The bill would require each ~~public retail~~ water system to remit to the board the amount of the system charge for their ~~public retail~~ water system on July 1, 2020, and by July 1 annually thereafter. The bill would require these system charges to be deposited into the fund. ~~The bill would require the board, in consultation with the California Department of Tax and Fee Administration, to administer and collect the system charge in accordance with the Fee Collection Procedures Law.~~ The bill would ~~authorize require~~ the board to ~~allocate to each drinking water regional office sufficient funds to pay for the development and implementation of sustainable plans for restoring safe drinking water and would require the board to annually allocate annually allocate up to 20% of the annual revenues originating in each of the Division of Drinking Water regions from the system charge to the region from which the revenues originate.~~ The bill would require the Legislative Analyst to report to the Legislature and the board if the Legislative Analyst determines, on or before January 1, 2023, that at least \$3,000,000,000 has been made available in an interest bearing account in the State Treasury with a goal of at least \$100,000,000 in interest revenues per year available for the purposes of the Safe and Affordable Drinking Water Fund. The bill would make this reporting requirement and the imposition of the system charges inoperative upon the Legislative Analyst submitting the report, and would repeal them as of January 1 of the year following that determination. ~~originate to each Division of Drinking Water regional office or other qualified entity appointed by the board for specified activities. By expanding the application of the Fee Collection Procedures Law that imposes criminal penalties for various acts, this bill would impose a state-mandated local program.~~

~~The bill would establish the Safe and Affordable Drinking Water Trust Fund and would require moneys held in the trust fund to be invested by the Treasurer, in consultation with the Director of Finance and the controller, as specified. The bill would transfer the investment income derived from the trust fund on January 1 of each year to the Safe and Affordable Drinking Water Fund. The bill would state that a transfer of \$200,000,000 is to be made by the Legislature each year for~~

~~5 years for the purpose of establishing a \$1,000,000,000 trust account to derive interest revenues to fund the Safe and Affordable Drinking Water Fund.~~

(2)

(3) Existing law requires every person who manufactures or distributes fertilizing materials to be licensed by the Secretary of Food and Agriculture and to pay a license fee that does not exceed \$300. Existing law requires every lot, parcel, or package of fertilizing material to have a label attached to it, as required by the secretary. Existing law requires a licensee who sells or distributes bulk fertilizing materials to pay to the secretary an assessment not to exceed \$0.002 per dollar of sales for all sales of fertilizing materials, as prescribed, for the purposes of the administration and enforcement of provisions relating to fertilizing materials. In addition to that assessment, existing law authorizes the secretary to impose an assessment in an amount not to exceed \$0.001 per dollar of sales for all sales of fertilizing materials for the purpose of providing funding for research and education regarding the use of fertilizing materials. Existing law specifies that a violation of the fertilizing material laws or the regulations adopted pursuant to those laws is a misdemeanor.

This bill, during the 2020–34 calendar years, would require a licensee to pay to the secretary a fertilizer safe drinking water fee of ~~\$0.008~~ \$0.01 per dollar of sale for all sales of fertilizing ~~materials~~ materials, as defined, intended for noncommercial use and ~~\$0.004~~ \$0.006 per dollar of sale for all sales of packaged fertilizing materials intended for noncommercial use. The bill, beginning in the 2035 calendar year, would reduce the fee to \$0.004 per dollar of sale intended for noncommercial use and \$0.002 per dollar of sale of packaged materials intended for noncommercial use. The bill, on and after January 1, 2035, would authorize the secretary to adjust the fee as necessary to meet but not exceed 70% of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the board or the sum of \$7,000,000, whichever is less, and would authorize the secretary to adopt regulations relating to the administration and enforcement of these provisions. *The bill would require the secretary to deposit these moneys into the Safe and Affordable Drinking Water Fund.* Because a violation of these provisions or regulations adopted pursuant to these provisions would be a crime, the bill would impose a state-mandated local program.

(3)

(4) Existing law regulates the production, handling, and marketing of milk and dairy products and requires every milk handler subject to that regulatory scheme to pay specified assessments and fees to the Secretary of Food and Agriculture to cover the costs of regulating milk. Existing law governing milk defines “handler” as any person who, either directly or indirectly, receives, purchases, or otherwise acquires ownership, possession, or control of market milk from a producer, a producer-handler, or another handler for the purpose of manufacture, processing, sale, or other handling. Existing law defines “market milk” as milk conforming to specified standards and “manufacturing milk” as milk that does not conform to the requirements of market milk. Existing law provides that a violation of that regulatory scheme or a regulation adopted pursuant to that regulatory scheme is a misdemeanor.

This bill would require, beginning January 1, 2022, each handler to deduct from payments made to producers for market and manufacturing milk the sum of ~~\$0.01355~~ \$0.020325 per hundredweight of milk as a dairy safe drinking water fee. The bill would require the secretary to deposit these moneys into the Safe and Affordable Drinking Water Fund. The bill would authorize the secretary to take specified enforcement actions and would require the secretary to adopt regulations for the administration and enforcement of these provisions. Because a violation of these provisions or regulations adopted pursuant to these provisions would be a crime, the bill would impose a state-mandated local program.

(4)

(5) Existing law requires the Secretary of Food and Agriculture to enforce provisions governing livestock operations. Existing law generally provides that a violation of a provision of the Food and Agricultural Code is a misdemeanor.

This bill would require each producer owning a nondairy confined animal facility, as defined, beginning the 2021 calendar year to pay annually to the secretary a safe drinking water fee of \$1,000 for the first facility and \$750 per each facility thereafter owned by the same producer, not to exceed \$12,000. The bill would require these moneys to be deposited into the Safe and Affordable Drinking Water Fund. Because a violation of these provisions would be a crime, the bill would impose a state-mandated local program.

(5)

(6) Existing law, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, a bond act approved by the voters as

Proposition 1 at the November 4, 2014, statewide general election, authorizes the issuance of general obligation bonds to finance a water quality, supply, and infrastructure improvement program, as specified. Under the bond act, \$520,000,000 is available, upon appropriation by the Legislature, for expenditures, grants, and loans for projects that improve water quality or help provide clean, safe, and reliable drinking water to all Californians. Of these funds, the bond act makes \$260,000,000 available for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both, and requires that priority be given to projects that provide treatment for contamination or access to an alternate drinking water source or sources for small community water systems or state small water systems in disadvantaged communities whose drinking water source is impaired, as specified.

This bill, for purposes of an award of the \$260,000,000 available from the bond act, would provide that priority is a preference and not a necessary element of funding.

(6)

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(8) *This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 Safe Drinking Water for All Act.
- 3 SEC. 2. Article 10.5 (commencing with Section 595) is added
- 4 to Chapter 3 of Part 1 of Division 1 of the Food and Agricultural
- 5 Code, to read:

1 Article 10.5. Safe Drinking Water Fee for Nondairy Confined
2 Animal Facilities
3

4 595. For purposes of this article, the following definitions
5 apply:

6 (a) "Fee" means the safe drinking water fee for nondairy
7 confined animal facilities.

8 (b) "Fund" means the Safe and Affordable Drinking Water Fund
9 established by Section 116767 of the Health and Safety Code.

10 (c) (1) "Nondairy confined animal facilities" means bovine
11 operations, poultry operations, swine operations, and other
12 livestock operations, excluding dairies, where all of the following
13 apply:

14 (A) Operations are designed to corral, pen, or otherwise enclose
15 or hold domestic livestock.

16 (B) Feeding is exclusively by means other than grazing.

17 (C) Facilities are subject to annual fees for confined animal
18 facilities adopted in accordance with Section 13260 of the Water
19 Code.

20 (2) "Nondairy confined animal facilities" does not include
21 facilities subject to Article 14.5 (commencing with Section 62215)
22 of Chapter 2 of Part 3 of Division 21.

23 596. (a) Beginning in the 2021 calendar year, each producer
24 owning a nondairy confined animal facility shall pay annually to
25 the secretary a safe drinking water fee. The amount of the fee paid
26 annually to the secretary shall equal one thousand dollars (\$1,000)
27 for a producer that owns a single nondairy confined animal facility.
28 For a producer that owns more than one nondairy confined animal
29 facility, the amount of the fee paid annually to the secretary shall
30 equal one thousand dollars (\$1,000) for the first facility and seven
31 hundred fifty dollars (\$750) per each facility thereafter owned by
32 the same producer.

33 (b) Notwithstanding subdivision (a), the amount of the fee paid
34 annually to the secretary by a producer that owns more than one
35 nondairy confined animal facility shall not exceed twelve thousand
36 dollars (\$12,000) per year.

37 (c) The secretary may prescribe, adopt, and enforce regulations
38 relating to the administration and enforcement of this article.

39 597. The secretary shall deposit all moneys received under this
40 article into the fund.

1 SEC. 3. Article 6.5 (commencing with Section 14615) is added
2 to Chapter 5 of Division 7 of the Food and Agricultural Code, to
3 read:

4
5 Article 6.5. Fertilizer Safe Drinking Water Fee
6

7 14615. (a) It is the intent of the Legislature to require licensees
8 of bulk fertilizing materials, and to authorize licensees of packaged
9 fertilizing materials, to pass the fertilizer safe drinking water fee
10 on to the end user of the fertilizer.

11 (b) For purposes of this article, the following definitions apply:

12 (1) "Bulk fertilizing material" has the same meaning as applies
13 to "bulk material" in Section 14517.

14 (2) "*Compost*" has the same meaning as defined in Section
15 14525.

16 ~~(2)~~

17 (3) "~~Fertilizing material~~" ~~has the same meaning as defined in~~
18 ~~Section 14533. means any commercial fertilizer, agricultural~~
19 ~~mineral, auxiliary soil and plant substance, organic input material,~~
20 ~~or packaged soil amendment. "Fertilizing material" does not~~
21 ~~include compost.~~

22 ~~(3)~~

23 (4) "Fund" means the Safe and Affordable Drinking Water Fund
24 established by Section 116767 of the Health and Safety Code.

25 ~~(4)~~

26 (5) "Noncommercial use" has the same meaning as defined in
27 Section 14549.

28 ~~(5)~~

29 (6) "Packaged" has the same meaning as defined in Section
30 14551.

31 14616. (a) In addition to the assessments provided in Section
32 14611, during calendar years 2020 to 2034, inclusive, a licensee
33 whose name appears on the label of packaged fertilizing materials
34 labeled for noncommercial use shall pay to the secretary a fertilizer
35 safe drinking water fee of ~~four mills (\$0.004)~~ *six mills (\$0.006)*
36 per dollar of sales for all sales of fertilizing materials to be
37 deposited into the fund.

38 (b) In addition to the assessments provided in Section 14611,
39 during calendar years 2020 to 2034, inclusive, a licensee whose
40 name appears on the label of fertilizing materials, excluding

1 packaged fertilizing materials labeled for noncommercial use, shall
2 pay to the secretary a fertilizer safe drinking water fee of ~~eight~~
3 ~~mills (\$0.008)~~ *one cent (\$0.01)* per dollar of sales for all sales of
4 fertilizing materials to be deposited into the fund.

5 (c) This section shall remain in effect only until January 1, 2035,
6 and as of that date is repealed, unless a later enacted statute that
7 is enacted before January 1, 2035, deletes or extends that date.

8 14617. (a) In addition to the assessments provided in Section
9 14611, beginning with calendar year 2035, a licensee whose name
10 appears on the label of packaged fertilizing materials labeled for
11 noncommercial use shall pay to the secretary a fertilizer safe
12 drinking water fee of two mills (\$0.002) per dollar of sales for all
13 sales of fertilizing materials to be deposited into the fund.

14 (b) In addition to the assessments provided in Section 14611,
15 beginning with calendar year 2035, a licensee whose name appears
16 on the label of a fertilizing material, excluding packaged fertilizing
17 materials labeled for noncommercial use, shall pay to the secretary
18 a fertilizer safe drinking water fee of four mills (\$0.004) per dollar
19 of sales for all sales of fertilizing materials to be deposited into
20 the fund.

21 (c) (1) The secretary may adjust the fertilizer safe drinking
22 water fee through regular or emergency regulation as necessary
23 to meet but not exceed 70 percent of the anticipated funding need
24 for nitrate in the most recent assessment of funding need adopted
25 by the State Water Resources Control Board pursuant to
26 subdivision (b) of Section 116769 of the Health and Safety Code,
27 or the sum of seven million dollars (\$7,000,000), whichever is
28 less. By October 1 of each year, the secretary shall notify all
29 licensees of the amount of the fertilizer safe drinking water fee to
30 be assessed in the following calendar year.

31 (2) An emergency regulation adopted pursuant to this
32 subdivision shall be adopted by the secretary in accordance with
33 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
34 3 of Title 2 of the Government Code. The adoption of these
35 regulations is an emergency and shall be considered by the Office
36 of Administrative Law as necessary for the immediate preservation
37 of the public peace, health, safety, and general welfare. Any
38 emergency regulations adopted by the secretary pursuant to this
39 subdivision shall remain in effect until revised by the secretary.

40 (d) This section shall become operative on January 1, 2035.

1 14618. (a) (1) A licensee whose name appears on the label
2 who sells or distributes bulk fertilizing materials shall charge an
3 unlicensed purchaser the fertilizer safe drinking water fee as a
4 charge that is separate from, and not included in, any other fee,
5 charge, or other amount paid by the purchaser. This fee shall be
6 included on the bill of sale as a separate line item.

7 (2) (A) A licensee whose name appears on the label of packaged
8 fertilizing materials may include the fertilizer safe drinking water
9 fee as a charge that is separate from, and not included in, any other
10 fee, charge, or other amount paid by the purchaser or may include
11 the charge with the assessment collected pursuant to Section 14611
12 as a separate line item on the bill of sale and identified as the
13 California Regulatory and Safe Drinking Water Assessment.

14 (B) Notwithstanding paragraph (1), a licensee whose name
15 appears on the label who sells or distributes bulk fertilizing material
16 may include the fertilizer safe drinking water fee with the
17 assessment collected pursuant to Section 14611 as a separate line
18 item on the bill of sale and identified as the California Regulatory
19 and Safe Drinking Water Assessment.

20 (b) The secretary may prescribe, adopt, and enforce regulations
21 relating to the administration and enforcement of this article.

22 (c) Beginning July 1, 2022, the secretary may retain up to 5
23 percent of the moneys collected pursuant to this article for
24 reasonable costs associated with the implementation and
25 enforcement of this article.

26 ~~14618.~~

27 ~~14619.~~ The secretary shall deposit all moneys received under
28 this article into the fund.

29 SEC. 4. Article 14.5 (commencing with Section 62215) is
30 added to Chapter 2 of Part 3 of Division 21 of the Food and
31 Agricultural Code, to read:

32

33 Article 14.5. Dairy Safe Drinking Water Fee

34

35 62215. (a) It is the intent of the Legislature that the dairy safe
36 drinking water fee described in Section 62216 be paid for all milk
37 produced in the state, regardless of grade.

38 (b) For purposes of this article, the following definitions apply:

39 (1) "Fee" means the dairy safe drinking water fee.

1 (2) "Fund" means the Safe and Affordable Drinking Water Fund
2 established by Section 116767 of the Health and Safety Code.

3 (3) "Manufacturing milk" has the same meaning as defined in
4 Section 32509.

5 (4) "Market milk" has the same meaning as defined in Section
6 32510.

7 (5) "Milk" includes market milk and manufacturing milk.

8 62216. (a) Beginning January 1, 2022, each handler, including
9 a producer-handler, shall deduct the sum of ~~one cent and three~~
10 ~~hundred fifty-five mills (\$0.01355)~~ *two cents and three hundred*
11 *twenty-five-tenths mills (\$0.020325)* per hundredweight of milk
12 from payments made to producers for milk, including the handler's
13 own production, as a dairy safe drinking water fee.

14 (b) The secretary shall adopt regulations necessary for the proper
15 administration and enforcement of this section by January 1, 2022.

16 62217. (a) A handler shall pay the dairy safe drinking water
17 fee to the secretary on or before the 45th day following the last
18 day of the month in which the milk was received.

19 (b) The secretary shall deposit all moneys received under this
20 article into the fund.

21 (c) (1) Except as provided in paragraph (2), the secretary may
22 retain up to 4 percent of the total amount that is paid to the
23 secretary pursuant to this article for reasonable costs of the
24 secretary associated with the implementation and enforcement of
25 this article.

26 (2) Beginning July 1, 2022, the secretary may retain up to 2
27 percent of the moneys collected pursuant to this article for
28 reasonable costs of the secretary associated with the
29 implementation and enforcement of this article.

30 (d) The secretary may require handlers, including cooperative
31 associations acting as handlers, to make reports at any intervals
32 and in any detail that the secretary finds necessary for the accurate
33 collection of the fee.

34 (e) For the purposes of enforcing this article, the secretary,
35 through the secretary's duly authorized representatives and agents,
36 shall have access to the records of every producer and handler.
37 The secretary shall have at all times free and unimpeded access to
38 any building, yard, warehouse, store, manufacturing facility, or
39 transportation facility in which any milk or milk product is
40 produced, bought, sold, stored, bottled, handled, or manufactured.

1 (f) Any books, papers, records, documents, or reports made to,
2 acquired by, prepared by, or maintained by the secretary pursuant
3 to this article that would disclose any information about finances,
4 financial status, financial worth, composition, market share, or
5 business operations of any producer or handler, excluding
6 information that solely reflects transfers of production base and
7 pool quota among producers, is confidential and shall not be
8 disclosed to any person other than the person from whom the
9 information was received, except pursuant to the final order of a
10 court with jurisdiction, or as necessary for the proper determination
11 of any proceeding before the secretary.

12 SEC. 5. Chapter 4.6 (commencing with Section 116765) is
13 added to Part 12 of Division 104 of the Health and Safety Code,
14 to read:

15

16 CHAPTER 4.6. SAFE AND AFFORDABLE DRINKING WATER

17

18 Article 1. Legislative Findings and Declarations

19

20 116765. (a) *It is the intent of the Legislature to secure safe*
21 *drinking water for all Californians by establishing the Safe and*
22 *Affordable Drinking Water Fund in order to address current*
23 *barriers to safe drinking water, including, but not limited to, lack*
24 *of funding for interim and long-term drinking water solutions, the*
25 *need for funding for technical assistance, and funding for long-term*
26 *operation and maintenance costs.*

27 (b) It is the intent of the Legislature that ~~any interest revenues~~
28 ~~from the Safe and Affordable Drinking Water Trust Fund~~ as well
29 as revenue from fees deposited in the Safe and Affordable Drinking
30 Water Fund be available annually for the purposes of this chapter.

31

32 Article 2. Definitions

33

34 116766. For the purposes of this chapter:

35 (a) "Administrator" has the same meaning as defined in Section
36 116686.

37 (b) "Board" means the State Water Resources Control Board.

38 (c) "Community water system" has the same meaning as defined
39 in Section 116275.

1 (d) "Disadvantaged community" has the same meaning as
2 defined in Section 116275.

3 (e) "Domestic well" means a groundwater well used to supply
4 water for the domestic needs of an individual residence or water
5 systems that are not public water systems and that have no more
6 than four service connections.

7 (f) "Eligible applicant" means a public water system, including,
8 but not limited to, a mutual water company; a public utility; a
9 public agency, including, but not limited to, a local educational
10 agency that owns or operates a public water system; a nonprofit
11 organization; a federally recognized Indian tribe; a state Indian
12 tribe listed on the Native American Heritage Commission's
13 California Tribal Consultation List; an administrator; or a
14 groundwater sustainability agency.

15 (g) "Fund" means the Safe and Affordable Drinking Water Fund
16 established pursuant to Section 116767.

17 (h) "Fund implementation plan" means the fund implementation
18 plan adopted pursuant to Section 116769.

19 (i) "Groundwater sustainability agency" has the same meaning
20 as defined in Section 10721 of the Water Code.

21 (j) "Low-income household" means a household with an income
22 that is less than ~~80 percent of the statewide median household~~
23 ~~income. 200 percent of the federal poverty level.~~

24 (k) "Public water system" has the same meaning as defined in
25 Section 116275.

26 (l) "Replacement water" includes, but is not limited to, bottled
27 water, vended water, point-of-use, or point-of-entry treatment
28 units.

29 (m) "*Retail water system*" has the same meaning as provided
30 in Section 116455.

31 ~~(n)~~

32 (n) "~~Safe drinking water~~" ~~has the same meaning as defined in~~
33 ~~Section 116681. means drinking water that meets primary and~~
34 ~~secondary drinking water standards and applicable regulations~~
35 ~~and does not contain unhealthy levels of copper or lead.~~

36 ~~(o)~~

37 (o) "Service connection" has the same meaning as defined in
38 Section 116275.

39 ~~(p)~~

1 (p) "State small water system" has the same meaning as defined
2 in Section 116275.

3 ~~(p)~~

4 (q) "Vended water" has the same meaning as defined in Section
5 111070.

6

7

Article 3. Safe and Affordable Drinking Water Fund

8

9 116767. (a) The Safe and Affordable Drinking Water Fund is
10 hereby established in the State Treasury. Notwithstanding Section
11 13340 of the Government Code, all moneys in the fund are
12 continuously appropriated to the board without regard to fiscal
13 years, in accordance with this chapter. Moneys in the fund at the
14 close of the fiscal year shall remain in the fund and shall not revert
15 to the General Fund. Moneys in the fund shall not be available for
16 appropriation or borrowed for use for any purpose not established
17 in this chapter unless that use of the moneys receives an affirmative
18 vote of two-thirds of the membership in each house of the
19 Legislature.

20 (b) The board shall report annually in the Governor's budget
21 fund revenues, including interest revenues, expenditures, and fund
22 balances.

23 116768. (a) The board shall administer the fund for the
24 purposes of this chapter to provide a source of funding to secure
25 access to safe drinking water for all Californians, while also
26 ensuring the long-term sustainability of drinking water service and
27 infrastructure. The board shall prioritize the use of this funding to
28 assist disadvantaged communities and low-income households. In
29 order to maximize the use of other funding sources for capital
30 construction projects when available, the board shall prioritize use
31 of this funding for costs other than those related to capital
32 construction costs, except for capital construction costs associated
33 with consolidation and service extension to reduce the ongoing
34 unit cost of service and to increase sustainability of drinking water
35 infrastructure and service delivery. Beginning January 1, 2020, an
36 expenditure from the fund shall be consistent with the annual fund
37 implementation plan.

38 (b) In accordance with subdivision (a), the board shall expend
39 moneys in the fund for grants, loans, contracts, or services to assist
40 eligible applicants with any of the following:

- 1 (1) The provision of replacement water, as needed, to ensure
2 immediate protection of health and safety as a short-term solution.
- 3 (2) The development, implementation, and sustainability of
4 long-term drinking water solutions that include, but are not limited
5 to, the following:
 - 6 (A) Technical assistance, planning, construction, repair, and
7 operation and maintenance costs associated with replacing,
8 blending, or treating ~~contaminated~~ drinking water or with fixing
9 *or replacing* failing water ~~systems~~, *system infrastructure*, pipes,
10 or fixtures. Technical assistance and planning costs may include,
11 but are not limited to, analyses to identify, and efforts to further,
12 opportunities to reduce the unit cost of providing drinking water
13 through organizational and operational efficiency improvements,
14 system consolidation and service extension, implementation of
15 new technology, and other options and approaches to reduce costs.
 - 16 (B) Operations and maintenance costs associated with
17 consolidated water systems, extended drinking water services, or
18 reliance on a substituted drinking water source.
 - 19 (C) Creating and maintaining natural means and green
20 infrastructure solutions that contribute to sustainable drinking
21 water.
 - 22 (D) Consolidating water systems.
 - 23 (E) Extending drinking water services to other public water
24 systems, domestic wells, or state small water systems.
 - 25 (F) The satisfaction of outstanding long-term debt obligations
26 of public water systems where the board determines that a system's
27 lack of access to capital markets renders this solution the most cost
28 effective for removing a financial barrier to the system's
29 sustainable, long-term provision of drinking water.
- 30 (3) Identifying and providing outreach to Californians who are
31 eligible to receive assistance from the fund.
- 32 (4) Testing the drinking water quality of domestic wells serving
33 low-income households in high-risk areas identified pursuant to
34 Section 117211.
- 35 (5) The provision of administrative and managerial services
36 under Section 116686.
- 37 (6) Provision of wastewater treatment plant operations and
38 maintenance for areas in which polluted water originates from
39 outside the state.

1 (c) *The board may provide money from the fund to the Attorney*
2 *General for the purpose of litigation brought against parties*
3 *responsible for contamination of drinking water supplies to recover*
4 *the costs of remediation, replacement drinking water supplies, or*
5 *other board activities that restore safe drinking water to*
6 *communities, including the costs of litigation. All funds recovered*
7 *through litigation shall be deposited into the fund.*

8 ~~(c)~~

9 (d) The board may expend moneys from the fund for reasonable
10 costs associated with administration of the fund. Beginning July
11 1, 2022, the board may expend no more than 5 percent of the
12 annual revenues from the fund for reasonable costs associated with
13 administration of the fund.

14 ~~(d)~~

15 (e) The board may undertake any of the following actions to
16 implement the fund:

17 (1) Provide for the deposit of any of the following moneys into
18 the fund:

19 (A) Federal contributions.

20 (B) Voluntary contributions, gifts, grants, or bequests.

21 (C) Settlements from parties responsible for contamination of
22 drinking water supplies.

23 (2) Enter into agreements for contributions to the fund from the
24 federal government, local or state agencies, and private
25 corporations or nonprofit organizations.

26 (3) Provide for appropriate audit, accounting, and fiscal
27 management services, plans, and reports relative to the fund.

28 (4) Direct portions of the fund to a subset of eligible applicants
29 as required or appropriate based on funding source and consistent
30 with the annual fund implementation plan.

31 (5) Direct moneys deposited into the fund described in
32 subparagraph (B) of paragraph (1) towards a specific project,
33 program, or study.

34 (6) Contribute funding available from other sources related to
35 water quality to the fund or combine funding from the other sources
36 with money from the fund to support activities otherwise authorized
37 by this article.

38 (7) Take additional action as may be appropriate for adequate
39 administration and operation of the fund.

40 ~~(e)~~

1 (f) In administering the fund, the board shall make reasonable
2 efforts to ensure all of the following:

3 (1) *That parties responsible for contamination of drinking water*
4 *supplies affecting an eligible applicant who can be directly or*
5 *easily identified by the board pay or reimburse costs associated*
6 *with contamination.*

7 ~~(1)~~

8 (2) That funds are used to secure the long-term sustainability
9 of drinking water service and infrastructure, including, but not
10 limited to, requiring adequate technical, managerial, and financial
11 capacity of eligible applicants as part of funding agreement
12 outcomes. Funding shall be prioritized to implement consolidations
13 and service extensions when feasible, and administrative and
14 managerial contracts or grants entered into pursuant to Section
15 116686 where applicable. Funds shall not be used to delay, prevent,
16 or avoid the consolidation or extension of service to public water
17 systems where it is feasible and the least-cost alternative. The
18 board may set appropriate requirements as a condition of funding,
19 including, but not limited to, a system technical, managerial, or
20 financial capacity audit, improvements to reduce costs and increase
21 efficiencies, an evaluation of alternative treatment technologies,
22 and a consolidation or service extension feasibility study. As a
23 condition of funding, the board may require a domestic well with
24 nitrate contamination where ongoing septic system failure may be
25 causing or contributing to contamination of a drinking water source
26 to conduct an investigation and project to address the septic system
27 failure if adequate funding sources are identified and accessible.

28 ~~(2)~~

29 (3) That funds are not used to subsidize large-scale nonpotable
30 use.

31 ~~(3)~~

32 (4) That the total uncommitted amount in the fund does not
33 exceed two times the anticipated funding need in the most recent
34 assessment of funding need.

35 ~~(4)~~

36 (g) In administering the fund, the board shall ensure that all
37 moneys deposited into the fund from the safe drinking water fee
38 for nondairy confined animal facilities pursuant to Article 10.5
39 (commencing with Section 595) of Chapter 3 of Part 1 of Division
40 1 of the Food and Agricultural Code, the fertilizer safe drinking

1 water fee pursuant to Article 6.5 (commencing with Section 14615)
2 of Chapter 5 of Division 7 of the Food and Agricultural Code, and
3 the dairy safe drinking water fee pursuant to Article 14.5
4 (commencing with Section 62215) of Chapter 2 of Part 3 of
5 Division 21 of the Food and Agricultural Code shall be used to
6 address nitrate-related contamination issues.

7 ~~(g)~~

8 *(h)* At least once every 10 years, the board shall conduct a public
9 review and assessment of the fund to determine all of the following:

10 (1) The effectiveness of the fund in securing access to safe
11 drinking water for all Californians, while also ensuring the
12 long-term sustainability of drinking water service and
13 infrastructure.

14 (2) If the fees deposited into the fund have been appropriately
15 expended.

16 (3) For community water systems that have received funding
17 for 10 years or more and for which self-sufficiency has not been
18 achieved, the actions that have been taken, the reasons why
19 self-sufficiency has not been achieved, and, if available, ways in
20 which the community water system may become self-sufficient.

21 (4) What other actions are necessary to carry out the purposes
22 of this chapter.

23 ~~(h)~~

24 *(i)* Neither the board nor any employee of the board may be
25 held liable for any act that is necessary to carry out the purposes
26 of this chapter. The board or any authorized person shall not be
27 deemed to have incurred or to be required to incur any obligation
28 to provide additional funding or undertake additional action solely
29 as a result of having undertaken an action pursuant to this chapter.

30 ~~(i)~~

31 *(j)* (1) The board shall convene an environmental justice
32 advisory committee, for the purposes of this section, consisting of
33 at least three members, to advise it in conducting the public review
34 and assessment pursuant to subdivision ~~(g)~~ *(h)* and any other
35 pertinent matter in implementing this chapter. The advisory
36 committee shall be comprised of representatives from communities
37 in the state with the most significant exposure to water pollution,
38 including, but not limited to, communities with minority
39 populations or low-income populations, or both.

1 (2) The board shall appoint committee members to the
2 environmental justice advisory committee from nominations
3 received from environmental justice organizations and community
4 groups.

5 (3) The board shall provide reasonable per diem for attendance
6 at environmental justice advisory committee meetings by
7 committee members from nonprofit organizations.

8 116769. By July 1 of each year, the board shall do all of the
9 following:

10 (a) Prepare and make available a report of expenditures from
11 the fund.

12 (b) Adopt, after a public hearing, an assessment of funding need,
13 based on available data, that includes all of the following:

14 (1) Identification of systems and populations potentially in need
15 of assistance, including, but not limited to, all of the following:

16 (A) A list of systems that consistently fail to provide an adequate
17 supply of safe drinking water. The list shall include all of the
18 following:

19 (i) Any public water system that consistently fails to provide
20 an adequate supply of safe drinking water.

21 (ii) Any community water system that serves a disadvantaged
22 community that must charge fees that exceed the affordability
23 threshold established in the board's Safe Drinking Water State
24 Revolving Fund Intended Use Plan in order to supply, treat, and
25 distribute potable water that complies with federal and state
26 drinking water standards.

27 (iii) Any state small water system that consistently fails to
28 provide an adequate supply of safe drinking water.

29 (B) A list of programs that assist, or that will assist, households
30 supplied by a domestic well that consistently fails to provide an
31 adequate supply of safe drinking water. This list shall include the
32 number and approximate location of households served by each
33 program without identifying exact addresses or other personal
34 information.

35 (C) A list of public water systems and state small water systems
36 that may be at risk of failing to provide an adequate supply of safe
37 drinking water.

38 (D) An estimate of the number of households that are served
39 by domestic wells or state small water systems in high-risk areas
40 identified pursuant to Section 117211. The estimate shall identify

1 approximate locations of households, without identifying exact
2 addresses or other personal information, in order to identify
3 potential target areas for outreach and assistance programs.

4 (E) *An estimate of the need related to drinking water containing*
5 *unhealthy levels of copper or lead that includes, but is not limited*
6 *to, unhealthy levels of lead and copper in drinking water in schools*
7 *and daycare facilities.*

8 (2) An analysis of anticipated funding, per contaminant, needed
9 for known projects, services, or programs by eligible applicants,
10 consistent with the fund implementation plan, including any
11 funding needed for existing long-term funding commitments from
12 the fund. The board shall identify and consider other existing
13 funding sources able to support any projects, services, or programs
14 identified, including, but not limited to, local funding capacity,
15 state or federal funding sources for capital projects, funding from
16 responsible parties, and specialized funding sources contributing
17 to the fund.

18 (3) An estimate of the funding needed for the next fiscal year
19 based on the amount available in the fund, anticipated funding
20 needs, other existing funding sources, and other relevant data and
21 information.

22 (c) (1) Adopt, after a public hearing, a fund implementation
23 plan and policy handbook with priorities and guidelines for
24 expenditures of the fund.

25 (2) The board shall work with a multistakeholder advisory group
26 to establish priorities and guidelines for the fund implementation
27 plan and policy handbook. The multistakeholder advisory group
28 shall be open to participation by all of the following:

29 (A) Representatives of entities paying into the fund.

30 (B) Public water systems.

31 (C) Technical assistance providers.

32 (D) Local agencies.

33 (E) Nongovernmental organizations.

34 (F) Residents served by community water systems in
35 disadvantaged communities, state small water systems, and
36 domestic wells.

37 (G) The public.

38 (3) The adoption of a fund implementation plan and policy
39 handbook and the implementation of the fund pursuant to the policy
40 handbook are not subject to the Administrative Procedure Act

1 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
2 Division 3 of Title 2 of the Government Code).

3

4 Article 5. Statewide Safe and Affordable Drinking Water
5 System Charge
6

7 116771. (a) There is hereby imposed a statewide safe and
8 affordable drinking water system charge of fifty cents (\$0.50) per
9 service connection per month on all ~~public~~ *retail* water systems.

10 (b) (1) By July 1, 2020, and annually by each July 1 thereafter,
11 each ~~public~~ *retail* water system shall remit to the board the amount
12 of the system charge imposed pursuant to subdivision (a) for their
13 ~~public~~ *retail* water system.

14 (2) To the extent that a public water system seeks to recover
15 the costs of the system charge from its ratepayers, it shall
16 incorporate the costs into its water rates and shall not impose a
17 per-connection fee. A public water system may draw on other
18 available financial resources to pay the system charge.

19 ~~(c) (1) The board may adopt regulations to implement and
20 enforce this article.~~

21 ~~(2) The regulations adopted pursuant to this section, or any
22 amendment to these regulations, the board shall adopt as emergency
23 regulations in accordance with Chapter 3.5 (commencing with
24 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
25 Code. The adoption of these regulations is an emergency and the
26 Office of Administrative Law shall consider the adoption of the
27 regulations as necessary for the immediate preservation of the
28 public peace, health, safety, and general welfare.~~

29 ~~(3) The board shall adopt the initial regulations to implement
30 this section in accordance with Chapter 3.5 (commencing with
31 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
32 Code and may not rely on the statutory declaration of emergency
33 in paragraph (2).~~

34 ~~(4) Any emergency regulations adopted by the board pursuant
35 to this section shall not be subject to review by the Office of
36 Administrative Law and shall remain in effect until revised by the
37 board.~~

38 ~~(d)~~

39 (c) The executive director of the board shall deposit all moneys
40 received pursuant to this section in the fund. The board may expend

1 moneys from the fund for reasonable costs associated with the
2 implementation and enforcement of this section.

3 ~~116772. (a) The Legislative Analyst shall report to the~~
4 ~~Legislature and the board if the Legislative Analyst determines,~~
5 ~~on or before January 1, 2023, that at least three billion dollars~~
6 ~~(\$3,000,000,000) has been made available in an interest-bearing~~
7 ~~account in the State Treasury with a goal of at least one hundred~~
8 ~~million dollars (\$100,000,000) in interest revenues per year~~
9 ~~available for the purposes of the fund.~~

10 ~~(b) (1) A report to be submitted pursuant to subdivision (a)~~
11 ~~shall be submitted in compliance with Section 9795 of the~~
12 ~~Government Code.~~

13 ~~(2) Pursuant to Section 10231.5 of the Government Code, this~~
14 ~~section is repealed on January 1, 2027.~~

15 ~~(c) This article shall become inoperative upon the Legislative~~
16 ~~Analyst submitting a report pursuant to subdivision (a), and, as of~~
17 ~~January 1 of the year following that determination, is repealed.~~

18 *116772. (a) The board, in consultation with the California*
19 *Department of Tax and Fee Administration, shall administer and*
20 *collect the system charge imposed by this article in accordance*
21 *with the Fee Collection Procedures Law (Part 30 (commencing*
22 *with Section 55001) of Division 2 of the Revenue and Taxation*
23 *Code).*

24 *(b) For purposes of administration of the system charge imposed*
25 *by this article, the following references in the Fee Collection*
26 *Procedures Law shall have the following meanings:*

27 *(1) "Board" or "State Board of Equalization" means the State*
28 *Water Resources Control Board.*

29 *(2) "Fee" means the safe and affordable drinking water system*
30 *charge imposed pursuant to this article.*

31 *(3) "Feepayer" means a customer liable to pay the fee.*

32 *(c) The board, in consultation with the California Department*
33 *of Tax and Fee Administration, may prescribe, adopt, and enforce*
34 *regulations relating to the administration and enforcement of this*
35 *article, including, but not limited to, collections, reporting, refunds,*
36 *and appeals.*

37 *(d) The initial regulations adopted by the board to implement*
38 *this article shall be adopted in accordance with Chapter 3.5*
39 *(commencing with Section 11340) of Part 1 of Division 3 of Title*

1 2 of the Government Code, and shall not rely on the statutory
2 declaration of emergency in subdivision (e).

3 (e) Except as provided in subdivision (d), the regulations
4 adopted pursuant to this section, any amendment to those
5 regulations, or subsequent adjustments to the annual fees or
6 adoption of fee schedule, shall be adopted by the board as
7 emergency regulations in accordance with Chapter 3.5
8 (commencing with Section 11340) of Part 1 of Division 3 of Title
9 2 of the Government Code. The adoption of these regulations is
10 an emergency and shall be considered by the Office of
11 Administrative Law as necessary for the immediate preservation
12 of the public peace, health, safety, and general welfare. Any
13 emergency regulations adopted by the board, or adjustments to
14 the annual fees made by the board pursuant to this section, shall
15 remain in effect until revised by the board.

16
17 Article 6. Regional Distribution
18

19 116773. (a) The Legislature finds and declares as follows:

20 (1) Water quality problems occur in all areas of the state,
21 including rural and urban areas.

22 (2) In particular, aging school infrastructure, including lead
23 pipes, puts at risk thousands of children per year.

24 (b) It is the intent of the Legislature to establish a region-specific
25 program to address the purposes of this chapter.

26 (c) (1) The board may allocate to each regional office sufficient
27 funds to pay for the development of sustainable plans for restoring
28 safe drinking water to the communities identified by the board as
29 provided in Article 3 (commencing with Section 117220) of
30 Chapter 8.

31 (2) The board may allocate funding to a regional office for
32 implementation of an approved sustainable plan for restoring safe
33 drinking water to an identified community.

34 (d) The board shall annually allocate 20 percent of the annual
35 revenues originating in each of the Division of Drinking Water
36 regions from the statewide safe and affordable drinking water
37 system charge imposed pursuant to Article 5 (commencing with
38 Section 116771) to the region from which the revenues originate
39 pursuant to subdivision (c). *Funding allocated to a region that the*

1 regional engineer does not expend in the region for two or more
2 years shall revert to the fund.

3 ~~SEC. 6. Chapter 4.7 (commencing with Section 116774) is~~
4 ~~added to Part 12 of Division 104 of the Health and Safety Code,~~
5 ~~to read:~~

6
7 ~~CHAPTER 4.7. SAFE AND AFFORDABLE DRINKING WATER TRUST~~
8 ~~FUND~~
9

10 ~~116774. (a) The Safe and Affordable Drinking Water Trust~~
11 ~~Fund is hereby established within the State Treasury. It is the intent~~
12 ~~of the Legislature that moneys in the trust fund remain for the~~
13 ~~purposes of the trust in perpetuity.~~

14 ~~(b) Moneys held in the trust fund shall be invested by the~~
15 ~~Treasurer, in consultation with the Director of Finance and the~~
16 ~~Controller, in investments authorized by Section 16430 of the~~
17 ~~Government Code.~~

18 ~~(c) Investment income derived from the trust fund is hereby~~
19 ~~transferred on January 1 of each year to the Safe and Affordable~~
20 ~~Drinking Water Fund, established by Section 116767 for the~~
21 ~~purposes of Chapter 4.6 (commencing with Section 116765).~~

22 ~~116774.1. The sum of two hundred million dollars~~
23 ~~(\$200,000,000) shall be transferred to the trust fund by the~~
24 ~~Legislature each year for five years for the purpose of establishing~~
25 ~~a one-billion-dollar (\$1,000,000,000) trust fund to derive interest~~
26 ~~revenues to fund Chapter 4.6 (commencing with Section 116765).~~

27 ~~SEC. 7.~~

28 ~~SEC. 6. Section 79724.5 is added to the Water Code, to read:~~
29 ~~79724.5. Priority is a preference and not a necessary element~~
30 ~~for an award of funding available pursuant to Section 79724.~~

31 ~~SEC. 8.~~

32 ~~SEC. 7. No reimbursement is required by this act pursuant to~~
33 ~~Section 6 of Article XIII B of the California Constitution because~~
34 ~~the only costs that may be incurred by a local agency or school~~
35 ~~district will be incurred because this act creates a new crime or~~
36 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
37 ~~for a crime or infraction, within the meaning of Section 17556 of~~
38 ~~the Government Code, or changes the definition of a crime within~~
39 ~~the meaning of Section 6 of Article XIII B of the California~~
40 ~~Constitution.~~

1 *SEC. 8. This act is an urgency statute necessary for the*
2 *immediate preservation of the public peace, health, or safety within*
3 *the meaning of Article IV of the California Constitution and shall*
4 *go into immediate effect. The facts constituting the necessity are:*
5 *In order to ensure public health and safety relative to the funding*
6 *for and provision of safe drinking water, it is necessary that this*
7 *act take effect immediately.*

O

Assembly Bill 756

PFAS

Assemblymember C. Garcia (D – 58)

BACKGROUND

Per- and polyfluoroalkyl substances (PFAS) are a group of man-made chemicals that includes PFOA, PFOS, GenX, and many other chemicals. PFAS have been manufactured and used in a variety of industries around the globe, including in the United States since the 1940s. PFOA and PFOS have been the most extensively produced and studied of these chemicals. Both chemicals are very persistent in the environment and in the human body – meaning they don't break down and they can accumulate over time. There is evidence that exposure to PFAS can lead to adverse human health effects.¹

PFAS chemicals are good at repelling oil and water. That makes them useful in a lot of products including non-stick cookware, fast food wrappers, pizza boxes, water-repellent fabrics and fire-fighting foam. Manufacturers have agreed to stop using two forms of PFAS in the U.S. These chemicals take a long time to break down in the environment, which is why they remain a problem now.²

The Environmental Working Group (EWG) compiled a map of contamination location throughout the nation. A cluster of contamination sites are located with the 58th Assembly District.³ While there is some data available, it's not really known how severe or widespread contamination really is- the information available is just the tip of the iceberg. In addition, no Public Health Goal (PHG) or Maximum Contaminant Level (MCL) for PFAS have

¹ <https://www.epa.gov/pfas/basic-information-pfas>

² <https://www.npr.org/2018/10/02/651180024/decades-old-chemicals-new-angst-over-drinking-water>

³ <https://www.ewg.org/research/update-mapping-expanding-pfas-crisis>

been established. Interim Notification Levels (NL) have been adopted, however testing, reporting and notification while recommended, are not required by law.

THIS BILL

AB 756 will require water systems to test for PFAS chemicals, providing information to water purveyors so should there be contamination, proactive measures can be taken to address the problem. The measure will also update and expand notification requirements so that in the event a water system detects levels of PFAS that exceed notification levels, or any other level that may be established in the future, water customers can be notified in an efficient and effective manner. Giving this information to customers is vital so that individuals can make educated decision about if and how they use water.

PREVIOUS LEGISLATION

AB 252 (Lowenthal) (2004) requires the operator of wholesale or retail public water systems, as defined, to provide notice relating to contamination of any drinking water that exceeds the maximum containment level, a response level, or a notification level, as defined, including, but not limited to, notification to the Public Utilities Commission if the public water system is a regulated public utility.

STATUS

Passed out of ESTM on 3/26 (6-0-3). Referred to Asm. Approps Committee.

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AMENDED IN SENATE MAY 24, 2019
AMENDED IN ASSEMBLY APRIL 24, 2019
AMENDED IN ASSEMBLY MARCH 13, 2019
CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 756

Introduced by Assembly Member Cristina Garcia

February 19, 2019

An act to add Section 116378 to the Health and Safety Code, relating to drinking water.

LEGISLATIVE COUNSEL'S DIGEST

AB 756, as amended, Cristina Garcia. Public water systems: perfluoroalkyl substances and polyfluoroalkyl substances.

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, adopting implementing regulations, and conducting studies and investigations to assess the quality of water in private domestic water supplies. Under the California Safe Drinking Water Act, the implementing regulations are required to include, but are not limited to, monitoring of contaminants and requirements for notifying the public of the quality of the water delivered to customers.

This bill would authorize the state board to order a public water system to monitor for perfluoroalkyl substances and polyfluoroalkyl substances. *The bill would require a community water system or a nontransient*

noncommunity water system, upon a detection of these substances, to report that detection, as specified. The bill would require a community water system or a nontransient noncommunity water system where a detected level of these substances exceeds the response level to take a water source where the detected levels exceed the response level out of use or provide a prescribed public notification.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 116378 is added to the Health and Safety
2 Code, to read:
3 116378. (a) The state board may order a public water system
4 to monitor for perfluoroalkyl substances and polyfluoroalkyl
5 substances, in accordance with conditions set by the state board.
6 A laboratory that has accreditation or certification pursuant to
7 Article 3 (commencing with Section 100825) of Chapter 4 of Part
8 1 of Division 101 shall perform the analysis of any material
9 required by an order to monitor for these substances. The order
10 shall identify the analytical test methods to be used by laboratories
11 and provide for the electronic submission of monitoring results to
12 the state board.
13 (b) An order issued pursuant to subdivision (a) may apply to an
14 individual public water system, specific groups of public water
15 systems, or to all public water systems. Chapter 3.5 (commencing
16 with Section 11340) of Part 1 of Division 3 of Title 2 of the
17 Government Code does not apply to an order issued pursuant to
18 subdivision (a) to specific groups of public water systems or to all
19 public water systems.
20 (c) (1) *If any monitoring undertaken pursuant to an order issued*
21 *under subdivision (a) results in a confirmed detection, a community*
22 *water system or a nontransient noncommunity water system shall*
23 *report that detection in the water system's annual consumer*
24 *confidence report. If a water source is taken out of use pursuant*
25 *to paragraph (3) or new data shows that the response level is no*
26 *longer being exceeded, the community water system or nontransient*
27 *noncommunity water system shall provide notice of the exceedance*
28 *of the response level for the following five years in the water*
29 *system's consumer confidence report.*

1 (2) In addition to the notification pursuant to paragraph (1),
2 for perfluoroalkyl substances and polyfluoroalkyl substances with
3 notification levels, a community water system or a nontransient
4 noncommunity water system shall report the detection if the level
5 exceeds the notification level as required by Section 116455.

6 (3) For perfluoroalkyl substances and polyfluoroalkyl substances
7 with response levels where detected levels of a substance exceeds
8 the response level, a community water system or a nontransient
9 noncommunity public water system shall take a water source where
10 detected levels exceed the response level out of use or provide
11 public notification within 30 days of the confirmed detection. For
12 the purposes of this paragraph, notice shall be provided as follows:

13 (A) A community water system shall do the following:

14 (i) Mail or directly deliver notice to each customer receiving a
15 bill, including those that provide drinking water to others, and to
16 other service connections to which water is delivered by the water
17 system.

18 (ii) Email notice to each customer of the water system with an
19 email address known by the water system.

20 (iii) Post the notice on the internet website of the water system.

21 (iv) Use one or more of the following methods to reach persons
22 not likely to be reached by the notice provided in clause (i):

23 (I) Publish notice in a local newspaper for at least seven days.

24 (II) Post notice in conspicuous public places served by the water
25 system for at least seven days.

26 (III) Post notice on an appropriate social media site for at least
27 seven days.

28 (IV) Deliver notice to community organizations.

29 (B) A nontransient noncommunity water system shall do both
30 of the following:

31 (i) Post notice in conspicuous locations throughout the area
32 served by the water system.

33 (ii) Use one or more of the following methods to reach persons
34 not likely to be reached by the notice provided in clause (i):

35 (I) Publish notice in a local newspaper for at least seven days.

36 (II) Publish notice in a newsletter distributed to customers.

37 (III) Send notice by email to employees or students.

38 (IV) Post notice on the internet website of the water system and
39 an appropriate social media site for at least seven days.

40 (V) Deliver notice directly to each customer.

- 1 (C) *A notice shall contain all of the following information:*
- 2 (i) *A statement that there was a confirmed detection above the*
3 *response level, the numeric level of the applicable response level,*
4 *and the level of the confirmed detection.*
- 5 (ii) *A description of the potential adverse health effects as*
6 *identified by the state board in establishing the notification level*
7 *or response level.*
- 8 (iii) *The population at risk, including subpopulations*
9 *particularly vulnerable from exposure.*
- 10 (iv) *The name, business address, and phone number of the water*
11 *system owner, operator, or designee, as a source of additional*
12 *information concerning the notice.*
- 13 (v) *A statement to encourage the notice recipient to distribute*
14 *the notice to other persons served, using the following standard*
15 *language: "Please share this information with all of the other*
16 *people who drink this water, especially those who may not have*
17 *received this public notice directly (for example, people in*
18 *apartments, nursing homes, schools, and businesses). You can do*
19 *this by posting this notice in a public place or distributing copies*
20 *by hand or mail."*
- 21 (vi) *Information in Spanish regarding the importance of the*
22 *notice or a telephone number or address where Spanish-speaking*
23 *residents may contact the water system to obtain a translated copy*
24 *of the notice or assistance in Spanish.*
- 25 (vii) *If a non-English speaking group other than a*
26 *Spanish-speaking group exceeds 1,000 residents or 10 percent of*
27 *the residents served by the water system, either of the following:*
- 28 (I) *Information in the appropriate language regarding the*
29 *importance of the notice.*
- 30 (II) *A telephone number or address where a resident may contact*
31 *the water system to obtain a translated copy of the notice or*
32 *assistance in the appropriate language.*
- 33 (D) *The following requirements apply to a notice provided by*
34 *a water system:*
- 35 (i) *The notice shall be displayed so that it catches people's*
36 *attention when printed or posted.*
- 37 (ii) *The message in the notice should be understandable at the*
38 *eighth grade reading level.*
- 39 (iii) *The notice shall not contain technical language beyond an*
40 *eighth grade reading level or print smaller than 12-point type.*

- 1 (iv) *The notice shall not contain language that minimizes or*
- 2 *contradicts the information provided in the notice.*
- 3 (d) *This section is not a substitute for compliance with any*
- 4 *requirements of Chapter 17.5 (commencing with Section 7290) of*
- 5 *Division 7 of Title 1 of the Government Code that apply to a*
- 6 *community water system or nontransient noncommunity water*
- 7 *system.*

AMENDED IN ASSEMBLY MARCH 20, 2019

CALIFORNIA LEGISLATURE—2019—20 REGULAR SESSION

ASSEMBLY BILL

No. 841

Introduced by Assembly Member Ting

February 20, 2019

An act to add Section 116365.3 to the Health and Safety Code, relating to drinking water.

LEGISLATIVE COUNSEL'S DIGEST

AB 841, as amended, Ting. Drinking water: contaminants: perfluoroalkyl and polyfluoroalkyl substances.

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, adopting implementing regulations, and conducting studies and investigations to assess the quality of water in private domestic water supplies. The act requires the board to adopt primary drinking water standards for contaminants in drinking water and requires the Office of Environmental Health Hazard Assessment to prepare and publish an assessment of the risks to public health posed by each contaminant for which the board proposes a primary drinking water standard.

The act requires a public water system to provide prescribed notices within 30 days after it is first informed of a confirmed detection of a contaminant found in drinking water delivered by the public water system for human consumption that is in excess of a maximum

contaminant level, a notification level, or a response level established by the state board.

This bill would require the office to adopt and complete a work plan within prescribed timeframes to assess which substances in the class of perfluoroalkyl and polyfluoroalkyl substances should be ~~tested as a identified as a potential risk to human health~~ *health, as provided*. The bill would require the office, as part of those assessments, to determine which of the substances are appropriate candidates for notification levels to be adopted by the state board. *The bill would require the office, by January 1, 2022, to provide to the Legislature an update on the assessment. The bill would require the office to assess annually those substances as new information, scientific research, and detection methodologies become available.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 116365.3 is added to the Health and
- 2 Safety Code, to read:
- 3 116365.3. (a) On or before January 1, 2021, the Office of
- 4 Environmental Health Hazard Assessment shall adopt a work plan
- 5 to assess which substances in the class of perfluoroalkyl and
- 6 polyfluoroalkyl substances should be ~~tested as a identified as a~~
- 7 *potential risk to human health* *health, taking into account which*
- 8 *substances have the potential to be detected in California waters*
- 9 *based on prevalence of manufacturing of, manufacturing products*
- 10 *with, or use of, a perfluoroalkyl and polyfluoroalkyl substance in*
- 11 *California and which substances are technically feasible to detect*
- 12 *based on current detection methodologies.*
- 13 (b) (1) On or before January 1, 2022, the office shall ~~complete~~
- 14 ~~the assessments included in the work plan~~ *provide an update to*
- 15 *the Legislature, in accordance with Section 9795 of the*
- 16 *Government Code, on its preliminary assessments included in the*
- 17 *work plan.*
- 18 (2) *The office shall continue to assess annually perfluoroalkyl*
- 19 *and polyfluoroalkyl substances pursuant to subdivision (a) as*
- 20 *information, scientific research, and detection methodologies*
- 21 *become available.*

1 (c) As part of the assessments, the office shall determine which
2 of the perfluoroalkyl and polyfluoroalkyl substances are appropriate
3 candidates for notification levels to be adopted by the state board
4 in accordance with paragraph (3) of subdivision (c) of Section
5 116455.

6 (d) *The office may use scientific data and research from other*
7 *state or federal agencies and authoritative bodies that have*
8 *scientific literature on perfluoroalkyl and polyfluoroalkyl*
9 *substances.*

10 (e) *The office shall coordinate with the State Water Resources*
11 *Control Board to collect water monitoring data on perfluoroalkyl*
12 *and polyfluoroalkyl substances, as provided by the federal*
13 *Unregulated Contaminant Monitoring Rule, established by the*
14 *United States Environmental Protection Agency pursuant to the*
15 *federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.) or*
16 *the state board's investigative order authority pursuant to Section*
17 *13267 of the Water Code.*



**San Diego County
Water Authority**
Our Region's Trusted
Water Leader

AB 1588 (Gloria/Gray)



Objective: Ensure military veterans transitioning into civilian water and wastewater operator occupations receive appropriate crediting for experience and education gained during military service.

Support:

- Irvine Ranch Water District
- Otay Water District
- San Diego County Water Authority

AB 1588

AB 1588 would:

- Provide a path of reciprocity to military veterans to apply their advanced skills and experience toward state and industry-supplied certifications, or positions within the public or private sectors that specify certifications, within the water and wastewater treatment and distribution operator fields.
- Ensure that advanced water treatment operators and recycled distribution system operators of potable reuse and recycled water facilities have a career advancement path as certified water and/or wastewater treatment plant operators.

BACKGROUND

In 1971, laws and regulations governing the certification of potable water treatment facility operations were enacted. The regulations establish at what level water treatment facilities should be staffed, the minimum qualifications for testing at each of the five grade levels of water treatment system operator, and the criteria for the renewal and revocation of operator certificates. The Drinking Water



Operator Certification Program, under the State Water Resources Control Board (SWRCB), is responsible for the testing and certification of approximately 35,000 water treatment and water distribution operators throughout the state of California. The SWRCB also administers the Wastewater Operator Certification program, which provides for Wastewater Treatment Plant Certification examinations, certifications, and certification renewals. There are approximately 6,000 active certified wastewater treatment plant operators in California.

Water and wastewater treatment is an essential and well-established industry with an aging infrastructure and workforce. Replacement of critical infrastructure components, like 100-year-old pipes and pumps, while maintaining service to customers, is one of the greatest challenges in the industry today. In addition, the high level of retirements, new technologies, and increased demand for safe drinking water also contribute to the pressure on the industry to adapt.

At the same time that the water and wastewater industries are experiencing an aging and retiring workforce, more than 250,000 U.S. military members leave military service each year,

according to the Department of Defense. Dozens of offices and agencies and thousands of private organizations are focused on assisting service members, veterans, and their families to successfully reintegrate after military service. Despite the abundance of available resources, there continue to be missed opportunities – particularly within the water and wastewater treatment operator field – to find, educate, certify, and employ veterans transitioning to civilian employment.

Projections of demand for water operators are fueled by a high level of expected retirements among the experienced workforce and the continued increase in demand for water by both residential and commercial customers. According to recent industry reports, thousands of water workers are aging and expected to retire from their positions in coming years, leading to a huge gap to fill for utilities and other water employers. New entrants to the industry need education and training to obtain state certification and incumbent workers need additional credits when they seek a higher level of state certification.

Several states – including Washington, Texas, North Carolina, and Pennsylvania – provide paths for military veterans to navigate the civilian water system operator certification process and allow the application of equivalency standards to credit military experiences toward state or industry certifications in the water and wastewater treatment and distribution fields. However, there is no similar pathway or equivalency standard process for military veterans in California. The California water industry and other similar skilled trade industries would have a much larger pool of highly skilled, motivated, and talented individuals eager to continue their service to the public and the community at large if military veterans were offered experience credit toward state or industry certifications.



**San Diego County
Water Authority**
Our Region's Trusted
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otaywater.gov

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AMENDED IN ASSEMBLY MAY 8, 2019

AMENDED IN ASSEMBLY APRIL 2, 2019

CALIFORNIA LEGISLATURE—2019—20 REGULAR SESSION

ASSEMBLY BILL

No. 1588

Introduced by Assembly Members Gloria and Gray
(Coauthors: Assembly Members ~~Maienschein~~ Boerner Horvath,
***Maienschein, Patterson, and Voepel*)**
(Coauthors: Senators Bates, Chang, Dodd, Nielsen, Stone, and Wilk)

February 22, 2019

An act to amend Sections 106897 and 106898 of, and to add ~~Section~~
Sections 106911 and 106912 to, the Health and Safety Code, relating
to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1588, as amended, Gloria. Drinking water and wastewater operator certification programs.

Existing law requires the State Water Resources Control Board to examine and certify persons as to their qualifications to operate water treatment plants and water distribution systems. Existing law requires the certification to indicate the classification of water treatment plant or water distribution system that the person is qualified to operate. Existing law requires the board to classify types of wastewater treatment plants for the purpose of determining the levels of competence necessary to operate them. Existing law requires a person who operates a nonexempt wastewater treatment plant to possess a valid, unexpired wastewater certificate or water treatment operator certificate of the appropriate grade.

This bill, when applying for certification by the board as a water treatment operator, distribution system operator, or wastewater operator, would require operators of complex industrial facilities, including members of the military and military service veterans, to receive ~~full~~ *appropriate* equivalent experience credit and education credit for work and tasks performed that are directly related to the operation of water or wastewater facilities, as specified.

Existing law requires the board to issue a water treatment operator certificate and water distribution operator certificate by reciprocity to any person holding a valid, unexpired, comparable certification issued by another state, the United States, prescribed territories or tribal governments, or a unit of any of these.

This bill would extend this reciprocity to a *comparable military* qualification. *The bill would authorize the board to establish appropriate equivalency standards for issuing a water treatment operator certificate and water distribution operator certificate by reciprocity.*

Existing law requires the board to appoint an advisory committee of 10 members, as prescribed, to assist it in carrying out its responsibilities to examine and certify people to operate water treatment plants and water distribution systems. Existing law requires the advisory committee to review all proposed regulations and make recommendations to the board.

This bill would add an additional member to the advisory committee who is an active or former member of the United States military with water or wastewater treatment operations *or distribution operations* experience within their military ~~service~~ *service, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 106897 of the Health and Safety Code
2 is amended to read:
3 106897. The state board shall issue a water treatment operator
4 certificate and water distribution operator certificate by reciprocity
5 to any person holding a valid, unexpired, comparable certification
6 or *comparable military* qualification issued by another state, the
7 United States, a territory or tribal government that has been
8 designated as the primacy agency by the United States
9 Environmental Protection Agency, or a unit of any of these. The

1 state board may, by regulations, prescribe the procedures and
2 requirements *and establish appropriate equivalency standards* for
3 issuing a water treatment operator certificate and water distribution
4 operator certificate by reciprocity.

5 SEC. 2. Section 106898 of the Health and Safety Code is
6 amended to read:

7 106898. (a) The state board shall appoint an advisory
8 committee to assist it in carrying out its responsibilities pursuant
9 to this article. The advisory committee shall review all proposed
10 regulations and make recommendations to the state board before
11 the adoption of a regulation or an amendment to a regulation.

12 (b) The advisory committee shall consist of the following
13 members:

14 (1) Two persons from a statewide organization representing
15 medium to large water systems.

16 (2) Two persons from a statewide organization representing
17 small water systems.

18 (3) One person from a local primacy agency.

19 (4) One person who is employed as an operator at a water
20 recycling treatment plant.

21 (5) One person from an educational institution's school or
22 division of engineering.

23 (6) One person who is a member of an organized labor union
24 that represents water treatment operators and water distribution
25 operators.

26 (7) One person who is employed by an educational institution,
27 professional association, public agency, or private agency to
28 provide water treatment or water distribution courses of instruction.

29 (8) One person who is a professional engineer specializing in
30 sanitary engineering.

31 (9) One person who is an active or former member of the United
32 States military who *is either:*

33 (A) *Is working or who has previously worked in a water or*
34 *wastewater treatment operations classification within their military*
35 *service.*

36 (B) *Is working or who has previously worked in a water or*
37 *wastewater distribution operations classification within their*
38 *military service.*

39 SEC. 3. Section 106911 is added to the Health and Safety Code,
40 to read:

1 106911. The Legislature finds and declares as follows:

2 (a) Water and wastewater treatment and operation is a
3 well-established industry with an aging workforce.

4 (b) To encourage water operator advancement and cross-training
5 and to attract skilled workers to the water and wastewater industry
6 fields, California operator certification requirements should
7 recognize a broad range of experience and qualifications, including
8 experience and education gained during active military service,
9 that provide the needed skill sets, while ensuring high standards
10 for water and wastewater operators.

11 SEC. 4. Section 106912 is added to the Health and Safety Code,
12 to read:

13 106912. (a) When applying for certification by the state board
14 as a water treatment operator, distribution system operator, or
15 wastewater operator, operators of complex industrial facilities,
16 including members of the military and military service veterans,
17 shall receive ~~full~~ *appropriate* equivalent experience credit and
18 education credit for work and tasks performed that are directly
19 related to the operation of water or wastewater facilities.

20 (b) Experience credit includes work during military service that
21 is applicable to work performed by a certified operator in
22 California. Applicable work may include, but is not limited to, the
23 following:

24 (1) Operation of similar water treatment ~~processes~~ *processes*
25 *or distribution systems*.

26 (2) Operation and management of supervisory control and data
27 acquisition (SCADA) systems and automation.

28 (3) Troubleshooting equipment failures.

29 (4) Management of water quality.

30 (5) Operation and maintenance of equipment such as pumps,
31 motors, compressors, chemical feed systems, valves, actuators,
32 and meters.

33 (6) Calibration of on-line analyzers.

34 (c) Education credit translated to the equivalent college semester
35 unit, continuing education units, education points, or any
36 combination of these, shall be ~~given~~ *considered* for military
37 veterans who ~~obtained and served in military occupational~~
38 ~~specialties, including, but not limited to, the following:~~ *the military.*
39 *The following represent examples of military occupational*

1 *specialities for the state board to consider in the equivalency and*
2 *crediting process:*

3 (1) United States Air Force Specialty Code: 3E4X1 – Water
4 and Fuel Systems Maintenance.

5 (2) United States Army military occupational specialty: 92W
6 Water Treatment Specialist.

7 (3) United States Coast Guard Ratings: Damage Controlman,
8 Machinery Technician, or Marine Science Technician.

9 (4) United States Navy Rating: Machinist Mate, Machinist Mate
10 (Nuclear), or Utilitiesman.

11 (5) United States Marines military occupational specialty: 1171
12 Water Support Technician.

13 (d) *In implementing this section, the state board may prescribe*
14 *the procedures and requirements and establish appropriate*
15 *equivalency standards for determining equivalent experience credit*
16 *and education credit based on guidance and input by the American*
17 *Water Works Association, California Water Environment*
18 *Association, and other water and wastewater industry experts.*

AMENDED IN SENATE MAY 17, 2019
AMENDED IN SENATE MAY 7, 2019
AMENDED IN SENATE APRIL 29, 2019
AMENDED IN SENATE MARCH 11, 2019

SENATE BILL

No. 200

Introduced by Senator Monning
(Principal coauthor: Assembly Member Eduardo Garcia)

January 31, 2019

An act to add Chapter 4.6 (commencing with Section 116765) to Part 12 of Division 104 of the Health and Safety Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 200, as amended, Monning. Safe and Affordable Drinking Water Fund.

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and the long term. The bill would authorize the board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, and bequests and would provide that moneys in the fund are available, upon appropriation by the Legislature, to the board to fund grants, loans, contracts, or services to assist eligible recipients. The bill

would require the board to adopt a fund implementation plan with specified contents and would require expenditures of the fund to be consistent with the plan. The bill would require, by January 1, 2021, the board, in consultation with local health officers and other relevant stakeholders, to make publicly available, as specified, a map of aquifers that are used or likely to be used as a source of drinking water that are at high risk of containing contaminants that exceed safe drinking water standards. For purposes of the map, the bill would require local health officers and other relevant local agencies to provide all results of, and data associated with, water quality testing performed by certified laboratories to the board, as specified. By imposing additional duties on local health officers and local agencies, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 4.6 (commencing with Section 116765)
2 is added to Part 12 of Division 104 of the Health and Safety Code,
3 to read:

4
5 CHAPTER 4.6. SAFE AND AFFORDABLE DRINKING WATER
6

7 Article 1. Safe and Affordable Drinking Water Fund
8

9 116765. (a) The Safe and Affordable Drinking Water Fund is
10 hereby established in the State Treasury to help water systems
11 provide an adequate and affordable supply of safe drinking water
12 in both the near and long terms. All moneys deposited in the fund
13 pursuant to paragraph (1) of subdivision (a) of Section 116771 are
14 available, upon appropriation by the Legislature, to the board to
15 fund the following:

- 1 (1) Operation and maintenance costs to help deliver an adequate
2 supply of safe drinking water in both the near and long terms.
- 3 (2) Consolidation costs for public water systems, community
4 water systems, and state small water systems.
- 5 (3) Replacement water to provide the systems with safe drinking
6 water as a short-term solution.
- 7 (4) The provision of administrative and managerial services
8 under Section 116686 for purposes of helping the systems become
9 self-sufficient in the long term.
- 10 (b) Consistent with subdivision (a), the board shall expend
11 moneys in the fund for grants, loans, contracts, or services to assist
12 eligible recipients.
- 13 (c) (1) Eligible recipients of funding under this chapter are
14 public agencies, nonprofit organizations, public utilities, mutual
15 water companies, federally recognized Indian tribes, state Indian
16 tribes listed on the Native American Heritage Commission's
17 California Tribal Consultation List, and administrators.
- 18 (2) To be eligible for funding under this chapter, grants, loans,
19 contracts, or services provided to a public utility that is regulated
20 by the Public Utilities Commission or a mutual water company
21 shall have a clear and definite public purpose and shall benefit the
22 customers of the water system and not the investors.
- 23 (d) An expenditure from the fund shall be consistent with the
24 fund implementation plan.
- 25 (e) The board may expend moneys from the fund for reasonable
26 costs associated with the administration of this chapter, not to
27 exceed 5 percent of the annual deposits into the fund.
- 28 (f) In administering the fund, the board shall make reasonable
29 efforts to ensure that funds are used to secure the long-term
30 sustainability of drinking water service and infrastructure,
31 including, but not limited to, requiring adequate technical,
32 managerial, and financial capacity of eligible applicants as part of
33 funding agreement outcomes.

34
35 Article 2. Definitions

- 36
37 116766. For the purposes of this chapter:
38 (a) "Adequate supply" has the same meaning as defined in
39 Section 116681.

- 1 (b) "Administrator" has the same meaning as defined in Section
2 116686.
- 3 (c) "Board" means the State Water Resources Control Board.
- 4 (d) "Community water system" has the same meaning as defined
5 in Section 116275.
- 6 (e) "Consistently fails" has the same meaning as defined in
7 Section 116681.
- 8 (f) "Disadvantaged community" has the same meaning as
9 defined in Section 79505.5 of the Water Code.
- 10 (g) "Domestic well" has the same meaning as defined in Section
11 116681.
- 12 (h) "Fund" means the Safe and Affordable Drinking Water Fund
13 established pursuant to Section 116765.
- 14 (i) "Fund implementation plan" means the fund implementation
15 plan adopted pursuant to Article 3 (commencing with Section
16 116767).
- 17 (j) "Low-income household" means a single household whose
18 income is less than 200 percent of the federal poverty level.
- 19 (k) "Mutual water company" means a mutual water company,
20 as defined in Section 14300 of the Corporations Code, that operates
21 a public water system or a state small water system.
- 22 (l) "Nonprofit organization" means an organization qualified
23 to do business in California and qualified under Section 501(c)(3)
24 of Title 26 of the United States Code.
- 25 (m) "Public agency" means a state agency or department, special
26 district, joint powers authority, city, county, city and county, or
27 other political subdivision of the state.
- 28 (n) "Public utility" has the same meaning as defined in Section
29 216 of the Public Utilities Code.
- 30 (o) "Public water system" has the same meaning as defined in
31 Section 116275.
- 32 (p) "Replacement water" includes, but is not limited to, bottled
33 water, vended water, point-of-use, or point-of-entry treatment
34 units.
- 35 (q) "Safe drinking water" has the same meaning as defined in
36 Section 116681.
- 37 (r) "Service connection" has the same meaning as defined in
38 Section 116275.
- 39 (s) "State small water system" has the same meaning as defined
40 in Section 116275.

1 (t) “Vended water” has the same meaning as defined in Section
2 111070.

3

4

Article 3. Fund Implementation Plan

5

6 116767. The purposes of the fund implementation plan are as
7 follows:

8 (a) To identify public water systems, community water systems,
9 and state small water systems that consistently fail to provide an
10 adequate supply of safe drinking water, including the cause or
11 causes of the failure and appropriate measures to remedy the
12 failure.

13 (b) To determine the amount and type of funding necessary to
14 implement appropriate measures to remedy a failure to provide an
15 adequate supply of safe drinking water.

16 (c) To identify public water systems, community water systems,
17 and state small water systems that are at significant risk of failing
18 to provide an adequate supply of safe drinking water, including
19 the source or sources of the risk and appropriate measures to
20 eliminate the risk.

21 (d) To determine the amount and type of funding necessary to
22 implement appropriate measures to eliminate the risk of failing to
23 provide an adequate supply of safe drinking water.

24 (e) To identify gaps in the provision of safe drinking water, in
25 furtherance of Section 106.3 of the Water Code, and to determine
26 the amount and type of funding necessary to minimize or eliminate
27 those gaps.

28 (f) To prioritize available funding provided by this chapter for
29 measures identified in subdivisions (a), (c), and (e).

30 116768. (a) On or before July 1, 2020, the board shall develop
31 and adopt a policy for developing the fund implementation plan
32 that includes all of the following elements:

33 (1) A requirement that the board consult with an advisory group
34 to aid in meeting the purposes of the fund implementation plan as
35 established in Section 116767. The advisory group shall include
36 representatives of the following:

37 (A) Entities paying into the fund.

38 (B) Public water systems.

39 (C) Technical assistance providers.

40 (D) Local agencies.

- 1 (E) Nongovernmental organizations.
- 2 (F) Residents served by community water systems in
3 disadvantaged communities, state small water systems, and
4 domestic wells.
- 5 (G) The public.
- 6 (2) Identification of key terms, criteria, and metrics, and their
7 definitions.
- 8 (3) A description of how proposed remedies will be identified,
9 evaluated, prioritized, and included in the fund implementation
10 plan.
- 11 (4) The establishment of a process by which members of a
12 disadvantaged community may petition the state board to consider
13 ordering consolidation.
- 14 (5) A requirement that the board hold at least one public hearing
15 before adopting a fund implementation plan.
- 16 (b) The board shall annually adopt a fund implementation plan.
17 The board may adopt a policy handbook and update it at least once
18 every three years.
- 19 (c) On or before January 10, 2021, and every January 10
20 thereafter, the board shall provide to the Joint Legislative Budget
21 Committee and the chairpersons of the fiscal committees in each
22 house of the Legislature the most recently adopted fund
23 implementation plan. The board may submit the fund
24 implementation plan as required by this subdivision either in the
25 Governor's Budget documents or as a separate report.
- 26 116769. (a) The fund implementation plan shall contain the
27 following:
- 28 (1) A report of expenditures from the fund for the prior fiscal
29 year and planned expenditures for the current fiscal year.
- 30 (2) A list of systems that consistently fail to provide an adequate
31 supply of safe drinking water. The list shall include, but is not
32 limited to, all of the following:
- 33 (A) Any public water system that consistently fails to provide
34 an adequate supply of safe drinking water.
- 35 (B) Any community water system that serves a disadvantaged
36 community that must charge fees that exceed the affordability
37 threshold established by the board in order to supply, treat, and
38 distribute potable water that complies with federal and state
39 drinking water standards.

- 1 (C) Any state small water system that consistently fails to
2 provide an adequate supply of safe drinking water.
- 3 (3) A list of public systems, community water systems,
4 and state small water systems that may be at risk of failing to
5 provide an adequate supply of safe drinking water.
- 6 (4) An estimate of the number of households that are served by
7 domestic wells or state small water systems in high-risk areas
8 identified pursuant to Article 5 (commencing with Section 116772).
9 The estimate shall identify approximate locations of households,
10 without identifying exact addresses or other personal information,
11 in order to identify potential target areas for outreach and assistance
12 programs.
- 13 (5) An estimate of the funding needed for the next fiscal year
14 based on the amount available in the fund, anticipated funding
15 needs, other existing funding sources, and other relevant data and
16 information.
- 17 (6) A list of programs to be funded that assist or will assist
18 households supplied by a domestic well that consistently fails to
19 provide an adequate supply of safe drinking water.
- 20 (7) A list of programs to be funded that assist or will assist
21 households and schools whose tap water contains contaminants,
22 such as lead or secondary contaminants, at levels that exceed
23 recommended standards.
- 24 (b) The fund implementation plan shall be based on data and
25 analysis drawn from the drinking water needs assessment funded
26 by Chapter 449 of the Statutes of 2018 as that assessment may be
27 updated and as information is developed pursuant to Article 5
28 (commencing with Section 116772).
- 29 (c) The fund implementation plan shall prioritize funding for
30 all of the following:
- 31 (1) Assisting disadvantaged communities served by a public
32 water system and low-income households served by a state small
33 water system or a domestic well.
- 34 (2) The consolidation or extension of service, or both.
- 35 (3) Funding costs other than those related to capital construction
36 costs, except for capital construction costs associated with
37 consolidation and service extension to reduce the ongoing unit
38 cost of service and to increase sustainability of drinking water
39 infrastructure and service delivery.

1 116770. The fund implementation plan may include
2 expenditures for the following:

3 (a) The provision of replacement water, as needed, to ensure
4 immediate protection of health and safety as a short-term solution.

5 (b) The development, implementation, and sustainability of
6 long-term drinking water solutions, including, but not limited to,
7 the following:

8 (1) (A) Technical assistance, planning, construction, repair,
9 and operation and maintenance costs associated with any of the
10 following:

11 (i) Replacing, blending, or treating contaminated drinking water.

12 (ii) Repairing or replacing failing water system equipment,
13 pipes, or fixtures.

14 (iii) Operation and maintenance costs associated with
15 consolidated water systems, extended drinking water services, or
16 reliance on a substituted drinking water source.

17 (B) Technical assistance and planning costs may include, but
18 are not limited to, analyses to identify and efforts to further
19 opportunities to reduce the unit cost of providing drinking water
20 through organizational and operational efficiency improvements,
21 and other options and approaches to reduce costs.

22 (2) Creating and maintaining natural means and green
23 infrastructure solutions that contribute to sustainable drinking
24 water.

25 (3) Consolidating water systems.

26 (4) Extending drinking water services to other public water
27 systems, community water systems, and state small water systems,
28 or domestic wells.

29 (5) Satisfying outstanding long-term debt obligations of public
30 water systems, community water systems, and state small water
31 systems where the board determines that a system's lack of access
32 to capital markets renders this solution the most cost effective for
33 removing a financial barrier to the system's sustainable, long-term
34 provision of drinking water.

35 (c) Identifying and providing outreach to persons who are
36 eligible to receive assistance from the fund.

37 (d) Testing the drinking water quality of domestic wells serving
38 low-income households, prioritizing those in high-risk areas
39 identified pursuant to Article 5 (commencing with Section 116772).

1 (e) Providing administrative and managerial services under
2 Section 116686.

3
4 Article 4. Miscellaneous Provisions
5

6 116771. (a) The board may undertake any of the following
7 actions to implement the fund:

8 (1) Provide for the deposit of both of the following moneys into
9 the fund:

10 (A) Federal contributions.

11 (B) Voluntary contributions, gifts, grants, or bequests.

12 (2) Enter into agreements for contributions to the fund from the
13 federal government, local or state agencies, and private
14 corporations or nonprofit organizations.

15 (3) Direct portions of the fund to a subset of eligible applicants
16 as required or appropriate based on funding source and consistent
17 with the annual fund implementation plan.

18 (4) Direct moneys described in subparagraph (B) of paragraph
19 (1) towards a specific project, program, or study.

20 (b) The board may set appropriate requirements as a condition
21 of funding, including, but not limited to, the following:

22 (1) A system technical, managerial, or financial capacity audit.

23 (2) Improvements to reduce costs and increase efficiencies.

24 (3) An evaluation of alternative treatment technologies.

25 (4) A consolidation or service extension feasibility study.

26 (5) Requirements for a domestic well with nitrate contamination
27 where ongoing septic system failure may be causing or contributing
28 to contamination of a drinking water source, to have conducted an
29 investigation and project to address the septic system failure, if
30 adequate funding sources are identified and accessible.

31 (c) Actions taken to implement, interpret, or make specific this
32 chapter, including, but not limited to, the adoption or development
33 of any plan, handbook, or map, are not subject to the
34 Administrative Procedure Act (Chapter 3.5 (commencing with
35 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
36 Code).

1 Article 5. Information on High-Risk Areas

2

3 116772. (a) (1) By January 1, 2021, the board, in consultation
4 with local health officers and other relevant stakeholders, shall use
5 available data to make available a map of aquifers that are at high
6 risk of containing contaminants that exceed safe drinking water
7 standards that are used or likely to be used as a source of drinking
8 water for a state small water system or a domestic well. The board
9 shall update the map annually based on new and relevant data.

10 (2) The board shall make the map of high-risk areas, as well as
11 the data used to make the map, publicly accessible on its internet
12 website in a manner that complies with the Information Practices
13 Act of 1977 (Chapter 1 (commencing with Section 1798) of Title
14 1.8 of Part 4 of Division 3 of the Civil Code). The board shall
15 notify local health officers and county planning agencies of
16 high-risk areas within their jurisdictions.

17 (b) (1) By January 1, 2021, a local health officer or other
18 relevant local agency shall provide to the board all results of, and
19 data associated with, water quality testing performed by certified
20 laboratories for a state small water system or domestic well that
21 was collected after January 1, 2014, and that is in the possession
22 of the local health officer or other relevant local agency.

23 (2) By January 1, 2022, and by January 1 of each year thereafter,
24 all results of, and data associated with, water quality testing
25 performed by a certified laboratory for a state small water system
26 or domestic well that is submitted to a local health officer or other
27 relevant local agency shall also be submitted directly to the board
28 in electronic format.

29 *SEC. 2. (a) Implementation of Chapter 4.6 (commencing with*
30 *Section 116765) of Part 12 of Division 104 of the Health and Safety*
31 *Code is contingent upon an appropriation for its purposes in the*
32 *annual Budget Act.*

33 *(b) This act does not impose a levy, charge, or exaction of any*
34 *kind, such as a tax or fee.*

35 ~~SEC. 2.~~

36 *SEC. 3. If the Commission on State Mandates determines that*
37 *this act contains costs mandated by the state, reimbursement to*
38 *local agencies and school districts for those costs shall be made*

1 pursuant to Part 7 (commencing with Section 17500) of Division
2 4 of Title 2 of the Government Code.

O



SB 414 (Caballero) The Small System Water Authority Act of 2019

A Solution to Providing Safe Drinking Water to Communities Served by Chronically Non-Compliant Systems

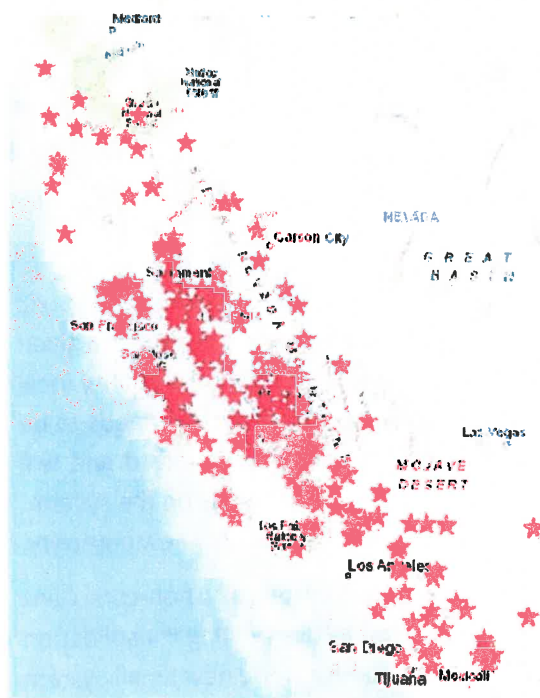
Background

In 2012, Governor Jerry Brown signed into law Assembly Bill 685 (Eng), establishing the Human Right to Water—declaring that it is the policy of the state that every Californian has a human right to safe, clean, affordable, and accessible drinking water.

Water Accessibility and Safety Concerns in California

Nearly 800,000 people in California lack access to safe and reliable drinking water on a daily basis. The State Water Resources Control Board (State Board) has identified 329 (as of November 2017) systems statewide that chronically serve

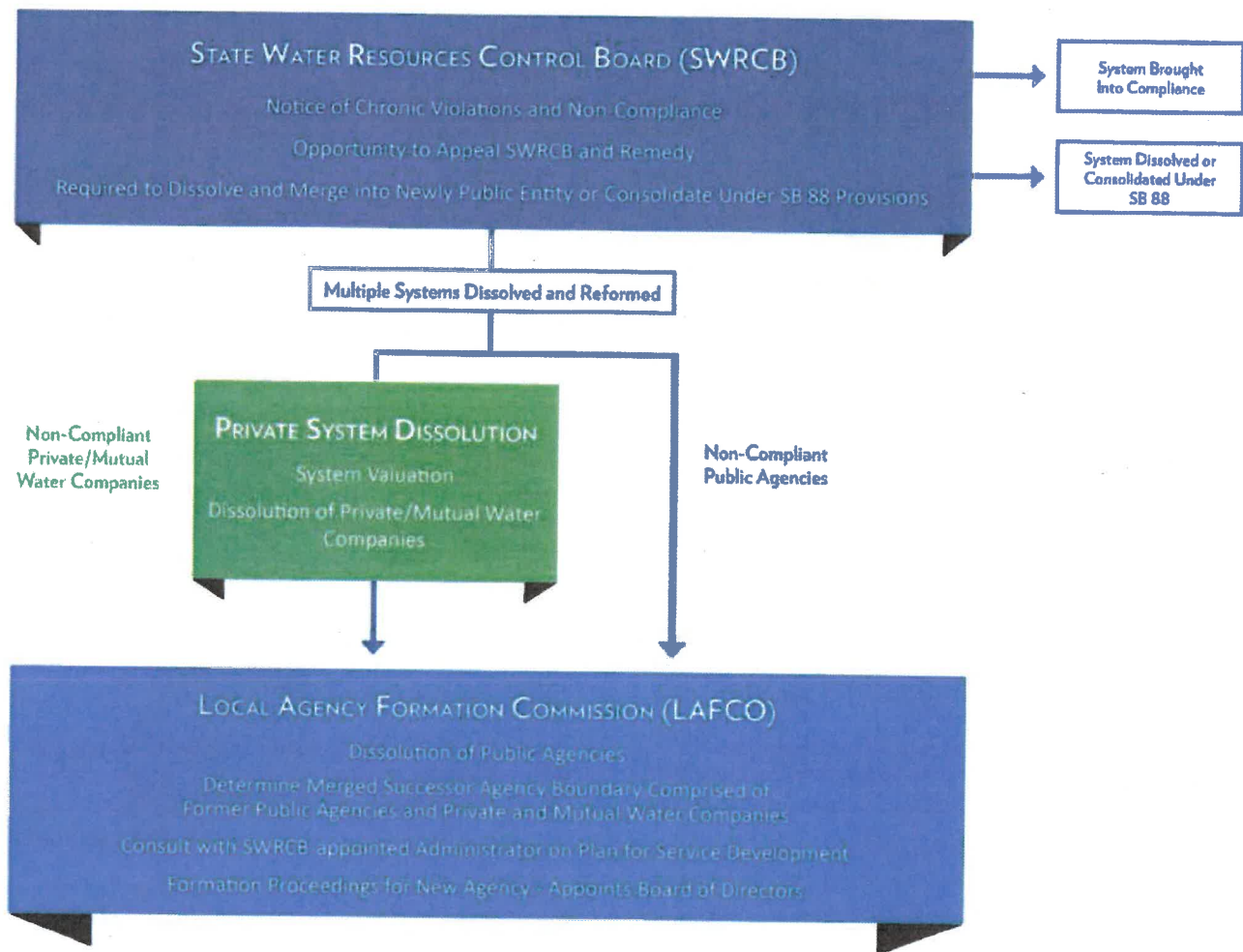
contaminated drinking water or cannot provide reliable water service due to unsound infrastructure or because they lack the local financial, managerial, and technical resources to do so. The vast majority of these systems are small, rural systems that typically serve less than 10,000 people. A sustainable solution is necessary to address this drastic health and safety crisis.



To date, laws have been passed that address various elements of the water accessibility issue including voluntary and forced consolidations, supplying resources and technical support, and limiting the development of new unsustainable water systems. While these efforts have created a portfolio of options to address this critical issue of water accessibility in California, immediate and lasting changes to the governance structure of chronically non-compliant small systems are still needed to protect public health and safety.

The Small System Water Authority Act of 2019

SB 414 would create the Small System Water Authority Act of 2019, providing yet another valuable tool to prevent chronically non-compliant water systems from serving contaminated water to Californians. SB 414 proposes to merge non-compliant water systems into a larger and more robust public water system that can take advantage of improved economies of scale, streamlined managerial functions and enhanced financial capacity.



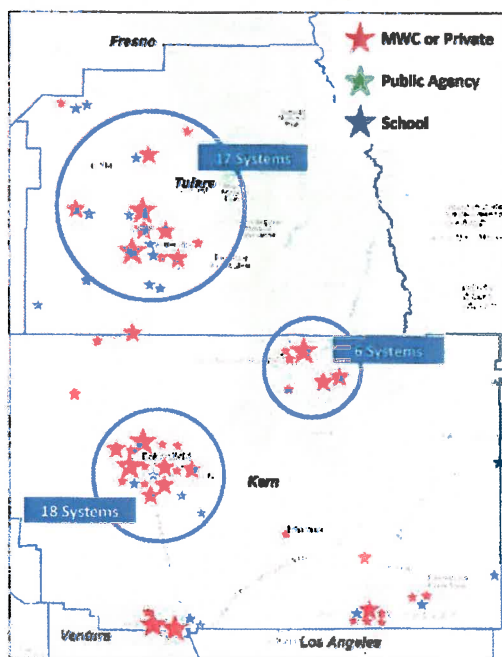
This bill authorizes the State Board to notify chronically non-compliant systems that they are in violation of public health and safety. Each system is then provided with an opportunity to develop a compliance plan within a given time period. If a system is unable to develop an approved plan, the State Board will then notify the county local agency formation commission (LAFCO) that it has determined the chronically non-compliant system needs to be dissolved and consolidated into an authority. Private and mutual water companies will be dissolved and will receive compensation through a distressed business valuation process, if there is remaining value on the system. At this time any existing water systems also will have an opportunity to voluntarily consolidate with a new authority.

The State Board will appoint an Administrator in regions that have five or more chronically non-compliant systems. In regions that have less than five systems, the State Board will be directed to use existing consolidation authorities and funding to bring those systems into compliance. The LAFCO will then form the new Small System Water Authority (Authority), which will have the unique powers to absorb, improve, and consolidate currently

non-compliant public water systems with either contiguous or noncontiguous boundaries. Each Authority will be required to submit a conceptual formation plan to the State Board. The Administrator will identify and hire critical staff and will ultimately complete a Final Plan for Service that will be approved, through a local public hearing process, at the LAFCO.

The new system will be formed as an independent special district, provided with new internal and external financing opportunities, increased transparency including an elected Board of Directors, and the system will be scaled to a size to develop, coordinate, or contract through regional agreements, the necessary infrastructure to treat contamination issues. This in turn will lead to more sustainable water systems that can effectively deliver safe and affordable drinking water to its residents.

SAMPLE Grouping of Non-Compliant Systems For demonstration purposes only.



Larger stars denote proportionately larger populations of small systems noted as "Out of Compliance" in State Water Board Database.

For more information regarding the Small System Water Authority Act of 2019

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AMENDED IN SENATE MAY 17, 2019

AMENDED IN SENATE APRIL 4, 2019

SENATE BILL

No. 414

Introduced by Senator Caballero

February 20, 2019

An act to amend Sections 56017.1, 56017.2, 56069, 56653, 56658, and 56895 of, and to add Section 56666.5 to, the Government Code, and to add Division 23 (commencing with Section 78000) to the Water Code, relating to small system water authorities.

LEGISLATIVE COUNSEL'S DIGEST

SB 414, as amended, Caballero. Small System Water Authority Act of 2019.

Existing law, the California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, as defined, consistently fails to provide an adequate supply of safe drinking water. The act, if consolidation is either not appropriate or not technically and economically feasible, authorizes the state board to contract with an administrator to provide administrative and managerial services to designated public water systems and to order the designated public water system to accept administrative and managerial services, as specified.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of

organization and reorganization for cities and districts, except as specified.

This bill would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified. The bill would require the state board to provide a copy of the notice, in the case of a water corporation, to the Public Utilities Commission and would require the Public Utilities Commission to be responsible with the state board for ensuring compliance with the provisions of the bill. The bill would require an entity receiving the notice to respond to the state board, and, if appropriate, the Public Utilities Commission, as to whether the violations of drinking water standards are remedied and the basis for that conclusion, as specified. The bill would require an entity reporting a continuing violation of drinking water standards to have 180 days from the date of a specified response filed with the state board to prepare and submit a plan to the state board to permanently remedy a violation of drinking water standards within a reasonable time that is not later than January 1, 2025. The bill would require the state board to review the plan and accept, accept with reasonable conditions, or reject the plan, as prescribed. The bill would require an entity with an accepted plan to provide quarterly reports to the state board on progress towards a permanent remedy for violations of drinking water standards and would require the state board to annually hold a public hearing to consider whether the progress is satisfactory. The bill would require the state board, if it rejects the plan or if a plan is not submitted by the prescribed deadline, to cause, after a certain period to allow for a petition for reconsideration, the formation of an authority by the applicable local agency formation commission to serve the customers of the public water system or to remedy the failure to meet the applicable drinking water standards, as specified.

The bill would require the state board, no later than July 1, 2021, to provide written notice to each county, city, water district, private water

company, or mutual water company located within a county where an entity receiving a notice to cure from the state board is located stating that the state board may consider the formation of an authority within that county and inviting other public water suppliers to consider a voluntary dissolution and subsequent inclusion into the authority that may be formed. The bill would require an entity wishing to consolidate into a proposed authority to provide a written statement opting into an authority to the administrator of the authority on or before December 31, 2021. The bill would authorize an entity wishing to join an authority after the formation of an authority to do so by a proposal or petition to the local agency formation commission and would require an entity to join a proposed authority upon the petition of the entity's customers, as prescribed. The bill would require any county or city receiving a notice to cure from the state board to determine, not later than November 1, 2021, whether any county service areas, county waterworks districts, or other dependent special districts providing water service or water and sewer service located within the county that provide water service or water and sewer service only in the proposed area of the authority should be included within the proposed authority, as prescribed. The bill would authorize an authority to include areas that are not contiguous.

The bill would require the state board, no later than 30 days after determining that an authority shall be formed, to notify a local agency formation commission of a county where the public water system that submitted the plan is located, and if appropriate, the Public Utilities Commission, that it has determined that the public water system shall be consolidated into an authority. The bill would require the state board, no later than 60 days after determining that an authority shall be formed, to notify the local agency formation commission, and if appropriate, the Public Utilities Commission, of the public water systems that will be consolidated into an authority and to appoint an administrator for each proposed authority. The bill would require an administrator to be responsible for the interim administration and management of the authority and would require the state board to bear the cost of the administrator, as specified. The bill would require the administrator, after consultation with the executive officer of the local agency formation commission, to submit to the state board a conceptual formation plan, with specified components. The bill would require the state board to provide comments on the conceptual formation plan to the administrator and applicable local agency formation commission within 60 days of its receipt.

The bill would require the administrator, within 180 days after the state board provides comments on the draft conceptual formation plan, to submit an application for formation and proposed plan for service to the local agency formation commission for review and would require the commission to hold a hearing on the plan and approve or deny it, as prescribed. The bill would require an authority to file a statement, under penalty of perjury, with the executive office of the local agency formation commission certifying that the authority will take the appropriate actions to comply with an approved plan. By expanding the application of the crime of perjury, this bill would impose a state-mandated local program. The bill would require the executive officer of the commission, within 30 days of the filing of a statement, to issue a notice of completion to the authority and send a copy of that notice to the state board. The bill would authorize the state board, in the event that the authority fails to timely file a statement certifying compliance with the plan, to issue an order to the authority requiring the filing of a statement certifying compliance with the plan or other remedial action as may be appropriate. The bill would require, annually for the first 3 years after the date of an authority's formation by a local agency formation commission, an authority to file a certain report with the local agency formation commission and the state board. The bill would require a local agency formation commission to hold a public hearing within 90 days of receipt of the report to review the authority's performance during the previous year and would authorize the state board to order an authority to remedy any failures to comply with conditions imposed by the state board or the plan for service. The bill would authorize the state board to impose a civil penalty on an authority of up to \$500 per day for each violation if an authority fails to timely comply with a remedial order by the state board, up to a maximum of \$10,000 per year for each particular violation.

The bill would require the Public Utilities Commission to order the dissolution of a public water system and the transfer of all assets of a subject water corporation to an authority formed by the local agency formation commission, as prescribed. The bill would require the state board to petition a court for an order dissolving any mutual water company, water corporation, or private corporation that has been operating a public water system and transferring the assets of that company or corporation to the authority formed by the local agency formation commission. The bill would provide for an owner or shareholder of a dissolved public water system to be compensated, as

specified, in accordance with a distressed business valuation issued by the state board. The bill would authorize an authority to receive financing from the state to pay all liabilities assumed from a public water system and would require an authority to issue bonds to repay the state with interest.

The bill would require the Controller, ~~no later than January 1, 2026, to prepare and submit to the Legislature a report regarding the fiscal and operational health of the authorities that includes a recommendation regarding the need for supplemental state funding, if any, and the potential sources of that funding.~~ *following the formation of the authorities, to perform an audit of the fiscal and operational health of each authority, and to submit the results of the audits to the Legislature in the form of a report no later than January 1, 2026.* The bill would require the state board, no later than January 1, 2026, to prepare and submit to the Legislature a report specifying the number of public water systems that, at any time between July 1, 2018, and January 1, 2025, were out of compliance with one or more state or federal primary drinking water standards, as specified.

The bill would provide for the appointment of an initial board of an authority, and the election of subsequent boards of an authority. The bill would require a director to be a resident of the area served by the authority and, to the extent practicable, to represent a division with equal population being served by the authority. The bill would require a director to receive compensation in an amount not to exceed \$250 per day, not to exceed a total of 10 days in any calendar month, together with any expenses incurred in the performance of the director's duties required or authorized by the board. The bill would require the board to hold meetings, exercise and perform all powers, privileges, and duties of an authority, designate a depository to have custody of the funds of the authority, appoint officers, and hire employees, as specified. The bill would require the board to file a certain certificate with the Secretary of State within 180 days of its initial meeting after formation. The bill would require a person convicted of an infraction for a violation of any local ordinance or regulation adopted by an authority to be punished upon a first conviction by a fine not exceeding \$50 and for a 2nd conviction within a period of one year by a fine of not exceeding \$100 and for a 3rd or any subsequent conviction within a period of one year by a fine of not exceeding \$250. By creating new crimes, this bill would impose a state-mandated local program.

The bill would specify the powers of an authority, including that an authority is authorized to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and stormwater, for the beneficial use of the authority. The bill would authorize the authority to fix a water standby assessment or availability charge, as prescribed. The bill would require a board of supervisors to levy the standby charge in the amounts for the respective parcels fixed by the board of the authority. The bill would require all county officers charged with the duty of collecting taxes to collect authority standby charges with the regular tax payments to the county and would require the charges to be paid to the authority. The bill would authorize an authority to restrict the use of authority water, as specified, and would provide that it is a misdemeanor, punishable as specified, for any person to use or apply water received from the authority contrary to or in violation of any restriction or prohibition specified in the authority's ordinance. By creating a new crime, this bill would impose a state-mandated local program. The bill would authorize an authority to conduct inspections and would authorize an authority to obtain an inspection warrant. Because the willful refusal of an inspection lawfully authorized by an inspection warrant is a misdemeanor, this bill would impose a state-mandated local program by expanding the application of a crime. The bill would require an authority to notify the county or city building inspector, county health inspector, or other affected county or city employee or office, in writing, within a reasonable time if an actual violation of an authority, city, or county ordinance is discovered during the investigation.

The bill would require the administrator to prepare and submit a capital improvement plan to the state board no later than one year after the date upon which an authority is formed. The bill would require the plan to bring the authority into full compliance with drinking water standards within 3 years, which time may be extended by the state board for good cause. The bill would require the state board, upon appropriation by the Legislature from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other public or private entities, to provide funding for the administrator and for formation and startup costs for up to 3 fiscal years after formation of the authority, as specified. The bill would provide for the state board, upon appropriation by the Legislature from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other

public or private entities, to receive up to an unspecified amount for the preparation of distressed business valuations to determine the net fair market value of the water corporation or mutual water company. The bill would require, if those moneys are not sufficient to meet the statewide needs of the authorities, funding to be made available upon appropriation from the Safe Drinking Water State Revolving Fund.

By imposing new duties or a higher level of service on cities, counties, and local agency formation commissions, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 56017.1 of the Government Code is
2 amended to read:

3 56017.1. "Applicant" means a local agency or person or persons
4 that submits an application, as defined by Section 56017.2, or the
5 State Water Resources Control Board where an application is
6 submitted by its appointed administrator pursuant to Section 78038
7 of the Water Code.

8 SEC. 2. Section 56017.2 of the Government Code is amended
9 to read:

10 56017.2. "Application" means any of the following:

11 (a) A resolution of application or petition initiating a change of
12 organization or reorganization with supporting documentation as
13 required by the commission or executive officer.

14 (b) A request for a sphere of influence amendment or update
15 pursuant to Section 56425.

1 (c) A request by a city or district for commission approval of
2 an extension of services outside the agency’s jurisdictional
3 boundaries pursuant to Section 56133.

4 (d) A request by a public agency for commission approval of
5 an extension of services outside the agency’s jurisdictional
6 boundaries pursuant to Section 56134.

7 (e) A request by the State Water Resources Control Board that
8 includes the formation of a small system water authority made
9 pursuant to Section 78038 of the Water Code.

10 SEC. 3. Section 56069 of the Government Code is amended
11 to read:

12 56069. “Proposal” means a desired change of organization or
13 reorganization initiated by a petition, by resolution of application
14 of a legislative body or school district, or by order of the State
15 Water Resources Control Board in the case of an application
16 including the formation of a small system water authority submitted
17 pursuant to Section 78038 of the Water Code, for which a
18 certificate of filing has been issued.

19 SEC. 4. Section 56653 of the Government Code, as amended
20 by Section 1 of Chapter 43 of the Statutes of 2017, is amended to
21 read:

22 56653. (a) If a proposal for a change of organization or
23 reorganization is submitted pursuant to this part, the applicant shall
24 submit a plan for providing services within the affected territory.

25 (b) The plan for providing services shall include all of the
26 following information and any additional information required by
27 the commission or the executive officer:

28 (1) An enumeration and description of the services currently
29 provided or to be extended to the affected territory.

30 (2) The level and range of those services.

31 (3) An indication of when those services can feasibly be
32 extended to the affected territory, if new services are proposed.

33 (4) An indication of any improvement or upgrading of structures,
34 roads, sewer or water facilities, or other conditions the local agency
35 would impose or require within the affected territory if the change
36 of organization or reorganization is completed.

37 (5) Information with respect to how those services will be
38 financed.

39 (c) (1) In the case of a change of organization or reorganization
40 initiated by a local agency that includes a disadvantaged,

1 unincorporated community as defined in Section 56033.5, a local
2 agency may include in its resolution of application for change of
3 organization or reorganization an annexation development plan
4 adopted pursuant to Section 99.3 of the Revenue and Taxation
5 Code to improve or upgrade structures, roads, sewer or water
6 facilities, or other infrastructure to serve the disadvantaged,
7 unincorporated community through the formation of a special
8 district or reorganization of one or more existing special districts
9 with the consent of each special district's governing body.

10 (2) The annexation development plan submitted pursuant to this
11 subdivision shall include information that demonstrates that the
12 formation or reorganization of the special district will provide all
13 of the following:

14 (A) The necessary financial resources to improve or upgrade
15 structures, roads, sewer or water facilities, or other infrastructure.
16 The annexation development plan shall also clarify the local entity
17 that shall be responsible for the delivery and maintenance of the
18 services identified in the application.

19 (B) An estimated timeframe for constructing and delivering the
20 services identified in the application.

21 (C) The governance, oversight, and long-term maintenance of
22 the services identified in the application after the initial costs are
23 recouped and the tax increment financing terminates.

24 (3) If a local agency includes an annexation development plan
25 pursuant to this subdivision, a local agency formation commission
26 may approve the proposal for a change of organization or
27 reorganization to include the formation of a special district or
28 reorganization of a special district with the special district's
29 consent, including, but not limited to, a community services district,
30 municipal water district, or sanitary district, to provide financing
31 to improve or upgrade structures, roads, sewer or water facilities,
32 or other infrastructure to serve the disadvantaged, unincorporated
33 community, in conformity with the requirements of the principal
34 act of the district proposed to be formed and all required formation
35 proceedings.

36 (4) Pursuant to Section 56881, the commission shall include in
37 its resolution making determinations a description of the annexation
38 development plan, including, but not limited to, an explanation of
39 the proposed financing mechanism adopted pursuant to Section
40 99.3 of the Revenue and Taxation Code, including, but not limited

1 to, any planned debt issuance associated with that annexation
2 development plan.

3 (d) This section shall not preclude a local agency formation
4 commission from considering any other options or exercising its
5 powers under Section 56375.

6 (e) A plan for providing services accompanying an application
7 that includes the formation of a small system water authority
8 submitted pursuant to subdivision (a) of Section 78038 of the Water
9 Code shall meet the requirements set forth in subdivision (b) of
10 Section 78038 of the Water Code.

11 (f) This section shall remain in effect only until January 1, 2025,
12 and as of that date is repealed.

13 SEC. 5. Section 56658 of the Government Code is amended
14 to read:

15 56658. (a) Any petitioner or legislative body desiring to initiate
16 proceedings shall submit an application to the executive officer of
17 the principal county.

18 (b) (1) Immediately after receiving an application and before
19 issuing a certificate of filing, the executive officer shall give mailed
20 notice that the application has been received to each affected local
21 agency, the county committee on school district organization, and
22 each school superintendent whose school district overlies the
23 affected territory. The notice shall generally describe the proposal
24 and the affected territory. The executive officer shall not be
25 required to give notice pursuant to this subdivision if a local agency
26 has already given notice pursuant to subdivision (c) of Section
27 56654.

28 (2) It is the intent of the Legislature that a proposal for
29 incorporation or disincorporation shall be processed in a timely
30 manner. With regard to an application that includes an
31 incorporation or disincorporation, the executive officer shall
32 immediately notify all affected local agencies and any applicable
33 state agencies by mail and request the affected agencies to submit
34 the required data to the commission within a reasonable timeframe
35 established by the executive officer. Each affected agency shall
36 respond to the executive officer within 15 days acknowledging
37 receipt of the request. Each affected local agency and the officers
38 and departments thereof shall submit the required data to the
39 executive officer within the timelines established by the executive
40 officer. Each affected state agency and the officers and departments

1 thereof shall submit the required data to the executive officer within
2 the timelines agreed upon by the executive officer and the affected
3 state departments.

4 (3) If a special district is, or as a result of a proposal will be,
5 located in more than one county, the executive officer of the
6 principal county shall immediately give the executive officer of
7 each other affected county mailed notice that the application has
8 been received. The notice shall generally describe the proposal
9 and the affected territory.

10 (c) Except when a commission is the lead agency pursuant to
11 Section 21067 of the Public Resources Code, the executive officer
12 shall determine within 30 days of receiving an application whether
13 the application is complete and acceptable for filing or whether
14 the application is incomplete.

15 (d) The executive officer shall not accept an application for
16 filing and issue a certificate of filing for at least 20 days after giving
17 the mailed notice required by subdivision (b). The executive officer
18 shall not be required to comply with this subdivision in the case
19 of an application that meets the requirements of Section 56662 or
20 in the case of an application for which a local agency has already
21 given notice pursuant to subdivision (c) of Section 56654.

22 (e) If the appropriate fees have been paid, an application shall
23 be deemed accepted for filing if no determination has been made
24 by the executive officer within the 30-day period. An executive
25 officer shall accept for filing, and file, any application submitted
26 in the form prescribed by the commission and containing all of
27 the information and data required pursuant to Section 56652.

28 (f) When an application is accepted for filing, the executive
29 officer shall immediately issue a certificate of filing to the
30 applicant. A certificate of filing shall be in the form prescribed by
31 the executive officer and shall specify the date upon which the
32 proposal shall be heard by the commission. From the date of
33 issuance of a certificate of filing, or the date upon which an
34 application is deemed to have been accepted, whichever is earlier,
35 an application shall be deemed filed pursuant to this division.

36 (g) If an application is determined not to be complete, the
37 executive officer shall immediately transmit that determination to
38 the applicant specifying which parts of the application are
39 incomplete and the manner in which they can be made complete.

1 (h) Following the issuance of the certificate of filing, the
2 executive officer shall proceed to set the proposal for hearing and
3 give published notice thereof as provided in this part. The date of
4 the hearing shall be not more than 90 days after issuance of the
5 certificate of filing or after the application is deemed to have been
6 accepted, whichever is earlier. In the case of an application
7 submitted pursuant to subdivision (a) of Section 78038 of the Water
8 Code by an administrator appointed by the State Water Resources
9 Control Board, the date of the hearing shall be not more than 180
10 days after issuance of the certificate of filing or after the application
11 is deemed to have been accepted, whichever is earlier.
12 Notwithstanding Section 56106, the date for conducting the
13 hearing, as determined pursuant to this subdivision, is mandatory.

14 SEC. 6. Section 56666.5 is added to the Government Code, to
15 read:

16 56666.5. (a) This section applies only to a proposal that
17 includes the formation of a small system water authority submitted
18 pursuant to subdivision (a) of Section 78038 of the Water Code.

19 (b) At the hearing described in Section 56666, the commission
20 shall approve the plan and the formation of the authority, approve
21 the plan and the formation of the authority with modifications, or
22 disapprove the plan and request resubmittal by the administrator.

23 (c) If the commission disapproves the plan, the commission
24 shall, within 30 days of the hearing, provide the administrator with
25 written comments identifying the changes that the administrator
26 must make in order to submit an acceptable plan. If the
27 administrator concurs with those changes, the administrator may
28 provide a written statement of concurrence to the commission and
29 the commission shall deem approved the commission's proposed
30 changes upon receipt of the written statement of concurrence. If
31 the administrator disagrees with those changes, the administrator
32 shall provide a revised plan for service to the commission no later
33 than 90 days after the date on which the commission provides the
34 administrator with comments disapproving the plan.

35 (d) The commission shall hold a hearing no later than 90 days
36 after the date the administrator provides a revised plan for service
37 to the commission, during which the commission shall approve
38 the revised plan for service, either as proposed by the administrator
39 or with the modifications the commission believes best serve the
40 public interest.

1 SEC. 7. Section 56895 of the Government Code is amended
2 to read:
3 56895. (a) When a commission has adopted a resolution
4 making determinations, any person or affected agency may file a
5 written request with the executive officer requesting amendments
6 to or reconsideration of the resolution. The request shall state the
7 specific modification to the resolution being requested and shall
8 state what new or different facts that could not have been presented
9 previously are claimed to warrant the reconsideration. If the request
10 is filed by a school district that received notification pursuant to
11 Section 56658, the commission shall consider that request at a
12 public hearing.
13 (b) Notwithstanding Section 56106, the deadlines set by this
14 section are mandatory. The person or agency shall file the written
15 request within 30 days of the adoption of the initial or superseding
16 resolution by the commission making determinations. If no person
17 or agency files a timely request, the commission shall not take any
18 action pursuant to this section.
19 (c) Upon receipt of a timely request, the executive officer shall
20 not take any further action until the commission acts on the request.
21 (d) Upon receipt of a timely request by the executive officer,
22 the time to file any action, including, but not limited to, an action
23 pursuant to Section 21167 of the Public Resources Code and any
24 provisions of Part 4 (commencing with Section 57000) governing
25 the time within which the commission is to act shall be tolled for
26 the time that the commission takes to act on the request.
27 (e) The executive officer shall place the request on the agenda
28 of the next meeting of the commission for which notice can be
29 given pursuant to this subdivision. The executive officer shall give
30 notice of the consideration of the request by the commission in
31 the same manner as for the original proposal. The executive officer
32 may give notice in any other manner as the executive officer deems
33 necessary or desirable.
34 (f) At that meeting, the commission shall consider the request
35 and receive any oral or written testimony. The consideration may
36 be continued from time to time but not to exceed 35 days from the
37 date specified in the notice. The person or agency that filed the
38 request may withdraw it at any time prior to the conclusion of the
39 consideration by the commission.

1 (g) At the conclusion of its consideration, the commission may
2 approve with or without amendment, wholly, partially, or
3 conditionally, or disapprove the request. If the commission
4 disapproves the request, it shall not adopt a new resolution making
5 determinations. If the commission approves the request, with or
6 without amendment, wholly, partially, or conditionally, the
7 commission shall adopt a resolution making determinations that
8 shall supersede the resolution previously issued.

9 (h) The determinations of the commission shall be final and
10 conclusive. No person or agency shall make any further request
11 for the same change or a substantially similar change, as
12 determined by the commission.

13 (i) Notwithstanding subdivision (h), clerical errors or mistakes
14 may be corrected pursuant to Section 56883.

15 (j) This section does not apply to commission determinations
16 for a proposal that includes the formation of a small system water
17 authority submitted pursuant to subdivision (a) of Section 78038
18 of the Water Code.

19 SEC. 8. Division 23 (commencing with Section 78000) is added
20 to the Water Code, to read:

21
22 DIVISION 23. SMALL SYSTEM WATER AUTHORITY
23 ACT OF 2019

24
25 PART 1. SHORT TITLE

26
27 78000. This division shall be known, and may be cited, as the
28 Small System Water Authority Act of 2019.

29
30 PART 2. FINDINGS AND DECLARATIONS

31
32 78001. The Legislature finds and declares all of the following:

33 (a) As of November 2017, according to the state board, there
34 are approximately 300 public water systems in the State of
35 California that are chronically serving contaminated water to their
36 customers and are operationally deficient in violation of public
37 health regulations.

38 (b) The vast majority of those systems are small, only serving
39 a population of less than 10,000 people, with deficiencies that
40 range from natural contaminants, manmade contaminants, and

1 failing infrastructure. These systems are located throughout
2 California, with a greater percentage of these failing systems
3 primarily located in economically distressed or rural counties.

4 (c) These chronically out of compliance systems lack the
5 financial, managerial, and technical resources to adequately serve
6 their communities and face higher costs per customer to provide
7 adequate service because of their small size, rural location, and
8 aging infrastructure.

9 (d) There is an inefficient deployment of existing local system
10 financial resources and potential funding shortfalls, largely due to
11 duplication of overhead and the inability to access state and other
12 funding streams necessary for modern water service.

13 (e) A new category of public water agency is needed to absorb
14 and consolidate failing small public water systems to provide
15 technical, managerial, and financial capabilities to ensure the
16 provision of safe, clean, affordable, and accessible water and local
17 governance.

18 (f) This act authorizes the creation of small system water
19 authorities that will have unique powers to absorb, improve, and
20 competently operate currently noncompliant public water systems
21 with either contiguous or noncontiguous boundaries.

22 (g) Existing public water systems, whether public agencies,
23 investor-owned utilities, water corporations regulated by the Public
24 Utilities Commission, private mutual water companies, or other
25 private unregulated water systems, that are currently providing
26 adequate water service but that are located in a county where an
27 authority may be formed will have the option of voluntarily
28 consolidating with a new authority.

29

30 PART 3. DEFINITIONS

31

32 78005. Unless the context otherwise requires, the provisions
33 of this part govern the construction of this division.

34 78006. "Affected county" means any county in which the land
35 of a proposed authority is situated.

36 78007. "Authority" means a small system water authority
37 formed pursuant to this division.

38 78008. "Board" means the board of directors of an authority.

39 78009. "Board of supervisors" means the board of supervisors
40 of the principal county.

- 1 78010. "City" means any chartered or general law city.
2 78011. "County clerk" means the county clerk of the principal
3 county.
4 78012. "Local agency formation commission" means a local
5 agency formation commission of the principal county in which
6 the proposed authority is located.
7 78013. "President" means the president of the board of directors
8 of an authority.
9 78014. "Principal county" means the county in which the
10 greater portion of the land of a proposed authority is situated.
11 78015. "Private corporation" means any private corporation
12 organized under the laws of the United States or of this or any
13 other state.
14 78016. "Public agency" means the state or any department or
15 agency thereof, and a county, city, public corporation, or public
16 district of the state, including an authority formed pursuant to this
17 division.
18 78017. "Public water system" has the same meaning as defined
19 in Section 116275 of the Health and Safety Code.
20 78018. "Secretary" means the secretary of an authority.
21 78019. "State board" means the State Water Resources Control
22 Board.
23 78020. "Voter" means a voter as defined in Section 359 of the
24 Elections Code.
25 78021. "Water" includes potable water and nonpotable water.
26 78022. "Water corporation" has the same meaning as defined
27 in Section 241 of the Public Utilities Code.

28
29 PART 4. FORMATION

30
31 CHAPTER 1. IN GENERAL

- 32
33 78025. The area proposed to be served by a proposed authority
34 may consist of the service areas of one or more public agencies,
35 private water companies, or mutual water companies that need not
36 be contiguous. The area proposed to be served by a proposed
37 authority may also include one or more parcels that need not be
38 contiguous, either with each other or with the service areas of the
39 public agencies, private water companies, or mutual water
40 companies that will be served through the proposed authority.

CHAPTER 2. FORMATION PROCEEDINGS

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78030. (a) No later than March 1, 2020, the state board shall provide written notice to cure to all public agencies, private water companies, or mutual water companies that meet both of the following criteria:

(1) Operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people.

(2) Are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels based on a running average for the period from July 1, 2018, through December 31, 2019.

(b) In the case of a water corporation, the state board shall provide a copy of the notice to the Public Utilities Commission and the Public Utilities Commission shall be responsible with the state board for ensuring compliance with this part.

78031. An entity receiving a notice pursuant to subdivision (a) of Section 78030 shall respond to the state board and, if appropriate, the Public Utilities Commission, within 60 days of receiving the notice as to whether the violations of drinking water standards are remedied and the basis for that conclusion.

78032. (a) (1) If an entity receiving a notice pursuant to subdivision (a) of Section 78030 reports pursuant to Section 78031 that a violation of drinking water standards is continuing, the entity shall have 180 days from the date of the response filed with the state board pursuant to Section 78031 to prepare and submit a plan to the state board to permanently remedy a violation of drinking water standards within a reasonable time that is not later than January 1, 2025.

(2) The state board shall review a plan submitted pursuant to paragraph (1) and, within 60 days of receipt, shall accept, accept with reasonable conditions, or reject the plan.

(3) The state board shall not accept the plan with reasonable conditions or reject the plan without meeting with the entity at least 15 days before the acceptance with reasonable conditions or rejection of the plan. The state board may extend the 60-day period described in paragraph (2) by no more than 180 days in order to allow for full consultation and collaboration between the state board and the entity, with the goal of that full consultation and collaboration being a mutually agreeable plan to remedy the

1 violations of drinking water standards in a timely manner. The
2 state board shall not unreasonably withhold or delay approval of
3 a plan or impose unreasonable conditions on a plan.

4 (b) If an entity receiving a notice pursuant to subdivision (a) of
5 Section 78030 has begun a remediation plan under the authority
6 of the state board, a California regional water quality control board,
7 the Public Utilities Commission, or a local agency formation
8 commission, the state board shall deem the remediation plan
9 acceptable without additional conditions.

10 (c) (1) If the state board accepts the plan or accepts the plan
11 with conditions, the entity shall provide quarterly reports to the
12 state board on progress towards a permanent remedy for the
13 violations of drinking water standards and the state board shall
14 hold an annual public hearing to consider whether progress is
15 satisfactory.

16 (2) If the state board rejects the plan or if a plan is not filed by
17 the deadline specified in paragraph (1) of subdivision (a), the state
18 board shall initiate action to do one of the following within 30
19 days:

20 (A) Cause the formation of an authority, subject to the provisions
21 of subdivision (d), by the applicable local agency formation
22 commission, in accordance with Section 78034.

23 (B) Exercise its authority to promptly cause the consolidation
24 of the entity with a public water system or take other actions to
25 remedy the failure to meet applicable drinking water standards
26 pursuant to Article 9 (commencing with Section 116650) of
27 Chapter 4 of Part 12 of Division 104 of the Health and Safety
28 Code. Consolidation or other action taken pursuant to this
29 subparagraph shall bring the water delivered to customers of the
30 public water system into full compliance with all applicable water
31 quality standards within two years of the date on which the state
32 board rejects the plan or the date the deadline specified in paragraph
33 (1) of subdivision (a) is missed. The two-year period may be
34 extended for a reasonable time to allow for the construction of
35 new or improved infrastructure only upon an affirmative vote of
36 a majority of the members of the state board after notice and public
37 hearing.

38 (C) Use existing funding sources and existing legal authority
39 to remedy the failure to meet applicable drinking water standards.

1 (3) Before initiating action pursuant paragraph (2), the state
2 board shall make all of the following findings:

3 (A) The continued operation of the public water system in its
4 current condition is a threat to public health and safety.

5 (B) The public water system lacks the financial, managerial, or
6 technical resources required to remedy the violation of state or
7 federal primary drinking water standards, which results in the
8 entity's inability to remain operationally viable as a public water
9 system.

10 (C) There is no reasonable alternative that would protect the
11 public drinking water supplies of the public water system.

12 (d) Before causing the formation of an authority by the
13 applicable local agency formation commission, the state board
14 shall provide the entity with a period of 15 business days from the
15 date on which the state board issues a written determination
16 rejecting the plan to file a petition for reconsideration. The state
17 board shall, if so requested by the entity, hold an evidentiary
18 hearing under the provisions of the Administrative Procedure Act
19 that shall commence within 90 days of the date on which the
20 petition for reconsideration is filed with the state board and shall
21 issue a final order not later than 60 days after the close of the
22 evidentiary hearing. If the entity does not request an evidentiary
23 hearing, the state board shall issue a final order not later than 60
24 days after the date on which the entity files its petition for
25 reconsideration.

26 (e) If the state board and the Public Utilities Commission reject
27 the plan of a water corporation regulated by the commission, the
28 commission shall proceed with the consolidation or receivership,
29 or both, under the commission's existing programs, or, in
30 consultation with the state board, the commission shall cause the
31 dissolution and transfer of assets of the water corporation into an
32 authority pursuant to paragraph (2) of subdivision (a) of Section
33 78037.

34 78033. (a) (1) No later than July 1, 2021, the state board shall
35 provide written notice to each county, city, water district, private
36 water company, or mutual water company located within a county
37 where an entity receiving a notice under subdivision (a) of Section
38 78030 is located stating that the state board may consider the
39 formation of an authority within that county and inviting other

1 public water suppliers to consider a voluntary dissolution and
2 subsequent inclusion into the authority that may be formed.

3 (2) (A) An entity wishing to consolidate into a proposed
4 authority shall provide a written statement opting into an authority
5 to the administrator of the authority on or before December 31,
6 2021. After the formation of an authority, an entity wishing to join
7 an authority may do so by means of a proposal or petition to the
8 local agency formation commission pursuant to the
9 Cortese-Knox-Hertzberg Local Government Reorganization Act
10 of 2000 (Division 3 (commencing with Section 56000) of Title 5
11 of the Government Code).

12 (B) (i) The customers of an entity identified in paragraph (1)
13 may submit a petition to the administrator of a proposed authority
14 on or before December 31, 2021, that their public water system
15 be included in the proposed authority by filing a petition containing
16 the signatures of either of the following, whichever is less:

17 (I) One thousand residents of the area served by the public water
18 system

19 (II) Ten percent of the service connections of the public water
20 system.

21 (ii) If a petition is timely submitted under this subparagraph,
22 the administrator shall deem that petition to be a request by the
23 entity to be included within the authority. The administrator may
24 deny the request if the administrator determines that including the
25 entity would substantially increase the costs for other anticipated
26 customers of the authority or if the administrator determines that
27 the consolidation of the water systems cannot be accomplished in
28 a successful manner in a reasonable period of time, taking into
29 account economic, environmental, legal, social and technological
30 factors.

31 (b) On or before November 1, 2021, a county or city receiving
32 notice from the state board pursuant to subdivision (a) shall
33 determine whether any county service areas, county waterworks
34 districts, or other dependent special districts providing water
35 service or water and sewer service located within the county that
36 provide water service or water and sewer service only in the
37 proposed area of the authority should be included within the
38 proposed authority. If the governing board of the county or city
39 determines that the dependent special district should be included
40 within the proposed authority, the county or city shall provide a

1 written statement on behalf of the dependent special district opting
2 into an authority to the administrator of the authority on or before
3 December 1, 2021. After the formation of an authority, a county
4 or city that concludes that a dependent special district should be
5 consolidated into an authority shall make a proposal or petition to
6 the local agency formation commission for the consolidation
7 pursuant to the Cortese-Knox-Hertzberg Local Government
8 Reorganization Act of 2000 (Division 3 (commencing with Section
9 56000) of Title 5 of the Government Code).

10 (c) An authority may include areas that are not contiguous.

11 (d) No later than November 1, 2021, the administrator for an
12 authority shall consult with all entities identified pursuant to
13 subdivision (a) to provide advice as to the advantages and
14 disadvantages of opting into being included in the authority.

15 78034. (a) No later than 30 days after determining that an
16 authority shall be formed pursuant to Section 78032, the state board
17 shall notify a local agency formation commission of a county where
18 the public water system that submitted the plan is located, and, if
19 appropriate given the governance of the public water system, the
20 Public Utilities Commission, that it has determined that the public
21 water system shall be consolidated into an authority.

22 (b) No later than 60 days after determining that an authority
23 shall be formed, the state board shall do both of the following:

24 (1) Notify the appropriate state agency identified in subdivision
25 (a) of the public water systems that will be consolidated into an
26 authority.

27 (2) Appoint an independent administrator pursuant to Section
28 ~~78035~~ 78036 for each proposed authority who shall be responsible
29 for the preparation of a plan for service and interim administration
30 and management of the authority.

31 78035. (a) On or before March 1, 2022, the administrator,
32 after consultation with the executive officer of the local agency
33 formation commission, shall submit to the state board a conceptual
34 formation plan that includes all of the following:

35 (1) The public water system service areas to be served by the
36 authority.

37 (2) The population to be served by the authority.

38 (3) The available infrastructure to be used by the authority and
39 any known deficiencies.

1 (4) The recorded violations of drinking water standards and the
2 nature of the threat to public health and safety.

3 (5) Financial and operational provisions to be addressed in the
4 plan for service pursuant to Section 78038.

5 (6) A plan for the provision of safe and clean water supplies to
6 the customers of the public water system being included in the
7 authority from the date of submission until the date upon which
8 all infrastructure repair, construction, rehabilitation, or
9 reconstruction needed to provide safe and clean drinking water is
10 completed.

11 (b) The state board shall provide comments on the conceptual
12 formation plan to the administrator and applicable local agency
13 formation commission within 60 days of its receipt.

14 (c) The state board or an authority may determine the legality
15 of the existence of the authority or validate the financial provisions
16 of an interim plan in an action brought pursuant to Chapter 9
17 (commencing with Section 860) of Title 10 of Part 2 of the Code
18 of Civil Procedure.

19 78036. (a) On or before March 1, 2021, the state board shall
20 establish and publish a list of individuals who meet the
21 qualifications in subdivision (e) to serve as administrators pursuant
22 to this division.

23 (b) A single administrator may provide services to several
24 authorities if, in the judgment of the state board, the services can
25 be provided in a manner that achieves the purposes of this division.

26 (c) An administrator, who may be an employee of a consulting
27 firm, shall provide or contract for administrative and managerial
28 service to establish the authority, retain staff and consultants, and
29 commence the remediation of the violations of drinking water
30 standards.

31 (d) The state board shall bear the cost of the administrator and
32 be responsible for all compensation of and reasonable expenses
33 incurred by the administrator for the duration of the period that
34 the administrator serves the authority.

35 (e) The minimum qualifications and selection process for an
36 administrator appointed by the state board pursuant to this division
37 shall be consistent with the minimum qualifications and selection
38 process for administrators appointed in accordance with paragraph
39 (1) of subdivision (m) of Section 116686 of the Health and Safety
40 Code.

1 (f) An administrator shall serve at the pleasure of the state board
2 until whichever of the following dates occurs earlier:

3 (1) The local agency formation commission issues a notice of
4 completion of the plan for service pursuant to Section 78038.

5 (2) Three years from the date that the local agency formation
6 commission forms an authority.

7 (3) No sooner than 30 days after the appointment of a general
8 manager by the board of the authority, at which date the services
9 of the administrator shall be terminated.

10 78037. (a) (1) No later than 240 days after the state board
11 issues a notice pursuant to paragraph (1) of subdivision (b) of
12 Section 78034, the Public Utilities Commission shall order the
13 dissolution of the public water system and the transfer of all assets
14 of the water corporation subject to this paragraph to the authority
15 formed by the local agency formation commission.

16 (2) No later than 240 days after the state board issues a notice
17 pursuant to paragraph (1) of subdivision (b) of Section 78034, the
18 state board shall petition a court of competent jurisdiction for an
19 order dissolving any mutual water company, water corporation,
20 or private corporation that has been operating a public water system
21 identified in subdivision (a) of Section 78034 and transferring the
22 assets of that company or corporation to the authority formed by
23 the local agency formation commission.

24 (b) An owner or shareholder of a water corporation or a mutual
25 water company consolidated into an authority pursuant to
26 subdivision (a) shall be compensated as follows:

27 (1) Within 180 days of the dissolution, the state board shall
28 cause to be prepared a distressed business valuation to determine
29 the net fair market value of the corporation or company, calculated
30 ~~as follows:~~ *follows, with repayment by an authority as described*
31 *in paragraph (4):*

32 (A) The assets of the water corporation or mutual water company
33 shall be calculated by estimating the net book value of all assets,
34 including, but not limited to, cash and investments, receivables,
35 prepaid expenses, water in storage, real property, water rights,
36 structures and improvements, equipment, general facilities, and
37 other assets.

38 (B) Notwithstanding subparagraph (A), water rights shall be
39 appraised at their market value if both of the following
40 requirements are met:

1 (i) The water rights provide for the extraction of groundwater
2 in a groundwater basin that has been fully adjudicated and wherein
3 the production right of the water corporation or mutual water
4 company has been determined in that adjudication.

5 (ii) The market valuation is calculated so as to exclude any
6 capital or operating costs that may be required to bring the water
7 being produced under the water right into full compliance with all
8 state and federal law.

9 (C) The liabilities of the water corporation or mutual water
10 company shall be calculated by estimating the financial liabilities,
11 including, but not limited to, accounts payable, unfunded pension
12 or other benefit liabilities, notes payable, bonds payable, as well
13 as outstanding fines, fees, or other assessments for drinking water
14 or other public health violations, estimated costs for outstanding
15 litigation and other anticipated liabilities, and the estimated costs
16 to bring all structures and works into good repair and in compliance
17 with contemporary water infrastructure and drinking water
18 standards.

19 (2) Upon issuance by the state board of the distressed business
20 valuation determining the net fair market value, the authority may
21 seek an order for immediate possession of all of the assets and
22 liabilities of the corporation or company using the procedures set
23 forth in Article 3 (commencing with Section 1255.410) of Chapter
24 6 of Title 7 of Part 3 of the Code of Civil Procedure. A court shall
25 grant immediate possession if the court determines that the
26 procedures in this section have been followed. Judicial review of
27 the determinations by the state board shall be based on substantial
28 evidence in the record before the state board.

29 (3) If an owner or shareholder disputes the distressed business
30 valuation of the state board, the owner or shareholder may file an
31 action pursuant to Section 1094.5 of the Code of Civil Procedure
32 seeking a writ of mandate overturning the valuation. An action
33 pursuant to this paragraph shall have preference in the civil
34 calendar.

35 (4) Payment of the net fair market value of the water corporation
36 or mutual water company, with interest accruing from the effective
37 date of dissolution, shall be paid by the authority within two years
38 of the authority's formation from the proceeds of bond sales or
39 other available funds derived from rates, fees, charges, taxes, or
40 other revenue sources.

1 (5) The authority shall assume all obligations and liabilities of
2 the public water system. After paying the net fair market value to
3 the owners or shareholders of a water corporation or mutual water
4 company, the authority may receive financing from the state to
5 pay all liabilities. The authority shall issue bonds to repay the state
6 with interest for those liabilities pursuant to Part 8 (commencing
7 with Section 78100).

8 (c) At the time a water corporation or a mutual water company
9 is dissolved and consolidated into an authority pursuant to
10 subdivision (a), if there is pending any action in state or federal
11 court or other judicial proceeding brought or maintained by the
12 water corporation or mutual water company for damages to
13 property associated with contamination or pollution of its water
14 supply against one or more responsible parties, both of the
15 following apply:

16 (1) The water corporation's or mutual water company's rights,
17 interests, claims, and causes of action in the action or proceeding
18 shall be deemed transferred, as that term is used in Section 954 of
19 the Civil Code and Section 368.5 of the Code of Civil Procedure,
20 to the authority.

21 (2) The authority shall assume any and all contractual
22 obligations of the water corporation or mutual water company
23 owed to any attorney or law firm in connection with the attorney's
24 or firm's representation of the water corporation or mutual water
25 company in connection with the action or proceeding.

26 78038. (a) Within 180 days after the state board provides
27 comments on the draft conceptual formation plan pursuant to
28 subdivision (b) of Section 78035, the administrator shall submit
29 an application for the dissolution and formation and proposed plan
30 for service to the local agency formation commission for review
31 and potential approval pursuant to Part 3 (commencing with
32 Section 56650) of Division 3 of Title 5 of the Government Code.
33 An application to form an authority shall include at least five public
34 water systems, unless the administrator determines that the
35 authority would be financially and operationally viable with fewer
36 than five public water systems, and may include the following:

37 (1) A public water system from a county service area or other
38 dependent special district.

39 (2) A public water system that has been meeting drinking water
40 standards and that wishes to join the proposed authority.

1 (3) A public water system identified by the state board as
2 chronically serving water that fails to meet drinking water standards
3 in the county in which the proposed authority will be formed.

4 (4) A public water system for which a petition was submitted
5 to the administrator pursuant to subparagraph (B) of paragraph (2)
6 of subdivision (a) of Section 78033 and not denied by the
7 administrator.

8 (b) A proposed plan for service shall include all of the following
9 information, as well as any additional information required or
10 requested by the local agency formation commission or its
11 executive officer:

12 (1) In the case of the formation of an authority that does not
13 involve the dissolution of an existing special district, the plan for
14 service shall include all of the following:

15 (A) An enumeration and description of the services currently
16 provided and to be extended to the affected territory, including the
17 level and range of those services and an indication of when those
18 services can feasibly be extended to the affected territory.

19 (B) An indication of any improvement or upgrading of water
20 facilities, or other conditions the authority would impose or require
21 within the affected territory.

22 (C) Information with respect to how the services to be provided
23 by the authority will be financed, in accordance with Articles XIII,
24 XIII A, XIII C, and XIII D and any other applicable provisions of
25 the California Constitution, that shall include all of the following:

26 (i) The necessary financial resources to improve or upgrade
27 water facilities or other infrastructure identified in the formation
28 application.

29 (ii) A discussion of the economies of scale that accrue when
30 several small organizations are consolidated into a single authority.

31 (iii) An estimated timeframe for constructing and delivering the
32 services identified in the formation application.

33 (iv) The operation and maintenance needs of the authority.

34 (v) Financial plans for the financing of capital improvements,
35 operation and maintenance of facilities, and operation of the
36 authority.

37 (vi) The governance, oversight, and long-term maintenance of
38 the services identified in the formation application after the initial
39 costs are recouped and any tax increment financing terminates.

- 1 (D) Information showing how the area currently being serviced
2 by a public water system that will be included within an authority
3 will be served with water during the period when the authority is
4 being formed until the completion of all capital improvement
5 projects needed to provide safe and clean drinking water.
- 6 (2) In the case of the formation of an authority that includes
7 dissolution of an existing special district, the plan for services shall
8 include all of the following:
- 9 (A) All of the elements required pursuant to subparagraphs (A)
10 to (C), inclusive, of paragraph (1).
- 11 (B) An enumeration and description of the services currently
12 provided by the special district proposed for dissolution and
13 identification of the authority proposed to be formed by the
14 successor to assume responsibility for the services following
15 completion of the dissolution.
- 16 (C) An enumeration and description of each service proposed
17 to be discontinued or transferred, the current financing of each
18 service, and any method of financing proposed by the successor.
- 19 (D) A delineation of any existing financing of services currently
20 provided to include, but not be limited to, bonds, assessments,
21 general taxes, special taxes, other charges, and joint powers
22 authorities or agreements.
- 23 (E) Information about any current bankruptcy proceeding,
24 including, but not limited to, the status and exit plan.
- 25 (F) Information about any current order relating to services
26 provided by the special district proposed for dissolution by any
27 agency, department, office, or other division of the state, including,
28 but not limited to, a cease and desist order or water prohibition
29 order.
- 30 (G) Information showing how the area currently being serviced
31 by a public water system that will be included within an authority
32 will be served with water during the period when the authority is
33 being formed until the completion of all capital improvement
34 projects needed to provide safe and clean drinking water.
- 35 (H) Any other information that the local agency formation
36 commission or its executive officer may deem necessary to evaluate
37 the plan for services submitted.
- 38 (3) A statement by the administrator that the administrator has
39 consulted with representatives of the entities whose customers will
40 be served by the authority to consider the plan for service.

1 (c) (1) If the administrator determines that the formation of an
2 authority would be infeasible for financial, technical, or operational
3 reasons, or would not provide the necessary economies of scale
4 or operating benefits, the administrator may set forth those
5 conclusions in a report to the state board in lieu of submitting a
6 plan for service to the local agency formation commission.

7 (2) The report to the state board shall be submitted at the same
8 time that the administrator would have submitted the application
9 for consolidation to the local agency formation commission.

10 (3) If the state board receives notice from the administrator
11 pursuant to paragraph (1), the state board shall, based on substantial
12 evidence, determine whether the following conditions are present:

13 (A) The continued operation of the public water system in its
14 current condition is a threat to public health and safety.

15 (B) The public water system lacks the financial, managerial, or
16 technical resources required to remedy the violation of state or
17 federal primary drinking water standards, which results in the
18 entity's inability to remain operationally viable as a public water
19 system.

20 (4) If the state board makes both of the findings in paragraph
21 (3), the state board shall do either of the following:

22 (A) Exercise its authority to remedy the failure to meet
23 applicable drinking water standards pursuant to Article 9
24 (commencing with Section 116650) of Chapter 4 of Part 12 of
25 Division 104 of the Health and Safety Code.

26 (B) Use existing funding sources and existing legal authority
27 to remedy the failure to meet applicable drinking water standards.

28 (d) (1) If the local agency formation commission approves the
29 plan and the formation of the authority, the authority shall take the
30 appropriate actions to comply with the plan, subject to Articles
31 XIII, XIII A, XIII C, and XIII D and any other applicable
32 provisions of the California Constitution.

33 (2) If the local agency formation commission approves the plan
34 and the formation of the authority with modifications, the authority
35 shall take the appropriate actions to comply with the modifications
36 within 180 days of the plan's approval with modifications in
37 accordance with Articles XIII, XIII A, XIII C, and XIII D and any
38 other applicable provisions of the California Constitution.

39 (3) An authority subject to paragraph (1) or (2) shall file a
40 statement, under penalty of perjury, with the executive officer of

1 the local agency formation commission certifying compliance with
2 the plan. An authority shall take the appropriate actions to comply
3 with Articles XIII, XIII A, XIII C, and XIII D and any other
4 applicable provisions of the California Constitution and shall file
5 a statement, under penalty of perjury, with the executive officer
6 of the local agency formation commission certifying the
7 compliance. Within 30 days of filing a statement, the executive
8 officer of the local agency formation commission shall issue a
9 notice of completion to the authority and send a copy of that notice
10 to the state board. In the event that the authority fails to timely file
11 a statement certifying compliance with the plan, the state board
12 may issue an order to the authority requiring the filing or other
13 remedial action as may be appropriate.

14 (e) An authority is deemed to be a successor agency to an entity
15 identified in subdivision (a) of Section 78030. An action described
16 in this chapter shall not affect an authority's eligibility or priority
17 for a state loan or grant.

18 78039. Division 13 (commencing with Section 21000) of the
19 Public Resources Code does not apply to either of the following:

20 (a) The formation of an authority pursuant to this chapter.

21 (b) The dissolution of a public water system pursuant to this
22 chapter.

23 78040. (a) Annually for the first three years after the date of
24 an authority's formation by the local agency formation commission,
25 an authority shall file a report with the local agency formation
26 commission and state board as follows:

27 (1) The report shall contain both of the following:

28 (A) A description of operations over the past year.

29 (B) Details of any violations of drinking water standards and
30 the actions taken to remediate a violation.

31 (2) The administrator or, after the discharge of the administrator,
32 the general manager of the authority shall submit the report.

33 (3) A certificate stating that the report consists of a true, full,
34 and complete description of the activities of the authority during
35 the past year shall accompany the report.

36 (b) A local agency formation commission shall hold a public
37 hearing within 90 days of receipt of a report pursuant to subdivision
38 (a) to review the authority's performance during the previous year.
39 If a report states that an authority has failed to comply with any
40 conditions imposed by the commission on either the original

1 formation or the plan for service adopted pursuant to Section
 2 78038, the state board may order the authority to remedy the
 3 violations within a reasonable period of time. If an authority fails
 4 to timely comply with a remedial order by the state board, the state
 5 board may impose a civil penalty on the authority in an amount
 6 not to exceed five hundred dollars (\$500) per day for each violation
 7 and not to exceed ten thousand dollars (\$10,000) per year for each
 8 particular violation.

9 ~~78041. (a) No later than January 1, 2026, the Controller shall~~
 10 ~~prepare, or cause the preparation of, and submit to the Legislature~~
 11 ~~a report that does all of the following:~~

12 ~~(1) Reviews and evaluates the startup operations of the~~
 13 ~~authorities, in terms of timeliness and cost-effective provision of~~
 14 ~~safe and clean water.~~

15 ~~(2) Evaluates the fiscal and operational health of the authorities.~~

16 ~~(3) Makes a recommendation regarding the need for~~
 17 ~~supplemental state funding, if any, and the potential sources of~~
 18 ~~that funding.~~

19 ~~(b) In preparing the report, the Controller may consult with any~~
 20 ~~individual or organization the Controller deems appropriate,~~
 21 ~~including, but not limited to, the state board, the Association of~~
 22 ~~California Water Agencies, the California Association of Local~~
 23 ~~Agency Formation Commissions, the California Municipal Utilities~~
 24 ~~Association, the California Association of Mutual Water~~
 25 ~~Companies, or the California State Association of Counties.~~

26 ~~(e) (1) A report to be submitted pursuant to subdivision (a)~~
 27 ~~shall be submitted in compliance with Section 9795 of the~~
 28 ~~Government Code.~~

29 ~~(2) Pursuant to Section 10231.5 of the Government Code, the~~
 30 ~~requirement for submitting a report imposed under subdivision (a)~~
 31 ~~is inoperative on January 1, 2030.~~

32 *78041. (a) (1) Following the formation of the authorities, the*
 33 *Controller shall perform an audit of the fiscal and operational*
 34 *health of each authority. The Controller shall prepare and submit*
 35 *the results of the audits to the Legislature, no later than January*
 36 *1, 2026, in the form of a report.*

37 *(2) An authority shall make sufficient records available, as*
 38 *necessary, for the Controller to complete the audit. These records*
 39 *shall include, but are not limited to, financial statements prepared*

1 *in accordance with generally accepted accounting principles and*
2 *related source documents.*

3 (3) *Each authority shall reimburse the Controller for all costs*
4 *associated with conducting the fiscal and operational audit of that*
5 *authority.*

6 (b) (1) *A report submitted pursuant to paragraph (1) of*
7 *subdivision (a) shall be submitted in compliance with Section 9795*
8 *of the Government Code.*

9 (2) *Pursuant to Section 10231.5 of the Government Code, the*
10 *requirement for submitting a report imposed under paragraph (1)*
11 *of subdivision (a) is inoperative on January 1, 2030.*

12 78042. (a) No later than January 1, 2026, the state board shall
13 prepare and submit to the Legislature a report specifying the
14 number of public water systems that, at any time between July 1,
15 2018, and January 1, 2025, were out of compliance with one or
16 more state or federal primary drinking water standards on a running
17 annual average. The report shall identify the public water systems
18 that satisfy any of the following conditions:

19 (1) Were brought into compliance with the applicable drinking
20 water standards through the creation of an authority pursuant to
21 this division.

22 (2) Were brought into compliance with the applicable drinking
23 water standards pursuant to Article 9 (commencing with Section
24 116650) of Chapter 4 of Part 12 of Division 104 of the Health and
25 Safety Code.

26 (3) Remain out of compliance with the applicable drinking water
27 standards.

28 (b) For those public water systems that remain out of compliance
29 with those standards as of January 1, 2025, the report shall propose
30 one or more plans that will, using financial and other resources
31 then available to the state board to the greatest extent feasible,
32 bring those public water systems into compliance with the
33 applicable drinking water standards by January 1, 2029.

34 (c) (1) A report to be submitted pursuant to subdivision (a)
35 shall be submitted in compliance with Section 9795 of the
36 Government Code.

37 (2) Pursuant to Section 10231.5 of the Government Code, the
38 requirement for submitting a report imposed under subdivision (a)
39 is inoperative on January 1, 2030.

1 PART 5. INTERNAL ORGANIZATION

2
3 CHAPTER 1. DIRECTORS

4
5 78045. (a) The initial board of an authority shall consist of an
6 odd number of directors composed as follows:

7 (1) One representative from each entity consolidated into the
8 authority appointed by the entity before its dissolution.

9 (2) One representative from the board of supervisors.

10 (3) Additional directors, as needed, appointed by the board of
11 supervisors to comprise at least a five-member board of directors,
12 if one of the entities does not appoint a director.

13 (b) The public water system representatives in consultation with
14 the administrator shall determine the final number of directors that
15 will compose the initial board if it will consist of more than five
16 members because of the number of former public water systems
17 included in the authority. If the number of directors cannot be
18 agreed upon by the representatives of the public water systems
19 that will become part of the authority in a timely manner, the local
20 agency formation commission shall determine the number of
21 directors that will compose the initial board.

22 (c) If the initial board consists of five members, the directors
23 shall classify themselves by lot so that two of them shall hold office
24 until the qualification of their successors after the first general
25 district election and three of them shall hold office until the election
26 and qualification of their successors and the second general district
27 election. If the initial board of directors consists of more than five
28 members, the local agency formation commission shall provide
29 for the classification of directors so as to provide that not more
30 than a majority of the directors stand for election every two years.

31 (d) If the initial board consists of more than five members, the
32 administrator shall include, as part of the plan for service, after
33 consultation with the representatives of public water systems, and
34 the local agency formation commission shall include, as part of
35 the order forming the authority, a transitional plan that will bring
36 the number of directors to five within a reasonable period of time.
37 To the extent practicable, the transitional plan shall ensure that
38 each director represents a division with equal population being
39 served by the authority and that the final divisions are drawn so

1 as to ensure that each director represents a division with equal
2 population being served by the authority.

3 78046. (a) A director shall be a resident of the area served by
4 the authority. To the extent practicable, a director shall represent
5 a division with equal population being served by the authority. If
6 a director moves residence, as defined in Section 244 of the
7 Government Code, outside of the area served by the authority, the
8 director shall have 180 days after the move to reestablish a place
9 of residence within the area served by the authority. If a director
10 cannot establish a place of residence, it shall be presumed that a
11 permanent change of residence has occurred and that a vacancy
12 exists on the board of directors pursuant to Section 1770 of the
13 Government Code.

14 (b) Each elected director shall hold office for a term of four
15 years. A director elected to office shall take office at noon on the
16 first Friday in December succeeding the director's election.

17 (c) Whenever a vacancy occurs in the office of director it shall
18 be filled pursuant to Section 1780 of the Government Code by a
19 qualified person.

20 78047. Notwithstanding Section 20201, a director shall receive
21 compensation in an amount not to exceed two hundred fifty dollars
22 (\$250) per day for each day's attendance at meetings of the board
23 or for each day's service rendered as a director by request of the
24 board, not exceeding a total of 10 days in any calendar month,
25 together with any expenses incurred in the performance of the
26 director's duties required or authorized by the board. For purposes
27 of this section, the determination of whether a director's activities
28 on any specific day are compensable shall be made pursuant to,
29 and reimbursement for these expenses is subject to, Article 2.3
30 (commencing with Section 53232) of Chapter 2 of Part 1 of
31 Division 2 of Title 5 of the Government Code. The board may
32 adjust the compensation for directors pursuant to Chapter 2
33 (commencing with Section 20200) of Division 10.

34

35

CHAPTER 2. THE BOARD

36

37 78050. (a) The board is the governing body of the authority.

38 (b) The board shall hold its first meeting as soon as possible
39 after the selection of the first board of directors and not later than
40 the sixth Monday after the date of the formation.

1 (c) At its first meeting, the board shall provide for the time and
2 place of holding its meetings and the manner in which its special
3 meetings may be called.

4 (d) At its first meeting, and its first meeting in the month of
5 January of each odd-numbered year, the board shall elect one of
6 its members as president. The board may, at any meeting, elect
7 one of its members as vice president. If the president is absent or
8 unable to act, the vice president shall exercise the powers of the
9 president granted in this division.

10 (e) A majority of the board shall constitute a quorum for the
11 transaction of business. However, no ordinance, motion, or
12 resolution may become effective without the affirmative vote of
13 a majority of the members of the board.

14 (f) The board shall act only by ordinance, resolution, or motion.
15 Votes of the members of the board shall not be cast or exercised
16 by proxy.

17 (g) On all ordinances the roll shall be called and the ayes and
18 noes shall be recorded in the journal of the proceedings of the
19 board.

20 (h) The board may adopt resolutions or motions by voice vote,
21 but on demand of any member of the board, the roll shall be called.

22 (i) The board may destroy a record pursuant to Chapter 7
23 (commencing with Section 60200) of Division 1 of Title 6 of the
24 Government Code.

25 78051. (a) The board shall exercise and perform all powers,
26 privileges, and duties of an authority.

27 (b) Any executive, administrative, and ministerial powers may
28 be delegated and redelegated by the board to any of the offices
29 created by this division or by the board.

30 (c) The board may fix the time and place or places at which its
31 regular meetings will be held and shall provide for the calling and
32 holding of special meetings.

33 (d) The board may fix the location of the principal place of
34 business of the authority and the location of all offices and
35 departments maintained under this division.

36 (e) The board may, by ordinance, prescribe a system of business
37 administration.

38 (f) The board may create any necessary offices and establish
39 and reestablish the powers, duties, and compensation of all officers
40 and employees.

- 1 (g) The board may require and fix the amount of all official
2 bonds necessary for the protection of the funds and property of
3 the authority.
- 4 (h) The board may, by ordinance, prescribe a system of civil
5 service.
- 6 (i) The board may, by ordinance, delegate and redelegate to the
7 officers of the authority the power to employ clerical, legal, and
8 engineering assistants and labor.
- 9 (j) The board may prescribe a method of auditing and allowing
10 or rejecting claims and demands.
- 11 (k) The board shall designate a depository or depositories to
12 have the custody of the funds of the authority, all of which
13 depositories shall give security sufficient to secure the authority
14 against possible loss, and who shall pay the warrants drawn by the
15 authority's treasurer for demands against the authority under any
16 rules the directors may prescribe.
- 17 (l) An authority may issue bonds, borrow money, and incur
18 indebtedness as authorized by law.
- 19 (m) An authority may refund bonds, loans, or indebtedness by
20 the issuance of the same obligations following the same procedure
21 or retire any indebtedness or lien that may exist against the
22 authority or its property.
- 23 (n) An authority may insure its directors, officers, assistants,
24 employees, agents, and deputies for injury, death, or disability
25 incurred while engaged in the business of the authority and the
26 cost of the insurance is a proper charge against the authority. The
27 insurance is in addition to any compensation secured under the
28 provisions of Division 4 (commencing with Section 3200) of the
29 Labor Code and inuring to the benefit of the director, officer,
30 deputy, assistant, employee, or agent, or their beneficiary or heir.
- 31 78052. Within 180 days of its initial meeting after formation,
32 the board shall file a certificate with the Secretary of State that
33 includes all of the following:
- 34 (a) The name of the authority.
- 35 (b) The date of formation.
- 36 (c) Any county in which the authority is located and a legal
37 description of the boundaries of the authority, a reference to a map
38 showing the boundaries of the authority, or a reference to a map
39 on file with a county recorder's office showing the boundaries of
40 the authority.

1 (d) An identification of all of the public agencies, water
2 corporations, or mutual water companies that were consolidated
3 into the authority.

4
5 CHAPTER 3. OFFICERS AND EMPLOYEES
6

7 78055. (a) At its first meeting, or as soon as practicable, the
8 board shall appoint, by a majority vote, a secretary, treasurer,
9 attorney, general manager, and auditor. The board, at any meeting,
10 may appoint a deputy secretary and a deputy treasurer. The board
11 shall define the duties of these officers and fix their compensation.
12 Each officer shall serve at the pleasure of the board. A deputy
13 director, deputy secretary, attorney, general manager, and auditor
14 shall not be directors, but the secretary and treasurer may be
15 directors.

16 (b) The officers appointed pursuant to subdivision (a) shall,
17 until such time as the local agency formation commission issues
18 a notice of completion, pursuant to Section 78038, take direction
19 from the administrator appointed by the state board.

20 (c) The board may employ additional assistants, contractors,
21 and employees as the board deems necessary to efficiently maintain
22 and operate the authority.

23 (d) The board may consolidate the offices of secretary and
24 treasurer.

25 78056. (a) The president and secretary, in addition to the duties
26 imposed on them by law, shall perform any duties that may be
27 imposed on them by the board.

28 (b) The treasurer, or other person as may be authorized by the
29 board, shall draw checks or warrants to pay demands when the
30 demands have been audited and approved in the manner prescribed
31 by the board.

32 (c) Subject to the approval of the board, the general manager
33 shall have full charge and control of the maintenance, operation,
34 and construction of the waterworks or waterworks system of the
35 authority, with full power and authority to employ and discharge
36 all employees and assistants, other than those described in
37 subdivision (a) of Section 78055, at pleasure, prescribe their duties,
38 and fix their compensation.

39 (d) The general manager shall perform duties as may be imposed
40 on the general manager by the board. The general manager shall

1 report to the board in accordance with the rules and regulations
2 adopted by the board.

3 (e) The attorney shall be the legal adviser of the authority and
4 shall perform any other duties that may be prescribed by the board.

5 (f) The general manager, secretary, and treasurer, and other
6 employees or assistants of the authority designated by the board,
7 shall give any bonds to the authority conditioned for the faithful
8 performance of their duties that the board from time to time may
9 provide. The premiums on the bonds shall be paid by the authority.

10

11 PART 6. ELECTIONS

12

13 78060. Elections shall be conducted pursuant to the provisions
14 of the Uniform District Election Law (Part 4 (commencing with
15 Section 10500) of Division 10 of the Elections Code).

16

17 PART 7. POWERS AND PURPOSES

18

19 CHAPTER 1. POWERS GENERALLY

20

21 78065. An authority may exercise the powers that are expressly
22 granted by this division or are necessarily implied.

23 78066. An authority may have perpetual succession. An
24 authority may adopt a seal and alter it at pleasure.

25 78067. An authority may make contracts, employ labor, and
26 do all acts necessary for the full exercise of its powers.

27 78068. (a) An authority may provide by ordinance for the
28 pensioning of officers or employees, for the terms and conditions
29 under which the pensions shall be awarded, and for the time and
30 extent of service of officers or employees before the pensions shall
31 be available to them.

32 (b) An authority may contract with any insurance corporation,
33 the Public Employees' Retirement System, or any other insurance
34 carrier for the maintenance of a service covering the pension of
35 the authority officers or employees and for their health and accident
36 insurance coverage.

37 78069. An authority may disseminate information concerning
38 the rights, properties, and activities of the authority. The power
39 shall not be construed as an exception to the California Public

1 Records Act (Chapter 3.5 (commencing with Section 6250) of
2 Division 7 of Title 1 of the Government Code).

3 78070. An authority may, by resolution, obtain membership
4 in an association having for its purpose the furtherance of a subject
5 relating to the powers and duties of the authority and for the
6 interchange of information relating to those powers and duties. An
7 authority may appropriate the funds necessary for these purposes.

8 78071. An authority may, by resolution of the board of directors
9 spread on its minutes, change the name of the authority. Certified
10 copies of the resolution changing the name of the authority shall
11 be recorded in the office of the county recorder of every affected
12 county and sent to the county clerk of every affected county and
13 to the state board.

14 78072. Every person convicted of an infraction for a violation
15 of any local ordinance or regulation adopted pursuant to this
16 division shall be punished upon a first conviction by a fine not
17 exceeding fifty dollars (\$50) and for a second conviction within a
18 period of one year by a fine of not exceeding one hundred dollars
19 (\$100) and for a third or any subsequent conviction within a period
20 of one year by a fine of not exceeding two hundred fifty dollars
21 (\$250).

22 78073. (a) In order to enforce the provisions of any ordinance
23 of the authority, including an ordinance fixing charges for the
24 furnishing of commodities or services, the authority may correct
25 any violation of an ordinance of the authority. The authority may
26 also petition the superior court for the issuance of a preliminary
27 or permanent injunction, or both, as may be appropriate, restraining
28 any person from the continued violation of any ordinance of the
29 authority or for the issuance of an order stopping or disconnecting
30 a service if the charges for that service are unpaid at the time
31 specified in the ordinance.

32 (b) The authority may enter upon the private property of any
33 person within the jurisdiction of the authority in order to investigate
34 possible violations of an ordinance of the authority. The
35 investigation shall be made with the consent of the owner or tenant
36 of the property or, if consent is refused, with a warrant duly issued
37 pursuant to the procedures set forth in Title 13 (commencing with
38 Section 1822.50) of Part 3 of the Code of Civil Procedure, except
39 that, notwithstanding Section 1822.52 of the Code of Civil
40 Procedure, the warrant shall be issued only upon probable cause.

1 (c) The authority shall notify the county or city building
2 inspector, county health inspector, or other affected county or city
3 employee or office, in writing, within a reasonable time if an actual
4 violation of an authority, city, or county ordinance is discovered
5 during the investigation.

6
7 CHAPTER 2. WATER
8

9 78075. (a) An authority may acquire, control, distribute, store,
10 spread, sink, treat, purify, recycle, recapture, and salvage any water,
11 including sewage and stormwater, for the beneficial use of the
12 authority.

13 (b) An authority may undertake a water conservation program
14 to reduce water use and may require, as a condition of new service,
15 that reasonable water-saving devices and water reclamation devices
16 be installed to reduce water use.

17 (c) An authority may sell water under its control, without
18 preference, to cities, other public corporations, agencies, and
19 persons, within the authority for use within the authority.

20 (d) An authority may fix the rates at which water shall be sold.
21 Different rates may be established for different classes or conditions
22 of service, but rates shall be uniform throughout the authority for
23 like classes and conditions of service. Rates fixed by an authority
24 shall result in revenues that will do all of the following:

25 (1) Pay the operating expenses of the authority.

26 (2) Provide for repairs and depreciation of works.

27 (3) Provide a reasonable surplus for improvements, extensions,
28 and enlargements.

29 (4) Pay the interest on any bonded debt.

30 (5) Provide a sinking or other fund for the payment of the
31 principal of the bonded debt as it becomes due.

32 (e) An authority furnishing water for residential use to a tenant
33 shall not seek to recover any charge or penalty for the furnishing
34 of water to or for the tenant's residential use from any subsequent
35 tenant on account of nonpayment of charges by a previous tenant.
36 The authority may require that service to subsequent tenants be
37 furnished on the account of the landlord or property owner.

38 78076. (a) Pursuant to the notice, protest, and hearing
39 requirements imposed by Section 53753 of the Government Code,
40 an authority, by ordinance on or before the third Monday in August

1 in each fiscal year, may fix a water standby assessment or
2 availability charge in the authority or in any portion of the authority
3 to which the authority makes water available, whether the water
4 is actually used or not.

5 (b) The standby assessment or availability charge shall not
6 exceed one hundred dollars (\$100) per acre per year for each acre
7 of land on which the charge is levied or one hundred dollars (\$100)
8 per year for a parcel less than one acre.

9 (c) The ordinance fixing a standby assessment or availability
10 charge shall be adopted by the board pursuant to the notice, protest,
11 and hearing procedures in Section 53753 of the Government Code
12 and only after adoption of a resolution setting forth the particular
13 schedule or schedules of charges or assessments proposed to be
14 established by ordinance and after a hearing on the resolution.

15 (d) If the procedures set forth in this section were followed, the
16 board may, by ordinance, continue the standby assessment or
17 availability charge pursuant to this chapter in successive years at
18 the same rate. If new, increased, or extended assessments are
19 proposed, the board shall comply with the notice, protest, and
20 hearing procedures in Section 53753 of the Government Code.

21 (e) An ordinance fixing a standby assessment or availability
22 charge may establish a schedule varying the charges according to
23 land uses, water uses, and degree of water availability.

24 (f) On or before the third Monday in August, the board shall
25 furnish in writing to the board of supervisors and the county auditor
26 of each affected county a description of each parcel of land within
27 the authority upon which a standby charge is to be levied and
28 collected for the current fiscal year, together with the amount of
29 standby charge fixed by the authority on each parcel of land.

30 (g) The board shall direct that, at the time and in the manner
31 required by law for the levying of taxes for county purposes, the
32 board of supervisors shall levy, in addition to any other tax it levies,
33 the standby charge in the amounts for the respective parcels fixed
34 by the board.

35 (h) All county officers charged with the duty of collecting taxes
36 shall collect authority standby charges with the regular tax
37 payments to the county. The charges shall be collected in the same
38 form and manner as county taxes are collected, and shall be paid
39 to the authority.

1 (i) Charges fixed by the authority shall be a lien on all the
2 property benefited by the charges. Liens for the charges shall be
3 of the same force and effect as other liens for taxes, and their
4 collection may be enforced by the same means as provided for the
5 enforcement of liens for state and county taxes.

6 78077. (a) An authority may restrict the use of authority water
7 during any emergency caused by drought, or other threatened or
8 existing water shortage, and may prohibit the wastage of authority
9 water or the use of authority water during periods for any purpose
10 other than household uses or other restricted uses as the authority
11 determines to be necessary. An authority may also prohibit use of
12 authority water during these periods for specific uses that it finds
13 to be nonessential.

14 (b) An authority may prescribe and define by ordinance the
15 restrictions, prohibitions, and exclusions referred to in subdivision
16 (a). The ordinance is effective upon adoption; but, within 10 days
17 after its adoption, the ordinance shall be published pursuant to
18 Section 6061 of the Government Code in full in a newspaper of
19 general circulation that is printed, published, and circulated in the
20 authority. If there is no newspaper of general circulation printed,
21 published, and circulated in the authority, the ordinance shall be
22 posted within 10 days after its adoption in three public places
23 within the authority.

24 (c) A finding by the board upon the existence, threat, or duration
25 of an emergency or shortage, or upon the matter of necessity or of
26 any other matter or condition referred to in subdivision (a), shall
27 be made by resolution or ordinance. The finding is prima facie
28 evidence of the fact or matter so found, and the fact or matter shall
29 be presumed to continue unchanged unless and until a contrary
30 finding is made by the board by resolution or ordinance.

31 (d) The finding made by the board pursuant to subdivision (c)
32 shall be received in evidence in any civil or criminal proceeding
33 in which it may be offered, and shall be proof and evidence of the
34 fact or matter found until rebutted or overcome by other sufficient
35 evidence received in the proceeding. A copy of any resolution or
36 ordinance setting forth the finding shall, when certified by the
37 secretary of the authority, be evidence that the finding was made
38 by the authority as shown by the resolution or ordinance and
39 certification.

1 (e) From and after the publication or posting of any ordinance
2 pursuant to subdivision (b), and until the ordinance has been
3 repealed or the emergency or threatened emergency has ceased, it
4 is a misdemeanor for any person to use or apply water received
5 from the authority contrary to or in violation of any restriction or
6 prohibition specified in the ordinance. Upon conviction, such a
7 person shall be punished by imprisonment in the county jail for
8 not more than 30 days, or by fine not exceeding six hundred dollars
9 (\$600), or by both.

10
11 CHAPTER 3. PROPERTY
12

13 78080. An authority may, within or without the authority, take
14 real and personal property of every kind by grant, purchase, gift,
15 device, or lease, and hold, use, enjoy, lease, or dispose of real and
16 personal property of every kind.

17 78081. An authority may do all of the following:

18 (a) Acquire, or contract to acquire, waterworks or a waterworks
19 system, waters, water rights, lands, rights, and privileges.

20 (b) Construct, maintain, and operate conduits, pipelines,
21 reservoirs, works, machinery, and other property useful or
22 necessary to store, convey, supply, or otherwise make use of water
23 for a waterworks plant or system for the benefit of the authority.

24 (c) Complete, extend, add to, repair, or otherwise improve any
25 waterworks or waterworks system acquired by the authority.

26 (d) Carry on and conduct waterworks or a waterworks system.

27 78082. An authority may lease from any person, or public
28 corporation or agency, with the privilege of purchasing or
29 otherwise, all or any part of water storage, transportation, or
30 distribution facilities, existing waterworks, or a waterworks system.

31 78083. An authority may exercise the right of eminent domain
32 to take any property necessary to supply the authority or any
33 portion of the authority with water. The authority, in exercising
34 the power, shall, in addition to the damage for the taking, injury,
35 or destruction of property, also pay the cost of removal,
36 reconstruction, or relocation of any structure, railways, mains,
37 pipes, conduits, wires, cables, or poles of any public utility that is
38 required to be removed to a new location.

39 78084. An authority may construct works along and across
40 any stream of water, watercourse, street, avenue, highway, canal,

1 ditch, or flume, or across any railway that the route of the works
2 may intersect or cross. The works shall be constructed in such a
3 manner as to afford security for life and property, and the authority
4 shall restore the crossings and intersections to their former state
5 as near as may be, or in a manner so as not to have impaired
6 unnecessarily their usefulness.

7
8
9

CHAPTER 4. CONTRACTS

10 78085. Contracts mentioned in this chapter include those made
11 with the United States under the Federal Reclamation Act of June
12 17, 1902, and all acts amendatory thereof or supplementary thereto,
13 or any other act of Congress heretofore or hereafter enacted
14 permitting cooperation.

15 78086. An authority may join with one or more public agencies,
16 private corporations, or other persons for the purpose of carrying
17 out any of the powers of the authority, and for that purpose may
18 contract with any other public agencies, private corporations, or
19 persons to finance acquisitions, construction, and operations.

20 78087. The contracts with other public agencies, private
21 corporations, or persons may provide for contributions to be made
22 by each party to the contract, for the division and apportionment
23 of the expenses of the acquisitions and operations, and for the
24 division and apportionment of the benefits, services, and products
25 from the contract. The contracts may also provide for an agency
26 to effect the acquisitions and to carry on the operations, and shall
27 provide in the powers and methods of procedure for the agency
28 the method by which the agency may contract. The contracts may
29 contain other and further covenants and agreements as may be
30 necessary or convenient to accomplish the purposes of the contract.

31
32
33

CHAPTER 5. CONTROVERSIES

34 78090. An authority may sue and be sued, except as otherwise
35 provided in this division or by law, in all actions and proceedings
36 in all courts and tribunals of competent jurisdiction.

37 78091. An authority may commence, maintain, intervene in,
38 and compromise, in the name of the authority, any action or
39 proceeding involving or affecting the ownership or use of water
40 or water rights within the authority, used or useful for any purpose

1 of the authority, or a common benefit to lands within the authority
2 or inhabitants of the authority.

3 78092. An action to determine the validity of any contract
4 authorized by Chapter 4 (commencing with Section 78085) and
5 any bonds, notes, or other evidences of indebtedness may be
6 brought pursuant to Chapter 9 (commencing with Section 860) of
7 Title 10 of Part 2 of the Code of Civil Procedure.

8 78093. All claims for money or damages against the authority
9 are governed by Part 3 (commencing with Section 900) and Part
10 4 (commencing with Section 940) of Division 3.6 of Title 1 of the
11 Government Code except as provided therein, or by other statutes
12 or regulations expressly applicable to the authority.

13 78094. To carry out the purposes of this division, an authority
14 shall have the power to commence, maintain, intervene in, defend,
15 and compromise, in the name of the authority, or as a class
16 representative of the inhabitants, property owners, taxpayers, water
17 producers, or water users within the authority, or otherwise, and
18 to assume the costs and expenses of any and all actions and
19 proceedings now or hereafter begun to determine or adjudicate all
20 or substantially all of the water rights of a basin or other hydrologic
21 unit overlain, in whole or in part, by the authority, as between
22 owners of or claimants to those rights, to prevent any interference
23 with water or water rights used or useful to the lands, inhabitants,
24 owners, operators, or producers within the authority, or to prevent
25 the diminution of the quantity or quality of the water supply of the
26 authority or the basin, or to prevent unlawful exportation of water
27 from the authority or basin.

28 78095. An authority may employ counsel to defend any action
29 brought against it or against any of its officers, agents, or
30 employees on account of any claimed action or inaction involving
31 any claimed injury, taking, damage, or destruction, and the fees
32 and expenses involved in the defense shall be a lawful charge
33 against the authority.

34 78096. If any officer, agent, or employee of the authority is
35 held liable for any act or omission in their official capacity, except
36 in case of actual fraud or actual malice, and any judgment is
37 rendered, the authority shall pay the judgment without obligation
38 for repayment by the officer, agent, or employee.

1 PART 8. FINANCIAL PROVISIONS

2
3 CHAPTER 1. POWERS

4
5 78100. Article 4 (commencing with Section 53500) and Article
6 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of
7 Division 2 of Title 5 of the Government Code apply to an authority
8 for the purpose of providing funds for the acquisition, construction,
9 improving, or financing of any public improvement authorized by
10 this division. For the purposes of Article 4 (commencing with
11 Section 53500) and Article 4.5 (commencing with Section 53506)
12 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government
13 Code, "property" shall refer to both land and improvements with
14 the effect that ad valorem taxes or assessments levied by an
15 authority to repay a general obligation bond may be levied upon
16 both land and improvements if approved by the electorate.

17 78101. Any money belonging to an authority may be deposited
18 or invested and drawn out as provided in Article 2 (commencing
19 with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title
20 5 of the Government Code, as that article may be amended.
21 References in that article to "auditor" shall mean, for the purposes
22 of an authority, the secretary of an authority.

23 78102. (a) An improvement district may be formed in an
24 authority in the same manner as an improvement district is formed
25 in an irrigation district pursuant to Part 7 (commencing with
26 Section 23600) of Division 11. When formed, an improvement
27 district shall be governed and have the same powers as an
28 improvement district in an irrigation district pursuant to Part 7
29 (commencing with Section 23600) of Division 11.

30 (b) A board shall have the same rights, powers, duties, and
31 responsibilities with respect to the formation and government of
32 an improvement district as the board of directors of an irrigation
33 district has with respect to an improvement district in an irrigation
34 district pursuant to Division 11 (commencing with Section 20500).

35 (c) An assessment in an improvement district in an authority
36 shall be levied, collected, and enforced at the same time and in as
37 nearly the same manner as practicable as annual taxes for purposes
38 of the authority in which formed, except that the assessment shall
39 be made in the same manner as provided with respect to an

1 improvement district in an irrigation district pursuant to Part 7
2 (commencing with Section 23600) of Division 11.

3 (d) All powers and duties of an authority may be exercised on
4 behalf of or within any improvement district formed pursuant to
5 this section.

6 (e) An authority may issue revenue bonds in accordance with
7 the Revenue Bond Law of 1941 (Chapter 6 (commencing with
8 Section 54300) of Part 1 of Division 2 of Title 5 of the Government
9 Code) on behalf of any portion of the authority created as an
10 improvement district pursuant to this section, except that the
11 issuance of revenue bonds by an authority shall not be subject to
12 the election procedures of Article 3 (commencing with Section
13 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the
14 Government Code. The board shall authorize undertaking the
15 improvement and the issuance of revenue bonds for that purpose
16 by ordinance or resolution of the board, which shall be subject to
17 referendum. If an authority issues revenue bonds on behalf of an
18 improvement district, the issuance of the revenue bonds is limited
19 to the area of the improvement district. The proceeds of any
20 revenue bonds issued on behalf of an improvement district shall
21 not be used to finance public improvements to provide service
22 outside the service area of the improvement district. Only revenue
23 derived from rates or charges for providing the service within the
24 service area of the improvement district shall be pledged or used
25 to pay for any revenue bonds issued on behalf of an improvement
26 district.

27 (f) For the purposes of subdivision (e), “service area of the
28 improvement district” means the territory of an improvement
29 district as it existed at the time of revenue bond issuance plus lands
30 outside of the improvement district, if any, being served at the
31 time of the bond issuance by the improvement district facilities,
32 and additional territory, if any, annexed to the improvement district
33 as the improvement district existed at the time of the issuance
34 election, not exceeding, in the aggregate, 40 percent by area of the
35 improvement district as the improvement district existed at the
36 time of the bond issuance.

37 78103. The authority may exercise the powers granted pursuant
38 to Division 10 (commencing with Section 8500) of the Streets and
39 Highways Code.

1 CHAPTER 2. FINANCIAL PLAN AND IMPLEMENTATION

2

3 78110. No later than one year after the date upon which an
4 authority is formed, the administrator shall prepare and submit a
5 capital improvement plan to the state board. The plan shall bring
6 the authority into full compliance with drinking water standards
7 within three years, which time may be extended by the state board
8 for good cause.

9 78111. No later than 18 months after the date upon which an
10 authority is formed, the authority shall levy an assessment, fee,
11 charge, or special tax, in accordance with Articles XIII, XIII A,
12 XIII C, and XIII D of the California Constitution, and any other
13 applicable law, to fund the ongoing operations and maintenance
14 of the public water system.

15

16

 CHAPTER 3. FISCAL PROVISIONS

17

18 78115. (a) Upon appropriation by the Legislature from the
19 General Fund, or, to the extent funds are available from bond
20 revenues or other sources, including federal, state, academic, or
21 other public or private entities, the state board shall provide funding
22 for an administrator pursuant to subdivision (d) of Section 78036,
23 and for formation and startup costs of an authority for up to three
24 fiscal years after formation of the authority, as follows:

25 (1) The state board shall provide to the local agency formation
26 commission in the counties in which one or more authorities are
27 to be formed up to a total of ____ dollars (\$____) for staffing and
28 consulting resources and other reasonable expenses to implement
29 Sections 78035, 78038, ~~78040, and 78041.~~ and 78040. This amount
30 shall be for all formations of authorities pursuant to this division.

31 (2) The state board shall provide, for the administrator and
32 consulting resources under Section 78036, funding of up to a total
33 of ____ dollars (\$____). This amount shall be for all formations
34 of authorities pursuant to this division.

35 (3) The state board shall provide funding assistance to each
36 authority for three consecutive fiscal years after formation based
37 upon the plan for service approved by the local agency formation
38 commission pursuant to Section 78038 in an amount not to exceed
39 33 percent of an authority's annual projected rate revenue in the
40 first fiscal year, 20 percent of an authority's projected rate revenue

1 in the second fiscal year, and 10 percent of an authority's projected
2 rate revenue in the third fiscal year. The total funding requirement
3 for this paragraph shall not exceed _____ dollars (\$_____).

4 (4) The state board shall provide funding assistance to each
5 authority in its first fiscal year equivalent to 25 percent of an
6 authority's projected rate revenue to function as a working capital
7 reserve fund. The total funding requirement for this paragraph
8 shall not exceed _____ dollars (\$_____).

9 (b) Upon appropriation by the Legislature from the General
10 Fund, or, to the extent funds are available from bond revenues or
11 other sources, including federal, state, academic, or other public
12 or private entities, the state board shall receive up to _____ dollars
13 (\$_____) for the preparation of distressed business valuations to
14 determine the net fair market value of the water corporations or
15 mutual water companies pursuant to Section 78037.

16 (c) If the moneys specified in subdivisions (a) and (b) are not
17 sufficient to meet the statewide needs of the authorities created
18 pursuant to this division, funding shall be made available for the
19 purposes of this division upon appropriation from the Safe Drinking
20 Water State Revolving Fund created by Section 116760.30 of the
21 Health and Safety Code as follows, to the extent permitted by
22 federal law:

23 (1) Grants or loans, as applicable, for capital improvements
24 shall be deemed to be within the highest funding priority within
25 the state revolving fund. Loans shall, until January 1, 2030, be
26 awarded to an authority without interest. On and after ~~July~~ *January*
27 1, 2030, the interest on loans shall be at the lowest possible rate
28 then available.

29 (2) Grants or loans, as applicable, for technical assistance,
30 planning, or other nonconstruction-related matters other than
31 staffing or the operation and maintenance of facilities shall, until
32 January 1, 2030, be deemed to be within the highest funding
33 priority within the state revolving fund and, on and after January
34 1, 2030, shall be deemed to be within the second-highest priority
35 within the state revolving fund.

36

37 PART 9. CHANGES IN ORGANIZATION

38

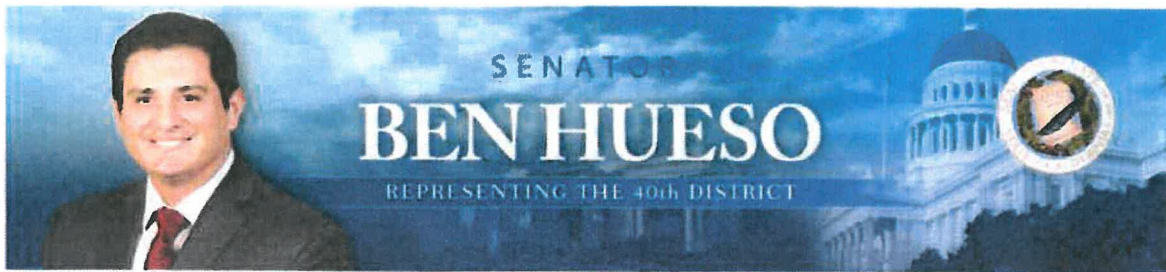
39 78120. Provided that a change in organization is consistent
40 with this division, a change in organization shall be carried out as

1 set forth in the Cortese-Knox-Hertzberg Local Government
2 Reorganization Act of 2000 (Division 3 (commencing with Section
3 56000) of Title 5 of the Government Code).

4 SEC. 9. No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution for certain
6 costs that may be incurred by a local agency or school district
7 because, in that regard, this act creates a new crime or infraction,
8 eliminates a crime or infraction, or changes the penalty for a crime
9 or infraction, within the meaning of Section 17556 of the
10 Government Code, or changes the definition of a crime within the
11 meaning of Section 6 of Article XIII B of the California
12 Constitution.

13 However, if the Commission on State Mandates determines that
14 this act contains other costs mandated by the state, reimbursement
15 to local agencies and school districts for those costs shall be made
16 pursuant to Part 7 (commencing with Section 17500) of Division
17 4 of Title 2 of the Government Code.

O



SB 667 – Organic Waste and Recycling Infrastructure Investment Act of 2019

Summary

This bill would require CalRecycle on or before January 1, 2020, to develop an innovative five-year strategy to meet the state's organic waste and diversion goals by supporting organic waste infrastructure development. It would require CalRecycle and the Treasurer's Office to coordinate, on or before June 1, 2021, on developing financial incentives for in-state recycling infrastructure. It would also require the CalRecycle and the Treasurer to coordinate with the States of Nevada, Oregon, and Washington on infrastructure financing to support regional recycling needs, support development of interstate recycling infrastructure and markets for recyclable materials.

Background

California is facing a crisis due to a lack of infrastructure for local jurisdictions to meet our solid and organic waste diversion goals. In 2016, the Legislature passed SB 1383 (Lara), which set an organic disposal reduction target of 50% percent by 2020 and 75% by 2020. By 2020, Californians must dispose of no more than 2.7 pounds per day in order to meet the statewide 75% recycling goals. That's a reduction of almost **24 million tons per year**. CalRecycle estimates the direct statewide cost to implement the SB 1383 regulations is \$20 billion. Currently, only \$25 million has been allocated to CalRecycle to reduce Short-Lived Climate Pollutants.

The lack of organic waste infrastructure is only one part of the equation. In 2018, China enacted strict contamination limits and an import ban on various types of solid waste, plastics and unsorted mixed papers. This has led to the stockpiling of materials at solid waste and recycling facilities in California. Previously, our recycling policies were built around the idea that China would buy our recyclable materials, but now California must take the necessary steps to address this decline and ensure we have the necessary tools to meet our recycling needs.

Local jurisdictions do not have the resources to effectively handle these compounding issues. California needs to invest in domestic markets as well as partner with local and private entities to address this crisis.

Why this bill is needed

As our recycling needs increase, California will need the necessary infrastructure to properly manage all of our waste. SB 667 seeks to address this by requiring CalRecycle to develop a five-year investment strategy necessary to meet our organic waste reduction goals. The bill would set a goal from the Greenhouse Gas Reduction Fund to fund organic waste infrastructure.

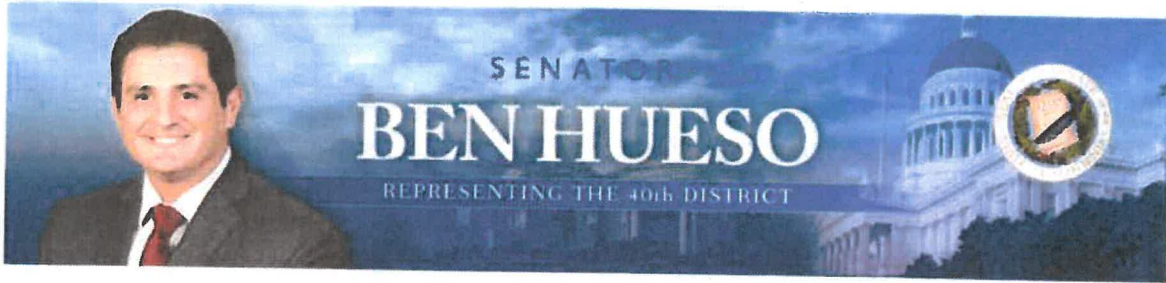
It would also require CalRecycle, in coordination with the Treasurer, to develop financial incentive mechanisms to fund recycling infrastructure. The bill directs the State Treasurer to work with the states of Washington, Oregon, and Nevada to develop infrastructure necessary to support the recycling needs of the region. By collaborating with other jurisdictions, California can pool our resources together to limit the financial impact to the state and improve environmental outcomes.

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Support

Association of Compost Producers
Athens Services
California Association of Sanitation Agencies
California League of Cities
California State Association of Counties
City of Thousand Oaks
Coalition for Renewable Natural Gas
CR&R Environmental Services
Orange County Sanitation District
Recology
Renewable Natural Gas
Republic Services
Rural County Representatives of California
StopWaste
Western Placer Waste Management Authority

Opposition

AMENDED IN SENATE APRIL 29, 2019

AMENDED IN SENATE APRIL 10, 2019

SENATE BILL

No. 667

Introduced by Senator Hueso

February 22, 2019

An act to amend Section 26002 of, and to add Section 42999.5 to, the Public Resources Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 667, as amended, Hueso. Greenhouse gases: recycling infrastructure and facilities.

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as a part of the market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund.

Existing law establishes the CalRecycle Greenhouse Gas Reduction Revolving Loan Program, administered by the Department of Resources Recycling and Recovery, to provide loans to reduce the emissions of greenhouse gases by promoting in-state development of infrastructure to process organic and other recyclable materials into new value-added products.

Existing law requires the department, with additional moneys from the Greenhouse Gas Reduction Fund that may be appropriated to the department, to administer a grant program to provide financial assistance, in the form of grants, incentive payments, contracts, or other

funding mechanisms, to reduce the emissions of greenhouse gases by promoting in-state development of infrastructure, food waste prevention, or other projects to reduce organic waste or process organic and other recyclable materials into new, value-added products.

This bill would require the department to develop, on or before January 1, 2021, and would authorize the department to amend, a 5-year investment strategy to drive innovation and support technological development and infrastructure, in order to meet specified organic waste reduction and recycling targets, as provided. The bill would require, on or before June 1, 2021, the department, in coordination with the Treasurer, to develop financial incentive mechanisms, including, but not limited to, loans and incentive payments, to fund organic waste diversion and recycling infrastructure. The bill would create the California Recycling Infrastructure Investment Account in the State Treasury, to be administered by the Treasurer. The bill would require the ~~Treasurer~~ *Treasurer, in coordination with the department*, to coordinate with the States of Nevada, Oregon, and Washington on infrastructure financing to support the recycling needs of the region and to create an advisory stakeholder committee to support development of interstate recycling infrastructure and markets for recyclable materials.

(2) The California Alternative Energy and Advanced Transportation Financing Authority Act creates the California Alternative Energy and Advanced Transportation Financing Authority to provide financial assistance for the development and deployment of alternative energy and renewable energy technologies, and provides that it is the purpose of the act to advance the state's goals of reducing the levels of greenhouse gas emissions and increasing the deployment of sustainable and renewable energy sources, among other things.

This bill would additionally provide that it is the purpose of the act to provide an alternative method of financing in providing and promoting the establishment of facilities needed to develop organic waste diversion technologies.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

1 (1) Organic waste is a key source of methane emissions, a
2 powerful climate forcer for greenhouse gases and short-lived
3 climate pollutants that significantly impact air quality, public
4 health, and climate change.

5 (2) The state has been a leader in advancing policies that
6 drastically divert organic waste from landfills and recycle it,
7 including by mandating a 40-percent reduction in methane
8 emissions by 2030, compared to 2013 levels.

9 (3) The state is facing a crisis due to international dynamics that
10 have critically impacted our traditional recycling markets.

11 (4) The state, in coordination with the States of Nevada, Oregon,
12 and Washington, requires a stable, multiyear incentive program
13 that leverages private and other additional public funds to build
14 infrastructure to meet the needs of the state's organic waste
15 diversion mandate and recycling market crisis.

16 (b) It is the intent of the Legislature that moneys subsequently
17 appropriated for the Organic Waste Diversion Infrastructure Act
18 of 2019, including, but not limited to, any moneys appropriated
19 from the Greenhouse Gas Reduction Fund, established pursuant
20 to Section 16428.8 of the Government Code, be expended for
21 grants pursuant to Section 42999 of the Public Resources Code,
22 and, notwithstanding subdivision (a) of Section 42999 of the Public
23 Resources Code, for loans pursuant to Section 42997 of the Public
24 Resources Code.

25 SEC. 2. Section 26002 of the Public Resources Code is
26 amended to read:

27 26002. It is the purpose of this division to advance the state's
28 goals of reducing the levels of greenhouse gas emissions, increasing
29 the deployment of sustainable and renewable energy sources,
30 implementing measures that increase the efficiency of the use of
31 energy, creating high quality employment opportunities, and
32 lessening the state's dependence on fossil fuels and to that end to
33 provide an alternative method of financing in providing and
34 promoting the establishment of all of the following:

35 (a) Facilities utilizing alternative methods and sources of energy.

36 (b) Facilities needed for the development and commercialization
37 of advanced transportation technologies.

38 (c) Facilities needed to develop organic waste diversion
39 technologies.

1 SEC. 3. Section 42999.5 is added to the Public Resources Code,
2 to read:

3 42999.5. (a) This section shall be known, and may be cited,
4 as the Organic Waste Diversion Infrastructure Investment Act of
5 2019.

6 (b) The department shall support technology advancement and
7 infrastructure to meet the state's 2025 organic waste reduction
8 target pursuant to Section 39730.6 of the Health and Safety Code
9 and the state's recycling goals pursuant to Section 41780.01.

10 (c) The department shall develop, on or before January 1, 2021,
11 and may amend, a five-year investment strategy to drive innovation
12 and support technological development and infrastructure, in order
13 to meet the state's 2025 organic waste reduction target pursuant
14 to Section 39730.6 of the Health and Safety Code and the state's
15 recycling goals pursuant to Section 41780.01. The investment
16 strategy shall do all of the following:

17 (1) (A) Set forth a five-year plan for the expenditure of moneys
18 appropriated for purposes of this section.

19 (B) An eligible expenditure may occur over multiple fiscal
20 years.

21 (C) The department may make multiyear funding commitments
22 over a period of more than one fiscal year.

23 (2) Assess the amount of money needed to build the
24 infrastructure necessary to achieve the waste reduction target
25 pursuant to Section 39730.6 of the Health and Safety Code.

26 (3) Identify priorities and strategies for financial incentive
27 mechanisms to help achieve the organic waste reduction target
28 pursuant to Section 39730.6 of the Health and Safety Code and
29 the state's recycling goals pursuant to Section 41780.01.

30 (d) On or before June 1, 2021, the department, in coordination
31 with the Treasurer, shall develop financial incentive mechanisms,
32 including, but not limited to, loans and incentive payments, to fund
33 organic waste diversion and recycling infrastructure.

34 (e) (1) There is hereby established in the State Treasury the
35 California Recycling Infrastructure Investment Account, which
36 the Treasurer shall administer.

37 (2) In providing any financial incentives pursuant to this
38 subdivision, the Treasurer, in coordination with the department,
39 shall do all of the following:

1 (A) Ensure that a recipient of a financial incentive leverages
2 local, state, federal, and private funding sources to maximize
3 investment in organic waste diversion and recycling infrastructure.

4 (B) Prioritize projects that have multiple benefits, including,
5 but not limited to, reducing greenhouse gas emissions, increasing
6 solid waste diversion, increasing workforce training and
7 development, reducing collection and recycling costs to local
8 governments, and creating jobs.

9 (C) Prioritize projects that maximize benefits while minimizing
10 negative consequences to disadvantaged communities, as identified
11 pursuant to Section 39711 of the Health and Safety Code.

12 (D) Seek to achieve a portfolio approach to funding pursuant
13 to this subdivision that supports a diverse set of projects.

14 (f) ~~The Treasurer~~ *Treasurer, in coordination with the*
15 *department,* shall coordinate with the States of Nevada, Oregon,
16 and Washington on infrastructure financing to support the recycling
17 needs of the region and shall create an advisory stakeholder
18 committee to support development of interstate recycling
19 infrastructure and markets for recyclable materials.



ACA 1 – 55% Vote for Local Affordable Housing and Public Infrastructure

SUMMARY

ACA 1 will lower the necessary voter threshold from a two-thirds supermajority to 55 percent to approve local general obligation (GO) bonds and special taxes for affordable housing and public infrastructure projects.

ACA 1 is targeted to the urgent needs of local communities. This measure gives local governments a more realistic financing option to fund an increase in the supply of affordable housing, and to address the numerous local public infrastructure challenges cities, counties, and special districts are facing.

BACKGROUND

The California Constitution requires a two-thirds vote at the local level for both GO bonds and special taxes, regardless of what the city, county, or special district proposes to use the funds for.

However, local school districts must only achieve 55 percent voter approval for school bonds to fund construction, reconstruction, rehabilitation, replacement of school facilities, furnishing of schools, or the acquisition or lease of real property.

From 2001 to 2013, over 2,200 local revenue measures have been placed before voters concerning school, city, county, or special district taxes or bonds. Majority vote tax measures have proven to be much more likely to pass, while just half of two-thirds vote measures succeeded. School bonds with a 55 percent have been the most successful, with four out of every five passing. In contrast, just half of two-thirds vote measures succeeded. A 55 percent voter threshold for special taxes would have made a dramatic difference. Nearly 80 percent of all two-thirds supermajority measures garnered more than 55 percent of “yes” votes.

1) AFFORDABLE HOUSING NEED

According to the Department of Housing & Community Development (HCD), in the last 10 years California has built an average of 80,000 homes per year, while the need to keep up with the housing need is approximately 180,000 homes per year. There is a shortfall of over one million rental homes affordable to extremely low and very low-income households.

2) LACK OF FUNDING FOR PUBLIC INFRASTRUCTURE

Cities, counties, and special districts face numerous challenges in securing funding for important local public infrastructure projects, including:

Water. Much of the state’s water supply, wastewater, and flood control infrastructure is aging. Rebuilding typically requires costly upgrades to meet increasingly high standards for water quality and infrastructure safety. In the last few decades, new mandates on managing stormwater runoff and climate change have added increased costs and heightened levels of management complexity. The water sector has historically relied heavily on locally generated revenues, which means that Proposition 13 (1978), Proposition 218 (1996), and Proposition 26 (2010), have made it increasingly difficult for local agencies to raise funds.

Parks and Recreation. According to the Statewide Comprehensive Outdoor Plan of 2015, 62 percent of Californians live in areas with less than 3 acres of parkland per 1,000 residents (the recognized standard for adequate parks). Additionally, 9 million people do not have a park within a half mile of their home.

Other Local Needs. Our local governments across the state know best what specific priorities matter most in their communities. For some, funding the costs of a new library or other public building is a means to create local engagement and encourage learning. For others, funding the expansion of broadband is a concern that can seem financially impossible. Strained public safety and emergency response resources in many regions could also benefit from much needed investment. Plus, with discussions underway in Washington D.C. about a possible federal infrastructure initiative, the ability to provide matching-dollars for federal grants is critical to being competitive for new grants.

3) IMPACT OF TWO-THIRDS VOTER REQUIREMENT

The California Constitution limits the opportunity for communities to decide to tax themselves to provide funding for local projects that meet goals and laws approved by the majority. One-third of local voters have the power to overrule fiscal decisions.

THIS BILL:

ACA 1 will lower the constitutional vote threshold to 55 percent for both GO bonds and special taxes, when proposed specifically for the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or supportive housing. The bill will also specify requirements for voter protection, public notice, and financial accountability.

In practice, local officials propose a local bond or special tax, and then the voters in that community decide whether they support the idea or not. The voters would still need to overwhelmingly (with 55 percent of the vote) support a bond or special tax in order for it to be approved. ACA 1 will level the playing field and create parity between school districts and cities, counties, and special districts, so that all local governments have a viable financing tool to address community needs.

ACA 1 defines "public infrastructure" to include:

- Projects to provide water or protect water quality, sanitary sewer, treat wastewater or reduce pollution from storm water runoff;
- Protect property from impacts of sea level rise;
- Public buildings, including fire and police facilities;
- Parks, open space, and recreation facilities;
- Improvements to transit and streets and highways;
- Flood control;
- Public library facilities;
- Broadband expansion in underserved areas;
- Local hospital construction;
- Public safety buildings, facilities, and equipment;
- Public library facilities.

ACA 1 defines "affordable housing" and "supportive housing" to include:

- Housing developments that provide workforce housing affordable to households earning up to 150% of countywide median income;
- Housing developments that provide housing affordable to lower, low, or very low-income households, as those terms are defined in state law;
- Targeted housing that is linked to services that assist residents in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community.

This bill proposes an amendment to the California Constitution, which means that if passed by the Legislature, the proposal would then go to the ballot for voter approval during the next statewide election.

SUPPORT:

California Professional Firefighters (cosponsor)
Housing California (cosponsor)
State Building and Construction Trades Council (cosponsor)
American Planning Association California
Association of Bay Area Governments
Association of California Healthcare Districts
Bay Area Council
California Association of Council of Governments
California Association of Housing Authorities (CAHA)
California Association of Sanitation Agencies
California Coalition for Rural Housing
California Contract Cities
California Fire Chiefs Association
California Housing Consortium
California Housing Partnership
California Housing Partnership
California Labor Federation
California Library Association
California Park & Recreation Society
California Special Districts Association
California State Association of Counties
California State Association of Electrical Workers
California State Council of Laborers
California State Pipe Trades Council
California Transit Association
City of Camarillo
City of Davis
City of Goleta
City of Gustine
City of Laguna Beach
City of Lathrop
City of Lodi
City of Long Beach
City of Moorpark
City of Napa
City of Placentia
City of San Luis Obispo
City of Stockton
City/County Association of Governments of San Mateo
County of Napa
County of Santa Clara
EAH Housing
East Bay for Everyone
East Bay Municipal Utilities District
East Bay Regional Park District
Eden Housing
Environmental Defense Fund
Fire Districts Association of California
Greater Merced Chamber of Commerce
Habitat for Humanity East Bay/Silicon Valley
International Union of Elevator Constructors
International Union of Operating Engineers
League of California Cities
Metropolitan Transportation Commission
Midpeninsula Regional Open Space District
Non-Profit Housing Association of Northern California

ACA 1 SUPPORT (Continued):

Professional Engineers in California Government (PECG)
Santa Clara Valley Water District
Silicon Valley @ Home
Solano Transportation Authority
Southern California Association of NonProfit Housing
SPUR (San Francisco Bay Area Planning and Urban Research
Association)
Urban Counties of California
Ventura Council of Governments
Western Center on Law and Poverty
Western States Council of Sheet Metal Workers

AMENDED IN ASSEMBLY MARCH 18, 2019

CALIFORNIA LEGISLATURE—2019—20 REGULAR SESSION

Assembly Constitutional Amendment

No. 1

Introduced by Assembly Member Aguiar-Curry

(Principal coauthor: Assembly Member Chiu)

(Principal coauthor: Senator Wiener)

(Coauthors: Assembly Members ~~Chiu~~, Berman, Bloom, Bonta, Burke, Cooper, Eggman, Frazier, Eduardo Garcia, Gipson, Gloria, Gonzalez, Grayson, Holden, Jones-Sawyer, Kalra, Levine, Low, McCarty, Mullin, Nazarian, Quirk, Luz Rivas, Robert Rivas, Blanca Rubio, Santiago, and Ting Mark Stone, Ting, Weber, Wicks, Wood, and Chu)

(Coauthors: Senators Beall, Hill, and Skinner)

December 3, 2018

Assembly Constitutional Amendment No. 1—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 1 and 4 of Article XIII A thereof, by amending Section 2 of, and by adding Section 2.5 to, Article XIII C thereof, by amending Section 3 of Article XIII D thereof, and by amending Section 18 of Article XVI thereof, relating to local finance.

LEGISLATIVE COUNSEL'S DIGEST

ACA 1, as amended, Aguiar-Curry. Local government financing: affordable housing and public infrastructure: voter approval.

(1) The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions.

This measure would create an additional exception to the 1% limit that would authorize a city, county, ~~or city and county~~ *city and county*,

or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public ~~infrastructure or infrastructure~~, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements. *The measure would specify that these provisions apply to any city, county, city and county, or special district measure imposing an ad valorem tax to pay the interest and redemption charges on bonded indebtedness for these purposes that is submitted at the same election as this measure.*

(2) The California Constitution conditions the imposition of a special tax by a local government upon the approval of $\frac{2}{3}$ of the voters of the local government voting on that tax, and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property.

This measure would authorize a local government to impose, extend, or increase a sales and use tax or transactions and use tax imposed in accordance with specified law or a parcel tax, as defined, for the purposes of funding the construction, rehabilitation, or replacement of public ~~infrastructure or infrastructure~~, affordable housing, or permanent supportive housing if the proposition proposing that tax is approved by 55% of its voters voting on the proposition and the proposition includes specified accountability requirements. This measure would also make conforming changes to related provisions. *The measure would specify that these provisions apply to any local measure imposing, extending, or increasing a sales and use tax, transactions and use tax, or parcel tax for these purposes that is submitted at the same election as this measure.*

(3) The California Constitution prohibits specified local government agencies from incurring any indebtedness exceeding in any year the income and revenue provided in that year, without the assent of $\frac{2}{3}$ of the voters and subject to other conditions. In the case of a school district, community college district, or county office of education, the California Constitution permits a proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, to be adopted

upon the approval of 55% of the voters of the district or county, as appropriate, voting on the proposition at an election.

This measure would *expressly prohibit a special district, other than a board of education or school district, from incurring any indebtedness or liability exceeding any applicable statutory limit, as prescribed by the statutes governing the special district. The measure would also similarly lower to 55% the voter approval threshold for a require the approval of 55% of the voters of the city, county, or city and county city and county, or special district, as applicable, to incur bonded indebtedness, exceeding in any year the income and revenue provided in that year, that is in the form of general obligation bonds issued to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure or infrastructure, affordable housing housing, or permanent supportive housing projects, if the proposition proposing that bond includes specified accountability requirements. The measure would specify that this 55% threshold applies to any proposition for the incurrence of indebtedness by a city, county, city and county, or special district for these purposes that is submitted at the same election as this measure.*

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

- 1 *Resolved by the Assembly, the Senate concurring, That the*
- 2 *Legislature of the State of California at its ~~2017-18~~ 2019-20*
- 3 *Regular Session commencing on the ~~fifth~~ third day of December*
- 4 *2016, 2018, two-thirds of the membership of each house*
- 5 *concurring, hereby proposes to the people of the State of California,*
- 6 *that the Constitution of the State be amended as follows:*
- 7 *First—That Section 1 of Article XIII A thereof is amended to*
- 8 *read:*
- 9 *SECTION 1. (a) The maximum amount of any ad valorem*
- 10 *tax on real property shall not exceed 1 percent of the full cash*
- 11 *value of that property. The 1 percent tax shall be collected by the*
- 12 *counties and apportioned according to law to the districts within*
- 13 *the counties.*
- 14 *(b) The limitation provided for in subdivision (a) shall not apply*
- 15 *to ad valorem taxes or special assessments to pay the interest and*
- 16 *redemption charges on any of the following:*
- 17 *(1) Indebtedness approved by the voters before July 1, 1978.*

1 (2) Bonded indebtedness to fund the acquisition or improvement
2 of real property approved on or after July 1, 1978, by two-thirds
3 of the votes cast by the voters voting on the proposition.

4 (3) Bonded indebtedness incurred by a school district,
5 community college district, or county office of education for the
6 construction, reconstruction, rehabilitation, or replacement of
7 school facilities, including the furnishing and equipping of school
8 facilities, or the acquisition or lease of real property for school
9 facilities, approved by 55 percent of the voters of the district or
10 county, as appropriate, voting on the proposition on or after
11 November 8, 2000. This paragraph shall apply only if the
12 proposition approved by the voters and resulting in the bonded
13 indebtedness includes all of the following accountability
14 requirements:

15 (A) A requirement that the proceeds from the sale of the bonds
16 be used only for the purposes specified in this paragraph, and not
17 for any other purpose, including teacher and administrator salaries
18 and other school operating expenses.

19 (B) A list of the specific school facilities projects to be funded
20 and certification that the school district board, community college
21 board, or county office of education has evaluated safety, class
22 size reduction, and information technology needs in developing
23 that list.

24 (C) A requirement that the school district board, community
25 college board, or county office of education conduct an annual,
26 independent performance audit to ensure that the funds have been
27 expended only on the specific projects listed.

28 (D) A requirement that the school district board, community
29 college board, or county office of education conduct an annual,
30 independent financial audit of the proceeds from the sale of the
31 bonds until all of those proceeds have been expended for the school
32 facilities projects.

33 (4) (A) Bonded indebtedness incurred by a city, county, ~~or city~~
34 ~~and county~~ *city and county, or special district* for the construction,
35 reconstruction, rehabilitation, or replacement of public
36 ~~infrastructure or infrastructure~~, *affordable housing, or permanent*
37 *supportive housing for persons at risk of chronic homelessness,*
38 *including persons with mental illness,* or the acquisition or lease
39 of real property for public ~~infrastructure or infrastructure~~,
40 *affordable housing, or permanent supportive housing for persons*

1 *at risk of chronic homelessness, including persons with mental*
2 *illness, approved by 55 percent of the voters of the city, county,*
3 *~~or city and county~~ city and county, or special district, as*
4 *appropriate, voting on the proposition on or after the effective date*
5 *of the measure adding this paragraph. This paragraph shall apply*
6 *only if the proposition approved by the voters and resulting in the*
7 *bonded indebtedness includes all of the following accountability*
8 *requirements:*

9 (i) A requirement that the proceeds from the sale of the bonds
10 be used only for the purposes specified in this paragraph, and not
11 for any other purpose, including city, county, ~~or city and county~~
12 *city and county, or special district* employee salaries and other
13 operating expenses.

14 (ii) A list of the specific projects to be funded, and a certification
15 that the city, county, ~~or city and county~~ *city and county, or special*
16 *district* has evaluated alternative funding sources.

17 (iii) A requirement that the city, county, ~~or city and county~~ *city*
18 *and county, or special district* conduct an annual, independent
19 performance audit to ensure that the funds have been expended
20 only on the specific projects listed.

21 (iv) A requirement that the city, county, ~~or city and county~~ *city*
22 *and county, or special district* conduct an annual, independent
23 financial audit of the proceeds from the sale of the bonds until all
24 of those proceeds have been expended for the public infrastructure
25 or affordable housing projects, as applicable.

26 (v) A requirement that the city, county, ~~or city and county~~ *city*
27 *and county, or special district* post the audits required by clauses
28 (iii) and (iv) in a manner that is easily accessible to the public.

29 (vi) A requirement that the city, county, ~~or city and county~~ *city*
30 *and county, or special district* appoint a citizens' oversight
31 committee to ensure that bond proceeds are expended only for the
32 purposes described in the measure approved by the voters.

33 (B) For purposes of this ~~paragraph,~~ *“affordable paragraph:*

34 (i) *“Affordable housing” shall include housing developments,*
35 *or portions of housing developments, that provide workforce*
36 *housing affordable to households earning up to 150 percent of*
37 *countywide median income, and housing developments, or portions*
38 *of housing developments, that provide housing affordable to lower,*
39 *low-, or very low income households, as those terms are defined*
40 *in state law.*

1 (ii) *“At risk of chronic homelessness” includes, but is not limited*
2 *to, persons who are at high risk of long-term or intermittent*
3 *homelessness, including persons with mental illness exiting*
4 *institutionalized settings, including, but not limited to, jail and*
5 *mental health facilities, who were homeless prior to admission,*
6 *transition age youth experiencing homelessness or with significant*
7 *barriers to housing stability, and others, as defined in program*
8 *guidelines.*

9 (iii) *“Permanent supportive housing” means housing with no*
10 *limit on length of stay, that is occupied by the target population,*
11 *and that is linked to onsite or offsite services that assist residents*
12 *in retaining the housing, improving their health status, and*
13 *maximizing their ability to live and, when possible, work in the*
14 *community. “Permanent supportive housing” includes associated*
15 *facilities, if those facilities are used to provide services to housing*
16 *residents.*

17 ~~(C) For purposes of this paragraph, “public~~

18 (iv) *“Public infrastructure” shall include, but is not limited to,*
19 *projects that provide any of the following:*

20 (i)

21 (I) *Water or protect water quality.*

22 (ii)

23 (II) *Sanitary sewer.*

24 (iii)

25 (III) *Treatment of wastewater or reduction of pollution from*
26 *stormwater runoff.*

27 (iv)

28 (IV) *Protection of property from impacts of sea level rise.*

29 ~~(v) Parks.~~

30 (V) *Parks and recreation facilities.*

31 ~~(vi)~~

32 (VI) ~~Open space and recreation facilities.~~ *space.*

33 ~~(vii)~~

34 (VII) *Improvements to transit and streets and highways.*

35 ~~(viii)~~

36 (VIII) *Flood control.*

37 ~~(ix)~~

38 (IX) ~~Broadband-Internet~~ *internet* *access service expansion in*
39 *underserved areas.*

40 ~~(x)~~

1 (X) Local hospital construction.

2 (XI) *Public safety buildings or facilities, equipment related to*
3 *fire suppression, emergency response equipment, or interoperable*
4 *communications equipment for direct and exclusive use by fire,*
5 *emergency response, policy or sheriff personnel.*

6 (XII) *Public library facilities.*

7 (v) *“Special district” has the same meaning as provided in*
8 *subdivision (c) of Section 1 of Article XIII C and specifically*
9 *includes a transit district, except that “special district” does not*
10 *include a school district, redevelopment agency, or successor*
11 *agency to a dissolved redevelopment agency.*

12 (C) *This paragraph shall apply to any city, county, city and*
13 *county, or special district measure imposing an ad valorem tax to*
14 *pay the interest and redemption charges on bonded indebtedness*
15 *for those purposes described in this paragraph that is submitted*
16 *at the same election as the measure adding this paragraph.*

17 (c) (1) *Notwithstanding any other provisions of law or of this*
18 *Constitution, a school district, community college district, or*
19 *county office of education may levy a ~~55 percent~~ 55-percent vote*
20 *ad valorem tax pursuant to paragraph (3) of subdivision (b).*

21 (2) *Notwithstanding any other provisions of law or this*
22 *Constitution, a city, county, ~~or city and county~~ city and county, or*
23 *special district may levy a ~~55 percent~~ 55-percent vote ad valorem*
24 *tax pursuant to paragraph (4) of subdivision (b).*

25 ~~Second—That Section 4 of Article XIII A thereof is amended~~
26 ~~to read:~~

27 ~~SEC. 4. Except as provided by Section 2.5 of Article XIII C,~~
28 ~~a city, county, or special district, by a two-thirds vote of its voters~~
29 ~~voting on the proposition, may impose a special tax within that~~
30 ~~city, county, or special district, except an ad valorem tax on real~~
31 ~~property or a transactions tax or sales tax on the sale of real~~
32 ~~property within that city, county, or special district.~~

33 ~~Second—That Section 4 of Article XIII A thereof is amended to~~
34 ~~read:~~

35 ~~Section 4.~~

36 ~~SEC. 4. Cities, Counties and special districts, Except as~~
37 ~~provided by Section 2.5 of Article XIII C, a city, county, or special~~
38 ~~district, by a two-thirds vote of the qualified electors of such~~
39 ~~district, its voters voting on the proposition, may impose special~~
40 ~~taxes on such district, a special tax within that city, county, or~~

1 *special district, except an ad valorem-taxes tax on real property*
2 *or a-transaction transactions tax or sales tax on the sale of real*
3 *property within such City, County that city, county, or special*
4 *district.*

5 Third—That Section 2 of Article XIII C thereof is amended to
6 read:

7 SEC. 2. Notwithstanding any other provision of this
8 Constitution:

9 (a) Any tax imposed by a local government is either a general
10 tax or a special tax. A special district or agency, including a school
11 district, has no authority to levy a general tax.

12 (b) A local government may not impose, extend, or increase
13 any general tax unless and until that tax is submitted to the
14 electorate and approved by a majority vote. A general tax is not
15 deemed to have been increased if it is imposed at a rate not higher
16 than the maximum rate so approved. The election required by this
17 subdivision shall be consolidated with a regularly scheduled general
18 election for members of the governing body of the local
19 government, except in cases of emergency declared by a unanimous
20 vote of the governing body.

21 (c) Any general tax imposed, extended, or increased, without
22 voter approval, by any local government on or after January 1,
23 1995, and before the effective date of this article, may continue to
24 be imposed only if that general tax is approved by a majority vote
25 of the voters voting in an election on the issue of the imposition,
26 which election shall be held no later than November 6, 1996, and
27 in compliance with subdivision (b).

28 (d) Except as provided by Section 2.5, a local government may
29 not impose, extend, or increase any special tax unless and until
30 that tax is submitted to the electorate and approved by a two-thirds
31 vote. A special tax is not deemed to have been increased if it is
32 imposed at a rate not higher than the maximum rate so approved.

33 Fourth—That Section 2.5 is added to Article XIII C thereof, to
34 read:

35 SEC. 2.5. (a) The imposition, extension, or increase of a sales
36 and use tax imposed in accordance with the Bradley-Burns Uniform
37 Local Sales and Use Tax Law (Part 1.5 (commencing with Section
38 7200) of Division 2 of the Revenue and Taxation Code) or a
39 successor law, a transactions and use tax imposed in accordance
40 with the Transactions and Use Tax Law (Part 1.6 (commencing

1 with Section 7251) of Division 2 of the Revenue and Taxation
2 Code) or a successor law, or a parcel tax imposed by a local
3 government for the purpose of funding the construction,
4 reconstruction, rehabilitation, or replacement of public
5 ~~infrastructure or infrastructure~~, affordable housing, or permanent
6 *supportive housing for persons at risk of chronic homelessness,*
7 *including persons with mental illness*, or the acquisition or lease
8 of real property for public ~~infrastructure or infrastructure~~,
9 affordable housing, or permanent *supportive housing for persons*
10 *at risk of chronic homelessness, including persons with mental*
11 *illness*, is subject to approval by 55 percent of the voters in the
12 local government voting on the proposition, if both of the following
13 conditions are met:

14 (1) The proposition is approved by a majority vote of the
15 membership of the governing board of the local government.

16 (2) The proposition contains all of the following accountability
17 requirements:

18 (A) A requirement that the proceeds of the tax only be used for
19 the purposes specified in the proposition, and not for any other
20 purpose, including general employee salaries and other operating
21 expenses of the local government.

22 (B) A list of the specific projects that are to be funded by the
23 tax, and a certification that the local government has evaluated
24 alternative funding sources.

25 (C) A requirement that the local government conduct an annual,
26 independent performance audit to ensure that the proceeds of the
27 special tax have been expended only on the specific projects listed
28 in the proposition.

29 (D) A requirement that the local government conduct an annual,
30 independent financial audit of the proceeds from the tax during
31 the lifetime of that tax.

32 (E) A requirement that the local government post the audits
33 required by subparagraphs (C) and (D) in a manner that is easily
34 accessible to the public.

35 (F) A requirement that the local government appoint a citizens'
36 oversight committee to ensure the proceeds of the special tax are
37 expended only for the purposes described in the measure approved
38 by the voters.

39 (b) For purposes of this section, the following terms have the
40 following meanings:

1 (1) "Affordable housing" shall include housing developments,
2 or portions of housing developments, that provide workforce
3 housing affordable to households earning up to 150 percent of
4 countywide median income, and housing developments, or portions
5 of housing developments, that provide housing affordable to lower,
6 low-, or very low income households, as those terms are defined
7 in state law.

8 (2) *"At risk of chronic homelessness" includes, but is not limited*
9 *to, persons who are at high risk of long-term or intermittent*
10 *homelessness, including persons with mental illness exiting*
11 *institutionalized settings, including, but not limited to, jail and*
12 *mental health facilities, who were homeless prior to admission,*
13 *transition age youth experiencing homelessness or with significant*
14 *barriers to housing stability, and others, as defined in program*
15 *guidelines.*

16 ~~(2)~~

17 (3) "Parcel tax" means a special tax imposed upon a parcel of
18 real property at a rate that is determined without regard to that
19 property's value and that applies uniformly to all taxpayers or all
20 real property within the jurisdiction of the local government.
21 "Parcel tax" does not include a tax imposed on a particular class
22 of property or taxpayers.

23 (4) *"Permanent supportive housing" means housing with no*
24 *limit on length of stay, that is occupied by the target population,*
25 *and that is linked to onsite or offsite services that assist residents*
26 *in retaining the housing, improving their health status, and*
27 *maximizing their ability to live and, when possible, work in the*
28 *community. "Permanent supportive housing" includes associated*
29 *facilities, if those facilities are used to provide services to housing*
30 *residents.*

31 ~~(3)~~

32 (5) "Public infrastructure" shall include, but is not limited to,
33 the projects that provide any of the following:

34 (A) Water or protect water quality.

35 (B) Sanitary sewer.

36 (C) Treatment of wastewater or reduction of pollution from
37 stormwater runoff.

38 (D) Protection of property from impacts of sea level rise.

39 ~~(E) Parks.~~

40 (E) *Parks and recreation facilities.*

- 1 (F) ~~Open space and recreation facilities.~~ *space.*
- 2 (G) Improvements to transit and streets and highways.
- 3 (H) Flood control.
- 4 (I) ~~Broadband-Internet~~ *internet* access service expansion in
- 5 underserved areas.
- 6 (J) Local hospital construction.
- 7 (K) *Public safety buildings or facilities, equipment related to*
- 8 *fire suppression, emergency response equipment, or interoperable*
- 9 *communications equipment for direct and exclusive use by fire,*
- 10 *emergency response, policy or sheriff personnel.*
- 11 (L) *Public library facilities.*

12 (c) *This section shall apply to any local measure imposing,*

13 *extending, or increasing a sales and use tax imposed pursuant to*

14 *the Bradley-Burns Uniform Local Sales and Use Tax Law, a*

15 *transactions and use tax imposed in accordance with the*

16 *Transactions and Use Tax Law, or a parcel tax imposed by a local*

17 *government for those purposes described in subdivision (a) that*

18 *is submitted at the same election as the measure adding this*

19 *section.*

20 Fifth—That Section 3 of Article XIII D thereof is amended to

21 read:

22 SEC. 3. (a) An agency shall not assess a tax, assessment, fee,

23 or charge upon any parcel of property or upon any person as an

24 incident of property ownership except:

25 (1) The ad valorem property tax imposed pursuant to Article

26 XIII and Article XIII A.

27 (2) Any special tax receiving a two-thirds vote pursuant to

28 Section 4 of Article XIII A or *receiving a 55-percent approval*

29 *pursuant to Section 2.5 of Article XIII C.*

30 (3) Assessments as provided by this article.

31 (4) Fees or charges for property-related services as provided by

32 this article.

33 (b) For purposes of this article, fees for the provision of electrical

34 or gas service are not deemed charges or fees imposed as an

35 incident of property ownership.

36 Sixth—That Section 18 of Article XVI thereof is amended to

37 read:

38 SEC. 18. (a) A county, city, town, township, board of

39 education, or school district, shall not incur any indebtedness or

40 liability in any manner or for any purpose exceeding in any year

1 the income and revenue provided for that year, without the assent
2 of two-thirds of the voters of the public entity voting at an election
3 to be held for that purpose, except that with respect to any such
4 public entity ~~which~~ *that* is authorized to incur indebtedness for
5 public school purposes, any proposition for the incurrence of
6 indebtedness in the form of general obligation bonds for the
7 purpose of repairing, ~~reconstructing~~ *reconstructing*, or replacing
8 public school buildings determined, in the manner prescribed by
9 law, to be structurally unsafe for school use, shall be adopted upon
10 the approval of a majority of the voters of the public entity voting
11 on the proposition at ~~such~~ *the* election; nor unless before or at the
12 time of incurring such indebtedness provision shall be made for
13 the collection of an annual tax sufficient to pay the interest on such
14 indebtedness as it falls due, and to provide for a sinking fund for
15 the payment of the principal thereof, on or before maturity, which
16 shall not exceed forty years from the time of contracting the
17 indebtedness. *A special district, other than a board of education*
18 *or school district, shall not incur any indebtedness or liability*
19 *exceeding any applicable statutory limit, as prescribed by the*
20 *statutes governing the special district as they currently read or*
21 *may thereafter be amended by the Legislature.*

22 (b) (1) Notwithstanding subdivision (a), any proposition for
23 the incurrence of indebtedness in the form of general obligation
24 bonds for the purposes described in paragraph (3) or (4) of
25 subdivision (b) of Section 1 of Article XIII A shall be adopted
26 upon the approval of 55 percent of the voters of the school district,
27 community college district, county office of education, city, county,
28 ~~or city and county,~~ *city and county, or other special district,* as
29 appropriate, voting on the proposition at an election. This
30 subdivision shall apply to a proposition for the incurrence of
31 indebtedness in the form of general obligation bonds for the
32 purposes specified in this subdivision only if the proposition meets
33 all of the accountability requirements of paragraph (3) or (4) of
34 subdivision (b), as appropriate, of Section 1 of Article XIII A.

35 (2) *The amendments made to this subdivision by the measure*
36 *adding this paragraph shall apply to any proposition for the*
37 *incurrence of indebtedness in the form of general obligation bonds*
38 *pursuant to this subdivision for the purposes described in*
39 *paragraph (4) of subdivision (b) of Section 1 of Article XIII A that*

1 *is submitted at the same election as the measure adding this*
2 *paragraph.*

3 (c) When two or more propositions for incurring any
4 indebtedness or liability are submitted at the same election, the
5 votes cast for and against each proposition shall be counted
6 separately, and if two-thirds or a majority or 55 percent of the
7 voters, as the case may be, voting on any one of those propositions,
8 vote in favor thereof, the proposition shall be deemed adopted.

9

10

11 **REVISIONS:**

12 **Heading—Line 5.**

13

O

Review: MWD & Membership Agency Positions on Bills

To Full Board	Bill	Recommended IEUA Position	MWD	CASA	CSDA	SCWC	ACWA	ACP
Yes	AB 217 (E. Garcia)	Oppose			O/A	Watch	O/A	
	AB 756 (C. Garcia)	Oppose			Watch	Watch	Oppose	
	AB 841 (Ting)	Support					Support	
	AB 1588 (Gloria & Gray)	Support	Support	Support	Support	Support	Support	
Yes	SB 200 (Monning)	Support					Support	
Yes	SB 414 (Caballero)	Support	Support				Support	
	SB 667 (Hueso)	Support if Amended		Support				Support
Yes	ACA 1 (Aguiar-Curry)	Support		Support	Support			

**ACTION
ITEM
1C**



Date: June 19, 2019

To: The Honorable Board of Directors

From: Shivaji Deshmukh, General Manager

Committee: Community & Legislative Affairs

06/12/19

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

Subject: Support of Federal Legislation

Executive Summary:

HR 1162 - The Water Recycling Investment and Improvement Act, introduced by Rep. Grace Napolitano (CA), would increase the funding authorization for the US Bureau of Reclamation's Title XVI water recycling grant program to \$500 million from its current \$50 million authorization. It would also make the Title XVI program permanent, as it currently expires in 2021. IEUA has been the recipient of \$46 million in grant funding from this program, and is seeking additional authorization for the Chino Basin Program.

HR 1764 - To amend the Federal Water Pollution Control Act with respect to permitting terms, introduced by Rep. John Garamendi (CA), would extend the maximum term for National Pollutant Discharge Elimination System (NPDES) permits from 5 to 10 years.

HR 2313 - The Water Conservation Rebate Tax Parity Act, introduced by Rep. Jared Huffman (CA), would amend Federal tax law so that homeowners who receive rebates from water utilities for water conservation improvements will not pay income tax on the rebates.

Staff's Recommendation:

Adopt a support position on:

1. HR 1162 (Napolitano) - The Water Recycling Investment and Improvement Act;
2. HR 1764 (Garamendi) - To amend the Federal Water Pollution Control Act with respect to permitting terms; and
3. HR 2313 (Huffman) - Water Conservation Rebate Tax Parity Act.

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

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Prior Board Action:

Taking a support position adheres to the Board-passed 2019 Legislative Policy Principles:

- Support efforts to increase funding for Title XVI/WIIN grant program.
 - Support administrative and legislative actions for environmental compliance that provide for regulatory compliance flexibility.
 - Support funding and incentive programs to promote water use efficiency, including tax exemptions.
-

Environmental Determination:

Not Applicable

Business Goal:

Approving the support of HR 1162, HR 1764 and HR 2313 is in line with IEUA's business practices goal of advocating for development of policies, legislation and regulations that benefit the region.

Attachments:

Attachment 1 - HR 1162 (Napolitano) - Bill Text, Summary, MWD Support Letter

Attachment 2 - HR 1764 (Garamendi) - Bill Text, Summary, MWD Support Letter, CASA Coalition Support Letter

Attachment 3 - HR 2313 (Huffman) - Bill Text and Summary

116TH CONGRESS
1ST SESSION

H. R. 1162

To establish a grant program for the funding of water recycling and reuse projects, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2019

Mrs. NAPOLITANO (for herself, Ms. JOHNSON of Texas, Ms. ROYBAL-ALLARD, Mr. MCNERNEY, Mr. HUFFMAN, Mr. ROUDA, Ms. BROWNLEY of California, Mr. LOWENTHAL, Mr. VELA, Mrs. TORRES of California, Mr. CARBAJAL, Ms. HILL of California, Ms. TITUS, Mr. CISNEROS, Mr. HARDER of California, Ms. ESHOO, Ms. SÁNCHEZ, and Mr. SIRES) introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To establish a grant program for the funding of water recycling and reuse projects, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Water Recycling In-
5 vestment and Improvement Act”.

1 **SEC. 2. COMPETITIVE GRANT PROGRAM FOR THE FUNDING**
2 **OF WATER RECYCLING AND REUSE**
3 **PROJECTS.**

4 (a) COMPETITIVE GRANT PROGRAM FOR THE FUND-
5 ING OF WATER RECYCLING AND REUSE PROJECTS.—Sec-
6 tion 1602(f) of the Reclamation Wastewater and Ground-
7 water Study and Facilities Act (title XVI of Public Law
8 102–575; 43 U.S.C. 390h et seq.) is amended by striking
9 paragraphs (2) and (3) and inserting the following:

10 “(2) PRIORITY.—When funding projects under
11 paragraph (1), the Secretary shall give funding pri-
12 ority to projects that meet one or more of the fol-
13 lowing criteria:

14 “(A) Projects that are likely to provide a
15 more reliable water supply for States and local
16 governments.

17 “(B) Projects that are likely to increase
18 the water management flexibility and reduce
19 impacts on environmental resources from
20 projects operated by Federal and State agen-
21 cies.

22 “(C) Projects that are regional in nature.

23 “(D) Projects with multiple stakeholders.

24 “(E) Projects that provide multiple bene-
25 fits, including water supply reliability, eco-sys-

1 tem benefits, groundwater management and en-
2 hancements, and water quality improvements.”.

3 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
4 1602(g) of the Reclamation Wastewater and Groundwater
5 Study and Facilities Act (title XVI of Public Law 102–
6 575; 43 U.S.C. 390h et seq.) is amended—

7 (1) by striking “\$50,000,000” and inserting
8 “\$500,000,000”; and

9 (2) by striking “if enacted appropriations legis-
10 lation designates funding to them by name,”.

11 (c) DURATION.—Section 4013 of the WIIN Act (43
12 U.S.C. 390b(2)) is amended—

13 (1) in paragraph (1), by striking “and”;

14 (2) in paragraph (2), by striking the period and
15 inserting “; and”; and

16 (3) by adding at the end the following:

17 “(3) section 4009(c).”.

18 (d) LIMITATION ON FUNDING.—Section 1631(d) of
19 the Reclamation Wastewater and Groundwater Study and
20 Facilities Act (43 U.S.C. 390h–13(d)) is amended by
21 striking “\$20,000,000 (October 1996 prices)” and insert-
22 ing “\$30,00,000 (January 2019 prices)”.

○

Napolitano Introduces the Water Recycling Investment and Improvement Act

February 13, 2019 | Press Release

(WASHINGTON, DC) Today, Rep. Grace F. Napolitano (CA-32) introduced H.R. 1162, the Water Recycling Investment and Improvement Act, to assist water agencies with the expansion, planning, design, and building of water recycling plants and modernizing water infrastructure in California and other western states.

“Strains on our water supplies due to climate change, drought, and population growth have increased steadily in Southern California and across the nation over the past few decades, underscoring the critical need for greater federal assistance,” Napolitano said. “The Bureau of Reclamation’s Title XVI water recycling programs have been proven to be the most cost-effective in improving water supply, by providing long-term savings while boosting job growth and lowering our reliance on imported water. As we work to explore new ways to expand our water portfolio and safeguard our local communities from future water shortages and drought, it is imperative that we continue to adequately fund, promote, and expand water recycling infrastructure projects.”

“The Title XVI Water Reclamation and Reuse competitive grants program supports game-changing innovations in water reuse, and helps communities build economic and environmental resilience for the future,” said Pat Sinicropi, Executive Director of the WaterReuse Association. “We are delighted to endorse the Water Recycling Investment and Improvement Act of 2019, and thank Congresswoman Napolitano for being a steadfast champion of water reuse and the Title XVI competitive grants program.”

Napolitano introduced H.R with Reps. Eddie Bernice Johnson (TX-30), Lucille

Roybal-Allard (CA-40), Jerry McNerney (CA-09), Harley Rouda (CA-48), Jared Huffman (CA-02), Alan S. Lowenthal (CA-47), Julia Brownley (CA-26), Filemon Vela (TX-34), Norma J. Torres (CA-35), Salud O. Carbajal (CA-24), Dina Titus (NV-01), Katie Hill (CA-25), Gilbert R. Cisneros Jr. (CA-39), Josh Harder (CA-10), Anna Eshoo (CA-18), and Linda T. Sanchez (CA-38).

Summary of H.R. 1162

- Increases funding Authorization for the Bureau of Reclamation's Title XVI water recycling competitive grant program to \$500 million from \$50 million.
 - Makes the program permanent as it currently expires in 2021.
 - Funds water recycling and reuse projects for 17 western states.

#



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

April 1, 2019

The Honorable Grace Napolitano
U.S. House of Representatives
1610 Longworth House Office Building
Washington, D.C. 20510

RE: Metropolitan Water District of Southern California's SUPPORT for H.R. 1162: the Water Recycling and Investment Act of 2019

Dear Representative Napolitano:

On behalf of the Metropolitan Water District of Southern California, I am writing to express our support for H.R. 1162, the Water Recycling and Investment Act of 2019. We applaud your bold leadership on these milestone policy goals.

Metropolitan is the regional wholesaler to 26 member agencies, which along with their retail suppliers collectively serve quality drinking water to over 19 million Southern Californians – one out of every two Californians – throughout the 5,200 square-mile, six-county service area. Many of our member agencies rely on the funding provided by federal programs to enable them to implement innovative water supply solutions throughout our service area in ways that are responsive to their local supply conditions. Robust, diverse funding sources are essential to ensure continued reliability and resiliency needed to protect California's vibrant economy and quality of life in the face of changing hydrology due to shifting climate conditions.

This timely and thoughtful legislation, if enacted, would expand the Bureau of Reclamation's Title XVI Grant Program through the Water Infrastructure Improvements for the Nation (WIIN) Act to a funding level of \$500 million, increase the federal cost share to 30 percent, remove the requirements for projects to be in drought or disaster areas and to be specifically named in legislation. H.R.1162 would remove the sunset for the WIIN Act, making that landmark legislation permanent. Metropolitan supports all of these policy changes. Additionally, we encourage you to consider clarifying language to ensure that eligible projects which meet multiple policy priorities and/or deliver benefits across multiple jurisdictions, receive the highest funding priority.

It is our hope that H.R. 1162 will be scheduled for prompt action in the 116th Congress. As always, Metropolitan stands at the ready to be a resource to you and your staff as this important measure moves forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Kightlinger".

Jeffrey Kightlinger
General Manager

116TH CONGRESS
1ST SESSION

H. R. 1764

To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2019

Mr. GARAMENDI introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

A BILL

To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. NATIONAL POLLUTANT DISCHARGE ELIMI-**
4 **NATION SYSTEM (NPDES) TERMS.**

5 Section 402(b)(1)(B) of the Federal Water Pollution
6 Control Act (33 U.S.C. 1342(b)(1)(B)) is amended to read
7 as follows:

8 “(B) are for fixed terms—

9 “(i) not exceeding 10 years, for a permit
10 issued to a State or municipality; and

1 “(ii) not exceeding 5 years, for a permit
2 issued to any person not described in clause (i);
3 and”.

○

Garamendi Introduces Bill to Support California Water Infrastructure Projects



March 14, 2019 | Press Release

Garamendi Introduces Bill to Support California Water Infrastructure Projects

Washington, DC—Today, Congressman John Garamendi (D-CA) introduced bipartisan legislation (H.R.1764 (<https://www.congress.gov/bill/116th-congress/house-bill/1764>)) to support local water infrastructure projects. Congressmen Ken Calvert (R-CA) and Rob Woodall (R-GA) are cosponsors.

Congressman Garamendi's legislation (H.R.1764 (<https://www.congress.gov/bill/116th-congress/house-bill/1764>)) would extend the maximum term for National Pollutant Discharge Elimination System (NPDES) (<https://www.epa.gov/npdes>) permits issued under the federal Clean Water Act from 5 to 10 years, to better reflect the construction schedules for public agencies.

"Every American deserves clean water. Our bill upholds Clean Water Act protections and ensures federal permitting requirements accurately reflect the time it takes to construct a public water project," said Congressman Garamendi. "This bill supports upgrades on aging water treatment plants to ensure projects are built on time and on budget. I will do everything in my power to pass this critical legislation for California and the nation."

"The Association of California Water Agencies (ACWA) commends Rep. Garamendi for his leadership in introducing this vital Clean Water Act permitting legislation. The bill brings certainty to ratepayers and long-term efficiency to water suppliers. ACWA is pleased to support this legislation" said Dave Eggerton, executive director of the Association of California Water Agencies.

"We thank Congressman Garamendi for introducing this important legislation to modernize the Clean Water Act. H.R.1764 implements a commonsense approach to permitting, and will allow public clean water agencies to focus on the business of protecting public health and the environment through efficient long-term planning. We appreciate that this bill acknowledges the complexity of today's clean water infrastructure realities, and we look forward to working with the Congressman on this issue going forward," said Roberta Larson, executive director of the California Association of Sanitation Agencies.

Current federal law only provides for 5-year NPDES permits terms, which do not reflect construction schedules for public water and wastewater treatment projects. The American Society of Civil Engineers (<https://www.infrastructurereportcard.org/wp-content/uploads/2017/01/Wastewater-Final.pdf>) rates our nation's wastewater infrastructure at D+ grade, requiring \$271 billion in public investment over the next 25 years. According to the U.S. Conference of Mayors, 95% of spending on water infrastructure is made at the local level.

Congressman Garamendi's legislation (H.R.1764 (<https://www.congress.gov/bill/116th-congress/house-bill/1764>)) is endorsed by the: National Association of Clean Water Agencies, National Association of Counties, United States Conference of Mayors, National Association of Counties, National League of Cities, National Water Resources Association, Association of California Water Agencies, California Association of Sanitation Agencies, WaterReuse Association, and Water Environment Federation.

The full text of H.R.1764 (<https://www.congress.gov/bill/116th-congress/house-bill/1764>) can be viewed here (/sites/garamendi.house.gov/files/GARAME_017_xml.pdf).



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

April 22, 2019

The Honorable John Garamendi
U.S. House of Representatives
2368 Rayburn House Office Building
Washington, D.C. 20515

RE: SUPPORT– H.R. 1764: To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes (Garamendi)

Dear Representative Garamendi:

I am writing to express Metropolitan Water District's support for your legislation to modernize the National Pollutant Discharge Elimination System (NPDES) permit terms under the Clean Water Act.

H.R. 1764, once enacted, would provide the U.S. Environmental Protection Agency, along with state counterpart agencies, a clearly-defined new authority to issue an expanded permit term of up to ten years to reward those public agencies that have demonstrated compliance with existing permit conditions.

It is our hope that your legislation will advance with bi-partisan support during the 116th Congress. Metropolitan is currently considering the development of a regional water recycling plant that may involve the joint participation of the Los Angeles Sanitation Districts. An improved federal regulatory and permitting process is likely to encourage this and other local water supply development to increase resiliency in the region and to help reduce reliance on imported water.

The authority to extend NPDES permit terms up to a fixed period of ten years would better reflect today's clean water infrastructure reality as recently illustrated before the Subcommittee on Water Resources and Environment's hearing into water infrastructure needs.

Please let us know if Metropolitan can be a resource to you and your staff as H.R.1764 moves forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Kightlinger".

Jeff Kightlinger
General Manager



March 14, 2019

The Honorable John Garamendi
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Garamendi:

On behalf of the above organizations dedicated to protection of public health and the environment, we write in strong support of your legislation to modernize National Pollutant Discharge Elimination System (NPDES) permit terms under the Clean Water Act. This is a commonsense approach to provide the U.S. Environmental Protection Agency or a delegated state with the discretionary authority to consider providing a permit term of up to ten years to reward those public agencies that have demonstrated compliance with existing permit conditions. We urge expeditious consideration of this legislation and look forward to working with you and your colleagues on the Committee on Transportation & Infrastructure.

Today's water quality needs are becoming more complex as public wastewater agencies continually face new challenges to ensuring improved water quality and a safe and reliable water supply. Meeting these challenges requires innovative approaches. Modern wastewater treatment often involves substantial investment of capital with construction terms that stretch out beyond the existing five-year permit term horizon. In some cases, a project construction timeline for clean water infrastructure can extend more than a decade as public agencies try to meet the requirements of extensive environmental reviews, project design, scheduling, and labor and construction agreements. The current NPDES permit term of five years simply does not align with today's water infrastructure complexities.

The Honorable John Garamendi

March 14, 2019

Page Two

The authority to extend NPDES permit terms up to a fixed period of ten years would better reflect today's clean water infrastructure reality as recently illustrated before the Subcommittee on Water Resources and Environment's hearing into water infrastructure needs. Extending permit terms would:

- Enhance the planning and efficiency of facility permitting;
- Give agencies the necessary time to comply with existing regulatory requirements prior to the imposition of new mandates, allowing agencies to better plan and construct new technologies and facilities; and
- Allows states to direct more resources to stormwater, nonpoint and watershed-based solutions.

At the same time, existing permit reopener provisions would allow for new conditions to be inserted where needed prior to permit expiration and protects the public's involvement in the permitting process.

Thank you again for your support on this important issue that is affecting the nation's public water and wastewater agencies.

Sincerely yours,

Association of California Water Agencies
California Association of Sanitation Agencies
National Association of Clean Water Agencies
National Association of Counties
National League of Cities
National Water Resources Association
U.S. Conference of Mayors
WaterReuse Association
Water Environment Federation

116TH CONGRESS
1ST SESSION

H. R. 2313

To amend the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.

IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 2019

Mr. HUFFMAN (for himself and Mr. GOSAR) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Water Conservation
5 Rebate Tax Parity Act”.

1 **SEC. 2. MODIFICATIONS TO INCOME EXCLUSION FOR CON-**
2 **SERVATION SUBSIDIES.**

3 (a) **IN GENERAL.**—Subsection (a) of section 136 of
4 the Internal Revenue Code of 1986 is amended—

5 (1) by striking “any subsidy provided” and in-
6 serting “any subsidy—

7 “(1) provided”,

8 (2) by striking the period at the end and insert-
9 ing a comma, and

10 (3) by adding at the end the following new
11 paragraphs:

12 “(2) provided (directly or indirectly) by a public
13 utility to a customer, or by a State or local govern-
14 ment to a resident of such State or locality, for the
15 purchase or installation of any water conservation or
16 efficiency measure, or

17 “(3) provided (directly or indirectly) by a storm
18 water management provider to a customer, or by a
19 State or local government to a resident of such State
20 or locality, for the purchase or installation of any
21 storm water management measure.”.

22 (b) **CONFORMING AMENDMENTS.**—

23 (1) **DEFINITION OF WATER CONSERVATION OR**
24 **EFFICIENCY MEASURE AND STORM WATER MANAGE-**
25 **MENT MEASURE.**—Section 136(c) of the Internal
26 Revenue Code of 1986 is amended—

1 (A) by striking “ENERGY CONSERVATION
2 MEASURE” in the heading thereof and inserting
3 “DEFINITIONS”,

4 (B) by striking “IN GENERAL” in the
5 heading of paragraph (1) and inserting “EN-
6 ERGY CONSERVATION MEASURE”, and

7 (C) by redesignating paragraph (2) as
8 paragraph (4) and by inserting after paragraph
9 (1) the following:

10 “(2) WATER CONSERVATION OR EFFICIENCY
11 MEASURE.—For purposes of this section, the term
12 ‘water conservation or efficiency measure’ means any
13 evaluation of water use, or any installation or modi-
14 fication of property, the primary purpose of which is
15 to reduce consumption of water or to improve the
16 management of water demand with respect to one or
17 more dwelling units.

18 “(3) STORM WATER MANAGEMENT MEASURE.—
19 For purposes of this section, the term ‘storm water
20 management measure’ means any installation or
21 modification of property primarily designed to re-
22 duce or manage amounts of storm water with re-
23 spect to one or more dwelling units.”.

24 (2) DEFINITION OF PUBLIC UTILITY.—Section
25 136(c)(4) of such Code (as redesignated by para-

1 graph (1)(C)) is amended by striking subparagraph
2 (B) and inserting the following:

3 “(B) PUBLIC UTILITY.—The term ‘public
4 utility’ means a person engaged in the sale of
5 electricity, natural gas, or water to residential,
6 commercial, or industrial customers for use by
7 such customers.

8 “(C) STORM WATER MANAGEMENT PRO-
9 VIDER.—The term ‘storm water management
10 provider’ means a person engaged in the provi-
11 sion of storm water management measures to
12 the public.

13 “(D) PERSON.—For purposes of subpara-
14 graphs (B) and (C), the term ‘person’ includes
15 the Federal Government, a State or local gov-
16 ernment or any political subdivision thereof, or
17 any instrumentality of any of the foregoing.”.

18 (3) CLERICAL AMENDMENTS.—

19 (A) The heading of section 136 of such
20 Code is amended—

21 (i) by inserting “**AND WATER**” after

22 “**ENERGY**”, and

23 (ii) by striking “**PROVIDED BY PUB-
24 LIC UTILITIES**”.

1 (B) The item relating to section 136 in the
2 table of sections of part III of subchapter B of
3 chapter 1 of such Code is amended—

4 (i) by inserting “and water” after
5 “energy”, and

6 (ii) by striking “provided by public
7 utilities”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to amounts received after Decem-
10 ber 31, 2019.

11 (d) NO INFERENCE.—Nothing in this Act or the
12 amendments made by this Act shall be construed to create
13 any inference with respect to the proper tax treatment of
14 any subsidy received directly or indirectly from a public
15 utility, a storm water management provider, or a State
16 or local government for any water conservation measure
17 or storm water management measure before January 1,
18 2020.

○

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JARED HUFFMAN
US CONGRESSMAN
Serving California's 2nd District

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Reps. Huffman and Gosar Introduce Bipartisan Legislation To Ease Tax Burden on Homeowners Making Water-Efficient Choices

Apr 12, 2019 | Press Release

Washington, D.C.- Reps. Jared Huffman (D-CA) and Paul Gosar (R-AZ) introduced the Water Conservation Rebate Tax Parity Act today, bipartisan legislation ahead of Tax Day to amend Federal tax law to clarify that homeowners do not need to pay income tax when they receive rebates from water utilities for water conservation and water runoff management improvements that they have made.

Water utilities around the country—especially in drought-prone areas like California and Arizona—are increasingly offering rebates and incentives to homeowners who make investments to reduce their water use, reduce stormwater runoff, and ease the strain on public infrastructure.

“Americans should not be penalized for doing the right thing and installing water-saving technologies to make their homes and communities more resilient in the face of future droughts,” said Rep. Huffman. **“House-by-house changes can add up to millions of gallons in water savings, and the tax code should support homeowners who replace water-thirsty lawns or reduce stormwater runoff in the same way the federal government already incentivizes energy conservation rebates. The Water Conservation Rebate Tax Parity Act is a bipartisan, smart solution to ensure our constituents are not taxed for improving their water footprint.”**

“I am pleased to join Water, Oceans and Wildlife Subcommittee Chairman Jared Huffman in introducing the Water Conservation Rebate Tax Parity Act and appreciate his leadership on this legislation,” said **Rep. Gosar, D.D.S.** “This bill is important to homeowners, municipalities and water users in my district and throughout the country. Mr. Huffman’s bill provides parity in order to ensure reliable and sustainable water supplies that are

critical to local communities. As the Mohave County Water Authority stated when passing Resolution No. 16-019, "taxing conservation and stormwater rebates is a disincentive to the millions of Americans who may invest in water conservation and stormwater management ... Such rebates are not income, but defray upfront costs as an incentive to spur private investment in improvements to increase efficiency reduce demand, and improve stormwater management."

"We applaud Congressmen Huffman and Gosar for their leadership and vision in introducing the Water Conservation Rebate Tax Parity Act. Local rebate programs are often the most cost-effective way for communities to increase water efficiency, manage runoff and improve water quality. Penalizing people with a tax bill for doing the right thing discourages participation in the very programs we need to meet our conservation objectives," said **Cynthia Koehler Executive Director of WaterNow Alliance, a network of over 400 local water decision makers nationwide.** "This legislation is essential to provide clarity and certainty for thousands of cities, towns and water utilities across the country, enabling them to provide incentives to local business and residential consumers for programs to secure water supply and enhance local water quality."

"Metropolitan, the nation's largest drinking water wholesaler, fully supports legislation that removes water conservation rebates from consideration as taxable income," said **Jeffrey Kightlinger, the General Manager of the Metropolitan Water District of Southern California.** "Rebate programs are a cost-effective way to increase water efficiency and help adapt to a changing climate. We appreciate the efforts of Representatives Huffman, Gosar and other House Members to advance this important legislation."

The Water Conservation Rebate Tax Parity Act clarifies that these rebates, which are growing in number and size across the nation, are not taxable income, but rather an effort to defray upfront consumer costs for a public benefit. Encouraging residents to reduce water usage by installing "gray water" capture systems or purchasing new water-efficient appliances and plumbing fixtures can provide significant water yield benefits, protecting public health, the environment, and local economies. These rebates provide a net benefit to the public and utilities.

This would ensure that the IRS treats water conservation rebates in the same manner as the Agency treats energy conservation rebates, including insulation, Energy Star-certified windows and doors, and energy efficient appliances, which are not taxable.

The Water Conservation Rebate Tax Parity Act is supported by the California State Association of Counties, Western Urban Water Coalition, Natural Resources Defense Council (NRDC), Bay Area Council, National Association of Clean Water Agencies (NACWA), Arizona Municipal Water Users Association, Bay Planning Coalition, Coalition to Promote Water Conservation, Rural County Representatives of California (RCRC), Alliance for Water Efficiency, Metropolitan Water District, Los Angeles Department of Water and Power, Olivehain Municipal Water District, Carlsbad Municipal Water District, Otay Water District, Rincon Water, Valley Center Municipal Water District, Vista Irrigation District, City of Poway, Elsinore Valley Municipal Water District, Yuima Municipal Water District, Three Valleys Municipal Water District, Calleguas Municipal Water District, Irvine Ranch Water District, and Santa Clara Valley Water District, Las Virgenes Municipal Water District, City of Anaheim Public Utilities Department City of Camarillo, Sacramento Suburban Water District.

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Media Center

INFORMATION
ITEM
2A



Date: June 19, 2019

To: The Honorable Board of Directors

From: Shivaji Deshmukh, General Manager SDP

Committee: Community & Legislative Affairs

06/12/19

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

Subject: Public Outreach and Communication

Executive Summary:

- June 19, IEUA Employee Appreciation Picnic, Behind HQA, 11:30 a.m. – 3:00 p.m.

MWD's Solar Cup competition was held on May 17-19. IEUA co-sponsored three high school teams: Los Osos High School (Rancho Cucamonga), Chino Hills High School (Chino Hills) and Upland High School (Upland). All three teams qualified and were recognized.

*Los Osos High School (Veteran)-1st place for Technical Reports – Inland Region; 1st place Endurance Race – Inland Region; 1st place Sprint Race – Inland Region; 1st place Public Service Message – Inland Region; 6th place overall – Veterans and Rookies.

*Upland High School (Veteran) - 2nd Place Sprint Race – Inland Region; 11th Place Overall – Veterans and Rookies.

*Chino Hills High School (Veteran) - 18th place overall - Veterans and Rookies.

Staff's Recommendation:

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

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

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

N/A

Environmental Determination:

Statutory Exemption

N/A

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

June

- June 19, IEUA Employee Appreciation Picnic, Behind HQA, 11:30 a.m. – 3:00 p.m.

July

- July, Smart Irrigation Month

August

- August 9, San Bernardino County Water Conference, 7:30 a.m. – 9:00 a.m. (Registration, Breakfast and Networking); 9:00 a.m. – 1:00 p.m. (Conference), DoubleTree Hotel-Ontario: 222 North Vineyard Avenue, Ontario

Media and Outreach

- Water Awareness Month was promoted through social media channels and messaging was implemented into the Water Discovery Program.
- International Compost Awareness Week was highlighted May 5-11 through social media. A targeted email blast was sent on May 7 highlighting the benefits of compost and the free giveaway that was facilitated on Saturday, May 11.
- Earth Day video shorts highlighting Student Day and Community Day are being finalized.
- A compost giveaway ad ran in the *Daily Bulletin* on May 6.
- A *Kick the Habit* ad ran in the *Champion's Kids of Summer* section on May 18.
- A *Kick the Habit* ad will run in the *Champion's Healthy Living* section on June 15.
- A *Kick the Habit* ad ran in the *Fontana Herald News Fontana Days* section on May 24.
- The *Kick the Habit* digital banner ad continues to run in the *Fontana Herald News*.
- May: 29 posts were published to the IEUA Facebook page, 29 posts were published to IEUA's Instagram and 29 tweets were sent on the @IEUAwater Twitter handle.
 - The top three Facebook posts, based on reach and engagement, in the month of May were:
 - 5/16: Southern California Edison Board Presentation
 - 5/2: Village of Heritage Groundbreaking
 - 5/1: State Water Resources Control Board Representatives
 - The top three tweets, based on reach and engagement, in the month of May were:
 - 5/13: Add a Splash of Color, Save a Splash of Water
 - 5/26: Friendly reminder! Remember to turn off your sprinklers!
 - 5/2: Village of Heritage Groundbreaking
 - The top three Instagram posts, based on reach and engagement, in the month of May were:
 - 5/20: Solar Cup Recap
 - 5/17: An awesome Day 1 at Solar Cup!
 - 5/22: It's raining, it's pouring... Remember to turn off your sprinklers!

For the month of April, there were 7,493 searches for a park in IEUA's service area on Yelp, where Chino Creek Wetlands and Education Park was viewed 633 times on a mobile device.

Education and Outreach Updates

- Staff has fully booked Water Discovery Field Trips for school year 18/19. To date, 95 schools are scheduled for the current school year.
- MWD's Solar Cup competition was held on May 17-19. IEUA co-sponsored three high school teams: Los Osos High School (Rancho Cucamonga), Chino Hills High School (Chino Hills) and Upland High School (Upland). All three teams qualified and were recognized.
 - Los Osos High School (Veteran)
 - 1st Place for Technical Reports – Inland Region
 - 1st Place Endurance Race – Inland Region
 - 1st Place Sprint Race – Inland Region
 - 1st Place Public Service Message – Inland Region
 - 6th Place Overall – Veterans and Rookies
 - Upland High School (Veteran)
 - 2nd Place Sprint Race – Inland Region
 - 11th Place Overall – Veterans and Rookies
 - Chino Hills High School (Veteran)
 - 18th Place Overall – Veterans and Rookies
- IEUA hosted a Project W.E.T. Workshop for facilitators on May 23. Over 15 educators took part in a full day of training on Next Generation Science Standards and water education. Participants received a certificate which allows them to facilitate future workshops.
- Staff is currently reviewing Garden in Every School® applications. Schools will be notified of their application status by mid-June.

INFORMATION

ITEM

2B



May 31, 2019

To: Inalnd Empire Utilities Agency

From: Michael Boccadoro
Beth Olhasso
Maddie Munson

RE: May Report

Overview:

The water supply situation is not only excellent, but improved thanks to some late May storms that brought more snow to the Sierras. Reservoirs are at capacity which is well above normal for this time of year.

The “root cause analysis” of the Aliso Canyon Natural Gas Storage Facility methane leak from 2015 was recently released. It found that SoCalGas was grossly negligent in their management of the facility. The facility is heavily relied upon to provide electric and gas stability throughout Southern California. While the facility has been operating at a significantly reduced capacity, the region has seen natural gas prices rise 24 percent impacting wholesale electricity prices as well. Environmentalists and local activists continue to advocate for the facility to immediately close.

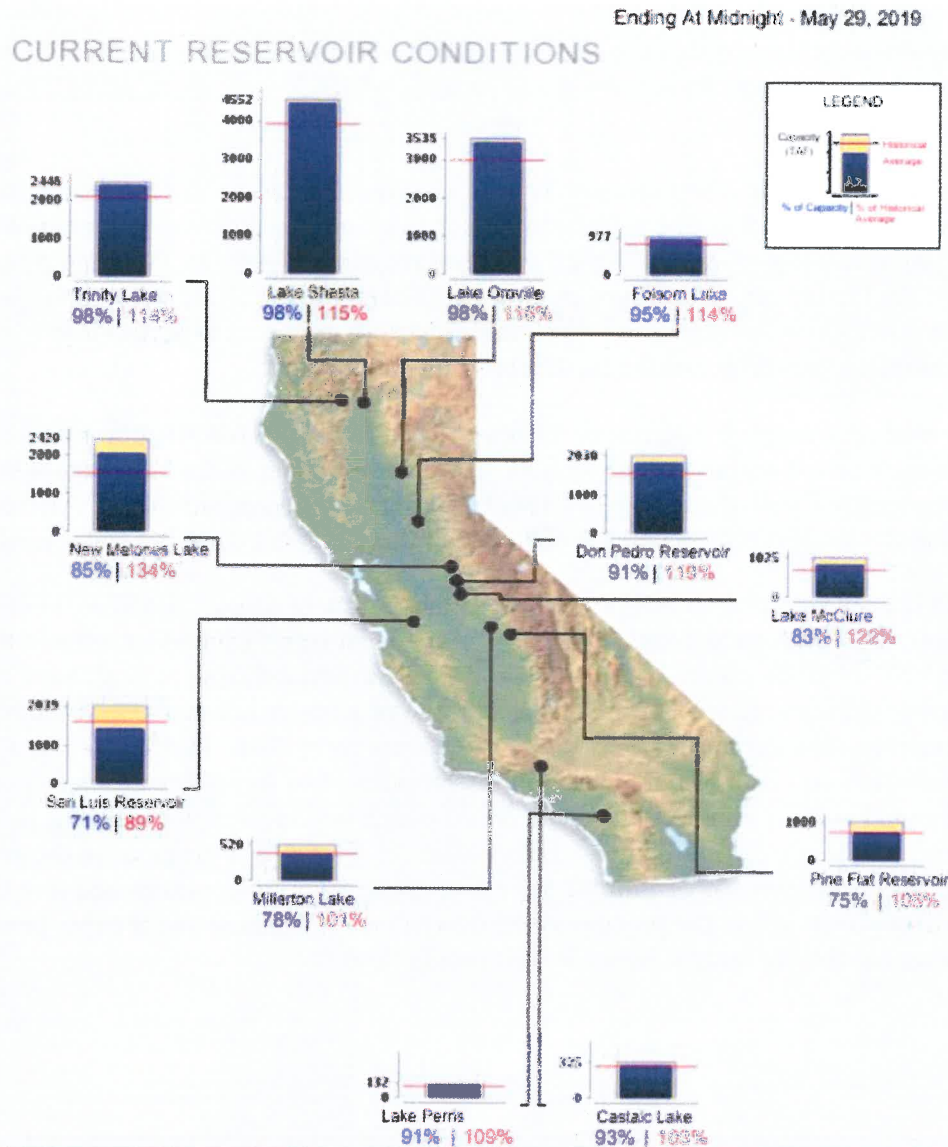
The Legislature worked through two major deadlines in May. On May 16 both appropriations committees took up their respective “suspense files.” Several important water bills were held in appropriations committees, including SB 332 (Hertzberg) regarding ocean discharge, AB 1672 (Bloom) regarding flushable products and SB 669 (Caballero) ACWA’s drinking water trust bill.

On May 30, both houses wrapped up business ahead of the “house of origin” deadline. Focus now turns to the budget, which has to be passed by June 15. The most significant water issue in the budget is safe and affordable drinking water. The Governor, the Senate and the Assembly all have different proposals for how to solve the issue. The Governor introduced a trailer bill that would establish the residential, commercial and agricultural fees similar to efforts from 2018. The Senate has a \$150 million per year continuous general fund appropriation proposal. The Assembly has deferred to the policy bill process and is supporting AB 217 (E. Garcia) which was recently amended to include a drinking water fee and an agricultural fee, but differs from the Governor’s proposal in the protections it offers to ag. The budget conference committee has commenced their deliberations and it is expected that this issue will come up late in the process as the Governor, the Speaker and the Pro Tem get together to hammer out the big budget issues in the coming days.

Inland Empire Utilities Agency Status Report – May 2019

Water Supply Conditions

Water conditions actually improved in May thanks to some late storms. The snowpack is at 196% of average for this time of year. With a fully operational spillway, regulators are keeping Lake Oroville at capacity. The other major Northern California Reservoirs are also being held at capacity. The State Water Project allocation still sits at 70 percent.



Aliso Canyon Update

The “root-cause” analysis report of the 2015-16 blowout and subsequent methane natural gas leak, has been released. The analysis finds fault with the maintenance and inspection activities of SoCalGas prior to the massive methane leak and highlights “gross negligence” by SoCalGas and the failure to conduct basic inspections. In the years following the leak, operations at the natural gas storage facility have been drastically reduced, which have caused reliability issues for natural gas users and some challenges on the electric side during heat events in addition to price increases due to low of supplies.

The report determined that SoCalGas “current practices and new state regulations address most, if not all, of the causes identified in the report.” SoCalGas is now calling for Aliso Canyon to be reopened. Environmentalists and local advocates are urging Governor Newsom to shut down the facility immediately.

While Governor Brown directed the California Energy Commission to formulate a plan to shut down the facility by 2027, the CPUC and the Department of Conservation Division of Oil, Gas and Geothermal Resources (DOGGR) allowed SoCalGas to increase supplies stored at the facility.

Operation of Aliso Canyon is important for electric reliability throughout Southern California. While there have been limited operations of the facility, electricity providers have narrowly avoided blackouts on hot days when demand is high. Reduced use of the facility has contributed to a 24 percent increase in natural gas prices in 2018 and an increase in wholesale energy prices. Future use of the facility will be closely followed because of the significant implications on reliability and cost implications in Southern California.

Legislative Update

May was full of legislative action with the Appropriations Committee Suspense Deadline May 17 and the House of Origin Deadline on May 31. At the same time, house budget committees concluded their business and a conference committee was named to work out the differences between the two house budgets. The budget must pass by June 15.

Clean, Safe and Affordable Drinking Water:

There is still no agreement between the Senate, Assembly and the Governor on how to tackle the safe and affordable drinking water issue. As reported in previous reports, the Governor released a trailer bill language that closely follow SB 623 (Monning, 2018). The trailer bill language, similar to SB 623, would impose a \$00.95 per month charge on residential water customers, with the charge increasing for commercial and industrial customers. The proposal also includes fees on agriculture and enforcement protection for ag. The trailer bill was debated in both budget sub committees but neither passed the bill out.

The Senate passed a majority-vote option that was expected to come from Pro Tem, Toni Atkins. This proposal is a \$150 million per year continuous appropriation from the General Fund. There are no enforcement protection provisions for ag. The Senate tied SB 200 (Monning) and SB 414 (Caballero) to the appropriation as well. SB 200 is the technical bill that would establish the fund and set rules for its use. SB 414 is Eastern MWD’s Small System Water Authority Act of 2019.

The Assembly deferred action to the legislative process. Their vehicle is AB 217 (E. Garcia, D-Coachella). AB 217 originally included several options for funding including a trust, a residential fee, and fees on agriculture. The current version of the bill includes a fee for residential and commercial water users and a fee on agriculture. The bill differs from the Governor’s proposal because it does not include enforcement protections for agriculture and in fact allows the Attorney General to access the

funds collected from ag to be used to prosecute individual dairy or ag operations for legacy contamination. The ag community has been supporting the Governor's proposal and is now in strong opposition to AB 217.

Negotiations over the issue now move to the "Big Three," the Governor, the Speaker and the Pro Tem as they work out the final major issues of the budget. The Pro Tem has remained committed to a majority-vote option, unwilling to make her members vote on a tax. It is unclear what sort of trading might occur as the top issues are negotiated in the coming days between the leaders.

SB 669 (Caballero): Safe Drinking Water Trust: Sponsored by ACWA and the California Municipal Utilities Association (CMUA), SB 669 would use a one-time infusion of general fund cash to establish a trust which revenue would be transferred to the Safe and Affordable Drinking Water Fund for administration by the State Water Resources Control Board. The bill has passed both the Senate Environmental Quality and Governance and Finance Committees without a single "no" vote. Members did raise concerns over conflicting amounts of "seed" money that would be needed to generate the necessary revenue. **The bill was held in Senate Appropriations Committee.**

Ocean Discharge:

Senator Bob Hertzberg's (D-Los Angeles) SB 322 to eliminate 95 percent of ocean discharges by 2040 was held in Senate Appropriations Committee. The bill is similar to a "gut-and-amend" the Senator attempted in 2017, SB 163, which ultimately failed. As an inland agency, IEUA isn't directly targeted in this legislation. However, there are significant concerns because the bill has no considerations for brine. SAWPA is responsible for six percent of Orange County Sanitation District's discharges currently and is planning to increase that to 25-30 percent in coming years. With brine being a byproduct of recycling water, the bill is at odds with itself. WCA staff have met with the Senator's staff and they are aware of the issue and claim they will work with stakeholders to address it. They did make it very clear they intentionally introduced this bill early to allow for a long stakeholder process.

The bill is dead for the year, but the conversations about eliminating ocean discharge will continue. It has been made clear that the Governor and his administration are considering ocean discharge as part of the Water Resiliency Portfolio Newsom directed his administration to draft in the coming months. Additionally, the bill could be re-introduced next year.

Recycled Water:

AB 292 (Quirk): AB 292 builds on previous legislation, AB 574 (Quirk, 2017) which IEUA supported, and recent work by the SWRCB to remove the terms "direct potable reuse" and "indirect potable reuse" in state code in order to better align the terms with how the water agencies are using recycled water. AB 574 (Quirk) created four distinct types of potable reuse projects – "Indirect Potable Reuse for Groundwater Recharge", "Reservoir Water Augmentation", and Direct Potable Reuse, which includes two subcategories, "Raw Water Augmentation" and "Treated Drinking Water Augmentation." With the more precise definitions added by AB 574, the terms "indirect" and "direct" only add to confusion about potable reuse and proposed projects. The term "Direct Potable Reuse" also implies that purified recycled water is going directly into the drinking water supply, which is not the case with Raw Water Augmentation projects. For example, opponents of a groundwater recharge project in the Central Coast incorrectly labeled the project "Direct Potable Reuse" and the confusion in the statute made this difficult to correct. This bill is sponsored by WateReuse California. The bill passed out of the Assembly without a single no vote and is expected to be taken up in the Senate Environmental Quality and Natural Resources and Water Committees in the beginning of June.

AB 1180 (Friedman): AB 1180 will require the SWRCB to update the state's non-potable recycled water regulations by 2023. These regulations have not been revised since 2000. An update to these regulations, incorporating the knowledge and lessons learned from nearly two decades of non-potable water recycling, will help the state to achieve its ambitious goals for recycled water use. The bill also promotes recycled water use for dual plumbed building and for commercial, industrial and institutional (CII) uses by requiring the Water Board, through its update of Title 17 backflow regulations, to include the use of a change over device, such as a swivel ell. This bill is also sponsored by WateReuse. The bill passed out of the Assembly without a single no vote and will be taken up in the Senate Environmental Quality Committee on June 5.

State Water Project:

SB 204 (Dodd): SB 204 originally sought to insert additional transparency and the sharing of information regarding future State Water Project Contract Amendments. If successful, this bill would have significantly delayed action on water conveyance and would be detrimental to any future SWP contract amendments. MWD and the State Water Contractors sought amendments to limit the timelines set in the bill so there wouldn't be an open-ended window in which the contracts could be delayed. The bill had an initial hearing in the Senate Natural Resources and Water Committee where it faced serious pushback, mostly from Southern California members. After the pushback the Senator agreed to work with stakeholders, something he was reluctant to do before the hearing, as the bill moves through the process. The Senator failed to address MWD and SWC concerns and they moved to a full oppose position. The author took significant amendments to get out of the Senate Appropriations Committee. The amendments remove the provisions requiring hearings by in the budget committee before contracts can be approved, among other amendments. These amendments satisfied concerns of MWD and the Contractors and they have removed their opposition. The bill passed the Senate and will now move to the Assembly. WCA will continue to track this bill very closely to ensure the unacceptable provisions aren't reinserted into the bill.

Wastewater Treatment:

AB 1672 (Bloom) addressing flushable wipes was held in Assembly Appropriations Committee. The bill, sponsored by CASA, establishes performance and labeling standards for flushable wipes and imposes civil penalties on parties failing to conform to those standards. The personal care product industry has been lobbying against the bill, though it managed to successfully pass out of Environmental Safety and Toxic Materials and Judiciary Committee.

IEUA BILL POSITIONS—May 17, 2019

Bill Number	Author/Sponsor	Title and/or Summary	Summary	IEUA Position
AB 292	Quirk WateReuse	Recycled water: raw water and groundwater augmentation	This bill would eliminate the definition of “direct potable reuse” and instead would substitute the term “groundwater augmentation” for “indirect potable reuse for groundwater recharge” in these definitions. The bill would revise the definition of “treated drinking water augmentation.”	SUPPORT Sen EQ
AB 405	Rubio	<i>Sales and use taxes: exemption: water treatment</i>	<i>Would exempt from Sales and Use Tax the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, chemicals used to treat water, recycled water, or wastewater regardless of whether those chemicals or other agents become a component part thereof and regardless of whether the treatment takes place before or after the delivery to consumers.</i>	SUPPORT <i>Died in Approps</i>
AB 533	Holden MWD	<i>Income taxes: exclusion: water conservation or efficiency programs: water runoff management improvement programs</i>	<i>This bill, for taxable years beginning on or after January 1, 2019, and before January 1, 2024, would provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a water service provider for any water conservation or efficiency program or water runoff management improvement program, as provided.</i>	SUPPORT <i>Died in Approps</i>
AB 557	Wood	<i>Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program</i>	<i>Would appropriate \$9,250,000 from the General Fund to the Department of Water Resources in the 2019–20 fiscal year to operate the Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program.</i>	SUPPORT <i>Died in Approps</i>
AB 654	Rubio	Public records: utility customers: disclosure of personal information	Would authorize a local agency to disclose the name, utility usage data, and home address of utility customers to an officer or employee of another governmental agency when the disclosure is not necessary for the performance of the other governmental agency’s official duties but is to be used for scientific, educational, or research purposes, and the requesting agency receiving the disclosed material agrees to maintain it as confidential in accordance with specified criteria.	SUPPORT 2- year bill

AB 1180	Friedman WateReuse	Recycled Water	The California Safe Drinking Water Act requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Current law requires, on or before January 1, 2020, the state board to adopt standards for backflow protection and cross-connection control through the adoption of a policy handbook, as specified. This bill would require that handbook to include provisions for the use of a swivel or changeover device to supply potable water to a dual-plumbed system during an interruption in recycled water service.	SUPPORT Senate EQ 6/5
AB 1194	Frazier	Sacramento-San Joaquin Delta: Delta Stewardship Council	Would increase the membership of the Delta Stewardship Council to 13 members, including 11 voting members and 2 nonvoting members	OPPOSE 2-year bill
AB 1204	Rubio ACWA	Public water systems: primary drinking water standards: implementation date.	Would require the adoption or amendment of a primary drinking water standard for a contaminant in drinking water not regulated by a federal primary drinking water standard or that is more stringent than a federal primary drinking water standard to take effect 3 years after the date on which the state board adopts or amends the primary drinking water standard. The bill would authorize the state board to delay the effective date of the primary drinking water standard adoption or amendment by no more than 2 additional years as necessary for capital improvements to comply with a maximum contaminant level or treatment technique.	2-year bill
AB 1672	Bloom CASA	Product labeling: flushable products	Current law regulates the labeling requirements on various consumer products. This bill would express the intent of the Legislature to enact legislation to prohibit the sale or advertisement of any nonwoven disposable product labeled as "flushable" or "sewer and septic safe" if that product fails to meet specified performance standards.	SUPPORT 2-Year Bill

SB 204	Dodd Delta Interests	State Water Project: Contracts	Would require the Department of Water Resources to provide at least 10 days' notice to the Joint Legislative Budget Committee and relevant policy and fiscal committees of the Legislature before holding public sessions to negotiate any potential amendment of a long-term water supply contract that is of project-wide significance with substantially similar terms intended to be offered to all contractors, or that would permanently transfer a contractual water amount between contractors.	OPPOSE In Assembly awaiting committee assignment
SB 307	Roth National Parks Conservation Association	Water conveyance: use of facility with unused capacity	This bill would prohibit a transferor of water from using a water conveyance facility that has unused capacity to transfer water from a groundwater basin underlying desert lands, as defined, that is in the vicinity of specified federal lands or state lands to outside of the groundwater basin unless the State Lands Commission, in consultation with the Department of Fish and Wildlife, finds that the transfer of the water will not adversely affect the natural or cultural resources of those federal and state lands.	OPPOSE In Assembly awaiting committee assignment
SB 414	Caballero Eastern MWD/ CMUA	Small System Water Authority Act of 2019	Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.	In Assembly awaiting committee assignment
SB 332	Hertzberg	Ocean Discharge	<i>Would declare, except in compliance with the bill's provisions, that the discharge of treated wastewater from ocean outfalls is a waste and unreasonable use of water. The bill would require each wastewater treatment facility that discharges through an ocean outfall and affiliated</i>	<i>OPPOSE UNLESS AMENDED</i>

	NRDC		<i>water suppliers to reduce the facility's annual flow as compared to the average annual wastewater discharge baseline volume, as prescribed, by at least 50% on or before January 1, 2030, and by at least 95% on or before January 1, 2040. The bill would subject the owner or operator of a wastewater treatment facility, as well as the affiliated water suppliers, to a civil penalty of \$2,000 per acre-foot of water above the required reduction in overall volume discharge for the failure to meet these deadlines.</i>	<i>Died in Approps</i>
SB 669	Caballero ACWA/CMUA	<i>Safe Drinking Water Trust</i>	<i>Would establish the Safe Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the state board to administer the fund to assist community water systems in disadvantaged communities that are chronically noncompliant relative to the federal and state drinking water standards and do not have the financial capacity to pay for operation and maintenance costs to comply with those standards, as specified.</i>	<i>Died in Approps</i>
AJR 8	Quirk	Invasive species: federal Nutria Eradication and Control Act of 2003	Would urge the United States Congress to specifically add California to the Nutria Eradication and Control Act of 2003 and to authorize an appropriation of \$4,000,000 to help the state implement a nutria eradication program.	SUPPORT Senate Natural Resources and Water

INFORMATION

ITEM

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Comprehensive Government Relations

MEMORANDUM

To: Kathy Besser

From: Letitia White, Jean Denton, Drew Tatum, Shavenor Winters

Date: June 3, 2019

Re: May Monthly Legislative Update

House Appropriators Continue to Make Progress on Fiscal Year 2020 Bills

Lawmakers are currently working through a one-week recess that coincides with Memorial Day. Both chambers will return the week of June 3. The House Appropriations Committee has made significant progress advancing the twelve annual appropriations bills. In total, they have advanced 10 of the 12 bills out of the subcommittee and 8 of the 12 out of the full committee.

While no floor schedule has been announced for the work period after the Memorial Day recess, we anticipate that the House will begin to bundle appropriations bills together in “minibus” appropriations packages to begin floor consideration, but likely not before the week of June 10. For the first appropriations package, we have heard that the House may bundle together the Defense, Labor-HHS, Legislative Branch, and Military Construction-VA Appropriations bills, though the final makeup and timing remains fluid. Majority Leader Steny Hoyer (D-MD) has indicated he would like to complete work in the House on appropriations measures by the July 4th recess.

The House Appropriations Committee released the draft fiscal year 2020 Transportation, Housing and Urban Development, and Related Agencies Appropriations bill. The legislation would provide \$137.1 billion in total budgetary resources for the fiscal year. The measure, which the Transportation and Housing and Urban Development Subcommittee approved by voice vote on May 23, would provide \$6 billion more than fiscal 2019 and \$17.3 billion more than the president’s budget request.

The measure would block the administration’s plans to roll back vehicle fuel economy standards and to exclude people living in the U.S. illegally from public housing. It would boost funding for aviation safety at the Federal Aviation Administration following two Boeing Co. 737 Max 8 crashes. It would also create a new automated systems safety office, fund development of a maglev train, and block the administration from clawing back funds provided for high speed rail in California.

The measure would also provide \$1 billion for Better Utilizing Investments to Leverage Development discretionary surface transportation grants, which would be \$100 million more than fiscal 2019. The measure would reserve \$20 million for planning and design of projects in areas of “persistent poverty.”

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The measure would also provide \$3.6 billion for Community Development Block Grants, \$300 million above the 2019 enacted level and blocking the President's budget request proposal to eliminate the program.

The Committee also released the Agriculture Appropriations bill. The Agriculture Department (USDA), Food and Drug Administration (FDA), and related agencies would receive \$24.3 billion in discretionary funding in fiscal 2020 under the House Appropriations Committee's draft spending bill. That amount would be \$1 billion more than the fiscal 2019 level, according to a news release from committee Democrats. The measure also includes mandatory funding for programs such as nutrition assistance and crop insurance, bringing the total to \$155.3 billion.

The measure, approved in subcommittee by voice vote on May 23, would block a USDA proposal to relocate two research agencies outside of the Washington, D.C., region and require the administration to restore an online database on animal welfare.

The legislation would provide \$680 million to expand broadband service in rural areas and \$655 million in grants for drinking water and sanitary waste disposal systems. It also would set a staffing floor of 4,566 full-time equivalents for rural development programs.

The Environmental Protection Agency (EPA), Interior Department, and other land management agencies would receive a combined \$37.3 billion in fiscal 2020 under the House Appropriations Committee's draft spending bill. The discretionary total would be \$1.73 billion more than the fiscal 2019 level and \$7.24 billion more than the president's budget request. The measure, which was approved in subcommittee by voice vote on May 15, would constrain the Interior Department's plans to increase oil and gas drilling on federal lands and waters.

The Interior bill would provide \$3.11 billion for the Clean Water (\$1.81 billion) and Drinking Water (\$1.3 billion) state revolving funds, \$1.13 billion more than requested. Appropriators omitted a rider from recent years blocking the Fish and Wildlife Service from finalizing rules related to the sage grouse. The agency announced in September 2015 that it wouldn't list the bird under the Endangered Species Act. Listing the sage grouse could block development within habitat areas or require companies to mitigate damage.

The Commerce and Justice departments, and major science programs, would receive \$73.9 billion in discretionary funding in fiscal 2020 under the House Appropriations Committee's draft spending bill, \$9.78 billion more than the fiscal year 2019 enacted spending level. The legislation would bar the Census Bureau from adding any question to the 2020 Census that wasn't included in the 2018 end-to-end test in Rhode Island, block the Executive Office for Immigration Review (EOIR) from imposing metric-based performance evaluations for judges, and reject the administration's request to eliminate funding for NASA's Office of Science, Technology, Engineering, and Mathematics (STEM) Engagement.

The bill would provide \$3.4 billion for state and local law enforcement activities, including:

- \$582.5 million for the Violence Against Women Act (VAWA) programs.
- \$375 million for opioid abuse reduction activities under the Comprehensive Addiction and Recovery Act (Public Law 114-198).

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- \$323 million for Community Oriented Policing Services (COPS) programs.
- \$191 million for several programs to address DNA evidence and sexual assault kit backlogs.
- \$125 million for STOP School Violence Act grants.
- \$80 million for grants to states to upgrade criminal and mental health records for the National Instant Criminal Background Check System (NICS).

While the House continues to make progress on these individual appropriations measures, a deal still has not been reached between the House and Senate on a topline number for the fiscal year 2020 measures to deal with the caps set in the Budget Control Act (BCA) of 2011. Legislation will be required to adjust the caps, as the BCA is current law.

Democrats are holding out for more domestic spending than Republicans are willing to provide, at least for now, as lawmakers have unsuccessfully tried to reach a deal on Tuesday, May 21. Talks stalled over how high to raise the nondefense discretionary spending cap. Exempting certain funds for the Census Bureau and Department of Veterans Affairs from those caps may also play a significant role in negotiations.

Budget Office Releases Deficit Report

The Congressional Budget Office regularly publishes reports that present budget projections under current law—that is, if existing laws governing taxes and spending generally remained unchanged. Earlier this month, the CBO published its latest report.

The new deficit figure for fiscal 2019 is \$896 billion, \$1 billion less than the previous projection. The cumulative deficit projection for fiscal 2020-2029 is \$249 billion, or 2 percent, lower than the previous projection.

Other key figures from the report:

Total revenue is projected to equal 16.5 percent of the gross domestic product in fiscal 2019. Outlays are projected to equal 20.7 percent. That means the debt would be 4.2 percent in fiscal 2019, and the figure would go as high as 4.7 percent in fiscal 2022 and 2028.

Mandatory spending is projected to rise from 12.7 percent of GDP in fiscal 2019 to 14.9 percent in 2029. Over that time period, discretionary spending is projected to drop from 6.3 percent of GDP to 5 percent. And payments on interest are projected to rise from 1.8 percent to 3 percent. Debt held by the public is projected to rise from 78.2 percent of GDP in fiscal 2019 to 91.8 percent in 2029.

Senate Passes Disaster Supplemental -Border Bill, Effort Blocked in House

Lawmakers had hoped to pass an appropriations measure through both chambers during the week before the Memorial Day recess to fund recovery efforts in areas affected by hurricanes, wildfires and floods since 2017.

Negotiators worked out the major issues, including aid for Puerto Rico, which had previously held up the disaster aid package for about five months. Additionally, lawmakers agreed to strip

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provisions that would have provided additional resources at the Southwestern U.S. border with Mexico.

Lawmakers were positive about their ability to move the legislation through both chambers, especially after President Trump promised to sign the legislation. Additionally, Senate Majority Leader Mitch McConnell (R-KY) told Senators that the chamber would not recess until after the legislation passed.

After the Senate passed the legislation with a broad bipartisan majority on Thursday, May 23, the House was scheduled to bring it up under unanimous consent during their pro forma session the following day. As passing the legislation requires consent of all lawmakers present, it only took the objection of one lawmaker, Chip Roy (R-TX), to temporarily stall the legislation.

The legislation will likely be brought up on the suspension calendar the week the after Memorial Day break.

Successful passage would end a months-long stalemate over the bill, which would provide funds for areas affected by hurricanes dating back to 2017, as well as western wildfires and Midwestern floods. It would also extend the authorization for the National Flood Insurance Program through September 30.

Infrastructure Remains on Bumpy Road

The country's infrastructure needs are so great and costs are increasing with delay, making it "stupid" not to make an investment now, said House Transportation and Infrastructure Chairman Peter DeFazio (D-OR). The Highway Trust Fund faces shortfalls beginning in 2021, the Congressional Budget Office (CBO) reports. The transit account won't be able to meet outlays beginning in 2021. The highway account will fall short slightly sooner than the last estimate, but still in fiscal 2022, according to the updated CBO estimate released in May.

Defazio criticized Republican leaders who balked at the \$2 trillion infrastructure proposal Democrats and the White House agreed to pursue during a meeting Tuesday, April 30.

However, after an initial burst of optimism, lawmakers in general have grown a bit skeptical of the \$2 trillion infrastructure framework that President Trump and congressional Democrats proposed last week. Complications over negotiations and the scope of the bill has led to renewed consideration and discussion around earmarks.

In addition, the top four congressional leaders of both parties are expected to meet with White House officials during the week of May 20th to discuss a two-year budget deal and the need to raise the debt ceiling.

Speaker Nancy Pelosi (D-CA), House Minority Leader Kevin McCarthy (R-CA), Senate Majority Leader Mitch McConnell (R-KY) and Senate Minority Leader Chuck Schumer (D-NY) will kick off talks as deadlines to avoid another government shutdown and raise the debt ceiling loom this fall.

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However, following meetings on both budget discussions and infrastructure, late this month President Donald Trump held an impromptu news conference to say he had told Democratic leaders he can't work with them on an infrastructure plan while they're investigating his administration.

“Get these phony investigations over with,” Trump said he told House Speaker Nancy Pelosi (D-CA) and Senate Minority Leader Chuck Schumer (D-NY). President Trump led off his statement by complaining that House Speaker Nancy Pelosi had accused him of conducting a “cover-up.”

“Instead of walking in happily into a meeting, I walk in to people who just said I was doing a cover-up,” Trump said. “I don't do cover-ups.” Several congressional Democrats including Pelosi and Schumer had arrived at the White House for the meeting. But reporters were abruptly summoned to the Rose Garden, where a podium had been set up for Trump to speak.

The front of the podium was a sign titled “Mueller Investigation By the Numbers,” declaring that Special Counsel Robert Mueller had found “NO collusion” and “NO obstruction.”

He continued to say he had told Pelosi and Schumer he wanted to work on an infrastructure plan, “but you know what, you can't do it under these circumstances.”

Senate GOP Readies Climate Bills in Bid to Court Wary Democrats

Senate Republicans are readying a response to populist climate initiatives such as Representative Alexandria Ocasio-Cortez's (D-NY) “Green New Deal” with measures that they say adhere to their free-market principles and stand a better chance of becoming law.

The emerging proposals to fight climate change would avoid imposing dramatic cuts to carbon dioxide emissions. Instead, they seek to promote clean energy technology such as energy storage, renewable power and carbon-capture technologies. One measure would create an investment fund to pay for the research.

“What we're doing is trying to come up with on something that actually has a path to getting bi-partisan support,” said Thom Tillis (R-NC), who is crafting legislation aimed at promoting renewable energy. “We're serious about trying to make a difference and not just making a point.”

The first of the Senate Republican bills seeks to reduce the cost of grid-scale energy storage—a technology that could transform the wind and solar industries by allowing the resources to produce power around the clock. Most of the power they provide today is limited to when the sun is shining or the wind is blowing.

Some Democrats backing the effort say it represents an opportunity even if they believe stronger legislation is needed. “We have to be articulating the big picture solutions that are actually going to meet the scale of the climate crisis, but at the same time recognize that we are not in charge of the Senate floor right now,” said Senator Martin Heinrich (D-NM), who is partnering with Senator Susan Collins (R-ME) on the energy storage bill. “When you can build bi-partisan

consensus around something that truly matters,” he added, “we need to every opportunity to do that.”

Senate Bill Would Reinstate Opportunity Zone Data Mandates

Four senators, including the two who created the opportunity zone tax incentives that were folded into the 2017 tax law, introduced a bill to reinstate data and transparency requirements for the perk.

The bill (S. 1344)—introduced May 8 by Sens. Cory Booker (D-NJ), Tim Scott (R-SC), Todd Young (R-IN), and Maggie Hassan (D-NH)—would require the Treasury Department to report on the progress of the tax breaks for investors in designated distressed zones—or the lack thereof. Lawmakers stripped reporting requirements out of the tax overhaul legislation in order to pass it without a Senate filibuster.

The bill, a victory for transparency advocates, would mandate that Treasury collect data on the number of opportunity funds created, their asset classes, their holdings, and their economic ripple effects in the census tracts in which they invest. Most of the designated census tracts are low-income.

“This legislation will restore and strengthen transparency measures to ensure Opportunity Zones lives up to its original promise and delivers real impact to those who need it most,” Booker said in a news release announcing the bill.

Under tax code Section 1400Z-2, investors can defer and even reduce tax on profits from stocks and other investments by using the money to fund development in 8,764 census tracts throughout the U.S.

As the administration continues implementing Opportunity Zones, both the IRS and Department of the Treasury have indicated they have no plans for a third round of proposed regulations on the 2017 law. Officials indicated that they are instead leaning toward issuing sub-regulatory guidance to address remaining uncertainties and are figuring out how to address the fact that the second batch of proposed rules altered the first.

Immigration and Border Discussions Take Center Stage

Early this month, the Homeland Security Department asked Congress for supplemental funding to deal with the surge of migrants at the border. The request would cover more detention space and “address critical humanitarian requirements” to “ensure the crisis is managed in an operationally effective, humane, and safe manner”. This was ultimately included in the recently passed Senate bill which combined both this border initiative with supplemental disaster appropriations to address wildfires, hurricanes, and flooding.

House Democrats will want to rein in Immigration and Customs Enforcement spending and ensure that Border Patrol officials aren’t reassigned to do paperwork, if they agree to provide billions in extra funding to handle migrants crossing the southern border.

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As the surge at the border swells, Senate Judiciary Chairman Lindsey Graham says legislation to address the migrant surge at the U.S. Southwest border will be unveiled next week, “with or without the White House.” He said his bill would address “everything that’s a magnet for Central America,” including allowing for longer detention times for migrant children traveling in families, which is now capped at 20 days.

SCOTUS Returns to Session with Packed Agenda

The Supreme Court returned to session on Monday, May 13 to begin issuing some of its biggest decisions of the year.

The Trump administration’s efforts to add a question about citizenship landed in front of the justices last month, just weeks before the deadline to get the query added to the census.

Opponents argue that asking about citizenship will cause noncitizens and other immigrants to skip the question or the census altogether, leading to an inaccurate count of the population. Census data is used to determine congressional representation as well as federal funding.

But the Trump administration argues that it needs to collect the data in order to assist the Justice Department in its enforcement of the Voting Rights Act.

The justices will also hear arguments on gerrymandering. The justices appear to be divided in their approach to a pair of partisan gerrymandering cases, pointing back to their past struggles to address the issue.

Democrats in North Carolina argued before the court that Republicans constructed the state’s congressional district in favor of the GOP. And Republicans in Maryland alleged that Democrats in the state redrew a district in such a way that it eliminated a GOP congressional seat.

The high court has previously noted that state legislature’s drawing of congressional districts is an inherently political process and that it can be difficult to tell exactly when those maps have become too partisan.

Some of the court’s conservative justices questioned during oral arguments whether they were even the right body to call the shots, suggesting that the states should handle it themselves.

Other high- priority cases include the role race plays in jury selection for a death penalty case, separation of church-state, and the legality of Apple’s alleged monopoly over iPhone apps.

National Emergency Declaration in California Court

President Trump’s declaration of a national emergency to build a wall along the southern border faced its first legal challenge in a California courtroom on Friday, May 17.

Attorneys for the House of U.S Representatives, U.S. states, and the American Civil Liberties Union (ACLU) all appeared before a federal judge in Oakland on Friday to make their first arguments against the national emergency declaration, which will divert military funds toward the creation of the wall. All three groups have filed lawsuits challenging the order.

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Trump issued the directive earlier this year after Congress refused to include his requested amount of border security funds in a government funding bill. The standoff resulted in a record 35-day-long government shutdown. The group of the 20 states, led by California, and the coalition of immigration and environmental groups headed up by the ACLU have individually asked District Judge Haywood Gilliam to issue a preliminary injunction to halt construction of the wall.

All three groups have argued that the president is violating the Constitution by tapping military funds for border wall construction, arguing that only Congress is permitted to appropriate funding. The states have also claimed that the directive is hurting their ability to assist their citizens, as officials have proposed tapping into funds for programs they benefit from.

The Trump Administration reprogrammed about \$3.6 billion in military construction funds for the wall with his emergency declaration, and officials have transferred an additional \$1 billion in counter-drug funding.

Bill Number (linked to the legislation on Congress.gov)	Sponsor/ Cosponsor	Title and/or Summary	Summary/Status	Latest Action
H.R. 1764	Rep. John Garamendi (D-CA)	The bill to amend the Federal Water Pollution Act	The legislation would amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.	Introduced on March 15 and then referred to the Subcommittee on Water Resources and Environment.
H.R. 1508	Rep. Blumenauer (D-OR)	Move America Act of 2019	The measure would amend the Internal Revenue Code of 1986 to provide for Move America bonds and Move America credits.	Introduced on March 5 and then referred to the House Committee on Ways and Means.
H.R. 2960 /S.____	Rep. Marcy Kaptur (D-OH) / Sen. Lamar Alexander (R-TN)	Energy and Water Development Appropriations Act, 2020	The House and Senate will soon begin writing their FY20 Energy and Water Appropriations bill, which includes funding for the Department of Energy, Bureau of Reclamation (Interior), Army Corps of Engineers, and other federal agencies.	The House marked up and reported their version of the Energy and Water bill on May 23. It was placed on the Union Calendar. The Senate is likely to follow suit within the next several weeks. Consideration of the legislation on the House and Senate floors likely will not occur until later this summer.

<p>H.R. ____ / S. ____</p>	<p>Rep. Betty McCollum (D-MN) / Sen. Lisa Murkowski (R-AK)</p>	<p>Interior, Environment, and Related Agencies Appropriations Act, 2020</p>	<p>The House and Senate will soon begin writing their FY20 Energy and Water Appropriations bill, which includes funding for the Department of the Interior (except the Bureau), Bureau of Land Management, Land and Water Conservation Fund, National Park Service, U.S. Fish and Wildlife Service, and the U.S. Forest Service.</p>	<p>The Appropriations Committee staff in the House are conferring with Committee Members and drafting the bill. The House will likely mark up the Interior Appropriations bill during May, with the Senate likely following suit several weeks later. Consideration of the legislation on the House and Senate floors likely will not occur until later this summer.</p>
<p>H.R. ____ / S. ____</p>	<p>Rep. David Price (D-NC) / Sen. Susan Collins</p>	<p>Transportation, Housing, and Urban Development, and Related Agencies Appropriations Act, 2020</p>	<p>The House and Senate will soon begin writing their FY20 Transportation-HUD Appropriations bill, which includes funding for the Departments of Transportation, Housing and Urban Development, and various other federal agencies.</p>	<p>The Appropriations Committee staff in the House are reviewing requests submitted by Member offices. The House will likely mark up the Transportation-HUD bill during May (subcommittee) and June (full committee), with the Senate likely following suit several weeks later. Consideration of the legislation on the House and Senate floors likely will not occur until later this summer.</p>

H.R. 1744	Rep. Mark Takano (D-CA)	S.T.O.R.A.G.E. Act (Storage Technology for Operational Readiness And Generating Energy Act) Energy Storage Systems by Electric Utilities	The bill would provide for the consideration of energy storage systems by electric utilities as part of a supply side resource process, and for other purposes.	The bill was introduced on March 13 and the referred to the Committee on Energy and Commerce, and in addition to the Committee on Science, Space, and Technology.
H.J.Res.31	Rep. Lucille Roybal-Allard (D-CA)	Consolidated Appropriations Act, 2019 (Conference Reports for the Agriculture, Commerce-Justice-Science, Financial Services-General Government, Interior-Environment, State-Foreign Operations, and Transportation-HUD Appropriations bills).	The House and Senate came to an agreement on a Conference Report for the 7 remaining FY19 appropriations bills after holding an official conference on the FY19 Homeland Security Appropriations bill. The Homeland Security section contained approximately \$1.3 billion for border fending in the Rio Grande Valley of Texas and slight reduction in funding for ICE detention beds. The other 6 appropriations bills contained conference reports similar to those that had been previously been released.	The bill was introduced on January 22nd and was passed by both the Senate and the House before being signed into law on February 15th. This bill's enactment finalized full year funding for all federal agencies for fiscal year 2019 through September 30, 2019.

S.47	Sen. Lisa Murkowski (R-AK)	<p>Natural Resources Management Act (renamed the John D. Dingell, Jr. Conservation, Management, and Recreation Act)</p> <p>Included the following provisions: California Desert Protection and Recreation Act of 2019</p> <p>Bureau of Reclamation Transparency Act</p> <p>Santa Ana River Wash Plan Land Exchange Act</p>	<p>This bill sets forth provisions regarding various programs, projects, activities, and studies for the management and conservation of natural resources on federal lands. Specifically, the bill addresses:</p> <p>Land conveyances, exchanges, acquisitions, withdrawals, and transfers; the Santa Ana River Wash Plan Land Exchange Act; national parks, monuments, memorials, wilderness areas, other conservation and recreation areas; and federal reclamation projects. For California, the legislation included the Santa Ana River Wash Plan Land Exchange Act and the California Desert Protection and Recreation Act of 2019, which was a compromise between individual bills introduced by Senator Dianne Feinstein and Congressman Paul Cook in previous Congresses.</p>	<p>Introduced in the Senate on January 8th. The legislation passed the Senate by a vote 92 - 8 on February 12th. The measure was then taken up by the House and passed by a vote of 363-62. The bill was signed into law by President Trump on March 12, 2019.</p>
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H.R. 268	Rep. Nita Lowey (D- NY)	Supplemental Appropriations Act, 2019	<p>This bill provides \$12.1 billion in FY2019 supplemental appropriations to several federal departments and agencies for expenses related to the consequences of recent wildfires, hurricanes, volcanos, earthquakes, typhoons, and other natural disasters.</p> <p>The funding provided by this bill is designated as emergency spending, which is exempt from discretionary spending limits and other budget enforcement rules.</p>	<p>Passed the House on January 16th.</p> <p>The Senate rejected the underlying legislation by failing to invoke cloture on the legislation as well as a substitute amendment due to disagreements over Puerto Rico.</p> <p>The House is scheduled to consider a new supplemental appropriations bill during the week of May 6.</p>
S.572	Sen. David Perdue (R-GA)	Additional Supplemental Appropriations for Disaster Relief, 2019	<p>This bill provides \$13.6 billion in FY2019 supplemental appropriations to several federal departments and agencies for expenses related to the consequences of recent wildfires, hurricanes, volcanos, earthquakes, typhoons, and other natural disasters.</p> <p>The funding provided by this bill is designated as emergency spending, which is exempt from discretionary spending limits and other budget enforcement rules.</p> <p>This bill was crafted as a compromise between the Senate and the White House to resolve issues related to disaster aid to Puerto Rico.</p>	<p>Introduced in the Senate on February 26. This was expected to be the supplemental appropriations package that moved in the House and Senate, but a subsequent amendment was released to H.R.268 that will now likely move in the Senate.</p> <p>No further activity is expected on this bill.</p>

S. 146	Sen. John Hoeven (R-ND)	Move America Act of 2019	A bill to amend the Internal Revenue Code of 1986 to provide for Move America bonds and Move America credits- which provide tools to finance additional transportation, water, and information infrastructure capital investments, through an approach that provides assistance for financing of infrastructure to all States, rural and urban.	Introduced in the Senate on January 16th.
H.R.1162	Rep. Grace Napolitano (D-CA)	Water Recycling Investment and Improvement Act	This legislation would create a competitive grant program for the funding of water recycling and reuse projects by raising the authorization cap for the Title XVI program from \$50 million to \$500 million. The legislation would also raise the authorization cap from \$20 million to \$30 million for the Reclamation Wastewater and Groundwater Study and Facilities Act.	Introduced in the House on February 13. Has been referred to the Water, Oceans, and Wildlife Subcommittee of the House Natural Resources Committee on 3/4/2019.
H.R.579	Rep. Scott Tipton (R-CO)	Water Rights Protection Act of 2019	This bill would prohibit the conditioning of any permit, lease, or other use agreement on the transfer of any water right to the United States by the Secretaries of the Interior and Agriculture, and for other purposes.	Introduced in the House on January 15th. Referred to the Conservation and Forestry Subcommittee of the Agriculture Committee on 2/7 and to the Water, Oceans, and Wildlife Subcommittee of the House Natural Resources Committee on 2/4.

H. R. 855	Rep. Scott Peters (D-CA)	STRONG (Strengthening the Resiliency of our Nation on the Ground Act) Act	The bill would work to minimize the economic and social costs resulting from losses of life, property, well-being, business activity, and economic growth associated with extreme weather events by ensuring that the United States is more resilient to the impacts of extreme weather events in the short- and long-term, and for other purpose	Introduced in the House and referred to the Subcommittee on Economic Development, Public Buildings, and Emergency Management on February 7th.
S. 361/HR 807	Sen. Cory Gardner (R-CO)/ Rep. Ken Buck (R-CO-04)	Water and Agriculture Tax Reform Act of 2019	The measure would work to amend the Internal Revenue Code of 1986 to facilitate water leasing and water transfers to promote conservation and efficiency.	Introduced referred to the Committee on Finance (Senate) and Ways and Means Committee (House).
H.R. 420	Rep. Earl Blumenauer (D-OR)	Regulate Marijuana Like Alcohol Act	The bill would decriminalize marijuana and sets up legal framework to regulate marijuana.	Introduced in the House n January 8th
S.420 /H.R. 1120	Sen. Ron Wyden (D-OR)/ Rep. Earl Blumenauer (D-OR-3)	Marijuana Revenue and Regulation Act	A bill to amend the Internal Revenue Code of 1986 to provide for the taxation and regulation of marijuana products, and for other purposes.	The bill was introduced in the Senate on February 14th and was referred to the Subcommittee on Conservation and Forestry. Introduced in the House on February 14th and was referred to the Subcommittee on Conservation and Forestry.

INFORMATION

ITEM

2D



CALIFORNIA STRATEGIES, LLC

Date: May 30, 2019
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: May Activity Report

1. This month Jim Brulte and John Withers held their first monthly senior staff meeting which was attended by the new IEUA General Manager.
2. Senator Brulte and John Withers provided an extensive overview of California Strategies and the role that the company plays supporting the staff and board of IEUA
 - Reviewed the local and state background of Senator Brulte
 - Reviewed the background of John Withers including his service on the Irvine Ranch Water District, Orange County Sanitation District and Orange County LAFCO
 - Discussed briefly the regional offices of California Strategies and specific principals' practice areas.
 - Reviewed certain past activities of California Strategies for IEUA and how past General Managers conducted interactions.
3. Regional Contract
 - Reviewed the activities to date regarding the regional contract.
 - Discussed the various stakeholders and the concerns by stakeholder
 - Discussed the allocation of property taxes and the effects this could have on continuing discussions
 - Discussed the upcoming potential board actions related to the contracts being presented
4. Chino Basin Project
 - Discussed the Approved MOU
 - Reviewed decisions of SAWCO and how the CPB could be of assistance
5. Rate Study
 - Discussed second workshop
6. Member Questions and Answers
 - Answered questions from IEUA Board members and the GM since the meeting