



-VIA ELECTRONIC MAIL-

July 23, 2021

MEMORANDUM

Michael D. Belote

TO: Stacy Taylor, Mesa Water District

Dennis K. Albiani

FROM: Dennis K. Albiani, Anthony Molina, California Advocates, Inc.

Faith Lane Borges

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SUBJECT: July Report

Anthony Molina

The Legislature is officially on Summer Recess! However, lawmakers hit another major legislative deadline before heading back to their districts for a month – the second house policy committee deadline. Should a legislator’s bill(s) not have passed their respective policy committee hearing(s) by the July 14th deadline, their legislation would have turned into two-year bills. Accordingly, the next rapidly approaching deadline for legislation will come when lawmakers reconvene from Summer Recess –the fiscal committee deadline in each respective houses Appropriations Committee hearings.

In addition to policy hearings, Legislators met their constitutional deadline and passed an on-time Budget. According to the Department of Finance, the entire Budget has a total expenditure level of \$262.6 million in total state funds. The Budget also projects a total reserve level of \$25.2 billion. However, legislators and the Administration are still negotiating final details on big-ticket items, including drought, climate, and wildfires. The issues will be addressed in several budget trailer bills put into print until the end of the legislative session. We commit to keeping Mesa Water District apprised of all-important Budget details as we continue to receive information.

And lastly, the legislative session will reconvene on August 16th, and it will be a sprint to the September 10th finish. The Legislature and Administration will address all outstanding for the remainder of the year.

Recall Election Date Officially Set

Lieutenant Governor Eleni Kounalakis officially set September 14, 2021, as the date for the recall election targeting California Governor Gavin Newsom. California voters will now decide whether to remove a sitting Governor for just the second time in the state’s history. The tight election timetable gave prospective candidates a short timetable to decide whether to jump into an expected frenzied race to replace Governor Newsom. The Secretary of State’s office has officially listed 46 candidates who met the requirements to appear on the ballot for the recall election. The list of candidates can be found [HERE](#).

ACWA Sponsored Legislation Update “Water and Sewer Service”

Mesa Water District continues to be very active on this legislation. Mesa Water District has taken a “support if amended” position on the bill and continues to lead a coalition of water agencies on the issue. Mesa Water District advocated this bill to all Assembly Local Government

Committee and Assembly Judiciary Committee members. In the Assembly Judiciary Committee, Mesa Water District obtained an additional mail notification to ratepayers successfully. Due to this amendment, the bill was keyed fiscal and was referred to the Assembly Appropriations Committee. Mesa Water District will continue to lead the coalition and work with the appropriate Appropriations Committee Legislators and Consultants to continue advocated for more transparency for ratepayers in SB 323.

SB 323 (Caballero) Local government: water or sewer service: legal actions.

This bill would authorize a local agency or interested person to bring a validation action in a superior court to determine the validity of a fee or charge for water and sewer service. The proposal would require an interested party bring an action within 120 days after the local agency adopts the fee or charge.

Status: Assembly Appropriations Committee

Position: Support, if amended

California Coastkeeper Alliance Sponsored Legislation "Clean Water Act"

This was a very aggressive measure that would have reduced the regional and state water board's ability to balance the interests of water quality improvements with cost-benefit. The bill was pulled from the Assembly Appropriations Committee before the "Suspense File" hearing and was made a two-year bill. The author's office amended the bill three times and it remained very problematic for water districts, dischargers, and industry. Mesa Water played in important role advocating for amendments and for the bill to be held when adequate amendments were not included.

AB 377 (Rivas) Water quality: impaired waters.

This bill would require all California surface waters to be fishable, swimmable, and drinkable by January 1, 2050. The bill would prohibit the state board and regional boards from authorizing an NPDES discharge, or a waste discharge requirement or waiver of a waste discharge requirement for a discharge, to surface water that causes or contributes to an exceedance of an applicable water quality standard in receiving waters, or from authorizing a best management practice permit term to authorize a discharge to surface water that causes or contributes to an exceedance of an applicable water quality standard in receiving waters.

Status: Two-year bill

Position: Oppose

Water Affordability Assistance

This bill is a priority for ACWA and its member agencies. ACWA has led on the issue and is working over the Summer Recess with Senator Dodd's staff to amend the bill and address the remaining concerns which are the following: identifying a permanent funding solution, a commitment for no water tax on ratepayers within the legislation, and establishing a funding formula and metrics for funds to be disbursed, should the bill be fully implemented. Senator Dodd's is committed to working through a remainder

SB 222 (Dodd) Water Affordability Assistance Program.

This bill would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make money in the fund available upon appropriation by the Legislature to the state board to provide direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components.

Status: Assembly Appropriations Committee

Position: Oppose Unless Amended

2021 Legislative Tracking

SB 223 (Dodd) Discontinuation of residential water service.

The bill would require the State Water Resources Control Board (Board) to provide technical assistance to very small community water systems. The bill would require the Board to establish a bridge loan program to assist very small community water systems that may suffer revenue loss or delayed collection while complying with this chapter. To the extent funding is available, partial loan forgiveness would be made available to systems that offer debt forgiveness to low-income residents with past due accounts. This bill would also require an urban water supplier and an urban and community water system to update policies to comply this chapter by July 1, 2022.

Status: This bill is dead.

Position: Oppose

AB 361 (Rivas) Open meetings: local agencies: teleconferences.

This bill would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state or local emergency, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency provided the legislative body makes certain determinations by majority vote.

Status: Senate Floor

Position: Support

AB 339 (Lee) State and local government: open meetings.

This bill will require all meetings to include an opportunity for members of the public to attend via a telephonic option and an internet-based service option. The bill would require all meetings to include an in-person public comment opportunity, except for circumstances during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via a telephonic and an internet-based service option. The bill would also require the legislative bodies of the local agency to provide interpretation services as requested and have a system to process requests for interpretation services and publicize that system online.

Status: Senate Appropriations Committee

Position: Watch

AB 588 (E. Garcia) California Safe Drinking Water Act: compliance.

This bill would authorize the State Water Resources Control Board (Board) to set a period from 30 days to three years for reaching compliance with a new drinking water regulation. The bill would also require the Board to identify actions to assist water systems to achieve compliance with a new regulation.

Status: Two-year bill

Position: Support

AB 703 (Rubio) Open meetings: local agencies: teleconferences.

This bill will eliminate the previously existing concept of “teleconference locations”; will revise existing law to ensure minimum standards for public participation; and will revise notice requirements to allow for greater public participation in teleconference meetings of local agencies. The bill does not require teleconferencing but modernizes existing law to ensure greater public participation in meetings of the legislative bodies of local agencies which choose to utilize teleconferencing.

Status: Two-year bill

Position: Support

AB 1434 (Friedman) Urban water use objectives: indoor residential water use.

This bill would incrementally lower the indoor water use standard starting January 1, 2023, to reach a standard of 40 gallons per capita daily (GPCD) starting in 2030. The bill also removes the requirement for the Department of Water Resources, in consultation with the State Water Resources Control Board, to submit a report on the result of its indoor water use studies and make recommendations regarding the existing standards.

Status: Two-year bill

Position: Oppose

Bonds

Both bond proposals bills have been put to a halt for the immediate future. The Senate moved their bond proposal to the Senate Floor “Inactive File” and the Assembly moved their bond proposal to the Assembly Rules Committee. At this time both bills will be held until leadership in both houses decides to move forward with each proposal in the legislative process. To make it on the November 2022 ballot, either bill must pass the Legislature before June 2022.

SB 45 (Portantino) Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022.

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$5,510,000,000 pursuant to the State General Obligation

Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program.

Status: Senate Floor – Inactive File

Position: Watch

AB 1500 (E. Garcia) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022.

This bill would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,700,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs.

Status: Assembly Rules Committee

Position: Watch

Budget Update

The Legislature passed an on-time 2021-2022 Budget bill ([AB/SB 128](#)) which Governor Newsom signed. Lawmakers reached their Constitutional deadline and did not forgo pay for the 11th straight year in a row. The Budget that was sent to Governor was an agreement between the Senate and Assembly and primarily a framework to shape negotiations moving forward with the Administration on the Budget bill Jr. and Budget trailer bills.

Subsequently, the Legislature voted and passed “Budget Bill Jr. ([AB/SB 129](#)) and Budget Bill Jr. II ([AB/SB 161](#)). “Budget Bill Jr.” and “Budget Bill Jr. II” amended the June 14th legislative Budget to implement the agreement between the Legislature and, this time around, the Administration. As such, both “Budget Bill Jr.” contains many additions and subtractions in individual line items, including the addition of over \$1 billion of legislative priority investments in communities across the state. Other elements of the budget agreement are found in Budget trailer bills which typically occurs every year.

The most significant Budget trailer bill that passed before the Legislative Summer Recess that affects Mesa Water District is [AB/SB 148 "Public Resources,"](#) which includes language on funding water arrearages. Specific guidance on the water arrearages program are as follows:

- Programmatic guidance to the State Water Resources Control Board (SWRCB) on how to implement the \$1 billion of relief to reduce customer water bills as a result of the COVID 19 pandemic.
- The funding covers water debt from residential and commercial customers accrued between March 4, 2020 and June 15, 2021, if that customer is 60 days or more behind on their payments.
- The bill requires SWRCB, within 90 days, to survey water systems for outstanding debt and adopt program guidelines.
- The bill requires SWRCB to accept applications from water systems within 14 days of the guidelines being adopted and begin disbursing funds by November 1, 2021, and complete disbursement by January 31, 2022.

- In the event there are not enough funds appropriated to cover the eligible water debt, SWRCB shall disburse the funds on a proportional basis. If there are excess funds, the remaining funds shall cover wastewater debt with disbursement beginning no later than February 1, 2022.
- Water systems must remit any unused funds after six months. Water systems shall prioritize residential customers and those with the highest debt.
- SWRCB shall first disburse funds to small water systems, defined as under 3,300 service connections or a yearlong population of fewer than 10,000 people.
- Water systems receiving funds may not shutoff service for nonpayment before September 30, 2021, or later if a customer is current on a payment plan.
- Water systems must offer customers the option of signing up for a payment plan. Water systems must credit customer accounts and notify customers within 60 days. SWRCB must contact water systems who have not applied after 60 days. SWRCB shall coordinate with the Department of Community Services and Development regarding publicly owned utilities that provide water and electric services.

Additional significant budget appropriations for water include the following departments:

- **Department of Water Resources**
 - \$101 million one-time to DWR for immediate drought support.
 - \$663 million one-time to DWR for local assistance related to drought relief.
 - \$200 million for small community drought relief
 - \$100 million for urban community drought relief
 - \$200 million for multi benefit projects
 - \$60 million for Sustainable Groundwater Management Act implementation
 - \$100 million water conveyance
 - \$3 million for emergency drought support
- **State Water Resources Control Board**
 - \$1.385 billion one-time to SWRCB
 - \$650 million of which will be available for drinking water projects
 - \$650 million for wastewater projects
 - \$85 million for groundwater cleanup and water recycling projects
 - \$4.2 million in reimbursement authority and 21.0 permanent positions to oversee cleanup of contaminants including PFAS

Additional Budget investment package packages to be addressed by the Legislature and Administration in August include the following:

- Wildfire Prevention & Resilience: \$758 million plus additional special funds over three years
- Water and Drought Resilience: \$730.7 million
- Climate Resilience: \$3.7 billion over three years
- Cap-and-Trade Spending Plan: \$720 million

Regulatory

- Governor Newsom expanded his drought emergency declaration and called on Californians to reduce water consumption by 15%. In a pair of emergency orders issued during an appearance at parched Lopez Lake near San Luis Obispo, the Governor added nine more counties to the list

of those covered by his emergency declaration from two months ago. That makes the drought official in 50 of the state's 58 counties — essentially, everywhere except San Francisco and urban Southern California. The counties added to the list: San Luis Obispo, Inyo, Marin, Mono, Monterey, San Mateo, Santa Barbara, Santa Clara, and Santa Cruz. Links to the Governor's Executive Order and Emergency Proclamation can be found below:

Executive Order

<https://www.gov.ca.gov/wp-content/uploads/2021/07/Conservation-EO-N-10-21.pdf>

Proclamation of a State of Emergency

<https://www.gov.ca.gov/wp-content/uploads/2021/07/2021-11-Drought-Extension-Proc.pdf>

- The California Natural Resources Agency (will host a virtual topical workshop on Advancing 30x30 and Protecting Biodiversity on **July 27th from 3:00pm – 6:00pm**. The workshop will focus on opportunities for the state to protect and maintain biodiversity through conservation of lands and coastal waters. This is the next in a series of virtual topical workshops focused on the State's commitment to conserve 30 percent of California's lands and coastal waters by 2030 (30x30). Those interested in attending and/or providing public comment can register [HERE](#).
- The Governor made the following appointments:
 - **Thomas R. Gibson, of West Sacramento, has been appointed Chief Counsel at the California Department of Water Resources.** Gibson has been Assistant Chief Counsel at the California Department of Fish and Wildlife since 2020. He held multiple positions at the California Natural Resources Agency from 2014 to 2020, including Deputy Secretary and Special Counsel for Water, Undersecretary and Deputy Secretary and General Counsel. Gibson held multiple positions at the California Department of Fish and Wildlife from 2007 to 2014, including General Counsel and Assistant Chief Counsel.
 - **Fern M. Steiner to the California Water Commission.** Steiner is an attorney with over 40 years of experience in labor and employment law. Steiner has been an Attorney at Smith Steiner Vanderpool since 1987 and a Shareholder there since 1993. Steiner is a member of the San Diego County Water Authority Board of Directors and a trustee for San Diego Youth Services. She earned a Juris Doctor degree from John Marshall Law School.

Important Dates and Deadlines for 2021

August

- Aug. 16 – Legislature reconvenes from Summer Recess.
- Aug. 27 – Last day for fiscal committees to meet and report bills.
- Aug. 30 – Sept. 10 – Floor session only. No committee may meet for any purpose except Rules Committee.

September

- Sept. 3 – Last day to amend bills on the floor.
- Sept. 6 – Labor Day Observed
- Sept. 10 – Last day for any bill to be passed. Interim Recess begins upon adjournment.

October

- Oct. 10 – Last day for Governor to sign or veto bills passed by the Legislature.