



WEST BASIN MUNICIPAL WATER DISTRICT
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746

AGENDA NO. 38

OCTOBER 8, 2008 – Communications
Kwan (Chair), Gray
OCTOBER 27, 2008 – Board Meeting
Prepared by: E.J. Caldwell
Submitted by: Ron Wildermuth
Approved by: Rich Nagel

INFORMATION CALENDAR

LEGISLATIVE UPDATE

SUMMARY:

The California State Legislature worked through the weekend on August 30 and 31, the Constitutional deadline to pass legislation, to take action on more than 800 bills. While the Governor was then afforded 30 days to sign and veto enrolled legislation, the budget stalemate would prevent the Governor from signing any bill for nearly one month. The State Legislature was finally able to negotiate a budget meeting the Governor's demands on September 23.

After signing the state budget, the Governor set to review and take action on the bills passed throughout the legislative session. The deadline to sign or veto legislation was September 30 and to date, the Governor is on pace to record the highest veto percentage since 1967. With more than 300 bills remaining to act on, the Governor has signed 594 bills and vetoed 288 bills. Below is a brief update on several legislative items West Basin actively tracked through the 2008 Legislative Session:

AB 2175, relating to a 20% reduction in urban water demand and authored by Assembly Member Laird and Assembly Member Feuer. As originally drafted, this bill placed an undue burden on the communities within the West Basin service area, as it ignored West Basin's tremendous effort and investment in conservation and recycled water since 1990. The Board took a Support If Amended position on AB 2175 and West Basin took an active role in advocating for amendments related to the baseline year and the proper accounting of recycled water. **AB 2175 failed to pass. Co-author Assembly Member Feuer (West Hollywood) has agreed to reintroduce the bill in 2009.**

AB 885, relating to a proxy voting system for Metropolitan Water District and authored by Assembly Member Calderon. Sponsored by Long Beach Water Department and Central Basin Municipal Water District, this bill amends the Metropolitan Water District Act to provide for a proxy voting system in the absence of an appointed director. As amended, a MWD member agency may assign a proxy voter, to be selected from the member agency elected board or an existing MWD appointed director. The member agency may appoint a proxy for each of its allotted appointments, but may elect to appoint fewer. The proxy voter shall not participate in MWD activities unless the originally appointed director is absent, and all expenses shall be paid by the member agency.

The bill was passed by the CA State Legislature, but was vetoed by the Governor. In the Governor's veto message, the Governor noted that the delay in passing a budget

required the Governor to prioritize and sign bills deemed a high priority for California. AB 885, the Governor noted, did not meet that standard.

SB 1XX, relating to voter approved bond funding and authored by Senator Pro Tem Perata. This bill appropriates \$842 million in funding from Proposition 84 and Proposition 1E to help water agencies address the current statewide drought. These funds include \$200 million to help stabilize the Bay Delta region and \$181 million for integrated regional water management activities. Similar legislation was vetoed by the Governor in 2007. **This bill was passed by the CA State Legislature and was signed by the Governor.**

SB 1391, relating to a statewide recycled water action plan and authored by Senator Padilla. Originally drafted to enable the use of 100% recycled water for the purpose of groundwater recharge and barrier injections, the bill was later amended to require the Department of Water Resources to adopt a statewide water recycling policy, with recommendations, designed to achieve the established goal of 1 million acre-feet of recycled water. West Basin took a support position on this bill.

The bill was passed by the CA State Legislature, but was vetoed by the Governor. In the Governor's veto message, the Governor noted that this bill was not necessary as the State Water Resources Control Board will soon adopt a statewide water recycling policy. West Basin played an active role in the development of the soon to be adopted policy.

AB 2882, relating to conservation rate structures and authored by Assembly Member Wolk. Sponsored by Irvine Ranch Water District, this bill would authorize the use of allocation based conservation rate structures. West Basin took a support position on this bill. **The bill was passed by the CA State Legislature and was signed by the Governor.**

Water Bond. While the Legislature continued to work on the state budget, the prospect for a 2008 water bond remained a possibility. Ultimately, no compromise on a water bond was made, but the Governor continues to urge consensus to a fix in the Bay Delta region and comprehensive plan to the State's water demand. While no proposal was well received by the negotiating parties, three proposals will receive continued discussion:

Governor Schwarzenegger and Senator Dianne Feinstein proposal: This proposal consists of \$9.285 billion in GO bonds. The proposal includes \$3 billion for statewide water system operation improvements (surface storage); \$1.5 billion for integrated regional water management planning, including \$210 million for the greater Los Angeles region; and sets aside \$250 million for water recycling projects.

AB 8XX, authored by Assembly Member Huffman: This proposal consists of \$9.805 billion in GO bonds. The proposal includes \$3 billion for statewide water systems operation improvements, but restricts the use of funds for environmental mitigation or compliance obligations; \$1.5 billion for integrated regional water management planning, including \$210 million for the greater Los Angeles region; sets aside \$500 million for water recycling projects and advanced treatment technologies; and provides \$20 million for water use efficiency programs.

AB 9XX, authored by Assembly Member Plescia: This proposal consists of \$9.98 billion in GO bonds. The proposal includes \$3 billion for statewide water systems operation improvements, which would be identified as a continuous appropriation for future eligible projects; \$1.5 billion for integrated regional water management planning, including \$210 million for the greater Los Angeles region; sets aside \$500 million for water recycling projects and advanced treatment technologies; and provides \$20 million for water use efficiency programs.

Status of the bonds: At issue between the two proposals is the use of funds for "statewide water systems operation improvements", which would include surface storage and conjunctive use as eligible projects (\$3 billion). Intended to fund surface storage programs proposed by the Republican Caucus, specific language is currently being negotiated. According to the Secretary of State Debra Bowen, September 5 was the final deadline to pass a ballot measure for the November ballot; however, a special election would still be a viable option.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 6, Communications – Engage in effective two-way communications of West Basin's programs and policies with the customer agencies and communities we serve.

COMMITMENT STATEMENT:

Water Reliability – West Basin is committed to innovative planning and investments to provide water supply reliability and drought protection.

Customer Service – West Basin is committed to providing value by understanding and meeting the needs of our customers and the communities we serve.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Communications Committee on October 8, 2008 and agendized to the October 27, 2008 Board meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.