



Santa Clara Valley Water District

File No.: 20-0967

Agenda Date: 10/27/2020

Item No.: *3.2.

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

SUBJECT:

Approve Recommended Position on Federal Legislation: H.R. 8166 (Cox) - Western Water Storage Infrastructure Act; and *H.R. XXXX - Coronavirus Stimulus Bill (Phase 4).

REASON FOR SUPPLEMENTAL MEMORANDUM:

This supplemental Board agenda memorandum conveys additional information received after the initial agenda item was released, consistent with Executive Limitations Policy EL-7-10-5.

RECOMMENDATION:

- A. Adopt a position of "Support and Amend" on H.R. 8166 (Cox) - Western Water Storage Infrastructure Act; and
- B. *Adopt a position of "Support and Amend" on H.R. XXXX - Coronavirus Stimulus Bill (Phase 4).

SUMMARY:

B. H.R. XXXX - Coronavirus Stimulus Bill (Phase 4)

Recommendation: Support and Amend

Priority Recommendation: 2

As the nation continues to grapple with the novel coronavirus pandemic, Congress is currently developing another federal stimulus package to provide economic relief to the nation. To date, Congress has passed four bills aimed at providing funding for a national response to the disease and immediate relief to workers. These include three large packages (Phases 1-3) and one smaller package (Phase 3.5). Congressional leaders recently restarted negotiations with the White House on another large package (Phase 4). Any package under development is expected to include financial relief for Americans and businesses suffering from the coronavirus pandemic.

Proposed Amendment:

In order to better serve the interests of Valley Water, staff recommends the following amendment to the next stimulus package that would reduce Valley Water's future financial liability:

- 1. Amend Internal Revenue Service (IRS) rules to allow any public or private employee to:
 - a. Sell back more vacation hours than he/she will accrue in any given year (e.g., those accrued from prior years); and

- b. Sell back vacation hours in the same year they accrue.

Status:

As of this writing, the path forward for this legislation is uncertain. In September and early October, House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin held several negotiations over funding levels and content of the next stimulus package. Meanwhile, on October 6, the House passed the Heroes Act (H.R. 925), a \$2.2 trillion coronavirus relief package that the White House signaled that it would not support. Then on October 6, the President instructed Secretary Mnuchin to stop negotiating with Speaker Pelosi until after the November 3 elections. The President has changed his mind since then, however, and talks have restarted. Negotiations are ongoing but the path to resolution remains unclear.

Importance to Valley Water:

Valley Water provides an essential service to the people of Santa Clara County, one of the hardest hit counties in the nation during this novel coronavirus pandemic. Valley Water employees ensure that residents have reliable access to safe, clean water and are protected from flooding. As the State of California and local governments are stretched financially during this crisis, Valley Water's ability to access federal funding and support is critical.

In addition to funding for infrastructure projects and priorities for which Valley Water staff is already advocating, this next coronavirus stimulus package could present an opportunity to amend the IRS rule that places limits on vacation sell back programs and poses a future financial liability for Valley Water due to the higher vacation leave balances that may arise from such restrictions. Current IRS rules stipulate that an employee can only sell back the amount of vacation hours he/she will accrue in the following calendar year, nor can he/she sell back vacation hours in the same year that they accrue. Changing this rule would allow Valley Water to pay out more than an employee will accrue in any given year, as well as pay out in the same year the hours are accrued, should the employee elect to do so. This will help address this future financial liability for Valley Water.

Pros:

- The proposed amendment would help reduce Valley Water's future financial liability.

Cons:

- None identified at this time.

FINANCIAL IMPACT:

There is no change to the originally reported financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

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ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

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