



**Item No. 2**

**REVISED  
ACTION ITEM**  
October 17, 2018

**TO: Public Affairs and Legislation Committee**  
(Directors Dick, Tamaribuchi and Thomas)

**FROM: Robert Hunter, General Manager**

Staff Contact: Heather Baez

**SUBJECT: MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE**

**STAFF RECOMMENDATION**

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Staff recommends the committee: 1) review and adopt the updated legislative policy principles, and 2) provide direction to staff to facilitate the development of the 2019 Legislative Priorities.

**COMMITTEE RECOMMENDATION**

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Committee recommends (To be determined at Committee Meeting)

**BACKGROUND**

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At the September PAL meeting, staff presented this item for discussion, and requested feedback. Staff also began soliciting input from senior staff and the member agencies through the general managers and other participating city staff via the MWDOC Member Agencies Managers and Legislative Coordinators group.

All feedback received has been incorporated to the attached document.

**REPORT**

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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

<b>Budgeted (Y/N): N/A</b>	Budgeted amount: N/A	Core ___	Choice ___
<b>Action item amount: None</b>	Line item:		
<b>Fiscal Impact (explain if unbudgeted):</b>			

principles attached are a culmination of current policies and initial changes recommended by staff and member agencies.

These principles 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. Having such principles in place allow the District to respond to certain types of legislation in a timely manner; however in cases where issues are not clear or have complicated implications will be presented to the Board for further guidance.

The goal for this item today is to have the Committee accept or reject the recommended changes to MWDOC's Legislative and Regulatory Policy Principles and provide further changes if necessary for the Board's approval. This will allow and provide direction to staff to draft legislative priorities for 2019 for the Board's consideration.

Changes to the 2019 Policy Principles are as follows:

### **NEW FOR 2019**

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#### Local Water Resources

Added additional text to two policy principles

#### Water Use Efficiency

Expanded the section on regionally appropriate statewide landscape water use efficiency standards and regulations

Added two policies (one support, one oppose) related to emergency drought declarations and regulations

#### Water Infrastructure Financing

Reworded a section to include all types of projects including infrastructure

Expanded section on types of financing to also include Title XVI

#### Energy

Add "cost effective" to one section

#### Fiscal Policy

Expanded the section related to a "public goods charge" to also include user fees

#### Emergency Response

Added four new policies (two support, two oppose)

#### Member Agency Recommended Additions

New policies recommended by MWDOC's member agencies are listed below.

- 1) *When legislation impacts member agencies, MWDOC will solicit input on bill positions from member agencies and will remain neutral on legislation if member agencies are in opposition to MWDOC's position. (OCWD)*

2) *When working with elected officials, staff to elected officials, and with media and/or developing educational materials, MWDOC will not portray itself as representing all of Orange County. (OCWD)*

3) *Promotes the voluntary development of and recognize the importance of protecting extraordinary/emergency water supplies for use by local water agencies during times of drought or water shortages. (IRWD) - Staff note: This fits under the Local Water Resources section.*

***NEW - 4) Allows member agencies to offer localized Water Rate Assistance Programs that comply with Proposition 218 of California's Constitution and/or are funded either voluntarily or via non-restricted/non-water-rates revenues. (Mesa Water) – Staff note: This fits under the Fiscal Policy section.***

**Attached: Municipal Water District of Orange County Legislative and Regulatory Policy Principles**

Additions are *italicized*

Deletions are ~~crossed through~~

Source of the recommended change is listed at the end of each policy principle

## **Municipal Water District of Orange County** **Legislative and Regulatory Policy Principles**

### **IMPORTED WATER SUPPLY**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) 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 California WaterFix and EcoRestore, 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 through the Delta either for, or supplemental to, State Water Project deliveries;
  - c) Improves the quality of water delivered ~~from~~ *through* the Delta; (Staff)
  - d) Enhances the Bay-Delta's ecological health in a balanced manner;
  - e) Employs sound scientific research and evaluation to advance the co-equal goals of improved water supply and ecosystem sustainability.
  - f) Expedites the California WaterFix and EcoRestore.
- 3) Funds a comprehensive Bay-Delta solution in a manner that equitably apportions costs to all beneficiaries.
- 4) 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.
- 5) Authorizes and appropriates the federal share of funding for the California WaterFix and EcoRestore.
- 6) Authorizes and appropriates the ongoing state share of funding for the California WaterFix and EcoRestore.
- 7) Provides funding for Colorado River water quality and supply management efforts.

- 8) Promotes continued federal funding and coordination between states for the Colorado River Basin Salinity Control Program under the departments of Agriculture and Interior.
- 9) Protects and preserves Metropolitan's interest in binational water conservation programs.

**It is MWDOC's policy to oppose legislation or regulation 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 non-water supply improvements in the Delta region or user fees that are not proportional to the benefits received from a Delta region water supply improvement.
- 3) Delays or impedes implementation of the California WaterFix and EcoRestore.

**LOCAL WATER RESOURCES**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) Supports the development of, provides funding for, and authorizes and/or facilitates the expanded use of, *cost effective*, water recycling, potable reuse, conservation, water use efficiency, groundwater recovery and recharge, storage, brackish and ocean water desalination and surface water development projects where *water supply is improved and* the beneficiaries of the project pay for the portions of the project not funded by state or federal funds. (IRWD)
- 2) Recognizes that recycled water for both potable and non-potable reuse is a valuable resource that should be promoted and encouraged, while considering total cost elements, and regulated and permitted in a manner which promotes greater reuse throughout the county and state.
- 3) Reduces and/or streamlines regulatory burdens on augmented or alternative water supply projects, and provides protections for the use of these supplies during water supply shortages, through exemptions or provisions of credit during state mandated reductions.
- 4) Supports ecosystem restoration, increased stormwater capture *where the capture avoids impact to others*, and sediment management activities that are cost-effective and enhance the quality or reliability of water supplies. (IRWD)
- 5) Authorizes, promotes, and/or provides incentives for indirect and direct potable reuse projects and provides protections for the use of local supply projects during water shortages by exempting them from state mandated reductions.

- 6) Recognizes that the reliability and high quality of supplies to the end user is the primary goal of water suppliers.
- 7) Keeps decision-making, with regard to stormwater management and recapture, at the local or regional level.
- 8) Recognizes stormwater management and recapture as important tools in a diversified water portfolio that can help to achieve improved water quality in local surface and groundwater supplies, and can augment surface and groundwater supplies.
- 9) Reduces or removes regulatory hurdles that hinder the use of augmented or alternative water supplies.
- 10) Provides incentives for local or regional use of augmented or alternative water supplies.
- 11) Support the evaluation of reservoirs to provide an enhancement in water supplies.
- 12) Support the inclusion of environmental infrastructure projects the Army Corps of Engineers must consider in its Report to Congress.
- 13) Allows Investor Owned Utilities to invest in redundancy and reliability projects.

**It is MWDOC's policy to oppose legislation or regulation 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 or increases costs to the safe application of recycled water and continues to define recycled water as a waste or resource of lesser value than traditionally defined potable water.
- 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.
- 5) Reduces a local agency's ability to benefit from local investments in drought-proof or emergency water supplies during water shortages.
- 6) Would impose conservation mandates that do not account for the unique local water-supply circumstances of each water district.

**WATER USE EFFICIENCY**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) Furthers the statewide goal of increasing water use efficiency, as opposed to water conservation throughout the state.
- 2) Would allow flexibility and options for compliance in achieving statewide water reduction goals.
- 3) Seeks to cost-effectively improve water efficiency standards and policies for water-using devices.
- 4) Provides loans and grants to fund incentives for water conserving devices or practices.
- 5) Legislatively set water efficiency standards provided the standards are reasonable, cost effective for Orange County agencies, and consider unintended consequences, such as impacts to wastewater systems, reductions in recycled water supplies, demand hardening, and impacts to regional reliability and drought preparedness.
- 6) Reasonably improves landscape water use efficiency and Commercial, Institutional and Industrial (CII) water use efficiency programs while preserving community choice and the local economy.
- 7) Encourages regionally appropriate statewide landscape water efficiency-standards and regulations that consider land use, *plant material*, *irrigation efficiency* and climate factors.  
(Staff)
- 8) Provides financially appropriate incentives, funding, and other assistance where needed to facilitate market transformation and gain wider implementation of water-efficient indoor and outdoor technologies and practices.
- 9) Provides incentives, funding, and other assistance where needed to facilitate water use efficiency partnerships with the energy efficiency sector.
- 10) Recognizes past investments in water use efficiency measures, especially from the demand hardening perspective.
- 11) Recognizes community growth and development when developing comparative standards for water use efficiency year-over-year.
- 12) Provides tax exemptions for water conservation or efficiency incentives for measures including, but not limited to, turf removal, devices, and other measures to reduce consumption of water or enhance the absorption and infiltration capacity of the landscape.
- 13) *Creates a process for development and implementation of emergency drought declarations and regulations that recognizes variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of drought.*  
(Staff)

**It is MWDOC's policy to oppose legislation or regulations that:**

- 1) Fails to ensure balance in the implementation of water efficiency practices *throughout the state* and requirements for both urban and agricultural use. (Staff)
- 2) Would repeal cost-effective efficiency standards for water-using devices.
- 3) Diminishes local agency control or flexibility in implementing water efficiency practices or standards.
- 4) Places unreasonable conservation measures on commercial, industrial and institutional customers that would negatively impact or limit the potential for economic growth.
- 5) Fails to recognize the importance of both water use efficiency and water supply development.
- 6) Fails to recognize augmented or alternative water supplies as an efficient use of water, or that fails to provide an adequate incentive for investments in such water, for potable or non-potable reuse.
- 7) Fails to consider regional and local reliability when establishing any reduction targets during water shortages.
- 8) Requires water efficiency standards or performance measures that are infeasible, not practical or fail to have a positive cost-benefit ratio when comparing the cost of meeting the standard or implementing the performance measure with the value of the volume of water saved.
- 9) *Creates a "one-size-fits-all" approach to emergency drought declarations and regulations that ignores variations among communities, regions, and counties with respect to their ability to withstand the impacts and effects of drought.* (Staff)

## **WATER QUALITY AND ENVIRONMENTAL IMPACTS**

### **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.
- 4) Administrative/legislative actions to improve clarity and workability of CEQA, and eliminate other duplicative state processes.
- 5) Streamlining or exempting water, recycled water, wastewater projects, and/or environmental restoration projects, from the California Environmental Quality Act (CEQA). Provides liability protections to public water districts, and related wholesale water providers, seeking to consolidate troubled water systems that cannot consistently demonstrate that they are able to provide safe, clean and reliable water supplies to their customers.



**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.
- 3) Projects that negatively impact the water quality of existing local supplies.

**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 and regulation 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 or regulation that:**

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

**WATER INFRASTRUCTURE FINANCING AND PROJECT FUNDING**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) Employs a "beneficiary pays" principle that establishes a clear nexus between the costs 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, *including but not limited to infrastructure projects*. (Staff)
- 3) Considers local investments made in infrastructure, programs, mitigation and restoration in determining appropriate cost shares for water infrastructure, *and project* investments. (Staff)
- 4) Reduces 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, *the Title XVI Water Reclamation and Reuse Project*, and other funding mechanisms. (IRWD)

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) Establishes a fee or tax that does not result in a clear and proportional 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 or regulation that:**

- 1) Facilitates the development and expansion of clean, *and cost effective* renewable energy in California, including hydropower. (IRWD)
- 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).
- 5) Facilitates voluntary and cost effective local investments in renewable energy, energy management and storage, and energy efficiency which improve the water-energy nexus and reduce local agency costs.

**FISCAL POLICY**

**It is MWDOC's policy to support legislation or regulation 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 or regulation 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 water agencies.
- 8) Imposes a "public goods charge" "water user fee", or "water tax" on public water agencies or their ratepayers. (Staff)

**GOVERNANCE**

**It is MWDOC's policy to support legislation or regulation that:**

1) Advances good government practices and public transparency measures in a manner that 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 or regulation that:**

- 1) Imposes unnecessarily broad burdens upon all local governments.
- 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.

## **EMERGENCY RESPONSE**

**It is MWDOC's policy to support legislation that:**

- 1) Increases coordination on Homeland Security and emergency response efforts among the federal, state, and local governments with clearly defined roles and responsibilities for each.
- 2) Provides continued funding to enhance and maintain local Homeland Security infrastructure, including physical and cyber protection of critical infrastructure.
- 3) Ensures adequate funding for expenditures related to disaster response and all phases of emergency management; including the earthquake early notification system and efforts to enhance water infrastructure resiliency.
- 4) Strengthens intergovernmental planning and preparation coordination for emergency response and drills.
- 5) *Enhances protection of information and cyber security for critical infrastructure through policy and funding for local efforts. (Staff)*
- 6) *Supports water utility capability to notify customers of emergency protective measures through reverse notification systems. (Staff)*

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) *Reduces a water utility's ability represent itself in any component of the disaster preparedness cycle, especially the response and recovery section staff. (Staff)*
- 1) *Negatively impacts water and wastewater utility's ability to prepare, mitigate or respond to emergencies in order to provide fire suppression, drinking water and wastewater services. (Staff)*

## **MEMBER AGENCY RECOMMENDED ADDITIONS**

- 1) *When legislation impacts member agencies, MWDOC will solicit input on bill positions from member agencies and will remain neutral on legislation if member agencies are in opposition to MWDOC's position. (OCWD)*

2) *When working with elected officials, staff to elected officials, and with media and/or developing educational materials, MWDOC will not portray itself as representing all of Orange County. (OCWD)*

3) *Promotes the voluntary development of and recognize the importance of protecting extraordinary/emergency water supplies for use by local water agencies during times of drought or water shortages. (IRWD) - Staff note: This fits under the Local Water Resources section.*

***NEW - 4) Allows member agencies to offer localized Water Rate Assistance Programs that comply with Proposition 218 of California's Constitution and/or are funded either voluntarily or via non-restricted/non-water-rates revenues. (Mesa Water) – Staff note: This fits under the Fiscal Policy section.***

DRAFT