

**GOVERNMENT AFFAIRS AND
COMMUNITY OUTREACH
COMMITTEE MEETING
AND
SPECIAL MEETING OF THE
BOARD OF DIRECTORS**



602 E. Huntington Drive, Suite B
Monrovia, CA 91016

(626) 443-2297
www.upperdistrict.org

**Monday, April 5, 2021
4:00 p.m.**

Committee Members:

Tony R. Fellow, Chair
Charles M. Treviño, Vice-Chair

SPECIAL NOTICE - Teleconference Accessibility

Pursuant to Executive Order N-29-20 issued by Governor Newsom in response to the COVID-19 outbreak, the Upper District will hold this meeting via teleconference or the most rapid means of communication available at the time. Instructions to participate in the teleconference are below:

Attendee Join Zoom Webinar:

<https://us02web.zoom.us/j/85602066931>

Webinar ID: 856 0206 6931

Telephone Dial: 1 (669) 900 6833

Public comments may be made through teleconference when prompted by the Chair during the public comment period. Public comments may also be provided by emailing Christy@usgvmwd.org in advance of the meeting. Please indicate "PUBLIC COMMENT" in the subject line.

If you have difficulty connecting to the teleconference line, please call (626) 443-2297 or email Ruben@usgvmwd.org. It may take a few minutes to join Zoom or connect via telephone so please join early.

*The Government Affairs and Community Outreach Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Government Affairs and Community Outreach Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Government Affairs and Community Outreach Committee will not vote on matters before the Committee.

Communications

1. Call to Order
2. Public Comment

Discussion/Action

3. Legislative Update (*memos attached*)
 - a. Washington D.C.
 - b. Sacramento
4. State Bill Positions (*staff memo attached*)

Oral Reports

- 5.

Other Matters

- 6.

Adjournment

Next Meeting: Monday, May 3, 2021 at 4:00 p.m.



American Disabilities Act Compliance (*Government Code Section 54954.2(a)*)

To request special assistance to participate in this meeting, please contact the Upper District office at (626) 443-2297 or valeria@usgvmwd.org at least 24 hours prior to meeting.





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To: Upper San Gabriel Valley Municipal Water District
From: John Freshman, Ana Schwab, and Lowry Crook
Date: March 30, 2021
RE: Federal Report

Legislation

Drinking Water and Wastewater Infrastructure Act of 2021

On March 24, the Senate Environment and Public Works Committee unanimously passed the bipartisan Drinking Water and Wastewater Infrastructure Act of 2021, S. 914. The legislation, sponsored by Sen. Tammy Duckworth (D-IL), would invest more than \$35 billion in water resource development projects over the next five years. Many of the authorized programs in the bill highlight lawmaker's commitment to supplementing the water sector comprehensively—program authorizations highlight drinking water, wastewater, lead contamination, stormwater, sewer overflow, desalination, and water reuse as critical water issues. In addition, the bill provides funding for low-income and disadvantaged communities, Native American communities, and small and large water and wastewater public agencies.

The bill would reauthorize both the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund through fiscal year 2026. Both the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund would receive gradual authorization increases, each starting at \$2.40 billion for fiscal year 2022, \$2.75 billion for fiscal year 2023, \$3.00 billion for fiscal year 2024, and \$3.25 billion for each fiscal years 2025 and 2026.

The legislation would also authorize the Water Infrastructure Finance and Innovation Act (WIFIA) through 2026 at its current funding level of \$50 million per year.

LOCAL Act of 2021

Senators Roger Wicker (R-KY) and Debbie Stabenow (D-MI) introduced S. 479 Lifting Our Communities through Advance Liquidity for Infrastructure (LOCAL Infrastructure) Act of 2021. The legislation would amend the federal tax code to allow state and local governments to refinance bond debt and receive advance refunding. The advance refunding would allow state and local governments to refinance outstanding municipal bonds to more favorable borrowing rates or conditions before the end of the initial bond term on a tax-exempt basis. This tax allowance will result in more free cash flow that can be used for public projects. The bi-partisan bill is supported by Republicans and Democrats and has 16 co-sponsors so far.

An Update on Community Project Funding

House Appropriations Chair DeLauro released the new rules for Community Project Funding, also known as earmarks. Chair DeLauro set rules aimed to increased transparency and



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accountability in order to prevent the spending corruption that led to its ban in 2011. The rules would set limits for earmarks, including: Community Project Funding cannot exceed 1 percent of discretionary spending, earmarks are banned for for-profit entities, and members can request up to 10 requests per fiscal year. In addition, the Government Accountability Office (GAO) will audit a sample of enacted community project funding and report its findings to Congress. Members will submit their requests online, which will be publicly available. Prior to a subcommittee markup or full committee consideration, a list of the considered projects will be posted by the Committee.

House Republicans voted to allow their GOP members to request member-directed projects in their districts for appropriations bills for the fiscal year that starts on October 1, and in transportation and water infrastructure bills.

The Appropriations Subcommittees have set their deadlines starting on April 28 to April 30. There are select programs that will be eligible for Community Project Funding requests. Each respective subcommittee has set its rules and guidelines for submitting requests. Members have varying deadlines for project proposals to be submitted to their offices. Members are allowed to submit a maximum of ten projects in total, and will submit those requests to the appropriate subcommittee. These submitted projects will then be posted online and considered by the subcommittee.

The Republicans in the Senate have not yet announced whether they will use earmarks. Senate Appropriations Chair Patrick Leahy (D-VT) stated he would be willing to split the funding evenly between Democrats and Republicans. Senate Appropriations Chair Richard Shelby (R-AL) stated he wants to ensure that an adoption of earmarks would be fair and transparent. Senate Republicans should make their decision in the upcoming weeks.

Infrastructure Package on the Horizon

Lawmakers are now focusing on the next surface transportation bill, which is set to expire at the end of September. President Biden campaigned on a \$2 trillion infrastructure plan that includes clean energy and major nation-wide investments in highways, bridges in roads. It is now expected that the Administration will release a larger, \$3 trillion infrastructure plan on March 31. Transportation Secretary Pete Buttigieg said that discussions are already underway for the package and he does not want to wait until the deadline. During a hearing before the House Transportation and Infrastructure Committee, Secretary Buttigieg committed to a broad infrastructure package that will be in unison with the Administration's plans to reinvest in the economy and county as part of the "Build Back Better" plan.

In Congress, lawmakers are committed to making major investments in broadband and aiding rural communities that are struggling with aged infrastructure. The House and Senate have already held several hearings on infrastructure issues. Lawmakers have demonstrated a



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commitment to helping their constituents, and providing targeted aid through earmark opportunities.

Additionally, House Transportation and Infrastructure Chair Peter DeFazio (D-OR) has stated he wants water and wastewater to be a part of the package. In the Senate, Environment and Public Works Chairman Tom Carper (D-DE) is working with Republicans and Democrats to create a bipartisan drinking water and clean water bill, including wastewater programs. Senators Tammy Duckworth (D-IL) and Bernie Sanders (I-VT) have both introduced individual bills that would authorize new funding for water and wastewater programs. These individual pieces of legislation could become part of a larger infrastructure package.

COVID-19 Relief: The American Rescue Plan Act of 2021

Last week, Department of Treasury Secretary Janet Yellen and Federal Reserve Chair Jerome Powell testified before the Senate Finance Committee and the House Financial Services Committee on the status of both the CARES Act and the newly passed American Rescue Plan Act of 2021. Many senators and representatives inquired as to when the Department of Treasury would release its guidelines regarding the new spending allocations, including those for cities and local governments. The Secretary did not commit to a timeline beyond those set in the package, but assured lawmakers that the Department understood the urgency and necessity of such guidelines. The Administration has expressed support of flexibility in fund usage for the benefit of all recipients. BB&K is closely watching for these guidelines from the Department of Treasury and the Department of Health and Human Services.

Below is a portion of the legal alert that BB&K published on the American Rescue Plan Act of 2021:

On March 11, President Biden signed into law a \$1.9 trillion COVID-19 relief package, the American Rescue Plan of 2021, aimed to provide financial relief to Americans and incentives to stimulate the economy as a result of the COVID-19 pandemic. The latest package is expansive in scope, including spending for federal unemployment benefits, state and local aid, provisions for school reopenings, tax credits for employers and families, another round of direct payment for Americans and an expansion of vaccinations and virus-testing programs. This relief package may be the last package to focus on immediate financial relief provisions. Subsequent packages will be long-term and aimed toward economic recovery and rebuilding infrastructure.

State and Local Aid

The package includes nearly \$360 billion in aid for state, local, tribal and territorial governments. Unlike previous COVID-19 relief measures, this package provides direct financial assistance to previously excluded smaller cities, counties and municipalities. Significantly, the aid may be used to mitigate costs incurred to address the COVID-19 emergency and its economic effects, including: revenue losses, pay for essential workers and investments for water, sewer and



broadband infrastructure.

The state and local aid is divided as follows:

- \$195.3 billion for states and Washington, D.C.
- \$65.1 billion for counties
- \$45.6 billion for cities
- \$20 billion for federally recognized tribal governments.
- \$4.5 billion for territories

Local government funding will be dispersed among counties, metropolitan cities and smaller cities and towns with fewer than 50,000 people. Counties will receive \$65.1 billion, metropolitan cities (larger cities entitled to receive direct Community Development Block Grants) will receive \$45.6 billion and smaller cities and towns will receive \$19.5 billion. The U.S. Treasury Department will pay funds directly to counties and metropolitan cities. The funding for smaller cities and towns will be distributed to states, which will then distribute the pre-determined allocations to the local governments and counties. The U.S. House and Senate have provided estimates of how much funding each state, county and city is expected to receive. States, counties and municipalities have authority to transfer the funds to private nonprofit organizations, public benefit transportation corporations and a special-purpose unit of state or local government.

The direct assistant funds to local governments are restrictive as they are to be used to:

- Respond to or mitigate the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits;
- Respond to workers performing essential work during the COVID-19 public emergency, including premium pay for eligible workers of the metropolitan city, nonentitlement unit of local government or county;
- Cover lost revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year and
- Make necessary investments in water, sewer or broadband infrastructure.

The city must certify that it requires the federal assistance provided from the legislation to effectively carry out the activities above and that the city intends to use the money received consistent with the criteria above. The Treasury Department is expected to release guidance on what a city will have to show to meet each of the criteria provided for in the legislation.

Tax Credit for Paid Sick and Family Leave

The package extends the paid sick and family leave credits that were created in the Families First Coronavirus Response Act in 2020. The current package extends the credits starting on April 1, through Sept. 30. This package expands the eligibility of the payroll tax credit to include state and local governments and public agencies during that period. The package also increases the



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family leave credit to \$12,000 per worker, which was previously \$10,000 per worker.

Water and Wastewater Assistance

Low Income Home Energy Assistance Program: The Act provides \$4.5 billion for a rent and utility assistance program administered by the Department of Health and Human Services. Traditionally, LIHEAP funds are distributed to states, and then distributed to grantees, such as community action programs. The distribution of funds varies depending on the state. Applicants can use the financial assistance for rent and utility bills, including water and wastewater.

Water and Wastewater Low-Income Grants: The bill provides \$500 million for low-income water and wastewater grants. Funds will be allotted to states and tribes based on percentage of households with income less than 150 percent of the federal poverty line.

Proposed Rule: Clean Water Act Effluent Limitations Guidelines and Standards for the Organic Chemicals, Plastics and Synthetic Fibers Point Source Category

The U.S. Environmental Protection Agency (EPA or Agency) is initiating further data collection and analysis to support potential future rulemaking, under the Clean Water Act (CWA), relating to the effluent limitations guidelines, pretreatment standards and new source performance standards applicable to the Organic Chemicals, Plastics and Synthetic Fibers (OCPSF) point source category to address discharges from manufacturers of per- and polyfluoroalkyl substances (PFAS) and is considering revising the same for formulators of PFAS. PFAS are a group of man-made organic chemicals. Some PFAS compounds are persistent in the environment and in the human body. Analysis of animal studies and human epidemiological research suggest that exposure above certain levels to some PFAS may be associated with adverse human health effects. The Agency has identified several industries with facilities that are likely to be discharging PFAS in their wastewater, including OCPSF manufacturers and formulators. This advance notice of proposed rulemaking (ANPRM) provides for public review and comment on the information and data regarding PFAS manufacturers and formulators that EPA has collected to date. EPA is requesting public comment on the information and data presented in this ANPRM. EPA is also soliciting additional information and data regarding discharges of PFAS from these facilities to inform future revisions to the wastewater discharge requirements that apply to the OCPSF point source category. Comments must be received on or before May 17, 2021.



March 29, 2021

TO: Government Affairs and Community Outreach Committee, Upper San Gabriel
Valley Municipal Water District
FROM: Steve Baker
SUBJECT: April 5, 2021 Legislative Update

Legislative, Budget and Policy Committees are up and running and will continue now for several months. ARA has communicated Upper District's position on numerous bills that have been heard already in policy committees as well as bills that are scheduled to be heard in the coming weeks. In the meantime, tax revenues continue to roll into the State and the Department of Finance has recognized an additional \$14 billion of revenue, on top of the surplus we previously reported.

Bills of Interest

SB 45 (Portantino) – This bill would put a \$5.5 billion general obligation bond on the next general election to fund safe drinking water, drought preparation and flood protection. The bill has passed the Senate Natural Resources Committee, and is pending in the Senate Governance and Finance Committee. Upper District supports the measure.

AB 1500 (E. Garcia) – This bill would put a \$6.7 billion general obligation bond on the next general election to fund safe drinking water, wildfire prevention, drought preparation, and flood protection. The bill will be heard in the Assembly Water, Parks and Wildlife Committee on April 8th. Upper District supports the measure.

AB 377 (R. Rivas) – This bill requires significant clean up and remediation of water discharges. The bill has been amended to reduce the impacts to water districts but many significant costs remain in the bill. The bill will be considered in the Assembly Environmental Safety & Toxic Materials Committee on April 21st. Upper District is opposed.

AB 442 (Mayes) regarding surface mining and reclamation act of 1975. This bill seeks to make a variety of changes to the Surface Mining and Reclamation Act including providing a single master reclamation plan which can be used by the Metropolitan Water District of Southern California. The bill passed the Assembly Environmental Safety and Toxic Materials Committee on March 25th, and is pending in the Assembly Appropriations Committee. Upper District supports.

SB 559 (Hurtado) – This bill would establish the canal conveyance capacity restoration fund to be administered by the Department of Water Resources, to restore the capacity of four water conveyance systems. The bill will be heard in the Senate Natural Resources and Water Committee on April 27th. Upper District supports the measure.

SB 426 (S. Rubio) – This bill would require the State Water Resources Control Board to establish financial capability assessment guidelines for MS4 permits to consider the costs to local jurisdictions. This bill passed the Senate Environmental Quality Committee on March 1st, is pending in the Senate Appropriations Committee. Upper District supports the measure.

SB 230 (Portantino) – This bill would require the State Water Resources Control Board to establish a program for Constituents of Emerging Concern to access state information and recommend areas for further study on constituents of emerging concern and drinking water sources. The bill was heard in the Senate Environmental Quality Committee on March 3rd and is now pending in the Senate Appropriations Committee. Upper District supports the measure.

SB:bb

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MEMORANDUM



ITEM 4.

DATE: April 5, 2021
TO: Government and Community Affairs Committee and Board of Directors
FROM: General Manager
SUBJECT: State Legislative Bill Summaries

RECOMMENDATION

Approve staff recommendations for state legislative bill positions: AB 697, AB 1195, and SB 559. which are consistent with Upper District's 2021-22 Legislative Policy Principles adopted by the Board in January 2021.

State Bill Analysis

AB 697 (Chau): Forest resources: national forest lands: Good Neighbor Authority Fund: ecological restoration and fire resiliency projects.

Introduced: 2/16/21; **Location:** Asm. Appropriations

Summary: Existing law establishes in the State Treasury the Good Neighbor Authority Fund (Fund) to be administered by Cal FIRE under the direction of the Secretary of the Natural Resources Agency. AB 697 by Assemblymember Ed Chau would reorganize the law relating to the Fund. It would require Cal FIRE to establish a dedicated program on the state level to conduct ecological restoration and resiliency projects on national forest lands with priority given to forest restoration and fuels reduction projects that are landscape scale. Eligible activities under the program would include:

1. Development of federal National Environmental Policy Act (NEPA) documents or California Environmental Quality Act (CEQA) documents.
2. Other activities related to project planning, such as preparation of resource surveys, analyses, and reports.
3. Implementation and maintenance of selected projects, including ecological thinning, prescribed fire, replanting, and related activities.

In addition, this bill would allow Cal FIRE to contract with tribes, local governments, forest collaboratives, resource conservation districts, and qualified nongovernmental organizations to assist in these projects.

Analysis: AB 697 is supported by the Association of California Water Agencies (ACWA).

Over half of California's forests and headwaters are on federal land. In 2020, wildfires burned more than 4.1 million acres. This is an ever-growing problem in California and in the San Gabriel Valley. Last year, the Bobcat Fire burned tens of thousands of acres in the San Gabriel Mountains. This bill would help improve the State and Federal governments' ability to manage California's forests and watersheds. The

bill also helps coordinate with local governments to improve forest health, reduce the risk of catastrophic wildfires and lead to healthier watersheds.

STAFF RECOMMENDATION: Support

AB 1195 (Garcia, C) Southern Los Angeles County Regional Water Agency.

Introduced: 2/18/21; **Location:** Asm. Local Government Committee

Summary: The bill creates the Southern Los Angeles County Regional Water Agency (Agency), a new agency that has jurisdiction over all communities overlying the Central Basin and West Coast Basin aquifers. The agency would be governed by a five-member board that are political appointments consisting of one appointment from the following entities:

- The Governor.
- The Los Angeles County Board of Supervisors.
- The Gateway Cities Council of Governments.
- The South Bay Cities Council of Governments.
- The San Gabriel Valley Council of Governments.

The Agency would have the legal authorities common to public agencies including:

1. To acquire surface water or groundwater rights.
2. To sue or be sued.
3. To enter into contracts.
4. To hire a General Manager and employ its own legal staff or engage outside counsel, as necessary.
5. To receive funds, including funds from private and local governmental sources, contributions from public and private sources, and state and federal appropriations.
6. To disburse funds through grants, public assistance, loans, and contracts.
7. To adopt regulations or guidelines as needed to carry out the powers and duties established by this bill.

The Agency would have the authority to finance its operations by any of the following means:

1. Collect charges for the public water systems it operates from its customers or owners.
2. Collect water rates, charges, fees, or established parcel charges previously charged by a water system for which the agency has assumed control and operates.
3. Accept grants, loans, or other financial or technical assistance from other public agencies.

The Agency could serve the water needs of the region through the following activities:

1. Operate public water systems or other water infrastructure.
2. Consolidate operation of public water systems, as directed by the State Water Resources Control Board (State Water Board) pursuant to Section 116682 of the Health and Safety Code, or by an agreement with the operator of a public water system.
3. Serve as an administrator of a public water system, as directed by the State Water Board pursuant to Section 116686 of the Health and Safety Code, or as receiver of a public water system, as directed by court order.
4. Integrate other water systems in the region into its operations, by agreement with a water system or through eminent domain proceedings, and subject to the approval of the Los Angeles County Local Agency Formation Commission, as applicable.
5. Develop, construct, operate, and otherwise implement water quality projects, including, but not

- limited to, stormwater management, groundwater cleanup, or drinking water treatment facilities.
6. Assist public water systems and mutual water companies in operating and managing their water systems, including, but not limited to, funding, technical assistance, and other collaboration that promotes economies of scale.
 7. Serve as an integrated water resource management group or as a member of a larger integrated water resource management group.
 8. Represent the region's interests in water resources to the County of Los Angeles, regional water agencies, the Southern California Association of Governments, the State of California, and the United States Government.

Analysis: Since the bill would create a completely new entity with the same legal authorities as a wholesale water district and producer with an appointment-based governance structure, it has the possibility of setting a bad precedent for other regions. The author cites the findings of the UCLA Luskin Center for Innovation's recent study where it reported that some of the highest water rates were found in Los Angeles County. The study is used to justify the bill's purpose and potential to solve the water challenges facing the Central Basin area. However, the study cites Senator Caballero's 2019 bill SB 414 – the Small System Water Authority Act – as a legislative proposal that the legislature should reconsider to help disadvantaged water systems from failing. "If, on the other hand, many different DAC/SDAC systems are failing and cannot or are not interested in help, and if IOUs with affordable water rates cannot be consolidators, then California might reconsider a proposal similar to the Countywide Small Water System Authorities proposed in 2019 in SB 414 (Caballero)" (pg.71, UCLA). The language in SB 414 is not represented in the current form of AB 1195. While Upper District is a proponent of consolidation under the right circumstances to help disadvantaged small systems from failing, the bill's intent deserves closer examination. Amendments to this bill is anticipated and staff will continue to monitor for future updates to the Board.

STAFF RECOMMENDATION: Watch

SB 559 (Hurtado): Department of Water Resources: water conveyance systems: Canal Conveyance Capacity Restoration Fund.

Amended: 4/27/21; **Location:** Sen. Natural Resources and Water

Summary: The bill establishes the Canal Conveyance Capacity Restoration Fund in the state treasury to address necessary repairs to State Water Project (SWP) and Central Valley Project (CVP) infrastructure, including canals, roads, and bridges that have been damaged due to land subsidence. The State Treasury would expend from the fund, upon appropriation by the Legislature, all the following:

1. **\$308 Million** – grant to the Friant Water Authority to restore the capacity of the Friant-Kern Canal.
2. **\$187 Million** – a grant to the San Luis and Delta-Mendota Water Authority to restore the capacity of the Delta-Mendota Canal.
3. **\$194 Million** – to restore the capacity of the San Luis Field Division of the California Aqueduct.
4. **\$96 Million** – to restore the capacity of the San Joaquin Division of the California Aqueduct.

The funds would need to be spent by July 1, 2030.

Analysis: Upper District has signed onto a coalition support letter involving ACWA, California Mutual Utilities Associations (CMUA), Western Growers, and the Southern California Water Coalition (SCWC). Over time, this bill will:

1. Help maintain affordable, clean drinking water for at least 31 million people, including

approximately 1.25 million people living in disadvantaged communities.

2. Help preserve the state's \$3 trillion dollar economy.
3. Protect thousands of existing jobs and create hundreds of new ones each year while repairs are made.
4. Support critical habitat and ecosystem restoration efforts already underway.
5. Ensure irrigation water is delivered to nearly 3.250 million acres of farmland.
6. Bolster California's resilience to the impacts of climate change.

STAFF RECOMMENDATION: Support