AGENDA IRVINE RANCH WATER DISTRICT WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE MEETING THURSDAY, DECEMBER 8, 2022

This meeting will be held in-person at the District's headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Webex:

https://irwd.webex.com/irwd/j.php?MTID=m285e7a9ab76df81b863fcd49a8c6f50c Meeting Number (Access Code): 2490 242 5925 Meeting Password: xtG2PtU5bZ3

As courtesy to the other participants, please mute your phone when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when the Committee enters closed session. Participants who remain in the "lobby" will automatically be returned to the open session of the Committee once the closed session has concluded. Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session has concluded.

CALL TO ORDER 10:00 a.m.

<u>ATTENDANCE</u>	Committee Chair: John Withers Member: Karen McLaughlin	
<u>ALSO PRESENT</u>	Paul CookWendy ChambersFiona SanchezChristine ComptonMark TettemerJohn Fabris	Paul WeghorstCheryl ClaryJim ColstonKellie WelchAmy McNultyMichael Van Dyke

PUBLIC COMMENT NOTICE

If you wish to address the Committee on any item, please submit a request to speak via the "chat" feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. Public comments are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 5:00 p.m. on Wednesday, December 7, 2022.

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; and determine which items may be approved without discussion.

INFORMATION

4. <u>DEVELOPMENT OF WATER LOSS STANDARDS AND OVERVIEW OF</u> <u>IRWD'S WATER LOSS AUDIT REPORT – PASCUAL / MCNULTY /</u> <u>SANCHEZ / WEGHORST</u>

Recommendation: Receive and file.

5. <u>METER-TO-PARCEL PROJECT UPDATE AND MAINTENANCE PLAN –</u> <u>MCNULTY / SANCHEZ / WEGHORST</u>

Recommendation: Receive and file.

ACTION

6. <u>REVIEW OF 2022 ADVOCACY ACTIVITIES AND 2023 LEGISLATIVE</u> <u>AND REGULATORY ISSUES PLANNING – COMPTON / COOK</u>

Recommendation: That the Board provide input on the proposed 2023 regional, state, and federal legislative issues of interest to IRWD, and receive and file the proposed "Initial 2023 Legislative and Regulatory Resource Allocation Plan" and the "Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2023."

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 electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests whenever possible and resolved in favor of accessibility.

December 8, 2022 Prepared by: A. Pascual / A. McNulty Submitted by: F. Sanchez / P. Weghorst Approved by: Paul A. Cook

WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE

DEVELOPMENT OF WATER LOSS STANDARDS AND OVERVIEW OF IRWD'S WATER LOSS AUDIT REPORT

SUMMARY:

Each year, urban retail water suppliers are required to submit a validated Water Loss Audit Report to the California Department of Water Resources (DWR). The State Water Resources Control Board will use information from the reports as baseline data to determine each supplier's water loss performance. Provided below is an overview of the State's water loss performance standards and IRWD's Fiscal Year (FY) 2021-22 validated Water Loss Audit results.

BACKGROUND:

IRWD first implemented water loss control programs in 1991 with the introduction of proactive leak detection and meter replacement programs. In 2017, water loss prevention and revenue recovery efforts were added to the program portfolio. This suite of programs minimizes leakage from the IRWD distribution system, limits water theft, ensures accuracy in customer billing and demonstrates IRWD's commitment to responsible resource management. The positive impact of the District's water loss control programs and access to high quality data are evident in the Water Loss Audit results. IRWD audit results consistently report low levels of water loss.

Water Loss Performance Standards:

In 2015, California Senate Bill 555 was enacted that requires each urban retail water supplier to submit a third party validated Water Loss Audit Report to DWR and the State Board to adopt water loss performance standards. The State Board adopted new water loss performance standards in October 2022. Data from the 2017, 2018, 2019 and 2020 Water Loss Audit Reports submitted to DWR will serve as baseline data to establish each supplier's water loss performance standard. Compliance will be on a rolling three-year average basis. The first compliance period in 2028 will include 2025, 2026 and 2027 data.

Urban retail water suppliers have until July 1, 2023, to submit any adjustments to baseline water loss audit data, and to provide any customized data inputs to the State Board's water loss economic model, which will be used to calculate water loss performance standards. In accordance with the requirements of the *Conservation as a Way of Life* legislation (AB 1668 and SB 606), the standards will also be incorporated into urban water use objectives that urban water suppliers will be required to meet by 2024.

Staff is working with consultants at E-Source to review all IRWD baseline data and economic model inputs. At the Committee meeting, staff will provide an overview of the District's preliminary water loss standard, potential adjustments to the standard and other implementation actions to ensure the District's compliance with standard and associated reporting requirements.

Water Resources Policy and Communications Committee: Development of Water Loss Standards and Overview of IRWD's Water Loss Audit Report December 8, 2022 Page 2

IRWD's Water Loss Audit:

Staff recently prepared and submitted IRWD's validated FY 2021-22 Water Loss Audit Report to DWR. This report was prepared by a multi-disciplinary team of IRWD staff utilizing the audit procedures outlined in the American Water Works Association M36 Water Audits and Loss Control Programs manual and associated software. The M36 procedures call for estimating total water losses that are comprised of two categories: Real Losses and Apparent Losses. Real Losses include leaks, line breaks and overflows that occur anywhere in the distribution system upstream of customer meters. Apparent Losses include unauthorized use of water, metering inaccuracies and systematic data handling errors. An overview of water loss performance indicators is provided as Exhibit "A". IRWD's Water Loss Audit Report summary for FY 2021-22 is provided as Exhibit "B". The corresponding third-party validation certificate is provided as Exhibit "C".

Comparison to Previous Year:

The table below compares FY 2020-21 and FY 2021-22 key water loss performance indicators:

Indicator	Fiscal Year 2020-21	Fiscal Year 2021-22
Infrastructure Leakage Index	0.90	0.95
Unavoidable Annual Real Loss	2,647 AF	2,793 AF
Total Real Loss	2,391 AF	2,658 AF
- per connection per day	17.56 gallons	19.21 gallons
- per connection per day per psi	0.21 gallons	0.21 gallons
Apparent Loss	810 AF	634 AF
- per connection per day	5.95 gallons	4.58 gallons
Non-revenue Water by Volume of Supply	6.3%	6.9 %
Non-revenue Water by Operating Cost	9.5%	11.3 %
Data Validity Grade	80	74

IRWD's Infrastructure Leakage Index (ILI) for FY 2021-22 was 0.95 – close to last year's ILI of 0.90. The difference is due to more consistent standardized procedures and steps taken to increase data accuracy. A decrease in the Data Validation Grade from the previous fiscal year, in the water supplied category of the audit, is due to the lack of availability of some key meter testing and calibration reports for FY 2021-22. This negatively impacted the water supply Data Validation Grade which is weighted more heavily than some of the other audit categories. This resulted in an overall drop of six points in the total Data Validation Grade as shown in the table below.

FISCAL IMPACTS:

None.

Water Resources Policy and Communications Committee: Development of Water Loss Standards and Overview of IRWD's Water Loss Audit Report December 8, 2022 Page 3

ENVIRONMENTAL COMPLIANCE:

IRWD's water loss audit 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:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Overview of Water Loss Audit Performance Indicators Exhibit "B" – Summary of IRWD's FY 2021-22 Water Loss Audit Report Exhibit "C" – IRWD Data Validation Certificate for FY 2021-22 Note: This page is intentionally left blank.

EXHIBIT "A"

Overview of Water Loss Audit Performance Indicators

The water loss audit provides a basic water balance and several performance indicators for the reporting period. These indicators include the Infrastructure Leakage Index (ILI), Real and Apparent Losses as well as a percentage of non-revenue water and a data validity grade. These indicators are explained in more detail below.

Infrastructure Leakage Index:

The Infrastructure Leakage Index is calculated as follows:

Infrastructure Leakage Index = <u>Current Annual Real Losses</u> Unavoidable Annual Real Losses

A perfect ILI score is 1.00 indicating a very tight potable water distribution system with loss volumes that are equal to the Unavoidable Annual Real Losses. These unavoidable losses are calculated for each system and represent a minimum level of leakage expected based on the size of system, pressure and number of connections.

Real and Apparent Losses and Non-Revenue Water:

Two metrics are used to report on real loss. One is total current annual Real Losses, which varies based on the size of the utility and other factors. The second metric is gallons per connection per day, which helps to normalize the results. Apparent Loss is reported as a total volume and on a per connection per day basis. Non-revenue water includes both Real and Apparent Losses. It is represented as a percentage of the total potable supply and as a percentage of the total operating costs.

Data Validity Grade:

All data that are entered into the AWWA Water Loss Audit report software are evaluated and assigned a Data Validity Grade. The Data Validity Grade is a measure of audit data accuracy and ranges from zero to 100, with a score of 100 representing the highest level achievable. The scale does not represent 100 being the best because there are measures that would improve a utility's Data Validity Grade but may not actually save water, may not be cost-effective or simply may not be appropriate for the utility.

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Exhibit "B"

	AWWA Free Water Audit Software: WAS v5.0 System Attributes and Performance Indicators American Water Works Association. Copyright © 2014, All Rights Reserved.			
Water Audit Report for: Irvine Ranch Water District (CA3010092)				
	Reporting Year: 2022 7/2021 - 6/2022			
	*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 74 out of 100 ***			
System Attributes:	Apparent Losses: 633.680 acre-ft/yr			
	+ Real Losses: 2,658.370 acre-ft/yr			
	= Water Losses: 3,292.050 acre-ft/yr			
Unavoidable Annual Real Losses (UARL): 2,792.53 acre-ft/yr				
	Annual cost of Apparent Losses: \$714,921			
Annual cost of Real Losses: \$3,179,410 Valued at Variable Productio				
	Return to Reporting Worksheet to change this assumption			
Performance Indicators:				
Financial:	Non-revenue water as percent by volume of Water Supplied: 6.9% Non-revenue water as percent by cost of operating system: 11.3% Real Losses valued at Variable Production Cost			
r manoran	Non-revenue water as percent by cost of operating system: 11.3% Real Losses valued at Variable Production Cost			
Γ	Apparent Losses per service connection per day: 4.58 gallons/connection/day			
Operational Efficiency:	Real Losses per service connection per day: 19.21 gallons/connection/day			
	Real Losses per length of main per day*: N/A			
	Real Losses per service connection per day per psi pressure: 0.21 gallons/connection/day/psi			
	From Above, Real Losses = Current Annual Real Losses (CARL): 2,658.37 acre-feet/year			
	? Infrastructure Leakage Index (ILI) [CARL/UARL]: 0.95			
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline				

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Exhibit "C"

Certified Validation Report Template, Part A: Provided by Validator

Audit Information

Water System Name: Irvine Ranch Water District

Public Water System Identification (PWSID)¹: CA3010092

¹List only 1 PWSID, which should match the PWSID on the FWAS Instructions Tab. For Special cases where multiple water systems are connected with permanent two-way interties, list those additional PWSIDs in the **Notes** below and describe the water distribution system(s) configuration.

PWSID and Water System Configuration Notes (Provided to Validator by Water System):

Audit Period:	FY2022	Water	System Representatives			
Validation Date: 10/5/22 Sufficient Supporting Documents Provided: yes			Allan Pascual, Enrique Zanetti, Ken Pfister, Amy McNulty, Christopher Smithson			
num care months at the	& Confirmation Statement					
Key Audit Metrics:						
Data Validity Score:	74 Data Validity Tier (Level):	Band IV (71-90)	Real Loss:	19.21	gal / conn / day	
Non-revenue water	as percent of cost of operating system:	11.3%	Apparent Loss:	4.58	gal / conn / day	
			ILI:	0.95	_	
Certification Statem	ent by Validator:					
	report has been Level 1 validated per th de Section 10608.34.	e requirements of Cal	ifornia Code of Regulations T	itle 23, Divis	sion 2, Chapter 7 and the	
All recommendation	s on volume derivation and Data Validity	Grades were incorpo	rated into the water audit. 🗵]		
If not, rejected recor	nmendations are included here:		`			
Validator Informatio	on					
Water Audit Validato	or: Kim Manago Qualific	cations: Water Audit \	/alidator Certificate issued by	/ the CA-NV	Section of the AWWA	

C-I

Certified Validation Report Template, Part B: Provided by Utility

Water System Name:	Irvine Ranch Water District

Public Water System Identification (PWSID)²: CA3010092

²List only 1 PWSID, which should match the PWSID on the FWAS Instructions Tab. For Special cases where multiple water systems are connected with permanent two-way interties, those additional PWSIDs should have been listed in the Notes section on Page 1 by the Validator.

Water Audit & Water Loss Improvement Steps:

1. Steps Taken: <u>Water System to identify steps taken in the preceding 3 years to increase data validity, reduce real loss, and reduce apparent loss as informed by the annual validated water audit:</u>

Last Year: Water volume data from both Operations and Finance departments are almost identical with only 0.7% disparity after reconciliation this showed improvement of data for both reports. Billed Metered volume data was refined to eliminate recycled water meters, and remove double counted looped and pooled meters. Bills were prorated to align with the reporting period.

2 Years Ago: IRWD worked with consultant (WSO) on analyzing overall data on using the actual number on Unbilled-Unmetered Authorized Consumption (UUAC) instead of the default percent number in the Water Loss report template. This change resulted to an ILI nearer to technical minimum of 1.0 and an increase of data validation grade of 80 from 79

3 Years Ago: Improved data on Water Supplied volume by having a Reconciliation Report done on both Finance and Operations water volumes reports. Improved on doing data query for Total Number of Connections that affects the Real Losses results captured in Gallons per Connection/day (GPCD). Improved on getting the Length of Mains that focused only in mainline and fireline laterals that is part of the Infrastructure Leakage Index (ILI).

2. Planned Steps (OPTIONAL): If your audit reflects negative real losses or the cost of non-revenue water is greater than 100% of the operating costs (issues for which your audit will not meet code requirements), you will be asked what steps you are planning in the coming year to address these issues. If you already know what steps you plan to take, you may list them here. If not, please prepare a response within 90 days (23 CCR Section 638.6[a]).

Click or tap here to enter text.

3. Certification Statement by Utility Executive:

This water loss audit report meets the requirements of California Code of Regulations Title 23, Division 2, Chapter 7 and the California Water Code Section 10608.34 and has been prepared in accordance with the method adopted by the American Water Works Association, as contained

in their manual, Water Audit and Loss Control Programs, Manual M36, Fourth Edition and in the Free Water Audit Software version 5,

Executive Name (Print)	Executive Position	Signature	Date
Paul Cook	General Manager	Autor	Click or tap to enter a date.
			17NOV 2022

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December 8, 2022 Prepared by: A. McNulty Submitted by: F. Sanchez / P. Weghorst Approved by: Paul A. Cook

WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE

METER-TO-PARCEL PROJECT UPDATE AND MAINTENANCE PLAN

SUMMARY:

IRWD's Meter-to-Parcel Project has improved the accuracy of the District's measurement data pertaining to irrigated landscape areas, integrated aerial imagery with assessor parcels and meter locations, and improved understanding of irrigated areas within the IRWD's service area. Data from the project is being used to provide an alternative method to the California Department of Water Resources' (DWR) approach for outdoor water budget calculations that are a component of the Making Water Conservation a Way of Life legislation. At the Committee meeting, staff will provide an update on the Meter-to-Parcel Project and ongoing maintenance efforts to keep up with new development and to maintain compliance with IRWD's urban water use efficiency objective.

BACKGROUND:

IRWD began the Meter-to-Parcel Project in 2017. The primary goal of the project is to improve the District's landscape measurement data by identifying the boundaries of irrigated landscape areas and linking them to corresponding meters and assessor parcels. The project provides detailed spatial data on the areas in each parcel that are irrigated and associated with each customer meter. The project allows staff to utilize spatial techniques to map customer accounts, classify landscape material and to link the information to billing and county assessor data. The project includes the use of infrared aerial imagery to develop landscape classifications for plant materials and hardscape in accordance with the landscape area classification system developed by DWR.

Meter-to-Parcel Project Benefits:

The Meter to Parcel Project has multiple benefits. The first is improved accuracy of the District's irrigated landscape area data. The second is that the project provides an alternative method to DWRs' approach for outdoor water budget calculations. Data from the project provides the ability to verify the accuracy of the residential Landscape Area Measurement (LAM) data developed by DWR. Current verification work shows that the difference between DWR's LAM data to the data developed by IRWD is more than 25%.

Additional benefits of the Meter-to-Parcel Project are derived from the mapping of all landscaped areas within the District. This Mapping provides the opportunity to target future water efficiency programs, identify unauthorized connections, support the District's new Leak Reporting Tool and to provide landscape customers with better maps of their irrigated areas. Water Resources Policy and Communications Committee: Meter-to-Parcel Project Update and Maintenance Plan December 8, 2022 Page 2

Update and Maintenance Plan:

Staff has prepared an update and maintenance plan to guide Meter-to-Parcel Project efforts into the future. The plan calls for the maintenance of data from the project through routine updates and quality assurance / quality control checks involving the District's Geographic Information System (GIS) and Customer Case and Billing System (CC&B) databases. The plan also requires periodic integration of new data to ensure that the project is up to date. At the Committee meeting, staff will present an update on project, its phases and tasks and the long-term plan to update and maintain data from the project. A copy of the presentation is provided as Exhibit "A".

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15378.

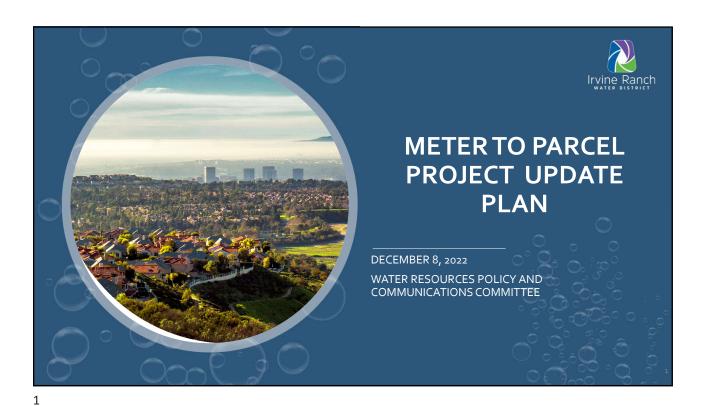
RECOMMENDATION:

Receive and file.

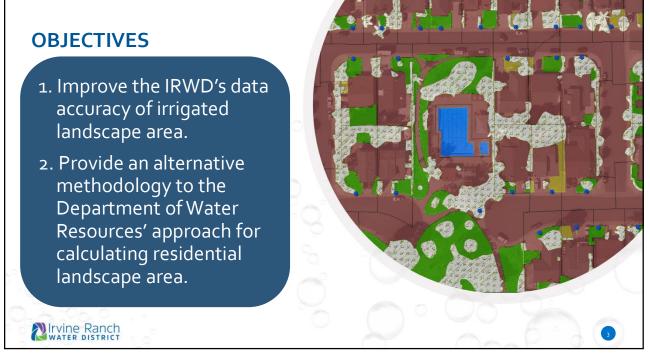
LIST OF EXHIBITS:

Exhibit "A" – Meter-to-Parcel Project Update Presentation

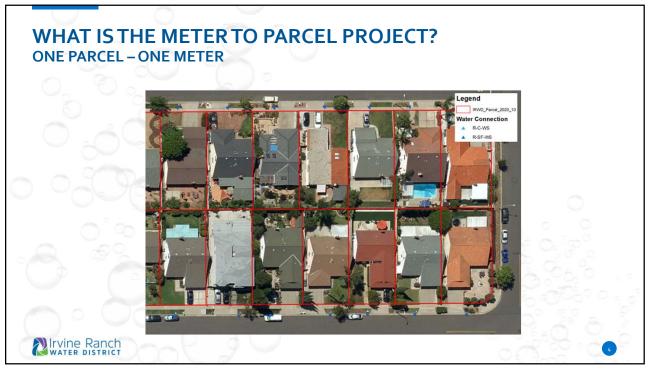
Exhibit "A"

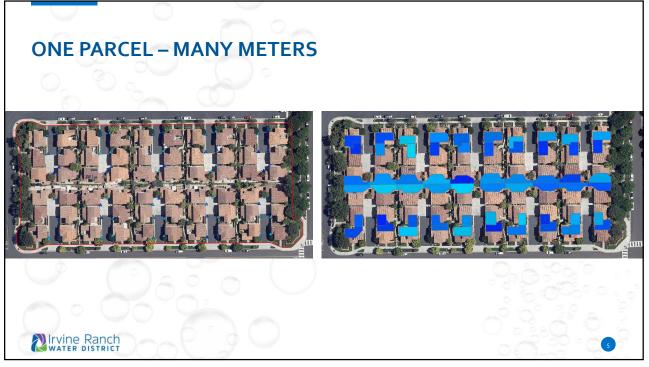


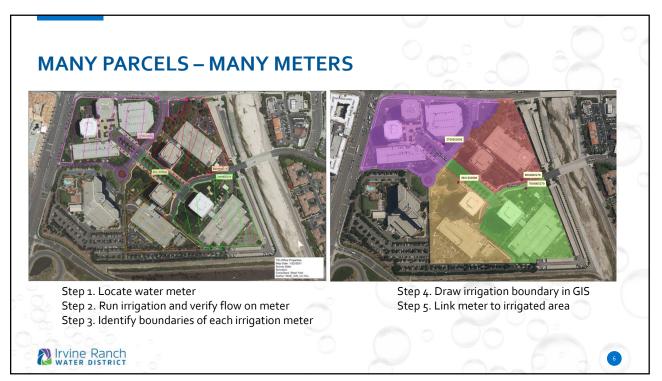




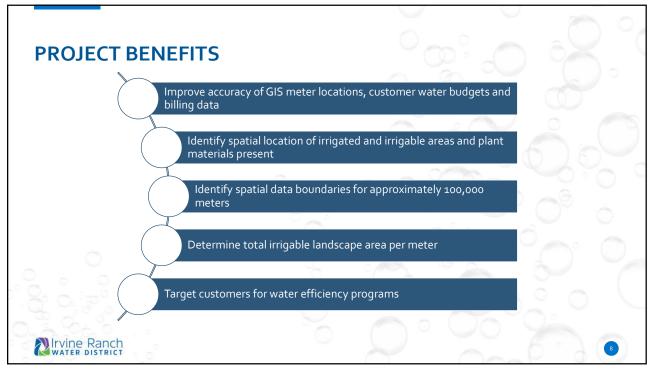




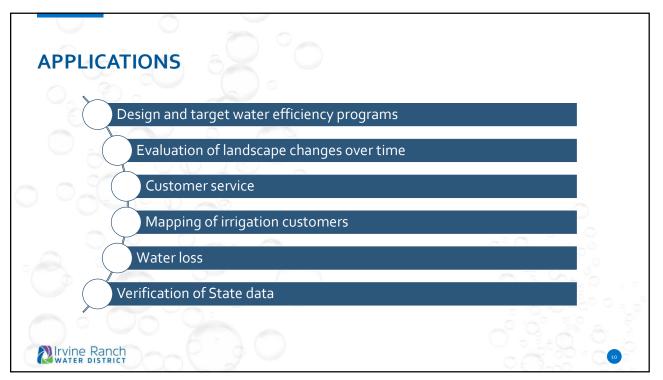


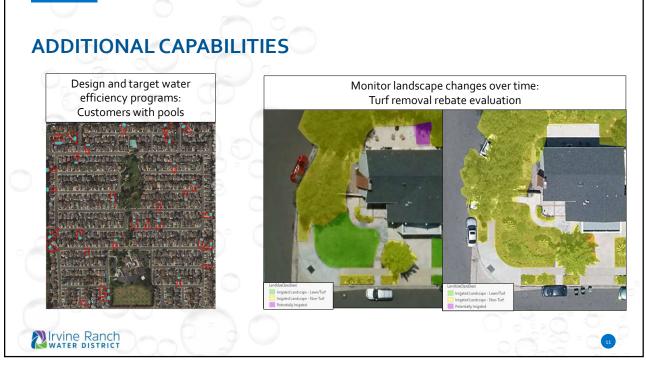




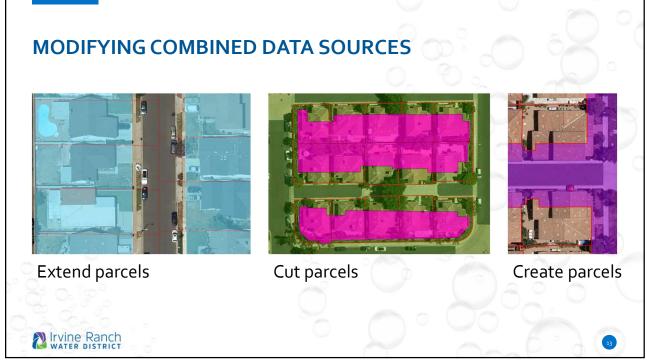
















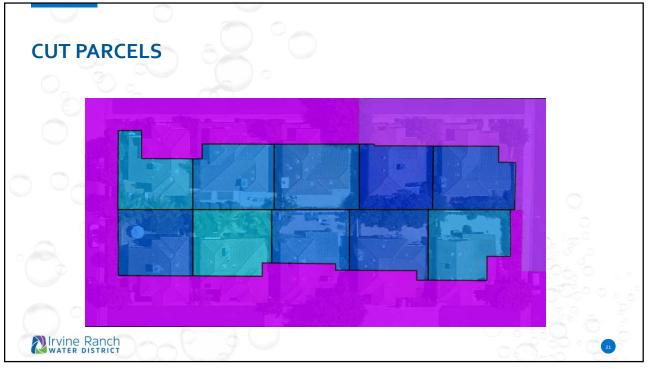












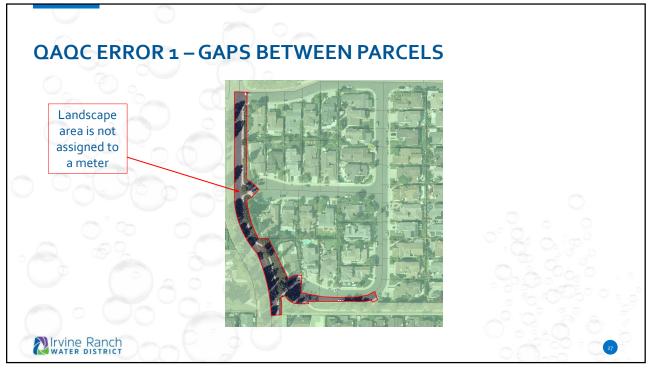


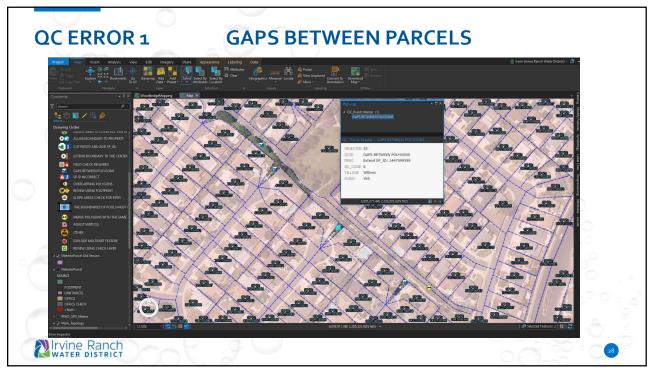




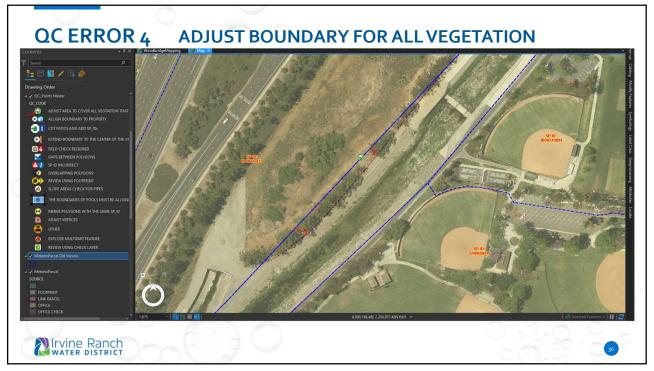




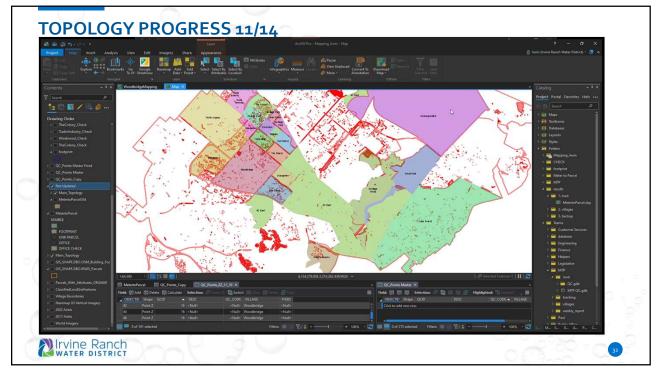


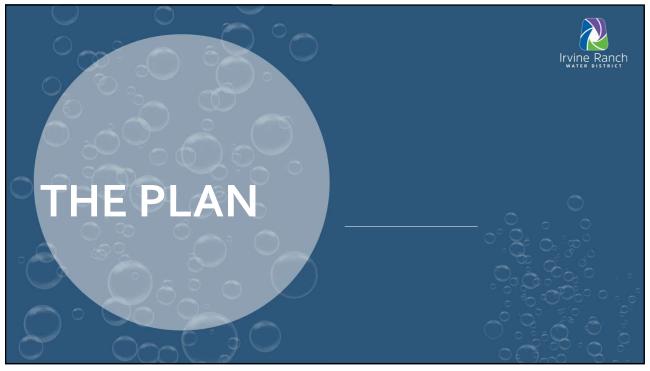


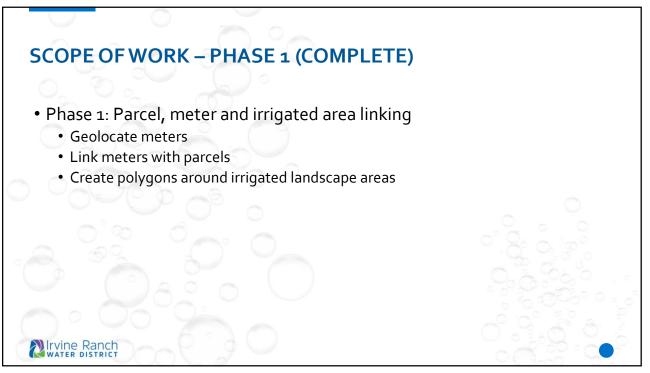


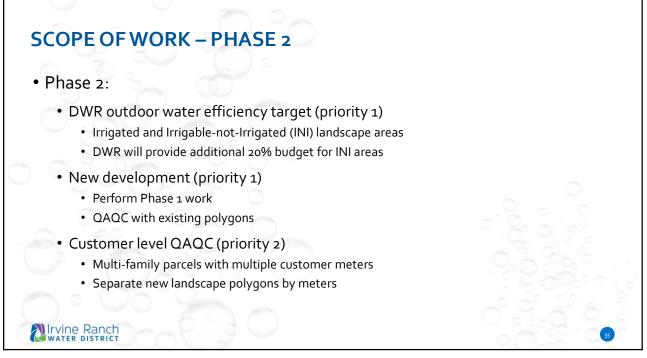


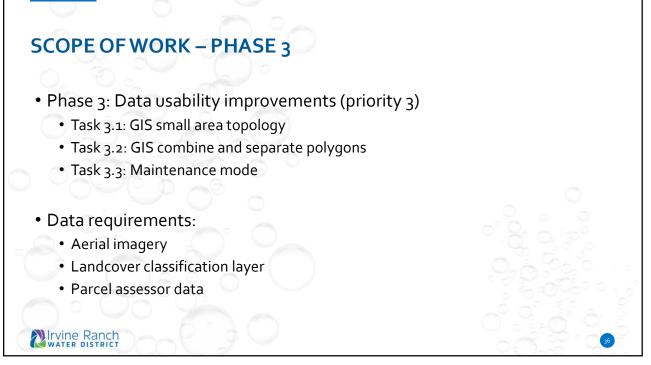


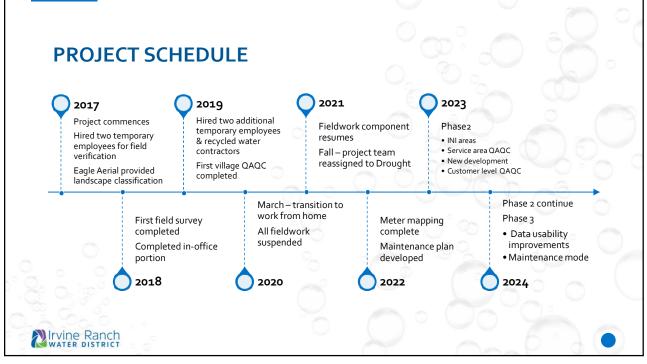














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December 8, 2022 Prepared and submitted by: C. Compton Approved by Paul A. Cook

WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE

REVIEW OF 2022 ADVOCACY ACTIVITIES AND 2023 LEGISLATIVE AND REGULATORY ISSUES PLANNING

SUMMARY:

This report reviews IRWD's 2022 legislative and regulatory priorities and advocacy activities. It also presents an overview of expected 2023 legislative and regulatory issues at the Federal, State, and local levels. Also described are proposals that the District's associations and stakeholders are sponsoring. The report details the 2023 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 2023 regional, state, and federal legislative issues of interest to IRWD, and receive and file the proposed "Initial 2023 Legislative and Regulatory Resource Allocation Plan" and the "Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2023."

BACKGROUND:

2022 IRWD Priorities and Activities:

In December 2021, the Board reviewed an overview of expected 2022 legislative issues in Washington, D.C., and Sacramento, including proposals that the District's statewide associations were considering for introduction. At that time and after providing input, the Board received and filed the initial 2022 Legislative and Regulatory Resource Allocation Plan and the Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2022. The document helped guide the District's governmental relations efforts this past year.

The 2022 priorities included actively engaging in the discussions related to the implementation of the "Making Water Conservation a California Way of Life" legislation, legislation seeking to change the Indoor Residential Water Use Standard, legislation that would establish a low-income water rate assistance program, development of a dam safety program at the state level, protecting the District's various revenue sources, and engagement on a number of regulatory proposals. 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 the Governor's drought emergency proclamations, State Water Resources Control Board emergency regulations, and the California Water and Wastewater Arrearages Program (CWWAP) implementation and funding.

The 2022 priorities at the federal level included reauthorization of the Water Storage Program, federal funding for the Kern Fan Groundwater Storage Project, the creation of a federal dam safety program, advocating for an increased funding authorization for Title XVI's Water Reclamation and Reuse Program, regulatory and legislative measures to address PFAS contamination, and rulemaking related to a definition of "Waters of the United States."

Expected 2023 Federal Legislative and Regulatory Issues:

While it is expected that in 2023 Congress and federal agencies will work on many issues of interest to the water and wastewater communities, staff expects discussions and actions related to the Infrastructure Investment and Jobs Act (IIAJ) and Inflation Reduction Act (IRA) funding to be the primary focus of water and wastewater policy discussions. The IIAJ allocated tens of billions of dollars for drinking water and wastewater infrastructure through EPA and the State Revolving Fund Program, and nearly \$8.4 billion for western water infrastructure through Bureau of Reclamation. The IRA contained another \$4 billion targeted toward drought relief in the Colorado River states. While some spending of this funding has already begun – including funding for Upper Colorado River Basin conservation efforts and the recent announcement of \$250 million for the Salton Sea project – staff expects the pace of spending to accelerate in the first quarter of next year. Additionally, staff expect an accounting of the Bureau of Reclamation's outlays in the same timeframe which should provide some added transparency in how these funds are being used.

Staff also expects significant activity on federal regulations, including finalization of a U.S. Environmental Protection Agency (EPA) rule designating Perfluorooctanoic Acid (PFOA) and Perfluorooctanesulfonic Acid (PFOS) as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA).

Staff, joined by the District's federal advocates, will discuss the expected 2023 political environment and federal issues with the Committee. Among the federal issues staff will discuss with the Committee are:

- Reauthorization of the Water Storage Program and/or increased funding for similar programs;
- Federal funding for the Kern Fan Groundwater Storage Project;
- Possible creation of a federal dam safety program;
- Federal funding for the Irvine Lake and Santiago Dam Outlet Tower and Spillway Project; and
- Seeking additional federal funding for the Syphon Reservoir Improvement Project.

Expected 2023 Statewide Legislative and Regulatory Issues:

As is typical at the beginning of each legislative year, staff expects that the California Legislature and State regulatory agencies will take up a number of issues of interest to the water and wastewater communities in 2023. Staff, joined by the District's state advocates, will discuss the expected 2023 political environment and state issues with the Committee. More detailed information is provided below on expected issues of significant importance to the District.

Outlook for a "\$24 Billion Budget Problem" and Ongoing Deficits:

In its "California's Fiscal Outlook" for the Fiscal Year 2023-24 Budget published on November 16, 2022, the Legislative Analyst's Office (LAO) projected a \$24 billion state budget deficit for FY 2023-24. The LAO also projected revenue \$41 billion lower that the assumptions used to develop the FY 2022-23 Budget Act, and budget deficits of \$17 billion for FY 2024-25 and \$8 billion in FY 2026-27. In the document, the LAO suggests that the Legislature reevaluate current budget funding that has not been distributed, and that there may be programs associated with the current merit pause, delay, or reassessment.

Given the potential impact of the State's finances and the Fiscal Year 2022-23 Budget on IRWD, staff will continue to work with the District's associations and industry partners to monitor developments associated with the State budget and proposals related to local government revenues including property taxes and reserves, among others.

"Making Water Conservation a California Way of Life" Implementation:

In 2023, the State Board will establish regulations and standards related to the 2018 "Making Water Conservation a California Way of Life" legislation. This effort is expected to be substantial, following a very active year on these matters in 2022. In 2022, legislation that reduces the indoor residential water use standard to 47 gallons per capita daily (gpcd) by 2025 and to 42 gpcd by 2030, SB 1157 (Hertzberg), was signed into law, and the State Board adopted a regulation establishing water loss performance standards for urban retail water suppliers. On September 29, 2022, the Department of Water Resources (DWR) transmitted a <u>memorandum</u> to the State Board making recommendations for the long-term water use efficiency standards that are to developed pursuant to the "Making Water Conservation a California Way of Life" legislation. DWR has also noted that it will begin reviewing and likely updating the irrigation design standards in the Model Water Efficient Landscape Ordinance (MWELO). The update to MWELO will likely impact the standards being set by the State Board, along with any legislation related to the elimination of turf.

IRWD staff has already been engaging in discussions with members of the State Board in advance of the State Board's forthcoming rulemaking and will be engaging with DWR's as the MWELO update occurs.

Low-Income Water Rate Assistance Program

As discussed throughout the 2021-22 two-year legislative session, <u>SB 222</u> (Dodd, D-Napa) would have required the State Board to develop and administer a Water Rate Assistance Program (WRAP) to provide rate assistance to low-income residential water and wastewater ratepayers. The District joined an Association of California Water Agencies-led coalition seeking amendments to the bill to address concerns relating to funding and program administration. The Legislature passed this bill during the final week of the 2022 legislative session, but the Governor vetoed the bill, stating in his veto message that the bill did not identify funding and that signing the bill would result in significant state General Fund pressures at a time when the state was facing lower-than-expected revenues. Senator Dodd will return to the Senate in 2023,

as his current four-year term in the Senate ends in 2024. It is expected that legislation to establish a low-income water rate assistance program will again be introduced in 2023, and that the Legislature will consider potential funding for a LIRA.

Surplus Land Act Changes

In 2022, AB 2357 (Ting, D-San Francisco) and SB 361 (Umberg, D-Santa Ana) proposed to revise the rules related to local agencies' disposal of surplus land. The rules that govern a local agency's disposition of surplus land in California is known as the Surplus Land Act (SLA). Specifically, AB 2357 would have revised the definition of "surplus land" within the Government Code and would restrict a special district's ability to dispose of land that is exempt from the SLA, and SB 361 would have made leases subject to the SLA.

Because the bills would have the potentially to impacted IRWD's investment and real property transactions, staff engaged heavily on these two bills. In 2023, it is expected that similar proposals will be reintroduced and discussed by the Legislature.

Other State Issues of Interest to IRWD:

In addition to the issues discussed above, staff, joined by the District's state advocates, will discuss the following state legislative and regulatory issues with the Committee:

- Executive and regulatory actions related to the drought;
- CARB's Proposed Advanced Clean Fleets Regulation;
- CNRA's <u>Water Resilience Portfolio Implementation</u> and <u>Resiliency 2.0</u> Implementation;
- DWR's 2023 California Water Plan Update;
- State Board's development of a "Cross-Connection Control Policy Handbook;"
- State Board's <u>Direct Potable Reuse Regulations;</u>
- State Board's implementation of the Lead and Cooper Rule;
- State Board's development of a maximum contaminant level for per- and polyfluoroalkyl substances (PFAS);
- State Board's <u>Safe and Affordable Funding for Equity and Resilience (SAFER) Drinking</u> <u>Water Program;</u>
- South Coast AQMD's <u>Cumulative Impacts from Air Toxics for CEQA Projects;</u>
- Water and resilience funding, including funding for dam safety, and/or bond(s); and
- Other State Board and other State agency regulations.

Expected 2023 Association Proposals:

IRWD's association and industry partners are in the process of completing their 2023 legislative planning. A summary of those planning efforts is provided as follows:

Association of California Water Agencies (ACWA):

ACWA held its 2023 legislative planning meeting on October 28, 2022. The ACWA State Legislative Committee (SLC) considered five proposals for sponsorship in 2023. The SLC decided to sponsor two of the proposals while deferring action on the other three until January 2023. This next year, ACWA will be sponsoring legislation to streamline the regulatory permitting of water supply and flood risk reduction projects and will be sponsoring legislation that to seeks to avoid lawsuits related to water and sewer rates by requiring that constitutional issues of concern related to those rates to be brought up during the rate setting process for someone to sue. That proposal will also seek to codify a record-review rule, as limited by a 1995 California Supreme Court holding that established narrow exemptions, applying the rule to Proposition 218 litigation.

Bioenergy Association of California (BAC):

BAC will hold its annual planning meeting on December 7, 2022. At the time of the writing of this report no specific proposals or topics have been released for consideration at the meeting. Staff will provide an update on any new information.

California Association of Sanitation Agencies (CASA):

CASA will hold its annual planning meeting on December 9, 2022. At the time of the writing of this report no specific proposals or topics have been released for consideration at the meeting. Staff will provide an update on any new information.

California Municipal Utilities Association (CMUA):

CMUA held its 2023 legislative and regulatory planning meeting on November 10, 2022. The CMUA Legislative Committee considered one proposal for sponsorship in 2023 and decided to sponsor that proposal. This next year, CMUA will be sponsoring legislation that would create a High Road Training Partnership program under the California Workforce Development Board that would facilitate the development of a skilled workforce for utilities, including those that provide water, wastewater, electric, or telecommunications services. Staff will provide the Committee and Board updates, as appropriate, as this proposal moves forward.

California Special Districts Association (CSDA):

CSDA held its 2023 legislative and regulatory planning meeting on October 27, 2022. CSDA will again sponsor a concurrent resolution recognizing Special Districts Week and will also sponsor legislation that would extend the January 1, 2024, sunset date of AB 361 (Robert Rivas, D-Hollister) in order to allow local agencies to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act during COVID. Staff will provide updates to the Committee and the Board, as appropriate, as these proposals move forward.

WateReuse California:

The WateReuse Association of California has not yet met to discuss its 2023 legislative and regulatory efforts. Staff will provide an update on any new developments.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

That the Board provide input on the proposed 2023 regional, state, and federal legislative issues of interest to IRWD, and receive and file the proposed "Initial 2023 Legislative and Regulatory Resource Allocation Plan" and the "Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2023."

LIST OF EXHIBITS:

Exhibit "A" – Proposed Legislative / Regulatory Issues and Activities of High Concern to IRWD in 2023

Exhibit "B" – Proposed IRWD's Initial 2023 Legislative and Regulatory Resource Allocation Plan

EXHIBIT "A"

LEGISLATIVE / REGULATORY ISSUES AND ACTIVITIES OF HIGH CONCERN TO IRWD IN 2023

As a state and federal leader in water resources public policy and governance, 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 2023:

2023 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, or other similar programs;
- 3) 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;
- Seek federal funding for the Irvine Lake and Santiago Creek Dam Outlet Tower and Spillway Project; and
- 5) Continue to engage with the Bureau of Reclamation and congressional staff on additional funding for the Syphon Reservoir Improvement Project.

2023 State Issues and Activities of High Concern:

- 1) Protect IRWD's various revenue sources, and method of setting rates and other charges, to ensure that the District can continue to provide high quality services to its customers at low rates. Specifically, retain the District's ability use its water budget-based rate structure and ability to achieve invest its replacement fund.
- 2) Continue to advocate that the State's drought response be based on a data-driven approach and consider the reliability of urban water supplier supply portfolios by using a water efficiency standardsbased approach as eliminating mandatory percent reductions for those agencies whose total water demands are below the cumulative standards.
- 3) Engage with the Legislature, State Board and Department of Water Resources on legislation related to and regulations implementing the "Making Water Conservation a California Way of Life" legislation enacted, changes to the Model Water Efficient Landscape Ordinance and restrictions on landscape types.
- 4) Seek the creation of a state dam safety program to provide state funding to improve dam safety and modernization at reservoirs used for water supply.
- 5) Engage with the State Board, the Department of Water Resources, and the California Air Resources Board on policy, regulatory and permits issues of concern to IRWD.

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EXHIBIT "B"

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IRWD's Initial 2023 Legislative and Regulatory Resource Allocation Plan

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 2023. 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 increase it, as appropriate.

Federal Issues	
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
Water Storage Program Reauthorization – Advocate for the reauthorization of the federal Water Storage Program and an increased funding authorization for the program, or other similar programs.	Very High
Dam Safety Program – Advocate for federal investment in dam safety and the modernization of dams important to water supplies.	High
Irvine Lake and Santiago Creek Dam Outlet Tower and Spillway Project – Seek funding for the Irvine Lake and Santiago Creek Dam Outlet Tower and Spillway Project.	High
Syphon Reservoir Improvement Project – Continue to engage with the Bureau of Reclamation and congressional staff on additional funding for the project.	High
PFAS CERCLA Exemption – Engage on efforts to designate PFOA and PFOS as "hazardous substances" under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), and advocate for exemptions from liability for water and wastewater utilities.	Moderate
PFAS – Advocate for a science-based and cost-based approach in the development of PFAS regulations	Moderate
Atmospheric River Research – Advocate for federal programs and funding for atmospheric river research aimed at improving reservoir operations.	Low
Clean Water Act Definition of "Waters of the U.S." – Advocate for a definition of "Waters of the U.S." that limits impact to IRWD and it is facilities and includes an exemption for constructed treatment wetlands.	Low*
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.	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
Lead and Copper Rule – Monitor developments, and if the administration decides to revise the federal Lead and Copper Rule, advocate for changes that effectively protect public health while limiting the annual testing burden on water agencies (e.g. seek modification to the proposed school and childcare facility testing schedule).	Low
Syphon Reservoir Improvement Project – Engage with the Bureau of Reclamation and congressional staff on funding for the project.	Low
Tax-Exempt Municipal Bonds – Maintain the current tax-exempt status of municipal bonds with the exception of restoring the tax-exempt status of local government advanced refundings. Oppose prohibitions on the use of tax-exempt bonds within WIFI or any similar program.	Low
Tax Parity for Water Efficiency Rebates – Advocate for tax parity between water and energy	Low

Expected 2023 Legislative and Regulatory Issues

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. Look for opportunities to clarify that water resources projects and water resources development projects are to be considered environmental infrastructure projects and eligible for consideration under WRDA.	Low
STATE ISSUES	
CARB – Engage with the California Air Resources Board on policy, regulatory and permits issues of concern to IRWD.	Very High
Conservation, Water Use Efficiency Regulations – Engage with the Legislature, State Board and Department of Water Resources (DWR) on legislation related to and regulations implementing the "Making Water Conservation a California Way of Life" legislation enacted, changes to the Model Water Efficient Landscape Ordinance and restrictions on landscape types.	Very High
Dam Safety Program – Advocate for state investment in dam safety and the modernization of dams important to water supplies.	Very High
DWR – Engage with DWR on policy, regulatory and permits issues of concern to IRWD.	Very High
Drought Response – Continue to advocate that the State's drought response be based on a data- driven approach and consider the reliability of urban water supplier supply portfolios by using a water efficiency standards-based approach as eliminating mandatory percent reductions for those agencies whose total water demands are below the cumulative standards.	Very High
Low Income Water and Wastewater Rate Assistance Program – Continue to engage in discussion regarding the creation of a statewide Low-Income Water and Wastewater Rate Assistance Program that is consistent with the Board's adopted policy on a statewide public goods charge, opposing a statewide tax on water for Low-Income Rate Assistance, or to fund other resiliency efforts.	Very High
State Board – Engage with the State Board on policy, regulatory and permits issues of concern to IRWD.	Very High
Water Rates & District Revenues– 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 use its water budget-based rate structure and ability to achieve invest its replacement fund.	Very 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). Engage with stakeholders, industry associations, and regulatory agencies on microplastics and PFAS, and the regulatory actions proposed by state agencies including regulatory actions that would restrict land application or other uses of Class A and Class B biosolids due to PFAS.	High
Proposition 218 Reforms – If Proposition 218 reforms are proposed, engage in discussions surrounding the reform efforts to protect IRWD's interests. Communicate the District's concern	High

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.	
Plumbing Code Updates – Seek clarification that Chapter 15 of the California Plumbing Code does not apply to recycled water irrigation sites. Work with the Building Standards Commission, Housing and Community Development Department, and Department of Water Resources on revisions to the California Plumbing Code during code revisions.	High
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.	High
Biosolids – Seek a broader spectrum of permissible uses of biosolids byproducts including a possible "healthy soils" designation. Engage on the State Board's review of the General Order (WDR) for the use of biosolids on land.	Moderate
Climate Change Adaptation – Engage in policy discussions related to climate change adaptation within the water and wastewater sectors.	Moderate
Groundwater Clean-up – Support efforts to obtain State funding to clean up groundwater contamination in the Orange County Basin, and funding for basin replenishment.	Moderate
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.	Moderate
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. Engage on regulatory efforts that require zero emission vehicle purchases and advocate that the regulations reflect commercial and operational viability 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 provision of essential public services during or after an emergency.	Moderate
 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: 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. Seek updates to Title 17 and 22, including relief of dual-plumbed inspection/testing requirements. 	Moderate
Safe Drinking Water- Engage on the implementation of the Safe and Affordable for Equity and Resilience Program (SAFER) to ensure that the program is implemented in a way to effectively move communities to sustainable access to safe drinking water	Moderate
Water Transfers and Markets – Engage with the California Department of Water Resources and the Bureau of Reclamation, in coordination with IRWD's Water Banking partners, in advocating for expedited processes to facilitate transfers between Central Valley Project and State Water Project Contractors and streamlined water marketing.	Moderate

Water Law Modernization – Monitor an engage, as appropriate, on the efforts to "modernize" California's water law.	Moderate
Water Quality – Engage productively in policy discussions related to changes in water quality and various discharge permits in order to protect the District's interests.	Moderate
Wildfire Prevention and Liability – Seek to ensure that proposals related to wildfire prevention and liability proposals consider the perspective of water and wastewater providers.	Moderate
30 Percent by 2030 – Engage on the implementation of 30 percent by 2030 to ensure water supplies and resources are adequately considered, and to limit impacts to existing and future water infrastructure and 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 State actions necessary to implement a solution in the Bay Delta and oppose efforts to make implementation of a solution more difficult.	Low
Emergency Supplies – Seek recognition of the importance of emergency water supplies and protects their use during droughts or other water shortages.	Low
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 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 (e.g., storage, generation, efficiency).	Low
Groundwater Management – Engage productively in discussions of groundwater management in California to protect IRWD's interests. Promote greater water banking opportunities to benefit IRWD banking programs.	Low
Integrated Regional Water Management Program – Oppose program changes that expand the scope of the IRWM Program, and that expand funding eligibility to projects that do not further water supply reliability.	Low
Lead Testing Requirements – Engage in policy discussions related to expanding lead testing requirements in order to protect IRWD's interests.	Low
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.	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
Property Tax Allocations– Protect existing property tax allocations to special districts.	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

Expected 2023 Legislative and Regulatory Issues

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
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.	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 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	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
Video Recording Retention Periods – Advocate for greater flexibility for special districts related to the required retention period prescribed by law for video recordings.	Low
Regional Issues	
Santa Ana and San Diego Regional Water Quality Control Boards – 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.	High
Recycled Water Use Site Inspection and Testing – Work with Orange County Health Care Agency on completion of the Orange County Guidelines which include the frequencies and methods for conducing recycled water use site visual inspections and periodic cross-connection tests.	Low

*Increase allocation of resources if warranted due to legislative activity.