



**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. Governor Newsom issued Executive Order N-25-20 (3-12-20) and Executive Order N-29-20 (3-17-20) which temporarily suspend portions of the Brown Act relative to conducting public meetings. Subsequent thereto, Governor Newsom issued Executive Order N-33-20 (3-19-20) ordering all individuals to stay at home or at their place of residence. 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, MAY 14, 2020 – 2:00 P.M.**

**PUBLIC PARTICIPATION**

Public participation is welcome and encouraged. You may participate in the May 14, 2020, meeting of the San Bernardino Valley Municipal Water District online and by telephone as follows:

**Dial-in Info: (888) 788-0099 US Toll-free  
Meeting ID: 831 7559 3663**

**<https://us02web.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@sbumwd.com](mailto:comments@sbumwd.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, May 13, 2020. 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. 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. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.**



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

**BOARD OF DIRECTORS WORKSHOP - POLICY**

**AGENDA**

**2:00 PM Thursday, May 14, 2020**

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**CALL TO ORDER** -

*Chairperson: Director Longville*

*Vice-Chair: Director Kielhold*

**1. INTRODUCTIONS**

**2. PUBLIC COMMENT** - *Any person may address the Board on matters within its jurisdiction.*

**3. SUMMARY OF PREVIOUS MEETING**

- 3.1. April 9, 2020, Meeting (Page 3)  
[Summary Notes BOD Workshop - Policy 040920](#)

**4. PRESENTATIONS**

- 4.1. Recognizing and Addressing the Potential for Long-Term Drought in California (Page 9)  
[Staff Memo - Recognizing and Addressing the Potential for Long-Term Drought in California](#)

**5. DISCUSSION ITEMS**

- 5.1. PFM Asset Management Market Update (Page 10)  
[Staff Memo - PFM Asset Management Market Update](#)  
[PFM Market Update Week of May 4, 2020](#)
- 5.2. Consider Establishment of Specific Committees to Facilitate District Negotiation on Key Issues (Page 24)  
[Staff Memo - Consider Establishment of Specific Committees to Facilitate District Negotiation on Key Issues](#)
- 5.3. Discuss Legislative Program Update (Page 26)  
[Staff Memo - Discuss State and Federal Legislative Update](#)

## 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 Lillian Hernandez at (909) 387-9214 two working days prior to the meeting with any special requests for reasonable accommodation.



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**DATE:** May 14, 2020

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

**FROM:** Staff

**SUBJECT:** Summary of April 9, 2020 Board of Directors Workshop - Policy

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The Policy Workshop convened on April 9, 2020, via Zoom teleconference. Director Longville chaired the meeting; President Harrison and Directors Hayes, Kielhold, and Navarro participated in the Workshop. Heather Dyer, Cindy Saks, Bob Tincher, Kristeen Farlow, and Melissa Zoba, of staff, participated in the workshop.

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

The meeting notes from the March 12, 2020, Board of Directors Workshop – Policy were reviewed. There were no additions or changes to the meeting minutes.

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

Staff provided the Directors with an update on State and Federal legislation. There are many changes in the way legislative business is being conducted at the State and Federal levels due to the COVID-19 pandemic, including changes to the work schedules. The State Senate and Assembly suspended their session on March 20th and are scheduled to return to the Capitol on May 4, 2020. Prior to the suspension of the 2020 session, both houses passed a \$1.1 billion relief package in support of hospitals, facilities, local governments, and schools to mitigate the spread of COVID-19.

A statewide bond is not officially dead, but it is anticipated that any type of bond to appear on the November ballot would be focused on COVID-19 response and recovery. Staff has

been working with surrounding agencies on a recommendation to include funding for septic to sewer conversions within any Climate Resiliency Bond. (A copy of the letter that was provided to legislators was attached.) Director Navarro stated his support for this effort. Staff provided a brief update on several bills of interest including a new bond proposal by Eduardo Garcia (AB 3256: the Wildfire Prevention, Safe Drinking Water, Climate Resilience, Drought Preparation, and Flood Protection Bond Act of 2020); AB 2693 by Assemblymember Bloom called the Watershed Restoration Administration; and SB 1056 introduced by Senator Hertzberg that would authorize municipal wastewater agencies to work with entities responsible for stormwater management.

On the federal side, there have been three coronavirus bills passed with one more pending. Each of these addresses COVID-19 recovery in a different capacity, including stimulus funds for Americans, protections for employers, expanding the Family Medical Leave Act protections, and small business support. It is anticipated that two more COVID-19 related bills (numbers five and six) will come out soon.

Unrelated to COVID-19, all Valley District appropriations requests were submitted to the respective federal offices. As of now, the appropriations deadlines have not changed.

**Action Item(s):** This item was before the Board of Directors to receive and file.

#### **4.2 Consider Contract Agreement with The Gualco Group, Inc.**

Staff presented the Board of Directors with a proposal from the Gualco Group, Inc. (TGGI), for the performance of legislative outreach services from January 1, 2020, until December 31, 2022. Valley District has been working with TGGI since 1993 to perform as the District's legislative outreach arm in Sacramento. Staff recapped some of the work that TGGI has performed successfully on the District's behalf, particularly the language regarding Redevelopment Agency dissolution and the Pass Through Agreements. During the term of their agreement over the next three years, TGGI will engage in water supply and water quality legislative and regulatory matters in State government; monitor legislation that may be of interest to the District and take appropriate action; provide issue and key legislative updates; prepare correspondence and letters on behalf of the District; and more, related to California legislation and the legislative process. The TGGI proposal is to perform the services noted above at a rate of \$8,000/month (plus reimbursable expenses). Director Longville inquired how this amount per month compared to the past contract rate. Staff responded that we have not recently had a standing contract and that

the monthly fee had actually been reduced to the current amount proposed, which has been in place since 2016.

**Action Item(s):** 1) This item will be forwarded to a future Board of Directors meeting for consideration of contract agreement approval.

#### **4.3 Consider Developing Standardized Process for the Board of Directors to Consider and Provide Direction to Staff Regarding Individual Board Member Requests**

At the request of several Board Members, staff developed a proposed standardized process that would facilitate full Board consideration of requests initiated by an individual Director. Staff presented the proposed process to the Directors for discussion and consideration, along with a draft form to be completed by individual Directors for this consideration, including an example. The purpose of this process and form are to promote discussion and consensus by the Board regarding activities that they would like staff to dedicate time and District resources. Activities that require either dedicated staff time or District resources in order to complete would require consideration by the full Board of Directors in order to move forward.

Directors discussed examples of what types of requests would necessitate completion of the form, including the example that was included in the agenda. Discussion centered around the basis of the policy, which would require that an activity requested by a Director requiring significant staff time or incur expenses would need to be submitted for consideration by the entire Board of Directors. This would clarify that activities are the direction of the Board versus direction by individual Directors. Director Kielhold states that this would help clarify priorities for staff, but it will also ensure that all Board Members are aware of the activity requests being made by their fellow Board Members.

President Harrison was supportive of the form and felt it would be a good way to track the work of staff as it relates to the priorities of the District. Vice President Kielhold expressed support for the form in order to keep the Board Members focused on the priorities of the District as a whole and not individual Director requests. Director Navarro was opposed to the process and the form, expressing that the General Manager should be the one to decide what work staff will do, and not the Board of Directors via a form. Two members of the public stated that they did not support the policy or use of the form.

Director Hayes was supportive of the process and the form. She expressed that the current process of not using the form may put undue pressure on the General Manager to complete

every request of the Directors, because the Board of Directors is the General Manager's boss. Director Longville supported the proposed process but requested a small addition to the form such that staff could make a proposed modification or suggest an alternative to the request that may reduce costs, staff time, and/or increase value the activity would bring to the District. Staff indicated that they would make that revision.

**Action Item(s):** 1) This item will be forwarded to a future Board of Directors meeting for discussion and consideration.

#### **4.4 Discussion of Best Practices Related to Board Members Speaking at Outside Meetings as an Individual or on Behalf of the District**

At the request of several Board Members, staff presented an item related to best practices for Board Members speaking at outside meetings as an individual or on behalf of the District. Staff recapped that a Valley District Board of Directors Handbook was completed in 2017, designed to guide the work and conduct of the Board of Directors; providing guidance to the Board as a whole and to each Board Member as individuals. The Handbook memorialized the agreed upon Board Values and Principles; clarifies the Board's interaction with Valley District staff and the public; and defines the Board of Directors Code of Conduct.

Director Hayes brought up the Handbook as a reference document for how the Directors should represent the District in the community. She would like to see all Board Members responsive to the recommendations laid out in Chapter 6 of the Handbook related to how to represent an official District position, especially if a Director is not within their own division or serving as a Primary Representative.

Director Navarro stated that Board Members should not be limited to attending and speaking only at the meetings they represent within their individual divisions. In fact, within Chapter 6 of the Board Handbook, it both prohibits and allows Board Members to speak at water retailer meetings within their division and throughout the Valley District service area. Director Longville advised that perhaps the Board Handbook should be revisited, since it is several years old and added that sections of the Handbook need to be updated related to Committee assignments.

Ms. Dyer recommended that the Board use this as an opportunity to complete a "tune-up" or minor revision to the Handbook since it has been several years since it was written. It was recommended that an Ad Hoc Committee comprised of President Harrison and Vice

President Kielhold be formed to revisit the Board of Directors Handbook in consideration of clarifying some components of it, including the details identified in Chapter 6.

President Harrison and Vice President Kielhold agreed to be on the Ad Hoc Committee to review the Board Handbook.

**Action Item(s):** 1) Staff will bring a future item to a Board Workshop for the Directors to discuss recommended revisions and clarifications they would like to see in the Board Handbook, especially as it relates to Chapter 6 – Representing an Official District Position. 2) Staff will coordinate the establishment of an Ad Hoc Committee comprised of President Harrison and Vice President Kielhold in order to review the recommendations by the Board of Directors and make further recommendations to amend the Board of Directors Handbook.

#### **4.5 Discussion of District Policy Related to the Rights, Roles, and Responsibilities of Assigned Primary Representatives**

At the request of several Board Members, staff presented an item regarding the District's Policy related to the rights, roles, and responsibilities of "Assigned Primary Representatives" as defined in Chapter 6 of the Board Handbook. Assigned Primary Representatives were originally identified to better support the District's retail water providers and for the District to stay well-informed of the activities and actions of the retail water providers. The Primary Representatives are assigned to the Director representing the greatest percentage of population within each water retailer service area. This Director has the "first right" to be appointed, followed by the Director(s) representing smaller percentages within their Division. Director appointments are voluntary. The role of the Primary Representatives is defined in the Board Handbook, Chapter 6 – Public Interaction, within the section titled "Representing an Official District Position."

The Directors discussed the expected conduct and policy regarding rights, roles, and responsibilities of the Assigned Primary Representatives. Director Navarro felt Directors should not be limited in what meetings they would like to attend or speak at. Director Hayes felt that Directors should not be speaking as to water retailers or cities outside of their division or beyond their role as a Primary Representative.

Ms. Dyer again recommended that the Board use this as an opportunity to complete a "tune-up" or minor revision to the Handbook since it has been several years since it was written. It was recommended that an Ad Hoc Committee comprised of President Harrison and Vice



President Kielhold be formed to revisit the Board of Directors Handbook in consideration of clarifying some components of it, including the details identified in Chapter 6.

Director Longville recommended that the Ad Hoc Committee should be comprised of President Harrison and Vice President Kielhold, since they were not on the Board of Directors when the Handbook was written. Director Hayes was in support of adjustments to the Handbook via an Ad Hoc Committee, and of having President Harrison and Vice President Kielhold on the Committee. President Harrison and Vice President Kielhold agreed to be on the Ad Hoc Committee to review the Board Handbook.

President Harrison agreed that appointing an Ad Hoc to review and revise the Handbook would be a good idea, allowing the Directors to make recommendations and amendments as they see appropriate. Director Navarro would like to see a draft of what the Ad Hoc prepares before he provides any comments.

Vice President Kielhold agreed that an Ad Hoc was advisable as more time could be spent revisiting the Handbook. President Harrison recommended that all Board Members provide input at a future Policy Workshop in order to ensure that comments can be received from all Directors.

**Action Item(s):** 1) Staff will bring a future item to a Board Workshop for the Board of Directors to discuss changes they would like to see in the Board Handbook, especially as it relates to Chapter 6 – Representing an Official District Position. 2) Staff will coordinate the establishment of an Ad Hoc Committee comprised of President Harrison and Vice President Kielhold in order to review the recommendations by the Board of Directors and make further recommendations to amend the Board of Directors Handbook.

## **5. Adjournment**

### **Staff Recommendation**

Receive and file.



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**DATE:** May 14, 2020

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

**FROM:** Heather Dyer, General Manager

**SUBJECT:** Recognizing and Addressing the Potential for Long-Term Drought in California

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The General Manager will provide the Board of Directors with an overview of recent scientific information recently published regarding the potential for very long-term or mega-drought in California. Staff will also discuss strategies that Valley District can implement to ensure a robust and resilient water supply even in the face of challenging future climatic conditions.

**Recommended Action**

Receive and file.



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**DATE:** May 14, 2020  
**TO:** Board of Directors' Workshop - Policy  
**FROM:** Cindy Saks, Deputy General Manager - Administration  
**SUBJECT:** PFM Asset Management Market Update

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**Background**

At the March 12, 2020 Board Workshop – Policy, the board requested a market update as the situation around the coronavirus (COVID-19) continues to evolve. Richard Babbe, Senior Managing Consultant of PFM Asset Management will be in attendance at the Zoom meeting today to review current market trends, provide an update on the market and answer any questions.

**Attachment**

PFM Asset Management Market Update Presentation

**Recommendation**

Receive and file.



# Market Update

## Market Update Week of May 4, 2020

Prepared by the PFM Asset Management LLC

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PFM Asset  
Management LLC

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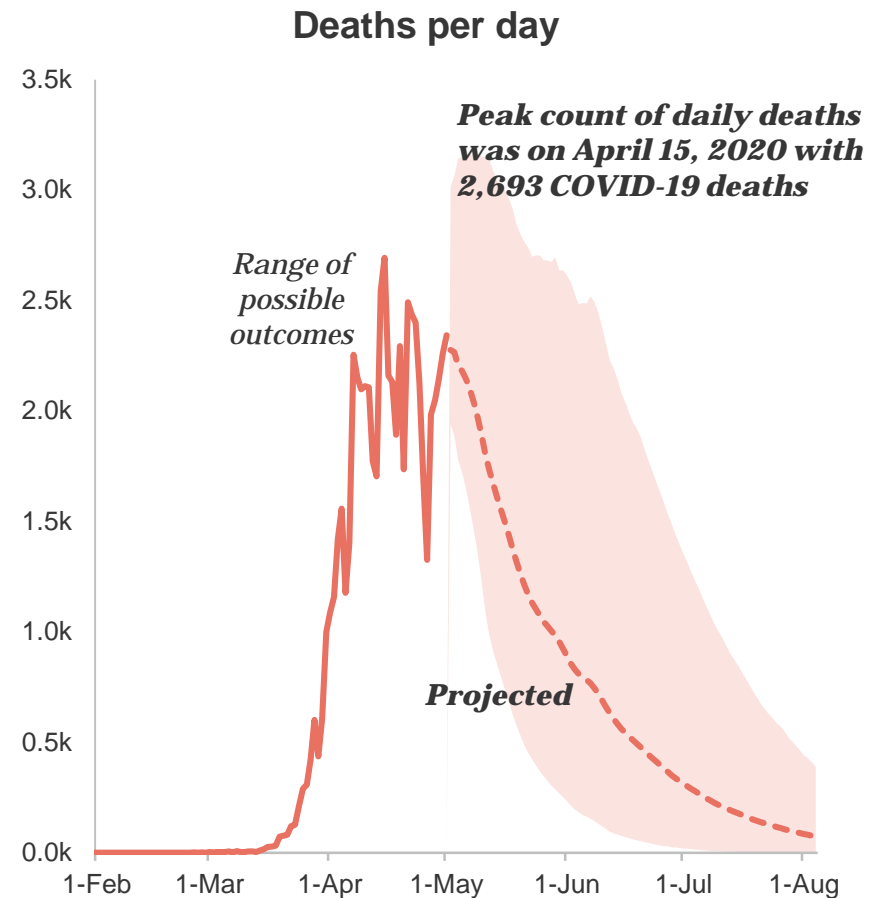
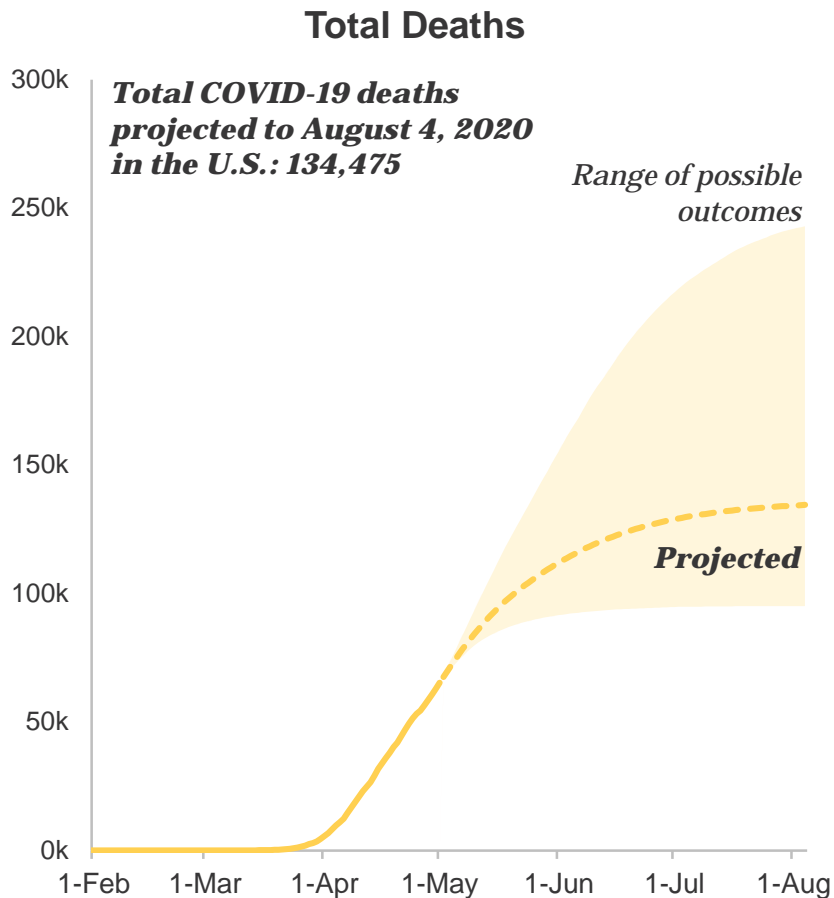
213 Market Street  
Harrisburg, PA 17101

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717.232.2723  
[pfm.com](http://pfm.com)



## Due to Relaxed Social Distancing, U.S. Death Projections Rise

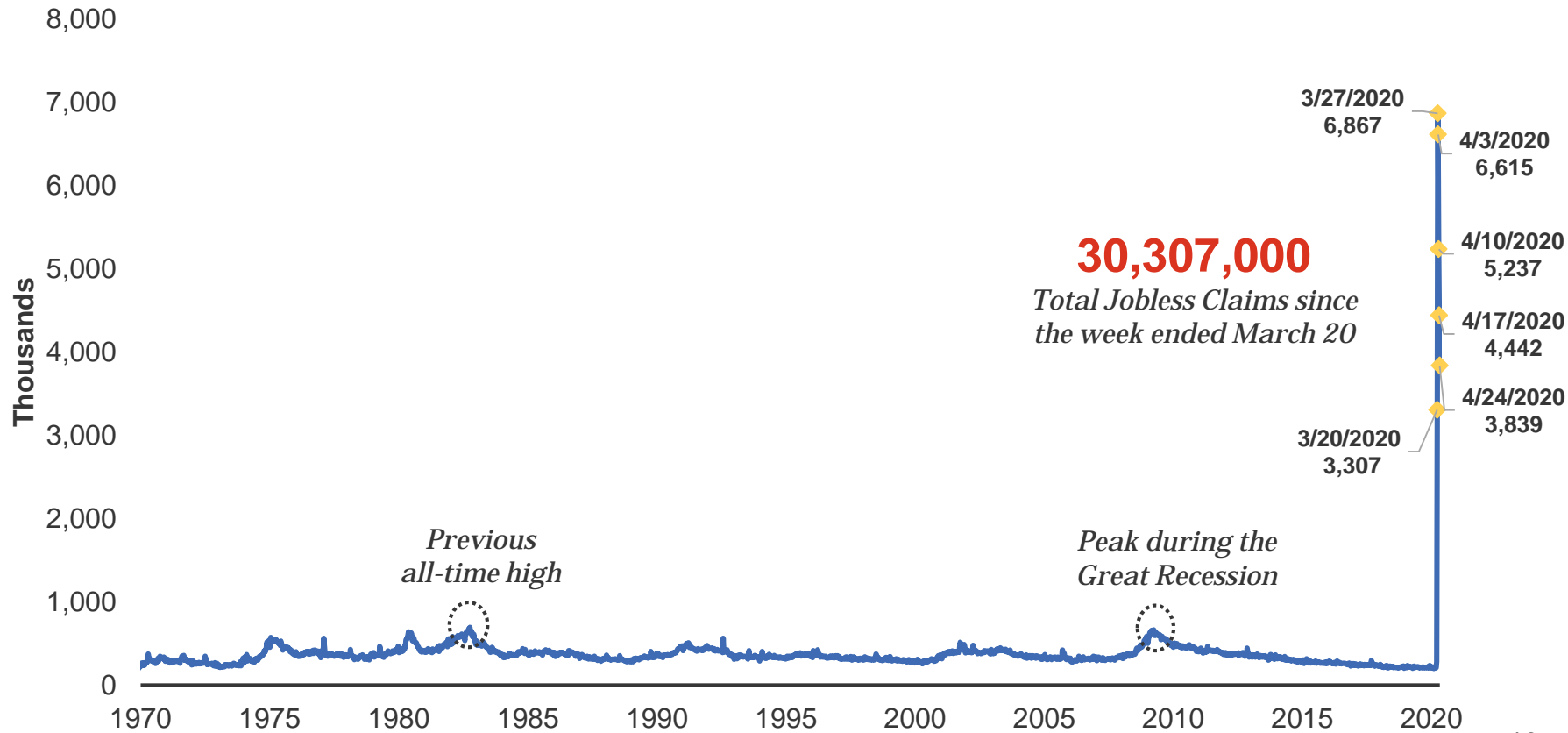


Source: Institute for Health Metrics and Evaluation, as of 5/04/2020. <https://covid19.healthdata.org/projections>



# Initial Jobless Claims Exceed 30 Million

## Initial Jobless Claims

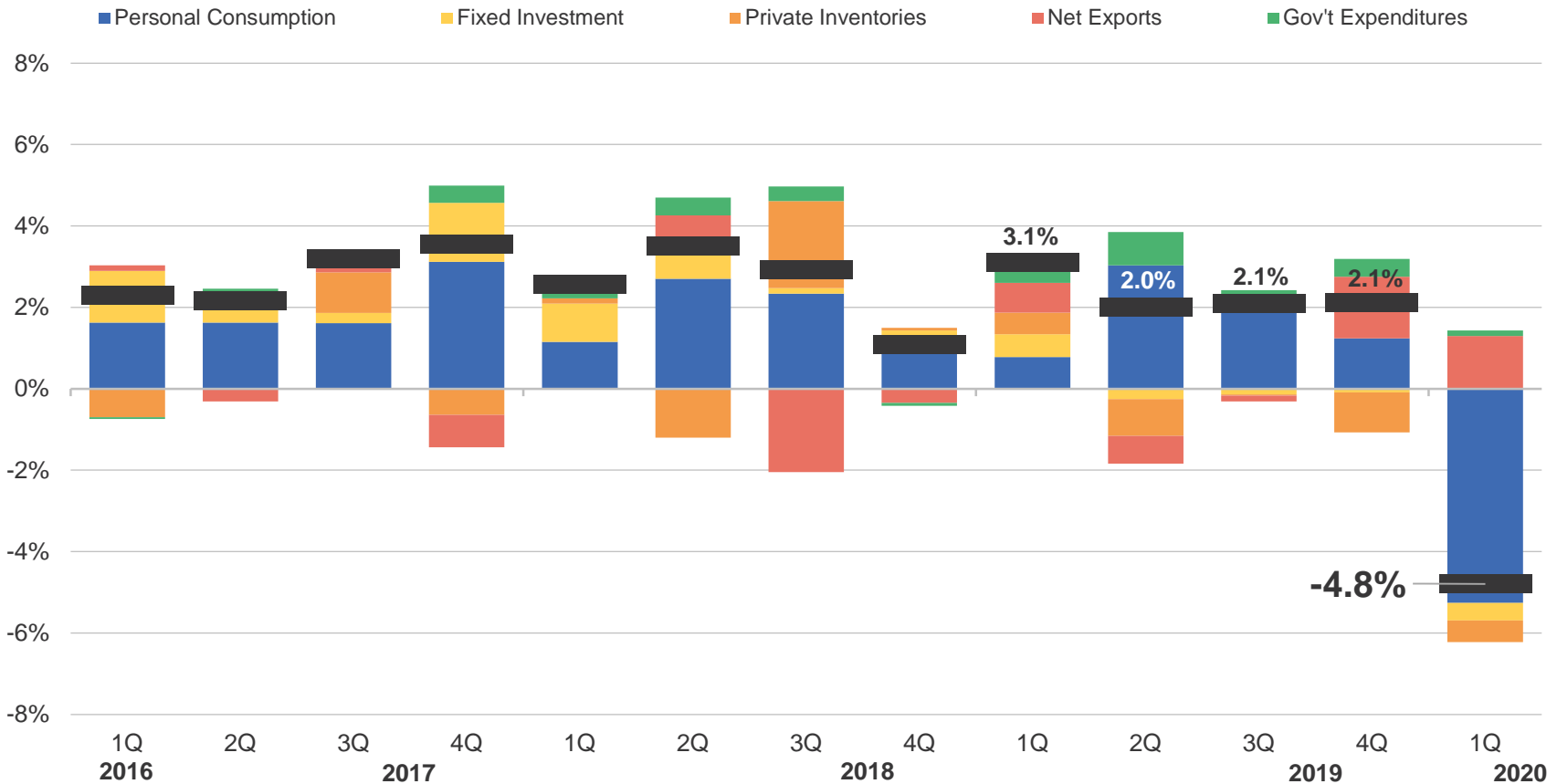


Source: Bloomberg, as of 5/04/2020. Data is seasonally adjusted.



# Q1 U.S. GDP Falls 4.8% as COVID-19 Lockdown Weighs on Growth

## U.S. GDP Contributors and Detractors



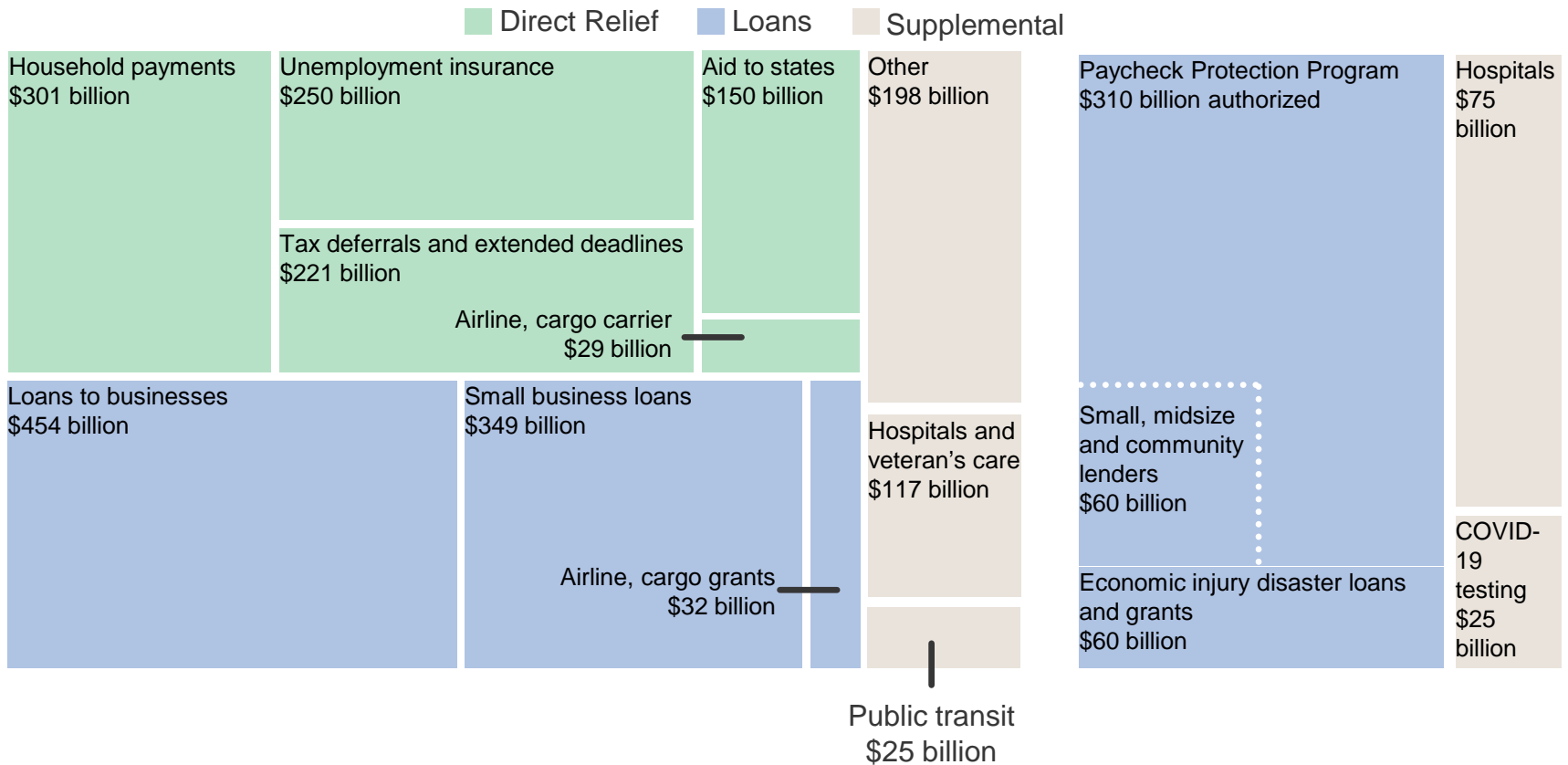
Source: Bureau of Economic Analysis.



# Congress Providing Fiscal Stimulus to the Economy

## Coronavirus Aid, Relief, and Economic Security (CARES) Act

## Pending Stimulus Plan\*



Source: Wall Street Journal, as of April 23, 2020. \*Passed by the Senate.





# Federal Reserve Broadens Tool Kit to Support Markets

## Zero Interest Rates

- Cut rates by 150 bps at two emergency meetings in March

## Asset Purchase Programs

- Unlimited Treasury and agency MBS purchases

## Repurchase Agreements

- Increased amount and term options to primary dealers

## Discount Window

- Decreased rate and extended term of loans

## Bank Regulatory Relief

- Lowered reserve requirement to 0; capital & liquidity flexibility

## Liquidity Support

- Funding for CP, ABS, MMFs, corporate bonds and more

## U.S. Dollar Swap Lines

- Increased access to U.S. dollars to foreign central banks

## Paycheck Protection Program

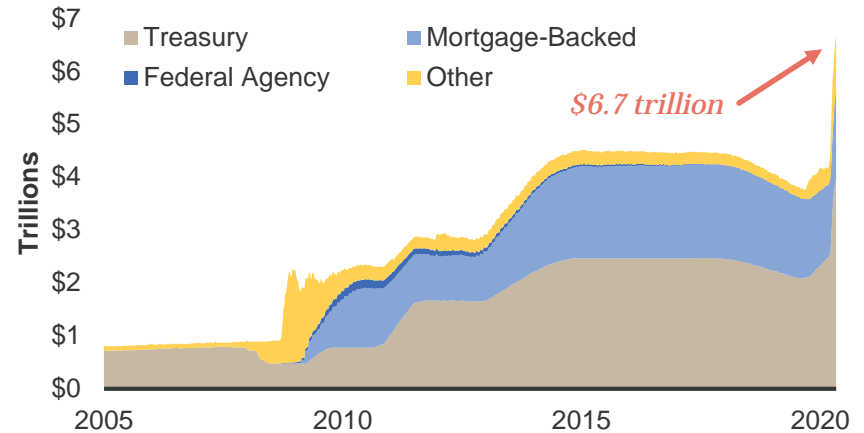
- Support for financial institutions issuing PPP loans

## Main Street Lending Program

- Purchasing loans to small- and mid-size businesses

Source: Federal Reserve, as of 5/04/2020.

### Assets of the Federal Reserve



Amount Allocated to Fed's Liquidity Programs	
Facility	Holdings (billions)
Discount Window	\$31.8
PDCF	\$33.4
MMLF	\$46.3
CPFF	\$3.4
PPPLF	\$19.5
Swap Lines	\$439.0
Repurchase Agreements	\$158.2



## Powell Reiterates Commitment to Support Economy and Markets

*"I would say we have a number of dimensions on which we can still provide support to the economy, as you know our credit policies are not subject to specific dollar limit. They can be expanded, and we can do new ones."*

*"Let me just say we are going to not be in any hurry to withdraw these measures or lift off. We are going to wait until we are quite confident that the economy is well on the road to recovery."*

*"We are going to be very patient, that means we are not going to be in any hurry to move rates up."*



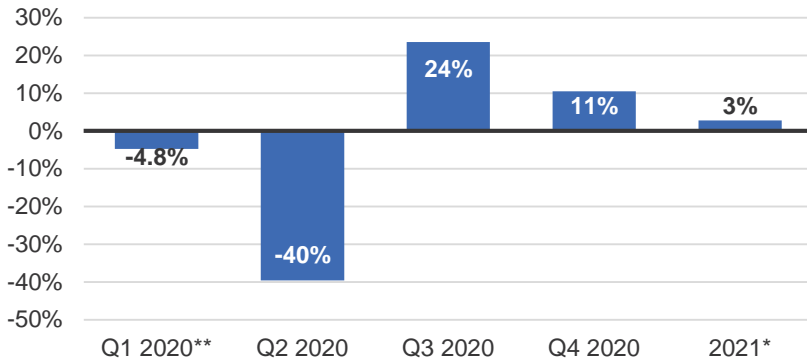
***Message: Rates likely at zero through 2021***

Source: Federal Reserve Bank, as of 4/29/20.

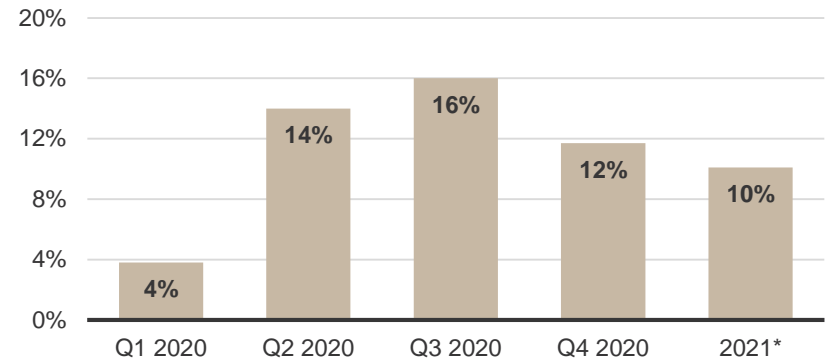


# CBO Projections of Key Economic Variables

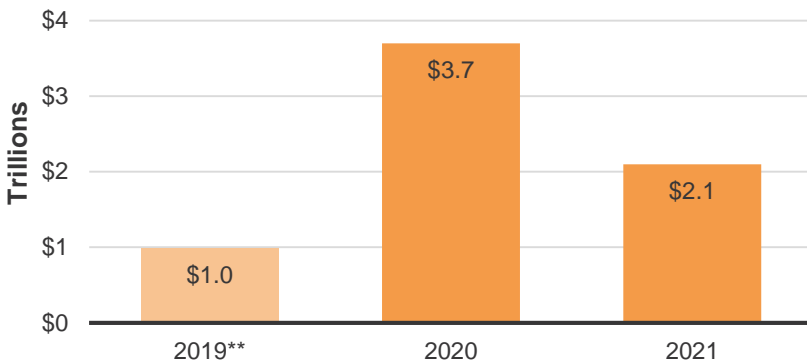
### Real GDP (annualized rate)



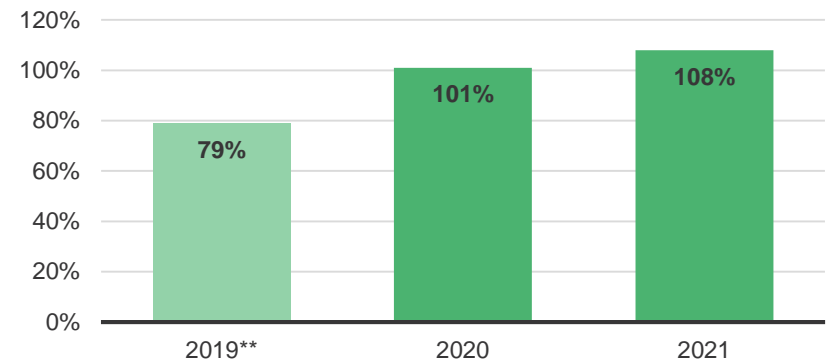
### Unemployment Rate



### Federal Deficit



### Debt Held by Public as % of GDP

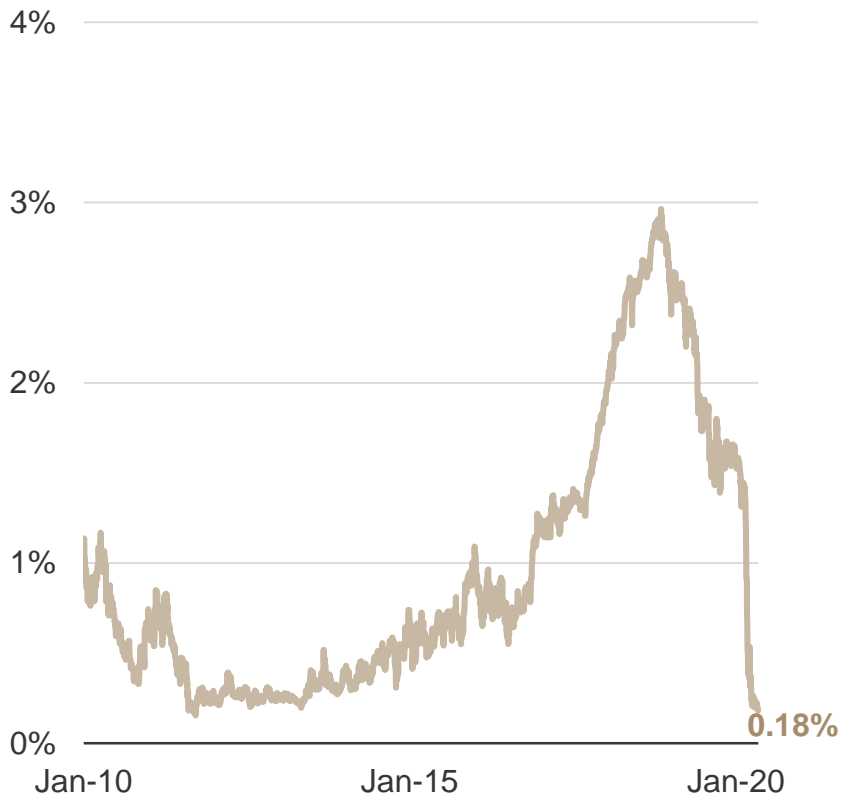


Source: Congressional Budget Office, as of 5/04/2020. \*Average for year. \*\*Actual results.



# Treasury Yields Fall to New Lows

## 2-Year Treasury Yield



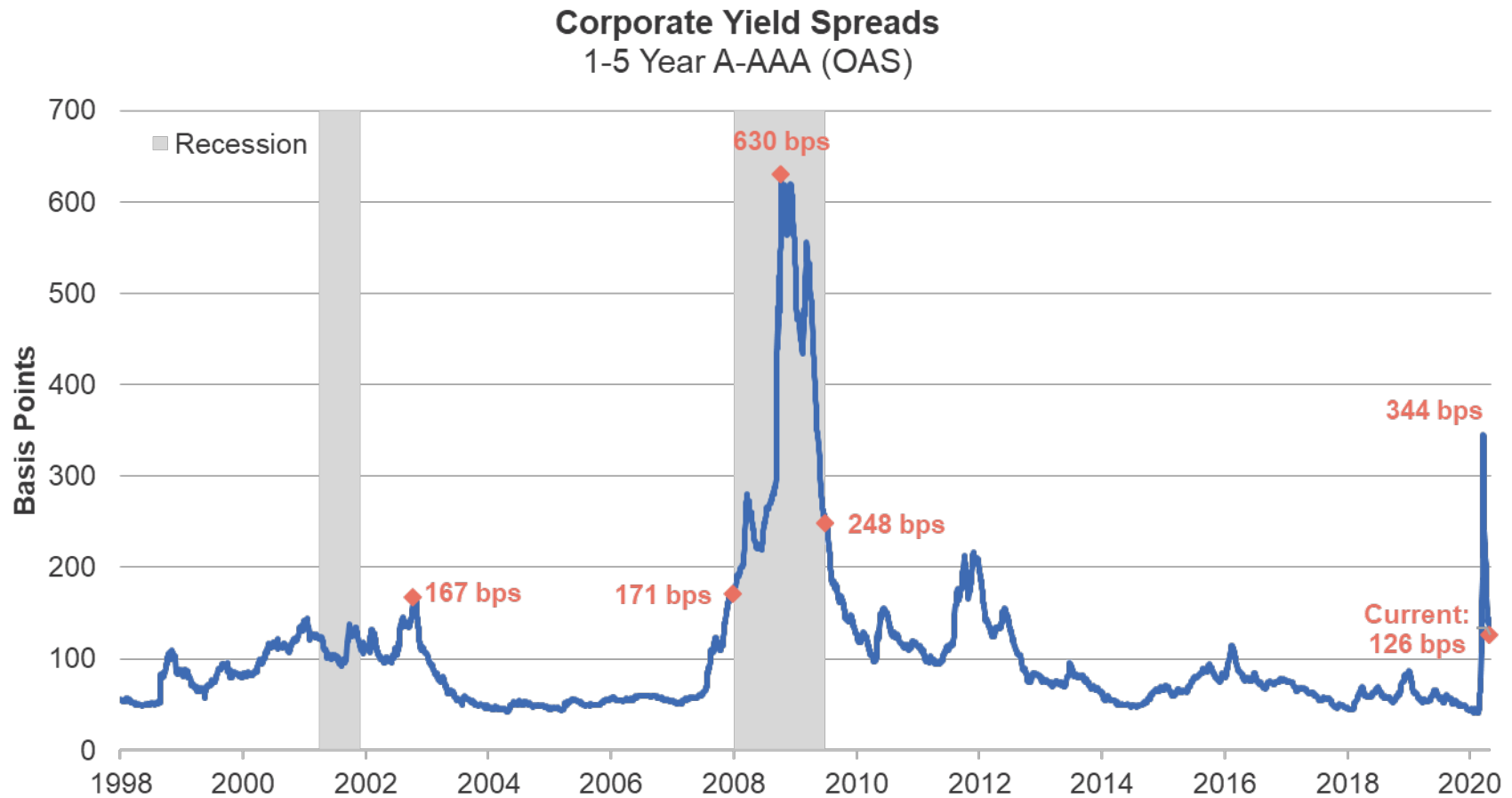
## 10-Year Treasury Yield



Source: Bloomberg, as of 5/04/2020.



# Corporate Spreads Normalize Amid Fed Stimulus

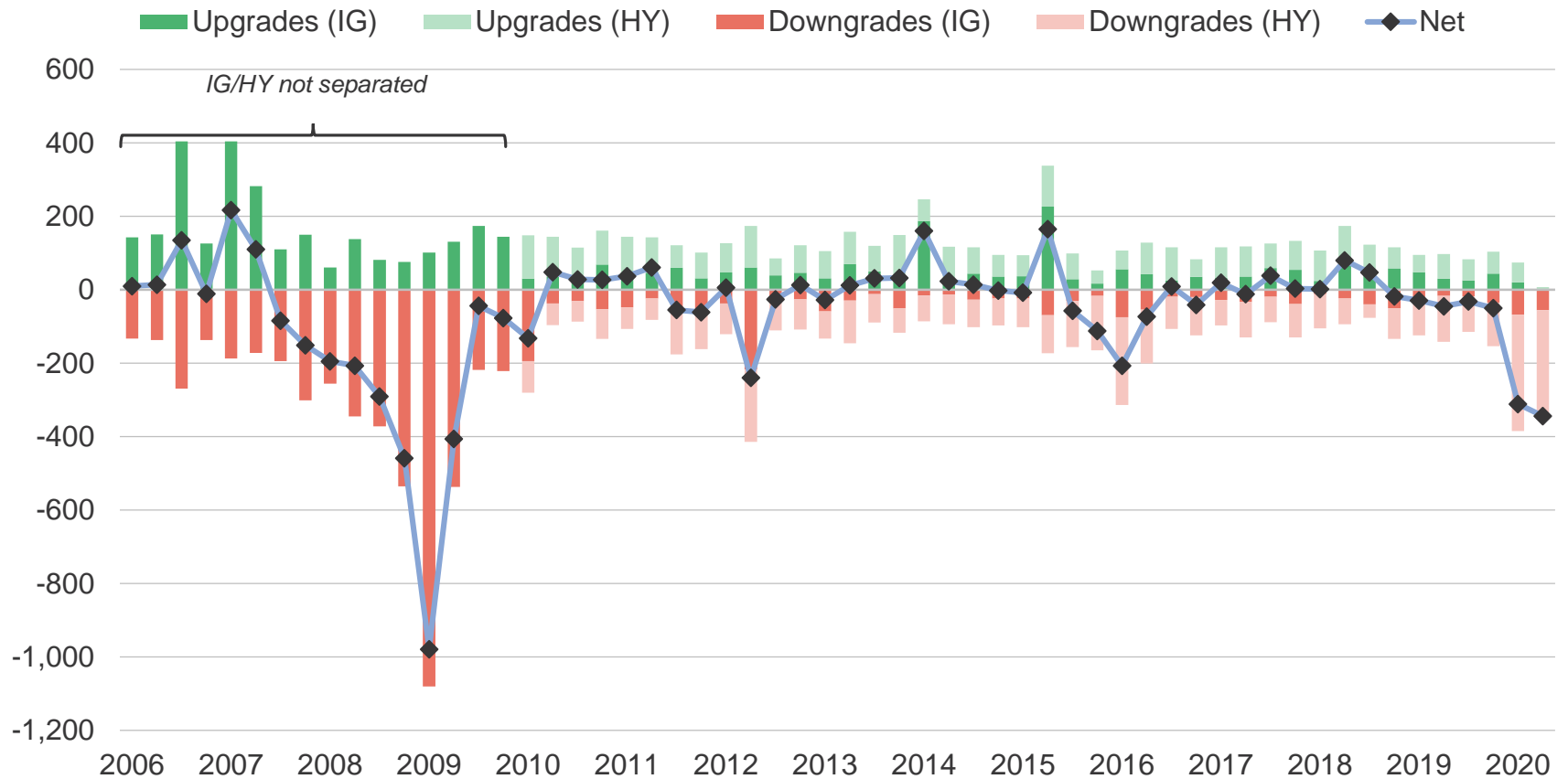


Source: Bloomberg, as of 5/04/20. Recession period derive from the National Bureau of Economic Research (NBER) based recession indicators.



# Rating Downgrades Likely to Accelerate, Focused in High Yield

## Moody's Quarterly Ratings Changes

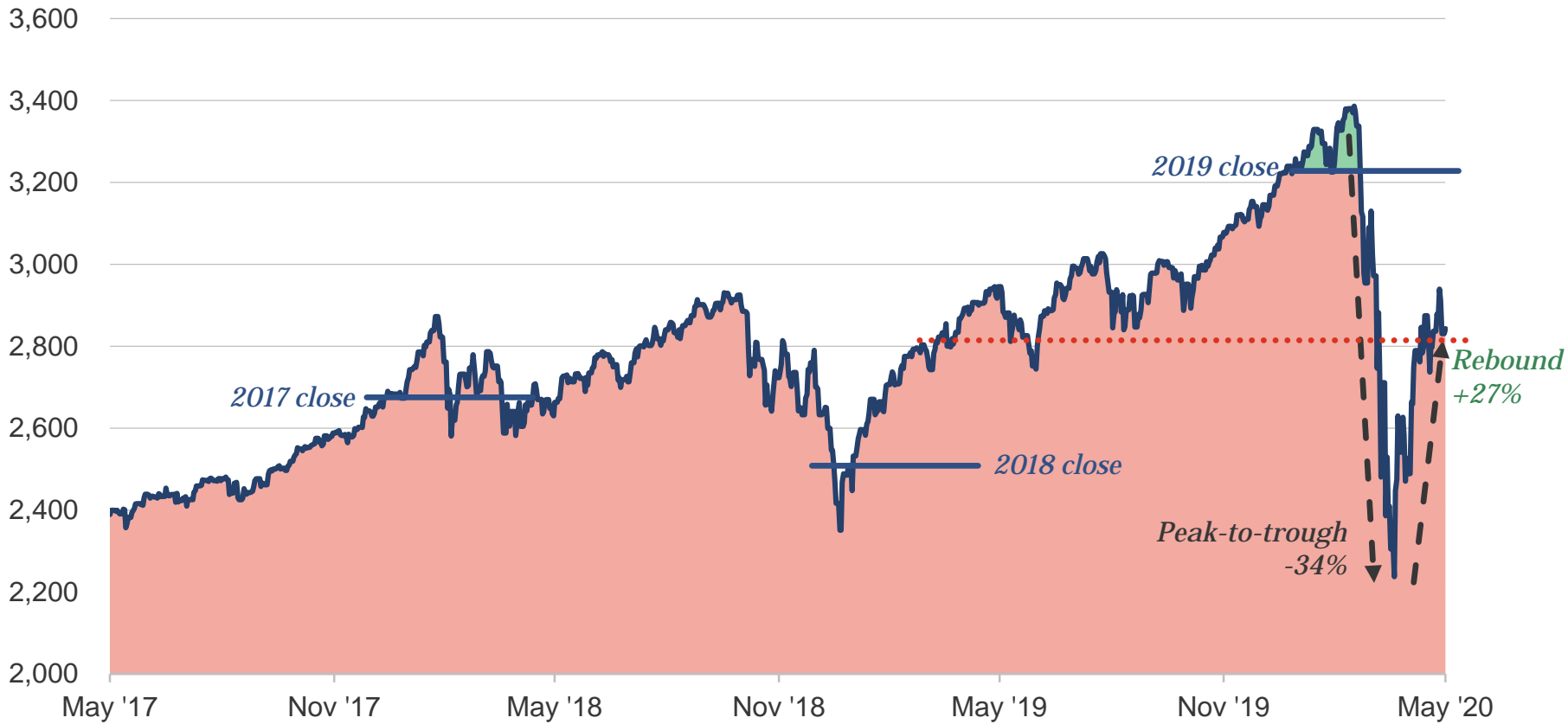


Source: Bloomberg, as of 4/29/20.



# Stocks Rally But Remain Down From February Highs

## S&P Price Change



Source: Bloomberg, as of 5/04/2020.



## 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 its accuracy, completeness or suitability. 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.

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**DATE:** May 14, 2020

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

**FROM:** Heather Dyer, General Manager  
Kristeen Farlow, Manager of Water Use Efficiency/External Affairs

**SUBJECT:** Consider Establishment/Re-Establishment of Specific Committees to Facilitate District Negotiation on Key Issues

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The District holds a number of standing Board Workshops each month to discuss District business. These Workshops provide the Board of Directors an opportunity to ask questions of staff and have a discussion on issues that may come before the full Board of Directors for consideration. The current standing Board Workshops are Resources, Engineering and Policy.

In an effort to facilitate District negotiation on key issues, staff is proposing the establishment or reestablishment of specific Committees to address upcoming topics of interest to the District. An Ad-Hoc Committee is different from a standing committee in that it only exists for a specific purpose and once that purpose or objective has been achieved, the Ad-Hoc Committee is dissolved.

Staff is proposing the establishment of three Committees for the following issues/projects:

- San Gorgonio Pass Water Agency and Yucaipa Valley Water District Agreement – In the past several months, Staff has been working with the General Managers of the Pass Agency and Yucaipa Valley Water District to resolve various issues related to long term water supply reliability and cost in that region. This ad-hoc committee would facilitate Board-level discussion amongst the agencies in order to come to agreement on how best to collaborate in the future.

- Forest Headwaters Resiliency Partnership with the San Bernardino National Forest – This Committee would work with staff to facilitate conversations with the San Bernardino National Forest leadership in order to identify opportunities for Valley District to partner on forest management activities that protect and enhance the headwaters of our watershed.
- Legislative Action Team – Staff proposes that this would be a standing Committee, recommended to be a 2-year term, focused on working closely with staff and the District’s state and federal lobbyists to establish legislative priorities and participate in meetings with legislators within the District offices, in Sacramento, and in Washington, D.C., as appropriate.

**Fiscal Impact**

There is no fiscal impact related to the establishment of the Committees.

**Recommended Action**

Discuss the recommended Committees and provide direction to Staff on how to proceed.



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**DATE:** May 14, 2020  
**TO:** Board of Directors Workshop – Policy  
**FROM:** Kristeen Farlow, Manager of Water Use Efficiency/External Affairs  
**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 both 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., (TGGI) is the District’s State lobbyist in Sacramento; Innovative Federal Strategies (IFS) is the District’s Federal lobbyist in Washington D.C.

**State Legislative Highlights**

In the State Legislature, the Assembly returned the week of May 4; the Senate is expected to return the week of May 11. The budget deadline is June 15, and the final deadline to get measures on the November ballot is June 25. The Department of Finance put out a budget outlook report that identifies a \$54.3 billion budget deficit and it is anticipated that we will see budget cuts through the May revisions.

As the session resumes some normalcy, there are several bills Staff is monitoring through TGGI:

- AB 2693 (Bloom) Watershed Restoration Administration: Establishes the Watershed Restoration Administration to coordinate and facilitate the restoration and conservation of the watersheds supplying the Oroville, Shasta, and Trinity Reservoirs and to provide grant funding from the Headwaters Restoration Account for those purposes. Requires the administration to consist of a decision-making body. It is set for a hearing on 5/14/2020 before the Assembly Water, Parks and Wildlife Committee.
- AB 2560 (Quirk) Water quality: notification and response levels: procedures: This bill codifies the process the State Water Resources Control Board undertakes when it sets notification (NL) and response levels (RL). The purpose of the bill is to ensure there is sufficient public notice, comment periods and peer review procedures for NLs and RLs. AB 2560 is sponsored by the California Municipal Utilities Association (CMUA) and the Orange County Water District. It was heard before the Environmental Safety and Toxic Materials Committee on May 6, and is slated for its next hearing on 5/13/2020.
- AB 3256 (Garcia) Wildfire Prevention, Safe Drinking Water, Climate Resilience, Drought Preparation, and Flood Protection Bond Act of 2020: Asm. Eduardo Garcia and his coauthors are amending AB 3256, which is scheduled for a May 13 hearing in the Asm. Natural Resources Committee. It is anticipated that after the Committee hearing on May 13, the bond proposal will move forward with additional amendments.
- SB 1052 (Hertzberg) Water quality: municipal wastewater agencies- Would establish municipal wastewater agencies and would authorize them to enter into agreements with entities responsible for stormwater management to manage stormwater and dry weather runoff, to acquire, construct, expand, operate, maintain, and provide facilities for specified purposes relating to managing stormwater and dry weather runoff, and to levy taxes, fees, and charges consistent with the agency's existing authority in order to fund projects undertaken pursuant to the bill. An April 1 hearing was postponed by committee.
- SB 1099 (Dodd) Emergency backup generators: critical facilities: exemption. Co-sponsored by CMUA and the Las Virgenes MWD, with support from ACWA. Consistent with federal law, would require air districts to adopt a rule to allow critical facilities with a permitted emergency backup generator to use them during a de-energization event or other loss of power, and to test and maintain that generator without having that usage, testing, or maintenance count toward the emergency backup generator's time limitation on actual usage and routine testing and maintenance. This bill includes water and wastewater facilities in the definition of critical facilities. An April 1 hearing was postponed by committee.
- SB 1188 (Stern) The California Water Plan. Requires the Department of Water Resources to include in the plan for the orderly and coordinated control protection, conservation, development, and use of the water resources of the state update instead of discussion of various strategies for increasing regional water resilience. A hearing for April 14 was postponed by committee.
- SB 1386 (Moorlach) Local government: assessments, fees, and charges: water. This bill would specify that "water" for purposes of the Proposition 218 Omnibus Implementation Act also includes the public fixtures, appliances, and appurtenances connected to an above-described system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water from any source. On April 1, this bill was heard by and re-referred to the Committee on Rules.

There is also a new proposal related to the California Infrastructure and Economic Development Bank. It is the Water Resilience Financing Act of 2020; it would provide safe drinking water via bonding up to \$1 billion to assist the State Water Resources Control Board in providing grants and loans for safe drinking water, stormwater, and wastewater projects. More information will be shared as this proposal evolves.

### **Federal Legislative Highlights**

Congress has now passed four bills in response to the coronavirus pandemic, bringing the federal response to more than \$2.8 trillion to provide public health and economic impact relief for families, businesses, state and local governments related to COVID-19. This marks the second month of business and service closures as the COVID-19 global pandemic remains ongoing. Congress introduced HR 6524 the Reopen America Act of 2020 to coordinate a controlled reopening of the country. The measure has been referred to committees of jurisdiction for consideration. While the timing remains uncertain, talks continue around a potential additional round of relief.

The House and Senate chambers remained largely empty during April with the exception of a few days where the House and Senate passed the 4<sup>th</sup> coronavirus response bill. Both chambers have been holding pro forma sessions (*a brief meeting*) twice a week to keep from officially adjourning. While the Senate has reconvened in early May, the House (as of the week of May 4<sup>th</sup>) does not have a timetable for returning to D.C. The House is expected to stay in recess until a “phase IV” bill is ready to be voted on.

With the Senate returning, leaders of the Senate Environment and Public Works (EPW) Committee released two discussion draft bills on April 21 that they hope to advance out of Committee in early May.

- America’s Water Infrastructure Act of 2020, authored by EPW committee members Sens. Shelley Moore Capito (R-WV) and Ben Cardin (D-MD) would Authorize roughly \$17 billion to increase water storage, improve flood protection, deepen U.S. ports, and repair aging wastewater and irrigation systems. The measure would also set a two-year goal for the U.S. Army Corps of Engineers to complete feasibility studies for potential projects and authorize funding to fix aging dams and irrigation systems, and upgrade wastewater systems across the county.
- The Drinking Water Infrastructure Act of 2020, authored by Sens. Kevin Cramer (R-ND) and Tammy Duckworth (D-IL) would provide roughly \$2.5 billion in federal authorizations for water projects, including reauthorizing a Safe Drinking Water Act emergency fund

and \$300 million in grants to assist in the remediation of emerging contaminants, with a focus on perfluoroalkyl and polyfluoroalkyl substances.

A revised “Waters of the United States” published on April 21 will take effect on June 22, 2020 unless a court issues a nationwide injunction in response to lawsuits from states and environmental groups. The new rule from the Environmental Protection Agency limits protections for headwaters like creeks, wetlands and seasonal water bodies caused by snowmelt. It is the final replacement of the Obama Administration’s Waters of the United States (WOTUS) rule. In response, a coalition of 17 states, including California, are suing the Trump Administration - arguing the move ignores science on the interconnectivity of water. At least one agricultural group has also sued, claiming the rule still goes too far.

The FUTURE Drought Act by Rep. Jared Huffman (CA), would create a water storage program, includes authorization of funding for desalination projects, creates a water infrastructure fund, and extends and expands the WaterSMART program. This legislation is expected to be introduced in the coming weeks.

### **Outlook**

In returning to Washington in early May, the Senate began the process of considering additional executive and judicial branch nominees. Senate Majority Leader Mitch McConnell has said the chamber will focus on positions of national security importance or those “mission critical” positions for coronavirus response. The House has made no official announcement as to when it will return to session.

Behind the scenes, negotiations are currently underway on fiscal year 2021 appropriations bills, ways that Congress can work during a pandemic, and on additional response packages for coronavirus response.

### **Recommended Action**

Receive and file.

### **Attachments**

Presentation on State and Federal Legislative Update