



## **SPECIAL NOTICE REGARDING CORONAVIRUS DISEASE 2019 (COVID-19) AND PARTICIPATION IN PUBLIC MEETINGS**

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. On September 16, 2021, Governor Newsom signed Assembly Bill No. 361 into law. Assembly Bill No. 361 amends Government Code section 54953(e) by adding provisions for remote teleconferencing participation in meetings by members of a legislative body, without the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions. The San Bernardino Valley Municipal Water District adopted a resolution determining, by majority vote, that, as a result of the declared State of Emergency, a meeting in person would present imminent risks to the health or safety of attendees. Accordingly, it has been determined that all Board and Workshop meetings of the San Bernardino Valley Municipal Water District will be held pursuant to the Brown Act and will be conducted via teleconference. There will be no public access to the meeting venue.

### **BOARD OF DIRECTORS WORKSHOP - POLICY THURSDAY, NOVEMBER 18, 2021 – 2:00 P.M.**

#### **PUBLIC PARTICIPATION**

Public participation is welcome and encouraged. You may participate in the November 18, 2021, meeting of the San Bernardino Valley Municipal Water District online and by telephone as follows:

**Dial-in Info: (877) 853 5247 US Toll-free**

**Meeting ID: 831 7559 3663**

**PASSCODE: 3802020**

**<https://sbvmwd.zoom.us/j/83175593663>**

If you are unable to participate online or by telephone, you may also submit your comments and questions in writing for the District's consideration by sending them to [comments@sbvmwd.com](mailto:comments@sbvmwd.com) with the subject line "Public Comment Item #" (insert the agenda item number relevant to your comment) or "Public Comment Non-Agenda Item". Submit your written comments by 6:00 p.m. on Wednesday, November 17, 2021. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record.

**IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. Online participants MUST log in with a Zoom account. The Zoom app is a free download. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your "identifier" during the meeting and available to all meeting participants; there is no way to protect your privacy if you elect to call in to the meeting.**



**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**  
380 E. Vanderbilt Way, San Bernardino, CA 92408

**BOARD OF DIRECTORS WORKSHOP - POLICY**

**AGENDA**

**2:00 PM Thursday, November 18, 2021**

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**CALL TO ORDER**

Chairperson: Director Botello

Vice-Chair: Director Kielhold

**1) INTRODUCTIONS**

**2) PUBLIC COMMENT**

**3) SUMMARY OF PREVIOUS MEETING**

- 3.1 October 14, 2021, Meeting (Page 3)  
[Summary Notes BOD Workshop - Policy 101421](#)

**4) DISCUSSION ITEMS**

- 4.1 Quarterly Investment Portfolio Update from PFM Asset Management (Page 15)  
[Staff Memo - Quarterly Investment Portfolio Update with PFM Asset Management](#)  
[PFM Asset Management presentation on the Districts investments through September 2021](#)
- 4.2 Discuss State and Federal Legislative Update (Page 37)  
[Staff Memo - Discuss State and Federal Legislative Update](#)  
[SBVMWD Priority Bill Legislative Tracking Report \(State\)](#)  
[October 2021 Federal Legislative Matrix](#)  
[October 2021 Federal Monthly Newsletter](#)
- 4.3 Consider the Expansion of the Local Resources Investment Program (LRIP) to include Water Conservation and Other Demand Management Programs (Page 71)  
[Staff Memo - Consider the Expansion of the Local Resources Investment Program \(LRIP\) to Water Conservation and Other Demand Management Programs](#)  
[Presentation](#)  
[Excerpt from the WUE Assessment and Plan](#)

- 4.4 Consider Third Amendment to the Reimbursement Agreement with East Valley Water District for Construction of the Regional Recycled Water Facilities (Page 90)  
Staff Memo - Consider Third Amendment to the Reimbursement Agreement with East Valley Water District for Construction of the Regional Recycled Water Facilities  
Regional Recycled Water Facilities Map  
General Alignment of the Regional Recycled Water Pipeline  
General Layout of the Weaver Basins  
Draft Third Amendment to the Reimbursement Agreement with EVWD

5) **FUTURE BUSINESS**

6) **ADJOURNMENT**

PLEASE NOTE:

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 380 E. Vanderbilt Way, San Bernardino, during normal business hours. Also, such documents are available on the District's website at [www.sbvmd.com](http://www.sbvmd.com) subject to staff's ability to post the documents before the meeting. The District recognizes its obligation to provide equal access to those individuals with disabilities. Please contact Melissa Zoba at (909) 387-9228 two working days prior to the meeting with any special requests for reasonable accommodation.



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**DATE:** November 18, 2021

**TO:** Board of Directors Workshop – Policy

**FROM:** Staff

**SUBJECT:** Summary of October 14, 2021, Board of Directors Workshop – Policy

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The Policy Workshop convened on October 14, 2021, via Zoom teleconference.  
Director Botello chaired the meeting.

Directors Present: President Kielhold, Vice President Hayes, Director Botello, Director Harrison, and Director Longville.

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager  
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board  
Cindy Saks, CPA – Deputy General Manager/Chief Financial Officer  
Bob Tincher, PE, MS – Deputy General Manager/Chief Water Resources Officer  
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA – Strategic Communications Manager  
Anthony Flordelis – Business Systems Analyst  
Matthew E. Howard, MS – Water Resources Senior Planner  
Adekunle Ojo, MPA – Water Resources Manager  
Shavonne Turner, MPA – Water Conservation Program Manager

Bradley Neufeld, Varner & Brandt

Members of the Public Present:

David E. Raley, San Bernardino Valley Water Conservation District  
Melody McDonald, San Bernardino Valley Water Conservation District  
Drew Tatum, Innovative Federal Strategies  
Leticia White, Innovative Federal Strategies

Madeline Blua, Yucaipa Valley Water District  
Rachel McGuire, RMG  
Sarah Persichetti

## **2. Public Comment**

Chair Botello invited public comment. There was none.

## **3. Summary of Previous Meeting**

The meeting notes from the September 9, 2021, Board of Directors Workshop – Policy were accepted.

### **4.1 Discuss State and Federal Legislative Update**

Strategic Communications Manager Kristeen Farlow introduced Drew Tatum and Letitia White with Innovative Federal Strategies (IFS). Ms. White reported on the Federal government's legislative activities.

The U.S. House of Representatives (House) has agreed to the U.S. Senate's short-term extension on the debt limit, a \$480 billion amendment effective through mid-December. The continuing resolution that funds the government runs out on December 3, she noted.

The Energy and Water Bill, the Interior Bill, and others relevant to the District have passed the House; the Senate is expected to make their bills public soon. The Senate plans to present a Committee Recommendation Blueprint rather than markups, White said. The current debate is over money for domestic spending, defense spending, and parity.

It is expected that conferencing between Senate-recommended bills and House-passed or full-committee-passed bills will occur to try to meet the December 3 deadline, she said.

Mr. Tatum explained the usual timeline of the bills and extensions. He highlighted the American Infrastructure and Jobs Act which proposes expenditure of \$1.2 trillion

with \$14.7 billion over five years for the Drinking Water State Revolving Fund plus identical appropriations for the Clean Water State Revolving Fund.

The Infrastructure Bill includes an extension of the \$50 million per year authorization for the Water Infrastructure Finance and Innovation Act (WIFIA). Mr. Tatum advised, an \$8.3 billion for the Bureau of Reclamation's (BOR) Water and Related Resources Activities Accounts, where many grant opportunities lie, including the WaterSMART program and Title 16 Water Reclamation and Reuse program. The Department of Interior and BOR would have wide latitude to determine how those funds are spent, and previous comments indicate a hefty amount would go into addressing the western drought.

There is \$1.2 billion allocated for water storage and conveyance projects, Mr. Tatum continued, noting the District's funding for Sites Reservoir under the Water Infrastructure for Improvements to the Nation (WIIN) Act Section 4007 Water Storage Program. Congress has approved funding for Sites and some of the preliminary work being done, he noted. The Senate passed this legislation on August 10, and it is awaiting a vote in the House, he reported. The hope is that there will be a vote before the end of October.

The Reconciliation Package (the Build Back Better Act) for \$3.5 trillion is linked to the Infrastructure Package but has not been brought to the Floor due to disagreement over the price tag and infrastructure. The legislation will have to be re-written, Tatum stated. While there was \$1.1 billion for emergency drought relief and \$100 million for large scale water recycling projects included, the House recommendations are being taken with a grain of salt until the total number is known, Tatum explained. As the total price tag is reduced, much traditional infrastructure spending will probably be eliminated, he said, as there is a separate legislative vehicle for the large pots of infrastructure funding moving forward.

Mr. Tatum acknowledged the work of Strategic Communications Manager Kristeen Farlow and Business Systems Analyst Tony Flordelis on the National Habitat Conservation Plan Coalition conference last week.

Strategic Communications Manager Kristeen Farlow advised the legislative session ended on September 10 with a total of 2,776 bills introduced. By the October 10

deadline, the Governor signed 1,038 and vetoed 66 bills. Ms. Farlow briefed the Board on the following bills of interest:

- AB 339 (Lee) Local government: open and public meetings was vetoed by the Governor.
- SB 626 (Dodd) Department of Water Resources: Procurement Methods was signed by the Governor and is of interest to the District as a State Water Contractor. It is intended to be the start of allowing use of alternative construction methods on State projects with the exception of the Delta Conveyance.

Ms. Farlow continued, highlighting the \$15 billion California Comeback Plan introduced by the Governor to combat the climate crisis.

**Action Item(s):** Receive and file.

#### **4.2 Consider Participating in the Proposition 1, Round 1, Regional Comprehensive Landscape Rebate Program**

Water Conservation Program Manager Shavonne Turner explained the Santa Ana Watershed Project Authority (SAWPA) completed the grant application on behalf of the entire region. The agreement was made between the Municipal Water District of Orange County (MWDOC) and Valley District, where MWDOC manages the funds on behalf of SAWPA for their regional comprehensive landscape rebate program.

Ms. Turner identified some areas of the grant beneficial to the District, with turf removal, smart irrigation controllers, and high efficiency rotating nozzles as planned targets for the District to help reach conservation goals. Analysis found this approach to be the most cost-effective and flexible in which other eligible devices may be implemented.

This funding is available in the budget and is not something new, Ms. Turner clarified. Staff has reached out to retailers to obtain data and is able to get credit for activities dating back to 2015. Reporting is due quarterly, she said, and will allow the

District to meet identified benchmarks for grant dollars spent, match accrued, and water savings. Valley District will continue to work with retail agencies to collect data used for progress reports. MODOC will reimburse the District for expenditures over the funding match for anything January 1, 2020 and thereafter, she explained. The next report is due at the end of 2021, when the District should be at 15 percent of its goal for spending on water savings. Ms. Turner detailed the mechanisms to achieve the goal including focus on turf removal.

Director Longville drew attention to the focus areas, pointed out that homeowners are unsure what to do with their landscapes and pointed out San Bernardino and East Valley are providing free assistance. She wondered if any of the funds could be used to advise property owners. She also suggested providing rain barrels and targeting apartment buildings. Ms. Turner replied that in her previous experience, landscape maintenance and education as well as rain barrels have been offered as part of the turf removal program. Director Longville requested further information.

Water Resources Manager Adekunle Ojo explained the activity is based on the provisions of the grant program and correlation of spending with water savings. He added that other elements can be folded into turf removal education, such as California native plants, rain barrels and landscape design. Director Longville expressed frustration at the conundrum. Mr. Ojo pointed out that customer rebates are the most inefficient way to achieve water use efficiency; there are better ways to reward customers, direct their attention to their water bills, and to empower them. Staff will bring better approaches to the Board in the future, he concluded.

President Kielhold inquired about a list of specific existing Valley District programs that meet the requirements, and which retailers are implementing the programs. Ms. Turner and Ms. Dyer listed the weather-based irrigation controller program, the 25 percent rebates for smart irrigation controllers and high efficiency nozzles to retailers, and the turf removal program. Ms. Turner added that the participating retailers submit invoices for the 25 percent reimbursement.

In response to President Kielhold, Ms. Turner explained that progress toward the water savings goal is reported quarterly including dates and percentage target. Ms.



Dyer explained that the goal comes from SAWPA's agreement with the Department of Water Resources (DWR).

In response to Vice President Hayes, Ms. Dyer advised a 25 percent rebate is offered for residential irrigation controllers, but large water users have a separate program. If a retailer does not have a controller program, Valley District has, in the past, paid rebates directly to customers. Vice President Hayes emphasized the importance of advertising, so people know what is available. Retailers should be aware of the program, Ms. Dyer stated, and pointed to the Water Conservation Subcommittee of the Basin Technical Advisory Committee.

Ms. Dyer advised that Ms. Turner is working with retail agencies to assist them in building a tailored program. She reminded the Board the District is building a program for the long-term, including how to incentivize retailers to reduce their production out of the Basin, and how to translate that to reaching out to specific customers to change their behavior so retailers can produce less. The staff is trying to shape a holistic vision for the future, she noted. Rebates to customers is not getting the region to where it needs to go, or providing the large-scale benefits such as reduced production, she explained.

Vice President Hayes advocated communication and involvement with the retailers in order to reach their customers.

Director Harrison reiterated homeowners may not know what to change and there may be advantage to having an expert available. He pointed out that change is expensive; a 25 percent rebate is not motivating.

Director Botello described a scenario and Ms. Turner further detailed Valley District's contribution.

Director Longville pointed out the City of San Bernardino and East Valley Water District will both consult with a resident free of charge, recognizing that is the first step toward getting the customer to do something. She opined it is a shame some of the SAWPA money could not be used to support those agencies that are providing services and offer it to other agencies.

Director Harrison noted the disincentive for water agencies to do this, as it affects their revenue. Ms. Dyer commented this will be addressed in an upcoming meeting. The goal would be to get everyone to agree that water use must be reduced, she added.

Ms. Dyer clarified a rebate is offered by the retailer to the customer, then Valley District reimburses the retailer 25 percent. This was developed as encouragement to retail agencies to have a rebate program, she explained, but this may not be enough of an incentive.

Mr. Ojo noted some agencies would offer \$3 per square foot for turf removal, which would come to a very expensive \$1.2 million to save 54 acre-feet of water. He also pointed to a resource to help homeowners step-by-step called *SoCal Yard Transformation*. It can be mailed or accessed on the Valley District website, he advised.

**Action Item(s):** Staff was directed to place this item on a future regular Board of Directors meeting to authorize the CEO / General Manager to execute the agreement.

#### **4.3 Discuss Proposed 2021 Drought Outreach Campaign**

Water Conservation Program Manager Shavonne Turner spoke about the current drought and reminded the Board of the Governor's request for 15 percent voluntary water use reduction. Valley District prepares for drought by securing supplemental water resources for the region, regardless of current weather conditions, she stated. To continue to be proactive, Ms. Turner introduced the Drought Outreach Campaign with focus on education of the public on investments made by the District to ensure water supply reliability, and long-term regional efforts. The District also wants to recognize those who are being efficient, encourage them, and ask how more can be done to increase water savings, she explained.

Ms. Turner enumerated the outreach campaign goals using the acronym "PIECE:"

- Provide transparency about investments the taxpayers have made

- Increase trust of customers and retailers
- Educate the public on Valley District and what is done to ensure water supply reliability
- Clarify the customers' understanding of their role as partners
- Encourage everyone to do their part and spread the word

Strategic Communications Manager Kristeen Farlow identified two key messages for outreach campaign focus:

1. The region is prepared for this drought with water use efficiency becoming a way of life, planning has been done for extreme climate conditions, and water has been stored in wet years.
2. As a region, Valley District customers are responsible water stewards and are encouraged to continue using water efficiently. The District has been here before, and knows what to do, and clearly customers are doing something right.

Ms. Farlow detailed the first steps in outreach tactics which would be primarily print, social media and website. She added that community presentations could include chambers of commerce, Rotary, Kiwanis, city councils, and retailer boards of directors.

Ms. Farlow shared a sample print media ad and described content of five others, continuing to use the tag line that was featured on the shopping bags, "Saving tomorrow's resources today."

Ms. Farlow next described a fact sheet to be distributed to stakeholders, elected leaders, community groups, and others, showing preparation for the drought and highlighting a few water reliability projects. A fact sheet including ways to save water, as well as potential rebates, could be developed for distribution in the community, she added.

A new website drought landing page is under development, she explained, and noted that a number of other outreach and marketing opportunities are available including billboards, bus tail ads, marquee signage, and local TV and radio spots.

The title should be “2021 – 22 Drought Outreach Campaign,” as a winter roll-out is anticipated depending on water supply, she noted.

Vice President Hayes suggested changing the message from a fear-based focus to a reality and fact-based focus and defining the difference between efficiency and conservation. The positivity of the message can be increased by helping people see what’s rational and reasonable, and asking customers to help their friends and neighbors learn to be efficient, she opined.

President Kielhold said he hears two things that seem to confound people: the variability of water supply throughout the state such as an empty Lake Oroville yet full park lakes, which demonstrated the complexity of the water system; and, even more difficult, many perceive a land use / water use disconnect where they see the legislature allowing the doubling of housing in California while they are being asked to cut back on water. Helping people understand the complexity is part of the education as to why the public sees disparate actions occurring at the same time, he suggested.

Director Longville said she sees a lot of waste and expressed a desire to have reduction of waste and saving of water addressed in the outreach materials. Ms. Dyer said the input will be incorporated and said staff is trying to balance the message between acknowledging the water use levels while advising there is more to be done. She noted that the DWR has indicated the starting point will be a five percent allocation for the water year, but again it could be zero.

Chair Botello said he is concerned yet reassured since the District is preparing and is on top of things. Next year, could be another year of zero water deliveries, he noted, and it is scary to depend on the water savings (storage) account. He opined the outreach initiative breathes life into the recent strategic planning and is in alignment with the mission and vision of the District. He highlighted Director Longville’s suggestions regarding messaging and being mindful, but suggested the materials be less wordy.

**Action Item(s):** Receive and file

#### **4.4 Clarification on policy regarding Directors speaking on behalf of the Board with outside entities**

CEO / General Manager Heather Dyer reminded the Board about discussion that led to this item and shared the Board of Directors Handbook section on Representing an Official District Position, as approved by past Boards. She noted this section is under revision by Legal Counsel Brad Neufeld, Director Harrison, and President Kielhold.

Chair Botello reminded the Board of prior questions on protocol and said he understands he is one of five and does not speak on behalf of the Board.

Ms. Dyer stated Counsel Neufeld and President Kielhold will undertake revision of the Board Handbook, identifying policies that need updating or further discussion. If the Board is not satisfied with this policy, revision is one step to be taken along with any other policy in the Handbook, she noted.

Ms. Dyer clarified for Director Longville the Handbook revisions by President Kielhold and Director Harrison was originally decided upon when committees were first assigned in 2020. The Handbook Committee was put on hold until development of the Strategic Plan, after which work resumed, she said. Chair Botello added that this has been mentioned during other meetings.

Vice President Hayes indicated she does not to speak for the Board and requested the Handbook address directors' activity in other directors' divisions.

Director Harrison assured Director Longville the Handbook Committee assignment was made while being Board president and reiterated the delay due to the Strategic Plan. Director Longville acknowledged recall of the background.

Chair Botello encouraged open and transparent discussion on the topic and opined Director Harrison and President Kielhold will do an excellent job at the policy revision.

President Kielhold requested suggestions from the Board regarding the Handbook be sent to him, Director Harrison, or Ms. Dyer. Vice President Hayes requested an electronic version of the Handbook.

Referencing Section 1 of the Policy, Ms. Dyer reminded the Board that sometimes when they introduce themselves at outside meetings, use of their title might give the

impression that they are speaking on behalf of the Board, and suggested making a clarification when speaking.

In response to comments by Director Longville and President Kielhold, Counsel Neufeld advised that Board members have broad rights to speak out and said he would like to give the Section 1 edits further consideration. The qualifier is in some later provisions in the policy, he noted.

Counsel Neufeld assured Chair Botello he would remain involved in the editing process and that any proposed changes will be brought back to the full Board for discussion and approval. The Committee's changes will be a recommendation to the Board.

Vice President Hayes requested from Mr. Neufeld a periodic review of the law and expectations, limits, and boundaries of Board members' speech.

Director Longville advised against going to an extreme by making the policy too broad. The policy was intended to foster appropriate behavior at the highest level of conduct of Board members, she said.

Chair Botello said he looks forward to recommendations from the Committee.

**Action Item(s):** Receive and file

## **5. Future Business**

It was moved by Vice President Hayes that her request of Mr. Neufeld for a periodic review of the law and expectations of Board members' speech be included as a Future Business item. There was no second. The motion failed.

Director Longville requested and Vice President Hayes concurred that future meetings summary include the motion and second. There was no vote.

## **6. Adjournment**

### **Staff Recommendation**

Receive and file.



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**DATE:** November 18, 2021

**TO:** Board of Directors' Workshop - Policy

**FROM:** Cindy Saks, CFO / Deputy General Manager

**SUBJECT:** Quarterly Investment Portfolio Update with PFM Asset Management

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**Background**

One of the specific tasks outlined by the Board is to meet quarterly with the investment advisor. The Board approved Investment Advisory services from PFM Asset Management and to continue with the investment strategy developed and adopted by the Board. Richard Babbe, Senior Managing Consultant of PFM Asset Management will be available via the Zoom meeting to make a presentation on the status of the District's investments based on the current investment strategy and provide a brief market update.

**Recommendation**

- Receive and file the portfolio update report from PFM.

**Attachment**

- PFM Asset Management presentation on the District's investments through September 2021





# San Bernadino Valley Municipal Water District

## Investment Performance Review For the Quarter Ended September 30, 2021

### Client Management Team

Richard Babbe, CCM, Senior Managing Consultant  
Ellen Clark, Director

### PFM Asset Management LLC

555 W. 5th Street, Suite 3500  
Los Angeles, CA 90013  
949-230-6896

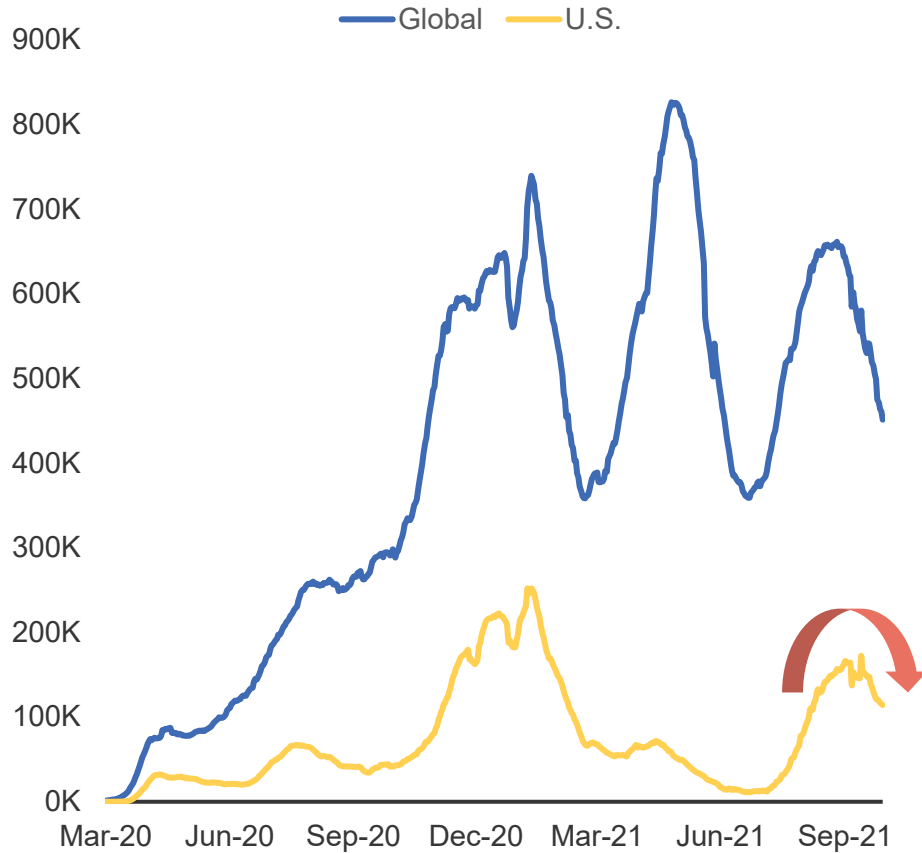
213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

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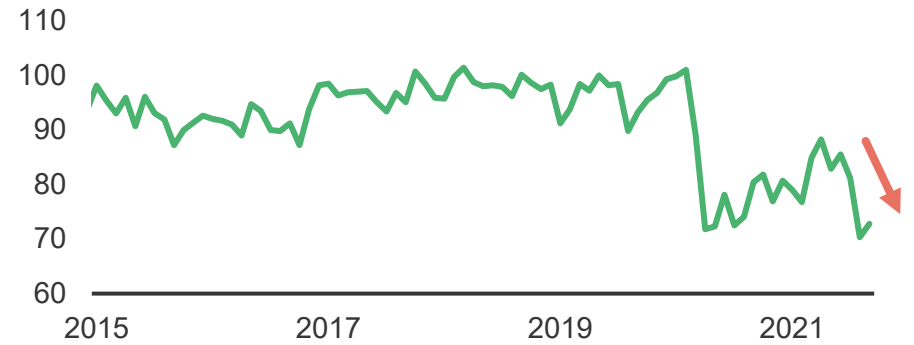
# Market Summary

### As COVID Goes, So Goes the Economy

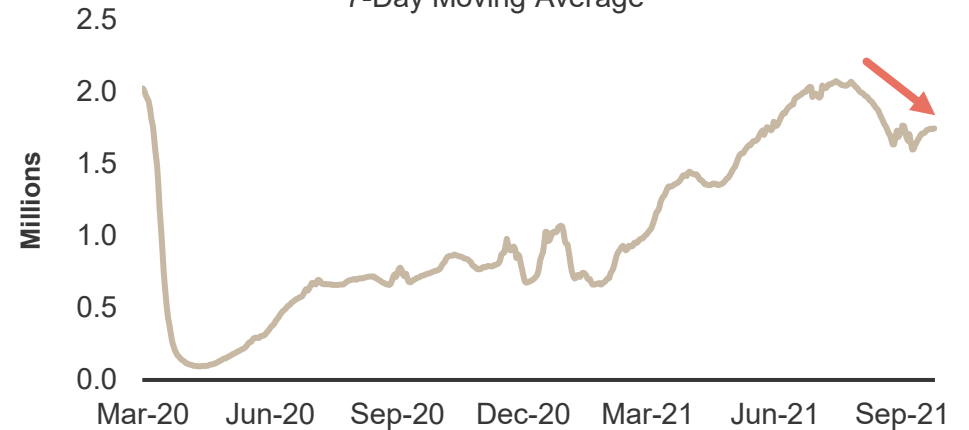
**U.S. New Cases Reported Daily**  
7-Day Moving Average



**University of Michigan Consumer Sentiment Index**



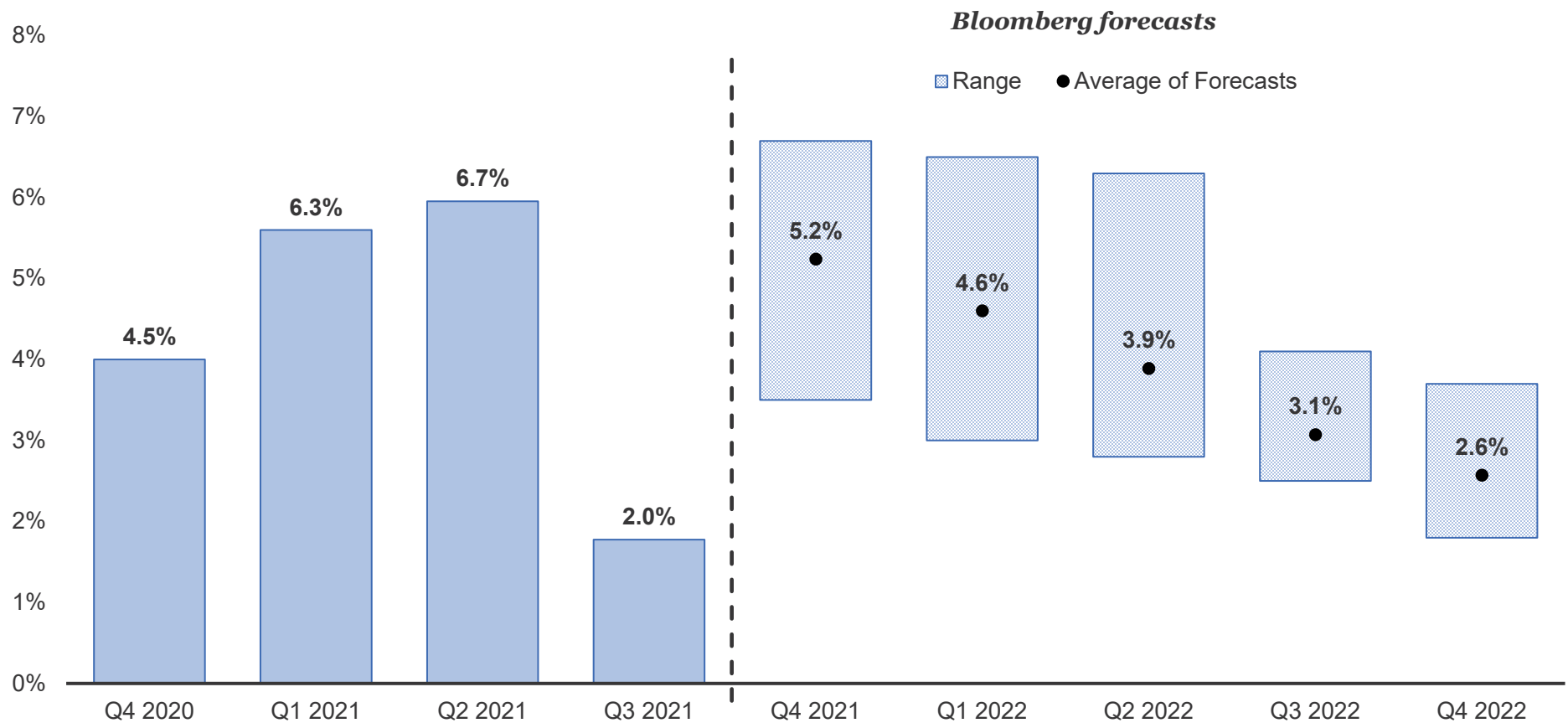
**TSA Checkpoint Travel Numbers**  
7-Day Moving Average



Source: John Hopkins University Coronavirus Resource Center, PFM calculations (left); Bloomberg (top right, bottom right) as of 9/30/2021.

## U.S. Economic Growth Slowed on Delta Surge and Supply Chain Issues

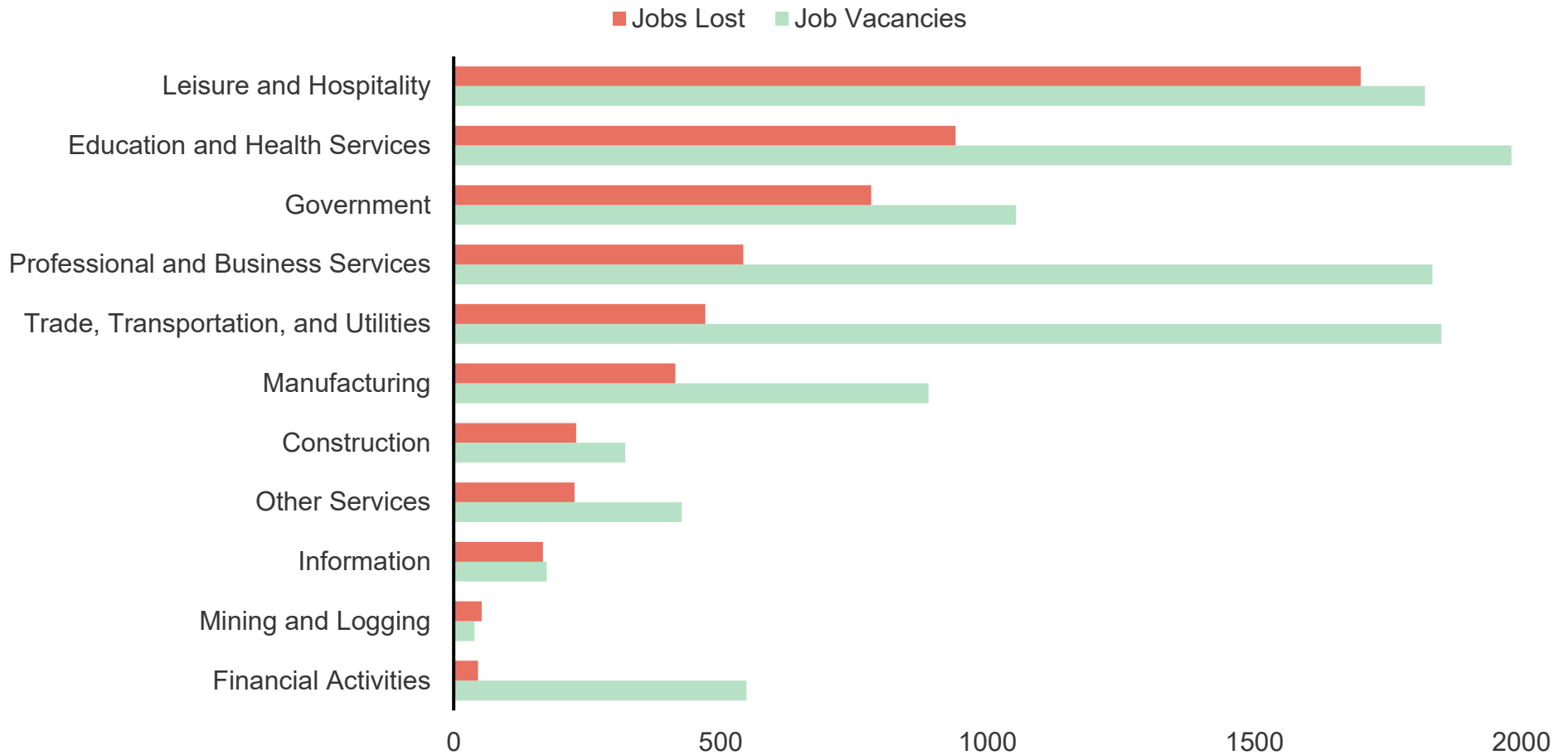
### U.S. GDP Forecasts Annualized Rate



Source: Bloomberg, as of October 2021. Forecasts by Goldman Sachs Group, Deutsche Bank, ING Group, JPMorgan Chase, BMO Capital, Barclays, UBS, Morgan Stanley, and Wells Fargo.

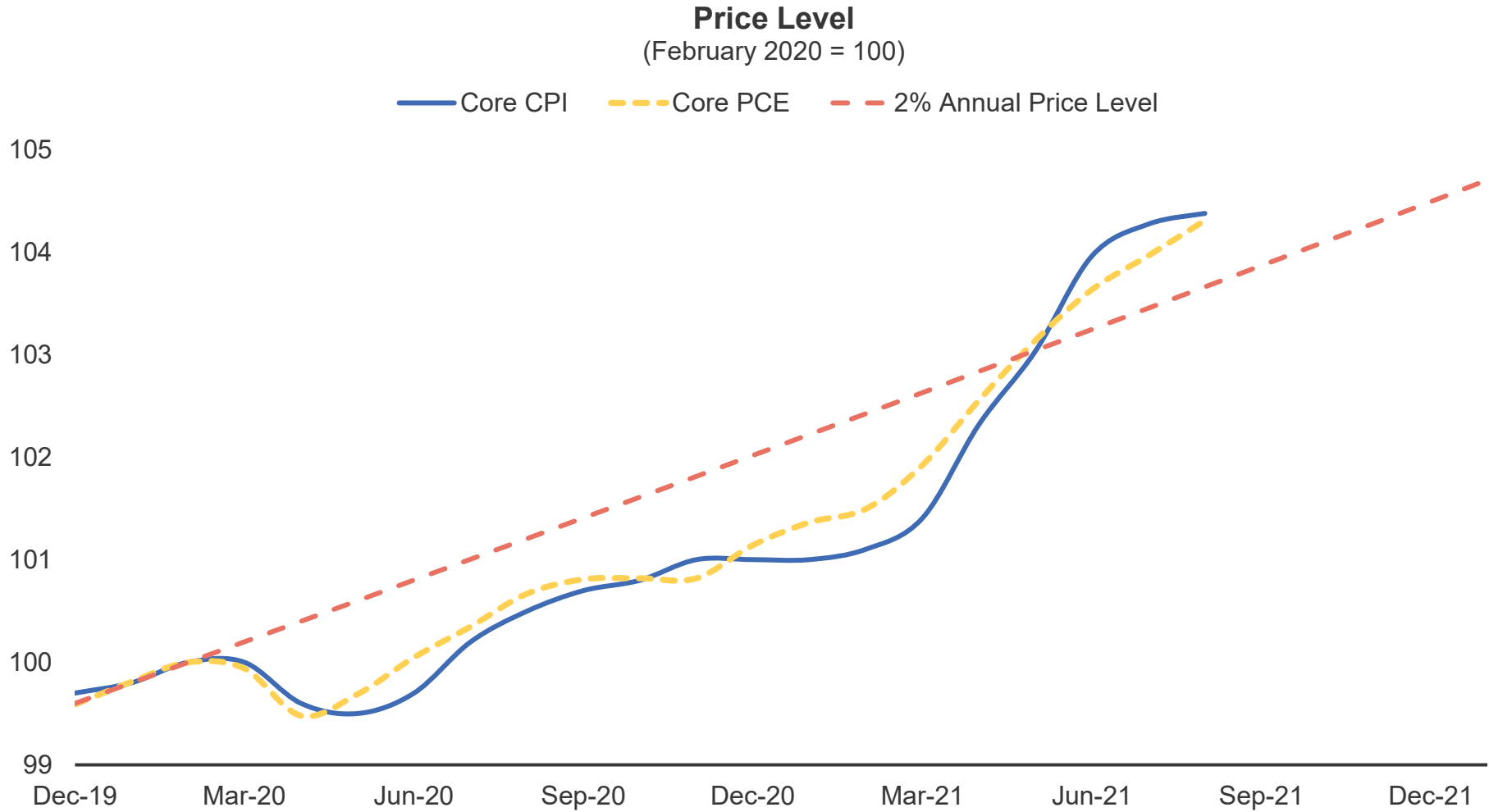
## Labor Shortages Are More Dramatic in Select Industries

Jobs Lost to the Pandemic vs. Current Job Openings (in '000s)



Source: Bureau of Labor Statistics, PFM calculations; as of 9/30/2021. Jobs Lost represents a change in payroll employment numbers from February 2020 to July 2021.

### Inflation Indicators Surpass Pre-Covid Trend

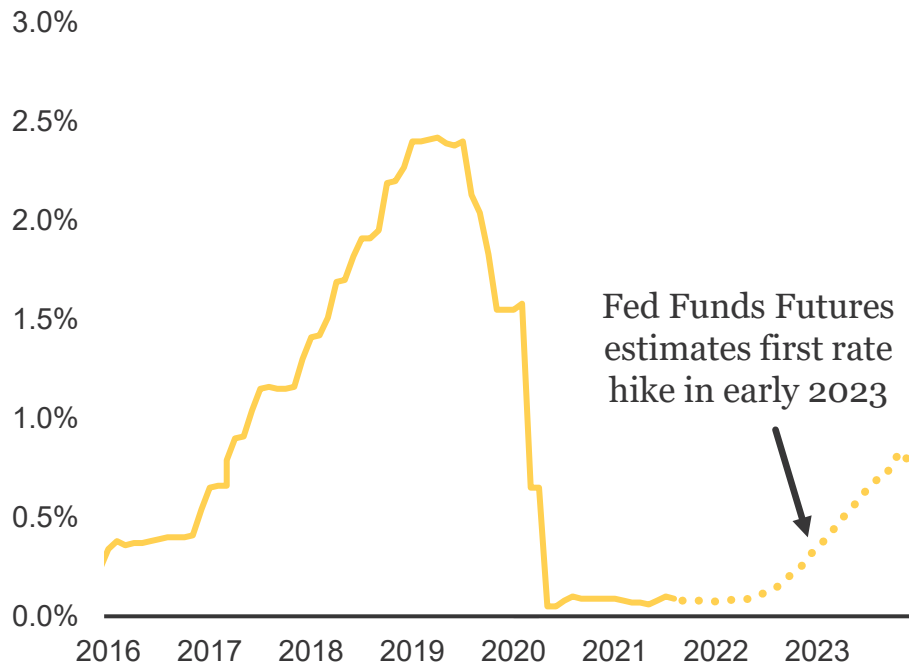


Source: Bloomberg, as of 9/30/2021.

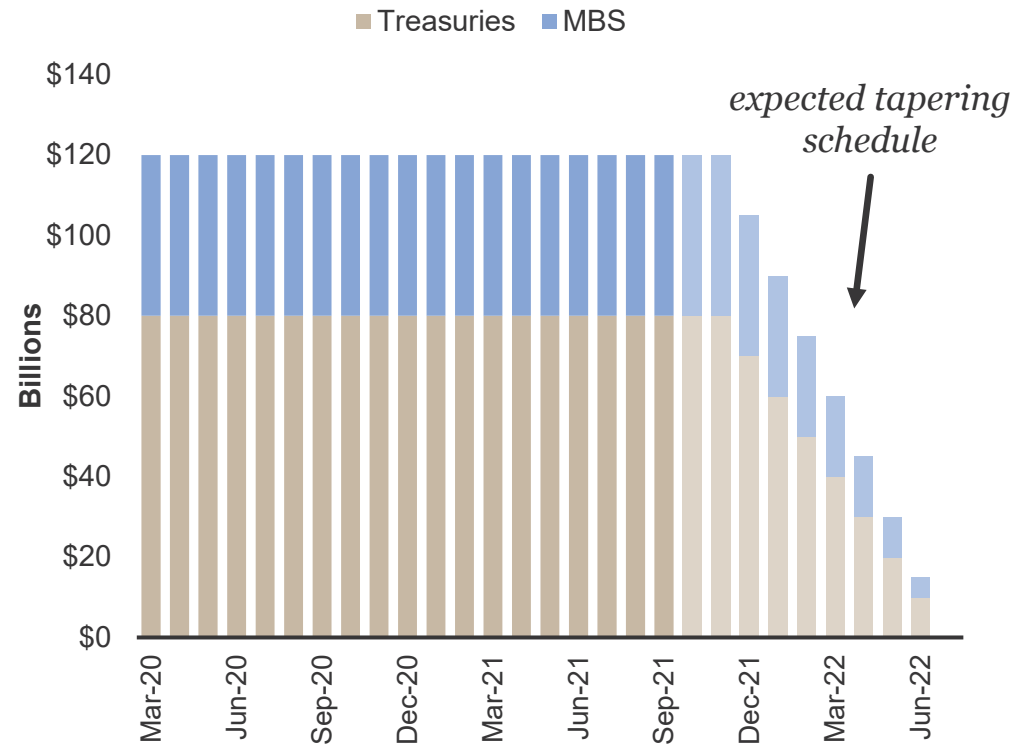
## Tapering Likely to Begin in Late 2021; De-couples Rate Decision

*“If progress continues broadly as expected, **the Committee judges that a moderation in the pace of asset purchases may soon be warranted...** a gradual tapering process that concludes around the middle of next year is likely to be appropriate...The timing and pace of the coming reduction in asset purchases **will not be intended to carry a direct signal regarding the timing of interest rate liftoff**, for which we have articulated a different and substantially more stringent test.”*

**Federal Funds Rate**

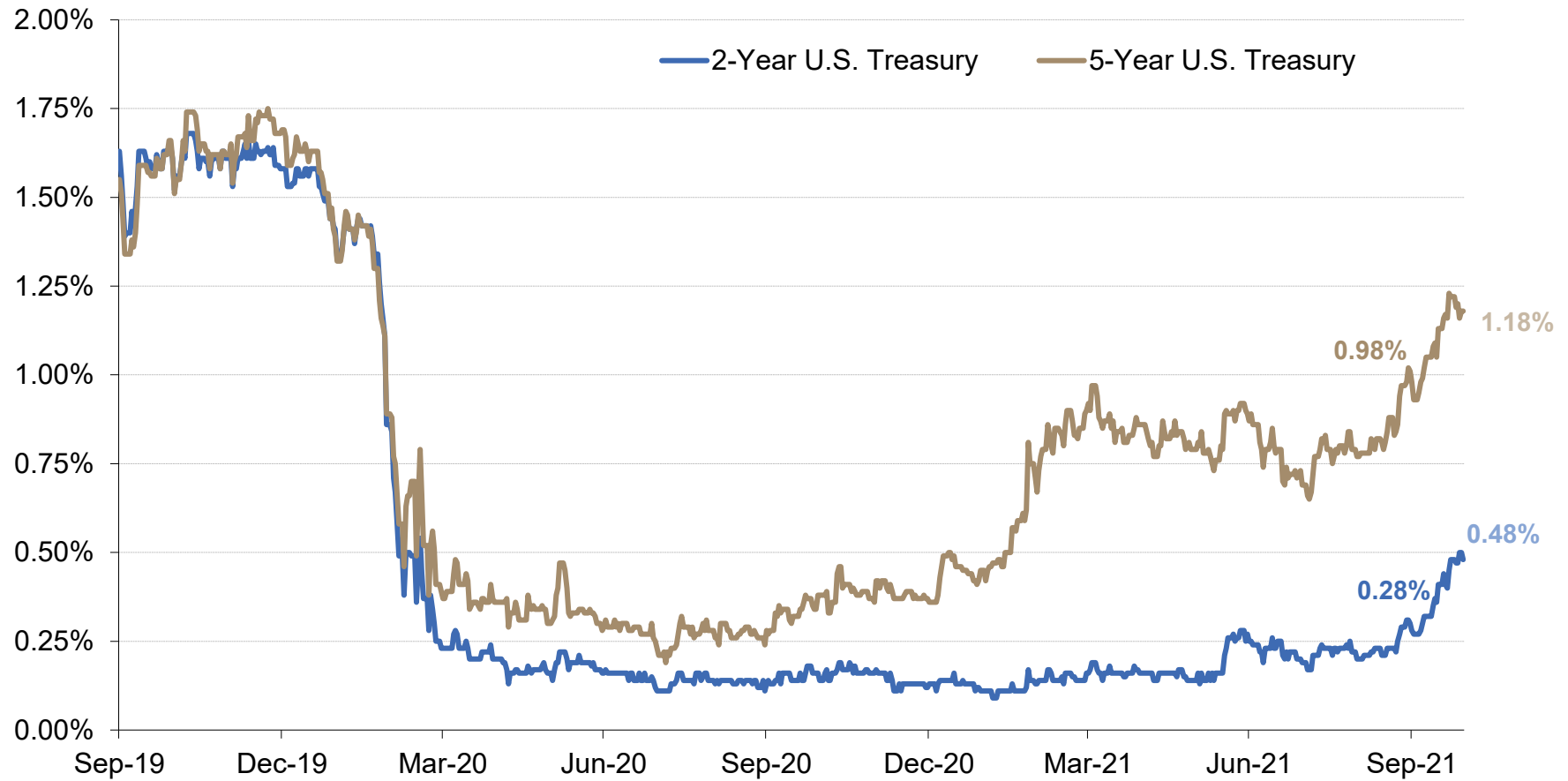


**Fed Asset Purchases**



Source: Bloomberg, as of 9/30/2021 (chart). Fed Funds Futures projections as of 9/30/2021.

### Despite Volatility, Yields Ended Little Changed in Q3, Up Sharply to Start Q4



Source: Bloomberg, as of 10/29/21.



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# Account Summary

**Combined Portfolio Composition – By Fund**

<b>Fund</b>	<b>June 30, 2021</b>	<b>September 30, 2021</b>
General Fund	\$147,528,238	\$143,128,727
State Water Contract Fund	\$417,688,350	\$397,223,608
Devils Canyon/Castaic Fund	\$5,297,111	\$4,790,874
<b>Total</b>	<b>\$570,518,699</b>	<b>\$545,138,209</b>

## Sector Allocations

Security Type	Market Value as of June 30, 2021	% of Portfolio	Market Value as of September 30, 2021	% of Portfolio	Change vs. 6/30/21	Sector Limits
U.S. Treasury	\$221,790,836	38.9%	\$241,420,684	44.4%	5.4%	100%
Federal Agency	\$86,557,487	15.2%	\$76,015,442	14.0%	-1.2%	100%
Municipal	\$13,331,311	2.3%	\$11,292,903	2.1%	-0.3%	30%
Negotiable CDs	\$23,795,360	4.2%	\$16,545,797	3.0%	-1.1%	30%
Corporate Notes	\$70,864,141	12.4%	\$71,441,630	13.1%	0.7%	30%
<b>Securities Sub-Total</b>	<b>\$416,339,134</b>	<b>73.1%</b>	<b>\$416,716,456</b>	<b>76.6%</b>	<b>3.4%</b>	
Accrued Interest	\$1,088,696		\$845,130			
<b>Securities Total</b>	<b>\$417,427,830</b>		<b>\$417,561,586</b>			
LAIF	\$74,426,696	13.1%	\$74,487,463	13.7%	0.6%	\$75 Million
Money Market Fund	\$87,581	0.0%	\$252,952	0.0%	0.0%	20.0%
CAMP	\$78,576,593	13.8%	\$52,836,208	9.7%	-4.1%	50.0%
<b>Total Liquidity</b>	<b>\$153,090,869</b>	<b>26.9%</b>	<b>\$127,576,623</b>	<b>23.4%</b>	<b>-3.4%</b>	
<b>Total Investments</b>	<b>\$570,518,699</b>	<b>100.0%</b>	<b>\$545,138,209</b>	<b>100.0%</b>		

## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>57.9%</b>	
UNITED STATES TREASURY	57.9%	AA / Aaa / AAA
<b>Federal Agency</b>	<b>18.2%</b>	
FANNIE MAE	4.0%	AA / Aaa / AAA
FREDDIE MAC	14.2%	AA / Aaa / AAA
<b>Municipal</b>	<b>2.7%</b>	
CALIFORNIA DEPARTMENT OF WATER RESOURCES	0.2%	AAA / Aa / NR
CALIFORNIA EARTHQUAKE AUTHORITY	0.2%	NR / NR / A
CALIFORNIA STATE UNIVERSITY	0.1%	AA / Aa / NR
FLORIDA STATE BOARD OF ADMIN FIN CORP	0.2%	AA / Aa / AA
LOS ANGELES COMMUNITY COLLEGE DISTRICT	0.2%	AA / Aaa / NR
NEW JERSEY TURNPIKE AUTHORITY	0.2%	A / A / A
NEW YORK ST URBAN DEVELOPMENT CORP	0.8%	AA / NR / AA
SAN JUAN UNIFIED SCHOOL DISTRICT	0.1%	NR / Aa / NR
STATE OF CONNECTICUT	0.0%	A / Aa / AA
STATE OF MARYLAND	0.5%	AAA / Aaa / AAA
STATE OF MISSISSIPPI	0.2%	AA / Aa / AA
<b>Negotiable CD</b>	<b>4.0%</b>	
CREDIT SUISSE GROUP RK	0.7%	A / A / A
DNB ASA	0.9%	AA / Aa / NR
NORDEA BANK ABP	0.9%	AA / Aa / AA
SKANDINAVISKA ENSKILDA BANKEN AB	0.9%	A / Aa / AA
SUMITOMO MITSUI FINANCIAL GROUP INC	0.7%	A / Aa / A
<b>Corporate</b>	<b>17.1%</b>	
3M COMPANY	0.2%	A / A / NR
ADOBE INC	0.2%	A / A / NR

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>17.1%</b>	
AMAZON.COM INC	1.1%	AA / A / AA
AMERICAN EXPRESS CO	0.4%	BBB / A / A
AMERICAN HONDA FINANCE	0.3%	A / A / NR
APPLE INC	0.4%	AA / Aa / NR
ASTRAZENECA PLC	0.4%	A / A / NR
BANK OF AMERICA CO	0.8%	A / A / AA
BLACKROCK INC	0.4%	AA / Aa / NR
BMW FINANCIAL SERVICES NA LLC	0.2%	A / A / NR
BRISTOL-MYERS SQUIBB CO	0.4%	A / A / NR
CATERPILLAR INC	0.7%	A / A / A
CHARLES SCHWAB	0.3%	A / A / A
CHEVRON CORPORATION	0.2%	AA / Aa / NR
CITIGROUP INC	1.1%	BBB / A / A
COMCAST CORP	0.2%	A / A / A
DEERE & COMPANY	0.6%	A / A / A
GOLDMAN SACHS GROUP INC	0.6%	BBB / A / A
HOME DEPOT INC	0.1%	A / A / A
HONEYWELL INTERNATIONAL	0.1%	A / A / A
JP MORGAN CHASE & CO	1.3%	A / A / AA
MERCK & CO INC	0.5%	A / A / A
MORGAN STANLEY	0.7%	BBB / A / A
NATIONAL RURAL UTILITIES CO FINANCE CORP	0.4%	A / A / A
NESTLE SA	0.7%	AA / Aa / NR
PACCAR FINANCIAL CORP	0.7%	A / A / NR
PEPSICO INC	0.2%	A / A / NR
PFIZER INC	0.1%	A / A / A

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Excludes balances invested in money market funds.

## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>17.1%</b>	
PNC FINANCIAL SERVICES GROUP	0.2%	A / A / A
THE BANK OF NEW YORK MELLON CORPORATION	0.6%	A / A / AA
TOYOTA MOTOR CORP	1.4%	A / A / A
TRUIST FIN CORP	0.5%	A / A / A
UNILEVER PLC	0.3%	A / A / A
UNITEDHEALTH GROUP INC	0.3%	A / A / A
US BANCORP	0.2%	A / A / A
VISA INC	0.2%	AA / Aa / NR
WAL-MART STORES INC	0.3%	AA / Aa / AA
<b>Total</b>	<b>100.0%</b>	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Excludes balances invested in money market funds.

## Certificate of Compliance

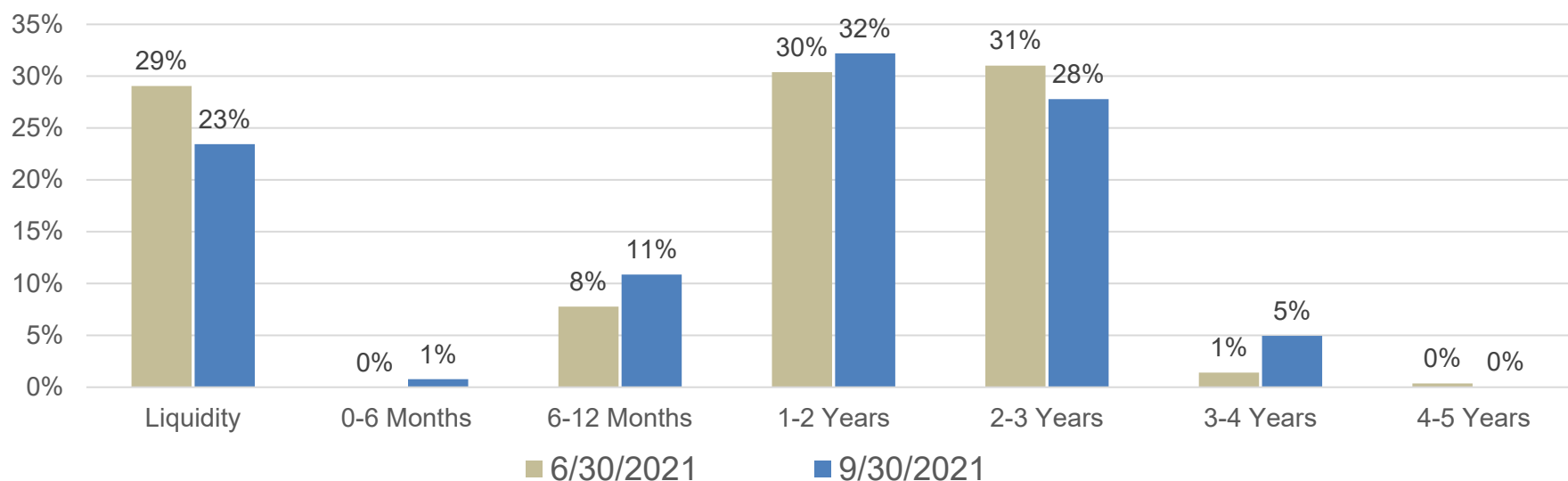
During the reporting period for the quarter ended September 30, 2021, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

*Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Asset and Investment Management ("AIM").*

### Maturity Distribution

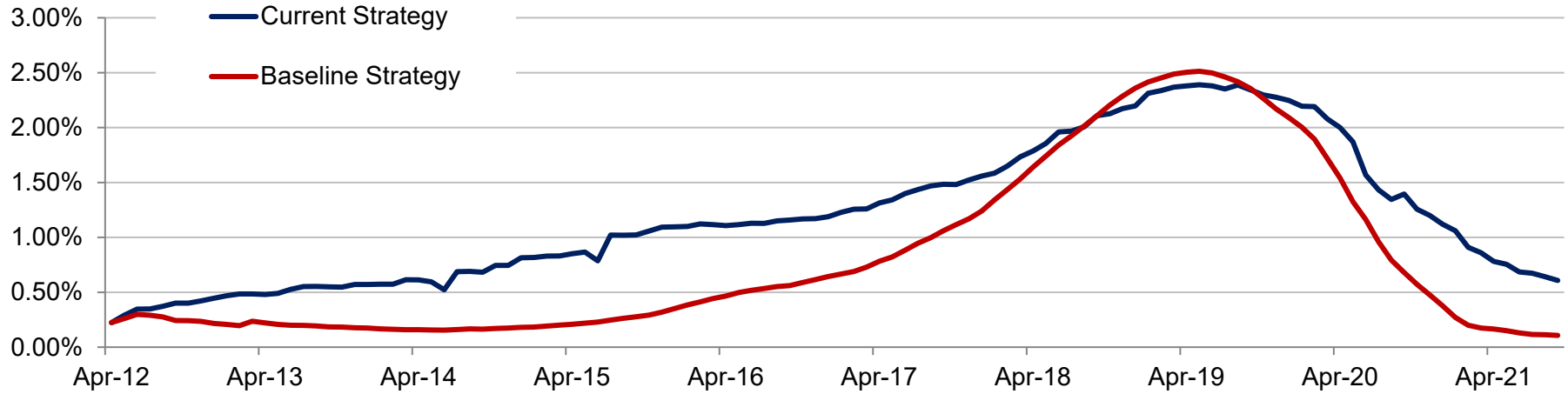
- ◆ The District maintains ample liquidity in the LAIF/CAMP.
- ◆ For the managed portfolio, we continue to emphasize maturities in the 1-3 year maturity range, consistent with the portfolio’s benchmark.



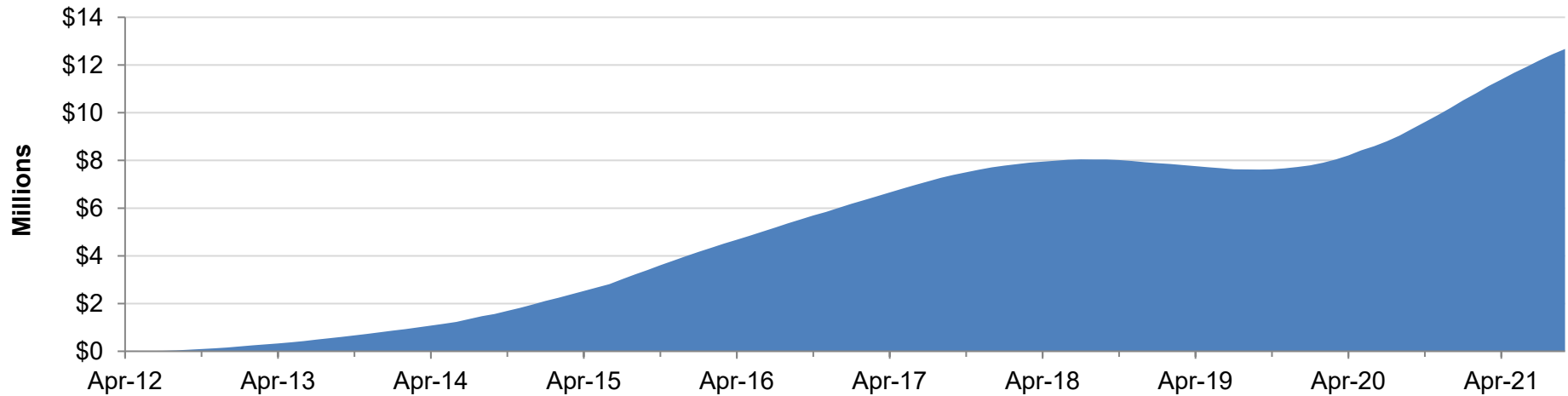
Weighted Average Maturity (Years)	June 30, 2021	September 30, 2021
Overall	1.4	1.5
Managed Portfolio	1.9	1.9

## Combined Portfolio Yield and Earnings Comparison April 2012 – September 2021

### Comparative Yields



### Incremental Earnings





## Managed Portfolio Total Return Performance

- Total return expresses annualized rate of return over a specified period and takes into account all changes in the portfolio, including market value changes, reinvestment rates, cash flows, and interest earned plus realized gains/losses.

Periods Ending September 30, 2021					
			Annualized		
BofAML Indices	Duration (years)	Quarter	Past 12 Months	Past 3 Years	Since Inception
State Water Contract Fund	1.83	0.07%	0.25%	2.79%	1.52%
General Fund	1.84	0.07%	0.26%	2.81%	1.55%
ICE BofAML 1 Year UST Index (GC03)	0.91	0.02%	0.16%	1.88%	0.95%
ICE BofAML 1-3 Year UST Index (G1O2)	1.83	0.06%	0.03%	2.63%	1.22%
ICE BofAML 1-5 Year UST Index (GVQ0)	2.59	0.00%	-0.40%	3.24%	1.48%

ICE BofAML Indices provided by Bloomberg Financial Markets.

The District's portfolios are not managed on a total return basis, so the indices are shown for information only. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).

Periods less than one year are on an unannualized basis. Periods greater than one year are on an annualized basis.

Portfolio inception date as of June 30, 2012

## Market Value and Accrual Basis Earnings

Market Value Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception
Interest Earned <sup>2</sup>	\$992,336	\$4,514,525	\$19,494,454	\$29,859,016	\$39,645,735
Change in Market Value	(\$688,208)	(\$3,571,143)	\$9,317,644	\$2,721,752	\$2,961,986
<b>Total Dollar Return</b>	<b>\$304,128</b>	<b>\$943,382</b>	<b>\$28,812,098</b>	<b>\$32,580,768</b>	<b>\$42,607,721</b>

Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception
Interest Earned <sup>2</sup>	\$992,336	\$4,514,525	\$19,494,454	\$29,859,016	\$39,645,735
Change in Market Value	\$479,070	\$2,367,696	\$4,222,827	\$3,630,974	\$3,741,277
Realized Gains / (Losses) <sup>3</sup>	(\$126,273)	(\$229,278)	\$35,869	(\$382,726)	(\$2,211,339)
<b>Total Earnings</b>	<b>\$1,345,133</b>	<b>\$6,652,943</b>	<b>\$23,753,150</b>	<b>\$33,107,264</b>	<b>\$41,175,673</b>

1. Performance inception date 1. is June 30, 2012.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest

3. Realized gains / (losses) are shown on an amortized cost basis

## Important Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee the accuracy, completeness, or suitability of information provided by third party sources. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv or Bloomberg. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.



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**DATE:** November 18, 2021  
**TO:** Board of Directors Workshop – Policy  
**FROM:** Kristeen Farlow, Strategic Communications Manager  
**SUBJECT:** Discuss State and Federal Legislative Update

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Staff is providing the Board of Directors with an update on current significant legislation from the state and federal legislatures.

### **Background**

Each month, staff provides the Board of Directors with a summary of State and Federal Legislative highlights. This information is provided by the District's lobbying firms and supplemented by District Staff. The Gualco Group, Inc., is the District's State lobbyist in Sacramento; Innovative Federal Strategies is the District's Federal lobbyist in Washington D.C. This month, The Gualco Group, Inc. (Gualco), will provide a verbal update on the State legislative highlights.

### **State Legislative Updates**

The State Legislative Session ended on September 10 and legislators won't return until January 3, 2022. The Governor's budget will be due by January 10, February 18 is the last day for bills to be introduced, and May 27 is the last day for bills to pass out of their house of origin.

California is now entering its rainy season with reservoirs at their lowest levels ever. In December, state officials will announce how much water each district can expect to get next

year; the Department of Water Resources Director is expected to announce a 0% allocation. This winter's rain and snow will be critical to the statewide allocation.

Bills that have transitioned to two-year bills that are of-interest to the District include:

- AB 284 (Rivas): California Global Warming Solutions Act of 2006: climate goal: natural and working lands.
- AB 377 (Rivas): Water quality: impaired waters.
- AB 564 (Gonzalez): Biodiversity Protection and Restoration Act.
- AB 1500 (E. Garcia): Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022.
- SB 45 (Portantino): Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022.
- SB 559 (Hurtado): Department of Water Resources: water conveyance systems: Water Conveyance Restoration Fund.

Kendra Daijogo, with the Gualco Group Inc., will be on this month's call to provide an update on state legislative affairs.

### **Federal Legislative Update**

On November 7, the House of Representatives passed H.R. 3684, the Infrastructure Investment and Jobs Act – the bipartisan infrastructure bill – and was signed by President Biden. The bipartisan infrastructure bill contains: \$8.3 billion for Reclamation, \$9.5 billion for the Army Corps, \$55 billion for clean drinking water, and \$3.3 billion for wildfire reduction.

The most recent discussions on Appropriations did not result in a promising path forward, and it is likely that these discussions will not be picked back up until March 2022 (due to holidays and other calendar delays). It is anticipated that a Continuing Resolution will be needed to fund the government after December 3, when funding from a stopgap bill passed in late September is set to expire. Legislators will face a government funding deadline, a debt ceiling crisis, and the expiration of highway funding, all topics particularly impactful for Democrats.

On October 19, the Senate passed the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act that would change how unspent covid relief funding from the American Rescue Plan (ARP) can be spent by states, local governments, tribes, and territorial governments by unanimous consent. The legislation (Senators John Cornyn (R-TX) and Padilla (D-CA)) would make several categories of infrastructure investments

and disaster relief eligible for unspent COVID-19 relief dollars. It also extends the deadline to utilize relief funding if budgeted for eligible infrastructure projects.

The ARP made water, wastewater, and broadband infrastructure eligible for COVID funds, this legislation would provide additional flexibility for States, Tribes, and units of local government to spend their allocations of the Coronavirus State and Local Fiscal Recovery Funds.

The EPA released its strategy for addressing PFAS, including its plans to finish a rule to regulate certain types of PFAS in drinking water in 2023. The EPA's overall strategy is focused on researching PFAS, restricting their release into the air, land and water and broadening cleanup efforts. The agency's drinking water limit pertains to certain types of PFAS called PFOA and PFOS and hopes to propose an enforceable drinking water limit for PFOA and PFOS in fall 2022 and finalize it in fall 2023.

### **Fiscal Impact**

There is no fiscal impact related to this update.

### **Recommended Action**

Receive and file.

### **Attachments**

SBVMWD Priority Bill Legislative Tracking Report (State)  
October 2021 Federal Legislative Matrix  
October 2021 Federal Monthly Newsletter





**San Bernardino Valley  
Municipal Water District  
Priority Bills  
Legislative Tracking Report  
October 26, 2021**



**Provided by: The Gualco Group, Inc.**

**AB 284 (Rivas, Robert D) California Global Warming Solutions Act of 2006: climate goal: natural and working lands.**

**Current Text:** Amended: 7/14/2021 [html](#) [pdf](#)

**Status:** 9/10/2021-Failed Deadline pursuant to Rule 61(a)(15). (Last location was INACTIVE FILE on 9/2/2021)(May be acted upon Jan 2022)

**Location:** 9/10/2021-S. 2 YEAR

**Summary:** Would require the State Air Resources Board, as part of the next scoping plan update, in collaboration with the Natural Resources Agency and other relevant state agencies and departments and no later than January 1, 2023, to identify a 2045 climate goal, with interim milestones, for the state's natural and working lands, as defined, and to integrate into the scoping plan update recommendations developed by the Natural Resources Agency and the Department of Food and Agriculture regarding practices, policy and financial incentives, market needs, and potential reductions in barriers that would help achieve the 2045 climate goal, among other recommendations. The bill would require the state board, in collaboration with the Natural Resources Agency and other relevant state agencies and departments, to include this information in each subsequent update to the scoping plan and update that information, as appropriate.

**Position**

**AB 339 (Lee D) Local government: open and public meetings.**

**Current Text:** Vetoed: 10/7/2021 [html](#) [pdf](#)

**Status:** 10/7/2021-Vetoed by the Governor

**Location:** 10/7/2021-A. VETOED

**Summary:** The Ralph M. Brown Act requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. Under existing law, a member of the legislative body who attends a meeting where action is taken in violation of this provision, with the intent to deprive the public of information that the member knows the public is entitled to, is guilty of a crime. This bill would require local agencies to conduct meetings subject to the act consistent with applicable state and federal civil rights laws, as specified.

**Position**

**AB 377 (Rivas, Robert D) Water quality: impaired waters.**

**Current Text:** Amended: 4/13/2021 [html](#) [pdf](#)

**Status:** 5/25/2021-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/19/2021)(May be acted upon Jan 2022)

**Location:** 5/25/2021-A. 2 YEAR

**Summary:** Would require, by January 1, 2023, the State Water Resources Control Board and regional boards to prioritize enforcement of all water quality standard violations that are causing or contributing to an exceedance of a water quality standard in a surface water of the state. The bill would require the state board and regional boards, by January 1, 2025, to evaluate impaired state surface waters and report to the Legislature a plan to bring all water segments into attainment by January 1, 2050. The bill would require the state board and regional boards to update the report with a progress summary to the Legislature every 5 years. The bill would create the Waterway Recovery Account in the Waste Discharge Permit Fund and would make moneys in the Waterway Recovery Account available for the state board to expend, upon appropriation by the Legislature, to bring impaired water segments into attainment in accordance with the plan.

**Position**

**AB 455 (Wicks D) San Francisco-Oakland Bay Bridge: transit-only traffic lanes.**

**Current Text:** Amended: 5/20/2021 [html](#) [pdf](#)

**Status:** 7/14/2021-Failed Deadline pursuant to Rule 61(a)(11). (Last location was TRANS. on 6/9/2021)(May be acted upon Jan 2022)

**Location:** 7/14/2021-S. 2 YEAR

**Summary:** Under current law, the San Francisco-Oakland Bay Bridge is part of the state highway system. Existing law authorizes the department to construct exclusive or preferential lanes for buses only or for buses and other high-occupancy vehicles, and may authorize or permit the exclusive or preferential use of designated lanes on existing highways that are part of the state highway system. This bill would authorize the authority, in consultation with the department, to designate transit-only traffic lanes on the San Francisco-Oakland Bay Bridge.

**Position**

**AB 564 (Gonzalez, Lorena D) Biodiversity Protection and Restoration Act.**

**Current Text:** Introduced: 2/11/2021 [html](#) [pdf](#)

**Status:** 4/30/2021-Failed Deadline pursuant to Rule 61(a)(2). (Last location was A. & A.R. on 2/18/2021)(May be acted upon Jan 2022)

**Location:** 4/30/2021-A. 2 YEAR

**Summary:** Would establish the Biodiversity Protection and Restoration Act and would provide that it is the policy of the state that all state agencies, boards, and commissions shall utilize their authorities in furtherance of the biodiversity conservation purposes and goals of certain executive orders. The bill would require all state agencies, boards, and commissions to consider and prioritize the protection of biodiversity in carrying out their statutory mandates. The bill would require strategies related to the goal of the state to conserve at least 30% of California's land and coastal waters by 2030 to be made available to the public and provided to certain legislative committees by no later than June 30, 2022.

**Position**

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

**Current Text:** Amended: 5/11/2021 [html](#) [pdf](#)

**Status:** 9/10/2021-Failed Deadline pursuant to Rule 61(a)(15). (Last location was RLS. on 5/20/2021)(May be acted upon Jan 2022)

**Location:** 9/10/2021-A. 2 YEAR

**Summary:** Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$7,080,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs.

**Position**

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

**Current Text:** Amended: 4/8/2021 [html](#) [pdf](#)

**Status:** 9/10/2021-Failed Deadline pursuant to Rule 61(a)(15). (Last location was INACTIVE FILE on 6/1/2021)(May be acted upon Jan 2022)

**Location:** 9/10/2021-S. 2 YEAR

**Summary:** Would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$5,595,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program.

**Position**

**SB 359 (Caballero D) Climate change: Resilient Merced County Incentive Pilot Program.**

**Current Text:** Amended: 4/19/2021 [html](#) [pdf](#)

**Status:** 5/25/2021-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/3/2021)(May be acted upon Jan 2022)

**Location:** 5/25/2021-S. 2 YEAR

**Summary:** Would, until \_\_\_\_\_, require the Strategic Growth Council, in consultation with the Department of Conservation and the state board, to develop and implement the Resilient Merced County Incentive Pilot Program (pilot program) to assist the County of Merced to use scenario-planning tools to estimate and account for the countywide greenhouse gas reduction and carbon sequestration potential of different land management, restoration, and conservation activities and for the council to provide financial assistance to private landowners to voluntarily implement activities resulting from the use of the scenario-planning tools used by the county. The bill would require the council to implement the pilot program as a component of the Sustainable Agricultural Lands Conservation Program and consistent with the Affordable Housing and Sustainable Communities Program.

**Position**

**[SB 559](#) (Hurtado D) Department of Water Resources: water conveyance systems: Water Conveyance Restoration Fund.**

**Current Text:** Amended: 8/30/2021 [html](#) [pdf](#)

**Status:** 9/10/2021-Failed Deadline pursuant to Rule 61(a)(15). (Last location was INACTIVE FILE on 9/8/2021)(May be acted upon Jan 2022)

**Location:** 9/10/2021-A. 2 YEAR

**Summary:** Would establish the Water Conveyance Restoration Fund in the State Treasury to be administered by the Department of Water Resources in consultation with the State Water Resources Control Board and the Department of Fish and Wildlife. The bill would require all moneys deposited in the fund to be expended, upon appropriation by the Legislature, in support of subsidence repair costs, including environmental planning, permitting, design, and construction and necessary road and bridge upgrades required to accommodate capacity improvements. The bill would require the Director of Water Resources to apportion money appropriated from the fund, subject to specified requirements, for the Friant-Kern Canal, Delta-Mendota Canal, San Luis Field Division of the California Aqueduct, and San Joaquin Division of the California Aqueduct.

**Position**

Support

**[SB 626](#) (Dodd D) Department of Water Resources: Procurement Methods.**

**Current Text:** Chaptered: 9/23/2021 [html](#) [pdf](#)

**Status:** 9/23/2021-Approved by the Governor. Chaptered by Secretary of State. Chapter 247, Statutes of 2021.

**Location:** 9/23/2021-S. CHAPTERED

**Summary:** Current law authorizes the Department of Transportation, regional transportation agencies, and the San Diego Association of Governments to engage in a Construction Manager/General Contractor project delivery method (CM/GC method) for specified public work projects. This bill would, until January 1, 2033, authorize the Department of Water Resources to utilize the CM/GC method, as specified, for no more than 7 projects for elements of State Water Facilities, as defined. The bill would require the Department of Water Resources, on all projects delivered by the department, to use department employees or consultants under contract with the department to perform all project design and engineering services related to design, and construction inspection services, required for the CM/GC method consistent with specified existing law.

**Position**

Support

Bill Number	Sponsors	Title and/or Summary	Summary/Status	Latest Action
H.R. 4502	Rep. Rosa DeLauro (D-CT)	Labor, HHS, Education, Agriculture, Rural Development, Energy and Water, Financial Services and General Government, Interior, Environment, Military Construction and VA, Transportation-HUD Appropriations Act, 2022	The legislation combines 7 of the annual spending bills into one package.	The legislation passed the House on Thursday, July 29 by a vote of 219 – 208 on party lines.
S. 1301	Sen. Sherrod Brown (D-OH)	Promoting Physical Activity for Americans Act (Debt Limit Bill)	<p>This bill became the vehicle for passage of the public debt limit increase. On October 7, 2021, the Senate amended the bill to increase the public debt limit by \$480 billion.</p> <p>This debt limit extension is expected to allow the government to cover its expenses at least through December 3, 2021.</p>	The legislation passed the House on September 29, 2021, by a vote of 219 – 212 on party lines, and the Senate passed the bill on October 7, 2021 by a vote of 50-48. President Biden signed the bill into law on October 14, 2021, four days before the federal government was forecasted to hit the debt limit.
XX	President Joe Biden / Congressional Democrats	Build Back Better Act	<p>The Build Back Better Act proposed spending roughly \$3.5 trillion in its current form. The plan would provide \$200 billion program offering universal pre-k; \$109 billion for tuition-free community college; \$85 billion to increase Pell Grants to benefit low-income and minority students; and more than \$4 billion in funding for larger scholarships, certification and support programs for teachers.</p> <p>A new framework released in late October calls for scaling the package back to roughly \$1.75 trillion in response to concerns from moderate Democrats.</p>	<p>Congressional Democrats hope to use the budget reconciliation process to pass elements of the administration’s American Families Plan due to lack of support from Republicans. S.Con.Res.14, the Concurrent Budget Resolution, set up the ability for the Senate to pass the legislation if all Democrat Senators vote in favor of the legislation.</p> <p>On Saturday, September 25, the House Budget Committee passed the package in a 20-17 vote, piecing together the chunks of legislation approved by 13 House committees</p>

				<p>earlier this month that make up the spending plan.</p> <p>Following moderate lawmakers' hesitation about the legislation, President Biden presented lawmakers with a new \$1.75 trillion framework on Thursday, October 28.</p>
Senate Amendment to H.R. 3684	President Joe Biden & Bipartisan Group of Senators including Sens. Krysten Sinema (D-AZ) and Rob Portman (R-OH)	Bipartisan Infrastructure Framework ("Infrastructure Investment and Jobs Act")	<p>The framework includes \$550 billion in new spending for a total around \$1.2 trillion over eight years.</p> <p>Total "new spending" includes: \$110 billion for roads, bridges and major projects; \$73 billion for electric grid upgrades; \$66 billion for rail and Amtrak improvements; \$65 billion for broadband expansion; \$55 billion for clean drinking water; \$39 billion for transit; \$17 billion for ports and \$25 billion for airports; and \$7.5 billion for electric vehicle chargers.</p>	<p>President Biden announced that he'd reached an infrastructure deal with a group of Republican and Democratic Senators on Thursday, June 24.</p> <p>Following a month of negotiations on legislative text, the Senate passed the package on Tuesday, August 10, 2021.</p> <p>The deal faces the challenge of convincing progressives to support the deal - Speaker of the House Nancy Pelosi has expressed that the House would not vote on a bipartisan bill until the Senate passes a larger set of Democratic priorities through budget reconciliation.</p> <p>The House agreed to vote on the legislation by September 27, 2021, in a deal reached between the Democratic leadership and moderate members of the Democratic caucus. However, on September 26, Pelosi pushed back the vote to Thursday, September 30, allowing more time to debate the bill on the floor.</p> <p>However, without a deal reached on the larger reconciliation package by September 30, the vote on the bipartisan framework was delayed</p>

				<p>once again. Congress passed a one month extension of funding for Surface Transportation programs that expires on October 31.</p> <p>Lawmakers again attempted to pass the bill in late October, but instead have opted to pass another short-term extension of highway authorities through December 3.</p>
H.R. 5305	Rep. Rosa DeLauro (D-CT)	Extending Government Funding and Delivering Emergency Assistance Act	<p>Extends government funding through December 3 and provides funding for disaster relief and Afghan refugees. The bill also extends additional measures through December 3 including certain authorities of the Bureau of Reclamation, including for emergency drought relief, for one year.</p>	<p>The Senate amendment to the legislation passed on September 30<sup>th</sup> by a vote of 65-35, and the House passed the bill shortly after by a vote of 254-175. President Biden signed the legislation in the evening of the 30<sup>th</sup>.</p>
H.R. 3684	Rep. Peter DeFazio (D-OR)	INVEST in America Act	<p>The legislation addresses provisions related to federal-aid highway, transit, highway safety, motor carrier, research, hazardous materials, and rail programs of the Department of Transportation (DOT).</p> <p>The Legislation has also incorporated the Water Quality Protection and Job Creation Act of 2021 and Assistance, Quality, and Affordability Act of 2021 which reauthorize clean and drinking water provisions.</p>	<p>Chairman of the House Transportation and Infrastructure Committee Peter DeFazio introduced the legislation on June 4, 2021.</p> <p>Markups were held on the legislation on June 9-10<sup>th</sup> and the legislation passed out of committee on June 10<sup>th</sup> by a vote of 38-26.</p> <p>The legislation passed the House on July 1, 2021 by a vote of 221-201, and passed the Senate by a vote of 69-30 on August 10, 2021.</p> <p>This legislation and the associated local transportation priorities likely won't move forward since the bipartisan infrastructure proposal also includes the 5-year surface transportation reauthorization bill.</p>

S. 29 / H.R. 2008	Sen. Amy Klobuchar (D-MN) / Rep. Angie Craig (D-MN)	Local Water Protection Act	A bill to amend the Federal Water Pollution Control Act to reauthorize certain programs relating to nonpoint source management, and for other purposes.	<p>The Senate legislation was introduced on January 22, 2021 and referred to the Committee on Environment and Public Works.</p> <p>The legislation in the House was introduced on March 18, 2021 and passed the House under suspension of the rules on June 15.</p>
H.R 1563	Rep. Mike Garcia (R-CA)	To extend the authorities under the Water Infrastructure Improvements for the Nation Act of 2016 providing operational flexibility, drought relief, and other benefits to the State of California	The legislation would extend the authorities under the Water Infrastructure Improvements for the Nation Act of 2016 providing operational flexibility, drought relief, and other benefits to the State of California. The legislation would extend 4007 authorities through January 1, 2028.	The legislation was introduced on March 3, 2021 and was referred to the House Committees on Natural Resources and Science, Space, and Technology.
H.R.1915	Rep. Peter DeFazio (D-OR) / Rep. Grace Napolitano (D-CA)	Water Quality Protection and Job Creation Act of 2021	The legislation would reauthorize the Alternative Water Source Grants Pilot Program, which authorizes the U.S. Environmental Protection Agency to grant up to \$200 million per year to state, interstate, and intrastate water resource development agencies to engineer, design, construct, and test water reuse projects throughout the country.	<p>The legislation was introduced on March 16, 2021.</p> <p>The Committee on Transportation and Infrastructure held a mark-up session on June 9-10th and the legislation was passed out of committee on June 10th by a vote of 42-25.</p> <p>The legislation was incorporated into the INVEST in America Act, which passed the House on July 1, 2021.</p>



H.R.2238	Sen. Jeff Merkley (D-OR) / Rep. Alan Lowenthal (D-CA)	Break Free from Plastic Pollutions Act	The comprehensive legislation would require corporations to take responsibility for pollution, incentivize corporations to make reusable products and items that can be recycled, create a nationwide beverage container refund program, and other items to promote recycling and other investments in U.S. domestic recycling.	The legislation was introduced on March 25, 2021 and referred to the House Committees on Energy and Commerce, Ways and Means, Transportation, and Foreign Affairs.
H.R 866	Rep. Ken Calvert (R-CA)	FISH Act	This bill gives the Fish and Wildlife Service (FWS) the sole authority to protect endangered or threatened species that are anadromous species (species of fish that spawn in fresh or estuarine waters and that migrate to ocean waters) or catadromous species (species of fish that spawn in ocean waters and migrate to fresh waters). Currently, the FWS shares this authority with the National Marine Fisheries Service.	The legislation was introduced on February 5, 2021 and referred to the House Committee on Natural Resources.
H.R. 1015	Rep. Grace Napolitano (D-CA)	Water Recycling Investment and Improvement Act	This bill makes permanent, and otherwise revises, the Bureau of Reclamation's grant program for the funding of water recycling and reuse projects. Specifically, the bill removes priority under the program for projects in areas that, in the preceding four-year period, have been (1) identified as experiencing severe, extreme, or exceptional drought; or (2) designated as a disaster area by a state. Additionally, the bill increases through FY2025 the authorization of appropriations for the program and otherwise revises provisions related to program funding.	The legislation was introduced on February 11, 2021 and referred to the House Committee on Natural Resources.

H.R.4099	Rep. Grace Napolitano (D-CA)	Large Scale Water Recycling Project Investment Act	Created a competitive grant program for large-scale water recycling and reuse projects. Large-scale water recycling projects are those estimated to cost \$500 million or greater. \$750 million would be authorized over 5 fiscal years beginning in FY23.	<p>The legislation was introduced on June 23, 2021 and referred to the Committee on Natural Resources. The Water Subcommittee held a hearing on the legislation on Tuesday, June 29, 2021.</p> <p>The House Natural Resources Subcommittee on Water, Oceans, and Wildlife held a hearing on the legislation on June 29, 2021.</p>
H.R.1881	Rep. John Garamendi (D-CA)	To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.	The legislation would extend permit terms for publicly owned water infrastructure projects under the National Pollutant Discharge Elimination System (NPDES) from 5 years to a maximum of 10 years.	The legislation was introduced on March 12, 2021 and referred to the Committee on Transportation and Infrastructure.
S.914	Sen. Tammy Duckworth (D-IL)	Drinking Water and Wastewater Infrastructure Act of 2021	Authorizes more than \$35 billion for water resource development projects across the country with a focus on upgrading aging infrastructure, addressing the threat of climate change, investing in new technologies, and providing assistance to marginalized communities.	<p>The legislation was introduced on March 23, 2021 and referred to the Senate Environment and Public Works Committee.</p> <p>The legislation passed the Senate on April 29, 2021 by a vote of 89-2.</p> <p>Elements of this legislation were incorporated into the bipartisan infrastructure framework, though with a reduced authorization for the Drinking and Clean Water State Revolving Funds.</p>
H.R. 737	Rep. David Valadao (R-CA)	RENEW WIIN Act	The legislation would extend the authorities under the Water Infrastructure Improvements for the Nation Act of 2016 providing operational flexibility, drought relief, and other benefits to the State of California.	<p>The legislation was introduced on February 2, 2021, and referred the House Committee on Natural Resources.</p> <p>10 members of the California delegation have cosponsored the legislation.</p>

S.91 / H.R.535	Sen. Krysten Sinema (D-AZ) / Rep. John Garamendi (D-CA)	Special Districts Provide Essential Services Act	The legislation would include special districts in the coronavirus relief fund and direct the Secretary of the Treasury to include special districts as an eligible issuer under the Municipal Liquidity Facility.	The legislation was introduced on January 28, 2021 in both the House and Senate. It has been referred to relevant committees in both chambers.
H.R. 895 / S. 209	Rep. David Rouzer (R-NC) / Sen. Jeanne Shaheen (D-NH)	Emergency Assistance for Rural Water Systems Act	To provide for assistance to rural water, wastewater, and waste disposal systems affected by the COVID-19 pandemic, and for other purposes.	The legislation in the House was introduced on February 5, 2021, and referred to the House Committee on Agriculture.  The Senate version of the legislation was introduced on February 3, 2021 and referred to the Senate Committee on Agriculture.
H.R. 2515	Rep. Garret Graves (R-LA)	Building U.S. Infrastructure through Limited Delays and Efficient Reviews (BUILDER) Act	The legislation modernizes the National Environmental Policy Act (NEPA) and aims to make infrastructure project reviews more efficient, reduce project costs, and spur economic recovery.	The legislation was introduced on April 14, 2021 and was referred to the House Committee on Natural Resources.  The legislation's 46 cosponsors are all Republican, including members of GOP leadership.
H.R. 939	Rep. Doug LaMalfa (R-CA)	Combustion Avoidance along Rural Roads (CARR) Act	The bill exempts wildfire mitigation activities conducted within 300 feet of a road from all laws governing environmental review of proposed agency actions or protection of endangered or threatened species.	The legislation was introduced on February 8, 2021 and was referred to the House Committees on Natural Resources and Agriculture.
H.R.3267	Rep. Brendan Boyle (D-PA)	Protect Drinking Water from PFAS Act	The bill amends the Safe Drinking Water Act to require the Administrator of the Environmental Protection Agency to publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for total per- and polyfluoroalkyl substances.	The legislation was introduced on May 17, 2021 and referred to the House Committee on Energy and Commerce.

H.R. 1512	Rep. Frank Pallone (D-NJ)	The Climate Leadership and Environmental Action for our Nation's Future (CLEAN) Act	The legislation aims to achieve net zero greenhouse gas pollution, combat the climate crisis, and create jobs. The bill authorizes \$565 billion over ten years to enable deep decarbonization.	The legislation was introduced on March 2, 2021, and referred to the relevant committees.
S. 953	Sen. Ron Wyden (D-OR)	Water for Conservation and Farming Act	The legislation would create a Bureau of Reclamation fund of \$300 million to support water recycling projects, water-use efficiency projects and dam safety projects; the WaterSMART program to increase water supply reliability by funding infrastructure and conservation projects that conserves water, increases water use efficiency and improves the condition of natural water recharge infrastructure; Establishes a grant program for any Reclamation States, Tribes, nonprofit conservation organizations, irrigation or water districts, and regional and local authorities to complete habitat restoration projects that improve watershed health and mitigate climate change; among other actions.	The legislation was introduced on March 24, 2021, and referred to the Committee on Energy and Natural Resources.
H.R.3293	Rep. Lisa Blunt Rochester (D-DE)	Low-Income Water Customer Assistance Programs Act	The legislation would amend the Safe Drinking Water Act and the Federal Water Pollution Control Act to establish programs to assist low-income households in maintaining access to drinking water and wastewater services.	The legislation was introduced on May 18, 2021, and referred to the relevant committees. The legislation has passed out of the House Energy and Commerce Committee by a vote of 32-24 and now moves on to consideration on the House floor.

H.R.3291	Rep. Paul Tonko (D-NY)	AQUA Act	The legislation would invest \$105 billion over 10 years in the nation's water systems including \$53 billion for the Drinking Water State Revolving Fund, \$45 billion to fully replace every lead service line, and \$5 billion to provide assistance to systems with PFAS contamination. Additionally, the legislation would require the EPA to set national standards for PFAS, 1,4-dioxane, and microcystin toxin, and makes it easier for EPA to set standards in the future. The bill would authorize \$4 billion emergency relief program to provide forgiveness for utility customers facing debts and unpaid fees since March 1, 2020.	<p>The legislation was introduced on May 18, 2021, and referred to the House Committee on Energy and Commerce.</p> <p>The legislation was included in the INVEST in America Act, which passed the House on July 1, 2021 by a vote of 221-201.</p>
H.R. 3286	Rep. Raul Ruiz (D-CA)	Emergency Order Assurance, Safety, and Inspection of water Systems (Emergency OASIS Act)	The legislation would require the EPA to establish regulations to flush a drinking water system if contaminants were present in the system for longer than six months, or if water stood motionless in the system for longer than six months.	The legislation was introduced on May 17, 2021 and referred to the House Committee on Energy and Commerce.
H.R. 3622 / S. 1907	Rep. Chris Pappas (D-NH) / Sen. Kirsten Gillibrand (D-NY)	Clean Water Standards for PFAS Act	The legislation would require the Administrator of the Environmental Protection Agency to develop effluent limitations guidelines and standards and water quality criteria for PFAS under the Federal Water Pollution Control Act, to provide Federal grants to publicly owned treatment works to implement such guidelines and standards	<p>The legislation was introduced in the House on May 28, 2021, and in the Senate on May 27, 2021.</p> <p>The legislation in the House is bipartisan.</p>
S. 2168	Sen. Mike Braun (R-IN)	Define WOTUS Act	The legislation would amend the Federal Water Pollution Control Act to modify the definition of navigable waters, and to make the definition of the "waters of the United States" permanent.	The legislation was introduced on June 22, 2021, and referred to the Committee on Environment and Public Works. It was introduced in response to the EPA's announcement earlier in June of its intent to rewrite the Navigable Waters Protection rule.

<p>H.R. 3814 / S. 717</p>	<p>Rep. Liz Cheney (R-WY) / Sen. Mike Lee (R-UT)</p>	<p>Undoing NEPA's Substantial Harm by Advancing Concepts that Kickstart the Liberation of the Economy Act (UNSHACKLE Act)</p>	<p>The legislation combines the following five stand-alone NEPA reform bills on agency process, state expansion, legal changes, and data reporting into one comprehensive text.</p> <ul style="list-style-type: none"> <li>- NEPA Agency Process Accountability Act</li> <li>- NEPA Accountability and Enforcement Act</li> <li>- NEPA State Assignment Expansion Act</li> <li>- NEPA Legal Reform Act</li> <li>- NEPA Data Transparency Act</li> </ul>	<p>The Senate legislation was introduced on March 11, 2021, and referred to the Committee on Environment and Public Works.</p> <p>The House legislation was introduced on June 11, 2021, and referred to the House Committees on Natural Resources; Judiciary; Transportation and Infrastructure; and Energy and Commerce.</p>
<p>H.R. 1352</p>	<p>Rep. Brenda Lawrence (D- MI)</p>	<p>Water Affordability, Transparency, Equity, and Reliability Act of 2021</p>	<p>The bill would create a trust fund to support drinking water and clean water infrastructure. Additionally, the bill provides \$34.85 billion a year to drinking water and wastewater improvements; creates a water trust fund; creates up to nearly 1 million jobs across the economy and protect American workers; prioritizes disadvantaged communities with grants and additional support; expands funding for technical assistance to small, rural, and indigenous communities; funds projects to address water contamination from PFAS; requires US EPA to study water affordability, shutoffs, discrimination, and civil rights violations by water providers; upgrades household wells and septic systems; helps homeowners replace lead service lines; and provides more than \$1 billion a year to update water infrastructure in public schools.</p>	<p>The legislation was introduced on February 25, 2021 and was referred to the relevant committees.</p> <p>The legislation has 86 cosponsors, including 14 members of the California delegation.</p>

H.R. 4647 / S. 2430	Rep. Jared Huffman (D-CA) / Sen. Dianne Feinstein (D-CA)	Water Conservation Rebate Tax Parity Act	The legislation would amend federal tax law so that homeowners wouldn't pay income tax on rebates from water utilities for water conservation and water runoff management improvements	The House legislation was introduced on July 22, 2021 and referred to the House Committee on Ways and Means. The legislation in the Senate was introduced on July 22, 2021, and referred to the Senate Committee on Finance.
S.2454	Sen. Alex Padilla (D-CA)	Water Reuse and Resiliency Act	The legislation would authorize \$1 billion over five years for the EPA's Pilot Program for Alternative Water Source Projects grants program. This is an increase from the \$125 million over five years authorized for the program in the Drinking Water and Wastewater Infrastructure Act passed by the Senate in April.	The legislation was introduced on July 22, 2021 and referred to the Senate Committee on Environment and Public Works.
S.2567	Sen. Shelley Moore Capito (R-WV)	Navigable Waters Protection Act of 2021	The legislation would enact into law the Navigable Waters Protection Rule: Definition of 'Waters of the United States' as proposed by the EPA/USACE under the Trump administration.	The legislation was introduced on July 29, 2021 and referred to the Senate Committee on Environment and Public Works.
H.R.4915	Rep. Tom McClintock (R-CA)	Water Supply Permitting Coordination Act	The legislation would authorize the Secretary of the Interior to coordinate Federal and State permitting processes related to the construction of new surface water storage projects on lands under the jurisdiction of the Secretary of the Interior and the Secretary of Agriculture and to designate the Bureau of Reclamation as the lead agency for permit processing.	The legislation was introduced on August 3, 2021 and referred to the House Committee on Natural Resources.

H.R.4979 / S.1783	Rep. Rashida Tlaib (D-MI) / Rep. Jeff Merkley (D-OR)	Maintaining Access to Essential Services Act	The legislation provides \$13.5 billion in low-interest loans to public and private water utilities, which will be forgiven when the utility forgives household water arrears; and provides \$13 billion in low-interest loans to power utilities, which will be forgiven when the utility forgives household arrears. The legislation also provides \$13 billion in low-interest loans to broadband utilities, which will be forgiven when the utility forgives household arrears. The bill Requires loan recipients to suspend utility shutoffs and restore any disconnected service, suspend late fees and charges, stop the sale of household debt to debt collectors, stop placing or selling liens on households due to outstanding utility debt, and stop filing adverse reports on households due to unpaid utility bills to credit agencies.	<p>The legislation in the House was introduced on August 6, 2021 and was referred to the House Committees on Financial Services and Ways and Means.</p> <p>The legislation in the Senate was introduced on May 20, 2021 and was referred to the Senate Committee on Finance.</p>
H.R. 4976	Rep. Elissa Slotkin (D-MI)	Ensuring PFAS Cleanup Meets or Exceeds Stringent Standards Act	The legislation directs the Secretary of Defense to ensure that removal and remedial actions relating to PFAS contamination result in levels meeting or exceeding certain standards.	The legislation was introduced in the House on August 6, 2021, and was referred to the House Committees on Armed Services, Transportation and Infrastructure, and Energy and Commerce.
S.2372 / H.R.2773	Sen. Heinrich, Martin (D-NM) / Representatives Debbie Dingell (D-MI) and Jeff Fortenberry (R-NE)	Recovering America's Wildlife Act of 2021	The legislation would fund conservation efforts for more than 12,000 species of wildlife and plants in need of assistance by providing \$1.3 billion in dedicated annual funding for proactive, on-the-ground efforts across the country, ensure wildlife recovery efforts will be guided by the Congressionally-mandated State Wildlife Action Plans, which identify specific strategies to restore the populations of species of greatest conservation need, accelerate	<p>The legislation was introduced on July 15, 2021 and referred to the Committee on Environment and Public Works.</p> <p>The House bill was introduced on April 22. The House Natural Resources Subcommittee on Water, Oceans, and Wildlife held a hearing on the legislation on July 29, 2021.</p>



			<p>the recovery of 1,600 U.S. species already listed as threatened or endangered under the Endangered Species Act, and include improvements to ensure funds are appropriately targeted to the areas of greatest need and facilitate additional investments in protecting at-risk plant species.</p> <p>In the Senate, RAWA also directs fees and penalties assessed for environmental violations to help fund RAWA, using fee and penalty amounts that aren't already targeted for existing environmental funds.</p>	
H.R.4602	Rep. Alan Lowenthal (D-CA)	WIPPES Act	<p>The legislation would direct the Federal Trade Commission to issue regulations requiring certain products to have "Do Not Flush" labeling</p>	<p>The legislation was introduced on July 21<sup>st</sup> and referred to the Committee on Energy and Commerce.</p> <p>Rep. Lowenthal introduced the stand-alone bill after introducing a similar amendment to the House's infrastructure bill.</p>
S. 2806 / H.R. 3534	Sen. Dianne Feinstein (D-CA) / Rep. Jimmy Panetta (D-CA)	Wildfire Emergency Act of 2021	<p>Amongst other things, the legislation authorizes \$250 million over 5 years for up to 20 Forest Service projects of 100,000 acres or greater; Establish a new \$100 million grant program to assist critical facilities like hospitals and police stations become more energy efficient and better adapted to function during power shutoffs; Establishes one or more Prescribed Fire Centers to coordinate research and training of foresters and forest managers in the western United States in the latest methods and innovations in prescribed fire (controlled burns) practices</p>	<p>The Senate legislation was introduced on September 22 and referred to the Committee on Energy and Natural Resources.</p> <p>The House bill was introduced on May 25, 2021 and was referred to the Subcommittee on Conservation and Forestry.</p>

S. 3011	Sen. John Cornyn (R-TX)	State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act	<p>The legislation provides additional flexibility for States, Tribes, and units of local government to spend their allocations of the COVID Relief Funds on certain infrastructure projects; including water, wastewater, and broadband infrastructure projects. The bill also allows these funds to be used to provide emergency relief from natural disasters. There is a cap—the greater of \$10 million or 30% of the funds—on how much of the COVID money can be spent on these new purposes.</p>	<p>The legislation was introduced on October 19, 2021, and passed the Senate by unanimous consent that day.</p> <p>Senator Alex Padilla (D-CA) is an original cosponsor of the legislation.</p>
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# INNOVATIVE FEDERAL STRATEGIES, LLC

*Comprehensive Government Relations*

## MEMORANDUM

**To:** SBVMWD Board of Directors – Policy Workshop

**From:** Letitia White, Jean Denton, Drew Tatum, and Sarah Persichetti

**Date:** November 1, 2021

**Re:** October Monthly Legislative Update

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### **Infrastructure Debate Continues as New Framework Proposed, Highway Fund Extended**

President Biden presented Democratic lawmakers with a framework on a new \$1.75 trillion social spending and climate package on Thursday, October 28 seeking to unify a fractured party behind the plan before he headed to Europe for an international climate conference later in the day.

Officials talked up the framework as including the largest expansion of health care coverage since the passage of the Affordable Care Act and said it would reduce premiums for more than 9 million Americans by an average of \$600 per person annually.

It includes \$150 billion in investments for affordable housing, extends the earned income tax credit and child tax credit for one year, provides funding for historically Black colleges and universities and raises the maximum Pell Grant.

But the framework does not include several key priorities for progressives that Biden also had advocated for.

Fact sheets and summaries provided by the White House made no mention of paid family leave. Democrats had hoped to include 12 weeks of paid family leave, before Biden last week acknowledged his goal had been trimmed to four weeks. It also omits free community college—another provision championed by progressives.

In the end, both stripped from the package as one of several concessions to Senator Joe Manchin (D-WV), one of two centrists who balked at the cost of a larger bill and a number of specific provisions favored by many House and Senate Democrats.

The bill also does not include the Clean Electricity Performance Program, which had been seen as the best way to reduce U.S. emissions, and it would not allow the government to negotiate with prescription drug companies on prices for Medicare, a high priority for Senator Bernie Sanders (I-VT).

The framework does not include several details, and one official acknowledged Biden was not outlining a final bill but that his framework would inform the legislative text to be written in the coming days.

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President Biden sought to assure progressive Democrats that the framework for the social spending package — which includes funding for universal preschool, a child tax credit extension and an expansion of Medicare to include hearing, among other provisions — would get 50 votes in the Senate.

“We badly need a vote on both of these measures,” Biden said. “I don’t think it’s hyperbole to say that the House and Senate majorities and my presidency will be determined by what happens in the next week.”

Progressives remained unconvinced that the framework is enough of an assurance that the two centrist senators who’ve pushed to pare back the legislation — Senators Joe Manchin (D-WV) and Kyrsten Sinema (D-AZ) — won’t renege in some way.

However, Senator Manchin signaled later in the day on Thursday that he could support the \$1.75 trillion price tag for Democrats' social spending plan, even as he hasn't said if he supports the overall framework deal.

"We negotiated a good number that we worked off of, and we're all dealing in a good faith," Manchin told reporters.

Asked if \$1.75 trillion was too high, Manchin replied: "That was negotiated."

By mid-afternoon Thursday, the House posted the 1,684-page bill containing much of President Joe Biden’s social-spending plan, a hopeful sign that that measure could move quickly.

Earlier in the day on Thursday, Speaker Nancy Pelosi (D-CA) wanted to hold a floor vote on the bipartisan infrastructure bill to give President Biden a legislative victory as he left for the climate conference.

However, House progressives dug in on their threat to oppose the bipartisan infrastructure bill if Speaker Pelosi brings it to a vote before they go through legislative text of the separate, \$1.75 trillion tax and spending package and are assured it could pass the Senate.

Congressional Progressive Caucus Chair Pramila Jayapal said members of her group “enthusiastically endorsed” the contours of Biden’s economic agenda unveiled Thursday. But progressives, she said, want to vote on both bills when the larger measure is ready. “We are also committed to staying through the weekend” to finalize the legislation encompassing Biden’s tax and social-spending agenda, she said.

House Transportation and Infrastructure Chairman Peter DeFazio (D-OR) was among those leading the effort to convince members to vote for the bill. He sent a “Dear Colleague” letter Thursday morning to Democrats urging them to vote for the bipartisan framework which contains funding for the highway trust fund.

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In his letter, Chairman DeFazio said that another short-term extension of highway funding -- such as the current one that expires at the end of the month -- is “highly disruptive to transportation project planning and delivery” by departments, and local governments.

At the end of the day when it was clear that there would not be a vote on the bipartisan package, the House passed yet another short-term extension of the highway funding through December 3 in a bipartisan vote of 358-59.

Before adjourning Thursday, the Senate agreed that a highway funding extension would be deemed passed by unanimous consent.

The latest highway extension adds yet another item that Congress has set to accomplish by December 3 – as a reminder, the debt ceiling extension, and government funding also are set to expire by that date.

### **Highway Trust Fund Cash May Buy Lawmakers Time on Infrastructure**

The agency that oversees federal highway aid has enough money on hand to fund road programs through the rest of 2021, it told lawmakers after previously warning of a shortfall.

The announcement means lawmakers won’t have to immediately transfer money into the Highway Trust Fund from the general fund of the Treasury as a long-term highway bill, which would provide an infusion into the fund, remains caught up in larger negotiations over Biden’s domestic policy agenda.

The Federal Highway Administration is projecting the fund’s highway account will end the calendar year with about \$9.4 billion, according to a memo the agency sent on Wednesday, October 20 to Congress. The communication came as lawmakers faced an October 31 deadline to take action before a temporary extension of highway funding ran out again, which allowed the House and Senate to easily extend the highway authorities through December 3 without the need for additional funding transfers.

A bipartisan infrastructure bill (H.R. 3684) passed by the Senate in August would reauthorize surface transportation programs for five years and transfer \$118 billion to the Highway Trust Fund. A House vote on the bill was delayed after opposition from progressive Democrats pushing to also pass a larger social spending package. The delay caused programs to lapse until President Joe Biden signed a 30-day extension (Public Law 117-44) on October 2.

The agency’s update reflects an infusion of cash at the end of the fiscal year from the Treasury to the trust fund, which is the main source of federal financing for surface transportation programs. It receives revenue from the federal motor fuel taxes, which are inadequate to cover its spending, requiring lawmakers to periodically transfer money from the general fund.

Although the FHWA said a general fund transfer “may not be necessary through the end of the calendar year,” it clarified that pandemic-related uncertainty and volatility could change the projection.

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The agency estimated the Mass Transit Account won't need a general fund transfer in fiscal 2022, while the highway account will need an estimated \$5.6 billion transfer through the end of the fiscal year.

### **Senate Passes American Rescue Plan Infrastructure Flexibility Legislation**

On Tuesday, October 19, the Senate passed legislation, the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act, that would make changes to how unspent covid relief funding from the American Rescue Plan (ARP) can be spent by states, local governments, tribes, and territorial governments by unanimous consent.

The legislation, spearheaded by Senators John Cornyn (R-TX) and Alex Padilla (D-CA), would make several categories of infrastructure investments and disaster relief eligible for unspent COVID-19 relief dollars. It also extends the deadline to utilize relief funding if budgeted for eligible infrastructure projects.

“Each region of the country has unique local challenges in responding to the COVID-19 pandemic. This bill will provide state, local, tribal, and territorial governments the flexibility they need to better use federal resources to care for and serve their residents. This will ultimately help strengthen our response to the continued fight against COVID,” said Senator Padilla.

Given that the ARP made water, wastewater, and broadband infrastructure eligible for COVID funds, the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act would provide additional flexibility for States, Tribes, and units of local government to spend their allocations of the Coronavirus State and Local Fiscal Recovery Funds.

It gives state and local officials additional flexibility to responsibly spend their own funds. There is a cap—the greater of \$10 million or 30% of the funds—on how much of the COVID money can be spent on these new purposes (though the previous ARP set asides for water, wastewater, and broadband remain unrestricted).

The bill also allows these funds to be used to provide emergency relief from natural disasters and creates a process for local officials to decline funds if their jurisdictions did not suffer budget shortfalls during COVID, an option not currently available to them under the ARP.

### **Senate Releases Fiscal Year 2022 Appropriations Bills**

On Monday, October 18, the Senate Appropriations Committee released draft versions of legislation to fund the government in fiscal year 2022.

As a reminder, the government is currently operating under a Continuing Resolution (CR) that expires on December 3. Senate Democrats are proposing \$44.6 billion for the Interior Department, Environmental Protection Agency, and related agencies in fiscal 2022, slightly higher than the \$43.4 billion measure the House passed this summer.

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Nondefense programs in the nine bills would get a 13% increase, while defense programs would get a 5% increase. Republicans criticized the bigger increase for domestic programs compared to military spending, the end of key restrictions on abortion funding, cuts to the Department of Homeland Security, and a boost to Internal Revenue Service funds.

Republicans criticized the bigger increase for domestic programs compared to military spending, the end of key restrictions on abortion funding, cuts to the Department of Homeland Security, and a boost to Internal Revenue Service funds.

Senate Appropriations Vice Chairman Richard Shelby (R-AL) called the top-line numbers “a fantasy land” proposal by Democrats. The nondefense and defense increases will have to be closer together for lawmakers to reach an eventual deal, he said.

The bills can’t become law without significant Republican support because they’ll need 60 votes to end debate before a vote can be held in the Senate.

The Senate Appropriations Committee proposed \$15.7 billion for Interior in fiscal 2022, close to the \$15.6 billion the House approved, and \$10.5 billion for the EPA. The figure for the EPA is less than the \$11.3 billion included in the House legislation.

The Senate bill proposes \$2.9 billion for the Drinking Water and Clean Water State Revolving Funds in the EPA portion, less than the \$3.2 billion in the House bill.

The funding levels proposed in the Senate bill for Interior’s largest agencies—the Bureau of Land Management, National Park Service, and Fish and Wildlife Service—are on par with the House levels.

The Senate bill, like the House bill, would provide \$900 million in mandatory spending for the Land and Water Conservation Fund, as well as allocate \$1.9 billion for deferred maintenance projects on federal public lands. It recommends funding for a Civilian Climate Corps as well, which is also in the House bill.

Senate appropriators also recommended \$3.8 billion for fire suppression, of which \$2.4 billion would go to the Wildfire Suppression Operations Reserve Fund.

Now that all bills in the House and Senate have been released, lawmakers will begin the process of conferencing the bills together to produce the final funding legislation for fiscal year 2022.

House Appropriations Committee Chairwoman Rosa DeLauro (D-CT) has invited her counterparts—House Appropriations Committee Ranking Member Kay Granger (R-TX), Senate Appropriations Committee Chairman Patrick Leahy (D-VT), and Senate Appropriations Committee Vice Chairman Richard Shelby (R-AL)—to meet during the week of November 1 to begin conference negotiations for a fiscal year 2022 omnibus appropriations bill.

According to the House Appropriations Committee, DeLauro “looks forward to productive conversations as all sides work to meet the December 3 funding deadline.”

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Additionally, Acting OMB Director Shalanda Young wrote to Chairwoman DeLauro urging Congress to start talks on the fiscal year 2022 bills.

"With only just over a month before the December 3rd deadline, now is the time to come together and reach an agreement that will fund core national priorities, address critical gaps, enhance our national security and advance American leadership in the world, as well as provide much needed additional relief to those communities suffering from natural disasters" she wrote.

"And we can do that without unnecessary and damaging brinksmanship that would disrupt critical public services that the American people rely on."

*Please see below for a brief summary of each of the spending bills released by the Senate Appropriations Committee last week. Note that the Agriculture, Energy & Water, and Military Construction-VA Appropriations bills were previously released and marked up by the Senate Appropriations Committee.*

### **EPA Releases PFAS Roadmap**

The EPA on Monday, October 18 released its strategy for addressing PFAS, including its plans to finish a rule to regulate certain types of PFAS in drinking water in 2023.

The EPA's overall strategy is focused on researching PFAS, restricting their release into the air, land and water and broadening cleanup efforts.

The agency's drinking water limit pertains to certain types of PFAS called PFOA and PFOS, saying it hopes to propose an enforceable drinking water limit for them in fall 2022 and finalize it in fall 2023.

The Trump administration also eyed regulating PFOA and PFOS, proposing its own regulation on the substances last year.

The drinking water standard is a long-awaited milestone for environmental advocates, but some have called for PFAS to be regulated as an entire group instead of on an individual basis because there are hundreds of them and they can occur in mixtures.

The EPA is also developing a new testing strategy for the substances.

As part of that strategy, the agency is expected to require manufacturers to conduct and fund studies and could issue testing orders by the end of this year.

The agency has also said that it will declare PFOA and PFOS as hazardous substances under the country's Superfund hazardous waste cleanup law.

This would require polluters to report discharges of the compounds and give the EPA the ability to recoup costs for their cleanup.



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The EPA will propose a regulation to do so in spring 2022 and finalize the decision in summer 2023.

EPA Administrator Michael Regan categorized the plan as a “comprehensive” strategy to protect people.

“For far too long, families across America — especially those in underserved communities — have suffered from PFAS in their water, their air, or in the land their children play on,” he said in a statement.

“This comprehensive, national PFAS strategy will deliver protections to people who are hurting, by advancing bold and concrete actions that address the full lifecycle of these chemicals. Let there be no doubt that EPA is listening, we have your back, and we are laser focused on protecting people from pollution and holding polluters accountable,” he added.

### **Biden Signals Support for Senate Filibuster Reform**

During a CNN town hall on Thursday, October 21 in Baltimore, President Joe Biden indicated he would support ending the filibuster rule in the Senate to address the debt ceiling and voting-rights legislation -- and possibly other items -- after Republican members of the chamber used that mechanism to block bills on the two issues this month.

The debt-ceiling 60-vote requirement is “absurd”, Biden said when asked about the filibuster at the town hall. Senate Minority Leader Mitch McConnell (R-KY) vowed that Republicans won’t again deliver the votes needed to allow Democrats to enact a debt-ceiling hike if Democrats do not address the issue through reconciliation, which they can do with a simple majority vote. Eleven Republicans did vote to invoke cloture—or cut off debate—earlier this month for a temporary increase designed to tide the Treasury Department over to early December.

“If this gets pulled again, I think you’re going to see an awful lot of Democrats be ready to say, ‘Not me, I’m not doing that again, we’re going to end the filibuster,’” Biden said. “There’s certain things that are just sacred rights. One’s a sacred obligation that we’re never going to renege on a debt.”

President Biden said that along with the government being responsible for its debts, “Voting rights are equally as consequential,” speaking a day after Republican Senators blocked a bill with features including creating an automatic voter registration system through each state’s motor vehicle agency.

Democrats say the legislation is designed to counter a number of new voting restrictions emerging from Republican-led state legislatures, which they say are intended to curtail participation by minorities and poorer Americans. Republicans counter that the laws are necessary to protect against voter fraud.

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The bill, The Freedom to Vote Act, was an attempt at a compromise among Democrats, after a much broader voter access bill was blocked by Republicans in June and again in August.

Asked whether he would entertain killing the filibuster rule on voting rights, Biden added, “And maybe more.”

Biden, who served as a Senator from Delaware from 1973 to 2009, has previously resisted calls for changes to the Senate filibuster.

### **House and Senate Vote to Raise Debt Ceiling**

The House on Tuesday, October 12 cleared legislation to raise the debt limit by \$480 billion, ensuring that the nation doesn’t default on its debts but setting up another fiscal cliff at the end of the year. The debt ceiling legislation was designed with an eye toward lifting the cap through early December.

Lawmakers voted to avert a default in a somewhat indirect fashion. The House adopted a procedural rule along party lines in a 219-206 vote, meaning lawmakers didn’t have to take a separate vote on the debt limit bill itself.

President Biden signed the legislation into law on Friday, October 15 providing lawmakers a brief reprieve from the partisan impasse over the country’s borrowing limit.

The Senate approved the deal earlier in the month by a vote of 50-48. Though the final vote, which required a simple majority, was along party lines, 11 Republican senators voted with Democrats to get the bill over a procedural hurdle that required 60 votes. Republican Senators Mitch McConnell (KY), John Thune (SD), Lisa Murkowski (AK), Susan Collins (ME), Richard Shelby (AL), John Cornyn (TX), Rob Portman (OH), John Barrasso (WY), Shelly Moore Capito (WV), Mike Rounds (SD) and Roy Blunt (MO) joined Senate Democrats to invoke cloture on the measure.

The Senate’s action came a day after Senate GOP Leader Mitch McConnell (KY) said that Republicans would let Democrats pass a short-term debt hike and just hours after Majority Leader Charles Schumer (D-NY) announced they had clinched a deal.

It marked a quick end to a months-long standoff between Majority Leader Schumer and Minority Leader McConnell that had moved the country closer to a historic default. Congress had until October 18 to raise the nation’s borrowing limit, or risk plummeting over the fiscal cliff with significant consequences for the world’s economy.

Another stopgap measure to fund the government also expires on December 3, meaning Democrats will yet again have to find a way to prevent potential fiscal calamity in the twin threats of a shutdown and a default.

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For now, lawmakers have staved off a catastrophic debt default less than a week before the October 18 deadline by which the Treasury Department estimated the U.S. could start failing to meet its borrowing obligations.

The House originally passed bills twice in recent weeks to suspend the debt limit into December 2022, but they stalled in the Senate due to GOP resistance to passing a debt ceiling suspension through regular order. Senate Republicans had been pushing for Democrats to use the budget reconciliation process to address the debt ceiling with only Democratic votes.

The Senate's agreement earlier in the month to pass only a short-term debt limit extension meant the House had to briefly return from a scheduled recess on Tuesday to ensure the legislation made it to Biden's desk before the deadline.

Senate Minority Leader Mitch McConnell (R-KY) has warned that Republicans won't support another short-term extension like this next time around.

"I write to inform you that I will not provide such assistance again if your all-Democrat government drifts into another avoidable crisis," McConnell wrote in a letter to Biden on Friday, October 8.

Republicans are insisting that Democrats use the budget reconciliation process to raise the debt limit on a long-term basis, since it is one of the few things exempt from a Senate filibuster. It's the same process that Democrats are using for their wide-ranging package to expand social safety net programs and mitigate climate change.

Although Democrats had been adamant that they won't use the budget reconciliation process for the debt limit, they appear to be softening that position in recent weeks. Democrats have objected to using the process because it is far more time-consuming and would require specifying a number for raising the debt limit that Republicans could subsequently use in campaign ads. They argue that the debt limit should continue to be raised on a bipartisan basis as it has historically been done in the past.

It's not clear how lawmakers will resolve the coming impasse in December.

### **New HUD Rule Aimed at Preventing Evictions from Public Housing**

The Biden administration is rolling out a new rule aimed at preventing evictions for tenants in public housing after the federal eviction moratorium expired in August.

The rule, published on Thursday, October 7 will prohibit individuals living in housing subsidized by the Department of Housing and Urban Development (HUD) from being evicted from their homes for not paying rent unless the tenants are given a 30-day notice and information regarding federal emergency rental assistance that may be available.

Typically, rules submitted to the register would be enacted 30 days later. Authorities dealing with public housing nationwide, however, will likely implement the regulation right away.

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The rule was reportedly changed because of a growing concern regarding a potential spike in evictions as cases start to progress through the court system.

“This rule is a significant step in raising tenant awareness about the availability of funds that can assist them with past due rent and allowing them additional time to access relief that may stave off eviction entirely,” HUD Secretary Marcia Fudge stated.

“HUD will continue to review additional actions to help protect individuals through the duration of the pandemic,” she added.

The revised regulation, however, is not entirely new. The requirement for a notice 30 days before evictions existed in the original COVID-19 relief package.

Tenants living in project-based rental assistance properties also fall under the authority of the new rule. Those locations are operated by private-for-profit or nonprofit owners that make an agreement with HUD to establish housing units that are affordable to tenants.

The new rule comes after the federal eviction moratorium expired in early August, leaving millions of Americans at risk of being pushed out of their homes amid the pandemic.

HUD said the new rule builds on previous work the department has completed to protect tenants from evictions, including streamlining requirements to allow assisted households to recertify their income if they see a drop in wages, providing eviction prevention resources for public housing authorities and issuing guidance that protects against evictions targeting protected classes, among other efforts.

### **Biden Takes Big Steps on Rules for Environmental Reviews**

The White House on Wednesday, October 6 took a significant first step toward restoring safeguards that the Trump administration cut from its regulations governing environmental reviews.

The move was the first in a two-step process, with advocates and industry leaders expected to keep a close eye on both rules, since what comes next will define exactly where the Biden administration stands on the National Environmental Policy Act (NEPA), which requires the government to consider environmental impacts of major projects like airports, highways and pipelines and carry out environmental reviews before construction begins.

The White House said the measures announced Wednesday constitute “phase 1” of its rulemaking and that it would develop a “phase 2” in the coming months.

The Trump administration scaled back NEPA in 2020 with changes that it said were intended to modernize implementation of the 50-year-old law. The rollback drew cheers from industry leaders, who said they could now get projects done faster, but criticism from advocates who argued that it undermined environmental protections that had been in place for decades.

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On Wednesday, the White House Council on Environmental Quality announced that it was making three major changes to the way environmental reviews mandated by NEPA are approached.

The council said it will stipulate that the regulations are “a floor, rather than a ceiling” for what federal agencies can require, give more flexibility to agencies to consider project alternatives and reinstate language that explicitly requires consideration of “indirect” and “cumulative impacts.”

Cumulative impacts look at how new projects would combine with nearby existing ones to affect a community overall. The language seeks to prevent communities from being overburdened by pollution and other environmental issues.

The Biden administration’s inclusion of that language is expected to restore consideration of climate change in environmental reviews.

But the Trump administration made other significant changes to the NEPA process, many that were not addressed in Wednesday’s proposal such as shortening the time limit for rigorous environmental reviews and setting page limits for the analyses.

Environmentalists argue there’s much more that needs to be done to undo the Trump rule. Industry groups, meanwhile, have praised many of the provisions instituted by the Trump administration, including the shorter timeline for reviews.

### **Summary of Senate Appropriations Bills for Fiscal Year 2022**

## Senate Fiscal 2022 Appropriations Bills

Senate Democrats aim to boost funds for 11 of 12 annual spending bills

Spending bills	Discretionary total	Vs. Fiscal 2021
Agriculture-FDA*	\$25.9B	+2.5 ▲
Commerce-Justice-Science	79.7	+8.6 ▲
Defense	725.8	+29.3 ▲
Energy and Water*	53.6	+1.9 ▲
Financial Services	29.4	+4.8 ▲
Homeland Security	71.7	-0.1 ▼
Interior-Environment	44.6	+6.2 ▲
Labor-HHS-Education	220.8	+46.7 ▲
Legislative Branch	5.9	+0.6 ▲
Military Construction-VA*	124.4	+11.2 ▲
State and Foreign Operations	60.6	+5.1 ▲
Transportation-HUD	82.9	+8.3 ▲

Commerce-Justice-Science: The bill would provide \$79.7 billion in discretionary funds, an \$8.6 billion increase over fiscal 2021.

- NASA would receive \$24.8 billion, a \$1.5 billion increase.
- The National Science Foundation would receive \$9.5 billion, a \$1 billion increase, which includes up to \$865 million for a new Directorate for Technology, Innovation, and Partnerships.

Defense: The bill would provide \$725.8 billion, a \$29.3 billion increase.

- The bill does not categorize any money as Overseas Contingency Operations funds, a designation previously used to put money outside statutory spending limits which are no longer in effect.
- The bill would not provide the \$3.3 billion requested for the Afghanistan Security Forces Fund, and would rescind \$500 million in previously appropriated funds for the program.
- The bill includes \$1 billion for Israel's Iron Dome defense system.

Financial Services-General Government: The bill would provide \$29.4 billion, a \$4.8 billion increase.

- The Internal Revenue Service would receive \$13.6 billion, a \$1.6 billion increase.

Homeland Security: The bill would provide \$71.7 billion, a \$65 million decrease from fiscal 2021.

- The bill wouldn't provide any new border wall funding and would rescind \$1.9 billion in barrier funds appropriated for the previous year.
- U.S. Customs and Border Protection would receive \$14.5 billion, a \$501 million cut from fiscal 2021.
- U.S. Immigration and Customs Enforcement would receive \$7.9 billion, a \$40 million cut.

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Interior-Environment: The bill would provide \$44.6 billion, a \$6.2 billion increase.

- The Environmental Protection Agency would receive \$10.5 billion, a \$1.3 billion increase.
- The National Park Service would receive \$3.5 billion, a \$340 million increase as lawmakers aim to support the hiring of more than 1,000 additional employees.

Labor-HHS-Education: The bill would provide \$220.8 billion in discretionary funds, a \$46.7 billion increase.

- The bill does not include the longstanding Hyde amendment, which for decades has banned federal funds for abortions, except in the case of rape, incest, or to save the life of the pregnant person.
- The Department of Health and Human Services would receive \$117.6 billion in discretionary funds, a \$20.9 billion increase over fiscal 2021. It includes \$2.4 billion for the Advanced Research Projects Agency for Health, a new agency proposed by President Joe Biden. The bill would provide \$4.9 billion for HHS's Unaccompanied Children program, a \$3.6 billion increase.
- The Department of Education would receive \$98.4 billion in discretionary funds, a \$24.9 billion increase.
- The Department of Labor would receive \$13.8 billion in discretionary funds, a \$1.3 billion increase.

Legislative Branch: The bill would provide \$5.9 billion in discretionary funds, a \$624 million increase

- The bill would block an automatic pay increase for lawmakers.
- The bill would allow immigrants under the Deferred Action for Childhood Arrivals program to work for the Legislative Branch.

State and Foreign Operations: The bill would provide \$60.6 billion in discretionary funds, a \$5.1 billion increase.

- The bill includes \$3.3 billion in military assistance for Israel. It also includes \$225 million in development assistance for the West Bank and Gaza and \$40 million for the Palestinian security assistance program.
- The bill would bar any funds from going directly to the Taliban. It stipulates that funds should be made available for Afghan students, including "distance learning and scholarships to institutions located outside of Afghanistan."

Transportation-HUD: The bill would provide \$82.9 billion in discretionary funds, an \$8.3 billion increase.

- The bill includes \$53.4 billion in net discretionary budget authority for the Department of Housing and Urban Development, a \$3.8 billion increase. It includes \$29.1 billion in net discretionary budget authority for the Department of Transportation, also a \$3.8 billion increase.



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**DATE:** November 18, 2021

**TO:** Board of Directors Workshop - Policy

**FROM:** Adekunle Ojo, Manager of Water Resources  
Shavonne Turner, Water Conservation Program Manager

**SUBJECT:** Consider the Expansion of the Local Resources Investment Program (LRIP) to Water Conservation and Other Demand Management Programs

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**Summary:**

On August 21, 2018, the Board of Directors approved the Local Resources Investment Program (LRIP) which provides a financial incentive for new supplemental water projects such as recycled water and stormwater capture. Under this program, Valley District pays the avoided cost for importing water through the State Water Project, currently \$179 per acre-feet (AF) for every acre-foot of new recycled water and/or stormwater capture over a period of twenty (20) years. Although LRIP pays for 20 years, the region enjoys the benefits of these new local supply projects well beyond.

Staff has analyzed Valley District's investments under its current water use efficiency/conservation program and determined that, in most cases, Valley District is paying much higher than the \$179/acre-foot incentive it offers for other water resources when you calculate the actual water saved by various rebates. Staff is recommending that the Board consider using the LRIP criteria to evaluate future investments in demand management by limiting our investment to the avoided cost of SWP water, like LRIP. Staff believes that this adjustment will shift the focus to measurable water savings and over the long-term result in greater water savings for the region.

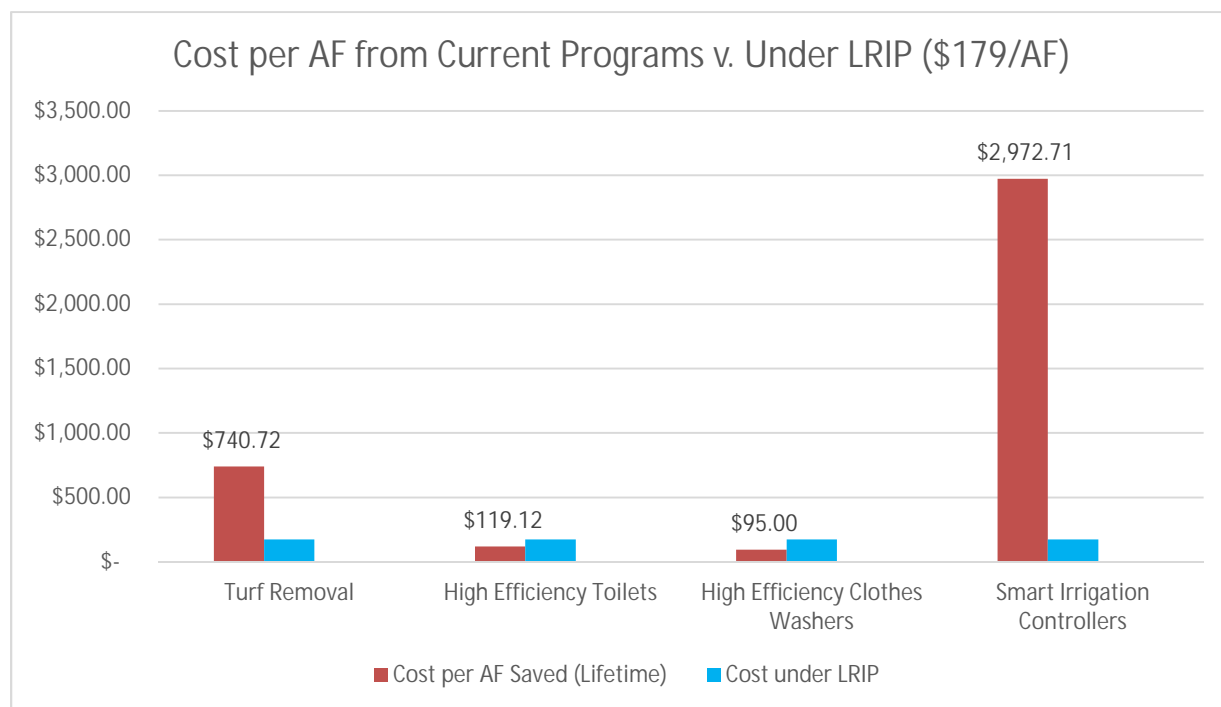
**Discussion:**

The Local Resources Investment Program (LRIP) provides participants with a financial incentive



equivalent to Valley District’s avoided cost (variable cost) for not needing to import an equivalent amount of water from the State Water Project. LRIP pays for the water provided, not the facilities. The initial incentive amount was calculated to be \$173 per acre-foot (AF) and it is recalculated every two (2) years; the incentive cannot go below the initial amount. The 2020 recalculation changed the incentive by \$6 to \$179/AF.

Valley District’s current approach toward water use efficiency/conservation is to reimburse our retail agencies 25% of the rebates they provide and to pay 50% of the cost to install weather-based irrigation controllers for large water users. Staff has analyzed this approach and determined that Valley District is paying on average \$640 per acre-foot, which is considerably higher than Valley District’s avoided cost for SWP water and inconsistent with our established LRIP. The chart below summarizes the results of staff’s analysis and shows that Valley District is overcompensating and, in some cases, even undercompensating based on actual water savings. On average, staff estimates that Valley District is currently overpaying its avoided cost for SWP water by about \$460/AF.



Staff is proposing that the LRIP approach be used for future investments in water conservation and demand management programs: in other words, invest in projects that conserve groundwater, reduce imported water needs, replace an existing demand, or offset a new demand. Staff believes that this new approach will shift the focus to measurable water savings and help the region achieve one of the goals from the recently adopted *2020 Integrated Regional Urban Water Management Plan (IRUWMP)* to increase local supplies by 20,000 AFY.

Staff will give an overview presentation on the proposed shift of our water use efficiency/conservation program to a new approach that is more aligned with the LRIP.

**Fiscal Impact:**

This is an informational item for the Board to consider next steps.

**Recommendation:**

Consider the proposed new approach and provide feedback to staff.

**Attachment:**

Presentation

Excerpts from the Water Use Efficiency Assessment and Plan

# Discussion Item XX (Pg. XX)

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**Adekunle Ojo** – Manager of Water Resources

**Shavonne Turner** – Water Conservation Program Manager

Consider Expanding the Local Resources Investment Program (LRIP) to Water Conservation and Other Demand Management Programs

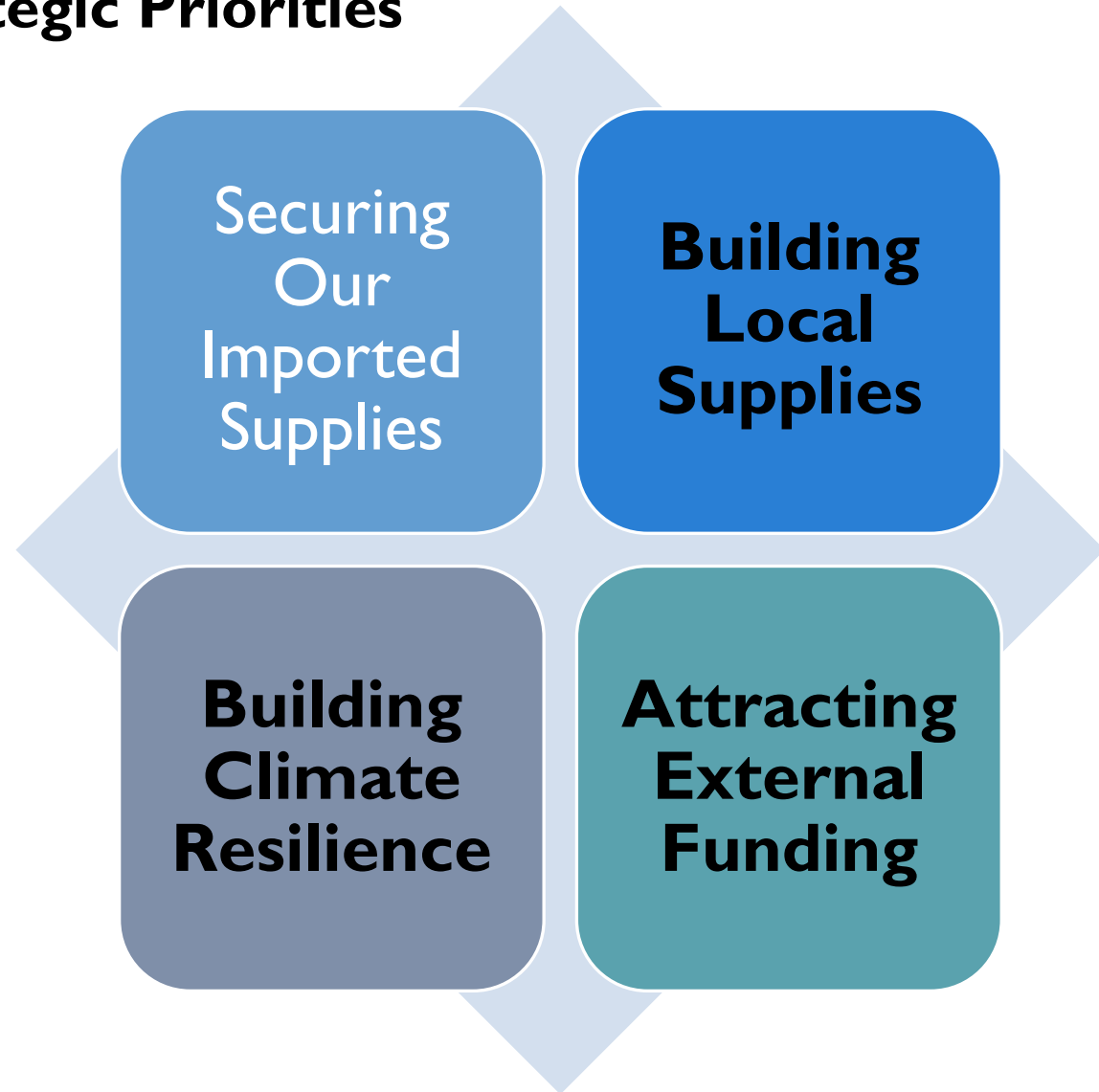
## **Staff Recommendation**

Discuss, provide feedback, and direct staff to place on a future agenda for consideration

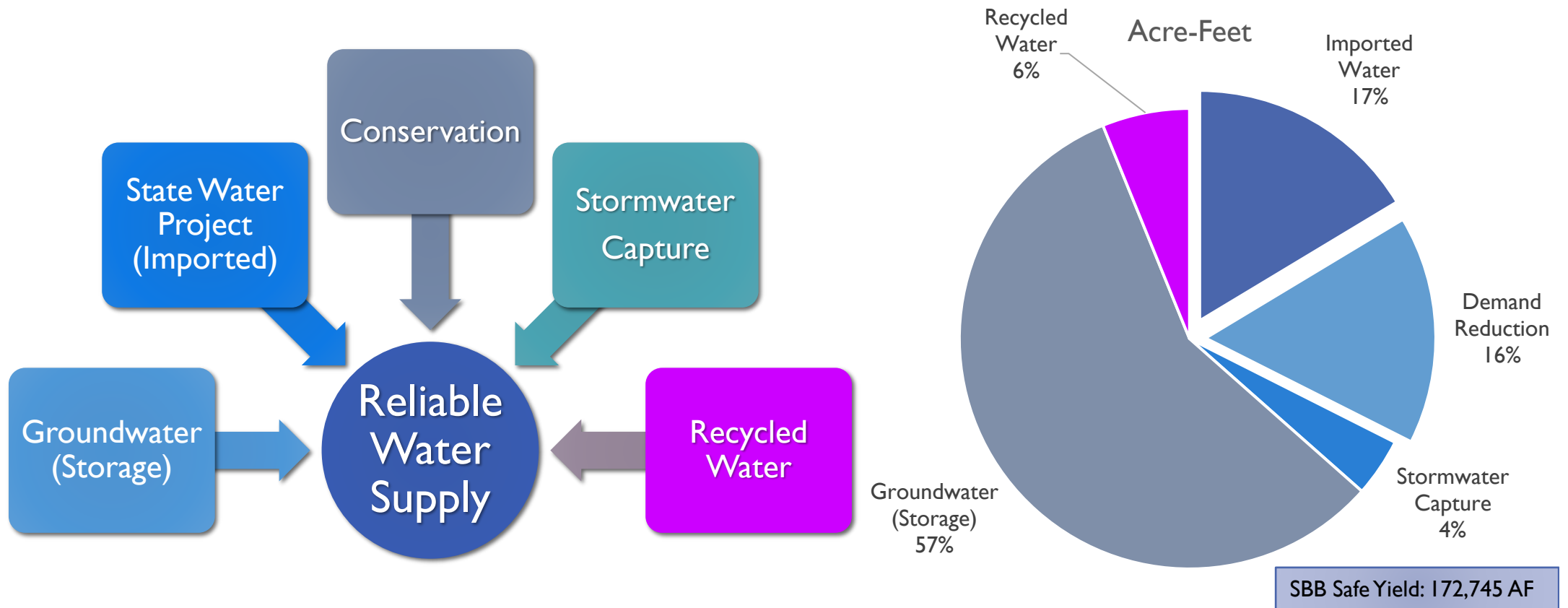
# Challenges and Opportunities

- Variable hydrology – more drought years and flood years per average year than any other state (UC Davis)
- Making Conservation a California Way of Life
- 15% Reduction Challenge by the Governor
- Prolonged and More Intense Drought
- Warmer Temperatures
- Lower Runoff from Snowpack
- Ecosystem Water Needs
- Need for new water supply infrastructure
- Better management of existing water supply
- Multiple approaches – some smaller, some larger

## Strategic Priorities

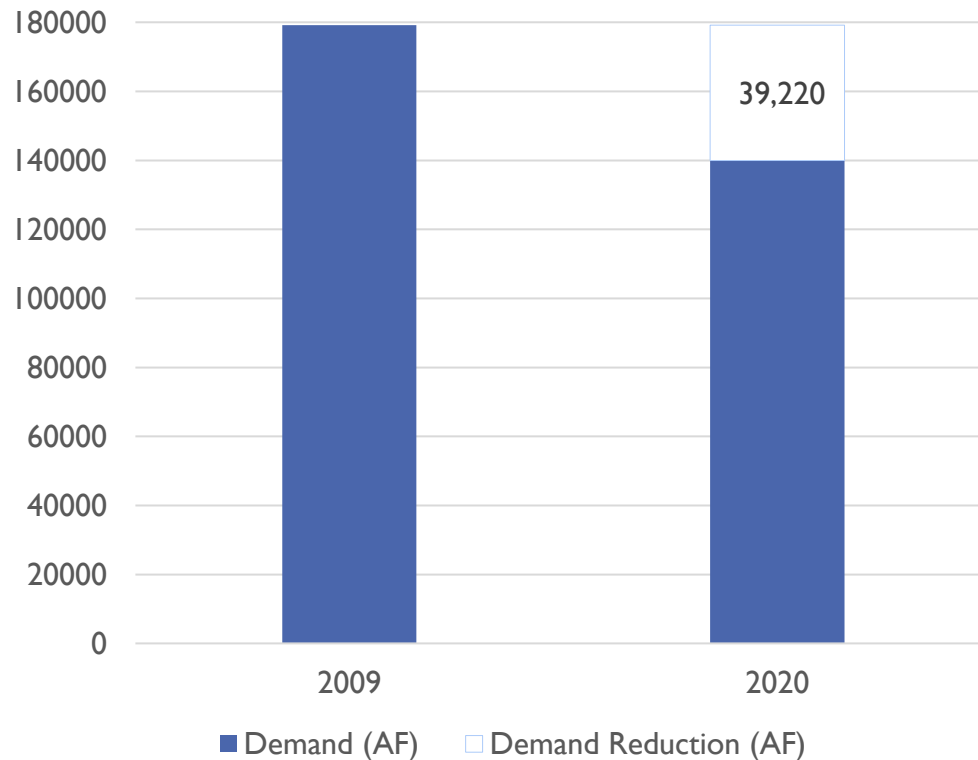


# Water Supply Reliability through Planning and Investment

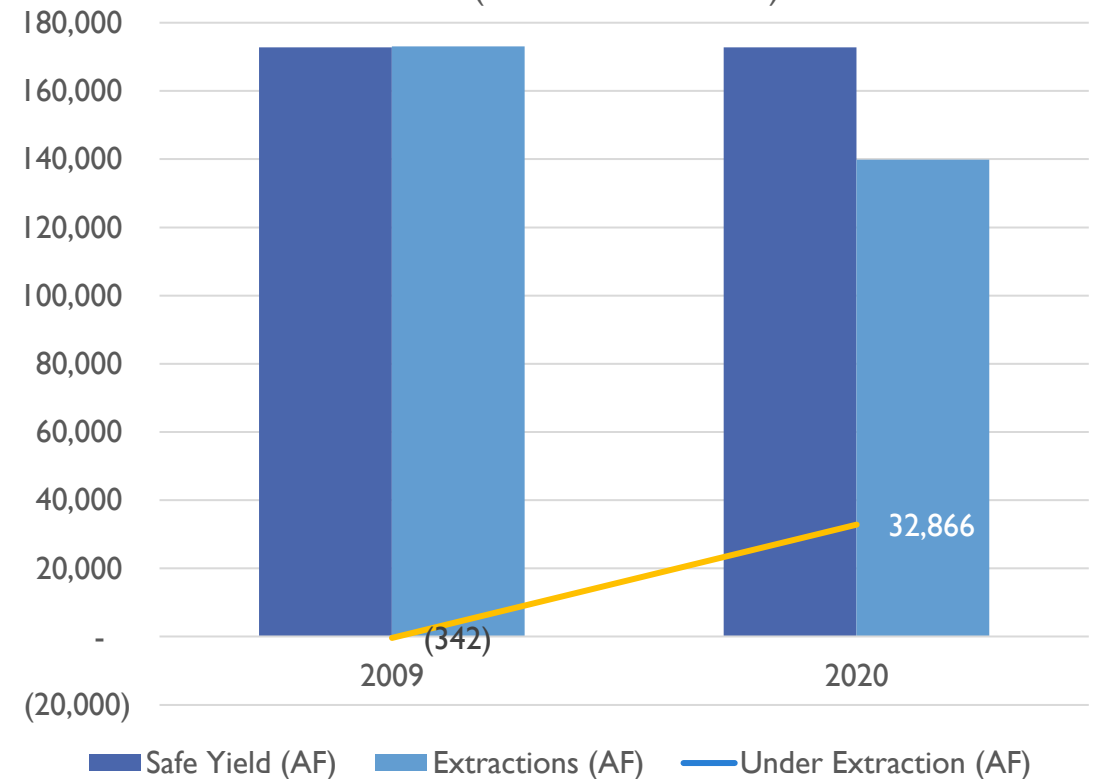


# Demand Reduction

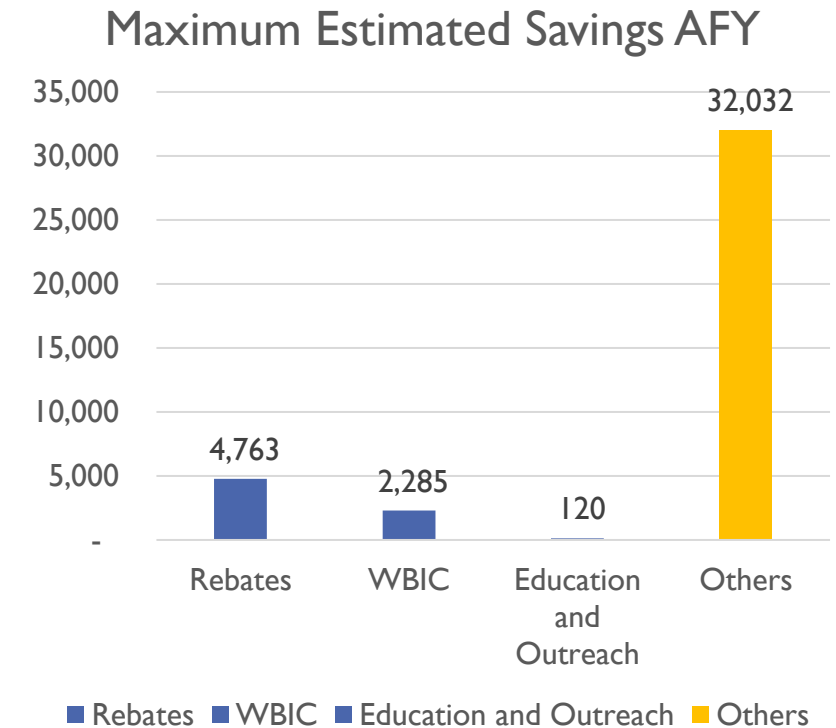
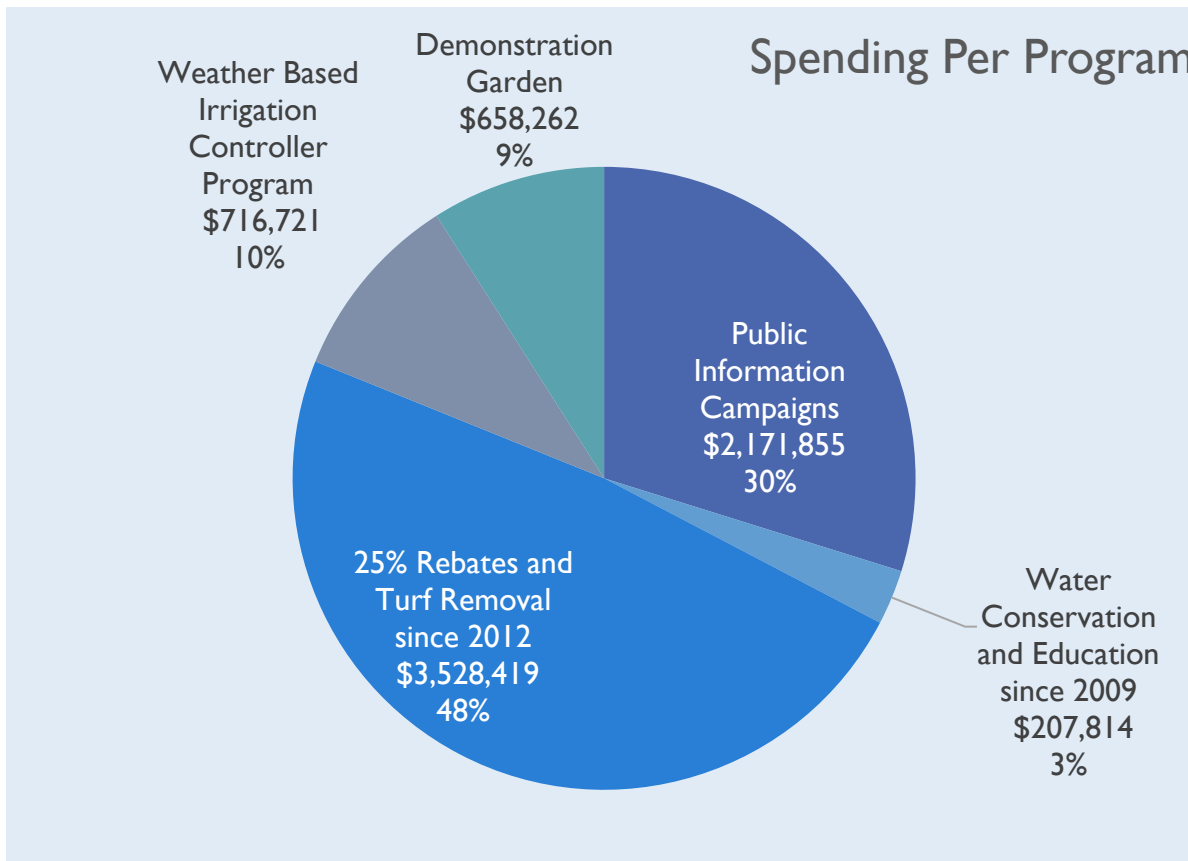
Demand Trends



SBBA Nonplaintiffs Extraction  
(Watermaster Data)



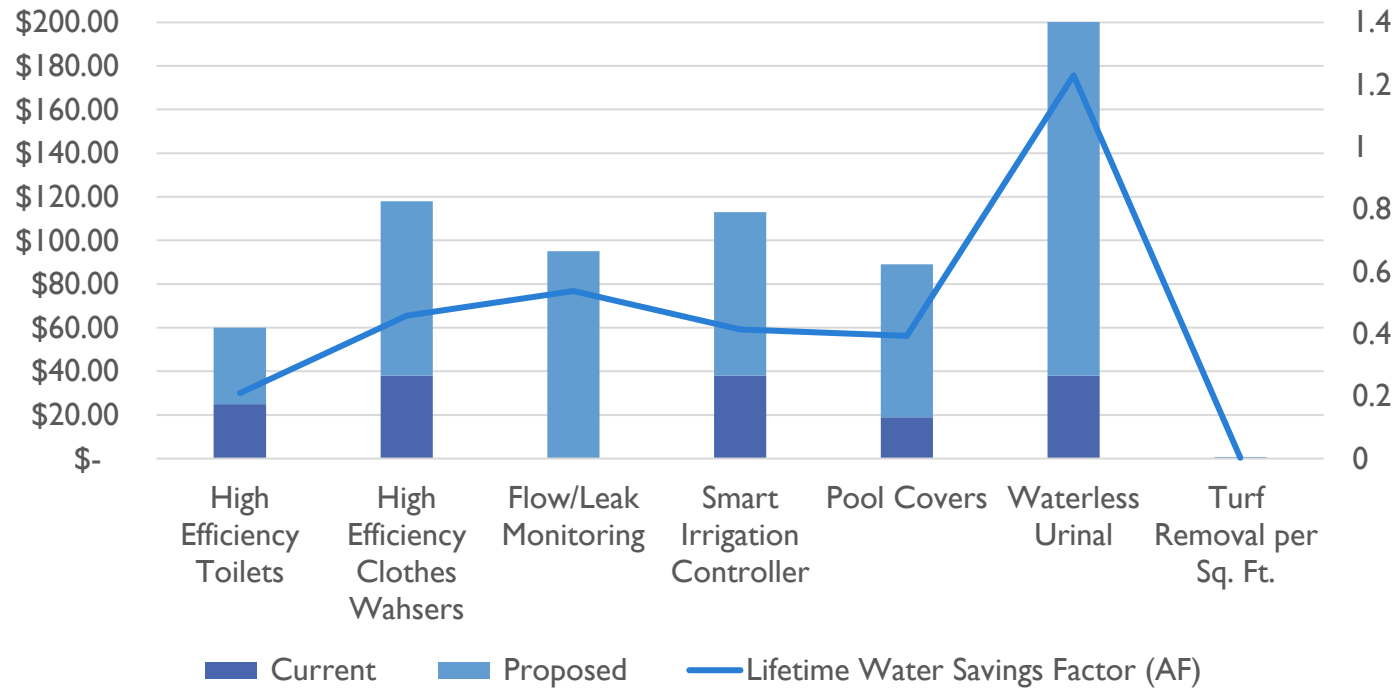
# Spending v. Water Savings



CHANGE TO EXISTING SPENDING

# Investing in End Users through LRIP 2022-27

Examples of LRIP Converted to Rebates



**Retail Agency Administered Multi-Benefit Program (RAAMP):** Rebates for water-efficient devices like toilets, smart irrigation controllers, and turf replacement for customers directly or indirectly through retailers; will replace the 25% reimbursement

- Retail agencies do not have to add to the Valley District incentive or can add selectively
- Staff is exploring a regional rebate platform that can allow end-use customers in our service area to directly apply for these rebates in case a retail agency still choose not to offer rebates
- A combination of a regional website and increased incentive will increase participation and water savings





# Investing in Retailers through LRIP 2022-25

**Demand Management Incentive:** Provide a fixed, annual allowance available to each retail agency within Valley District to spend on demand management improvement projects; Valley District approval still required for approval of 50% of actual expenditures

Funding can be used for the following:

- Non-revenue water reduction
- Allocation-based pricing and budget-based programs
- Tools and technologies including smart meters, GIS, customer information system, etc.
- Education, outreach, and special events
- Pilot Projects
- Funding match for conservation-related federal and state grants
- Stacked incentives and programs targeted at low-income/disadvantaged communities, property and facilities managers, homeowner associations, and parcels with excessive water use, AND MORE

Sample of how \$500,000 allowance can be allocated; Valley District will pay 50% of an agency’s eligible cost up to the agency’s allowance

**Performance Measure:** Demand Reduction

Agency	Avg. of SBVMWD Population, Connections, and Water Use	Proposed Annual Allowance
San Bernardino Municipal Water Department	29%	\$ 145,000
West Valley Water District	14%	\$ 70,000
East Valley Water District	14%	\$ 70,000
City of Redlands Municipal Utilities	12%	\$ 60,000
Yucaipa Valley Water District	8%	\$ 40,000
City of Rialto Water Utility	8%	\$ 40,000
City of Colton Water Utility	7%	\$ 35,000
City of Loma Linda Water Utility	3%	\$ 15,000
Riverside Highland Water Company	3%	\$ 15,000
Others	2%	\$ 10,000
<b>TOTAL</b>	<b>100%</b>	<b>\$ 500,000</b>



# Watershed-Scale Investment (2022-2030)

## Watershed Investment for Sustainability, Equity and Resilience (WISER)

**Pay for Performance Incentive for up to 10 Years; replace the Weather Based Irrigation Controller (WBIC) Program**

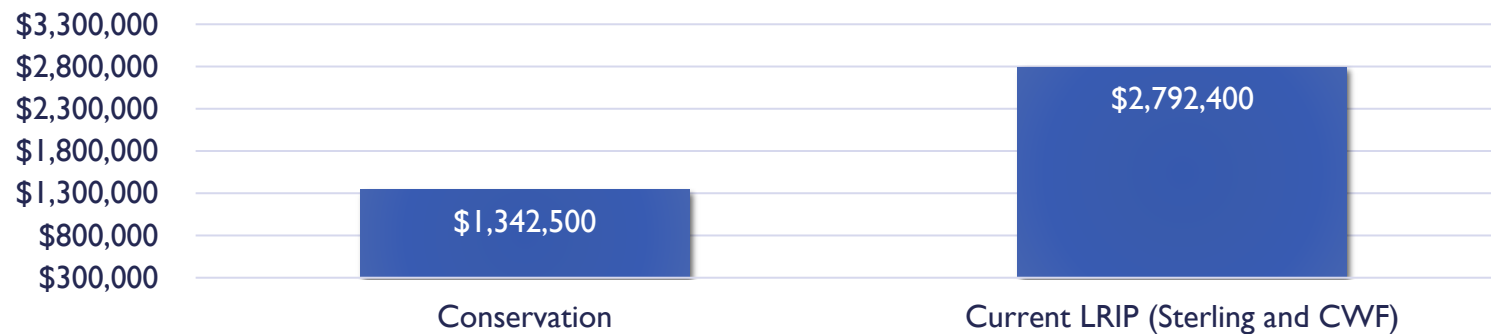
- Pay project applicants for custom projects that can save water
- Improve water efficiency through upgraded equipment and services
- Eligible projects must save at least 10 acre-feet of over total project useful life (up to 10 years)
- Eligible applicants will include retail agencies, colleges and school districts, cities, large landscapes, HOA's, apartment operators, etc.
- Eligible projects will include equipment-type solutions and water service management-type projects
- Similar to MWDSC's Water Savings Incentive Program
- Phased Payment



# Summary and Fiscal Impact

Program	Beneficiary	Existing Annual Budget	Proposed Annual Budget	Water Savings (AFY) from Proposed Budget
RAAMP (2022-27)	End-use customers	\$300,000	\$500,000	2,793
DMI (2022-25)	Retail Agencies	\$300,000	\$500,000	3,000
WISER (2022-2030)	Large Water Users, Retail Agencies, Cities, Schools, HOAs, etc.	\$300,000	\$300,000	1,675
<b>TOTAL</b>		<b>\$900,000</b>	<b>\$1,300,000</b>	<b>~7,500</b>

## Estimated Annual LRIP Spending at \$179/AF



## Retailer Programs

Most retailers offer a range of standard rebates. The programs tend to be traditional in nature with passive marketing. Several retailers also use their water waste ordinance as a “marketing” avenue to educate their customers and enlist them in rebate programs. Unfortunately, this approach is not scalable. At present, activity is minimal in all the programs.

### Current Programs by Retail Agency:

Retail Agency	Indoor Rebates	Outdoor Rebates	Other
<b>Colton</b>	<u>Indoor Rebates</u> \$100 High Efficiency Toilet \$75 High Efficiency Washer \$25 Showerhead	<u>Outdoor Rebates</u> \$2/sf Turf Replacement \$200 Drought Tolerant Plants \$4 High Efficiency Sprinkler Nozzle \$150 Smart Irrigation Controller	Home Water and Energy Savings Kits Smart Controller Installation at City properties Water Waste Ordinance Sustainability Partner Awards
<b>East Valley</b>	<u>Indoor Rebates</u> \$100 High Efficiency Toilet \$150 High Efficiency Washer \$30 Showerhead	<u>Outdoor Rebates</u> \$4 High Efficiency Sprinkler Nozzle \$150 Smart Irrigation Controller	Toilet Distribution Events (last one 2019) Smart Controller, Leak Detection Direct Installation & Irrigation Repairs Water Waste Ordinance Budget-based Rates AMI – Leak Alerts
<b>Loma Linda</b>	No indoor rebates offered	No indoor rebates offered	AMI – working on customer portal Water Waste Ordinance
<b>Redlands</b>	<u>Indoor Rebates</u> \$100 High Efficiency Toilet	<u>Outdoor Rebates</u> \$0.61 Turf Replacement	Water Audits Timer Set Up & Programming

Retail Agency	Indoor Rebates	Outdoor Rebates	Other
	\$100 High Efficiency Washer	\$1.00 Synthetic Turf \$4 High Efficiency Sprinkler Nozzle \$150 Smart Irrigation Controller	Turf Replacement in City Medians Turf Replacement at Fire Departments Water Waste Ordinance
<b>Rialto</b>	<u>Indoor Rebates</u> \$50 High Efficiency Toilet \$100 High Efficiency Washer	<u>Outdoor Rebates</u> \$1.00 Turf Replacement \$4 High Efficiency Sprinkler Nozzle \$100 Smart Irrigation Controller	Water Waste Ordinance
<b>San Bernardino</b>	<u>Indoor Rebates</u> \$100 High Efficiency Toilet \$100 High Efficiency Washer \$20 Showerhead \$75 Dishwasher \$100 Recirculating Pump	<u>Outdoor Rebates</u> \$2.00 Turf Replacement \$4 High Efficiency Sprinkler Nozzle \$250 Smart Irrigation Controller \$50 Rain Barrel \$10 Hose Nozzle \$75 Pool Cover	Turf Replacement in City Medians Water Waste Ordinance
<b>West Valley</b>	<u>Indoor Rebates</u> \$100 High Efficiency Toilet \$100 High Efficiency Washer	<u>Outdoor Rebates</u> \$4 High Efficiency Sprinkler Nozzle \$100 Smart Irrigation Controller	Water Waste Ordinance
<b>Yucaipa</b>	No indoor rebates offered	<u>Outdoor Rebates</u> \$100 Smart Irrigation Controller \$50 Rain Barrel	Recycled Water Fill Station Water Waste Ordinance

Table 9: Retail Agency Conservation Programs

**Summary of Expenditures, Devices, and Water Savings Totals for Fiscal Years 2017 – 2020**

Below are the combined expenditures for the three fiscal reporting years broken down per device, along with their associated acre-feet savings. The four top device expenditures, starting with the highest dollar amount, are Turf Replacement, Smart Controllers, High Efficiency Toilets, and Drip Irrigation Systems. The total lifetime acre-feet savings for the three year period was 1175.81. (Economic analysis details can be found in the model version, SBVMWD\_AWE\_Tracking\_Tool\_v3\_SE\_LOOKBACK.)

*Table 5: Total Expenditures and Savings FY 2017 -2020*

Total FY 2017 – 2020				
Devices	Expenditures	# of devices	Estimated Annual Savings (AF)	Estimated Lifetime Savings (AF)
Turf Replacement (SF)	\$583,689	583,689	78.82	788.16
Low Flow Showerheads	\$1,974	264	1.69	8.43
High Efficiency Toilets	\$36,570	1,464	15.37	307.40
Smart Controllers	\$92,154	74	3.06	30.64
High Efficiency Clothes Washers	\$3,325	88	2.89	34.64
Pool Covers	\$56	2	0.08	0.79
High Efficiency Sprinkler Nozzles	\$399	399	1.05	5.27
Landscape/Plant Materials	\$7,676	163	0.02	0.11
Drip Irrigation Systems	\$21,760	Qty Unknown	--	--
Artificial Turf	\$100	Qty Unknown	--	--
High Efficiency Dishwashers	\$356	5	0.08	0.38
<b>Total</b>	<b>\$748,059</b>		<b>103.05</b>	<b>1175.81</b>

### Summary Expenditures by Device for Fiscal Years 2017 – 2020

Below is a visual of the device expenditures for this same three-year period. It clearly shows the large differential between Turf Replacement and the other water efficiency measures. The chart also illustrates the low customer response for dishwashers, artificial turf, sprinkler nozzles, and pool covers, as these measures do not even register on the chart scale.

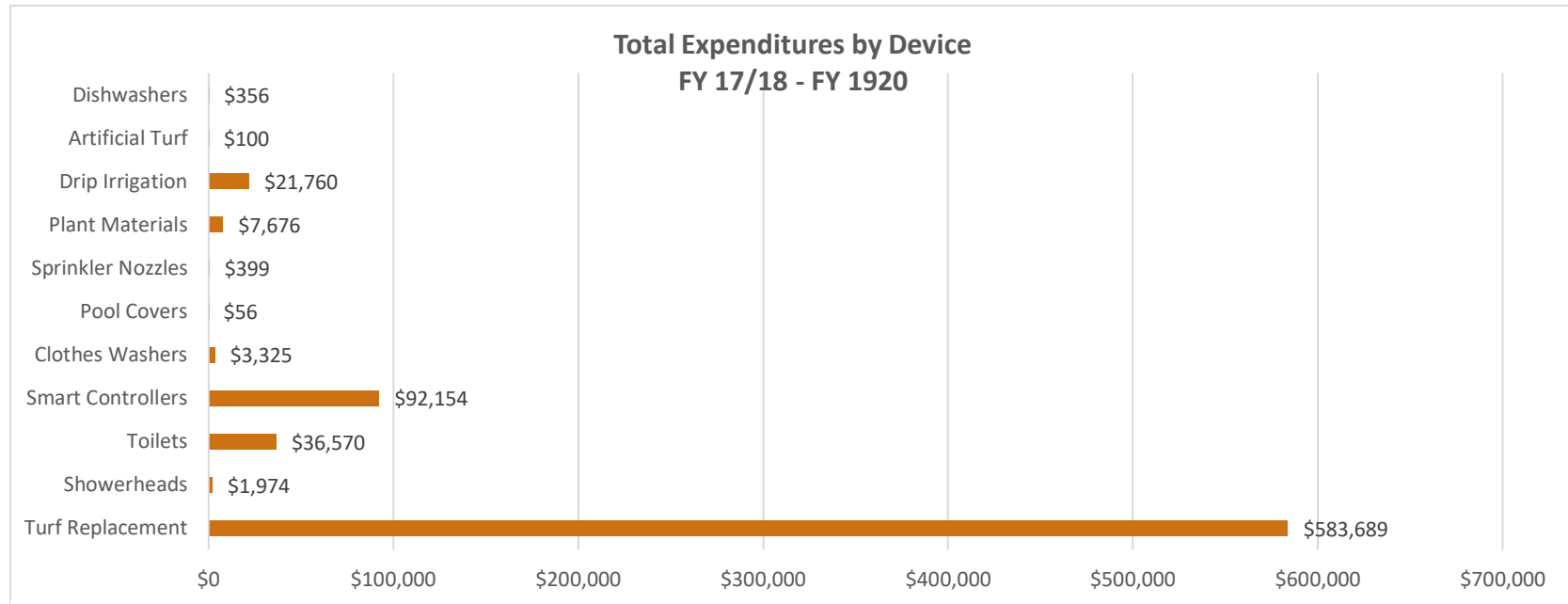


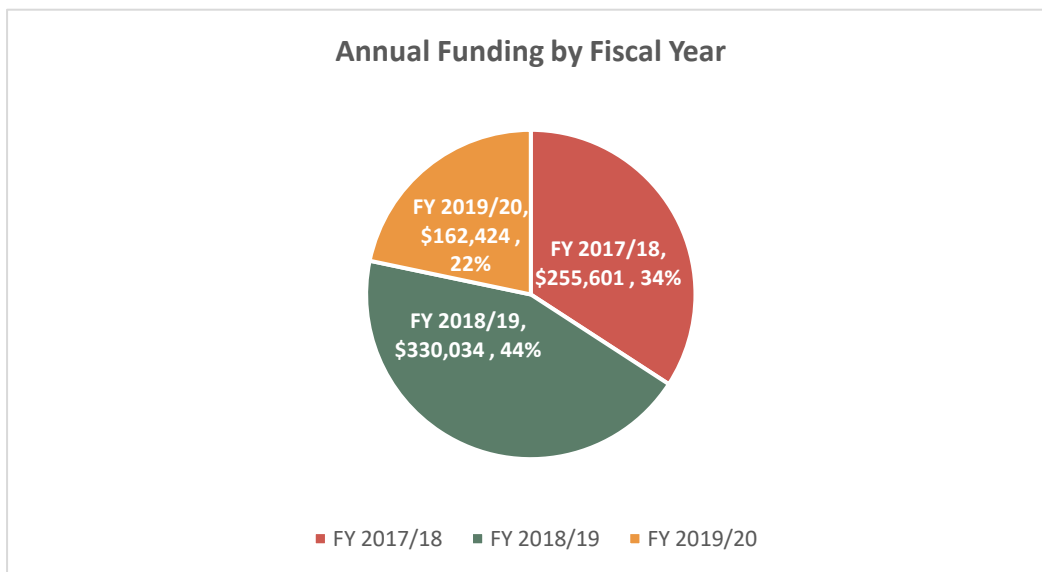
Figure 3: Total Expenditure by Device FY 17/18 - 19/20

**Funding Totals and Water Savings for Fiscal Years 2017 - 2020**

The table below shows the total funding per year and estimated savings for FY17/18 – 19/20. The cost to Valley District is estimated at \$506 per acre-foot with avoided costs of \$236,025 (using per unit avoided cost of \$169/acre-foot).

Table 6: Annual Total Funding and Savings

Program Year	Annual Funding (\$/Yr)	Annual Savings (AF)	Lifetime Savings (AF)
FY 2017/18	\$255,601	29.34	293.43
FY 2018/19	\$330,034	22.71	624.04
FY 2019/20	\$162,424	22.71	258.35
<b>Total</b>	<b>\$748,059</b>	<b>74.77</b>	<b>1175.81</b>



As shown on the Annual Funding by Fiscal Year chart on the left, the funding ranges from a high of \$330,034 expended in FY 18/19 to a low of \$162,424 in FY 19/20.

Valley District had budgeted \$500,000 - \$750,000 during these same years but actual annual funding fell well below this range.

Figure 4: Annual Funding by Year - FY 17/18 - 19/20



The chart to the right shows a breakdown of the Lifetime AF Savings for the three fiscal reporting years. As expected, the lifetime AF savings aligns with the expenditures put forth for each year. The highest lifetime savings, at 623 AF was secured in FY 18/19.

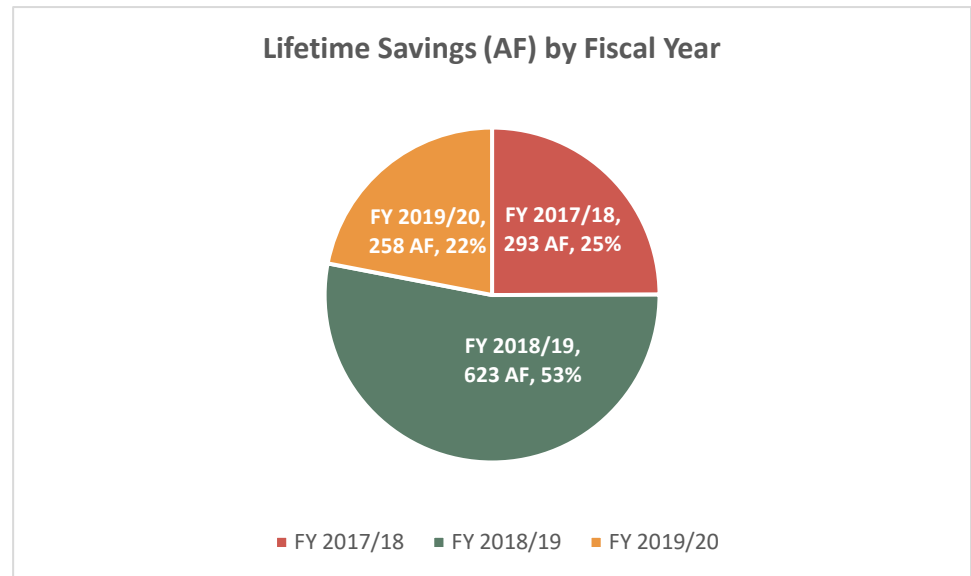


Figure 5: Lifetime Savings by Year FY 17/18 - 19/20

## Water Waste Ordinances

The majority of retailers use their water waste ordinances as the foundational means to educate customers and enlist participation in conservation programs. This tactic is heavily manpower dependent and therefore not scalable.

A number of retailers would like to reframe their current ordinances, changing the format from *restrictions* to *efficiency standards*, in line with the new State Framework legislation.

## Retailer Water Conservation Web Pages

The majority of retailers have dedicated conservation website pages under their agency's main website. These web pages vary in content, but typically have information on rebate programs, education programs, community workshops, and water savings tips.

Many of the cities provide numerous customer services, therefore water efficiency web pages are sometimes "buried" and hard to find.

## Water Rates

The majority of retailers are not sending a strong pricing signal to their customers regarding efficient use of water. Only one agency, East Valley WD, has a budget-based rate structure. For all the other retailers, the tier strata is too wide and therefore does not provide customer motivation to reduce demand to stay within a lower tier. For example, for one agency a customer has to use 50 CCF or 50,740 gallons before they move up to tier 2 with the higher rate.

Table 8: Retail Agency Water Rates

Retail Agency	Water Consumption Commodity Rate (per HCF)
Colton, City of	\$1.91
East Valley Water District	Budget-based rates \$1.83 - \$3.64
Fontana Water Company*	\$3.34 - \$3.84
Loma Linda, City of	\$1.67 - \$3.39
Redlands, City of	\$1.46 - \$2.69
Rialto Water Utility	\$1.46 - \$2.69
San Bernardino Municipal Water Dept.	\$1.15 - \$2.04
West Valley Water District	\$2.13 - \$2.53
Yucaipa Valley Water District	\$1.47 - \$2.62
Muscoy Mutual Water Company	NA
Riverside Highland Water Company	\$0.96 - \$1.71
South Mesa Water Company	\$1.20 - \$3.09
Terrace Water Company	\$2.57
Western Heights Water Company	\$1.52 - \$3.97



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**DATE:** November 18, 2021

**TO:** Board of Directors' Workshop - Engineering

**FROM:** Wen Huang, Chief Engineer/Deputy General Manager

**SUBJECT:** Consider Third Amendment to the Reimbursement Agreement with East Valley Water District for Construction of the Regional Recycled Water Facilities

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During the last few years, the Board of Directors received several presentations on the concept and development of a regional recycled water system (RRWS). This RRWS is a major piece of infrastructure that supports Valley District's Local Resource Investment Program (LRIP), which incentivizes our local partners to develop new water resources for the region, such as recycled water or stormwater capture projects. Staff has been working with two retail agencies that have immediate plans for development of their recycled water projects and have formulated a roadmap for the development of the system. At the January 22, 2019, November 19, 2019, and April 20, 2021, Board of Directors meetings, the Board approved a reimbursement agreement and two amendments with East Valley Water District (EVWD) for design of the Regional Recycled Water Pipeline (RRWP) and Weaver Basins along with construction of the RRWP west of Alabama Street. Subsequent to the Board approvals, the design-team has since completed the design of the Weaver Basins and RRWP east of Alabama Street and is ready to begin construction pending approval from the State and the United States Fish and Wildlife Services (USFWS). At the Regional Recycled Water Ad-Hoc Committee meeting on November 8, 2021, the Committee considered the cost proposals for construction of these RRWS facilities and asked that the proposals be forwarded to Valley District Board of Directors for consideration.

### **Background**

In 2016, to promote efficient development of recycled water projects in the region and to create a new forum for ongoing cooperative management of recycled water for regional benefit, Valley District in collaboration with water and wastewater agencies in the region, developed a Regional Recycled Water

Concept Study (Study) that identified and evaluated potential projects that provide a new supply of recycled water for the Valley District service area. At the conclusion of the Study, among other projects, EVWD's Sterling Natural Resource Center (SNRC) and the San Bernardino Municipal Water Department's (SBMWD) Tertiary Treatment System (TTS), formerly known as the Clean Water Factory (CWF), were identified as projects that should be further developed.

Valley District has historically been responsible for the construction of regional infrastructure for conveying local and imported water supplies. Until this point, most of the District's regional facilities have focused on imported water, local stormwater, and high groundwater mitigation. Now, in the face of an extended drought and a need to secure additional drought proof water supplies, in addition to continuing to work collaboratively with the San Bernardino County Flood Control District and San Bernardino Valley Water Conservation District for uses of their basins for recharge, the Board of Directors desires to develop the District's own infrastructure to promote uses and recharge of recycled water.

In addition, the development of regional recycled water infrastructure by Valley District was identified as an option for consideration in the above referenced Concept Study. At the workshop on August 14, 2018, the Board concurred with Staff's recommendation to continue its leadership role in regional water resource management through the development of a RRWS in support of the SNRC and TTS projects. Consequently, the Board of Directors, at their meetings on January 22, 2019 and November 19, 2019, approved a reimbursement agreement and an amendment with EVWD for design and construction of the RRWP west of Alabama Street, respectively.

To complete a functional RRWS (attached), an approximately 60-acre site located in the City of Highland is proposed to be used for recharging the recycled water received from EVWD and SBMWD. The proposed Weaver Basins, the first Valley District-owned recharge facility, will be located between Weaver Street and Merris Street, south of Greenspot Road in Highland. Based on recent field testing and groundwater modeling efforts, this site is favorable for continuous recharge of recycled water; however, incorporation of additional locations for recharge in the future will be required in order to fully mitigate localized groundwater mounding with certain hydrologic conditions, which is being evaluated. In addition to the proposed Weaver Basins, the southeasterly portion of the site is currently occupied by the San Bernardino Kangaroo Rat (SBKR). It is proposed that this area be set aside as SBKR conservation land. Consequently, the Board of Directors, at their meeting on April 20, 2021, approved an amendment to the Reimbursement Agreement with EVWD for design of the RRWP east of Alabama Street and the Weaver Basins.

Subsequent to the Board approval, the design-build team has since completed the design of the RRWP east of Alabama Street and Weaver Basins and developed a guaranteed maximum price (GMP) of \$34,300,000 plus a contingency cost of \$3,350,000 controlled by Valley District for a total of \$37,650,000 for construction of the facilities. A brief description of the facilities is summarized below:

1. Construction of approximately 14,000 linear feet of steel pipeline ranging generally from 20-inch to 30-inch from the intersection of Alabama Street and 3<sup>rd</sup> easterly to Greenspot Road, 500 feet east of Club View Drive, including mobilization/demobilization, potholing, procurement and installation of pipeline, geotechnical services during construction, construction management with labor and materials, and bond and insurance. The general alignment of the pipeline is shown on an attached exhibit.
2. Construction of a series of 5 recharge basins with an estimated overall storage volume of 98.4 acre-feet, including mobilization/demobilization, clear & grub, rough and precise grading, perimeter fencing, site work, electrical & instrumentation, geotechnical services during construction, construction management with labor and materials, and bond and insurance. The general layout of the Weaver Basins is shown on an attached exhibit.

The overall cost for the design and construction for the RRWP and the Weaver Basins (\$56 million) and the acquisition of the Weaver Basins (\$6 million) is approximately \$62 million. The benefits of the project to our basin are substantial, as it will augment the local rainfall and imported state water project supplies year-round. Whereas rain and imported water are both highly vulnerable to drought conditions and the effects of climate change, the reliability of “drought-proof” treated wastewater as another source for groundwater recharge makes it an extremely valuable piece of our water resources portfolio. We estimate that the facility will recharge up to approximately 16,600 AFY when the SNRC and CWF are operated at their ultimate capacity. The average facility cost per acre-foot of this recycled water supply is estimated at approximately \$110, by conservatively using the initial recycled water generated by SNRC and TTS at 10 MGD a day for 50 years (expected service life of these facilities) with the acquisition and construction costs at \$62 million for all Phase I RRWP and Weaver Basins. This investment will mitigate the negative impacts to groundwater levels that result from drought conditions in either Northern California, Southern California, or both, for decades to come.

To minimize short-term financial impact to the District, the cost of the RRWS of up to \$46.5 million was included as part of the Watershed Connect Water Infrastructure Finance and Innovation Act (WIFIA) financing program. Additionally, subject to Board’s approval at the meeting on November 16, an

application for approximately \$10 million in grant funding will be submitted to the Department of Water Resources (DWR) Urban and Multi-Benefit Drought Relief Grant Program.

The attached draft Third Amendment to the Reimbursement Agreement for the Regional Recycled Water Facilities is being reviewed by District Special Counsel, Meredith Nikkel. Any comments will be incorporated prior to placing this item on a future agenda for consideration by the Board.

**Fiscal Impact:**

The estimate cost of \$37.65 million (including contingency) for construction of the RRWP east of Alabama Street and the Weaver Basins is partly included in the approved FY21-22 fiscal year General Fund Budget under Line Item No. 6280 for the Regional Recycled Water Facilities. The balance of the cost will be included in the FY22-23 General Fund Budget for consideration by the Board of Directors.

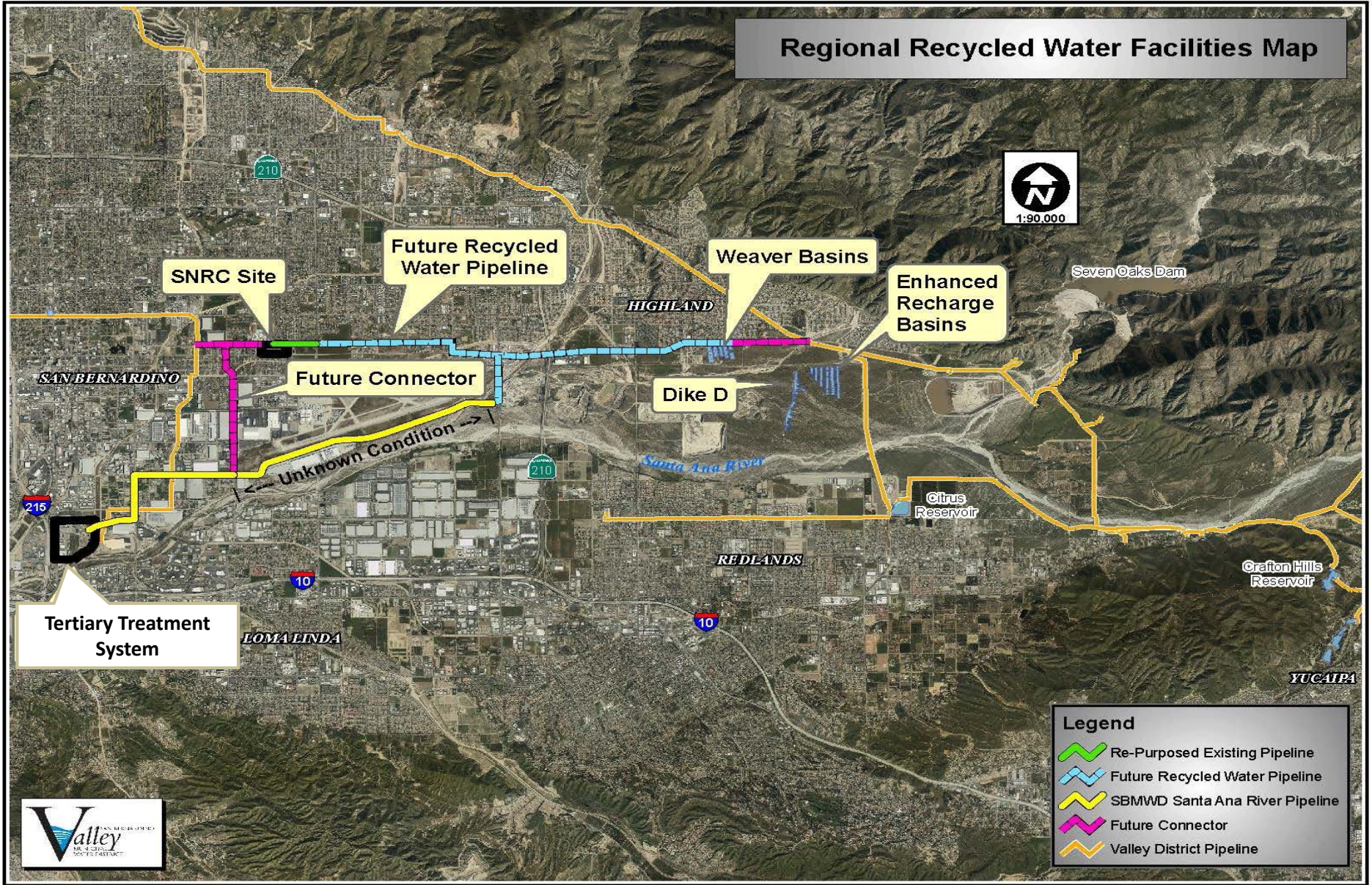
**Staff Recommendation:**

Forward the Third Amendment to the Reimbursement Agreement with EVWD for construction of the Regional Recycled Water Facilities to the next regular Board of Directors meeting for consideration.

**Attachments:**

1. Regional Recycled Water Facilities Map
2. General Alignment of the Regional Recycled Water Pipeline
3. General Layout of the Weaver Basins
4. Draft Third Amendment to the Reimbursement Agreement with EVWD

# Regional Recycled Water Facilities Map

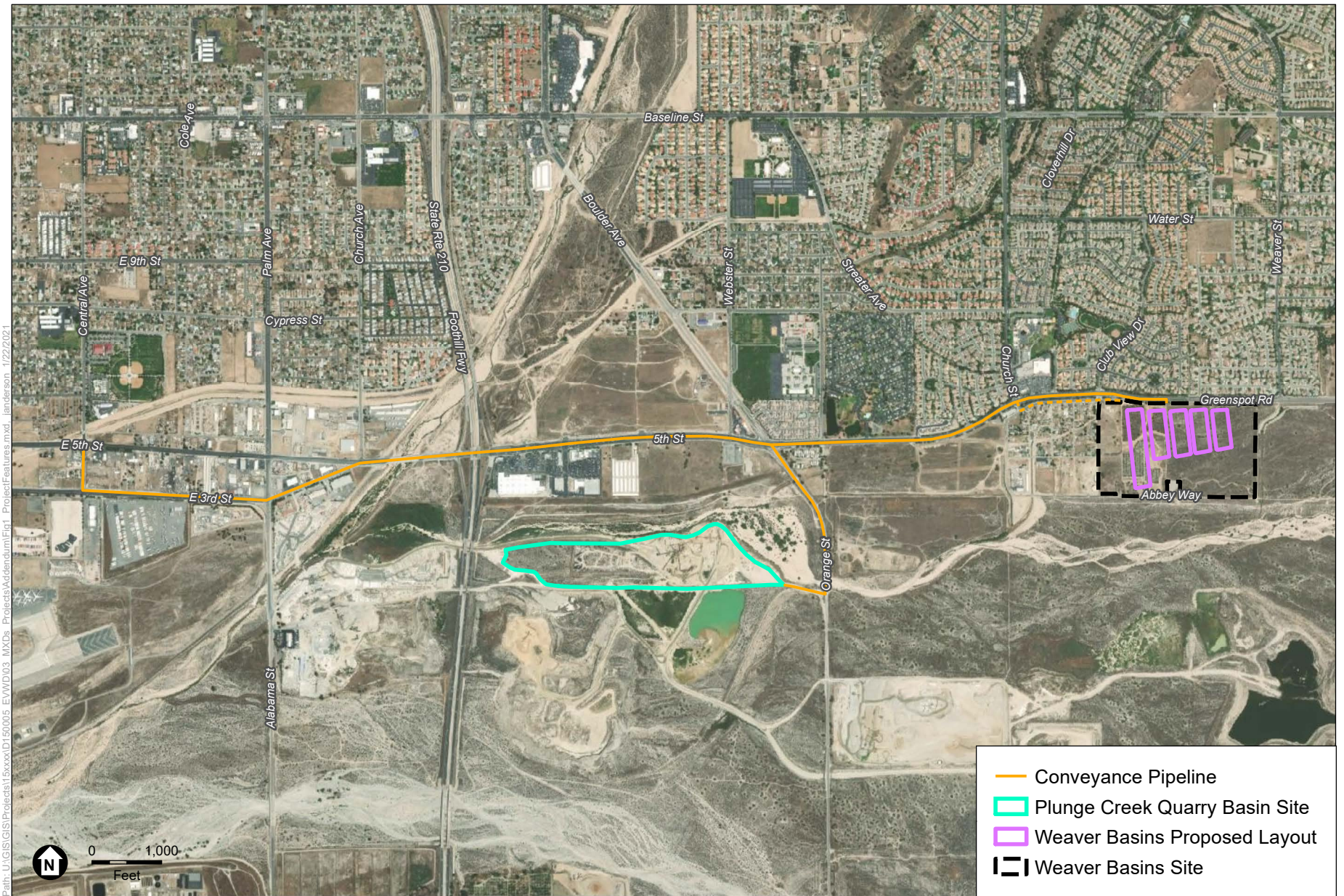


**Legend**

-  Re-Purposed Existing Pipeline
-  Future Recycled Water Pipeline
-  SBMWD Santa Ana River Pipeline
-  Future Connector
-  Valley District Pipeline



Y:\020\1800\_SNRC\Effluent Pipeline Ltr Sz.mxd

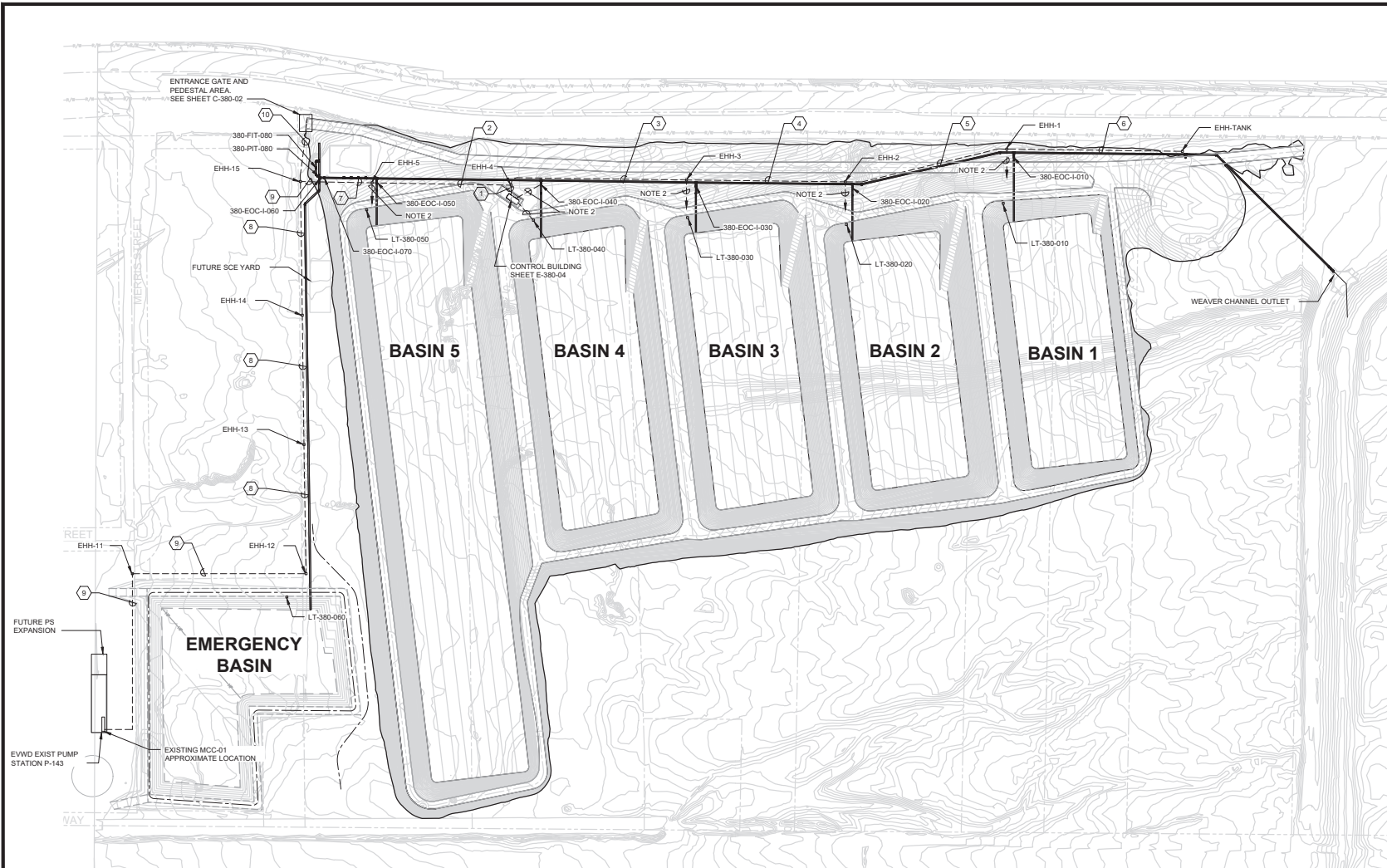


SOURCE: ESRI

EVWD

**Figure 1**  
Project Features





**GENERAL SHEET NOTES**

- HANDHOLES ARE SHOWN IN APPROXIMATE LOCATION. FIELD ADJUST AS NEEDED.
- SEE SHEET E-380-02 FOR CONDUITS. FIELD ROUTE TO EQUIPMENT.
- LEVEL TRANSMITTERS ARE SHOWN IN APPROXIMATE LOCATION.
- CAMERAS / POLES NOT SHOWN. SEE VIDEO SURVEILLANCE SYSTEM SUPPLIER DESIGN FOR LOCATIONS.
- UNDERGROUND DUCTBANKS MAY BE DIRECT BURIED EXCEPT UNDER ROADWAYS WHICH SHALL BE CONCRETE ENCASED. PROVIDE SPECIFIED SEPARATION BETWEEN CONDUITS AND MAINTAIN AT LEAST 12 INCHES OF SEPARATION BETWEEN POWER CONDUITS AND CONTROL/ANALOG CONDUITS. COVER ABOVE CONDUITS SHALL BE 24 INCHES MINIMUM. INSTALL AT DEPTH NECESSARY FOR CONFLICT AVOIDANCE AND HANDHOLE ENTRY.

**SHEET KEY NOTES**

- DUCTBANK SEGMENT NUMBER. SEE SHEET E-380-02 FOR CONDUITS.

SCALE: 1" = 100'

**ELECTRICAL PLAN**

<p><b>CONTRACT INFORMATION</b></p> <p>PROJECT NAME: WEAVER BASINS OVERALL SITE PLAN</p> <p>PROJECT NO.: 00042819.0008</p> <p>DRAWING NO.: E-380-03</p>		
<p><b>DATE</b> SEPTEMBER 2021</p>	<p><b>DRAWN</b> CML</p>	<p><b>SCALE</b> AS SHOWN</p>
<p><b>DESIGNED BY</b> J. SOKOL</p>	<p><b>CHECKED BY</b> [Signature]</p>	<p><b>APPROVED BY</b> [Signature]</p>
<p><b>PREPARED BY</b> [Signature]</p>	<p><b>DATE</b> [Blank]</p>	<p><b>SCALE</b> [Blank]</p>
<p><b>PROJECT ENGINEER</b> [Signature]</p>	<p><b>DATE</b> [Blank]</p>	<p><b>SCALE</b> [Blank]</p>
<p><b>PROJECT MANAGER</b> [Signature]</p>	<p><b>DATE</b> [Blank]</p>	<p><b>SCALE</b> [Blank]</p>

**ENGINEER'S SEAL**

J. SOKOL  
 REGISTERED ELECTRICAL ENGINEER  
 No. 19712  
 STATE OF COLORADO  
 SIGNED: 9/8/2021

**WATER DISTRICT**

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT  
 WEAVER BASINS  
 AREA 380  
 OVERALL SITE PLAN

**ARCADIS**

**CONSULTANT**

**Balfour Beatty**

**DRAFT THIRD ADDENDUM TO THE REGIONAL RECYCLED WATER FACILITIES REIMBURSEMENT AGREEMENT**

This Third Addendum to Regional Recycled Water Facilities Reimbursement Agreement is entered into and effective as of XXX, 2021, by and between EAST VALLEY WATER DISTRICT, a County Water District, organized and operating pursuant to California Water Code Section 30000 et seq. (EVWD) and SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a Municipal Water District, organized and operating pursuant to California Water Code Section 71000 et seq. (VALLEY DISTRICT) (Collectively “Parties”).

**RECITALS**

**WHEREAS**, since 1969 VALLEY DISTRICT, together with a number of other public agencies including EVWD, have worked cooperatively to replenish the San Bernardino Basin Area (SBBA) and ensure that there are reliable sources of water for the residents of the San Bernardino Valley, among others; and

**WHEREAS**, VALLEY DISTRICT and EVWD have collaborated on the Sterling Natural Resource Center project (SNRC) which will be designed and constructed by EVWD and which includes a 10 million gallons per day (mgd) effluent discharge pipeline, (Discharge Line) which was originally planned to transport recycled water to the Redlands Basins and City Creek for discharge. The Discharge Line was the subject of a Regional Recycled Water Reimbursement Agreement entered into between the Parties in January 2019; and

**WHEREAS**, in November 2019, the Parties entered into a Regional Recycled Water Pipeline Construction and Design Refinement Reimbursement Agreement for reimbursement of all expenses incurred in the construction of the RRWP and design refinement for the segment to City Creek; and

**WHEREAS**, more recently it has been determined that that the region’s groundwater resources would be better served by the design and construction of new recharge basins referred to as the Weaver Basins Project (WBP) to replace the use of the Redlands Basins; and

**WHEREAS**, VALLEY DISTRICT envisions that the SNRC Discharge Line and WBP are integral parts of regional recycled water infrastructure, including, but not limited to, combining recycled water flows from the SNRC and the Clean Water Factory, a project proposed by the City of San Bernardino Municipal Water Department (SBMWD), which would require expanding the Discharge Line and increasing its capacity to 15 mgd to accommodate the combined flows, and which would be referred to as the Modified Regional Recycled Water Pipeline (MRRWP). The Parties envision that upon operation VALLEY DISTRICT shall have full and complete discretion

to determine whether recycled water shall be discharged to the Weaver Basins or any other basin except when the point of discharge is defined under the terms and conditions of the SNRC Final Environmental Impact Report (SCH2015101058), and any amendments thereto; and Addendum No. 1 to the Final Environmental Impact Report SCH#:2015101058 dated July 2019 and Addendum No. 2 to the Final Environmental Impact Report SCH#:2015101058 dated January 2021.

**WHEREAS**, EVWD certified an environmental document pursuant to the California Environmental Quality Act for the work contemplated by this agreement; by Addendum No. 2 to the Final Environmental Impact Report SCH#:2015101058 dated January 2021.

**WHEREAS**, in April 2021 the Parties approved the Second Addendum to the Regional Recycled Water Facilities Reimbursement Agreement which addressed the WBP description, design and planning of the Project; and

**WHEREAS**, the Parties now wish to provide for reimbursement relative to the construction aspect of the Project; and

**WHEREAS**, VALLEY DISTRICT has historically been responsible for the construction of regional infrastructure for conveying local and imported water supplies; and

**WHEREAS**, VALLEY DISTRICT wishes to reimburse EVWD for all expenses incurred in the design and construction, including survey and geotechnical work, of the MRRWP and WBP in accordance with the terms and conditions set forth herein, as an integrated project (Project);

**NOW THEREFORE**, the Parties agree as follows:

### **AGREEMENT**

#### **1. Project Construction to Include.**

1.1 The MRRWP extension beginning from a location generally at 3<sup>rd</sup> Street and Palm Av e. in Highland then easterly roughly following and south of Greenspot Road to the Weaver Basins.

1.2 A new discharge basin at the Weaver Basin site.

1.3 All related permitting and Project inspection costs and geotechnical work, surveying and associated construction costs.

#### **2. Reimbursement.**

VALLEY DISTRICT shall reimburse EVWD for all actual fully burdened cost of construction management, permitting and construction of the Project, including surveying and geotechnical work, plus Design-Build contractor mark-up and costs related to General

Conditions and design refinement for the MRRWP and WBP. The current estimated cost of construction of the Project is \$ 34,300,000 with a VALLEY DISTRICT controlled contingency of \$3,350,000 for a total reimbursement not to exceed \$37,650,000.

### **3. Review and Approval.**

Upon completion of the Project design, VALLEY DISTRICT shall have the opportunity to review and approve the design plans of the Project, which approval shall not be unreasonably withheld.

### **4. Payments.**

VALLEY DISTRICT shall make progress payments, in arrears, based on quarterly invoices prepared by EVWD and supported by appropriate and sufficient documentation of cost. VALLEY DISTRICT shall have 30 days to review the invoices and notify EVWD of any disputes. The parties will meet and confer in good faith to resolve any disputes. VALLEY DISTRICT will pay invoices within 30 days of receipt or within 30 days of resolution of disputes, whichever is later. Upon completion of the design, EVWD shall submit a final invoice to VALLEY DISTRICT representing the total actual cost of design of the Project less payments previously made by VALLEY DISTRICT. VALLEY DISTRICT shall have 30 days within which to pay the final invoice.

### **6. Indemnification.**

#### (a) EVWD Indemnity.

EVWD shall indemnify VALLEY DISTRICT against and agrees to hold VALLEY DISTRICT harmless of and from all liabilities, obligations, actions, suits, proceedings or claims, and all costs and expenses, including but not limited to, reasonable attorney's fees (collectively, Claims and Costs), based upon or arising out of any negligent or intentional breach or failure of EVWD to observe or perform any obligation of EVWD as set forth in this Agreement.

#### (b) VALLEY DISTRICT Indemnity.

VALLEY DISTRICT shall indemnify EVWD against and agrees to hold EVWD harmless of and from all liabilities, obligations, actions, suits, proceedings or claims, and all costs and expenses, including, but not limited to, reasonable attorney's fees (collectively, Claims and Costs), based upon or arising out of any negligent or intentional breach or failure of VALLEY DISTRICT to observe or perform any of the obligations of the VALLEY DISTRICT as set forth in this Agreement.

**7. Notices.**

All notices, requests, demands, or other communications required or permitted under this Agreement shall be in writing unless provided otherwise herein and shall be deemed to have been duly given and received if mailed to the parties to whom notices are to be given by first class mail, registered or certified, postage prepaid, addressed as follows:

Notice to VALLEY DISTRICT:

Heather Dyer, General Manager  
San Bernardino Valley Municipal Water District  
380 East Vanderbilt Way  
San Bernardino, CA 92408

Meredith Nikkel  
Downey Brand, LLP  
621 Capital Mall  
Sacramento, CA 95814

Notice to EVWD:

John Mura, General Manager/CEO  
East Valley Water District  
31111 Greenspot Road  
Highland, CA 92346

Jean Cihigoyenette  
JC Law Firm  
5871 Pine Avenue, Suite 200  
Chino Hills, CA 91709

**8. Binding Effect.**

This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

**9. Severability.**

If any provision of this Agreement is determined to be illegal and unenforceable, all other provisions shall nevertheless be effective.

**10. Governing Law.**

This Agreement and the legal relations between the parties hereto shall be governed by and be construed in accordance with the laws of the state of California with venue in the Superior Court for the County of San Bernardino, California.

**11. Counterparts.**

This Agreement may be executed in several counterparts and all such executed counterparts shall constitute one document, binding on all the parties hereto, notwithstanding that all of the parties hereto are not signatories to the original or to the same counterpart.

**IN WITNESS WHEREOF**, the Parties, EVWD and VALLEY DISTRICT, have executed this Agreement as of the date first set forth above.

VALLEY DISTRICT:

By: \_\_\_\_\_

Heather Dyer, General Manager

EVWD:

By: \_\_\_\_\_

John Mura, General Manager