



Santa Clara Valley Water District

File No.: 18-0939

Agenda Date: 1/22/2019

Item No.: 2.8.

BOARD AGENDA MEMORANDUM

SUBJECT:

Santa Clara Valley Water District Government Relations Program Update and Legislative Outlook.

RECOMMENDATION:

- A. Receive information on the 2018 Santa Clara Valley Water District (District) government relations advocacy and stakeholder engagement program; and
- B. Provide input on current and future challenges, goals, and accomplishments since the last presentation to the Board of Directors.

SUMMARY:

On an annual basis, staff has presented the Board with updates on the District's government relations advocacy and stakeholder engagement program. The last update was presented on January 23, 2018.

BACKGROUND

The Office of Government Relations advocates at the local, regional, state, and federal levels to promote the water supply, flood protection, revenue enhancement, and environmental stewardship interests of the District and the residents of Santa Clara County, in alignment with the Board's legislative priorities. Consequently, the District's government relations program cultivates strategic relationships with a variety of policymaking bodies and advocacy stakeholders, including elected officials, regulatory agencies, administrative agencies, and key advocacy groups. In addition, every October the Board reviews and adopts legislative policy proposals and legislative guiding principles that form the foundation for the District's advocacy efforts. The 2019 Legislative Guiding Principles and Proposals adopted by the Board in October 2018 are included as Attachment 1.

FEDERAL ADVOCACY AND STAKEHOLDER EFFORTS

The federal government operates on a long-term horizon, with bills introduced in one two-year congressional session and, if not enacted into law, requiring reintroduction in future sessions. Efforts at the federal level involve direct engagement and ongoing communication with Congress and administrative agencies on legislative and regulatory matters affecting the District's projects and priorities. In addition to staff's advocacy efforts, we also use Washington, D.C.-based consultants who have extensive experience and established relationships with policymakers and administration officials.

Federal Advocacy and Engagement

Staff meets with the District's congressional delegation in their local offices at least twice yearly and regularly communicates with their staff in Washington, D.C., to keep them informed of various projects and priorities. Staff also creates opportunities for the Board to dialogue directly with Members of Congress and other key federal officials on important policy issues, legislation, and regulatory concerns.

Washington, D.C., Advocacy Trips

Twice yearly, District Board members lead a District delegation on advocacy trips to Washington, D.C., to advance the Board's and District's federal projects and priorities. In 2018, Chair Richard Santos led the District teams on both trips to Washington, D.C. Over three days, the delegation met with dozens of key officials, including Members of Congress and officials from the U.S. Army Corps of Engineers (USACE), the Bureau of Reclamation (Reclamation), the Office of Management and Budget (OMB), the Environmental Protection Agency (EPA), and the U.S. Fish and Wildlife Service (USFWS), among others.

Key Federal Legislation

In 2018, staff brought 21 federal bills to the Board for positions, listed in Attachment 2. With Board-approved authority, staff then actively educated our congressional delegation and advocated for the Board's position on each bill, addressing water recycling, water efficiency, innovative water infrastructure financing, tax parity for water conservation rebates, and regulatory agency streamlining, among other topics.

Federal Successes

Even though the federal program operates on a long-term horizon due to the nature of the federal legislative and budgetary process, the District had the following key successes in 2018:

1. Worked with Senator Dianne Feinstein, Senator Kamala Harris, and others in the county's congressional delegation to advocate for and secure full construction funding for Phase I of the Shoreline Project (Economic Impact Area 11) in the FY 2018 Supplemental Appropriations Act, effectively granting the New Start designation and allowing construction to move forward.
2. Worked with Representative Zoe Lofgren and others in the delegation to advocate for and secure \$500,000 under the USACE FY 2019 work plan to initiate the feasibility study for Phase II of the Shoreline Project (Economic Impact Areas 1-10).
3. Worked with the Offices of Governor Jerry Brown and members of the congressional delegation to advocate for a funding path for the Pacheco Reservoir Expansion Project (Pacheco Project). This included having Governor Brown send a letter to Interior Secretary Ryan Zinke requesting that the Secretary designate the Pacheco Project a "State-led storage project" under the Water Infrastructure Improvements for the Nation (WIIN) Act of 2016, and having delegation members send a letter to Reclamation Commissioner Brenda Burman expressing support for including the Pacheco Project as an alternative in the San Luis Low Point Improvement Project feasibility study.
4. Worked with Representative Zoe Lofgren and others in the delegation to advocate for and

secure \$646,500 in the USACE FY 2018 work plan - an increase over the District's request of \$500,000 - for the San Francisquito Creek Flood Protection Project.

5. Executed one of the first joint feasibility studies with USACE staff for the Coyote Creek Flood Protection Project, approved under Section 1126 of the WIIN Act of 2016. This feasibility study will culminate in a report that will help determine whether there is a federal interest in funding the project.
6. Conducted high-level advocacy tours of the Shoreline Project for federal elected officials and high-ranking USACE officials. This included a celebration event with Senator Feinstein to mark the award of full construction funding for Phase I, as well as a tour with Assistant Secretary of the Army (Civil Works) R.D. James, the highest ranking USACE official.

STATE ADVOCACY AND STAKEHOLDER EFFORTS

Our work in Sacramento involves protecting the District's interests and advocating on state legislative, regulatory, and budgetary items. Staff routinely meets with members of the Legislature, the Office of the Governor, and key agencies on legislative and regulatory issues. Staff also utilizes a consultant with an extensive network of established relationships with policy makers to assist in the advancement of the District's interests at the State Capitol. Staff reviews nearly 2,500 bills and numerous regulatory proposals for impacts on the District; consults with District staff regarding significant policy issues; brings legislation before the Board for consideration of positions; and educates officials about District positions and concerns, engaging them for advocacy in support of District interests.

State Advocacy and Engagement

Once a legislative position is approved by the Board, staff advocates for the District's position with the members and staff of the Legislature, the Office of the Governor, regulatory agencies, and other stakeholders. Staff also monitors and engages on regulatory issues as needed to advance the District's interests.

Regulatory issues in 2018 were numerous, including regulatory actions by the State Water Resources Control Board on Water Conservation, Recycled Water Policy, Dredge and Fill Materials in Waters of the State, the Water Quality Control Plan for San Joaquin River, and the Change in Points of Diversion for the state and federal water projects, along with key decisions by the California Water Commission regarding the allocation of Proposition 1 Water Bond funding and by the Delta Stewardship Council regarding the California WaterFix.

Sacramento Legislative Days at the Capitol

The Office of Government Relations coordinated its annual series of State Legislative Days for District Board members on May 15-16. Chair Santos, Director Varela, and Director Estremera led the District's team in 18 meetings over two days and included meetings with legislators, state agency officials, and the Office of the Governor. The District advocated for three District-sponsored bills, financial assurances for long-term mitigations in lieu of endowments, the WaterFix, and funding for flood protection, the Pacheco Reservoir Expansion Project (Pacheco Project), and expedited permit processing.

Key Legislation

In 2018, staff brought 30 state bills, resolutions, budget items, or bond measures to the Board for positions, which are also included in Attachment 2. Staff then advocated for the Board-approved positions with the Legislature. Of those 30 items with Board-approved positions, 16 resulted in the Board's desired outcome.

State Successes

In 2018, the District had several legislative successes at the state level:

1. The District secured legislative passage of three District-sponsored bills, with two ultimately signed by the Governor.
 - **AB 1889 (Caballero) District Act Revisions - Signed by the Governor** - Streamlines the parcel tax exemption process for low-income seniors, increases the number of compensable meeting days for the Board from 10 days per month to 15 days per month, and requires that persons appointed to fill Board vacancies reside in the electoral district in which the vacancy occurs.
 - **SB 881 (Wieckowski) Shoreline Project State Subvention Authorization - Signed by the Governor** - Authorizes the South San Francisco Bay Shoreline Project to receive State Flood Control Subventions reimbursements. Initial estimates are that \$4 million to \$7 million in project expenditures will be reimbursed by the state.
 - **SB 1301 (Beall) Expedited Permitting for Flood Protection & Dam Safety - Vetoed by the Governor** - Would have created a mechanism for fee-for-service supplemental consultation provided by state agencies to expedite permitting for flood and dam safety projects.
2. Proposition 1 Funding for Pacheco Reservoir Expansion Project: On July 24, 2018, the California Water Commission approved conditional funding amounts for the Water Storage Investment Program, with the District's Pacheco Project qualifying for \$484.55 million. Staff recruited supportive public comments at Commission meetings and secured support from legislators and organizations.
3. Water Conservation: The District secured crucial amendments for urban wholesale water suppliers to AB 1668 (Friedman) and SB 606 (Hertzberg), creating new water conservation and drought planning requirements.
4. Proposition 68: On February 27, 2018, the District Board took a position of support for Proposition 68, placed on the ballot by SB 5 (De León, 2017). Staff had advocated for flood control funding to be included in SB 5. On June 5, 2018, California voters approved Prop 68 to provide a total of \$4.1 billion for water, parks, and environmental protection, including \$200 million for statewide flood protection.

LOCAL/REGIONAL ADVOCACY AND ENGAGEMENT

Similar to the work at the federal and state levels, the District's local and regional government relations programs involve direct engagement and communication with elected and appointed officials in all 15 cities of Santa Clara County, the County Board of Supervisors, both open space agencies, and the San Francisco Bay Restoration Authority. The local and regional government

relations staff also proactively engages with the field staff for the 11 members of the state delegation, as well as with key advocacy stakeholders including business, civic, environmental, and diversity organizations.

2018 Local and Regional Successes

In 2018, the District had many local and regional successes that advanced the District's interests and Board priorities. A full list of tours, events, and sponsorships is included in Attachment 3. Highlights included:

1. Advanced District projects and priorities with elected officials, regulatory agency representatives, and advocacy stakeholders by conducting eight tours of key water supply, flood protection, and environmental restoration projects. Highlights included a tour of the Advanced Water Purification Center for the Silicon Valley Organization; a tour of the Shoreline Project for media and State Senator Bob Wieckowski; and a tour of the Shoreline Project for Assistant Secretary of the Army for Civil Works, R.D. James, the top-ranking official at the U.S. Army Corps of Engineers.
2. Educated, engaged, and bolstered support for District priorities with communities across Santa Clara County by sponsoring and participating in 40 community events, where the District highlighted water conservation, purified recycled water, and community-specific projects. 19 of these events included the District's new water truck, which was in great demand.
3. Supported the District's and Board's presence at a variety of civic, business, diversity and inclusion, and professional events by sponsoring 61 community events that had a nexus to and advanced the District's mission, vision, and goals.
4. Supported four local/regional ballot measures that impacted District priorities, including San José Measure T, which voters passed in November, to fund infrastructure/disaster preparedness and improve stormwater management in order to prevent flooding and creek pollution. A list of the four local/regional ballot measures with Board-approved positions is included in Attachment 2.
5. Conducted a record eight joint meetings of the Board of Directors with six cities, the County of Santa Clara, and the Guadalupe-Coyote Resource Conservation District. The joint meetings covered issues of mutual concern, including the need for additional joint emergency action plans, strengthening collaboration on addressing homeless encampments, moving the Shoreline Project forward, and educating on the Anderson Dam Seismic Retrofit Project, the Pacheco Project, water supply strategies, and rate-setting issues.

2019 Legislative Outlook

With a new Democratic leadership in the U.S. House of Representatives, including new leadership in certain key committees, there are strong prospects for advancing District priorities and proposals. However, with a now-divided Congress, enacting federal legislation will be difficult and finding bipartisan consensus will be critical. A robust and aggressive advocacy effort will be needed to fight for the District's high-profile projects and priorities. While both the administration and Congress have placed infrastructure as a high-priority agenda item for 2019, the District must engage in strong, strategic efforts to safeguard and advance its interests.

The outlook for progress at the state level is promising. With the election of Gavin Newsom as Governor and a Democratic supermajority in both the Senate and Assembly, staff is looking forward to another productive year. The District's state advocacy efforts, as well as our local/regional engagement activities, will also continue to be vigorous and build upon our 2018 successes so that the Board's priorities and the District's interests are protected and advanced at all levels.

2019 Legislative Proposals, Policies, and Priorities

Guided by the Board of Directors' adopted 2019 Legislative Policy Proposals and Guiding Principles, and contingent upon an approved budget for FY 2020, staff is planning the following new legislative policies and proposals in 2019 (for the full list, see Attachment 1):

- Sponsor state legislation to:
 - Increase the contracting threshold requiring competitive bidding from \$25,000 to \$45,000, or another amount based on further discussions with stakeholders;
 - Allow mitigation credit for homeless encampment cleanup; and
 - Work with the Water Utility's cross-functional task force to develop recommendations for the tasting and bottling of advanced purified water; and
- Seek permit and fee exemptions from local jurisdictions to remove hazardous trees from District property.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

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

ATTACHMENTS:

Attachment 1: 2019 Legislative Guiding Principles and Policy Proposals

Attachment 2: Key Legislation and Ballot Measures

Attachment 3: Tours, Community Events, and Sponsorships

Attachment 4: PowerPoint

UNCLASSIFIED MANAGER:

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