

MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
PUBLIC AFFAIRS AND LEGISLATION COMMITTEE
December 21, 2015, 8:30 a.m.
Conference Room 101

Committee:

Director Barbre, Chairman
Director Tamaribuchi
Director Hinman

Staff: R. Hunter, K. Seckel, J. Volzke,
P. Meszaros, H. Baez

Ex Officio Member: L. Dick

MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

PUBLIC PARTICIPATION

Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee)

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING --

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

PRESENTATIONS

1. PRESENTATION/UPDATE ON SCHOOL PROGRAM PARTICIPATION

DISCUSSION ITEMS

2. LEGISLATIVE ACTIVITIES
 - a. Federal Legislative Report (Barker)
 - b. State Legislative Report (Townsend)
 - c. County Legislative Report (Lewis)
 - d. Legal and Regulatory Report (Ackerman)

3. SOUTHERN CALIFORNIA WATER ISSUES CONGRESSIONAL DELEGATION BRIEFING LUNCHEON (DC)
4. PROPOSED BALLOT MEASURE TO AMEND ARTICLE X OF THE CALIFORNIA CONSTITUTION

ACTION ITEMS

5. MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE

INFORMATION ITEMS (THE FOLLOWING ITEMS ARE FOR INFORMATIONAL PURPOSES ONLY – BACKGROUND INFORMATION IS INCLUDED IN THE PACKET. DISCUSSION IS NOT NECESSARY UNLESS REQUESTED BY A DIRECTOR.)

6. UPDATE ON THE VALUE OF WATER CHOICE PROGRAM
7. UPDATE ON THE TRANSFER OF ORANGE COUNTY SANITATION DISTRICT AREA 7
8. UPDATE ON POTENTIAL CONSOLIDATION OF SAN JUAN CAPISTRANO UTILITIES (oral report)
9. UPDATE ON WATER SUMMIT
10. PUBLIC AFFAIRS ACTIVITIES REPORT

OTHER ITEMS

11. REVIEW ISSUES RELATED TO LEGISLATION, OUTREACH, PUBLIC INFORMATION ISSUES, AND MET

ADJOURNMENT

NOTE: At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.



MWDOC Education Programs Update

December 19, 2015
Public Affairs and Legislation Committee

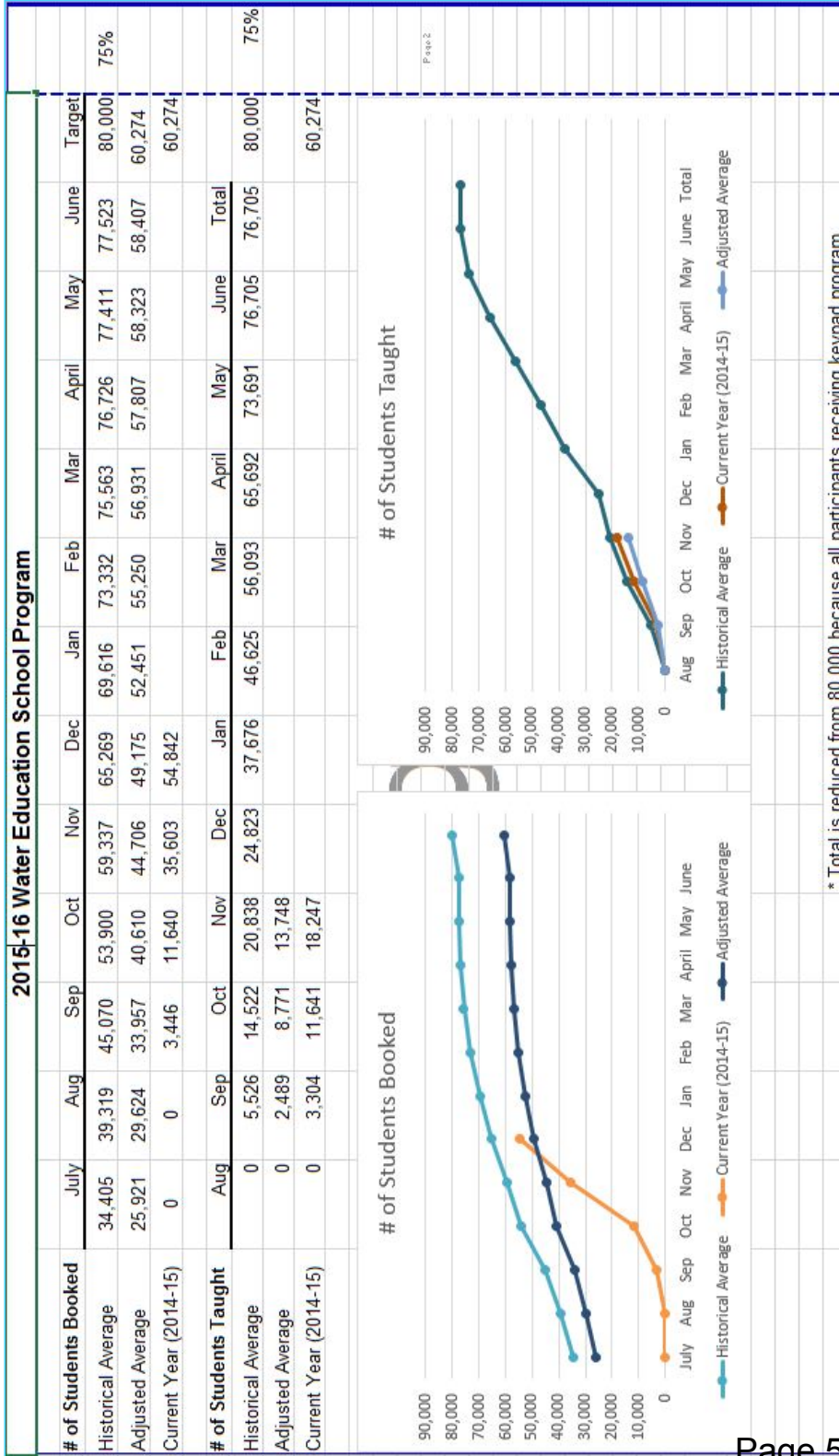
Elementary School Program

Discovery Science Center and MWDOC have worked together to education children about water since 2004.

- ❑ 2015-16 is first of new, three-year contract
- ❑ Contract calls for 60,274 students to be taught
- ❑ All students receive the keypad program, which measures learning



Elementary School Program



High School Program

- The high school program is new this year, to reinforce lessons learned in elementary school and to make water efficiency “cool” among students.
- MWDOC partnered with the Orange County Department of Education ‘Inside the Outdoors’ program and The Ecology Center of San Juan Capistrano.



The Ecology Center

High School Program

The combined high school program will:

- ☐ Teach a minimum of 100 instructors per year
- ☐ Reach a minimum of 25,000 students
- ☐ Create a vigorous and engaging social-media presence



| Agency | High School | Email | School | student | Enrollment | student | Enrollment | Expe | Enrollment |
|---------------------|---|-------|----------|--------------|------------|------------|------------|-----------|------------|
| Anaheim | Anaheim High School | X | 10/27/15 | 12/14/15 | | 2/7/2016 | | 3/7/2016 | |
| Brea | Brea Olinda High School | X | 9/8/15 | 12/1/15 | 174 | 12/15/2015 | | 5/19/2015 | |
| Buena Park | Buena Park High School | X | | | | | | | |
| East Orange | Football High School (shared with Tustin) | X | 10/9/15 | 11/12/15 | 29 | 1/14/2016 | | 3/15/2015 | |
| El Toro | El Toro High School | X | 10/6/15 | 11/16/15 | 12 | pending | | pending | |
| El Toro | Los Alisos Junior High | X | 10/13/15 | n/a | | n/a | | n/a | |
| Fountain Valley | Fountain Valley High School | X | | | | | | | |
| Garden Grove | Pacific High School | X | | | | | | | |
| Garden State | Valencia High School | X | 9/23/15 | 9/30/15 | 166 | 10/19/2015 | 117 | pending | |
| Garden State | Los Alamitos High School | X | 9/15/15 | pending | | pending | | pending | |
| Huntington Beach | Marina High School | X | | | | | | | |
| Laguna Beach | Laguna Beach High School | X | 12/4/15 | pending | | pending | | pending | |
| Mesa Water | Costa Mesa High School | X | 9/23/15 | 11/17, 11/18 | 79 | 1/11, 1/12 | | pending | |
| Moisten Niguel | Capistrano Valley High School | X | 11/2/15 | 12/7, 12/8 | | 1/4/2016 | | 2/22/2016 | |
| San Clemente | San Clemente High School | X | 10/29/15 | 12/17/15 | | 2/25/2016 | | 3/31/2016 | |
| San Juan Capistrano | San Juan Hills High School | X | 11/19/15 | pending | | pending | | pending | |
| Santa Ana | Santa Ana High School | X | | | | | | | |
| Santa Margarita | Tesoro High School | X | 9/30/15 | pending | | pending | | pending | |
| South Coast | Dana Hills High School | X | 11/2/15 | 11/19/15 | 82 | 3/29/2016 | | 5/31/2015 | |
| Tustin | Tustin High School (Football High School shared with EOCWD) | X | 10/22/15 | pending | | pending | | pending | |
| Teacher Workshop | | | | 8/26/15 | 11 | | | | |



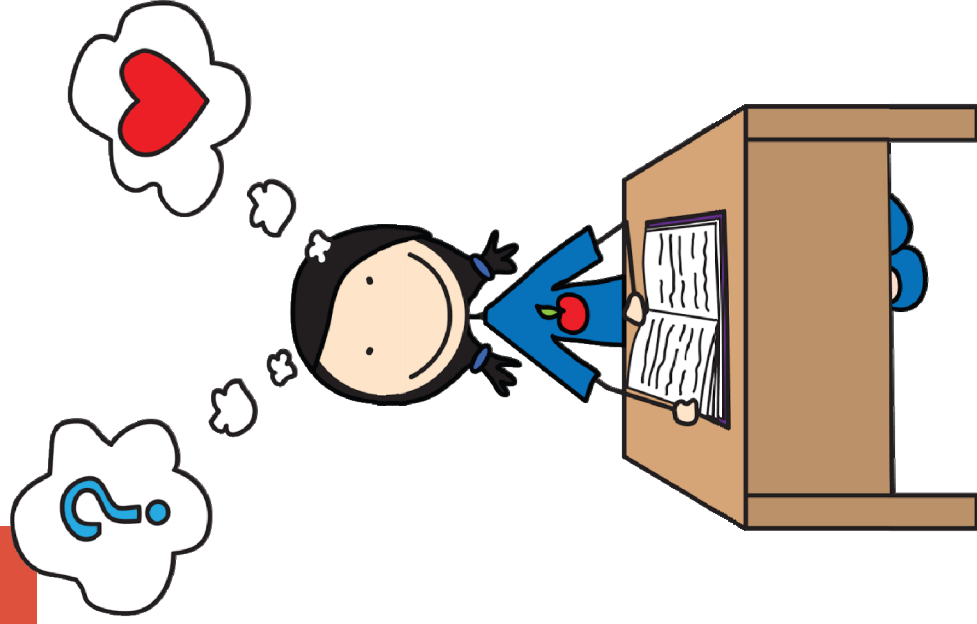
Social Media Presence

- Created the page 'www.thewatereffect.one'
- In November, The Water Effect ran 'Ditch Disposables' campaign
- Total Social Media followers is 426
- Total hashtags is 118
- Total pledges at www.thewatereffect.one is 103
- Water Effect posts cumulatively liked by 12,547 people
- Water Effect PSA received 24,843 views on Facebook



Future

- Questions
- Comments
- All parties open to evolving program.



JAMES C. BARKER, PC
ATTORNEY AND COUNSELOR AT LAW
FIFTH FLOOR
1050 THOMAS JEFFERSON STREET, NW
WASHINGTON, DC 20007
(202) 293-4064
jimbarker@jcbdc.com

Nicholas Crockett
Alia Cardwell

Municipal Water District of Orange County, California
Washington Update
December 14, 2015

As Congress ends its legislative session for 2015, they have yet to pass a yearlong Appropriations Bill and a continuation of existing tax rules affecting federal tax issues for 2015. At press time, there were efforts underway to pass a large Omnibus Appropriations bill that would provide federal funding through September 30, 2016, the end of the fiscal year, and also pass a two year tax extenders bill that would provide certainty in the tax code for the 2015-16 calendar years.

One hopeful sign this month has been a willingness by the Congress and the Administration to avoid a federal shutdown—and so while the funding issues have not been resolved to date, there has been general agreement that the Congress would keep passing short term funding resolutions until a consensus funding package is agreed to.

This past month has been punctuated by two significant issues dealing with water.

First, as part of the 1,000 page Surface Transportation Bill, there was a provision added that allows tax free municipal bond financing to be used with WIFIA Loans. This is a provision that MWDOC actively sought and worked on in tandem with other groups here in Washington, DC. It is believed that this provision will incentivize water entities to invest in new infrastructure because the rates for borrowing will be very favorable.

As a result of this new law, water entities will be able to borrow funds through a federal program (WIFIA) for approximately one-half of the total cost of their project—and for the other half the project, they would be able to use tax free municipal bond financing. Between the two programs, water managers should be able to save millions of dollars (estimates up to \$15M for every \$100M of project cost over the life of the loan). Of course, the “pool” for the WIFIA funds may become “crowded”, because the funds will be made available on a competitive basis. Note that virtually all types of water infrastructure qualify for the loans, and note that Ocean Water Desalination specifically qualifies.

The next water issue deals with the collapse of the drought negotiations for the second year in a row. There was a very serious effort made by the House and by the Senate to come up with a consensus Drought bill—and late last week that effort fell apart. I have discussed this matter with virtually all of the key parties. Virtually everyone is disappointed a bill was not able to pass again this year.

To summarize, the House, thinking they had some form of an agreement with the Office of Senator Feinstein and by extension Senator Boxer, the State of California, and the U.S. Department of the Interior, placed language in the Omnibus Appropriations bill that was referred at the opening of this Report. This language was rejected by Senator Feinstein and the Senate during the subsequent negotiations.

As a result of the Senate being unable to “counter” and try and conclude a quick negotiation, no language will be part of this must pass appropriations bill. One of the legislative strategies behind placing such drought legislation on the Omnibus Appropriations bill—is *that the funding bill is a bill that must pass and, as a result, it will become law.*

Though Senator Feinstein’s office is continuing to go forward with working out a solution, it is much harder to pass a free standing bill through the Senate –than to attach it to a “must pass” bill.

It is instructive to look at the timeline of events that occurred regarding the drought bill and its path over the past several years.

Here is a short summary:

2011

- H.R. 1837 the *Sacramento-San Joaquin Valley Water Reliability Act* is introduced in the House. The bill would roll back government restrictions on the pumping of water for use by California communities and would ease regulations that result in hundreds of billions of gallons of fresh water getting flushed out into the ocean.

2012

- The House passes H.R. 1837.
- The Senate, with a Democratic majority, does not consider H.R. 1837 or pass its own water bill.

2014

- The House introduces and passes H.R. 3964, the *Sacramento-San Joaquin Emergency Water Delivery Act*, another attempt to ease government water regulations that restrict the water supply.
- Senator Feinstein introduces S. 2016, the *California Emergency Drought Relief Act*, which would provide far less water for California families than H.R. 3964.
- Senator Feinstein then pushes House Republicans to instruct Senate Republicans to allow passage of a second bill, the *Emergency Drought Relief Act of 2014*, S. 2198, which allowed the two Chambers to enter a negotiating conference.
- House members and Senators begin talks on a compromise water bill, but Senator Feinstein walks away from the negotiations shortly before Congress adjourns
- The House quickly passes H.R. 5781, the *California Emergency Drought Relief Act of 2014* that reflects

negotiated language with Senator Feinstein.

- Senators Boxer and Feinstein block H.R. 5781 from being included in an omnibus spending bill.

2015

- The House introduces and passes H.R. 2898, the *Western Water and American Food Security Act of 2015*, which reflects the 2014 negotiations with the Senate.
- The Senate introduces a water bill that spends \$1.3 billion without an offset, meaning it has no chance of passing either chamber.
- House-Senate negotiators meet for several months and make progress toward an agreement.
- The House submits language to include in an omnibus spending bill that retains Democrat priorities as well as Republican priorities that the Obama Administration had largely agreed not to oppose.
- Senator Feinstein publically rejects the proposal less than 24 hours after the proposal is made privately*.

Individual statements from members of the California Delegation, including Senator Feinstein are below:

Leader Kevin McCarthy (CA-23)

“The current drought and water crisis demands a response. The California Republican delegation has put forth a proposal to provide our communities immediate relief as El Nino is likely to bring a wetter than usual winter. Continued opposition from California Democrats in Congress to any solution that is designed to allow more water to flow to central and southern California only exacerbates the current drought and hurts our state. The response from Senator Feinstein and Senator Boxer is disappointing given our proposal’s inclusion of many California Democrat priorities but unfortunately not surprising as they have opposed every legislative effort to find bipartisan agreement. The stakes are too high not to act.”

Congressman Ken Calvert (CA-42)

“One of our top priorities throughout these negotiations was to create flexibility in the operation of the pumps in the Delta in order to capture as much water as possible during the upcoming rainy season (El Niño). After many lengthy discussions with the Senate, the Administration, conservation groups, water districts throughout the state, and other interested stakeholders, we arrived at a compromise that would have provided some relief to the drought-stricken communities of California. The language that was proposed did not violate the Endangered Species Act or the biological opinions; a view that was shared by the Administration. We entered into good faith omnibus negotiations at Senator Feinstein’s *request*. The deal was close to done but unfortunately, Senator Feinstein took umbrage to what was at most a staffer error in a closed-door meeting. Our 14 California Republican members remained hopeful, and quiet, until the 11th hour trying to resolve small differences with a bipartisan coalition to help the state of California. Our good faith negotiations came to naught. It’s unfortunate when the LA Times gets the story wrong, but it is tragic when the Senate gets the policy wrong.”

Congressman David G. Valadao (CA-21)

“The House of Representatives has repeatedly tried to provide a federal solution to drought

conditions impacting our constituents. However, our Senators from California have failed to get a single piece of legislation, even vaguely related to the drought, passed in the Senate this year. To no avail, the House has exhausted all legislative resources. My House-passed bill, H.R. 2898, the *Western Water and American Food Security Act* remains in the Senate Committee on Energy and Natural Resources pending further action. The House of Representatives looks forward to the Senate passing legislation so that the two Chambers may go to Conference to reconcile differences between the Chambers.”

Congressman Devin Nunes (CA-22)

“The House has proposed a compromise to ease the California water crisis – one that satisfies the Senate’s demands – and once again Senate Democrats are rejecting our efforts by prioritizing fish over families. If anyone still wonders why Congress has not approved pumping more water for California communities, they should look at the Senate’s inexplicable refusal to take yes for an answer.”

Congressman Jeff Denham (CA-10)

“While Californians suffer through a horrific drought, our senators continue to request secret negotiations only to stall the process. More storage equals jobs. I will settle for nothing less.”

Congressman Paul Cook (CA-08)

“California is facing the worst drought in a century. California Republicans have been trying for weeks to work with the administration and our California Senators on a drought bill to bring relief to California and capitalize on the upcoming El Niño season. The time to act is now and I urge our California Senators to join us in getting a water deal done.”

Congressman Tom McClintock (CA-04)

“For many critical months, House Republicans have negotiated in good faith with Congressional Democrats led by Senator Feinstein for a water policy that balanced the desperate needs of the people of California with the demands of the environmental Left. The events of the last week make it obvious that neither she nor the Democratic delegation has been dealing in good faith and that their plan from the outset is to run out the legislative clock. Droughts are nature’s fault, but water shortages are a public policy choice. And regrettably, the Democrats continue to choose scarcity over abundance.”

Congressman Doug LaMalfa (CA-01)

“Every aspect of this proposal was developed by a working group of California’s Republican and Democratic members of the House and Senate, in cooperation with the Obama administration, Governor Brown’s administration, agricultural and urban water districts, environmental groups, and other stakeholders. Any member who claims that they weren’t included has willfully chosen not to be a part of this process and is choosing not to be part of a workable solution to California’s water crisis. The simple facts are that time has run out, that these proposals have received broad, bipartisan,

bicameral support, and that the people of California has been waiting for action for three long years.”

Congresswoman Mimi Walters (CA-45)

“Finding a solution to California’s drought problem is one of my top priorities and we must seize the opportunity to address this issue immediately. With over 37 million people throughout the state impacted by the drought, it is critical that Congress take action and pass legislation that will provide relief to California’s families, farmers, and businesses. We simply cannot afford to stand by and continue to allow existing policies to mismanage our water resources. I remain committed to working with my colleagues to address this problem.”

Congressman Stephen Knight (CA-25)

“California’s water issue will require swift, coordinated action between local, state, and federal agencies. By refusing to act on this measure, Congress will miss a critical opportunity to do its part, which will further hurt California’s families and communities.”

Congressman Darrell E. Issa (CA-49)

“The purpose of this drought relief bill is to expeditiously bring water to California communities, which have been suffering from a devastating drought for more than four years. House Republicans have been diligently working with Senator Feinstein for months, crafting a bill ideal for bipartisan and bicameral support. It is disingenuous for someone who has been a critical participant in these discussions to say that the process was secretive. I am hopeful that the Senator can put our communities first and help us bring drought relief to our state as soon as possible.”

Congressman Ed Royce (CA-39)

“Republicans and Democrats have been in negotiations for months in an attempt to develop a solution to California’s prolonged water shortages. Our proposal strikes the right balance by increasing pumping and water storage without violating the Endangered Species Act and providing funding for desalination and water recycling programs. It’s a shame that Democrats have abandoned the negotiating table instead of helping deliver California the relief it so desperately needs.”

Congressman Duncan Hunter (CA-50)

“Millions of Californians are suffering from the worst drought conditions in our state’s history. We must take action to address California’s water crisis without further delay, and enact real solutions that will provide relief to citizens across our state.”

Congressman Dana Rohrabacher (CA-48)

“Californians can no longer be treated as second-class citizens by congressional Democrats and radical environmentalists who insist on putting fish first. Democrats must stop interfering with our efforts to make sure that Californians have the water they need.” *

**Source of the Timeline and the quotes by Members of Congress is the Statement Released Jointly by California House Republican Members on December 10, 2015.*

Senator Feinstein released the following statement on December 11, 2015:

“The bill that Republicans tried to place in the omnibus last week—in my name and without my knowledge—hadn’t been reviewed by me, Senator Boxer, the state or the White House. Each of those parties is key to coming up with a bill that can actually be signed into law.

“There were at least a half-dozen items in the bill that I had rejected and that would have drawn objections from state or federal agencies—some of them would likely violate environmental law. Several more provisions were still being negotiated and hadn’t been reviewed by state or federal stakeholders.

“We’ve worked hard all week to resolve these outstanding provisions, and I believe we’ve come to closure on virtually all of them. I expect that by early next week we’ll have a bill that the state and federal government can sign off on. At that point I plan to present the bill to Energy and Natural Resources Committee Chairman Murkowski and Ranking Member Cantwell and discuss the best way to move the bill forward through regular order.”*

**Source: Senator Feinstein Press Release December 11, 2015.*

After consultations with Senior Senate Committee Staff this morning, unless there is a miracle, the proper moment in time will have passed to place a consensus drought bill in the Omnibus Package this year and, as a result, drought legislation will now have to pass by regular order through both the House and the Senate. Note that the bill(s) stay “alive” for another year, the second year of the two year session. Though technically, there is still a pathway to passage this year by regular order—most observers believe it will not happen. Consideration of a drought bill will have to wait until 2016.

The key staffers in the drought negotiations were from the following offices: Senators Feinstein and Boxer, Representatives McCarthy, Calvert, McClintock, Grijalva, Napolitano, and Garamendi.

Another important issue that MWDOC has worked on this past month deals with the IRS Tax implications on various water conservation programs—including the turf removal program. Southern California water providers have issued more than \$131 million in conservation rebates. As an example, these rebates have paid for the removal for as much as 50 million square feet of turf. As a result of these rebates, there has been some uncertainty as to whether these rebates are “taxable events for our individual constituents”.

MWDOC has been actively working with MET and with our Members of Congress and key Congressional Committees to support legislation which will encourage permanent water conservation through responsible federal income tax policy that will allow such rebates to occur without our constituents incurring a taxable event. The Joint Committee on Taxation provided an analysis to Congress indicating that the scoring of such a program would have a “negligible revenue effect” on

the US Treasury.

Currently the IRS has not provided clarification or guidance regarding water rebates and it has been assumed that we were covered under the rationale behind the electric and natural gas rebates offered by utilities in the past. The Obama Administration has stated that these water related subsidies or rebates should not be taxed, but there is a certain level of uncertainty that needs to be resolved surrounding this issue. More to follow on this issue in the future.

General News Items and Political Updates of Interest

Presidential Nomination Updates:

Since our last report, here are the latest polling numbers per “*Real Clear Politics Media*”*:

Nationally

Clinton 56%

Sanders 39

O’Malley 4

In Iowa (first caucus state)

Clinton 48%

Sanders 39

In New Hampshire (first primary state)

Sanders 48%

Clinton 43

For the Republican Nomination:

Nationally

Trump 31%

Cruz 16

Rubio 13

Carson 13

Iowa (First Caucus State)

Cruz 26 %
Trump 24%
Rubio 13
Carson 12

New Hampshire (First Primary State)

Trump 29%
Rubio 12
Christie 10

**Real Clear Politics takes polling averages from different respected polling organizations over a common period of time in recent days/weeks—ending approximately this past weekend in December.*

JCB 12-14-15

To: Municipal Water District of Orange County

From: Townsend Public Affairs, Inc.

Date: December 14, 2015

Subject: Monthly Political and Activity Report

State Political Update

The Legislature will reconvene for the second year of the two year session on January 4, 2016. The Legislature will get to work immediately upon their return, as they will need to meet a series of deadlines to advance legislation that was introduced last year and remains in its house of origin. The last day for each House to pass two-year bills off of the floor is January 31. Any two-year bill that does not meet that deadline is ineligible for future consideration and would need to be reintroduced as a new bill. The deadline for introduction of new legislation is February 19.

In addition to the activity surrounding two-year bills, the Governor will be laying out his policy and fiscal positions for consideration by the Legislature. The same week that the Legislature reconvenes, the Governor will be unveiling his proposed January Budget for the 2016-17 fiscal year. While the Governor has not yet indicated what may be contained in his budget, economic outlooks performed by the Legislative Analyst's Office indicate that the State is projected to have a multi-billion budget surplus for the next few budget years. While most of these excess revenues will be directed to voter-mandated categories, primarily Proposition 98 and the State's rainy day fund, there are still likely to be considerable funds available for other priorities. The Governor will lay out his policy priorities for the coming year in his annual State of the State Address, which is also likely to occur the week that the Legislature returns from their recess.

While the Legislature has been on recess they have still been conducting informational committee hearings on items that they are likely to consider in the upcoming session. On November 16, Senator Fran Pavley, Chair of the Senate Natural Resources and Water Committee, hosted an informational hearing relating to water infrastructure funding needs. The hearing was described as a "fact finding mission" focused on acquiring information relating to the funding needs for water infrastructure throughout the state. At the hearing, which was comprised of panels of water professionals, environmental stakeholders, and others, it was estimated that California suffers from \$2-\$3 billion a year in water infrastructure funding shortfalls. Senator Pavley mentioned that a public goods charge is being looked at as a possible method of bridging the funding gap and that historically, funding for water infrastructure projects has been most successful at the local level. Additionally, Lester Snow, Executive Director of the California Water Foundation, mentioned

that a public goods charge could be modeled after the surcharge on customers of publicly owned utilities. This hearing was just the beginning of a complex and sensitive topic that will be discussed in the upcoming year. Senator Pavley indicated that a follow-up hearing, to be held in early 2016, will look at various funding solutions in more detail.

On the Assembly side, Assemblymember Richard Gordon, Chair of the Assembly Select Committee on Water Consumption and Alternative Sources, hosted his own informational hearing on November 17 relating to improving water availability through alternative sources. The panel of water experts included staff from the Department of Water Resources, the State Water Resources Control Board, and the Natural Resources Agency, as well as representatives from private institutions relating to water and a professor from the Ben Gurion University of the Negev in Israel. The panel reiterated that the best method for long term water supply resiliency is a portfolio based approach which leverages various sources of water and reduces dependability. Ellen Hanak of the Water Policy Center at the Public Policy Institute added that California should build on what was currently working such as regional coordination for projects and mandatory conservations. In the hearing, Proposition 218 passed by the voters in 1996, was cited as an obstacle to combating this drought. The panel went on to explain that local water agencies across the state have had their hands tied behind their back while they are struggling to overcome drought conditions. It is expected that more talk relating to Proposition 218 will emerge as a result of increasing drought conditions.

Executive Order 8-36-15

On November 13, the Governor issued Executive Order 8-36-15, which enacts further actions in order for the state to better mitigate the effects of the drought. The Executive Order continues the items contained in the Governor's previous Executive Orders on the drought, authorizes the extension of the restrictions on urban potable water use, as well as asks the State Water Resources Control Board (SWRCB) to consider modifications to the urban conservation standards based on insights gained over the past several months. The Executive Order also allows for the streamlining of the permitting process for projects that attempt to capture stormwater in events of high precipitation.

A breakdown of the order is below:

- Previous executive orders and proclamations remain in full effect, except as modified in this Executive Order;
- SWRCB and California Regional Water Quality Control Board shall prioritize temporary water rights permits, water quality certifications, waste discharge requirements, and conditional waivers in relation to projects that help capture stormwater in rain events;
- If drought conditions extend through January 2016, the SWRCB shall extend the restrictions to October 31, and shall consider modifying its existing restrictions;
- The SWRCB shall use up to \$5 million for permanent solutions that provide safer, cleaner, and more reliable drinking water to systems with less than 15 drinking water connections;
- The Energy Commission shall expedite the processing of all applications or petitions for amendments to power plant certifications issued by the Energy Commission for the purpose of remediating any wildfire damage and to restore power plant operation by



authorizing emergency construction activities including demolition, alteration, replacement, repair or reconstruction necessary for power plant operation.

The SWRCB has indicated that they will consider modifications to the existing water conservation regulations as part of the extension of the regulations. While nothing has been determined, the areas that they have been discussing include, but are not limited to: adjustments for climate, credits for potable reuse and desalination, regional compliance for conservation targets, and credits for groundwater. On December 7, the SWRCB conducted a public workshop to discuss the possible extension of the emergency conservation regulations.

Water Conservation Hearing

Stakeholders from all over the state traveled to Sacramento on December 7 for the public workshop held by the SWRCB to discuss possible modifications to the urban water conservation regulations. The hearing started with a staff update from both the State Water Resources Control Board as well as the Department of Water Resources regarding California's current hydrology and conservation efforts. Five panels made up of various stakeholders throughout the state then gave their opinion on the conservation measures as well as ideas on how to make them better if they are needed in 2016. The most talked about themes involved providing conservation adjustments or credits based on water recycling, growth equity, climate equity, and effective groundwater management. Many agencies expressed disappointment about various items, such as indirect potable re-use projects, desalination projects, or other water supply creating projects, which are not factored under the current regulations. Many other agencies spoke about the financial hardship that the conservation measures have placed on their agencies, and how the State needs to consider the financial position that face agencies throughout the State. The Board asked multiple panels for additional information on real world examples of how the lack of equity adjustments are hurting specific communities. All of the panels seemed to accept that continuing conservation measures were necessary and was grateful to be given the opportunity to explain to the Board how changes should be made to the existing measures.

The SWRCB indicated that they would like to receive additional information quickly so that Board staff can put forth specific proposals for public input and Board consideration. In order to advance emergency regulations before the existing regulations expire, the SWRCB will need to consider amending and renewing the regulations in January.

State Water Use: October 2015

Californians continue to stay on track toward meeting the Governor's goal of conserving 1.2 million acre feet of water by February 2016 despite only reducing water use levels by 22.2% in October. The cumulative water savings from June, July, August, September, and October when compared to the same months in 2013, is now 27.1 percent. The State Water Resources Control Board anticipated a slight dip in conservation numbers due to unusually hot weather in October 2015, and also explained that keeping the conservation percentages up through winter will be difficult due to the lack of outdoor watering that usually takes place. Of the 409 suppliers reporting



for October, 69 percent met or were within one percentage point of meeting their conservation standard and 15 percent were between one and five percentage points of meeting their standard.

In October:

- For June through October, the cumulative statewide reduction was 27.1 percent, compared with the same months in 2013. That equates to 913,851 acre-feet (297.8 billion gallons), or 76 percent of the 1.2 million acre-feet savings goal to be achieved by the end of February 2016.
- Statewide, the average water use for October was 87 residential gallons per capita per day (R-GPCD), a decrease from the 97 residential gallons per capita per day reported for September.
- Although October 2015 had the lowest level of monthly savings since June 2015, suppliers still saved more than three times the volume of water saved in October 2014.
- The last five months have been the hottest on record and October was no exception, with higher average temperatures than October 2013.



The County of Orange Report

December 14, 2015
by Lewis Consulting Group

Supervisor Bartlett Hosts Water Advocacy Meeting

On November 30th, Supervisor Lisa Bartlett hosted South Orange County water leaders at the "Water Advocacy Meeting" at the County Hall of Administration. The purpose of the meeting is to bring water agencies together to create synergy in common interests to strengthen advocacy opportunities and for water agencies to identify opportunities for the County of Orange to be more responsive to their needs.

Along with Supervisor Bartlett and her staff, attendees included Matt Holder, representatives of the County's Legislative Affairs and Public Works Departments, IRWD, SMWD, Moulton Niguel WD, Trabuco Canyon WD, and South Coast Water District.

The group discussion included trying to bring together the lobbying and advocacy efforts regarding issues that these agencies have in common, including El Nino emergency planning, Turf Rebate tax implications, temporary emergency drought regulations (assuring they are temporary) and watershed management.

The agencies also were allowed the opportunity to voice their issues with permitting process reforms that could positively effect local agencies throughout Orange County.

There will be future meetings of this group beginning early 2016 and a Public Policy Forum in the summer of 2016. Full minutes of the meeting will be provided by Supervisor Bartlett's office.

State Water Survey - Orange & San Diego Most Concerned About Water

The Public Policy Institute of California released it's latest poll of California's attitudes, and 27% of Californians name water and drought as their top concern. The economy followed closely with 24%. However, across the five geographic sub-groups, the Orange County / San Diego region was the most likely (34%) to name water as a top concern. Other areas included the Bay area 28%; the Central Valley 25%; Los Angeles 23% and the Inland Empire 20%. The survey was conducted in mid-November, but results were released in December.



Supreme Court Hears Arguments in Game Changing Redistricting Case

Supreme Court watchers are predicting a close (perhaps 5-4) decision in the current hearing of the Texas based Evenwel v Abbott case. The political stakes are enormous as a ruling for plaintiff could nationally shift power from urban/Democrat districts to suburban/Republican districts.

The premise of the Evenwel case is the current interpretation of one man, one vote that has led to apportioning districts based on total population including children, non-citizens and convicted felons. Evenwel, a Texas resident, argues unfairness in current law. His argument is voters in urban districts have more clout and representation than those in suburban districts.

Should the Evenwel argument prevail, urban districts would need to increase in size, reaching out to capture more eligible voters. Meanwhile, suburban districts would shrink in size but collectively gain clout.

Using Orange County as a sample, a victory for Evenwel would require Orange County's 46th Congressional seat (Loretta Sanchez) to geographically expand acquiring more Republican voters in adjacent neighborhoods. By contrast, voter rich Republican districts would shrink in size but increase in number. In California, like Texas, the effect would be the greatest in largely Hispanic political districts.

Could Top Two Primary System Cause Surprise in 46th Congressional District?

Four years ago in the 2012 June primary, Congresswoman Loretta Sanchez received 25,706 votes compared to her opponents combined total of 23,643 votes. If Hillary Clinton sews up the Democratic nomination early and Republicans are still battling for the nomination an even greater share of the vote cast in the 46th C.D. primary could be Republican. Could a perfect storm be brewing?

Currently there are five Democrats - Lou Correa, Joe Dunn, Jordan Brandman, Bao Nguyen and Herberto Sanchez seeking the Democrat nomination. If two Republicans enter the race and split the Republican vote perfectly, they could finish one and two, thus being the only two names appearing on the November ballot. There is a precedence for this happening. In San Bernadino County Republicans held on to a Democrat leaning district in just this manner.



Could Justice Department Soon Be Visiting Orange County?

The Orange County Board of Supervisors huddled in closed door session for hours discussing the possibility of the U.S. Justice Department launching an investigation of law enforcement practices in Orange County. If that takes place, defense and legal costs would be borne by the county.

The Justice Department interest may have been heightened due to an extremely critical editorial in the New York Times as well as receipt of a letter from legal scholars requesting an investigation.

So far in an attempt to stave off federal involvement, the Board has breathed new life into the Office of Independent Review, increasing it's scope of responsibility and giving it new teeth.

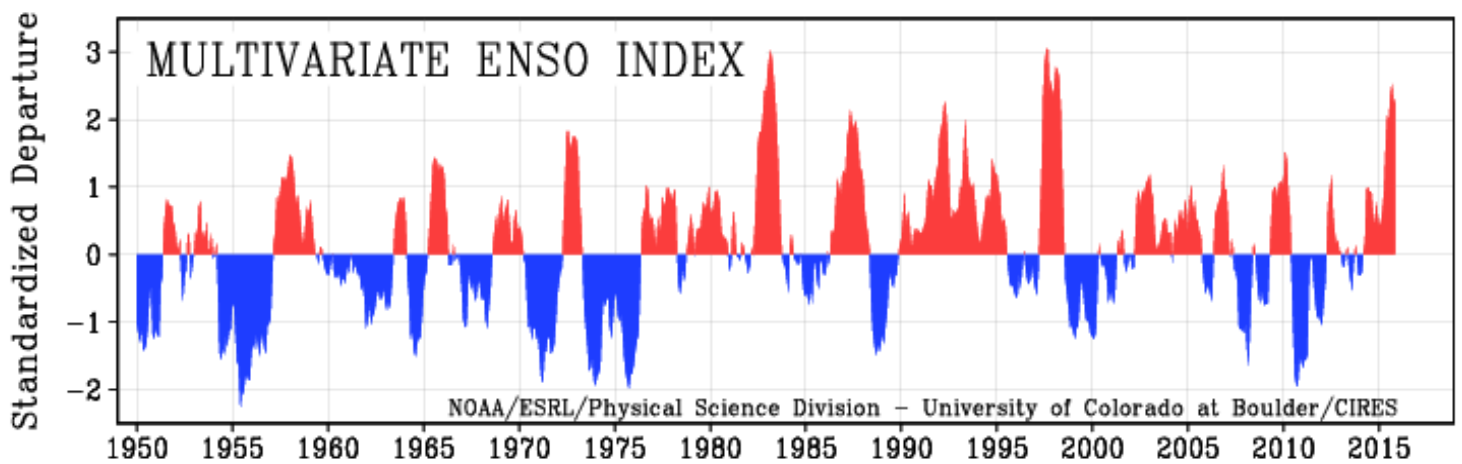
The entire legal back and forth is a result of the potential misuse of jailhouse informants in Orange County.

Has El Niño Peaked?

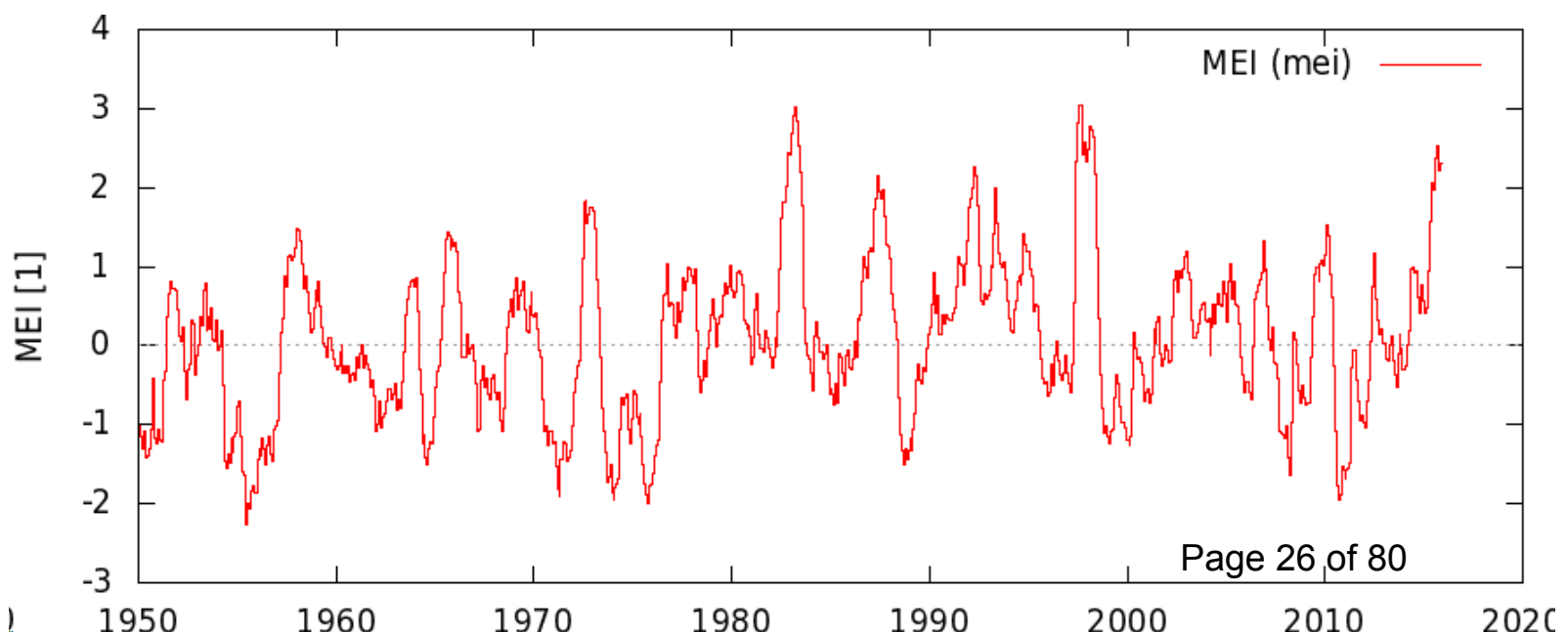
There is growing evidence the current El Niño may have peaked. However, there is plenty of warm ocean water to fuel extreme amounts of January and February California rain. If the El Niño has peaked, it will still be the third strongest El Niño since 1950.

ENSO

El Niño Southern Oscillation (ENSO) is a regularly periodical climate change caused by variations in sea surface temperature over the tropical eastern Pacific Ocean, affecting much of the tropics and subtropics. The warming phase is known as El Niño and the



cooling phase as La Niña.



ACKERMAN CONSULTING

Legal and Regulatory

December 21, 2015

1. **Banking El Nino:** Orange County is a leader in maximizing the capture of water runoff and getting it into our underground aquifer. However the rest of the state is catching up on this process. The Boswell Groundwater Banking Facility operated by the Fresno Irrigation District has developed 100 acres surrounded by earthen dams. This facility is designed to capture runoff, especially the runoff anticipated from El Nino, and let it seep into their underground aquifer. Boswell is one of four such projects the District has built. The cost of these projects is much less than traditional above ground storage, but the process and results are quite different. Filling and extracting water from aquifers is much slower and complicated than above ground storage, but both are important to the state overall water strategy. MWD estimates that the Southland had 3.5 million acre feet of unused aquifer storage.
2. **Californians Understand Drought But..:** A recent Field Poll shows positive results as to Californians perceptions of the drought. 75% believe that the state's water condition is extremely serious. 58% of those polled say they have been impacted in some way by the drought. However, state officials are concerned that we must maintain this "drought mentality" through the anticipated high rainfall from El Nino. Both Governor Brown and Chair Felicia Marcus, along with local districts, must remind our citizens that El Nino will not cure the drought. Even though this anticipated rain will certainly help our situation.
3. **Extreme Water Miser:** A former Stanford University economics professor is living on 13 gallons of water per day. She has a small apartment in Oakland and has no yard. She (and her quests whom she instructs) limit toilet flushes, reuse dishwater, take 2 minute showers and save cooking water for reuse. She has a small washing machine which she manually controls to reduce water use. She is very dedicated and says you have to watch every water related operation.
4. **Don't Eat the Snow:** The Soda Springs Mountain Resort in the Sierras is using recycled wastewater for making snow. The water is coming from the Donner Summit Public Utility District and is higher quality and safer than the surface water normally used for making snow. However, signs are placed advising patrons to not ingest the snow. Other snow resorts including one in Arizona are following suit. One problem with this method is the inconsistent volume of wastewater in this remote area. However, the resort operator stated that it generally works out. More people produces more wastewater at a time when they want to produce more snow.
5. **"Blob" Gone Almost:** You have probably heard of the "blob" and its association with El Nino. The "blob" is a warm patch of water composed of algae and dead marine life in the northern Pacific Ocean. There was great concern that it was going to have serious impact on El Nino in some way. Apparently, the "blob" is dissipating for some unknown reason. This is good and bad. It was originally bringing with it different animal and fish life and scaring away others. Now the strong winds from Alaska and Canada are churning up more confusion. Authorities believe that the crab

problem being experienced in northern California may be caused by these new conditions. The bottom line is the El Nino will continue in its normal course whatever happens to the “blob”.

6. **To Dam or Not to Dam?:** I have previously reported the new debate on whether or not to add dams at various locations in the State. Other interests have been trying to remove dams, particularly on the Klamath River. The plan in process was to remove 4 dams on the river. However this “deal” may not be completed. This has become a political battle with Democrats supporting removal and Republicans opposing. The environmental groups still support but the Hoopa Tribe is now opposed. Power is being produced by these dams which would not be replaced. Stay tuned.
7. **Salmon: Dead or Alive:** In a failed attempt to save the salmon last year, water was released from Shasta Lake, instead of being used by people or farmers. That effort was renewed this year with more water being released for the salmon. Unfortunately, the effort failed again and more salmon died. This time everyone is pointing a finger at everyone else. US Bureau of Reclamation, NRDC, fisherman, farmers, environmentalists, National Marine Fisheries Service and various Indian tribes are all blaming someone for the deaths. No one has blamed Mother Nature yet, but she may have some culpability. The drought has reduced the flow in rivers thus causing the water temperature to rise. Salmon need cooler water to spawn. Shasta like other storage facilities has lower levels of water which also produce warmer water temperatures. Thus when the water was released from Shasta, it was warmer water which did not lower the river water temperature for the salmon. Suits have been filed against most of the parties except Mother Nature. This suit raises other water rights issues, namely, of senior water rights versus the Endangered Species Act.
8. **Status of California Lakes:** California has 125 recreational lakes. 33 are 25% full or less with some empty. Many lakes primarily in northern California are in very good shape. Tahoe is down 9 feet, but keep in mind it is over 1600 feet deep. If you want more info on all the lakes see article in SF Gate November 12, 2015.
9. **The Hunt for Biggest Water User:** The Bel Air Prince in Beverly Hills was the biggest water user for few months. Then, a 1200 square foot house in San Leandro at 13,000 gallons per day which beat out his neighbors, professional athletes and corporate executives, in the bay area, was temporarily in the contest. The homeowner claimed it was due to a leak. It is under investigation, but that had to be a very big leak!! Now we have a residence (farm?) in Rancho Santa Fe in San Diego which is using 13.8 million gallons per year. The owner has not been identified because the records are not required to be public. However the area in question has a lot of ranch properties and hobby farms which traditionally use a lot of water. On the flip side, 5 of these properties received the largest homeowner rebates from MWD ranging from \$48,000 to \$70,000 each.

**DISCUSSION ITEM**

December 21, 2015

TO: Board of Directors**FROM:** **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman, and Tamaribuchi)Robert Hunter
General Manager

Staff Contact: Heather Baez

**SUBJECT: SOUTHERN CALIFORNIA WATER ISSUES CONGRESSIONAL
DELEGATION BRIEFING LUNCHEON****STAFF RECOMMENDATION**

Staff recommends the Board of Directors receives and files the report.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

CONGRESSIONAL BRIEFING

As customary, MWDOC co-hosts a luncheon during the ACWA conference in Washington D.C. and has once again partnered with regional neighbors, Eastern Municipal Water District, Inland Empire Utilities Agency, and Western Municipal Water District. The luncheon is scheduled for Wednesday, February 24th. ACWA is planning a tour and boxed lunch for conference attendees at that time.

The ACWA Washington D.C. conference is scheduled for Tuesday, 02/23/2016 - Thursday, 02/25/2015 at the Mayflower Hotel. No further details have yet been released.

MWDOC'S PARTICIPATION

| | | | |
|--|-------------------------------|---------------|------------------|
| Budgeted (Y/N): Yes | \$800/DC Luncheon & Materials | Core <u>X</u> | Choice <u> </u> |
| Action item amount: | | Line item: | |
| Fiscal Impact (explain if unbudgeted): | | | |

As we did last year, MWDOC is co-hosting a Southern California Water Issues Congressional Delegation Briefing with Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), and Western Municipal Water District (WMWD). The Gold Room in the Rayburn Building (same location as last year) is unfortunately booked, and all four agencies are working to find a more desirable room as our current secured room is in the basement.

“Save the Date” cards were hand delivered in November to all congressional offices within the hosting agencies service area. Invitations will be hand delivered in January and will be followed up with email invites and personal phone calls.

Staff from MWDOC, EMWD, IEUA, and WMWD have begun updating the briefing book and program for the event. The briefing book – which includes a brief background on the four presenting agencies – will highlight the investments and importance of reliability. In addition, the sponsoring agencies will reach out to their member agencies to see if they will be in attendance at the event, and if they would like to have a project/s included in the briefing book.

Last year MWDOC member agencies, Irvine Ranch Water District, Mesa Water District, and Santa Margarita Water District were all included. To date, Irvine Ranch Water District, Mesa Water District, Santa Margarita Water District, and Moulton Niguel Water District have submitted pages for the 2016 briefing book. The deadline for the vendor who loads and produces the briefing book USB drives is December 30, 2015. The briefing book will be provided to attendees on a USB drive (printed with all four hosting agency logos) for them to keep at their offices and use for future reference.

Staff from MWDOC and the three partnering agencies are meeting weekly to touch base, stay on schedule, and work on outstanding issues to ensure all deadlines are met and details are being worked out.

**DISCUSSION ITEM**

December 21, 2015

TO: Board of Directors**FROM:** **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman, and Tamaribuchi)Robert Hunter
General Manager

Staff Contact: Heather Baez

SUBJECT: PROPOSED BALLOT MEASURE TO AMEND ARTICLE X OF THE CALIFORNIA CONSTITUTION**STAFF RECOMMENDATION**

Staff recommends the Board of Directors receives and files the report.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

For many months, a coalition including ACWA, CSAC and the League of Cities has been discussing a possible amendment to Proposition 218 passed by the voters in 1996. Early in the year, the discussion revolved around infrastructure financing for stormwater runoff and “lifeline” rates for low-income customers.

In April, the 4th District Court of Appeal ruled that tiered rates must correspond to the cost of delivering the service. That was the premise of Proposition 218, stating a water provider cannot impose service fees that exceed the true cost of the service and the discussion shifted.

On Monday, December 14th, the coalition submitted a proposed ballot measure to the Attorney General for title and summary. The ballot measure proponents then have 30 days to tweak the language. The coalition is taking a two-pronged approach to the Prop 218 amendment proposal – ballot measure AND the legislative route. The proposal amends

| | | | |
|--|-------------------------------|---------------|------------------|
| Budgeted (Y/N): Yes | \$800/DC Luncheon & Materials | Core <u>X</u> | Choice <u> </u> |
| Action item amount: | | Line item: | |
| Fiscal Impact (explain if unbudgeted): | | | |

Article X of the California Constitution, not Article XIII which Prop 218 amended. The purpose of the ballot measure route is to use the title and summary written by the Attorney General for polling purposes. They will then use the results to shape the language and to help argue their position to the legislature.

While ACWA is part of this coalition, the League of Cities is the lead on this issue. The plan for now is to go the legislative route as a signature gathering effort for a ballot measure would be costly.

ACWA's Article X Amendment Advisory Committee, chaired by Director Larry McKenney has been working for the past couple of months with stakeholders and will be making a report to the full ACWA Board in January.



November 20, 2015

VIA PERSONAL DELIVERY

Ashley Johansson, Initiative Coordinator
Office of the Attorney General
1300 I Street, 17th Floor, P.O. Box 9442 5 5
Sacramento, CA 95 814

RECEIVED

DEC 14 2015

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

Re: Request for Title and Summary for Proposed Initiative

Dear Ms. Johansson:

Pursuant to Article II, Section 10(d) of the California Constitution, we submit the attached proposed Initiative, entitled the "The California Water Conservation, Flood Control and Stormwater Management Act of 2016", to your office and request that your office prepare a title and summary. Included with this submission is the required proponent affidavit pursuant to sections 9001 and 9608 of the California Elections Code, along with a check for \$200.00.

All inquiries or correspondence relative to this initiative should be directed to Lance H. Olson and Richard Miadich at Olson, Hagel & Fishburn, LLP, 555 Capitol Mall, Suite 1415, Sacramento, CA 95 814, (916) 442-2952.

Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads 'Matthew Cate'.

Matthew Cate
Executive Director, California State Association of Counties

November 20, 2015

VIA PERSONAL DELIVERY

Ashley Johansson, Initiative Coordinator
Office of the Attorney General
1300 I Street, 17th Floor, P.O. Box 944255

Sacramento, CA 95814

Re: Request for Title and Summary for Proposed Initiative

Dear Ms. Johansson:

Pursuant to Article II, Section 10(d) of the California Constitution, we submit the attached proposed Initiative, entitled the "The California Water Conservation, Flood Control and Stormwater Management Act of 2016", to your office and request that your office prepare a title and summary. Included with this submission is the required proponent affidavit pursuant to sections 9001 and 9608 of the California Elections Code, along with a check for \$200.00.

All inquiries or correspondence relative to this initiative should be directed to Lance H. Olson and Richard Miadich at Olson, Hagel & Fishburn, LLP, 555 Capitol Mall, Suite 1415, Sacramento, CA 95814, (916) 442-2952.

Thank you for your assistance.

Sincerely



Timothy Quinn

Executive Director, Association of California Water Agencies

November 20, 2015

VIA PERSONAL DELIVERY

Ashley Johansson, Initiative Coordinator
Office of the Attorney General
1300 I Street, 17th Floor, P.O. Box 944255

Sacramento, CA 95814

Re: Request for Title and Summary for Proposed Initiative

Dear Ms. Johansson:

Pursuant to Article II, Section 10(d) of the California Constitution, we submit the attached proposed Initiative, entitled the "The California Water Conservation, Flood Control and Stormwater Management Act of 2016", to your office and request that your office prepare a title and summary. Included with this submission is the required proponent affidavit pursuant to sections 9001 and 9608 of the California Elections Code, along with a check for \$200.00.

All inquiries or correspondence relative to this initiative should be directed to Lance H. Olson and Richard Miadich at Olson, Hagel & Fishburn, LLP, 555 Capitol Mall, Suite 1415, Sacramento, CA 95814, (916) 442-2952.

Thank you for your assistance.

Sincerely

A handwritten signature in cursive script, appearing to read "Christopher McKenzie".

Christopher McKenzie

Executive Director, League of California Cities

**The California Water Conservation, Flood Control
And Stormwater Management Act of 2016**

SECTION 1. Title

This measure shall be known as the California Water Conservation, Flood Control and Stormwater Management Act 2016

SECTION 2. Findings, Declarations and Purposes

- A. California's historic drought and the likelihood that climate change will increase the severity of droughts and heavy floods mean California must provide local communities with the tools to further encourage conservation and discourage excessive use of water; to effectively manage and increase water supplies; to capture, clean and eliminate pollution from local water sources; and to better protect people and property from the dangers of floods.
- B. Effective local management of water supplies includes authorizing local agencies to design rates to encourage water conservation and discourage excessive use of water.
- C. Local agencies should also invest in infrastructure to capture and clean water polluted by toxic chemicals and trash; recycle and reuse rainwater and stormwater runoff; and to prevent toxic stormwater and urban runoff from contaminating sources of drinking water, including rivers, lakes, streams, and groundwater, and polluting beaches, coastal waters, and wetlands.
- D. California must also improve local flood control by better capturing and managing storm and flood waters and upgrading storm drains, sewer and drainage systems to protect properties from floods and increase local supplies of water available for public use.
- E. Existing state laws governing the funding of local water supplies, clean water, water conservation and resource management, and floodwater protection were not developed with California's current water realities in mind.
- F. An alternative method for funding critical local water supplies, water quality, water conservation and resource management, and flood protection projects is needed.
- G. This measure establishes an alternative funding method that authorizes local agencies to:

- i. Set rates for customers to encourage water conservation, prevent waste, and discourage excessive use of water.
- ii. Levy fees and charges, subject to ratepayer protest, for flood control and for management of stormwater to protect coastal waters, rivers, lakes, streams, groundwater and other sources of drinking water from contamination.
- iii. Use fees and charges to reduce water, and sewer fees and charges for low-income customers.

H. Any local agency that utilizes this alternative funding method for water service and sewer service should be required to adhere to strict accountability, transparency and ratepayer protections. This includes:

- i. Providing local ratepayers with a description of the need for the proposed fee or charge and the projects and purposes projected to be funded by any proposed fee or charge in advance of any public hearing or consideration of the fee or charge;
- ii. Posting the description of the proposal on the agency's Internet website with all applicable exhibits;
- iii. Providing local ratepayers a notice of the date and time of the public hearing the local agency will hold on the proposed fee and charges;
- iv. If written protests against the fee or charge are presented by a majority of persons to whom the local agency sent the notice about the proposal then the local agency shall not impose, increase or extend the fee or charge;
- v. All money must be spent for the local purpose for which the fee or charge was imposed and cannot be taken by state government;
- vi. Revenues derived from the fee or charge shall not exceed the reasonable cost to the local agency of providing the water or sewer service or be used for any purpose other than that for which it was imposed;
- vii. The manner in which the costs are allocated to a fee payor shall bear a fair or reasonable relationship to the fee payor's burden on or benefits received from the water service or sewer service;
- viii. The initiative power of voters may be used to repeal or reduce the fee or charge in the future with the filing of a petition calling for an election on the question;
- ix. Independent annual audits shall be made available to the public showing how all funds are spent.

I. This new funding method will allow local agencies to invest in the water supplies, water quality, flood protection and water management and conservation programs we need, while guaranteeing a high level of accountability and ratepayer protections.

SECTION 3. Section 8 is hereby added to Article X of the California Constitution to read as follows:

SEC. 8 Water and Sewer Service

(a). Alternative funding method. This section provides alternative procedures and requirements for funding water service and sewer service independent of any other procedures and requirements in this Constitution for funding these services.

(1) A local agency that adheres to the procedures and requirements of this section, including the strict accountability requirements to protect local ratepayers, may use at its discretion, the provisions of this section instead of any other procedures or requirements in this Constitution for funding the cost of providing water service and sewer service only if undertaken voluntarily and at the sole discretion of the local agency.

(2) The revenues derived from the fees or charges imposed in accordance with this section may only be used by the local agency that imposed, increased or extended the fee or charge, and like other fees or charges imposed, increased or extended by local agencies, the Legislature is prohibited from reallocating, transferring, borrowing, appropriating, restricting the use of, or otherwise using the proceeds of such fees or charges.

(b) Definitions. As used in this section:

(1) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for water service or sewer service having a direct relationship to property ownership.

(2) "Local agency" means any city, county, city and county, including a charter city or county, special district, or any other local or regional governmental entity.

(3) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the fee or charge.

(4) "Sewer service" means any system of public improvements, facilities, projects, or services for the collection, conveyance, conservation, drainage, disposal, recycling or treatment of stormwater, flood water, dry weather runoff, sewage or waste to: (A) conserve and protect sources of drinking water, such as rivers, lakes, streams and groundwater, or the environment, such as beaches, coastal waters, and wetlands, from toxic chemicals, biological contaminants, and other pollutants; (B) protect public health and safety; (C) reduce the risk of flooding of public or private property; or (D) comply with federal or state laws, rules, and regulations.

(5) "Water service" means any system of public improvements, facilities, projects or services intended to provide for the production, management, storage, supply, treatment, recycling, conservation or distribution of water from any source.

(c) Requirements for new, increased or extended fees or charges. A fee or charge for water service or sewer service shall not be imposed, increased, or extended by a local agency pursuant to this section unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the reasonable cost to the local agency of providing the water service or sewer service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The manner in which the costs of the water service or sewer service are allocated to a fee payor shall bear a fair or reasonable relationship to the fee payor's burden on or benefits received from the water service or sewer service.

(d) Conservation fee or charges; low-income households. A local agency that imposes, extends, or increases a fee or charge pursuant to this section may do either or both of the following:

(1) Allocate the cost of water service or sewer service through a rate structure reasonably designed to encourage water conservation and resource management in furtherance of the policy established in section 2;

(2) Increase the amount of a fee or charge to derive revenues that do not exceed the reasonable cost of reducing such fee or charge for lower-income households.

(e) Notice, public hearing and majority protest. A local agency shall comply with the procedures of this subdivision in imposing, increasing, or extending a fee or charge for water service or sewer service pursuant to this section:

(1) The local agency shall provide written notice by mail of the new fee or charge or the proposed increase in or extension of an existing fee or charge to the fee payor listed in the local agency's billing, or customer service records or other appropriate records. If the fee or charge is or will be imposed on a parcel, the local agency shall provide written notice to the record owner as provided in paragraph (4). The local agency may include the notice in the agency's regular billing statement for the fee or charge to the person at the address to which the agency customarily mails the billing statement for water service or sewer service. If the customer is billed only electronically, the agency shall provide notice by mail.

(2) The notice required by paragraph (1) shall include the amount of the fee or charge proposed to be imposed on the recipient of the notice or the basis upon which the amount of the fee or charge will be calculated, together with the date, time and location of the public hearing on the fee or charge. The notice also shall state that if written protests against the fee or charge are presented by a majority of persons to whom the local agency sent the notice required by paragraph (1), then the local agency shall not impose, increase or extend the fee or charge.

(3) The notice required by paragraph (1) shall include a general description of the services, facilities and improvements projected to be funded with the proceeds derived from the new fee or charge or proposed increase in, or extension of the fee or charge. A more complete description of the projected services, facilities and improvements, including any applicable exhibits, shall be made available at an accessible location and on the local agency's Internet website.

(4) If the local agency desires to preserve any authority it may have to record or enforce a lien on the parcel to which service is provided, the local agency shall also mail notice to the record owner's address shown on the last equalized assessment roll if that address is different than the billing address.

(5) The local agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice required by paragraph (1). At the public hearing, the local agency shall consider all oral and written protests against the fee or charge. If written protests against the fee or charge are presented by a majority of persons to whom the local agency sent the notice required by paragraph (1), then the local agency shall not impose, increase or extend the fee or charge. One written protest per service address shall be counted in calculating a majority protest pursuant to this paragraph.

(f) Burden of proof. The local agency bears the burden of proving by a preponderance of the evidence that the amount of a fee or charge for water service or sewer service is no more than necessary to cover the reasonable costs of the water service or sewer service, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burden on, or benefits received from, the water service or sewer service. A fee or charge levied pursuant to and in compliance with this section is not a tax

(g) Initiative power for fees or charges. Notwithstanding any other provision of this Constitution, including, but not limited to Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any fee or charge for water service or sewer service adopted, increased or extended pursuant to this section. The power of the initiative to affect such fees or charges shall be applicable to all local agencies and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

(h) Mandatory audit. Any local agency that approves a fee or charge for water service or sewer service in accordance with this section shall cause to be prepared an independent financial audit of the receipt and expenditure of the revenues derived from the fee or charge. Such an audit may be part of a comprehensive audit of the agency's finances, but the audit shall identify the revenues received and expended in accordance with this section with sufficient clarity to help ratepayers compare the use of the funds to the description provided in paragraph (3) of subdivision (e).

SECTION 4. Severability

If the provisions of this act, or any part thereof, are for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect and to this end the provisions of this act are severable.

SECTION 5. Conflicting Measures

It is the intent of the people that in the event that this measure and another measure relating to the establishment of an alternative method of imposing, increasing, or extending fees or charges to fund water service or sewer service appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure, and if approved by the voters, this measure shall take effect notwithstanding.

SECTION 6. Liberal Construction

The provisions of this act shall be liberally construed in order to effectuate its purposes and the intent of the voters to provide local agencies alternative procedural and substantive requirements for imposing fees and charges for water service and sewer service from those otherwise found in the Constitution.



ACTION ITEM
January 20, 2016

TO: Board of Directors

FROM: **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman & Tamaribuchi)

Robert Hunter
General Manager

Staff Contact: Heather Baez

SUBJECT: MWDOC Legislative Policy Principles Annual Update

STAFF RECOMMENDATION

Staff recommends the committee review and discuss the updated legislative policy principles and direct staff as appropriate.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC maintains a set of legislative policy principles that serve as guidelines for staff and our legislative advocates on issues that are of importance to the District. The policy principles here are a culmination of current policies and initial changes recommended by staff and directors.

The purpose of these principles is to assist District staff and its legislative advocates in the evaluation of legislation that may impact the District, its member agencies, the interests of Orange County, the Metropolitan Water District of Southern California and/ or its member agencies. The principles establish guidelines to allow the District to respond to certain types of legislation in a timely manner while issues that are not clear or have complicated implications will be presented to the Board for further guidance.

| | | | |
|---|------------------|--------|-----------|
| Budgeted (Y/N): n/a | Budgeted amount: | Core x | Choice __ |
| | | | |
| Fiscal Impact (explain if unbudgeted): | | | |
| | | | |

Changes are shown as follows:

Additions are *italicized*

Deletions are ~~crossed through~~

Director suggested changes are underlined

Staff has solicited input from the member agencies through the general managers and other participating city staff via the MWDOC Member Agencies Managers and Legislative Coordinators group. Additional follow-up was made by staff encouraging participation, however, no member agency feedback was received.

NOTE: Staff recommended additions are in *italics*, deletions are in ~~striketrough~~-font. Director recommendations are also underlined.

Municipal Water District of Orange County **Legislative Policy Principles**

IMPORTED WATER SUPPLY

It is MWDOC's policy to support legislation that:

1) Ensures the implementation of a ~~long-term~~ state water plan that balances California's competing water needs and results in a reliable supply of high- quality water for Orange County.

2) Facilitates the implementation of the ~~Bay-Delta Conservation Plan~~ *California WaterFix*, the co- equal goals of reliable water supply and ecosystem restoration, and related policies that provide long term, comprehensive solutions for the San Francisco Bay/Sacramento-San Joaquin River Delta that:

a) Provides reliable water supplies to meet California's short- and long- term needs;

b) Improves the ability to transport water across the Delta either for, or in supplement to, State Water Project deliveries;

c) Improves the quality of water delivered from the Delta;

d) Enhances the Bay-Delta's ecological health in a balanced manner that takes into account all factors that have contributed to its degradation;

~~e) Encourages cost effective water use efficiency measures;~~

f) Employs sound scientific research and evaluation to advance the co-equal goals of improved water supply and ecosystem sustainability.

3) Funds a ~~long-term~~, comprehensive Bay-Delta solution in a manner that equitably apportions costs to all beneficiaries.

4) Seeks to ~~expedite the~~ keep BDCP *California WaterFix* ~~on schedule and prudently expedites the approval process for projects that will~~ to improve water reliability and security.

5) Provides funding for Colorado River water quality and supply management efforts.

6) Provides conveyance and storage facilities that are cost-effective for MWDOC and its member agencies, while improving the reliability and quality of the water supply.

7) Authorizes and appropriates the federal share of funding for the ~~long-term~~ Bay Delta solution.

8) Authorizes and appropriates the ongoing state share of funding for the long-term Bay Delta solution.

It is MWDOC's policy to oppose legislation that:

- 1) Would make urban water supplies less reliable, or would substantially increase the cost of imported water without also improving the reliability and/ or quality of such water.
- 2) Imposes water user fees to fund Bay Delta ecosystem restoration and other public purposes, non-water supply improvements in the Delta region.

LOCAL WATER RESOURCES

It is MWDOC's policy to support legislation that:

- 1) *Supports the development of, provides funding for, and authorizes and/or facilitates the expanded use of, water recycling, potable reuse, conservation, groundwater recovery and recharge, storage, brackish and ocean water desalination and surface water development projects.*
- 2) Recognizes that recycled water is a *valuable* resource ~~and that should be~~ justified *evaluated for economic justification*, permitted and managed as such.
- 3) Authorizes local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.
- 4) Reduces and/or streamlines regulatory burdens on water development *recycling projects* and brackish and ocean water desalination projects.
- 5) Supports ecosystem restoration, increased stormwater capture and sediment management activities at Prado Dam.
- ~~6) Recognizes and supports the development of ocean desalination as a critical new water supply for the state and Orange County, specifically. (Redundant – added to #1)~~
- 7) Authorizes, promotes, and provides incentives for indirect and direct potable reuse projects.
- 8) Recognizes that the reliability of supplies to the end user is the primary goal of water suppliers.
- 9) *Ensures that decision-making with regard to stormwater management and recapture is kept at the local or regional level through local water agencies, stormwater districts, cities, counties, and regional water management groups.*
- 10) *Recognizes that stormwater management and recapture are important tools in a diversified water portfolio that can help to achieve improved water quality in local surface and groundwater supplies, and augment surface and groundwater supplies for local water agencies.*

11) *Reduces or removes regulatory hurdles that hinder the use of stormwater.*

12) *Provides incentives for the local or regional use of stormwater management and recapture.*

It is MWDOC's policy to oppose legislation that:

1) Restricts a local governmental agency's ability to develop their local resources in a manner that is cost-effective, environmentally sensitive, and protective of public health.

2) Imposes barriers to the safe application of recycled water and continues to define recycled water as a waste.

3) Would make urban water supplies less reliable, or would substantially increase the cost of imported water without also improving the reliability and/ or quality of such water.

4) Restricts or limits a local governmental agency's ability to establish local priorities for water resources planning decisions.

WATER USE EFFICIENCY

It is MWDOC's policy to support legislation that:

1) Furthers the statewide goal of a 20% reduction in per capita water use by 2020 as set forth in SBx7-7, enacted in November 2009.

2) Would allow flexibility and options for compliance in achieving statewide water reduction goals.

3) Seeks to cost effectively improve water efficiency standards for water-using devices.

4) Provides loans and grants to fund incentives for water conserving devices or practices.

5) Advances and ensures accurate reporting of the implementation of water efficiency measures of the Best Management Practices (BMPs) for the California Urban Water Conservation Council's Memorandum of Understanding.

6) ~~Increases~~ ~~Promotes~~ ~~Improves~~ landscape water use efficiency and ~~promotes~~ Commercial, Institutional and Industrial (CII) water use efficiency programs.

7) Requires individual or sub-metering to be built in new construction of multiple unit residential buildings.

8) Encourages stakeholders to investigate and develop regionally appropriate statewide landscape water conservation standards and regulations that incorporate local land use and climate factors.

9) Provides incentives, funding, and other assistance where needed to facilitate market transformation and gain wider implementation of water-efficient indoor and outdoor technologies and practices.

10) Provides incentives, funding, and other assistance where needed to facilitate water use efficiency partnerships with the energy efficiency sector.

11) Recognizes past investments in water use efficiency measures, especially from the demand hardening perspective.

It is MWDOC's policy to oppose legislation that:

1) Fails to ensure balance in the implementation of water efficiency practices and requirements for both urban and agricultural use.

2) Would repeal cost-effective efficiency standards for water-using devices.

WATER QUALITY

It is MWDOC's policy to support:

1) Legislation that protects the quality of surface water and groundwater *including the reduction of salt loading to groundwater basins*.

2) Funding that helps agencies meet state and federal water quality standards.

3) The establishment and/ or implementation of standards for water-borne contaminants based on sound science and with consideration for cost-effectiveness.

It is MWDOC's policy to oppose:

1) Legislation that could compromise the quality of surface water and groundwater supplies.

2) Legislation that establishes and/ or implements standards for water-borne contaminants without regard for sound science or consideration for cost effectiveness.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

It is MWDOC's policy to oppose legislation that:

1) Compromises the existing governance structure and the representation of member agencies on the Metropolitan Water District Board of Directors.

2) Would restrict MET's rate-making ability.

WATER TRANSFERS

It is MWDOC's policy to support legislation that:

- 1) Encourages and facilitates voluntary water transfers.
- 2) Provides appropriate protection or mitigation for impacts on the environment, aquifers, water-rights holders and third-parties to the transfer including those with interests in the facilities being used.
- 3) Legislation that encourages transfers which augment existing water supplies, especially in dry years.

It is MWDOC's policy to oppose legislation that:

- 1) Undermines the operations and maintenance of the conveyance system *conveying the water*.
- 2) Interferes with the financial integrity of a water utility and compromises water quality.
- 3) Increases regulatory or procedural barriers to water transfers at the local or state level.

WATER INFRASTRUCTURE FINANCING

It is MWDOC's policy to support legislation that:

- 1) Employs a "beneficiary pays" principle that establishes a clear nexus between the cost paid to the direct benefit received. Likewise, those who do not benefit from a particular project or program should not be required to pay for them.
- 2) Establishes grants or other funding opportunities for local and regional water infrastructure projects.
- 3) Considers local investments made in infrastructure, programs, mitigation and restoration in determining appropriate cost shares for water infrastructure investments.
- 4) Would reduce the cost of financing water infrastructure planning and construction, such as tax-credit financing, tax-exempt municipal bonds, Water Resources Development Act (WRDA), Water Infrastructure Finance Innovation Act (WIFIA), the Environmental Infrastructure Accounts and other funding mechanisms.

It is MWDOC's policy to oppose legislation that:

- 1) Establishes a fee or tax that does not result in a clear benefit to the District, its member agencies, and their customers.

2) Would reduce the total available water infrastructure financing measures such as WIFIA, state-revolving funds, and others.

ENERGY

It is MWDOC's policy to support legislation that:

- 1) Facilitates the development and expansion of clean, renewable energy in California, including hydropower.
- 2) Supports water supply reliability as the primary focus of water agencies and energy intensity of water supplies as a secondary factor.
- 3) Recognizes the role and value of the water industry investment in water use efficiency and therefore recognizes WUE efforts towards greenhouse gas reduction, including funding such activities.
- 4) Recognizes hydroelectric power as a clean, renewable energy source and that its generation and use meets the greenhouse gas emission reduction compliance requirements called for in the Global Warming Solutions Act of 2006 (AB 32).

It is MWDOC's policy to oppose legislation that:

- 1) ~~Grants preferential consideration to certain types of clean, renewable energy projects over others, resulting in those preferred projects receiving advantages for state funding, project permitting, and regulatory compliance.~~ (Suggested deletion as it could benefit some providers in the county.)

FISCAL POLICY

It is MWDOC's policy to support legislation that:

- 1) Requires the federal and state governments to provide a subvention to reimburse local governments for all mandated costs or regulatory actions.

It is MWDOC's policy to oppose legislation that:

- 1) Is inconsistent with the District's current investment policies and practices.
- 2) Pre-empts the District's ability to impose or change water rates, fees, or assessments.
- 3) Impairs the District's ability to maintain levels of reserve funds that it deems necessary and appropriate.
- 4) Impairs the District's ability to provide services to its member agencies and ensure full cost recovery.

5) Makes any unilateral reallocation of District revenues, or those of its member agencies, by the state unless the state takes compensatory measures to restore those funds.

6) Would impose mandated costs or regulatory constraints on the District or its member agencies without reimbursement.

7) *Mandates a specific rate structure for retail water agencies.*

8) *Imposes a “public goods charge” or “water tax” on public water agencies or their ratepayers.*

GOVERNANCE

It is MWDOC's policy to support legislation that:

1) Advances good government practices and public transparency measures in a manner that ~~de~~ *does* not take a "one-size fits all" approach, respects local government control, and facilitates technological efficiencies to meet state reporting and disclosure requirements.

It is MWDOC's policy to oppose legislation that:

1) Advances local government reform measures by imposing unnecessarily broad burdens upon all local governments, particularly when there is no demonstration of rampant and wide-spread violations of the public trust.

2) Shifts state programs, responsibilities and costs to local governments without first considering funding to support the shift.

3) Seeks to limit or rescind local control.

4) Reduces or diminishes the authority of the District to govern its affairs.

5) Imposes new costs on the District and the ratepayers absent a clear and necessary benefit.

6) Resolves state budget shortfalls through shifts in the allocation of property tax revenue or through fees for which there is no direct nexus to benefits received.

PUBLIC EMPLOYEE PENSION REFORM

It is MWDOC's policy to support legislation that:

1) Seeks to contain or reform public employee pension and other post-employment benefit (OPEB) cost obligations that are borne by public agencies via taxpayers and ratepayers.



INFORMATION ITEM

December 16, 2015

TO: Board of Directors

FROM: **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman & Tamaribuchi)

Robert Hunter
General Manager

Staff Contact: Jonathan Volzke

SUBJECT: **Update on the Value of Water CHOICE Program**

STAFF RECOMMENDATION

Staff recommends the Board of Directors receive and file report.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

Twenty MWDOC member agencies are participating in the 2015-26 Value of Water campaign, which launched on December 20.

This year's program partners with the Orange County Register to create a weekly full page of information about the water industry. The articles are conceived of by the participating agencies, then written and designed by Register special-content staff separate from the newsroom.

MWDOC and the participating agencies have final approval before a page is sent to print.

The cost of the program, not to exceed \$195,000 is paid by participating agencies. It will run through the end of the fiscal year.

| | | | |
|---|------------------|--------|-----------|
| Budgeted (Y/N): n/a | Budgeted amount: | Core x | Choice __ |
| | | | |
| Fiscal Impact (explain if unbudgeted): | | | |
| | | | |

The pages in the program will closely resemble the news pages in the Register, and educate readers about water issues, ranging from the sources of drinking water to the California Water Fix.

Planned pages now include: Year in Review: How OC Responded to Drought/Governor Call; OC Businesses Handling the Drought; Will El Nino end the Drought? What it means to OC; How OC Water Districts are preparing for El Nino; How New State Water Board Regs Impact OC; How development proceeds in a Drought; Storm Water Capture/Runoff Capture - Why does water run to ocean?; Beyond the Hype - How water rates are set why they vary; OC Reliability Study; California Water Fix/Importance to OC; Water Recycling/Reuse; Educating Children - School Programs and more; Desalination - Will it happen in OC?; Weather Stations and more - high tech and the OC Water Summit.

Participating agencies are: City of Brea, City of Buena Park, East Orange County Water District, El Toro Water District, City of Fountain Valley, City of Garden Grove, City of Huntington Beach, City of La Habra, IRWD, City of Newport Beach, City of Orange, City of San Clemente, Santa Margarita Water District, City of Seal Beach, Serrano Water District, South Coast Water District, Trabuco Canyon Water District, City of Tustin and the Yorba Linda Water District.

The Orange County Stormwater Program also paid to join the program this year and will provide photographs and text of Orange County residents with exemplary California-friendly yards.

**INFORMATION ITEM**

November 16, 2015

TO: Board of Directors**FROM:** **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman & Tamaribuchi)Robert Hunter
General Manager

Staff Contact: Heather Baez

SUBJECT: **Update on the transfer of Orange County Sanitation District Area 7****STAFF RECOMMENDATION**

Staff recommends the Board of Directors receive and file report.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

For the past several months, the proposed EOCWD and IRWD applications to assume local sewer service for OCSD Service Area 7 have been discussed in great length by the OCLAFCO (Commission).

Until recently, both applications were incomplete pending approval of required property tax resolutions by the Board of Supervisors (BOS). However, on November 17, the BOS approved the property tax resolution for the EOCWD proposal and the LAFCO Executive Officer subsequently deemed the application complete.

In light of that, on November 18, the Commission directed staff to schedule consideration of the EOCWD proposal for consideration at the December 9 regular meeting. The December 9 staff report includes a review of the District's proposal, discusses the existing and alternative providers and recommends disapproval of the EOCWD reorganization. In its

| | | | |
|---|------------------|--------|-----------|
| Budgeted (Y/N): n/a | Budgeted amount: | Core x | Choice __ |
| | | | |
| Fiscal Impact (explain if unbudgeted): | | | |

review, staff analyzed the costs to provide local sewer, impacts to the ratepayers, and ability of the District to provide reliable long-term local sewer service to OCSD Service Area 7. At the meeting, the Commission continued the EOCWD reorganization proposal to a future meeting to allow for IRWD's competing application to be completed so the Commission can consider the two proposals together.

The Commission's December 9 staff report is attached.



December 9, 2015

8a

CHAIR
DEREK J. MCGREGOR
Representative of
General Public

VICE CHAIR
JOHN WITHERS
Director
Irvine Ranch Water District

LISA BARTLETT
Supervisor
5th District

DR. ALLAN BERNSTEIN
Councilmember
City of Tustin

CHERYL BROTHERS
Councilmember
City of Fountain Valley

TODD SPITZER
Supervisor
3rd District

CHARLEY WILSON
Director
Santa Margarita Water District

ALTERNATE
WENDY BUCKNUM
Councilmember
City of Mission Viejo

ALTERNATE
ANDREW DO
Supervisor
1st District

ALTERNATE
JAMES FISLER
Director
Mesa Water District

ALTERNATE
KATHRYN FRESHLEY
Representative of
General Public

CAROLYN EMERY
Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer
Project Manager

SUBJECT: Proposed East Orange County Water District
Reorganization for Local Sewer Service (RO 14-01)

BACKGROUND

Since 2008, the Orange County Sanitation District (OCSD) has successfully transferred the majority of its local sewer assets to cities and special districts that currently provide local sewer. Transferring of local sewer has successfully met a goal identified and approved by the OCSD board in several of the District's Strategic Plans. The District has stated that the transfer of local sewer assets supports OCSD's strategic goal of seeking efficiencies to manage and protect the public's funds. One of the last remaining and largest of areas served local sewer by OCSD's is known as OCSD Service Area 7. The area includes approximately 7,777 acres located in the western portion of the City of Tustin, unincorporated North Tustin (includes Cowan Heights, Lemon Heights, Panorama Heights, Redhill and Rocking Horse Ridge) and the unincorporated community of El Modena surrounded by the City of Orange.

On February 27, 2014, OCSD entered into an agreement with the East Orange County Water District (EOCWD) for the transfer of sewer infrastructure and local sewer service responsibility in Service Area 7 to EOCWD upon required approvals by OC LAFCO. Subsequently, EOCWD filed an application with OC LAFCO requesting authorization to provide local sewer, a new service for EOCWD, and concurrent changes to the District's sphere and service boundaries on March 27, 2014. Pursuant to Government Code Section 56824.12, the review of a District's request to provide a new service, known in state law as the activation of a latent power, requires more detailed analysis of current, proposed and existing alternative service providers.

To address the statutory requirements, OC LAFCO prepared a Focused Municipal Service Review (MSR) for OCSD Service Area 7 that included a review of the current (OCSD), proposed (EOCWD) and alternative sewer service providers for the subject territory. During the preparation of the Focused MSR, OC LAFCO identified the Irvine Ranch Water District (IRWD) as an existing alternative service provider. IRWD subsequently filed a competing application on March 23, 2015. The MSR and the related determinations were approved by the Commission on September 9, 2015 and are used as a technical foundation for the review of the proposed applications to assume local sewer service for OCSD Service Area 7.

For the past year and a half and in accordance with the statute and Commission's existing policy on competing applications, the proceedings for both applications were parallel to allow the Commission to consider both proposals at the same hearing. However, because IRWD's application is currently incomplete pending adoption of the required property tax exchange resolution by the County Board of Supervisors (BOS), the IRWD application cannot move forward at this time. At the request of OCSD, the BOS requires that IRWD enter into a sewer transfer agreement with OCSD prior to the Board's consideration of the property tax resolution. The current sewer transfer agreement between OCSD and EOCWD prohibits OCSD from entering into a similar agreement with other agencies, including IRWD. On November 18, 2015, the OCSD Board of Directors directed the District's General Manager to negotiate an amendment to the agreement with EOCWD to remove the provision restricting OCSD from entering into a similar agreement with IRWD and return for Board approval at the next OCSD Board meeting which is currently scheduled for December 16, 2015.

While the competing IRWD application remains incomplete, at the November 18 regular meeting, the Commission directed staff to schedule the EOCWD's proposal for the December 9 hearing. This staff report includes an analysis and recommendations for the EOCWD application solely. However, the IRWD plan for service is also discussed within this report to meet the requirement for the Commission to consider existing alternative providers when reviewing an application for activation of latent powers. As directed by the Commission, a preliminary staff analysis of the EOCWD and IRWD applications and recommendations were prepared by OC LAFCO staff and presented at the October community workshop. The analysis identified IRWD, an existing provider of local sewer and water as the most efficient and cost-effective alternative to providing local sewer service to OCSD Service Area 7.

EOCWD's PROPOSAL

EOCWD has requested that OC LAFCO consider several changes of organization necessary for the District to assume local sewer service for the OCSD Service Area 7. The District has requested by resolution that the Commission approve the following actions:

1. Activation of Latent Power

In accordance with its principal act, EOCWD has the authority to provide local sewer service. However, because the District does not currently provide local sewer service, Government Code Section 56824.10 requires EOCWD to receive approval from OC LAFCO before it can provide the service. In addition to several other factors in its review of this change of organization, the Commission is required to determine that EOCWD will have sufficient revenues to carry out the proposed new service. In accordance with Government Code Section 56824.10, if approved by the Commission, the District's authority to provide local sewer would be for OCSD Service Area 7 only. Any territory beyond the OCSD Service Area 7 would require additional review and approval by OC LAFCO.

2. Annexation

In addition to the activation of its latent power to provide local sewer service, the District has also requested OC LAFCO approval of the annexation of 858 acres of territory that is located in Service Area 7 that is not currently within EOCWD's current service boundary. The activation of the District's power to provide local sewer service must happen prior to annexation. The District has requested the authority to provide local sewer service only to the annexation territory.

3. Sphere of Influence Amendment

OC LAFCO is charged with determining the eventual service territory or "sphere of influence" for each city and special district under its jurisdiction. In accordance with Government Code Section 56425, an amendment to EOCWD's sphere of influence by OC LAFCO concurrent with the annexation is required.

SUMMARY OF STAFF RECOMMENDATION

In accordance with Government Code Sections 56425, 56653, 56668, 56668.3, 56824.12 and 56824.14, the staff analysis includes a review of EOCWD's Plan for Service and the following key areas:

- Identification of existing providers of local sewer service and the potential fiscal impact to customers of those existing providers;
- Alternatives to authorizing EOCWD to provide a new service within EOCWD jurisdictional boundaries;
- EOCWD's proposed cost to provide local sewer service to OCSD Service Area 7;

- Estimated cost to OCSD Service Area 7 customers if new service for EOCWD is established;
- EOCWD's proposed plan for financing the provision of local sewer service to OCSD Service Area 7; and
- The financial ability of EOCWD to provide reliable local sewer service to OCSD Service Area 7.

OC LAFCO's staff analysis of the statutorily prescribed factors does not support the approval of the proposed "East Orange County Water District Reorganization for Local Sewer Service." EOCWD's Plan for Service does not represent the most logical or efficient method of providing sewer service or ensure long-term reliability of sewer service to the subject area.

Logical and Efficient Delivery of Sewer Service

Government Code Section 56301 states that "one of the objectives of the Commission is to make studies and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities." In the consideration of EOCWD's proposal, the Commission thoroughly reviewed current provision of local sewer service to the area by OCSD as well as the Plan for Service to extend sewer service to the area submitted by IRWD as an existing local alternative service provider. The statutory requirement for the Commission to review alternatives to EOCWD's proposal that are contained in Government Code Sections 56668(b) and 56824.12(a) are intended to ensure that the Commission's decisions promote the orderly growth and the logical formation and modification of local agencies. OCSD has stated that the District will benefit from internal efficiencies by transferring local sewer service to a local agency. While the IRWD application is not complete at this time, through the completion of a focused MSR and preliminary staff review, IRWD is identified as an existing alternative to authorizing an agency to provide a new service. With over 50 years of experience providing local sewer service to territory adjacent to OCSD Service Area 7, IRWD, not EOCWD, represents the most logical and efficient delivery of local sewer service to the subject area.

Long-Term Reliability of Sewer Service

Government Code Section 56668 provides several factors that the Commission must consider in the review of EOCWD's proposal. The Commission must consider the need for organized community services and the probable future needs for those services and controls. The Commission must also consider the financial ability of the EOCWD to assume local sewer service. EOCWD's proposal is focused on the future provision of local sewer service to Service Area 7. The Commission's consideration of the District's proposal includes the long-term reliability of EOCWD as a potential local sewer service

operator and its relative responsibility for ensuring the protection of the public and the environment. Central to the review of these factors is the long-term viability of EOCWD as a whole. The analysis below considers the potential cumulative impacts of several issues that are currently affecting EOCWD's water operations and how they may potentially impact EOCWD's ability to assume new service responsibility in an expanded service territory.

Additionally, EOCWD does not currently possess the facilities or specialized equipment necessary to provide local sewer service or respond to sewer system emergencies. Given the time it will take to transition responsibilities and the challenges the District has had retaining staff¹ due to non-competitive salary and benefits, the District's Plan for Service does not support the short or long-term reliability of the District to provide local sewer service. The financial challenges that the District is experiencing in retail and wholesale water service operations may affect reliability of EOCWD's current operations and do not support the expansion into a highly regulated industry such as local sewer service. While IRWD's application is not complete at this time, the Focused MSR for OCSD Service Area 7 identified IRWD as an existing alternative sewer service provider with the experience, resources, and the financial stability required to ensure long-term reliability of sewer service to the area.

Staff's review of EOCWD's proposal does not find EOCWD as the most logical or efficient provider of local sewer service to Service Area 7. The District does not possess the skills, equipment or the financial stability necessary to ensure long-term reliability of sewer service to the area. Therefore, staff recommends the Commission disapprove the proposed "East Orange County Water District Reorganization for Local Sewer service" (RO 14-01) and adopt the form of resolution and make the findings in Attachment A. While the IRWD application is not complete, the District's plan for service to assume local sewer represents the most logical and efficient alternative to delivering long-term reliable local sewer service to OCSD Service Area 7.

STAFF ANALYSIS

The efficient delivery of local sewer service to OCSD Service Area 7 has been discussed by the Commission, OCSD, EOCWD, IRWD, and the City of Tustin for many years. OC LAFCO raised the potential transfer of local sewer service responsibility to the City of Tustin or the Irvine Ranch Water District to increase efficiency in the May 9, 2007 Municipal Service Review and Sphere of Influence Report for the Orange County Sanitation District. The subject was also discussed in 2005 during a review of EOCWD's sphere of influence, when the Commission and EOCWD engaged in considerable dialogue about EOCWD's long-term viability. At that time, staff recommended that the Commission assign EOCWD a "transitional" sphere of influence which would serve as

¹ EOCWD Fiscal Year Budget (<http://www.eocwd.com/media/financial/FY16-EOCWD-Budget.pdf>)

an indicator that at some point in the future, the District should reorganize with another agency or, based on an MSR and/or LAFCO staff analysis, that efficiencies may be achieved if the agency examined innovative service provision alternatives with adjacent service providers. The factors supporting the 2005 staff recommendation for a transitional sphere of influence for EOCWD were stated as follows:

- The District predicts a significant decrease in wholesale water demand by 2020.
- Rate increases for wholesale and retail ratepayers are likely due to increased costs in imported water and potential decrease in wholesale demand.
- A reorganization study was initiated by EOCWD but little change has been implemented.
- A number of alternative service providers have been identified by EOCWD that could provide service to the District's service area.
- Overlap in wholesale water distribution systems exist to some degree between MWDOC and EOCWD. This situation can result in service inefficiencies and potentially higher costs to the customer.

Ten years later, these factors remain constant with the District's fiscal operations being affected by ever changing state regulations, such as the drought related water restrictions. The District is experiencing a decrease in wholesale water demand as exemplified by a 30% reduction in its wholesale budget for FY 15-16. While the reduction is largely attributed to the drought restrictions, the impacts to the District's finances are a legitimate concern for EOCWD's long-term viability. The budget also includes the use of \$2.285 million from reserves to fund capital improvements to the District's wholesale facilities and water distribution system. EOCWD recently approved substantial rate increases to support its wholesale operations and is expected to consider rate increases to its retail ratepayers to offset impacts of the drought restriction in early 2016. The District's wholesale boundary continues to overlap with MWDOC and other local retail water service agencies that are capable of assuming the District's service responsibilities.

This historical context is critically important in the Commission's consideration of the District's proposal to expand into local sewer service. The District perceives the expansion of service responsibility as a way to improve its financial stability as stated in the District's adopted budget for FY 2015-16, "acquisition of the local sewers would be an important step forward to increasing the District's financial stability and achieving some administrative and overhead economies of scale that would be shared between the wholesale and retail zone and the wastewater zone."² As discussed in detail below, the Commission's consideration of the proposal is grounded in the statutory responsibility to ensure that the EOCWD's proposal is the most logical method of ensuring the efficient

² EOCWD Fiscal Year Budget (<http://www.eocwd.com/media/financial/FY16-EOCWD-Budget.pdf>)

delivery of local sewer services to Service Area 7 residents and ratepayers. OCSD is a regional service provider and is seeking to transfer local sewer service responsibility to focus on its core business. At this time, EOCWD's proposal is not the most logical method of ensuring efficient delivery of local sewer service. IRWD is an existing alternative sewer provider which has submitted an application to assume the service and possesses the experience and financial stability to ensure efficient service delivery in the future.

The following analysis will review EOCWD's proposal within the context of these historical discussions and statutory requirements for involving activation of a latent power. The Commission is required to consider several factors for the proposed reorganization, including the general and specific requirements contained in Government Code Sections 56886, 56886.3, 56824.12, 56824.14, and 56425. The Commission's review of these factors are included in Attachment B and is summarized within five key areas below: (A) activation of latent powers, (B) experience providing local sewer service, (C) efficiency of service provision, (D) costs of service and impacts to ratepayers, (E) reliability of future sewer service for OCSD Service Area 7, and (F) comments from the community and affected agencies.

A. Activation of Latent Power

The activation of a special district's latent power to provide a new or different function or class of service is, in principle, akin to the formation of a new agency to provide that service. The latent power application procedures contained in Government Code Sections 56824.10 through 56824.14, include the requirement to submit a service plan that supports the activation of the latent power. The latent power provisions in the CKH Act provide key areas of focus for OC LAFCO's consideration of EOCWD's proposal: (1) estimated costs of local sewer service and costs to provide local sewer service for OCSD Service Area 7, (2) the identification of existing providers of local sewer providers and fiscal impacts, and (3) alternatives to the activation of the latent power.

EOCWD's Plan for Service

Because EOCWD's application requests the District be allowed to provide a service (local sewer) that it does not currently provide, the District's specialized plan for service requires greater scrutiny by OC LAFCO in its review, specifically relating to proposed costs to provide the service, impacts to the future ratepayers, and the impacts to the District's existing customers. This level of review is greater than is normally required for a proposed annexation to an existing agency that is actively providing the service. In addition, state law requires that OC LAFCO's review include an identification of existing service providers and alternatives to authorizing EOCWD's latent power (Government Code Section 56824.12).

Accordingly, LAFCO's review of the EOCWD's plan for service includes the identification of existing agencies capable of providing the service in the long-term and

at similar or higher service levels than are currently being provided. While EOCWD is not proposing the “formation of a new entity” the request for activation of latent power requires that OC LAFCO consider the potential for an existing sewer agency to extend sewer service to Service Area 7 in a more efficient and accountable manner than is proposed (Government Code Section 56301). To meet the legislative intent, the Commission initiated a municipal service review (MSR) of existing and alternative sewer service providers in the area shortly after receiving EOCWD’s application. The Focused MSR for OCSD Service Area 7 was formally received and filed by the Commission on September 9, 2015 and includes a review of OCSD, EOCWD, IRWD and the Cities of Orange and Tustin. The submittal of IRWD’s competing application for annexation of Service Area 7 on March 23, 2015 resulted in the MSR focusing on the plans of service submitted by EOCWD and IRWD in comparison to the services currently provided by OCSD as the benchmark.

Existing and Alternative Service Providers

As the existing local sewer service provider, OCSD has stated that, as a regional sanitation agency, it would realize efficiencies by divesting itself of local sewer responsibility to focus on regional collection and treatment of wastewater. OC LAFCO recognizes the role of OCSD as a regional provider and OC LAFCO staff agrees that local sewer service to Service Area 7 may be provided more efficiently by a local sewer agency. In reviewing the applications submitted by EOCWD and IRWD to assume local sewer service, it is the responsibility of OC LAFCO to explore and encourage logical and orderly service provision that benefits the customers, increases infrastructure reliability, and improves service delivery efficiencies.

As an alternative service provider, IRWD has submitted a financially sound Plan for Service to provide local sewer service to Service Area 7 at levels that are consistent with existing service levels in the area and comply with state regulations. Through its long standing experience, the District has demonstrated its capability to respond to sewer system emergencies with the necessary staff and equipment. The District has also managed its sewer system in accordance with state regulations in a manner that has reduced sewer spills in its service territory. The District’s proactive approach to sewer system management has also resulted in significant improvements to service territory transferred to the District through prior annexations and consolidations approved by the Commission. Because of the District’s history of financial stability and the economies of scale that will be gained in terms of staffing and other resources, IRWD represents the most logical alternative local sewer service provider to EOCWD’s proposed activation of latent powers and related actions necessary to assume local sewer service in the area.

B. Experience Providing Local Sewer Service

Among other factors, the Commission is required to consider the future needs of government services (Government Code Section 56668(b)). For EOCWD’s proposal, the

future needs of governmental services is focused on the provision of local sewer service which is a highly regulated service. The potential threats to the environment and the public that can result from exposure with raw sewage have caused the state and federal regulations over sewer system operators to increase significantly over time. The State's regulatory framework emphasizes the importance of experience and expertise in ensuring the agency's ability to comply with the state regulations and maintain the system to reduce the potential for sewer spills. The public agencies responsible for local sewer systems must have the qualifications and capabilities necessary to maintain the sewer system, address sewer spills, and protect public health.

OCSD's core function is to operate a regional network of trunk sewers that deliver wastewater generated within its jurisdiction to the District's treatment and disposal facilities and to treat and dispose of that wastewater. The District provides local sewer service to a relatively small area that is the focus of EOCWD's proposed reorganization. OCSD does not have any full-time staff exclusively dedicated to local sewer service operations in Service Area 7. However, the District has approximately 626 full-time employees that support regional wastewater collection, treatment, disposal and local sewer operations. Staff from several departments support local sewer operations including administration of professional services contracts, administration of the District's Fats, Oils, and Grease (FOG) regulatory program and emergency response service to Service Area 7.

EOCWD's Local Sewer Service Experience

In evaluating the experience of EOCWD, staff reviewed the District's Plan for Service and specifically focused on the qualifications and capabilities necessary to maintain the sewer system, address sewer spills and protect public health. Another factor considered is the District's ability to assume service responsibility immediately with existing staffing and resource capabilities. Presently, the EOCWD does not have any direct experience operating or maintaining a sewer system, and acquiring and developing the assets, resources, and ability to provide the new service can be costly and time-sensitive.

To accommodate the new service, EOCWD plans to expand its use of contracts for professional services and increase its staff from six to eight full-time employees. The new positions would be dedicated to sewer operations and would be supported by three existing water system employees that have already begun to cross-train on sewer operations and received wastewater collections system certification in the fall of 2014. The District has identified several existing assets that will support the sewer operations and has an agreement with OCSD for the transfer of two specialized vehicles that have been used by OCSD for over 15 years. However, it is expected that the transition and acquiring of required facilities or specialized equipment necessary to provide local sewer service and respond to emergencies will impact EOCWD's ability to assume this responsibility immediately.

The technical experience and institutional knowledge required for local sewer system operators was noted as an important factor during the preparation of the Focused MSR for Service Area 7 and review of both the EOCWD and IRWD proposals. In providing a peer review of the Draft Focused MSR, the General Manager of the East Bay Municipal Utility District (EBMUD) stated that, "OC LAFCO could consider providing additional information on the experience each agency has complying with wastewater regulatory requirements and the applicants' ability to meet current and future needs. This is a key area of ongoing and growing liability of POTs [*publicly owned treatment works*]." The recommendation of EBMUD's General Manager was echoed by retired Chief Prosecutor for the Santa Ana Regional Water Quality Control Board who testified to the Commission during the approval of the Focused MSR to the importance of having qualified staff and experience responding to emergency and questioned the logic behind a proposal which would allow an inexperienced agency to assume local sewer service given the strict regulatory requirements and the need for highly technical experience.

While EOCWD has taken significant effort to demonstrate its potential ability to assume local sewer service provision for OCSD Service Area 7, the District's inexperience and lack of the necessary resources leave many unknown variables for this highly regulated service. The District's experience is currently limited to the 37 miles of water distribution pipelines within its wholesale and retail service areas. The District is requesting approval to service an additional 174 miles of sewer pipelines which represents a five-fold increase in service responsibility in a much more heavily regulated industry with more stringent service levels. It is also important to note that the District has recently noted challenges retaining qualified personnel for its water operations which may also impair the District's ability to retain qualified personnel for future sewer operations. The District's FY 2015-16 budget states "the ability to attract and retain personnel is becoming increasingly difficult due to non-competitive pay and benefit issues. Training field personnel can take up to two years to be qualified to operate the system; frequent retraining causes a loss of productivity and burn-out in supervisory personnel."³ While the District's statement was attributed to water operations personnel, OC LAFCO staff notes concern with the District's proposal to expand into a highly regulated service that requires time-sensitive response and the District's ability to acquire and retain technically qualified personnel in sewer operations.

As a potential alternative with an application pending for Commission review, IRWD has demonstrated by the capabilities of its existing staff, the inventory of its physical assets and the District's institutional knowledge of this field that would support the District's ability to assume local sewer service in the area immediately. IRWD's 50-years of experience providing local sewer service and history of successfully integrating older systems over the past years represent the most logical, efficient and feasible alternative.

^{3 3} EOCWD Fiscal Year Budget (<http://www.eocwd.com/media/financial/FY16-EOCWD-Budget.pdf>)

C. Efficiency of Service Provision

OC LAFCO is charged with encouraging efficiency in service provision. Government Code Section 56001, 56301, 56668.3, and 56824.12 require the Commission to consider whether EOCWD or an existing alternative is capable of efficiently providing the proposed service. This role is particularly important in the review of EOCWD's application given the regulatory framework for sewer service. The specific factors required in the review of EOCWD's application places greater emphasis on the ability of an existing local sewer service provider to efficiently extend service to the area, such as IRWD, due to the agency's technically qualified staff and extensive experience in the industry.

OCSD's current effort to divest local sewer service responsibility stems from a larger strategic effort to improve internal efficiencies by focusing on regional collection and treatment. If OCSD were to continue to own and operate the local sewers in Area 7, the District has stated that its approach, scope and levels of service would remain the same. OCSD would continue to contract for O&M services, the tasks and frequency of activities by our contractor would continue on the same 12-18 month schedule. One hour emergency response time to reports of blockages or potential spills would remain the same. OCSD would generally continue on the same path by which the District currently inspect, maintain, and repair the local sewers. While OCSD has reduced sewer spills during its management of the system, the District's staff and resources are better suited for the District's core business of regional wastewater collection and treatment.

EOCWD's Service Plan

EOCWD has determined that efficiency in service provision can be realized through a combination of contracted and staff supported services. EOCWD's plan for providing sewer service is largely based on the same practices and current service levels provided by OCSD. EOCWD's plan proposes improvements to existing service levels by hiring two in-house staff that will be dedicated to sewer system operations and will provide "hot spot" cleaning, routine maintenance activities and emergency response services. Additionally, the new staff would also assist the District's Superintendent in providing oversight of professional service contracts for routine system maintenance. The District's plan relies heavily on the use of professional contractors for routine day-to-day operations such as cleaning and inspection services. The District has identified a former OCSD engineer to provide specialized regulatory and field engineering services and proposes to expand existing contracts for legal and financial services to support general administration of sewer operations. In summary, the District's service plan proposes a combination of staffing and professional support to maintain and improve certain current service levels provided by OCSD.

In the review of the proposed services by EOCWD, two efforts to improve efficiency emerged that warranted closer review. EOCWD proposes to improve the efficiency of emergency response time to the area. OCSD's emergency response rate of 60-minutes has been established by the District as an acceptable level. Emergency responders are currently dispatched from OCSD's headquarters located in Fountain Valley. EOCWD's plan proposes to improve emergency response time from 60 minutes provided by OCSD to 20 minutes by requiring its sewer service personnel live in the service area. However, according to Article 11 Section 10(b) of the California Constitution, the District cannot require employees to live in the District's service territory. While the District may legally require that employees reside within a reasonable distance of their workplace, it is not certain that EOCWD can guarantee the proposed 20-minute response based on this reasoning. The Focused MSR noted that emergency response time was not as important as the capability of the agency to efficiently respond with the necessary resources. It should be noted, that IRWD, as the alternative agency, has over 50 years of experience responding to sewer overflow emergencies. The District has amassed substantial emergency response resources to respond to spills swiftly and with all of the required staff and equipment.

The different approaches to efficiently maintaining the sewer system proposed by EOCWD and IRWD also warrant closer review. OCSD developed its cleaning schedule of 12-18 months over time and in response to spills that occurred in the area. EOCWD Plan for Service proposes to continue the 12-18 month cleaning schedule developed by OCSD to maintain the sewer system. While not the focus of EOCWD's review, IRWD's proposed plan for service proposed a proactive and targeted approach to system maintenance proposing immediate improvements for known issues. IRWD's approach is based on its own experience and has resulted in reducing the potential for sewer spills by addressing the causes of the sewer spills. Based on IRWD's review of Service Area 7 sewers, the District's plan for service includes additional cleaning efforts focused on one-third of the system with identified issues. The remainder of the system will be cleaned on the 24 month cleaning schedule consistent with the rest of the District's system. IRWD's targeted approach is aimed at improving efficiency in preventative maintenance and reducing long-term costs. By addressing small repairs promptly, large capital expenditures are reduced over the long-term. The continuation of the existing service levels through the activation of EOCWD's latent power to provide local sewer service, does not represent the most efficient delivery of service to OCSD Service Area 7.

D. Costs of Service and Impacts to Service Area 7 Ratepayers

The review of EOCWD's financial plan is important to understand how the costs of service translate to impacts to the ratepayers. Several sections of the CKH Act require the Commission to consider the impact that an application and alternative actions may have on current landowners and ratepayers within the affected territory (Government Code Sections 56824.10, 56668, 56668.3). The review of the EOCWD's proposal includes,

but is not limited to, the District's Plan for Service and the District's current budget adopted for Fiscal Year 2015-16 on July 18, 2015. The review included, but was not limited to such factors as: (1) the District's ability to cover long-term system maintenance and replacement with its proposed service fees, (2) start-up costs for initiating of services not previously provided and recruitment and training to go along with that initiation, and (3) economies of scale for stand-alone sewer operations.

OCSD's current local sewer service rates are \$216 for single-family residential units and \$151.20 for multi-family residential units. The District has approved local sewer rates based on several independent studies and internal reports that are intended to provide the revenues necessary to support local sewer service operations in OCSD Service Area 7. EOCWD and IRWD reviewed the reports prepared for OCSD and each proposed rates below those currently collected by OCSD. Based on its analysis, EOCWD proposed a 10 percent reduction. Based on the costs for providing local service in the Newport Coast portion of its service territory for the past 14 years, IRWD proposed 50 percent rate reduction.

EOCWD's Financial Plan

EOCWD's Plan for Service proposes a reduction in annual operating expenditures of approximately 24 percent of OCSD's historic costs of service. EOCWD projects initial annual operating costs of \$748,975 for fiscal year 2016-17. The projected operating costs include four major categories: (1) salaries, (2) administration, (3) professional services, and (4) contracted sewer services. The salaries category includes the salaries and benefits for the new full-time positions (wastewater supervisor and wastewater operator) to perform "hot spot" cleaning and routine maintenance of the system, emergency response and other routine duties. The administration category includes approximately six hours of work per week the general manager and other water service personnel would dedicate to administrative and support services for the sewer system. The professional services category covers the costs associated with extending existing contracts for legal, bookkeeping, accounting, and engineering.

EOCWD's Plan for Service also proposes to reduce rates by ten percent for all local sewer ratepayers, which would result in user fees of \$196.35 for single-family units and a rate of \$137.40 for multi-family units. EOCWD plans to maintain the ten percent rate reduction for the first 20 years of service before escalating the rate to provide for increasing capital reserves. The increase in the annual transfer to reserves is necessary to build-up the reserves the District has determined to be necessary to finance long-term capital rehabilitation and replacement efforts. Similar to OCSD, EOCWD's proposed long-term financing plan uses a "sinking fund" which builds up reserves necessary for periods of capital projects. EOCWD's long-term financial plan disproportionately affects

future ratepayers rather than spreading the impact more gradually across the existing and future ratepayers.

IRWD's Financial Plan

IRWD's Plan for Service proposes to reduce expenditures for local sewer service in Service Area 7 by approximately 22 percent. In contrast to EOCWD's heavy reliance on contract sewer services, IRWD provides almost of its services using in-house staff. The operational savings are realized through economies of scale with the District's extensive sewer system personnel who perform activities ranging from emergency response and system maintenance to regulatory compliance and engineering. IRWD's projected expenditures for sewer service also benefit from the internal efficiencies and extensive savings in repairs costs realized by IRWD's in-house repair and supply shop.

The District's financing plan is based on a 50 percent rate reduction to current Service Area 7 ratepayers. The 50 percent reduction in sewer service fees would bring the local sewer service fee in Service Area 7 in line with the local sewer fees for IRWD's existing ratepayers. IRWD's plan for service proposes annual sewer service fees of \$108 per single-family residence and \$75.50 for multi-family units. IRWD's financial plan holds the 50 percent rate reduction static for the first five years of service and includes two percent annual increases to adjust for inflation that begin in year six.

IRWD's goal for its capital reserve fund is to maintain sufficient funds to allow the District to finance project capital improvement efforts while concurrently maintaining sufficient funds to respond to emergencies or unexpected repair situations. The long-term capital improvement plan submitted by IRWD includes a combination of cash reserves and bond financing, which allows the District to maintain reserve levels while spreading the burden of financing long-term infrastructure needs across generations of ratepayers.

Comparison of Current and Proposed Financial Plans

The assumptions and methodologies used by OCSD staff and consultants to calculate the operations and capital costs to operate and maintain the local sewers in OCSD Service Area 7 have evolved over the past several years through cyclical condition assessments and rate studies. The plans for service submitted by EOCWD and IRWD have similar capital improvement cost estimates.

EOCWD's proposed rate reduction would only affect the current generation of ratepayers and would not result in a long-term savings to the area. While the IRWD application is not being considered at this time, the District's proposed long-term financing plan is based on the experience of prior consolidations and spreads the costs of long-term capital efforts over multiple generations of ratepayers.

E. Reliability of Future Sewer Service to Service Area 7

In reviewing the reliability of future sewer service to an area, the Commission must review the financial stability of EOCWD and consider the District's ability to assume a new service in an expanded service territory. This section reviews EOCWD's financial ability to provide services and how the expansion into sewer service may impact the District's existing operations and customers. OC LAFCO staff notes the following concerns related to EOCWD proposal to expand its authority and provide reliable long term sewer service to the subject territory:

- EOCWD currently has \$8.2 million in unrestricted funds for its wholesale and retail water service operations. A large portion of reserves are dedicated to several current and planned water projects that may adversely impact the stability of the District's future financial operations, which could lead to adverse impacts to current ratepayers and therefore, the District's ability to take on a new service.
- EOCWD has also informed OC LAFCO staff of a proposed water rate increases to offset the negative budget impacts due to reduced water demand. On July 16, 2015, the EOCWD Board approved wholesale water service rate increases, which are part of a series of increases that will be required in order to fund the wholesale zone capital and operating needs going forward. EOCWD is expected to consider a water rate increase for retail water customers in early 2016. It is unknown how proposed increases and budget impacts may affect current water operations and District's ability to take on a new service.

Review of Financial Ability

The review of EOCWD's financial condition and potential impacts to their existing customers is critical for evaluating whether EOCWD is the most logical provider of sewer service to Service Area 7. EOCWD appears to be at a crossroads, with several projects that may affect the District's future financial condition and its ability to provide long-term reliable service to OCSD Service Area 7 and existing ratepayers. The potential reconstruction of its water treatment plant and water rate increases to address state restrictions may affect EOCWD's existing financial operations and ratepayers.

The cumulative impact that the efforts above may have on staff resources or the existing ratepayers cannot be clearly identified or fully analyzed at this time. What is known, is that according to the District's current budget documents, EOCWD will be borrowing \$10 million over the next two years, which is greater than the \$8.2 million in unrestricted funds available for wholesale and retail service operations combined. Throughout the OC LAFCO process, the District repeatedly promoted pay-as-you-go financing, expressed strong lack of preference for the debt-financing approach used by IRWD, so

the District's sudden expansion into debt financing raises concerns during the staff analysis. Staff notes the potential for the District to access sewer reserve fund for OCSD Service Area 7 through internal borrowing to support necessary cash flows for capital improvements to the wholesale and retail water system, which if the District chose to do may impact the long-term reliability of local sewer service to the area. Because of these noted and related concerns, staff does not support expanding EOCWD's ability to provide a new and highly-regulated service.

F. Public and Affected Agencies Comments

Over the past year, affected agencies and the public have been provided multiple opportunities to comment on the proposals. An initial preliminary staff report for EOCWD's proposal was distributed to affected agencies and interested parties on May 29, 2014 and was reissued along with a description of IRWD's application on April 15, 2015. Since that time the public was also invited to participate in a community workshop on the Focused MSR on June 17, 2015 and a community workshop on the sewer transfer applications on October 28, 2015. The letters received in support of both applications are attached and summarized below (Attachment D).

Comments on Competing Applications

Several letters have been received from affected agencies, residents, and interested parties in support of EOCWD's proposal. Generally, the letters focus on three themes: local control, frugal fiscal policies, and efficient service provision. Many of the letters of support from public agencies in support of EOCWD's proposal were submitted prior to the review of the current and alternative service providers discussed in the detailed and comprehensive Focused MSR and determinations approved by the Commission on September 9, 2015. In addition to responses from local agencies, OC LAFCO has received approximately 600 online petitions generated through a privately established website (www.local-control.org) expressing support of EOCWD's effort to assume local sewer service for OCSD Service Area 7 and the community's desire for local control and representation (included in Attachment D). It should be noted that many of the emails received include duplications, do not require formal validation at this stage and therefore the amount stated above is an estimate. Also worth noting, is that petitions received by OC LAFCO at this point may not be considered as formal protests to a Commission decision involving either the EOCWD or IRWD applications. However, they may be informative to the Commission regarding the community's sentiment.

Several letters have also been received from landowners and interested parties in support of IRWD's proposal. Generally, the letters focus on the District's experience and efficiency providing sewer service and the positive impact to ratepayers. Several commercial business owners have commented to the dramatic decrease in fees that would result from approval of IRWD's application.

Comments on Local Accountability

Throughout the OC LAFCO's review of the EOCWD and IRWD applications, several comments have been made regarding local accountability. Service Area 7 includes approximately 70 percent of Tustin's population (49,000) and 30,000 residents of the large unincorporated community of North Tustin and the smaller El Modena islands. Currently, Service Area 7 ratepayers are represented on the OCSD Board of Directors by the County member and the member from the Tustin City Council. The County representative is assigned by the Chair of the Board of Supervisors and the City representative is appointed by the Tustin City Council. Whether the area is served by EOCWD or IRWD in the future, ratepayers would select future representatives to serve as board members through the election process.

Comments on Future Reliability of Treated Sewage for Groundwater Replenishment

Over the past two years, there has been increased focus on the long-term reliability of the treated sewage generated in Service Area 7 for groundwater replenishment. Two letters were received regarding the future treatment of sewage flows and use of the treated wastewater for groundwater replenishment. On May 6, 2015, the City of Fountain Valley submitted a letter to OC LAFCO expressing the City's support for the EOCWD proposal. The City's letter stated that "an important aspect of this reorganization is to ensure that flows from this service area continue to be delivered to OCSD as these flows are critical to the continued support of the Groundwater Replenishment System." Orange County Water District also submitted a letter to OC LAFCO requesting that the Commission require that sewage generated in the area continue to flow to OCSD for treatment, "regardless of which agency ultimately owns and operates Service Area 7."

The use of treated wastewater for groundwater replenishment is an important service issue for LAFCO. The arrangement between OCSD and OCWD and the investments made by the Districts have been critical during the current drought in providing new source of water to the County. The Commission's approval of a transfer of local sewer service responsibility will not impact OCSD's responsibility for regional collection and treatment of the sewage generated in Service Area 7. Neither application submitted by EOCWD or IRWD has proposed any change to the regional sanitation service in the area.

Nonetheless, both EOCWD and IRWD have taken steps to ensure future wastewater generated in the area will continue to flow to OCSD for treatment and to OCWD for groundwater replenishment. To address OCWD's concern, EOCWD and OCSD included a provision in an amendment to their sewer transfer agreement in April 2015 that would ensure that sewage generated in Service Area 7 continue to flow to OCSD for treatment. As part of the IRWD's application, the District requested that an agreement be required as part of OC LAFCO's approval of the District's application. IRWD also recently

submitted a draft term to include in an agreement and/or as a condition of LAFCO approval to ensure future wastewater flows continue to OCSD.

PROPERTY TAX

As the successor to two former Sewer Maintenance Districts, OCSD currently receives a portion of the property tax collected within OCSD Service Area 7 to provide local sewer service. On November 16, 2015, the Auditor-Controller determined that approximately \$304,022 in property tax revenue was subject to negotiation and transfer for local sewer service. In accordance with Revenue and Taxation Code Section 99(b)(5), the Orange County Board of Supervisors is required to negotiate the transfer of property tax revenues on behalf of special districts for changes of organizations prior to being scheduled for LAFCO consideration. On November 17, 2015, the Orange County Board of Supervisors adopted Resolution 15-129 approving the exchange of the property tax revenue currently being received by OCSD for local sewer service to EOCWD. The resolution is conditioned upon OC LAFCO approval of the EOCWD reorganization and would become effective on July 1, 2017. Denial of the EOCWD's proposal by the Commission would invalidate the resolution adopted by the County Board of Supervisors.

ENVIRONMENTAL REVIEW

On February 27, 2014, the EOCWD Board of Directors adopted the resolution of application for the proposed reorganization and found the District's reorganization to be categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15320. The Commission, as a responsible agency under CEQA, may use the environmental documentation in its consideration of the proposal. However, denial of the proposal is not a "project" under CEQA and is exempt from the statutory requirements of CEQA and does not require any environmental determination.

CONCLUSION

As the current service provider to Service Area 7, OCSD has expressed a desire to divest itself from the responsibility of local sewer provision. As Orange County's regional provider of wastewater collection and treatment services, OC LAFCO staff concurs that OCSD's staff and assets should be focused solely on regional service.

EOCWD has requested OC LAFCO approval of actions necessary to assume local sewer service responsibility in OCSD Service Area 7. The information reviewed and analyzed in this report does not provide sufficient justification to activate EOCWD's latent power to provide local sewer service or increase the District's service responsibility in an expanded area. Therefore, staff is recommending the Commission take action disapproving EOCWD's proposal for activation of local sewer service, annexation of additional territory, and expansion of the District's sphere of influence.

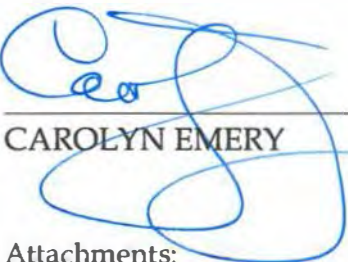
Furthermore, staff notes that while the competing application from IRWD remains complete, that IRWD is the most logical, efficient and accountable agency to assume local sewer service to OCSD Service Area 7. IRWD has 50 years of experience providing sewer service, and as an existing provider, has demonstrated its capability to respond to sewer system emergencies with the necessary staff and equipment. IRWD's sewer system management plan has helped to reduce sewer spills within its service territory. This Commission's has approved multiple reorganizations and consolidations to the IRWD service territory that has resulted in increased efficiency of water and sewer service as well as reductions to the associated fees. The OCSD Service Area 7 would realize more efficiency for local sewer service delivery through the Commission's approval of the IRWD annexation of this area.

RECOMMENDATION

Staff recommends the Commission:

1. Adopt the form of resolution disapproving the proposed "East Orange County Water District Reorganization for Local Sewer Service."

Respectfully submitted,



CAROLYN EMERY

BEN LEGBANDT

Attachments:

- A. Draft Form of Resolution Disapproving the "East Orange County Water District Reorganization for Local Sewer Service" (RO 14-01).
- B. Factors Considered in the Review of the Proposal.
- C. Comparative Service Matrix
- D. Public Comments

**INFORMATION ITEM**

December 16, 2015

TO: Board of Directors**FROM:** **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman & Tamaribuchi)Robert Hunter
General Manager

Staff Contact: Jonathan Volzke

SUBJECT: **Update on the 2016 Water Summit****STAFF RECOMMENDATION**

Staff recommends the Board of Directors receive and file report.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC is the lead partner for the 2016 OC Water Summit in the traditional trade off of roles in its partnership with OCWD. Directors Thomas, Tamaribuchi and Osborne have represented MWDOC on the committee, along with MWDOC Public Affairs staff.

While the event traditionally has been held at the Grand Californian Resort at Disneyland around the third Friday in May, the venue was unavailable on any potential suitable date in 2016. Staff investigated several other potential locations, including the Disneyland Hotel, with little success of finding a venue that was appropriate for the Summit and available on an appropriate day.

MWDOC and OCWD staff toured the Westin South Coast Plaza (WSCP) and determined it would be suitable for the event, and was available on May 20, 2016. MWDOC staff also toured the Great Wolf Lodge (GWL), a resort with water features under construction in

| | | | |
|---|------------------|--------|-----------|
| Budgeted (Y/N): n/a | Budgeted amount: | Core x | Choice __ |
| | | | |
| Fiscal Impact (explain if unbudgeted): | | | |

Garden Grove. After further discussions with GWL, MWDOC staff determined the Lodge would open in February of 2016 and would be comparable to the Grand Californian in its facilities and ability to host the Water Summit.

OCWD representatives repeatedly expressed dismay that the Grand Californian was unavailable for the event and also expressed opposition to moving the event to the GWL.

During the committee meeting in November, OCWD Director Sheldon suggested the event be postponed until 2017. Director Sheldon further stated that if MWDOC continued the Summit in 2016, OCWD should not participate.

The OCWD Administration and Finance Committee discussed the Summit and surrounding issues on December 10. Subsequently, GM Hunter, and Directors Thomas, Osborne and Tamaribuchi met with OCWD GM Markus, Director Greene and Director Sheldon, who participated via telephone.

After a healthy discussion, MWDOC agreed the Westin South Coast Plaza would be a suitable location for the 2016 Water Summit. The OCWD Board of Directors was scheduled to discuss that agency's participation at its meeting on December 16.

If OCWD chooses to participate, the event will be at the WSCP. If OCWD decides not to participate this year, then MWDOC will move ahead alone and GWL remains the favored location.

MWDOC supports a theme centered around reliability, although that is still in discussion with OCWD. Additionally, the target audience will be non-water elected officials, the business community and then the water community.

**Public Affairs Activities Report
November 19 – December 16, 2015**

| | |
|--------------------------------|---|
| Member Agency Relations | <p>Tiffany is working with MWD staff, Director Larry McKenney, and the OC Grand Jury on an upcoming SWP trip, January 15-16, 2016. Tiffany is also working with Director Barbre, MWD staff and the City of Anaheim on a shared CRA/Hoover trip scheduled for February 19-21 (a planning meeting was held on December 1. Attendees included MWD staff, both Director's, and staff members from both agencies). Bryce is sending out invitations, accepting reservations, and handling all guest needs, Tiffany is managing itinerary, MWD and Director needs for each of these trips.</p> <p>Tiffany is working with MWD staff on a MWD-sponsored trip for a group of Central Valley growers to Orange County, La Verne, Diamond Valley Lake and Perris. The trip is scheduled for February 2-3, 2016.</p> <p>Bryce and Kelly accompanied Director McKenney on an Edmonston inspection trip, November 20, 2015.</p> <p>Tiffany, Bryce and Laura accompanied Director Barbre and members of the Orange County Grand Jury on a CRA inspection trip, December 11-12, 2015.</p> <p>Jonathan provided Newport Beach with two cases of table-toppers explaining water restrictions for restaurants.</p> <p>Jonathan participated with Mesa Water in a Saturday morning drought-awareness event.</p> <p>Jonathan participated in the ACWA Communications Committee meeting, with the goal of boosting MWDOC participation in ACWA panels.</p> <p>PA hosted a Public Affairs Workshop meeting on December 10th for member agencies, discussing new drought messages in light of El Nino. The workshop included a presentation by Kelly Hubbard on emergency water trailers.</p> <p>Jonathan and Laura met with the OC Register and Value of Water CHOICE participants in preparation of that program's launch.</p> <p>The Public Affairs Department provided handouts, giveaway</p> |
|--------------------------------|---|

| | |
|----------------------------|---|
| | <p>items, education materials, program partnering assistance and social media assistance/content to several MWDOC Member Agencies.</p> <p>Tiffany and Bryce sat in on a conference call with Melissa Baum-Haley and web developers on December 7 to review the progress of, and offer PA assistance with, the new WUE When to Water irrigation tool.</p> <p>Bryce designed invitations, nametags, and made a slideshow, in addition to working with admin to plan and implement Richard's retirement lunch.</p> <p>Bryce prepared the Poster/Slogan flyer for the 2016 Water Awareness Contest.</p> <p>Laura attended the WUE Coordinators' Meeting on December 3 in Santa Ana to speak about the Value of Water Campaign and the Winter Messaging Campaign.</p> |
| Community Relations | <p>Heather, Tiffany and Bryce attended ACC-OC, OCBC & OC-BIA's Holiday Party.</p> <p>Jonathan attended a meeting of the BIA infrastructure committee, where Karl Seckel presented the OC Reliability Study.</p> <p>Jonathan coordinated an appearance by Karl Seckel on the ACC-OC "City Square" broadcast. Karl spoke about the OC Reliability Study. Jonathan boosted a Facebook post advertising the "broadcast." The post was projected to reach 5,000 OC residents.</p> <p>Laura produced and sent weekly water-saving tips and messages to members of the public participating California Sprinkler Adjustment Notification System. (CSANS)</p> <p>Bryce, Jonathan, Marey and Tiffany implemented MWDOC's social media activities through Facebook, Twitter, Pinterest and Instagram during this period.</p> <p>Tiffany and Bryce updated several pages on the MWDOC website.</p> |
| Education | <p>Jonathan contacted the Water:UCI program to explore a potential partnership between the university and MWDOC in presentations and classroom programs.</p> |

| | |
|-------------------------|---|
| | <p>Laura and Jonathan reached out to the Girl Scouts and Boy Scouts in OC about educational programs with those organizations.</p> <p>Tiffany has been working with MWD, MWDOC member agencies and participating teams for the MWD 2016 Solar Cup. The new teacher workshop was held on November 21, at MWD HQ. The technical workshop for all teams was held on December 12, also at MWD HQ.</p> |
| Media Relations | <p>Jonathan worked with the Los Angeles Times to include members in the story about the SWRCB workshop on new drought regulations.</p> <p>Laura wrote a news release on MWDOC/OC sponsorship of teams in the Solar Cup. The release was picked up by the OC Breeze newspaper and the Laguna Beach Independent, which is owned by the Los Angeles Times.</p> |
| Special Projects | <p>Heather participated in the ISDOC Executive Committee meeting. She is working with Matt Holder to help secure a speaker for the January luncheon.</p> <p>Heather staffed the December WACO meeting featuring guest speaker, Karl Seckel, who presented on the Orange County Reliability Study.</p> <p>Jonathan made contact with Jason Foster, Director, Public Outreach and Conservation San Diego County Water Authority, to discuss community-education programs. SDCWA has two successful programs that could be replicated in OC.</p> <p>Marey completed the December cover images for MWDOC's social media pages and website.</p> <p>Tiffany has prepared and sent out additional print and e-invitations for the January 22, 2016 Water Policy Forum & Dinner, featuring keynote speaker Felicia Marcus. Tiffany has also prepared a form for attendees to submit their questions for our speaker in advance. This e-form has been shared with MWDOC's PA and WUE workgroups, and will be sent out to WPD attendees closer to the event date.</p> <p>Tiffany has been working with The Great Wolf Lodge and the South Coast Plaza Westin Hotel to finalize quotes for the 2016 OC Water Summit. Tiffany has compiled and reviewed</p> |

| | |
|----------------------------|--|
| | <p>all previous BEOs, quotes, budgets, and gratis services provided by The Disney Grand Californian in order to prepare the most cohesive comparison of venue options for this event.</p> <p>Tiffany has prepared three (3) versions of an invite for the 2016 OC Water Summit. She has also created the Summit Sponsorship brochure and updated the Summit logo. Once approved and finalized, these materials can be used to create the additional gratis design services provided by Disney in past years for this event.</p> <p>Tiffany, Bryce and Marey are working on several updated briefing papers and transferring them into a new, modern template. Finalized versions are replacing outdated papers on pin drives and the website.</p> <p>Tiffany and Bryce participated in a hard-hat tour at the Great Wolf Lodge on November 19. The walk-through was conducted to determine location feasibility to host the 2016 OC Water Summit. Tiffany is working with hotel staff to get a quote for all services. The preferred event date, May 20, 2016, is available at this location.</p> |
| Legislative Affairs | <p>Heather and Director Barbre traveled to Washington D.C. to meet with congressional and committee staff. Topics included the WIFIA fix contained in the surface transportation bill, H.R. 22 and asking that water efficiency rebates be tax exempt and treated the same in the tax code as energy savings rebates. . While in D.C. meetings were with staff from the following offices: Congressman Nunes, Congressman McClintock, Congressman McCarthy, Congressman Rohrabacher, Congressman Issa, Congresswoman Walters, House Committee on Water & Power, and the Senate Energy & Natural Resources Sub-Committee on Water & Power. They also met with Brad Hiltcher, lobbyist for Metropolitan Water District of Southern California. Following their return, letters on both issues were sent out to members of the Orange County delegation and other key members of Congress.</p> <p>Heather attended ACWA's Federal Affairs Committee where members were updated on the Water Infrastructure Loan Act, the Headwaters Working Group, and received a DC update from ACWA's Dave Reynolds. Topics included the omnibus bill, positive train control, and drought negotiations.</p> <p>Heather attended Senator Bob Huff and Assemblywoman Ling Ling Chang's Open House held at Senator Huff's office in</p> |

| | |
|--|--|
| | <p>Brea.</p> <p>Heather attended Assemblywoman Young Kim's Holiday Open House at her district office in Buena Park.</p> <p>Heather attended Senator Janet Nguyen's Holiday Open House at her district office in Garden Grove.</p> <p>Heather attended Supervisor Lisa Bartlett's Holiday Open House.</p> <p>Heather attended Senator John Moorlach's Open House at his new district office in Costa Mesa.</p> <p>Heather met with staff from Eastern, Western & IEU on two occasions to check-in and provide individual updates on each agency's work on the Feb. 24th luncheon in DC.</p> <p>Heather, Tiffany and Bryce are organizing resources and beginning to prepare materials for the February 24, 2016, DC Congressional Dinner and Luncheon.</p> |
|--|--|