

Office of Government Relations

## January 22, 2019 Legislative Update



### FEDERAL ADVOCACY EFFORTS



*U.S. Capitol*

#### Federal Government Shutdown and Impacts on District Projects

The U.S. government has been in partial shutdown since December 21 – the longest shutdown in history – when funding for nine federal agencies lapsed. Congressional leaders and President Trump remain at an impasse, unable to reach agreement on border security spending. The 116th Congress was sworn in on January 3, with the Democrats assuming a 235-199 majority of the House and Republicans holding a 53-47 majority of the Senate, and the shutdown has now carried over into a subsequent Congress.

While two federal agencies with whom the District regularly works – the U.S. Army Corps of Engineers and the Bureau of Reclamation – are fully funded through federal Fiscal Year 2019 and are thus unaffected, the shutdown of other agencies is already having an impact on District projects. The U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and the Environmental Protection Agency all remain closed, halting vital consultation and permit processing on projects like the Lower Penitencia Creek Project. Staff are working closely with our D.C. contacts to ensure that once the agencies reopen, permits for District projects are reviewed expediently so that we can meet established timelines.

#### Presidential Threat to Raid Shoreline Project Funding

On January 11, several news outlets reported that the president had directed the U.S. Army Corps of Engineers (USACE) to identify possible funds from the most recent disaster supplemental appropriations bill that could be diverted to pay for the border wall should Congress refuse to appropriate those funds. USACE named several projects for which funds have not yet been obligated, one of which was the South San Francisco Bay Shoreline Project. Staff are

working closely with our congressional delegation to engage directly with the administration to express opposition to this proposal, and we are considering all other possible options on the table to preserve funding for the Shoreline Project.

### STATE ADVOCACY EFFORTS



*State Capitol*

#### Governor Newsom Takes Office

On January 7, Governor Gavin Newsom and the other 11 state constitutional officers took their oaths of office. In his first speech as governor, Newsom quickly characterized the Administration in Washington as "hostile to California values and interests" and pointed to federal roll backs in the regulation of clean air and water. He emphasized that "we all are touched by the human condition" and pointed to homelessness, the lack of safe drinking water, stagnant wages, education shortfalls, children's hunger, and unaffordable healthcare. He pledged to represent the whole state, calling out rural communities in particular. He concluded that "America needs California. It is where America's future is made." Staff will be engaging with key members of the Newsom Administration over the coming weeks and months to foster positive working relationships and to ensure key officials understand the District's mission, operations, and policy perspectives.

#### Proposed 2019-20 State Budget

On January 10, Governor Newsom presented his proposed 2019-20 State Budget with total expenditures of \$209 billion, a 4% increase over last year. In his presentation, the governor spoke briefly about the California Water Fix, saying he is "committed to conveyance," but "concerned about twin tunnels." He backed away from the re-establishment of redevelopment agencies as a means to

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build more affordable housing, saying the state is spending more on housing in his budget than it ever did under redevelopment. Historically, a redevelopment agency's share of property taxes was taken from funds originally intended for counties, schools, and special districts, including water districts like ours.

Referring to the tax on water bills proposed by Senator Bill Monning (D-Carmel) to fund safe drinking water programs for disadvantaged communities, Newsom said, "We have to get the Monning fee done," and his budget proposes the creation of a fund in which to deposit the proceeds. Most observers expect some form of a fee on water bills to be proposed by the administration, either through a legislative bill or a budget trailer bill. Regarding staffing at state agencies to speed the release of flood subvention funds and to expedite environmental permitting, there appears to be no staffing increases in the proposed budget for these purposes. Staff will continue to evaluate state budget proposals and apprise the Board of any impacts on the District.

### District-Sponsored Contracting Threshold Bill

The District is planning to sponsor a bill to increase the threshold for projects that require a formal competitive bidding process, from \$25K to \$50K. Bill language is being drafted by Legislative Counsel and staff have begun to discuss the bill with stakeholders and a potential author. The bill introduction deadline is February 22.

### Update on Recent State Water Board Regulatory Actions

The State Water Resources Control Board (State Water Board) has numerous regulatory proceedings underway that may impact District operations, and on which staff are engaged in advocacy efforts.

1. **Waters of the State** – On January 3, the draft definition of "wetland" and draft procedures for discharges of dredge and fill materials to water of the state were released by the State Water Board. Following a stakeholder workshop, the Board tentatively plans adoption on February 5. District staff and outside counsel are reviewing the changes and considering if further comment or other action is appropriate.
2. **Low Income Water Rate Assistance** – On January 3, the State Water Board also released for public comment a draft report to the Legislature, required by AB 401 (Dodd, 2015), on recommendations for a statewide low income water rate assistance program. The report suggests an income tax on those earning more than \$1m per year and a bottled water tax that together would generate \$619m in annual revenue. With the income eligibility threshold for the program set at 200% of the Federal Poverty Level, some rural and smaller water districts could have up to 87 percent of their ratepayers receiving assistance. Staff is reviewing the report with an understanding that a 2/3 vote of the Legislature would be necessary to implement new taxes.

3. **State Water Board Chair** – The term of State Water Board Chair Felicia Marcus expires on January 15. Governor Newsom has not indicated if he will reappoint Marcus or appoint another person to lead the Board. That decision may reveal whether the new Administration wants to stay the course on state water policy or chart a new one.

## LOCAL ADVOCACY AND ENGAGEMENT EFFORTS



District Water Truck

### Community Event Engagement

The District is looking forward to engaging Santa Clara County's communities with another full community event season in 2019, including events that feature the District's new water truck. Through this unique program, the District Board and staff engage with hundreds of thousands of people across Santa Clara County and connect directly with tens of thousands of people from our diverse community. With the addition of the water truck, the District has been able to promote the quality and taste of our water and engage with the public at an even higher level. Community events also provide board members direct access to residents to update them on the District's priority projects and initiatives. Below is a preliminary list of community events in which the District will participate in 2019.

### 2019 COMMUNITY EVENTS HIGHLIGHT:

January 17, 2019

South Valley Engineering and Science Fair

March 14, 2019

Santa Clara Valley Science and Engineering Fair

February 9, 2019

Science Extravaganza

March 31, 2019

Morgan Hill Wildflower Run

February 22, 2019

Landscape Committee Summit