



Key California Water Issues 2018

Federal Briefing Book

ABOUT THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

ACWA was formed in 1910 when five irrigation districts came together to address common needs. First known as the Irrigation Districts Association (IDA), members voted in 1973 to rename the organization the Association of California Water Agencies to better reflect its changing role in California water.

ACWA is the largest statewide coalition of public water agencies in the country. A leader on California water issues and a respected voice for its members in both Sacramento and Washington, D.C. ACWA celebrated its centennial anniversary in 2010. For more than a century, the association has been a driving force in California water policy and continues to help shape the laws and regulations that affect the state's water agencies and their customers.

ACWA's 440 public agency members are responsible for 90% of the water delivered to communities, farms and businesses in California. Together, they play an active role in managing the state's water resources and promoting investments in safe drinking water, water use efficiency, water recycling, above- and below-groundwater storage and other strategies to meet California's water needs.

ACWA's mission is to assist its members in promoting the development, management and reasonable beneficial use of good quality water at the lowest practical cost in an environmentally balanced manner.

For additional information please contact the Association of California Water Agencies at 916.441.4545 or visit www.acwa.com.

ACWA ONLINE RESOURCES

EVENTS CALENDAR

www.acwa.com/events

MEMBER TOOLS

www.acwa.com/resources/member-tools

- Priority Issues Bulletin
- ACWA Brand Toolkit
- Federal Regulatory Chart

NEWSROOM

www.acwa.com/newsroom

- News Releases
- Member Submitted News
- Voice on Water (Blog)
- Newsletters (ACWA News)
- Water News (eNews stories)

OUTREACH PROGRAM

www.acwa.com/my-acwa/outreach-program

POLICY DOCUMENTS

www.acwa.com/resources/policy-documents

- 21st Century Water Infrastructure
- Water Quality Policy Principles
- Policy Statement on Bay-Delta Flow Requirements

POLICY PRIORITIES & LEGISLATIVE POSITIONS

www.acwa.com/about/policy-agenda/

SAVE OUR WATER CAMPAIGN

www.saveourwater.com

Note: Some resources are protected for ACWA member access only.

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CALIFORNIA WATER CONDITIONS

Citing record rainfall this winter and unprecedented levels of water conservation, in April 2017, Gov. Jerry Brown lifted the drought emergency in all California except four counties. The significant snow and rainfall that occurred in late 2016/early 2017 helped reservoir levels recover to the point many shifted to flood-control operations.

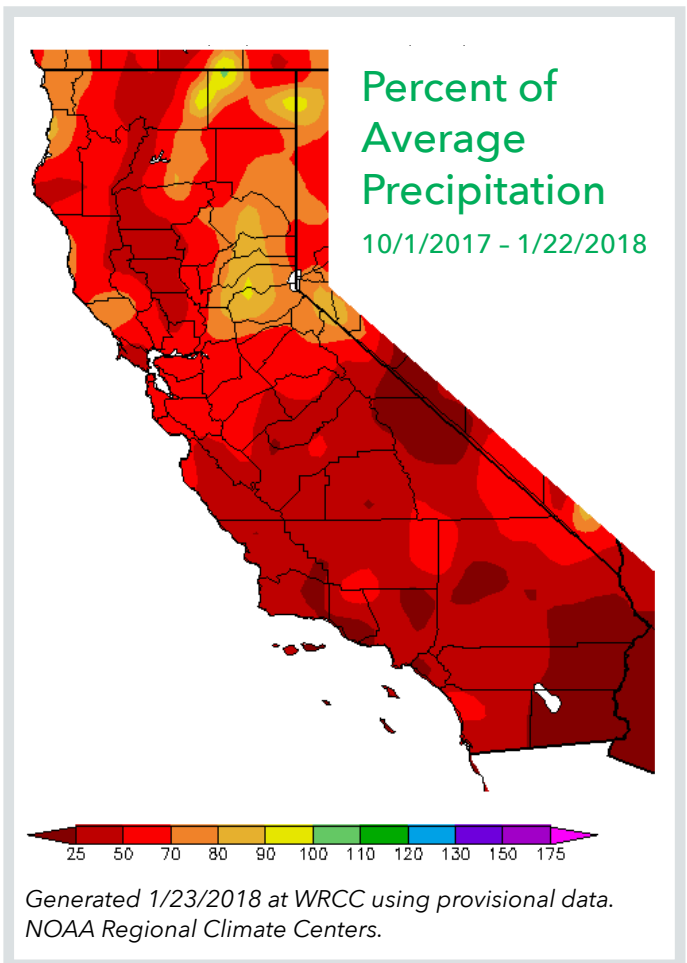
However, following a dry December 2017, the Department of Water Resources (DWR) found little snowpack in the Sierra Nevada Mountains during its first manual snow survey of the year. A moderate January provided slightly better results for the Feb. 1 snow survey, but overall conditions remained below average.

DWR's electronic measurement reading on Feb. 1 from 103 stations scattered throughout the Sierra Nevada indicated the snow water equivalent (SWE) of the northern Sierra snowpack was 4.6 inches, 27% of the multi-decade average for the date. The central and southern Sierra readings were 5.8 inches (30% of average) and 3.8 inches (25% of average), respectively. Statewide, the snowpack's SWE is 4.9 inches, or 27% of average for Feb. 1.

On average, the snowpack supplies about 30% of California's water needs as it melts in the spring and early summer. The greater the snowpack water content, the greater the likelihood California's reservoirs will receive ample runoff as the snowpack melts to meet the state's water demand in the summer and fall.

Regardless, the state's major reservoirs continue to be well above their historical averages thanks to the record-wet 2017 and the rainy season offers more time to see significant improvements.

As of Feb. 1, Lake Shasta, the state's largest reservoir, was at 72% of capacity (109% of historical average). Trinity Lake was at 72% of capacity (103% of historical average). The primary exception is Lake Oroville, the state's second

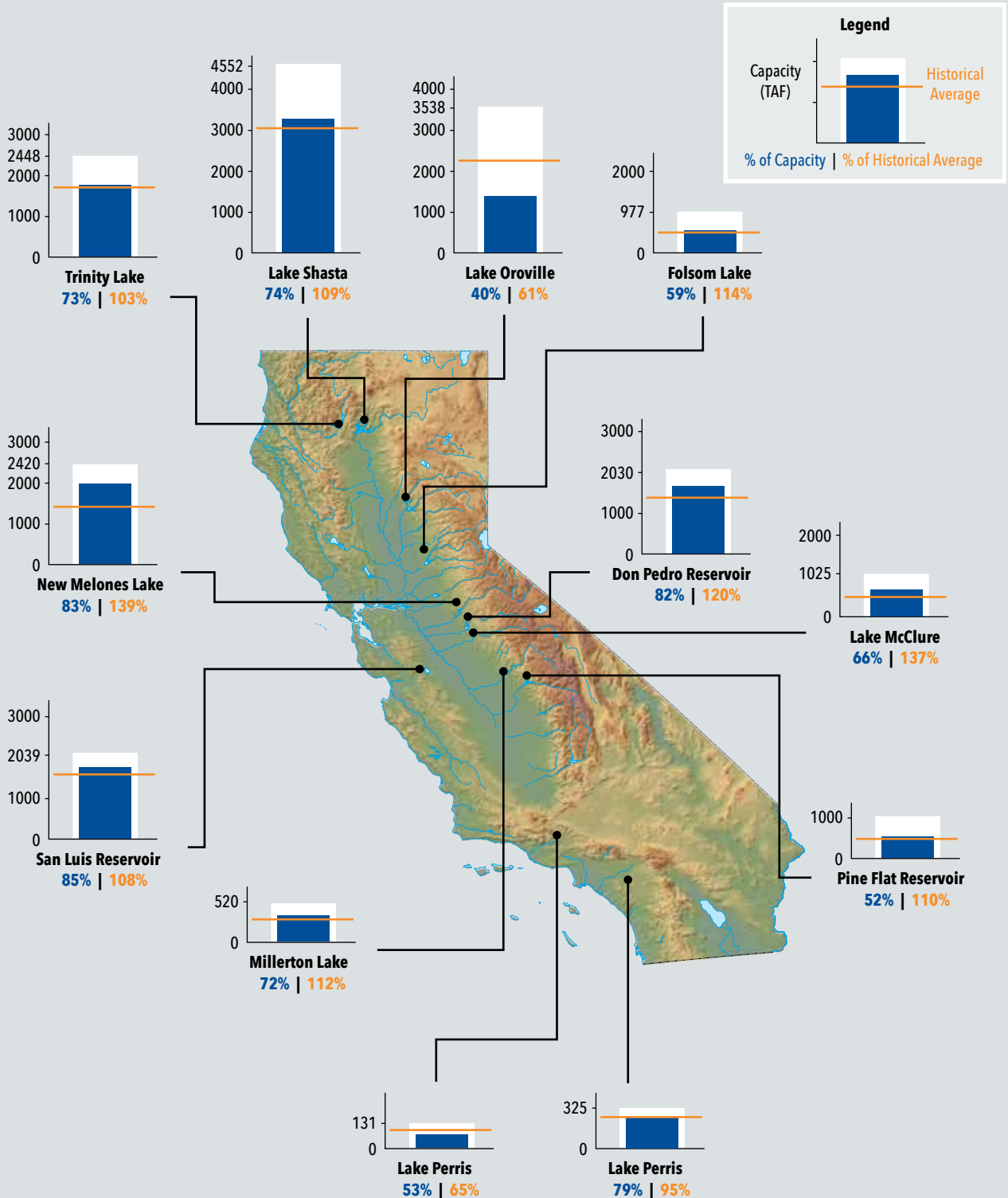


largest reservoir, which is being purposely held at lower than average levels as a safety precaution.

On Jan. 29, DWR announced a statewide increase in water allocations for State Water Project contractors from the original 15% allocation to 20% allocation.

Current Reservoir Conditions

As of February 1, 2018



Source: California Department of Water Resources

COMPREHENSIVE WATER SOLUTIONS

Key Messages

Brown Administration's California Water Action Plan

- The *California Water Action Plan* presents a comprehensive approach to water. Such a comprehensive approach, as opposed to a singular focus on one particular action, is the way to way to achieve the coequal goals of improved water supply reliability and enhanced ecosystem health. ACWA is actively engaged in implementation of the plan - including in the areas of water conservation and drought preparedness, the coequal goals for the Delta, groundwater, storage, safe drinking water and financing. ACWA's goal is to ensure that implementation of the *California Water Action Plan* will be both effective and reasonable.

Water Bonds

- Two measures that would authorize general obligation bonds for water-related projects are expected to go before the California voters in 2018. The first measure, which has qualified to be on the June 2018 ballot as a result of the enactment of SB 5 (de León), is entitled the "California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018" (June Bond). The second measure, which is expected to qualify for the November 2018 ballot, is entitled the "State Water Supply Infrastructure, Water Conveyance, Ecosystem and Watershed Protection and Restoration, and Drinking Water Protection Act of 2018" (November Bond). The June Bond would authorize \$4.1 billion for park and water-related projects. The November Bond would authorize \$8.9 billion for water-related projects. ACWA supports both of the bonds and views them as complementary.

Water Infrastructure Improvements for the Nation Act (WIIN) Implementation

- Helping restore a vibrant state federal partnership on water issues is a top ACWA priority. ACWA believes WIIN brings us to the middle ground in water policy where our water system can work for fish and the environment, as well as for our agricultural economy and the people of California.
- The passage of WIIN authorized numerous projects to help water management in California. Continued funding by Congress is essential for these programs and projects. ACWA requests at least \$10 million for the WINN recycling program, \$6 million for the Desalination grant program, \$67 million for the water storage program and \$15 million for the Operational Review and Science program per fiscal year.
- ACWA looks forward to working with Congress, the Army Corps of Engineers, and the Department of Interior (DOI) on implementation of WIIN.

Headwaters

- ACWA supports both a comprehensive fire funding fix and forest management changes to increase the pace and scale of forest restoration. To help accomplish these two goals, ACWA supports HR 2862/ S 1842, the "Wildfire Disaster Funding Act" and HR 2939, the "Resilient Federal Forest Act". HR 2862/ S 1842 would prevent "fire borrowing" or the shifting of funds from other accounts, including those that pay for other fire prevention and forest health, to wildfire suppression. HR 2939 would improve the management of our Nation's

forests and help prevent catastrophic wildfires that are so damaging to California's water quality.

- ACWA recommends expanding funding for Forest Service restoration activities within the Pacific Southwest Region. Eligible categories should include: long-term monitoring of post-fire recovery efforts, landscape-scale adaptive research programs, decommissioning or improved maintenance of roads and other sediment producing areas, wildfire prevention activities such as forest thinning and watershed restoration, overall water resources monitoring, and biomass management and removal.
- Federal agencies should partner with the California Natural Resources Agency and other appropriate land managers to complete compatible management strategies.

Endangered Species Act

- ACWA supports President Trump's effort to rescind the 2016 mitigation policies and urges DOI to revoke these documents rather than revise them. These policies exceed the statutory authority of the ESA. The imposition of a net gain or no net loss standard, landscape scale mitigation requirements, and other measures are inconsistent with the established ESA framework.

- ACWA supports targeted ESA reform legislation that requires state and federal agencies to adopt a comprehensive approach in development of habitat conservation plans and other voluntary conservation agreements, rather than perpetuating too simplistic single species efforts.
- ACWA supports integrating ESA permitting requirements with other federal and state environmental mandates, including National Environmental Policy Act documentation of environmental impacts and Clean Water Act section 404 permits.
- ACWA believes moving the National Marine Fisheries Service ESA division into the Department of Interior's Fish and Wildlife Service would improve fish agency coordination. ACWA urges Congress to pass HR 3916, the "Federally Integrated Species Health (FISH) Act," this Congress.

Brown Administration's *California Water Action Plan*

Background

California's complex water management system is facing unprecedented challenges. There is no one silver bullet for addressing these challenges. The key to a sustainable water future is the implementation of a broad set of strategies for addressing overall water supply reliability and ecosystem health in California. The Brown Administration's *California Water Action Plan* (the Plan) presents the water challenges that California faces and the actions that the Brown Administration plans on taking in the following areas:

- Water Conservation
- Integrated Water Management
- Coequal Goals for the Delta
- Ecosystem Protection and Restoration
- Drought Management and Preparation
- Storage and Groundwater Management
- Safe Drinking Water for All Communities
- Flood Protection
- Operational and Regulatory Efficiency
- Sustainable Financing

ACWA's Position

The *California Water Action Plan* presents a comprehensive approach to water. Such a comprehensive approach, as opposed to a singular focus on one particular action, is the way to achieve the coequal goals of improved water supply reliability and enhanced ecosystem health.

ACWA actively provided input into the original version of the Plan in 2013 and continues to work with the Brown Administration on implementation. For example, in 2014, ACWA worked with the Administration on the writing of the 2014 Water Bond (Proposition 1) and the Sustainable Groundwater Management Act (SGMA). In 2015 and 2016, ACWA actively worked on many topics, including the development of the SGMA implementing regulations, the California Water Commission's (CWC's) development of the Water Bond regulations for the Proposition 1 storage funding, and the development of emergency urban conservation regulations. In 2017, ACWA completed a study on storage integration which is informing the CWC's allocation of the storage funding. In 2018, ACWA's work on implementation is continuing – with focus on water conservation (both agricultural and urban), the coequal goals for the Delta, storage and groundwater, safe drinking water for all communities and financing. ACWA's goal is to ensure that implementation of the California Water Action Plan will be both effective and reasonable.

Water Bonds

Background

Two measures that would authorize general obligation bonds for water-related projects likely will go before the voters in 2018. The first measure, which has qualified to be on the June 2018 ballot as a result of the enactment of SB 5 (de León), is entitled the “California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018” (June Bond). The second measure, which is expected to qualify for the November 2018 ballot, is entitled the “State Water Supply Infrastructure, Water Conveyance, Ecosystem and Watershed Protection and Restoration, and Drinking Water Protection Act of 2018” (November Bond). The June Bond would authorize \$4.1 billion for park and water-related projects. The November Bond would authorize \$8.9 billion for water-related projects.

Position

In November of 2017, the ACWA Board of Directors took “Support” positions on both the June Bond and the November Bond. ACWA participated in the development of both bonds and sees the two measures as complementary. The measures are consistent with using a comprehensive approach to water solutions. For example, both measures, if approved by the voters, will assist implementation of the Sustainable Groundwater Management Act and will fund safe drinking water projects with that drinking water funding prioritized for disadvantaged communities. Both measures also include funding for forest management – an issue that is important to the water community given the impact of wildfires on the water supply.

The Water Infrastructure Improvements for the Nation Act Implementation

Background

Passage of the Water Infrastructure Improvements for the Nation Act (WIIN) last Congress was a landmark moment in California water. WIIN provides California water managers a diverse package of tools to meet our state's water needs while protecting the environment. The law allows California water managers to work collaboratively with federal agencies to improve drought preparedness and create flexibility to meet our needs during dry and wet years. Californians deserve a full-functioning water system that protects and enhances the environment and ensures water reliability for its citizens. WIIN moves us toward that.

Position

Helping restore a vibrant state federal partnership on water issues is a top ACWA priority. ACWA believes WIIN brings us to the middle ground in

water policy where our water system can work for fish and the environment, as well as for our agricultural economy and the people of California. In other words, it meets California's coequal goals of enhancing ecosystem health and water supply. It also dovetails with the Brown Administration's California Water Action Plan, which is the state's guidepost for securing our state's water future.

The passage of WIIN authorized numerous projects to help water management in California. Continued funding by Congress is essential for these programs and projects. ACWA requests at least \$10 million for the WINN recycling program, \$6 million for the desalination grant program, \$67 million for the water storage program and \$15 million for the Operational Review and Science Program per year.

ACWA looks forward to working with Congress, the Army Corps of Engineers, and the Department of Interior on implementation of WIIN.

Headwaters Management

Background

California's headwaters serve a critical role in a resilient water management system. The forests, meadows and river sources are the state's natural water infrastructure, working in tandem with the engineered elements as an integrated system to provide high-quality water supplies for water users and the environment. Unfortunately, management policies and practices for California's headwaters, particularly as they relate to water quality and supply, have become cumbersome and are increasingly ineffective. These policies are often disconnected from the resources they are designed to protect.

ACWA's Policy Principles for the Improved Management of California's Headwaters reflect the pressing need for action to address this intensifying and important resource management issue. ACWA's Headwaters Framework outlines the benefits of healthy headwaters and presents a number of legislative and policy recommendations.

ACWA is a member of the California Forest Watershed Alliance (CAFWA), a unique alliance of diverse interests, including organizations that represent water, environmental, local government, timber, and agricultural interests. CAFWA is dedicated to finding a solution to California's ever-growing forest health and fire risk issues.

ACWA Position

ACWA supports both a comprehensive fire funding fix and forest management changes to increase the pace and scale of forest restoration. To help accomplish these two goals, ACWA supports HR 2862/ S 1842, the "Wildfire Disaster Funding Act" and HR 2939, the "Resilient Federal Forest Act". HR 2862/ S 1842 would prevent "fire

borrowing" or the shifting of funds from other accounts, including those that pay for other fire prevention and forest health activities at the Departments of Interior and the Department of Agriculture, to wildfire suppression budgets. HR 2939 would improve the management of our Nation's forests and help prevent catastrophic wildfires that are so damaging to California's water quality. ACWA encourages Congress to ensure federal agencies have sufficient funding to fight fires and implement fire prevention programs.

Funding should also be significantly expanded for Forest Service restoration activities within the Pacific Southwest Region. Eligible categories should include: long-term monitoring of post-fire recovery efforts, landscape-scale adaptive research programs, decommissioning or improved maintenance of roads and other sediment producing areas, wildfire prevention activities such as forest thinning and watershed restoration, overall water resources monitoring, and biomass management and removal.

Further, federal agencies should partner with the California Natural Resources Agency and other appropriate land managers to complete compatible management strategies, including protocols that will reduce conflicts related to jurisdictional boundaries and overlap, develop common terms and references when pursuing similar actions and adopt a wildfire classification definition that focuses on the nexus of wildfires and the resulting adverse impacts to water quality, water supply and reliability.

ACWA is now turning attention, in collaboration with CAFWA and Sierra Nevada Conservancy, on ways to address current barriers to forest thinning projects posed by air quality regulations and biomass processing constraints.

Endangered Species Act

Background

ACWA's Endangered Species Act (ESA) Policy Principles outline an effective approach to ESA implementation that incorporates the coequal goals of water supply reliability and ecosystem enhancement that are foundational to California law. Without a fundamental change in implementation strategy, it will remain effectively impossible to satisfy demands required by the ESA while still meeting the needs of California families, farms, businesses and communities.

In 2016, the Department of Interior (DOI) developed two mitigation policies that together establish a framework for the U.S. Fish and Wildlife Service (FWS) to recommend or require landscape scale mitigation to achieve a net conservation gain, or no net loss. In March 2017, President Trump directed DOI to evaluate whether these policies should be suspended, revised, or modified. On Nov. 6, 2017, FWS requested public comment on portions of these policies and, specifically, on whether it should retain or remove the goal of net conservation gain.

ACWA's Position

ACWA supports President Trump's effort to rescind the 2016 mitigation policies and urges DOI to revoke these documents rather than revise them. These policies exceed the statutory authority of the ESA. For example, the imposition of a net gain or no net loss standard is inconsistent with the established ESA framework. Additionally, other central components of these policies, such as landscape-scale mitigation, avoidance

of all impacts to certain habitats, and advance compensatory mitigation, are incompatible with an efficient regulatory review process.

ACWA supports targeted ESA reform legislation that requires state and federal agencies to adopt a comprehensive approach in development of habitat conservation plans and other voluntary conservation agreements, rather than perpetuating too simplistic single species efforts. ACWA also supports integrating ESA permitting requirements with other federal and state environmental mandates, including National Environmental Policy Act documentation of environmental impacts and Clean Water Act, section 404 permits.

Legislation ACWA supports this Congress includes: HR 1273/S 376, the "21st Century Endangered Species Transparency Act," requiring publication on the internet of all data that used to determine if a species are endangered or threatened; HR 1274/S 735, the "State, Tribal, and Local Species Transparency and Recovery Act," requiring disclosure to states all data that is used to form the bases of ESA determinations; and HR 3131, the "Endangered Species Litigation Reasonableness Act," to conform court costs awarded in citizen suites under ESA to existing judicial standards.

Additionally, ACWA believes moving the National Marine Fisheries Service ESA division into the Department of Interior's Fish and Wildlife Service would improve fish agency coordination. ACWA urges Congress to pass HR 3916, the "Federally Integrated Species Health (FISH) Act," this Congress.

WATER SUPPLY

Key Messages

Bureau of Reclamation and U.S. Geological Survey Funding

- ACWA requests at least \$1.6 billion for Reclamation's Water and Related Resources budget to help address Western water infrastructure needs including \$40 million for CALFED and at least \$60 million for water recycling each fiscal year.
- ACWA supports alternative financing mechanisms for Bureau of Reclamation projects including HR 434, "The New Water Act" and recommends new financing programs be included in the infrastructure bill being developed.
- ACWA urges Congress to increase funding for streamgages. These gages provide valuable information to help manage our nation's water resources and the \$72 million in FY '17 was insufficient to meet demand.
- ACWA requests at least \$60 million of USGS's cooperative matching funds to help USGS partner with state and local governments to conduct research projects. In allocating this money to the states, ACWA recommends USGS consider the contribution and participation of local partners as well as the length of the project backlog.

Storage

- ACWA believes additional water storage projects are essential to help water agencies to achieve the coequal goals of water supply reliability and ecosystem health. ACWA is continuing to advocate for reasonable implementation of the state's Proposition 1 Water Storage Investment Program by the California Water Commission to award \$2.7

billion toward public benefits of storage in 2018.

- ACWA looks forward to working with the Bureau of Reclamation and Congress to ensure expedited implementation of the storage provisions in the recently enacted Water Infrastructure Improvements for the Nation Act (WIIN).

Water Recycling and Desalination

- ACWA embraces water recycling as a significant component of Reclamation's mission and recommends \$50 million in funding for the Title XVI program and at least \$10 million for the water recycling grant program created in WIIN section 4009(c) each fiscal year.
- ACWA requests Congress lift the \$50 million funding cap on the WIIN 4009(c) water recycling program and extend its authorization beyond five years.
- ACWA believes that if old Title XVI projects are deauthorized, the funds should be re-directed to new water recycling projects and not used to fund other activities at the Bureau of Reclamation.
- ACWA sees desalination as one of many strategies that can play a role in boosting California's water supply reliability. ACWA urges Congress to fully fund the \$30 million authorized for desalination projects in WIIN.
- ACWA supports alternative financing mechanisms for Bureau of Reclamation projects including HR 434, the "New Water Act" and recommends new financing programs be included in the infrastructure bill being developed.

Colorado River

- ACWA supports funding the Colorado River Basin Salinity Control Forum, the WaterSMART program, and the Department of Energy cleanup programs that help remove uranium, perchlorate and Chromium 6 from the Colorado River.
- ACWA supports robust funding of Bureau of Reclamation and Corps of Engineers programs to assist in restoration projects at the Salton Sea.

Farm Bill

- ACWA supports the Farm Bill conservation programs and believes funding for these programs should be maintained to ensure that on-farm and on-ranch operational, resource conservation, local economic, and rural sustainability goals are met.
- ACWA, in conjunction with the California Forest Watershed Alliance, recommends the next Farm Bill maintain mandatory funding and acreage enrollment levels for key conservation programs that support forests such as Environmental Quality Incentives Program and Regional Conservation Partnership Program; enhance stewardship contracting authority to 20 years; allow the President to declare an emergency based on an insect and disease epidemic; and maintain funding levels for the Biomass Crop Assistance Program.

Bureau of Reclamation and U.S. Geological Survey Funding

Background

The Bureau of Reclamation and U.S. Geological Survey are federal agencies located in the Department of Interior. Both agencies provide critical services to help manage and deliver water in the western United States.

The Bureau of Reclamation operates 180 water projects in the Western United States that provide agricultural, household, and industrial water to about one-third of the population of the American West. These water projects were primarily built in the early 1900s and are aging. Currently, over half of Reclamation's budget is consumed by the operation and maintenance of these facilities. As a result, the agency has few resources to devote to the new challenges facing Western water managers.

USGS provides scientific data to better understand water challenges and maintains a network of streamgages that measure the amount of water flowing in our Nation's rivers and streams. Water managers use streamgage data for a variety of purposes including monitoring water quality, administering water rights, and forecasting drought conditions. In California, USGS operates nearly 500 streamgage sites, many of which are in danger of closing. USGS is supposed to maintain a "backbone" of core streamgages that are critical to national, regional, and local needs. Unfortunately, funding for all the needed streamgages has never been fully appropriated, and water managers do not have the tools they need to properly monitor our Nation's water resources.

USGS's cooperative matching fund (formally the cooperative water program) is a partnership between USGS and local project sponsors. Project sponsors utilize this fund to partner with USGS on research to improve our understanding of water resources. Current projects in California funded using the cooperative arrangement include the development of a hydrodynamic model of the

Delta, an examination of chloride concentrations in eastern San Joaquin County groundwater, and a geological and hydraulic study of the San Diego area. Historically, cooperative projects were funded by a 50/50 costs share with local partners. The fund's budget, however, has not kept pace with increasing stakeholder needs, and nationally the federal/local split is now 30/70.

ACWA's Position

ACWA requests at least \$1.5 billion for Reclamation's Water and Related Resources budget to help address Western water infrastructure needs including \$40 million for CALFED and at least \$60 million for water recycling projects each fiscal year.

The old paradigm of infrastructure funding is changing, however, innovative financing mechanisms do not currently exist for Reclamation infrastructure. ACWA supports alternative financing mechanisms for Bureau of Reclamation projects including HR 434, the "New Water Act" and recommends new financing programs be included in the infrastructure bill being developed.

ACWA urges Congress to increase funding for streamgages. These gages provide valuable information to help manage our nation's water resources, and the \$72 million in FY '17 was insufficient to meet demand. The 2017 omnibus funded the cooperative matching fund at a level of \$60 million and should be protected from future cuts. In allocating this money to the states, ACWA recommends USGS consider the contribution and participation of local partners as well as the length of the project backlog.

Water Storage

Background

In 2015, ACWA released the “21st Century Water Storage: Recommendations for California’s Future,” a policy paper that provides key recommendations for the California Water Commission (CWC) as it administers the Water Storage Investment Program (WSIP), the process overseeing the CWC’s allocation of the \$2.7 billion in Chapter 8 of Proposition 1 to help fund water storage projects. The CWC is currently evaluating 11 projects which have been deemed eligible for WSIP funding.

The recently passed Water Infrastructure Improvements for the Nation (WIIN) Act contains important water storage measures. ACWA believes timely implementation of these measures can serve as an important water management tool in California.

ACWA’s Position

ACWA believes the California delegation should encourage expedited implementation of the WIIN Act storage provisions. WIIN authorizes \$335 million in funding for storage and groundwater projects. It also addresses coordinated implementation with the state water bond to allow federal funding to go to qualified, environmentally-mitigated and cost-beneficial projects such as desalination, recycling, groundwater and storage projects on the same timeframe as projects funded under the state water bond.

ACWA is continuing to advocate with the CWC for a technically sound and reasonable WSIP project evaluation process, resulting in selection of projects with demonstrated public benefits and grant awards later in 2018.

ACWA’s vision for the future of integrated water storage calls for revitalized water management systems across the state, with additional water storage enabling more effective implementation of an “all-of-the-above” portfolio of strategies to achieve the coequal goals of water supply reliability and enhanced ecosystem health. These systems should include additional surface and groundwater storage assets designed and operated as elements of integrated statewide and regional water management systems. Surface and groundwater facilities should work in concert to provide the resilience needed to compensate for increasing climate variability and the expected reduction of the state’s historic snowpack, and to improve flood management, support groundwater sustainability, provide for healthy urban and agricultural economies, and meet the needs of a growing population. The development of comprehensive water solutions requires investment in surface and groundwater storage projects in all areas of the state, contributing a variety of functions that allow for enhanced integrated water management opportunities.

ACWA has released a Water Storage Integration Study to help define and quantify benefits of integrating existing and planned surface and groundwater storage projects at a statewide scale, to meet California’s water supply needs and priorities. A detailed, graphics-rich briefing paper titled “21st Century Water Infrastructure: New Approaches to Create Flexibility and Resiliency” is also available to help describe the scope of this study and its key conclusions.

Water Recycling and Desalination

Background

In 1992, Congress created the Title XVI program establishing water recycling as an ongoing part of the Bureau of Reclamation's mission. This highly leveraged program provides one federal dollar for every three local dollars invested in water recycling projects. Under Title XVI, individual water recycling projects must be authorized by Congress, and the federal cost share is capped at \$20 million or 25% of the projects costs, whichever is less. For a variety of reasons, Congress has not authorized any new Title XVI projects since 2009.

Despite limited federal support, water agency's interest and demand for water recycling projects continues to grow. The recently enacted Water Infrastructure Improvements for the Nation (WIIN) Act modified the Title XVI program to eliminate the need for projects to be individually authorized by Congress. This change revitalized the program and applicants from all over the country applied for funding in 2017. Three water projects in California were selected to receive \$10 million in funding under this new program. Now Congress needs to approve this award.

Thanks to recent advances in technology, turning ocean water into drinking water is not as energy-intensive as it was a decade ago. WIIN also revived federal support for desalination. The legislation reauthorizes the Water Desalination Act of 1996 and authorizes \$30 million for design and construction of new desalination facilities.

ACWA's Position

ACWA embraces water recycling and believes it is a significant component of Reclamation's mission. ACWA recommends providing at least \$50 million per year in funding for the Title XVI program and at least \$10 million per year for the new water recycling grant program created in WIIN section 4009(c). ACWA encourages Congress to approve the three projects selected by Reclamation to receive funding under the competitive WIIN grant program in 2017. Additionally, ACWA requests Congress lift the \$50 million funding cap on the WIIN grant program and extend its authorization beyond five years. ACWA believes that if old Title XVI projects are deauthorized, the funds should be re-directed to new water recycling projects and not used to fund other Reclamation programs.

ACWA sees desalination as one of many strategies that can play a role in boosting California's water supply reliability. ACWA urges Congress to fully fund the \$30 million authorized for desalination projects in WIIN.

ACWA supports alternative financing mechanisms for water recycling projects including the Reclamation Infrastructure Financing and Innovation Authority. ACWA thanks Congress for funding the Water Infrastructure Financing and Innovation Authority for the first time in FY 2017 and appreciates that EPA intends to use the program to help fund water recycling projects.

Colorado River

Background

The Colorado River is an important water source for California. It provides approximately 25% of the water supply for over 19 million people in Southern California, irrigates over 800,000 acres of land, and supplies renewable energy from hydropower generation for rural and urban communities within Southern California. California has the right to utilize a basic apportionment of 4.4 million acre-feet of Colorado River water per year and any surplus that the other lower Basin States do not use. Since 2003 California has cut back its use from 5.2 million acre-feet to its basic apportionment of 4.4 million acre-feet of water per year.

California has a long history of successful water management and cooperation with other Colorado River Basin States. California has undertaken programs within the Colorado River Basin to encourage water conservation, maximize water recycling and reuse, develop additional storage and reduce its overall demand. California's efforts have helped conserve approximately 1 million acre-feet of water over the past 10 years. California has also participated with other Colorado River Basin States in programs to improve the water quality of the Colorado River. Additionally, California cooperated with the other Basin States, the U.S. and Mexico on actions such as Minute 319 to the 1944 Treaty Concerning the Utilization of Waters of the Colorado River.

The Colorado River Basin has been experiencing a serious drought for more than 15 years and California has continued to work with the other Basin States on additional measures to protect reservoir elevation levels and otherwise prepare for the possibility of a continued drought. California will continue to contribute to programs that encourage additional conservation, maximize system efficiency and develop new sources of water for the benefit of the Colorado River system.

The Salton Sea was formed in 1905 when a levee break along the Colorado River caused flows from the Colorado River to enter the basin for about 18 months. Since its formation, the Sea has been sustained predominantly by drainage flows from the nearly 600,000 acres of irrigated farmland in the Coachella and Imperial Valleys. The Sea also receives agricultural drainage, urban runoff, and wastewater flows from the Mexicali Valley and water from storm run-off. The Salton Sea Authority is currently developing an adaptive roadmap to reach a comprehensive solution to the Salton Sea's numerous environmental concerns. The Salton Sea Restoration & Renewable Energy Initiative will leverage funds generated by new renewable energy projects located at the Sea to help finance activities for air quality management and habitat restoration.

ACWA's Position

Congressional funding for programs such as the WaterSMART program, the Colorado River Basin Salinity Control Forum and the Department of Energy cleanup programs that help remove uranium, perchlorate and Chromium 6 from water supplies, should be increased.

Efforts amongst federal, state, local officials and stakeholders, in conjunction with the Salton Sea Authority should continue to reach a comprehensive solution to the Salton Sea's numerous environmental challenges. ACWA supports robust funding of Bureau of Reclamation and Corps of Engineers programs to assist in restoration projects at the Salton Sea.

Farm Bill

Background

California grows crops that feed, clothe and power the world. Agriculture in California is a \$45.3 billion annual industry that generates nearly 13% of the total U.S. agricultural revenue. ACWA was founded by agricultural irrigation districts in 1910 and many of our members are acutely affected by the farm bill's provisions. In an era of tightening water supplies and growing population, ACWA works to advance the goals of both agricultural and urban water users.

The Conservation Title of the Farm Bill, Title II, provides farmers and ranchers with resources to conserve water, improve water quality, and enhance wildlife on agricultural land. Agriculture uses approximately 40% of the state's developed water supply, and farm bill conservation programs help enhance water quality and improve water use efficiency.

Congress passed a Farm Bill in 2014 that set farm policy and federal funding levels for the next five years. That Farm Bill continued funding for specialty crop block grants, maintained a robust Environmental Quality Incentives Program (EQIP), and created the Regional Conservation Partnership Program (RCPP), which allows water agencies and irrigation districts to partner with landowners to conduct regional projects to improve water quality and conserve water. Congress is expected to begin work on the next Farm Bill during the first half of 2018.

ACWA's Position

ACWA supports the Farm Bill conservation programs and believes funding for these programs should be maintained to ensure that on-farm and on-ranch operational, resource conservation, local economic, and rural sustainability goals are met.

ACWA, along with our coalition partners in the California Forest Watershed Alliance, endorsed a series of recommendations to be included in the next Farm Bill. Specific recommendations include: address the issue of fire borrowing in which funds from the non-fire suppression accounts are used for suppression activities; maintain mandatory funding and acreage enrollment levels for key conservation programs that support forests such as EQIP and RCPP; enhance stewardship contracting authority to 20 years; allow the President to declare an emergency based on an insect and disease epidemic; and maintain funding levels for the Biomass Crop Assistance Program.

WATER INFRASTRUCTURE

Key Messages

Financing Water Infrastructure

- ACWA supports EPA's State Revolving Fund program. President Trump's infrastructure plan developed during the campaign called for tripling SRF funding, and ACWA encourages Congress to enact this pledge.
- ACWA supports the Water Infrastructure Finance and Innovation Authority (WIFIA), appreciates Congress funding this program for the first time in FY 2017, and encourages Congress to provide even more funds this year.
- No single solution can address the full range of water and wastewater infrastructure challenges. ACWA recommends a variety of financing tools be made available for these projects. ACWA supports raising the cap on private activity bonds, extending authority for Build America Bonds, and creating public private partnerships to help finance water infrastructure projects.

Clean Water Act

- ACWA requests that National Pollutant Discharge Elimination System permit terms be extended from five to ten years, while retaining existing EPA and delegated state authority to reopen permit terms based on current law.
- The 2015 rule defined "tributary" so broadly that canals, aqueducts, and ditches would become "waters of the United States" (WOTUS). ACWA opposes this definition of "tributary" and believes it is not in keeping with the text of the CWA or its implementing regulations. Water conveyance systems are not WOTUS and the new rule being developed should clearly state this.

- ACWA opposes the expanded definition of "adjacent" in the 2015 Rule because it adversely impacts water agency operations. The 2015 Rule changed the phrase "adjacent wetlands" to "adjacent waters." In California, recycled water ponds and other operational facilities are located adjacent to WOTUS. If the phrase is changed, these facilities would be required to obtain multiple new permits. Consistent with the CWA and Justice Scalia's opinion in *Rapanos*, adjacent water facilities are not WOTUS and the new rule being developed should make this clear.

Army Corps of Engineers and Water Resources Development Act

- The 2016 Water Infrastructure Improvements for the Nation Act (WIIN) authorized numerous projects to help water management in California. It is now incumbent upon Congress to provide funding for these programs and projects. House and Senate appropriators should take seriously the authorizing language in WIIN.
- In 2014 both EPA and the Army Corps of Engineers (Corps) were directed to develop a WIFIA program. EPA has moved forward with its program and announced its first loan recipients. The Corps has yet to establish or implement the program. ACWA urges the Corps and Congress work together to establish a WIFIA program for Corps projects.
- ACWA appreciates Congress' focus on returning to two-year authorization schedule for WRDA bills and looks forward to working with Congress as WRDA 2018 is developed.

Safe Drinking Water

- ACWA supports the development of drinking water standards that are health-protective. ACWA believes that all regulatory decisions affecting drinking water must be made through the process established by the Safe Drinking Water Act.
- ACWA supports HR 3387, the Drinking Water System Improvement Act of 2017, and urges its passage. In addition to authorizing \$8 billion over five years for the drinking water SRF, this bill authorizes additional funding to help disadvantage communities comply with drinking water standards.

Water/Energy Conservation

- ACWA supports the “Water Conservation Tax Parity Act,” S 1464/HR 448 and urges its passage this Congress. This bipartisan bill would provide equal tax treatment for water and energy conservation measures.
- ACWA supports EPA’s WaterSense program and encourages Congress to officially authorize the program in a manner that protects water quality.

Financing Water Infrastructure

Background

Problems associated with aging water infrastructure are mounting and becoming increasingly expensive to fix. Nationwide the need for investment in water and wastewater infrastructure outpaces available funding. An EPA study found that without increased investment, over the next 20 years, a staggering \$600 billion gap will develop between available funds and actual need.

Most federal funding for water infrastructure projects flows through EPA's Clean Water and Safe Drinking Water State Revolving Funds (SRF). Each state awards these funds as grants to small systems and disadvantaged communities and low interest loans for other projects. Even with record funding levels in recent years, the SRF project backlog persists. To help address this backlog, President Trump pledged during his campaign to "triple funding for state revolving loan fund programs".

The Water Infrastructure Finance and Innovation Authority (WIFIA) is a new source of funding administered by EPA. It can be used to finance water infrastructure projects that cost at least \$20 million for large communities and \$5 million for small communities. Congress first appropriated \$20 million in funding for this program in 2017 and this money is being leveraged to provide \$2.3 billion worth of loans for 12 projects, including four in California.

ACWA's Position

ACWA strongly supports the SRF program and appreciates Congress statement of support for robust funding of the program in the Water Infrastructure Improvements for the Nation bill passed in 2016. As Congress develops an infrastructure funding bill, ACWA hopes the pledge to triple SRF funding is enacted.

ACWA also supports WIFIA and appreciates Congress funding the program for the first time in FY 2017. ACWA believes WIFIA complements the SRF program and encourages Congress to increase funding for WIFIA this year. WIFIA should also be included in the infrastructure bill being developed to enable even more large water infrastructure projects to move forward. ACWA supports HR 4492, the "Water Infrastructure Finance and Innovation Reauthorization Act," and urges its passages this Congress.

ACWA recognizes that no single solution addresses the full range of water and wastewater infrastructure challenges and recommends a variety of financing tools be made available for these projects. To help water agencies finance projects, ACWA supports extending the authority for Build America Bonds, raising the cap on private activity bonds, and expanding opportunities for public-private partnerships. The problems facing each community, whether served by public utilities or investor-owned systems, are not the same. All levels of government and the private sector must work together to find solutions.

The Clean Water Act

Background

The Clean Water Act (CWA) establishes a basic structure for regulating discharges of pollutants into water and setting water quality standards. ACWA recognizes the important water quality improvements brought about by passage and implementation of the CWA, and watershed protection is important to our members. ACWA has a history of encouraging EPA and the Army Corps of Engineers to use their existing authorities to prevent pollutants from entering California's drinking water supply.

The CWA requires publicly owned treatment works to secure new National Pollution Discharge Elimination System (NPDES) permits every five years. More than 40 years after the CWA was enacted, the five year permit term is out of step with project design and construction. Water agencies are undertaking very large infrastructure projects that can take over ten years to complete. As a result, water agencies must negotiate new permit terms while the project is on-going.

EPA and the Army Corps of Engineers finalized a rule that redefines the scope of waters regulated under the Clean Water Act in June 2015. This rule introduced new concepts, definitions and tests that would vastly expand the universe of waters defined as "waters of the United States" (WOTUS) and change how waters in the Western United States are managed. The Trump Administration is working on developing a replacement rule.

In California, the State Water Resources Control Board has proposed Draft Procedures for Discharge of Dredged or Fill Material in waters of the state (WOTS) using its authority to issue water quality certifications under Clean Water Act Section 401 and the state Porter-Cologne Water Quality Control Act. These expansive proposed new state regulations would include a definition of wetlands that is in conflict with the federal definition, and state alternatives analysis and a mitigation prioritization approach that is in conflict with the federal requirements. ACWA is working

with water agencies and a broad coalition of urban and agricultural entities to advocate that the State Water Board withdraw or substantially modify this proposal.

ACWA's Position

ACWA requests that NPDES permit terms be extended from five to ten years, while retaining existing EPA and delegated state authority to reopen permit terms based on current law. This proposed change to the CWA would provide significant benefits to states and local public water/wastewater agencies and ensure that permits better reflect the life cycle realities of today's treatment technologies, construction schedules and resource demands that public agencies must address.

It is essential that any revisions to the definition of WOTUS are consistent with the text of the CWA and its implementing regulations. The 2015 rule defined tributary so broadly that canals, aqueducts, and ditches would become WOTUS. This expansion of federal authority would make it more difficult for water agencies to move water and unnecessarily increase permitting costs. ACWA opposes the 2015 Rule definition of tributary. Water conveyance systems are not WOTUS, and the new rule being developed should clearly state this.

Consistent with the CWA and Justice Scalia's opinion in *Rapanos v. United States*, 547 U.S. 715 (2006), adjacent water facilities are not WOTUS, and the new rule being developed should make this clear. In California, water recycling facilities, groundwater replenishment basins, and other water facilities are located adjacent to WOTUS. The 2015 Rule changed the phrase "adjacent wetlands" to "adjacent waters". As a result, these facilities would need to obtain multiple CWA permits to continue operating. In the new rule being developed all water infrastructure adjacent to WOTUS should be excluded from jurisdiction.

The Army Corps of Engineers and Water Resources and Development Act

Background

The Army Corps of Engineers maintains our nation's water resources and plays a critical role in our economy and environment. Congress is often involved at the project level when it comes to Corps activities. Congress authorizes the agency to perform geographically specific projects to improve navigation, reduce flood and storm damage and restore aquatic ecosystems in a bill known as the Water Resources and Development Act (WRDA).

Passage of the Water Infrastructure Improvements for the Nation (WIIN) Act in 2016 was a landmark moment in California water, and WRDA was an important component of WIIN. The WRDA provisions authorize numerous Army Corps of Engineers projects, including restoration of the Los Angeles River, Lake Tahoe and the Salton Sea. It also strengthened water-supply reliability by helping water agencies work with the Army Corps of Engineers to construct stormwater capture projects, groundwater recharge projects and a gamut of other projects that bolster local water supply.

Position

Unfortunately, the Corps' operating budget has not kept pace with project demand, and there is a backlog of new projects waiting to

be started. Funding for the Corps is not even enough to keep current projects on schedule or conduct maintenance work to prevent paying for expensive "crisis" repairs in the future. ACWA encourages Congress to provide more funding for the Corps and requests at least \$6.5 billion for the Corps per year.

The passage of WIIN authorized numerous projects to help water management in California. It is now incumbent upon Congress to provide funding for these programs and projects. House and Senate appropriators should take seriously the authorizing language in WIIN.

WRDA 2014 directed both EPA and the Corps to develop a Water Infrastructure Finance and Innovation Authority (WIFIA) program. EPA has moved forward with its WIFIA program and awarded its first loans. The Corps has yet to establish or implement the program. ACWA urges the Corps and Congress work together to create a WIFIA program for Corps projects.

ACWA looks forward to working with Congress, the Army Corps of Engineers, and Department of Interior on implementation of WIIN. ACWA also appreciates Congress focus on returning to a two-year authorization schedule for WRDA bills and looks forward to working with Congress as it develops WRDA 2018.

Safe Drinking Water Act

Background

The Safe Drinking Water Act (SDWA) authorizes EPA to set health-based standards for contaminants in drinking water. There are primary drinking water standards, known as maximum contaminant levels (MCLs), for 88 chemicals and microorganisms. EPA is required to review and revise, if appropriate, these MCLs at least every six years.

The process to regulate new contaminants begins with the development of the “contaminant candidate list” (CCL) every five years. To help inform the list, EPA requires large water systems to monitor for unregulated contaminants as part of the “unregulated contaminant monitoring requirements” (UCMR) in SDWA. Every five years EPA must make a regulatory determination on at least five contaminants from the CCL, develop a new CCL and update the list of unregulated contaminants for which water systems must monitor.

EPA released its latest regulatory determination on Jan. 4, 2016. The agency determined it would not set a drinking water standard for four contaminants on the CCL and will collect more information before deciding if a drinking water standard should be set for strontium. Currently California has a drinking water standard for the radioactive form of strontium but not the strontium 88 isotope EPA is studying. Following the regulatory determination, EPA finalized the next CCL, known as CCL4, on Nov. 17, 2016 and the next UCMR, UCMR4, began on Jan. 1, 2018.

Once a regulatory determination is made, EPA starts the process of setting an MCL. First, a non-enforceable health goal, known as a maximum contaminant level goal (MCLG), is established. An MCLG is the level of a contaminant in drinking water below which there are no expected health risks. After an MCLG is determined, EPA considers the economic and technical feasibility of the MCLG and sets an enforceable MCL.

California has its own SDWA, which incorporates all of the federal SDWA requirements plus additional standards. The Office of Environmental Health Hazard Assessment first establishes a public health goal similar to an MCLG. Once a PHG is finalized, the State Water Resources Control Board completes a technical and economic feasibility analysis and sets the MCL as close to the PHG as feasible. Last July the SWRCB adopted an MCL for 1,2,3 Trichloropropane of 5 parts per trillion, and it went into effect on Dec. 14, 2017. Water systems started quarterly monitoring for 1,2,3-TCP this January.

ACWA's Position

ACWA members' highest priority is the delivery of safe, reliable drinking water. ACWA believes that all regulatory decisions affecting drinking water should be made through the process established by SDWA. For these reason ACWA opposes legislation, such as HR 1068 the “Safe Drinking Water Amendments of 2017,” because it would direct EPA to set drinking water standards by a specific date. ACWA supports HR 3387, the “Drinking Water System Improvement Act of 2017,” and urges its passage. In addition to authorizing \$8 billion over five years for the drinking water SRF, this bill would authorize additional funding to help disadvantage communities comply with drinking water standards.

ACWA supports reauthorizing and robustly funding EPA's State Revolving Fund (SRF) program and Water Infrastructure Finance and Innovation Authority (WIFIA). SRF loans provide needed funding for water infrastructure projects and assistance in developing and implementing treatment options for regulated contaminants. WIFIA, is a useful tool to finance large water infrastructure projects that would not qualify for SRF funding. No single solution can address the full range of water and wastewater infrastructure needs and lots of funding options need to be available to meet water agencies' needs.

Water and Energy Conservation

Background

Water agencies are uniquely positioned to increase consumer awareness of both water and energy conservation measures. ACWA works with the California Department of Water Resources on a statewide education and outreach campaign known as “Save Our Water”. The goal of this campaign is to make water conservation a way of life for Californians. The “Save Our Water” website offers tips to help consumers reduce their water and energy use and connects consumers to rebates for water and energy efficient appliances, drought tolerant landscaping, and more efficient outdoor irrigation equipment. “Save Our Water” also partners with local water agencies and other community-based organizations, conducts social media outreach, and funds radio and television advertisements.

Public utilities in every state offer rebate programs to promote water conservation and storm water management, but the rebates they pay to homeowners who help are currently seen as taxable income to the recipient. This is in stark contrast to the treatment of similar energy efficiency rebates, which Congress declared non-taxable in 1992 under Section 136 of the Internal Revenue Code.

EPA’s WaterSense program is designed to make it easy for consumers to choose water efficient products and services. Household items, including toilets and showerheads, that meet independently verified water efficient standards carry the WaterSense label. This program, along with the Department of Energy’s Energy Star program, allow consumers to easily choose the more efficient product when purchasing items for their home.

ACWA’s Position

ACWA encourages Congress to provide tax parity for water and energy conservation programs.

Section 136 of the Internal Revenue Code exempts energy conservation subsidies from inclusion in gross income; however, there is no similar exemption for water conservation measures. Water conservation programs are just as valuable as energy conservation programs and should be treated equally. California is recovering from a severe drought, and water agencies and their customers should not have to worry about the tax implications of rebate programs for turf removal and other conservation efforts. ACWA supports the “Water Conservation Tax Parity Act,” S 1464/HR 448, and urges its passage this Congress. This bipartisan bill would provide equal tax treatment for water and energy conservation measures.

ACWA supports EPA’s WaterSense program and encourages Congress to officially authorize the program and provide it with robust funding. However, authorizing language must ensure the WaterSense program does not inadvertently harm water quality. In 2010, EPA issued a Notice of Intent (NOI) to develop WaterSense specifications for self-regenerating water softeners. These point-of-use products use rock salt, and discharge salty brine into wastewater collection and treatment systems that can make it more difficult to meet permit requirements and recycle water. In 2011, EPA withdrew the NOI after water and wastewater agencies voiced strong concerns about the water quality impacts of these products. Last Congress, ACWA was concerned language in the bills authorizing the WaterSense program would have allowed EPA to reopen the water softener NOI. This Congress, Senate bill S 1147 and S 1700 contain similarly problematic language. If language authorizing the WaterSense program is considered this Congress, ACWA urges lawmakers to ensure water quality is protected. The WaterSense authorization language in HR 3275 and HR 3248 accomplishes this goal.

CALIFORNIA MAJOR WATER PROJECTS



Source: Department of Water Resources, CWP 2013

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