

TO: CWA Board of Directors
CWUEC

FROM: Jennifer Capitolo
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RE: July Legislative Report

In June, there were a series of leadership turnovers in the State Legislature. Assemblywoman Kristin Olsen will take over as head of the caucus from Assembly Republican leader Connie Conway. The formal transition will take place after November elections. Conway will leave the Assembly due to term limits after this year.

Senate Democrats have voted to make Sen. Kevin de León, their next leader, effective in October, while Assemblywoman Toni Atkins now leads Democrats in the lower house.

Below, please find a summary of key bills, as well as information on the Chromium 6 legislative proposal, the water bonds, and groundwater management.

Rate Related Bills:

AB 1434 (Yamada) – SUPPORT, IF AMENDED. This bill has been amended to direct the Department of Community Services and Development to develop a plan for the funding and implementation of a low income water rate assistance program and a report to the Legislature on the feasibility and structure of the program by January 1, 2016. The bill will be heard in August in the Senate Appropriations Committee.

CPUC Bills:

AB 1678 (Gordon) – WATCH. This bill would add LGBT businesses to the utility supplier diversity requirements under GO 156. The bill will be heard on the Senate Floor in August.

SB 636 (Hill) – WATCH. This bill would prohibit CPUC staff from acting as advisory and prosecutorial staff simultaneously on the same matter. The bill will be heard in August in the Assembly Appropriations Committee.

SB 900 (Hill) – WATCH. This bill would add a new section to the Public Utilities Code that states “The commission shall take all necessary and appropriate actions to assess and mitigate the impacts of its decisions on customer, public, and employee safety.” The bill will be heard in August in the Assembly Appropriations Committee.

SB 1409 (Hill) – WATCH. This bill would require the commission to provide, in its annual work plan to the Legislature, a description of each open staff safety investigation, including the date of the safety incident, the reason for the investigation, the facility type involved, and the owner of the facility. The bill will be heard in August in the Assembly Appropriations Committee.

Drought/Water Use Efficiency Bills:

AB 2636 (Gatto) - SUPPORT. This bill is a reintroduction of the CalConserve bill from 2012 and would establish the CalConserve Water Use Efficiency Revolving Fund, providing funds to the Department of Water Resources for the purpose of water use efficiency projects. This program will be funded through the Agricultural Water Conservation Local Assistance Loan Fund (Proposition 13). The bill will be heard in August in the Senate Appropriations Committee.

Groundwater Bills:

SB 1168 (Pavley) – WATCH. This bill would require a local agency to determine sustainable yield for a groundwater basin in coordination other regional agencies. The bill will be heard in August in the Assembly Appropriations Committee.

AB 1739 (Dickinson) – WATCH. This bill would require a sustainable groundwater management plan to be adopted for each high or medium priority ground water basin in the State. The bill will be heard in August in the Senate Appropriations Committee.

The Legislative Committee and CWA's Board of Directors have approved amendment language for both bills that includes "public water system" in the definition of "local agency", and that stipulates that all public water systems may participate in joint powers agreements or joint powers authorities established as a result of the legislation.

Consolidation/Eminent Domain/Service Duplication:

AB 1527 (Perea) – WATCH. This bill seeks to remove barriers to consolidation of small water systems. As recently amended, this bill would require the water board to give priority to funding the consolidation of public water systems based upon a service review developed by a local agency formation commission. We are working with the author on amendments to this bill to ensure that PUC-regulated water utilities are considered as a solution for small troubled systems. The bill will be heard in August in the Senate Appropriations Committee.

AB 2443 (Rendon) – OPPOSE. This bill would make the service duplication law inapplicable for recycled water service within the service territory of mutual water companies. This bill is on the Senate Floor, but has been moved to the inactive file.

SB 1130 (Roth) – WATCH. This bill is a reintroduction of SB 772 regarding liability exemptions for a successor water supplier to the County Water Company of Riverside. The bill will be heard on the Assembly Floor in August.

Others:

AB 1897 (Hernandez) – WATCH. This bill establishes liability for employers that obtain workers from third-party labor contractors. The bill will be heard in August in the Senate Appropriations Committee.

AB 1249 (Salas) – SUPPORT. This bill prioritizes funding for projects with nitrate, arsenic, perchlorate, or hexavalent chromium contamination. The bill will be heard in August in the Senate Appropriations Committee.

Chromium 6 Legislative Proposal

The Hexavalent Chromium MCL became effective on July 1, 2014. ACWA and CWA continue to work with the State Senate and the Governor's Office to draft budget trailer bill language that will allow sufficient time for a water system to complete the capital improvements to comply with the MCL. The budget trailer bill will now be a fall budget trailer bill, to be considered in August.

Water Bond

Negotiations continue on a modified water bond proposal for the November 2014 ballot. Regional issues remain regarding the Delta and surface storage. Although formal water bond discussions are delayed until the Legislature returns in August, many informal discussions will likely occur during summer recess with hopes that the Legislature can finalize a deal by mid-August. On the Senate side, lawmakers continue to work on SB 848 by Sen. Wolk, which in its current form calls for a \$10.5 billion measure. SB 848 may be amended soon to propose a smaller bond. In the Assembly, lawmakers are discussing a measure in the \$8 billion range. Meanwhile, Gov. Jerry Brown put a \$6 billion proposal on the table last week. The latest rumor is that the Legislature has about two weeks after returning to reach a deal and replace the existing measure on the ballot. The measure requires a two-thirds vote, which means every Democrat in the Senate, plus two Republicans or some other combination, will be needed to reach the requisite 27 votes. (Keep in mind the Senate is short three Democratic votes.) As currently stands, the existing \$11 billion water bond is still slated for the November ballot, and the Secretary of State has numbered it Proposition 43.

Groundwater Management

Beginning with the California Water Action Plan, the Administration has been advocating for comprehensive legislation to address California's ongoing groundwater management challenges. These efforts included workshops, collaboration with various water interest groups and culminated with the release of a discussion draft of sustainable groundwater management legislation. Two legislative proposals are moving through the legislative process, SB 1168 (Pavley), which implements ACWA's recommendations, and AB 1739 (Dickinson), which implements the California Water Foundation's recommendations. Additionally, the Governor has a proposal for groundwater management that is also under consideration which may find its way into legislation later this year. On July 2, Senator Pavley, Assembly Member Dickinson, and the Administration hosted a stakeholder meeting to assist in melding the three proposals into a single package of bills. CWA participated in the meeting and presented amendments that would give PUC regulated utilities voting participation in the newly created groundwater management entities, as noted above. There is another stakeholder meeting on July 9, and Senator Pavley has requested a meeting with CWA to discuss in further detail.