

AGENDA
IRVINE RANCH WATER DISTRICT
WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE
MONDAY, DECEMBER 9, 2019

CALL TO ORDER 3:00 p.m., Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE Committee Chair: Mary Aileen Matheis _____
Member: John Withers _____

ALSO PRESENT

Paul Cook	_____	Paul Weghorst	_____
Beth Beeman	_____	Cheryl Clary	_____
Fiona Sanchez	_____	Christine Compton	_____
Mark Tettermer	_____	Amy McNulty	_____
Wendy Chambers	_____	Kellie Welch	_____
Ray Bennett	_____	Jo Ann Corey	_____
_____	_____	_____	_____

NOTICE: If you wish to address the Committee on any item, please file your name with the Committee. Forms are provided at the meeting. Remarks are limited to three minutes per speaker on each subject.

COMMUNICATIONS

1. Notes: Weghorst
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

ACTION CALENDAR

5. REVIEW OF 2019 GOVERNMENT RELATIONS ACTIVITIES AND 2020 LEGISLATIVE AND REGULATORY ISSUES PLANNING – COMPTON / COOK

Recommendation: That the Board provide input on the proposed 2020 regional, state and federal legislative issues of interest to IRWD, and receive and file the proposed “Initial 2020 Legislative and Regulatory Resource Allocation Plan” and the “Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2020.”

ACTION CALENDAR - Continued

6. WATERSMART SOFTWARE VARIANCE NO. 1 – BAQUERIZO / HASTINGS / MCNULTY / SANCHEZ / WEGHORST

Recommendation: That the Board authorize the General Manager to execute Variance No. 1 to the Professional Services Agreement between IRWD and WaterSmart Software Inc. in the amount of \$243,850.

OTHER BUSINESS

7 Directors' Comments

8. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office.

The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

December 9, 2019
Prepared and
submitted by: C. Compton
Approved by: Paul A. Cook 

WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE

REVIEW OF 2019 GOVERNMENT RELATIONS ACTIVITIES AND 2020 LEGISLATIVE AND REGULATORY ISSUES PLANNING

SUMMARY:

This report provides a review of IRWD's 2019 legislative and regulatory priorities and government relations activities. It also provides an overview of expected 2020 legislative and regulatory issues in Washington, D.C., Sacramento, and regionally. Also described are proposals that the District's associations and stakeholders are sponsoring. The report proposes an initial 2020 staff resource allocation plan for legislative and regulatory issues of importance to IRWD in the coming year. Staff recommends that the Board provide input on the proposed 2020 regional, state and federal legislative issues of interest to IRWD, and receive and file the proposed Initial 2020 Legislative and Regulatory Resource Allocation Plan and the Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2020.

BACKGROUND:

2019 IRWD Priorities and Activities:

In November 2018, the Board reviewed an overview of expected 2019 legislative issues in Washington, D.C. and Sacramento, including proposals that the District's statewide associations we were considering for introduction. At that time, the Board adopted the Initial 2019 Legislative and Regulatory Resource Allocation Plan and the Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2019, which guided the District's governmental relations activities this past year.

The 2019 priorities authorized staff to oppose any statewide tax on water inconsistent with the Board's adopted policy, and to actively engage in the discussions related to implementation of the "Making Water Conservation a California Way of Life" legislation. Additionally, the priorities sought recognition of emergency water supplies, engagement in the discussions surrounding water and sewage rates, and other proposed charges, in order to protect IRWD's ability to design and use its water budget-based tiered rate structure, and engagement with the State Water Resources Control Board and Department of Water Resources (DWR) on policy, regulatory and permit issues of concern to IRWD. Over the past year, staff and IRWD's state legislative and regulatory advocates worked on each of these issues and other issues of importance to the District including legislation related to the Surplus Land Act, and a variety of other regulatory issues.

At the federal level, staff and IRWD's federal legislative advocate engaged on the Bureau of Reclamation's Title XVI Water Reclamation and Reuse Program, and advocated for the reauthorization of the federal water storage program. Additionally, staff and IRWD's federal legislative advocate began implementation of a multi-year strategy to obtain federal funding for the Kern Fan Groundwater Storage Project.

At the local level, IRWD continued to work to build stronger relationships with its partner agencies and community stakeholders. Additionally, staff worked to seek amendments to the South Coast Air Quality Management District's proposed amendments to Rule 1403. Rule 1403 governs construction and demolition activities that involved materials containing asbestos. The amendments sought by IRWD to Rule 1403 would help mitigate the proposed amended Rule's impact on District operations.

The District also approached the Santa Ana Regional Water Quality Control Board again regarding the use of recycled water in decorative lakes. The conversations with the Regional Board regarding adjusting storm-induced overflow protections and expanding the use of recycled water in decorative lakes will continue into 2020.

Expected 2020 Federal Legislative and Regulatory Issues:

While it is expected that in 2020 Congress will work on a number of issues of interest to the water and wastewater communities, final action on policy changes, authorizations or appropriations sought by these communities may be challenging given Congress' attention on presidential impeachment and the upcoming primary and general elections. Despite the challenging political environment for obtaining bicameral action on legislation before Congress, staff and the District's federal advocates will continue to seek progress on the key issues of interest to IRWD.

Staff will discuss the expected 2020 political environment and federal issues with the Water Resources Policy and Communications Committee. Among the federal issues staff will discuss with the Committee are:

- Reauthorization of the Water Storage Program;
- Authorization and appropriation of funding for a Bureau of Reclamation work plan;
- Federal funding for the Kern Fan Groundwater Storage Project;
- Authorization of a 2020 Water Resources Development Act (WRDA); and
- Possible creation of a federal dam safety program.

Expected 2020 Statewide Legislative Issues:

As is the case at the beginning of each legislative year, it is expected that the California Legislature and State regulatory agencies will take up a number of issues of interest to the water and wastewater communities in 2020. Staff will discuss the expected 2020 political environment and state issues with the Water Resources Policy and Communications Committee.

More detailed information is also provided below on several expected issues of significant importance to the District.

“Making Water Conservation a California Way of Life”:

In response to the five-year statewide drought, Governor Brown issued Executive Order B-29-15 on April 1, 2015, mandating a 25 percent reduction in statewide potable water use between June 2015 and February 2016. On May 5, 2015, the State Board adopted an Emergency Regulation to implement the provisions of the Executive Order. On May 9, 2016, Governor Brown issued Executive Order B-37-16, which required the state to transition from the temporary restrictions implemented during the drought to a statewide long-term conservation framework that aligns with the objective of the California Water Action Plan to “Make Water Conservation a California Way of Life.” In 2018, in response to the Governor’s call to “Make Water Conservation a California Way of Life,” the legislature passed AB 1668 (Friedman, D-Glendale) and SB 606 (Hertzberg, D-Van Nuys). As enacted, the bills:

- Give the State Board one-time authority to set certain water use efficiency standards and implement water use objectives/targets;
- Authorize the State Board to establish guidelines and methodologies to identify how urban water use objectives/targets are to be calculated and reported;
- Require that urban retail water suppliers annually calculate an urban water use objective and report on accomplishments;
- Establish indoor water use efficiency standards through statute at 55 gallons per person daily (GPCD) until 2025, establish the indoor standard at 52.5 GPCD until 2030 and at 50 GPCD after 2030;
- Authorize the State Board to establish outdoor water use efficiency standards for residential landscapes and commercial, industrial and institutional (CII) irrigation based on the principles of the Model Water Efficient Landscape Ordinance;
- Authorize the State Board to establish performance measures for CII water use. Process water was excluded from the performance measures;
- Grant permissive, not mandatory, authority to the State Board to establish variances to the efficiency standards;
- Provide up to a 15 percent bonus for potable reuse supplies;
- Grant the State Board with new enforcement powers; and
- Modify the Urban Water Management Planning Act to require urban water suppliers to develop enhanced Urban Water Management Plans, enhanced Water Shortage Contingency Plans, Drought Risk Assessments, and an annual Water Supply and Demand Assessment.

In 2020, the State Board and DWR’s efforts to implement these two bills is expected to be substantial. As IRWD was active in the policy discussions surrounding the drafting of AB 1668 and SB 606, the District will continue to be active in the implementation of the two bills with the goal of ensuring successful statewide implementation of the legislation. As part of the many issues that need to be addressed in the implementation process, IRWD will continue to seek recognition for emergency supplies – an issue not addressed in the “Making Conservation a Way of Life” legislation.

Additionally, in 2020, the State Board will likely consider adopting several different regulations related reporting requirements for water agencies, and other regulations related to the implementation of any water conservation legislation passed by the Legislature. IRWD will continue to engage productively on water conservation in California and any related regulations before the State Board.

Recycled Water Use in Decorative Lakes and Storm-induced Overflow Restrictions:

As California continues to deal with increasing demands on its fresh water resources, regulatory challenges related to storm-induced overflow restrictions on recycled water impoundments continue to limit water suppliers' abilities to expand recycled water use. One such use is the use of recycled water in decorative lakes. While the use is permitted, storm-induced overflow restrictions limit the use of recycled water in these decorative bodies of water.

In order to avoid a discharge of recycled water during the wet weather season and to ensure compliance with State Board policies, some Regional Boards require the drawdown of water levels stored in these impoundments to reduce the likelihood of a storm-induced overflow. These storm-induced overflow restrictions affect small recycled water impoundments (e.g., frost protection ponds, decorative lakes, golf course ponds) in addition to large recycled water storage facilities. In the case of very small impoundments, storm-induced overflow restrictions often limit use of the impoundment during winter months and discourage customers from using recycled water.

Over the years, IRWD has heard from homeowners associations interested in using recycled water to refill their decorative lakes. The District has explained the regulatory challenges to these HOAs and IRWD's efforts to work with the State Board to find a solution to mitigate the impact of storm-induced overflow restrictions. Staff has continued conversations with the Regional Board on the use of recycled water in decorative lakes to replace evaporative water losses. Staff will continue to work towards a solution to this issue.

Other State Issues of Interest to IRWD:

In addition to the two issues discussed above, staff will discuss the following state legislative and regulatory issues with the Committee:

- Proposals to limit fees charged to housing developments, including water and wastewater connection fees;
- Legislation related to the Surplus Land Act;
- Water Resilience Portfolio;
- Emergency supplies;
- Water and resilience bond(s);
- Wildfire response and Public Safety Power Shut-offs (PSPS) impacts;
- Safe Drinking Water Fund implementation;
- Low Income Rate Assistance Program funding proposals;

- Proposals related to contaminants of emerging concern (CECs) and per- and polyfluoroalkyl substances (PFAS);
- Limitations on ocean discharges;
- 2020 efforts related to recycled water;
- Treatment of biosolids under the SB 1383 regulations; and
- State Board and other State agency regulations.

Expected 2020 Government Relations Activities and Staff Resource Allocations:

Staff will present a proposed list of issues of high concern to IRWD for 2020, which is attached as Exhibit “A”, and a proposed initial allocation plan for allocating 2020 staff resources to legislative and regulatory issues, which is attached as Exhibit “B”. The allocation will provide guidance to staff for committing District and outside resources.

Expected 2020 Association Proposals:

IRWD’s association and industry partners are in the process of completing their 2020 legislative planning. A summary of those planning efforts is provided below:

Association of California Water Agencies (ACWA):

ACWA held its 2020 legislative planning meeting on October 25, 2019. The ACWA State Legislative Committee considered three proposals for sponsorship in 2020, and decided to sponsor two of the proposals. This next year, ACWA will be sponsoring legislation related to PSPS events and zero-carbon energy sources. As both of these proposals take shape and are further refined, staff will provide updates to the Committee and the Board.

Bioenergy Association of California (BAC):

The Bioenergy Association of California annual planning, development of its legislative priorities and possible legislative proposals will occur at its membership meeting on December 10. Staff will provide an update on new developments.

California Municipal Utilities Association (CMUA):

CMUA held its 2020 legislative and regulatory planning meeting on November 13. The CMUA Legislative Committee considered sponsorship of five proposals. In 2020, CMUA will be considering sponsoring legislation related to Notification Levels/Response levels, PSPS events, CECs, drought planning for small water systems, and metallic balloons. As the proposals are more clearly defined, staff will provide the Committee and Board with updates, as appropriate.

California Association of Sanitation Agencies (CASA):

CASA has not yet met to discuss its 2020 legislative and regulatory efforts. The planning meeting will be held on December 13. As of the writing of this report, no specific proposals or topics have been released for consideration at the meeting although the association will continue to pursue legislation related to flushable wipes labeling. Staff will provide an update on any new developments.

California Special Districts Association (CSDA):

CSDA held its 2020 legislative and regulatory planning meeting on October 24, 2019. CSDA considered sponsorship of two proposals. The first was sponsorship of a joint resolution recognizing Special Districts Week and the second relates to the repeal of unfunded State mandates. Staff will provide updates to the Committee and the Board, as these proposals move forward.

WateReuse California:

The WateReuse Association of California has not met to discuss its 2020 legislative and regulatory efforts. Staff will provide the Committee and the Board with an oral update on any new developments.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

That the Board provide input on the proposed 2020 regional, state and federal legislative issues of interest to IRWD, and receive and file the proposed “Initial 2020 Legislative and Regulatory Resource Allocation Plan” and the “Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2020.”

LIST OF EXHIBITS:

Exhibit “A” – Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2020
Exhibit “B” – Proposed Initial IRWD’s 2020 Legislative and Regulatory Resource Allocation Plan

EXHIBIT “A”

LEGISLATIVE / REGULATORY ISSUES AND ACTIVITIES OF HIGH CONCERN TO IRWD IN 2020

As a state and federal leader in water resources public policy and governance, the IRWD works to promote policy initiatives that allow the District, along with other water purveyors in California, to enhance the quality and reliability of water supplies throughout the state. While IRWD will engage in a number of legislative and regulatory issues of interest to the District, the following are specific issues and activities of high concern to IRWD in 2020:

2020 Federal Issues and Activities of High Concern:

- 1) Seek federal funding for the Kern Fan Groundwater Storage Project.
- 2) Advocate for the reauthorization of the federal Water Storage Program and an increased funding authorization for the program.
- 3) Advocate that any Bureau of Reclamation work plan authorized by Congress include funding for water storage projects.
- 4) Within the Water Resources Development Act, seek the creation of a federal dam safety program to provide federal funding to improve dam safety and modernization at reservoirs used for water supply.

2020 State Issues and Activities of High Concern:

- 1) Protect IRWD’s various revenue sources and method of setting rates and other charges in order to ensure that the District can continue to provide high quality services to its customers at low rates. Specifically, retain the District’s ability to set cost-based connections fees, to design and use its water budget-based rate structure, and to earn an adequate return on its real property investments.
- 2) Actively engage in the implementation of “Making Water Conservation a California Way of Life” legislation, including implementation of SB 555 which requires the State Water Resources Control Board to set a water loss performance standard by July 1, 2020.
- 3) Seek regulatory language that recognizes the importance of emergency water supplies in water resiliency, permits pre-emergency designation of such supplies, and protects their use during droughts or other water shortages. Seek State agency action consistent with the Initial Actions proposed in IRWD’s Water Resilience Policy Paper.
- 4) Engage in the discussions surrounding California water resiliency advocating that IRWD’s Water Resilience Portfolio principles and the “initial actions” contained in the policy paper are implemented either in the Governor’s Water Resilience Portfolio or through other means, including in any resiliency bond passed in 2020.
- 5) Consistent with the Board’s adopted policy on a statewide public goods charge, oppose a statewide tax on water for Low Income Rate Assistance or to fund other resiliency efforts.
- 6) Engage with the State Board and the Department of Water Resources on policy, regulatory and permits issues of concern to IRWD.

2020 Regional Issues and Activities of High Concern:

- 1) Seek amendments to the South Coast Air Quality Management District's Proposed Amended Rule 1403 to clarify the application of the rule and to mitigate operational impacts on utilities with underground infrastructure while protecting public health during utility construction and demolition activities involving asbestos containing materials.
- 2) Engage with the Santa Ana Regional Water Quality Control Board and community stakeholders to discuss adjusting storm-induced overflow protections and expanding the use of recycled water in decorative lakes.

EXHIBIT “B”

DRAFT

IRWD’s Initial 2020 Legislative and Regulatory Resource Allocation Plan

PLEASE NOTE: The proposed initial resource allocations are aimed at balancing the importance of an issue to IRWD, the projected level of District resources available to work on the issue, and the likelihood that the issue will be raised and the District will be able to shape the policy, legislative and regulatory discussions or outcomes related to the issue in 2020. The allocation of District resources may change over the course of the year, based on continued input from the Water Resources Policy and Communications Committee and the Board of Directors. The allocation categories are intended to reflect the following expected levels of resource use:

- Very High - IRWD’s resource allocation would be significant. Staff and IRWD’s legislative advocates would dedicate a larger portion of their overall advocacy efforts to the issues designated “Very High”, and would actively seek to be a key stakeholder shaping the policy, legislative or regulatory discussions related to those issues.

- High - IRWD’s resource allocation would be considerable. Staff and IRWD’s legislative advocates would work to create strategic opportunities to shape the policy, legislative or regulatory discussions and outcomes related to issues designated “High.”

- Moderate - IRWD’s resource allocation would be modest. Staff and IRWD’s advocates would actively engage in association and industry conversations on issues designated “Moderate” but would expect to work largely through issue-specific coalitions on these issues. Staff and IRWD’s advocates would work to identify and capitalized on opportunities to shape narrow aspects of a policy, legislative or regulatory outcome related to such issues.

- Low - IRWD’s resource allocation would be low. Staff and IRWD’s advocates would track policy, legislative and regulatory discussions and outcomes related to issues designated “Low” and would continue to seek positive outcomes for the District through IRWD’s association and industry partners. Staff and IRWD’s advocates would work on such issues should resources be available. For issues that are currently not expected to be acted upon legislatively or regulatorily this next year and are given a “Low” initial allocation, staff will reevaluate the allocation when action appears likely and increased it, if appropriate.

DRAFT Expected 2020 Legislative and Regulatory Issues	Proposed Allocation of IRWD Resources
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<u>FEDERAL ISSUES</u>	
Kern Fan Groundwater Storage Project – Seek federal funding for the project by engaging with the Bureau of Reclamation and Congress on the project.	Very High
Bureau of Reclamation’s Work Plan – Advocate for the inclusion of water storage and other water resources important to IRWD in any authorization for a Bureau of Reclamation work plan.	Very High
Water Storage Program Reauthorization – Advocate for the reauthorization of the federal Water Storage Program and an increased funding authorization for the program.	Very High
Dam Safety Program – Within WRDA, support federal investment in dam safety and the modernization of dams important to water supplies.	High
Bureau of Reclamation’s Title XVI, Water Reclamation and Reuse Program, Reauthorization – Advocate for the reauthorization of Title XVI and an increased funding authorization for the Water Reclamation and Reuse Program.	Moderate
Clean Water Act Definition of “Waters of the U.S.” – Support efforts to modify the definition of “Waters of the U.S.” to limit impacts to IRWD, including IRWD’s reservoirs. Obtain a “Waters of the U.S.” exemption for the constructed treatment wetlands and IRWD facilities.	Moderate
PFAS – If PFAS are to be designated as a “hazardous substance” under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), advocate for an exemption from liability for water and wastewater utilities.	Moderate
Lead and Copper Rule – Advocate that the U.S. Environmental Protection Agency’s revision to the Lead and Copper Rule effectively protect public health while limiting the annual testing burden on water agencies and seek modification to the proposed school and childcare facility testing schedule.	Moderate
Syphon Reservoir Improvement Project – Engage with the Bureau of Reclamation and Congress staff on funding the project.	Moderate <i>*Staff proposes that the resource allocation be changed to Very High if the project is eligible for other federal funding programs, or if additional actions are needed to ensure the project is awarded Title XVI funding.</i>
Advanced Refundings – Advocate for the tax-exempted status of local government advanced refundings to be restored.	Low
Atmospheric River Research – Advocate for federal programs and funding for atmospheric river research aimed at improving the U.S. Army Corps of Engineers’ and Bureau of Reclamation’s reservoir operations.	Low
Delta Conveyance Implementation – Advocate for a change in the operation of the Delta, consistent with the co-equal goals of ecosystem protection and water supply reliability; seek the federal actions necessary to implement a permanent solution in the Bay Delta.	Low

DRAFT Expected 2020 Legislative and Regulatory Issues	Proposed Allocation of IRWD Resources
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Environmental Infrastructure Projects – Advocate for legislative clarification that water resources projects and water resources development projects be considered environmental infrastructure projects and eligible for consideration under the Water Resources Development Act. Advocate for a broad definition of water resources projects and water resources development projects which includes water supply, drinking water projects, surface water protection and development programs, and wastewater infrastructure projects that increase water supply reliability such as water recycling, desalination, and stormwater collection projects.	Low
Reservoir Reoperation – Advocate for appropriate language requiring the U.S. Army Corps of Engineers and Bureau of Reclamation to consider reoperation of a reservoir when requested to do so by a water agency downstream of the reservoir, and language allowing a water agency downstream of the reservoir to propose and fund improvements in reservoir operations, if it is in its interest.	Low
Tax-Exempt Municipal Bonds – Maintain the current tax-exempt status of municipal bonds; oppose efforts to place a cap on tax-exempt municipal bonds as part of any federal tax reform measure. Oppose prohibitions on the use of tax-exempt bonds if a local government uses WIFI or any similar program.	Low
Tax Parity for Water Efficiency Rebates – Advocate for tax parity between water and energy efficiency rebates.	Low
Total Maximum Daily Load Limits – Advocate that the Environmental Protection Agency use the best available science when setting Total Maximum Daily Load (TMDL) limitations related to Clean Water Act compliance and approve TMDLs for California based on relevant studies related to California’s environment and local conditions.	Low
Water Resource Development Act – Seek enactment of a WRDA bill every two years which is beneficial to IRWD and Orange County, and which includes authorizations for the water infrastructure programs and funding supported by IRWD.	Low

<u>STATE ISSUES</u>	
Connection Fees- Protect IRWD’s ability to charge cost-based connection fees for both water and sewer service based on the District’s current cost allocation formula.	Very High
Conservation, Water Use Efficiency Regulations – Engage with the State Board and the Department of Water Resources on regulations implementing the “Making Water Conservation a California Way of Life” legislation enacted.	Very High
Emergency Supplies – Seek recognition of the importance of emergency water supplies in Urban Water Management Plans and implementation of the “Making Water Conservation a California Way of Life” legislation in a way that permits pre-emergency designation of such supplies, and protects their use during droughts or other water shortages. Seek State agency action consistent with the Initial Actions proposed in IRWD’s Water Resilience Policy Paper.	Very High
Real Estate Investments – Engage on regulatory or legislative proposals that may impact IRWD’s ability to maintain a high return of investment on its real estate investments.	Very High
Revenues – Protect IRWD’s revenue sources and seek measures to ensure reliability in special district revenues.	Very High

DRAFT Expected 2020 Legislative and Regulatory Issues	Proposed Allocation of IRWD Resources
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State Board –Engage with the State Board on policy, regulatory and permits issues of concern to IRWD, including the revisions being proposed to the Electronic Annual Report, data requests, Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Toxicity Provisions, and other regulations proposed in 2020.	Very High
Water Resilience Portfolio –Engage in the discussions surrounding California water resilience advocating that IRWD’s Water Resilience Portfolio principles and the “initial actions” contained in the policy paper are implemented either in the Governor’s Water Resilience Portfolio or through other means. Engage in the discussions surrounding the resilience bond.	Very High
Water Loss Regulation – Engage with the State Board to ensure that the SB 555 water loss performance measure/standard regulations are appropriate, consider cost-benefit, and contemplate key other factors that affect potable water loss.	Very High
Water Tax –Consistent with the Board’s adopted policy on a statewide public goods charge, oppose a statewide tax on water for Low Income Rate Assistance or to fund other resiliency efforts	Very High
Biosolids – Seek a broader spectrum of permissible uses of biosolids byproducts including a possible “healthy soils” designation. Advocate that the SB 1383 Proposed Organics Waste Reductions Regulations preserve and promote the use of biosolids.	High
CECs and PFAS – Engage with stakeholders, industry associations, and regulatory agencies on establishing better processes for identifying and regulating contaminants of emerging concern (CECs), including formulizing the notification level and response level setting process. Engage with stakeholders, industry associations, and regulatory agencies on PFAS, and the regulatory actions proposed by state agencies	High
Definition of “Waters of the State”/Wetlands Policy – Seek implementation of the adopted definition of “Waters of the State” consistent with the intent behind the approved language which accounts for constructed treatment wetlands like the San Joaquin Marsh, Natural Treatment System and IRWD’s reservoirs.	High
Disadvantaged Communities – Support efforts to identify and quantify the water quality and water management challenges facing disadvantaged communities (DACs) in California. Work to support the development and enactment of creative solutions, which seek to address the challenges facing DACs through a means other than a statewide water tax.	High
Title 17 and Title 22 Update – Seek updates to Titles 17 and 22, including relief of dual-plumbed inspection/testing requirements.	High
Limitations on Ocean Discharges – Engage productively in discussions surrounding proposals to eliminate ocean discharges to protect the District’s interests. Support efforts to promote funding of treatment process upgrades that improve water quality and reuse options.	High
Public Safety Power Shut-offs- Advocate for legislation or regulations that address the impacts of Public Safety Power Shutoff (PSPS) on water and wastewater agencies, including providing certainty regarding the ability of agencies to run their backup generators during PSPS events	High
Safe Drinking Water- Engage on the implementation of the Safe Drinking Water Program in order to ensure that the program is implemented in a way to effectively move communities to sustainable access to safe drinking water	High
Water Transfers and Markets – Engage in discussion relates to improving California’s water transfer and exchange approval system.	High

DRAFT Expected 2020 Legislative and Regulatory Issues	Proposed Allocation of IRWD Resources
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<p>Water and Sewer Rates – Protect the District’s ability to design and use its water budget-based tiered rate structure, and advocate that state polices recognize water budget-based tiered rate structures and the importance of price signals to achieving greater water use efficiency. Engage in discussions surrounding water and sewer rates in order to protect IRWD’s ability to use a water budget-based tiered rate structure including discussions related to Low Income Rate Assistance programs, water system sustainability, and OEHHA’s “Human Right to Water” assessment tools.</p>	High
<p>AB 5/Employee Definition Clean-up – Monitor any clean-up legislation related to AB 5 (2019) and work to ensure any clean-up needed for local agencies in included.</p>	Moderate
<p>California Environmental, Public Health and Workers Defense Act Proposals – Opposes California Environmental, Public Health and Workers Defense Act proposals that would negatively impact federal and state water project operations and the Voluntary Agreements.</p>	Moderate
<p>Groundwater Clean-up – Support efforts to obtain State funding to clean up groundwater contamination in the Orange County Basin, and funding for basin replenishment.</p>	Moderate
<p>Lead Testing Requirements – Engage in policy discussions related to expanding lead testing requirements in order to protect IRWD’s interests.</p>	Moderate
<p>Potable Reuse – Advocate for the expansion of potable reuse in California and support a science-based and fit-for-purpose regulatory approach to the various types of potable reuse considered in the California Water Code Section 13561.</p>	Moderate
<p>Public Fleets – Oppose efforts to expand regulatory authority over public fleets, and proposals designed to accelerate the replacement of existing public fleet stock without consideration of cost and age and technology of the current stock, and the availability of mandated replacement technology. Oppose proposals governing the public fleets of water and wastewater providers that do not consider the constraints of certain technologies on the provisions of essential public services during or after an emergency</p>	Moderate
<p>Wildfire Prevention and Liability – Seek to ensure that proposals related to wildfire prevention and liability proposals consider the perspective of water and wastewater providers.</p>	Moderate
<p>CEQA Reform – Seek reforms to CEQA that are beneficial to IRWD.</p>	Low
<p>Climate Change Adaptation – Engage in policy discussions related to climate change adaptation within the water and wastewater sectors.</p>	Low
<p>Delta Conveyance Implementation – Advocate for a change in the operation of the Delta, consistent with the co-equal goals of ecosystem protection and water supply reliability. Seek the State actions necessary to implement a solution in the Bay Delta and oppose efforts to make implementation of a solution more difficult.</p>	Low
<p>Energy – Advocate for policies that encourage energy reliability in Orange County, and energy efficiency or reductions in embedded energy in the water and wastewater sectors, including allocation of Cap-and-Trade revenues to the water and wastewater industries, use of energy conservation funding within the water sector, and expanded availability of direct access programs, without an increase in cost to or mandates on local entities; seek incentives for energy self-reliance projects (i.e. storage, generation, efficiency).</p>	Low
<p>Grant Reporting – Seek changes in state grant reporting requirements to ease the burden of grant recipients while maintaining transparency.</p>	Low

DRAFT Expected 2020 Legislative and Regulatory Issues	Proposed Allocation of IRWD Resources
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Groundwater Management – Engage productively in discussions groundwater management in California to protect IRWD’s interests. Promote greater water banking opportunities to benefit IRWD banking programs.	Low
Homelessness – Within the larger discussions on addressing homeless, ensure that the impacts of homeless on water and wastewater agencies is recognized, and that agencies continue to retain adequate authority to secure their facilities.	Low
Integrated Regional Water Management Program – Seek changes to the IRWMP allocation process that benefits IRWD. Oppose program changes that expand funding eligibility to projects that do not further water supply reliability.	Low
Operators Certifications – Address inconsistent certification processes for operator certifications (treatment, distribution, and recycling). Monitor for changes in certification requirements.	Low
Political Reform Act/FPPC Issues – Monitor for changes to the Political Reform Act and FPPC regulations that could impact IRWD.	Low
Proposition 218 Reforms – Engage in discussions surrounding Prop. 218 reform efforts to protect IRWD’s interests. Communicate the District’s concern over any water rate legislation which is not consistent with the California Constitution, not voluntary in nature, or that does not provide sufficient clarity or flexibility to water agencies.	Low
Public Agency Liability and Public Contracting – Oppose efforts to impose greater liability on public agencies for work performed by its contractors. Oppose proposals that make public contracting for labor, service or public works projects more cumbersome including reductions in contract retentions or changing the criteria agencies may consider when awarding contracts.	Low
Public Records Act – Monitor proposed changes to the Public Records Act that could impact IRWD costs including new requirements for local agency websites, data production and reporting.	Low
Recycled Water – Promote the expanded use of recycled water, and its acceptance as a resource, by advocating for the removal of hindrances to recycled water projects and storage. Seek to: <ul style="list-style-type: none"> • Remove recycled water as a waste, including addressing recycled water discharge requirements. • Promote a “Fit for Purpose” regulatory approach for recycled water. • Promote the development of needed potable water reuse regulations. • Eliminate operational constraints on recycled water operations and use, including unintended impacts created by the Enclosed Bays and Estuaries Policy. 	Low
Unfunded Pension Liability – Oppose legislation or regulations that would increase IRWD’s pension liability either by making local agencies responsible for the pension liabilities of other entities (e.g. joint powers authorities) or by failing to recognize the liability reduction benefits of Section 115 Trust and other pre-funding efforts. Seek state support for refinements in the GASB rules that limit recognition of the benefits Section 115 Trust.	Low
Water Theft – Engage in industry discussions related to water theft and work to ensure that any legislative proposal addressing water theft provides the District with the statutory authority and flexibility is needs to establish appropriate administrative penalties for water theft.	Low
Zero Carbon Energy – Advocate for the inclusion of hydropower, bioenergy derived from biosolids, and other categories of energy generation invested in by the water and wastewater sectors in the types of energy generation that is defined as zero carbon for California’s Zero Carbon goal.	Low

DRAFT Expected 2020 Legislative and Regulatory Issues	Proposed Allocation of IRWD Resources
------------------------------------------------------------------------	----------------------------------------------

<u>REGIONAL ISSUES</u>	
Santa Ana and San Diego Regional Water Quality Control Boards – Develop a closer working relationship with Regional Board staff. Work with the Board on issues of concern to IRWD including adjusting storm-induced overflow protections and expand the use of recycled water in decorative lakes.	Very High
South Coast Air Quality Management District (AQMD) Rule 1403- Seek amendments to Proposed Amended Rule 1403 to clarify the application of the rule and to mitigate operational impacts on utilities with underground infrastructure while protecting public health during utility construction and demolition activities involving asbestos containing materials.	Very High

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December 9, 2019

Prepared by: J. Baquerizo / N. Hastings /
A. McNulty

Submitted by: F. Sanchez / P. Weghorst

Approved by: Paul A. Cook



WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE

WATERSMART SOFTWARE VARIANCE NO. 1

SUMMARY:

In 2016, IRWD executed a Professional Services Agreement with WaterSmart Software, Inc. to develop and implement the WaterSmart Program, which provides enhanced water use information to residential, commercial, industrial and institutional customers. The program is an effective tool that promotes water use efficiency and customer engagement through monthly water reports and leak alert notifications, and creates opportunities for customer outreach. Additional funds are necessary for staff to continue to administer the program through the remainder of Fiscal Year (FY) 2019-20 and for FY 2020-21, and to develop additional custom reports and improved program integration with IRWD's billing system. Staff recommends that the Board authorize the General Manager to execute Variance No. 1 to IRWD's Professional Services Agreement with WaterSmart Software Inc. in the amount of \$243,850.

BACKGROUND:

The WaterSmart Program was first implemented as a pilot program in 2012 with 1,000 IRWD customers. Based on the amount of water savings and positive customer responses, the program was expanded into a full-scale program that targeted over-allocation, single-family customers in FY 2013-14. The following year the program was expanded to include commercial, industrial and institutional customers. After a competitive bidding process in 2016, IRWD entered into an agreement with WaterSmart Software to continue the program. WaterSmart Software is a proprietary program from a company whose staff has developed a unique understanding of the requirements of IRWD and its customers.

Overview of WaterSmart Program:

The WaterSmart Program provides monthly water reports comparing a customer's water use to the water usage of similar households to inform customers about typical and efficient water use. The reports also inform customers about IRWD's programs and incentives for water use efficiency as well as customized ways to save water. The report content is modified for each billing cycle to encourage customers to participate in appropriate programs or events, or to take action to resolve potential leaks.

On average, 40,000 water reports are sent to customers monthly by electronic mail and standard mail. Customers who receive paper reports are encouraged to sign up online to receive electronic reports and to access the Customer Portal, which presents customer water usage information in an easy-to-understand format. Customer response to the program has been very positive and has proven to be an effective way for staff to provide support and assistance to customers.

Variance No. 1 with WaterSmart:

IRWD's Professional Services Agreement with WaterSmart expires on December 31, 2019. Variance No. 1 to the agreement, which is attached as Exhibit "A", would extend the WaterSmart Program through the end of FY 2020-21. Variance No. 1 also includes a scope of work to perform the following tasks:

- Develop custom reports that will enable staff to validate and update customer variance information and email addresses from WaterSmart to IRWD's billing system; and
- Incorporate Invoice Cloud bill payment functionality within the WaterSmart Customer portal, which will provide easier and streamlined payment options to IRWD customers. This task would be implemented at the direction of the Finance and Administrative Services Department.

Staff negotiated the costs associated with Variance No. 1 and finds the variance to be fair and reasonable. Staff recommends that the Board authorize the General Manager to execute Variance No. 1 to the Professional Services Agreement with WaterSmart Software in the amount of \$243,850.

FISCAL IMPACTS:

Funding for the WaterSmart Program is included in the adopted FY 2019-20 and FY 2020-21 Operating Budget.

ENVIRONMENTAL COMPLIANCE:

IRWD's WaterSmart Program is not a project as defined in the California Environmental Quality Act as authorized under the California Code of Regulations, Title 14, Chapter 3 and Section 15378.

RECOMMENDATION:

That the Board authorize the General Manager to execute Variance No. 1 to the Professional Services Agreement between IRWD and WaterSmart Software, Inc. in the amount of \$243,850.

LIST OF EXHIBITS:

Exhibit "A" – WaterSmart Software Variance No. 1

Exhibit "A"

**IRVINE RANCH WATER DISTRICT
PROFESSIONAL SERVICES VARIANCE**

Project Title: WaterSmart Reports Program

Project No.: _____ Date: January 1, 2020

Purchase Order No.: 607958 Variance No.: 1

Originator: IRWD ENGINEER/CONSULTANT Other (Explain) _____

Description of Variance (*attach any back-up material*):

This variance is to extend the current program contract through fiscal year 2020/21. The variance amount will increase the current contract to \$243,850, provide funding for WaterSmart to build custom reports and embed Invoice Cloud payment functionality.

Engineering & Management Cost Impact:

Classification	Manhours	Billing Rate	Labor \$	Direct Costs	Subcon. \$	Total \$
Program Administration FY 20/21				\$232,350		\$232,350
Customer Indoor Variance Report				\$2,000		\$2,000
Customer Outdoor Variance Report				\$2,000		\$2,000
Customer Email Verification Report				\$2,000		\$2,000
Embed Invoice Cloud				\$5,500		\$5,500
Total \$ =						\$243,850

Schedule Impact:

Task No.	Task Description	Original Schedule	Schedule Variance	New Schedule
1	Program Administration	Jan 2016 – Dec 2019	1.5 year renewal	Jan 2020 – June 2021

Required Approval Determination:

Total Original Contract	<u>\$ 489,510</u>	<input type="checkbox"/> General Manager: Single Variance less than or equal to \$30,000.
Previous Variances \$0	_____	
This Variance	<u>\$243,850</u>	<input type="checkbox"/> Committee: Single Variance greater than \$30,000, and less than or equal to \$60,000.
Total Sum of Variances	<u>\$243,850</u>	<input type="checkbox"/> Board: Single Variance greater than \$60,000.
New Contract Amount	<u>\$733,360</u>	
Percentage of Total Variances to Original Contract	<u>50</u> %	<input checked="" type="checkbox"/> Board: Cumulative total of Variances greater than \$60,000, or 30% of the original contract, whichever is higher.

ENGINEER/CONSULTANT: Water Smart Software Inc.

IRVINE RANCH WATER DISTRICT

Company Name

[Signature]
Project Engineer/Manager

11/27/19
Date

Department Director

Date

[Signature]
Engineer's/Consultant's Management

11/29/19
Date

General Manager/Comm./Board

Date



Scope of Work and Budget Description for Variance No. 1

This scope of work is to continue to provide services for the remainder of FY 2019-20 and FY 2020-2021. The below pricing, established in the October 10, 2016 agreement, includes the core WaterSmart Platform: Utility Dashboard and Portal, mobile access, My Use Notifications and Group Messenger, and leak alerts. In addition, there will be two enhancements to the Utility Dashboard, work to embed InvoiceCloud compatibility, and the development of three customized reports.

1. The core Program Design includes the following:
 - a. Up to 6,000 print Home Water Reports pushed out monthly
 - b. Unlimited email Home Water Reports pushed out monthly
 - c. WaterSmart will select Home Water Report recipients as follows:
 - i. All new account holders, enrolled on a rolling basis. New accounts without an email address on file will receive print Home Water Reports for a maximum of six months, after which they will be removed from the recipient group. If they provide their email address at any time in the first six months, they will continue to receive Home Water Reports by email for the duration of this contract.
 - ii. All single-family residential accounts that have been over their allocation by at least 5 CCF for at least three of the last twelve months. WaterSmart will update this group every six months, removing accounts that no longer meet the criteria and adding accounts that do. The account selection thresholds may be adjusted

at any time to maintain alignment with the report capacity included in the program design.

iii. Any IRWD customer who opts in to receive email Home Water Reports.

2. WaterSmart will add the following enhancements requested by IRWD to the Utility Dashboard in 2020:

- a. Four new columns to the Group Messenger downloadable report: date opened; time opened; date clicked; time clicked (target date: Q1)
- b. Inclusion of a variable for irrigable square feet in Group Messenger (target date: Q2)

3. WaterSmart will work to embed the InvoiceCloud payments functionality within the WaterSmart Customer Portal.

4. The development of the following reports to be added by June 30, 2021:

- a. Customer Indoor Variance Report: this report will identify accounts with additional people data that is greater than what is on file in the IRWD billing database.
- b. Customer Outdoor Variance Report: this report will identify accounts with larger landscape areas than the areas that are on file in the IRWD billing database.
- c. Customer Email Verification Report: this report will improve customer email addresses on file in the IRWD billing database.

Table 1 shows the pricing for the remainder of fiscal year (FY) 2019-20 and FY 2020-21.

Table 1

Item	Cost
FY 2019-20 (6 months): Program fee	\$77,450
FY 2020-21: Program fee	\$154,900
Utility Dashboard Enhancements	No cost
Embed InvoiceCloud	\$5,500
Customer Indoor Variance Report:	\$2,000
Customer Outdoor Variance Report:	\$2,000
Customer Email Verification Report:	\$2,000
Total:	\$243,850