



Key California Water Issues 2019

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 450 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/

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

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2019 CALIFORNIA WATER CONDITIONS

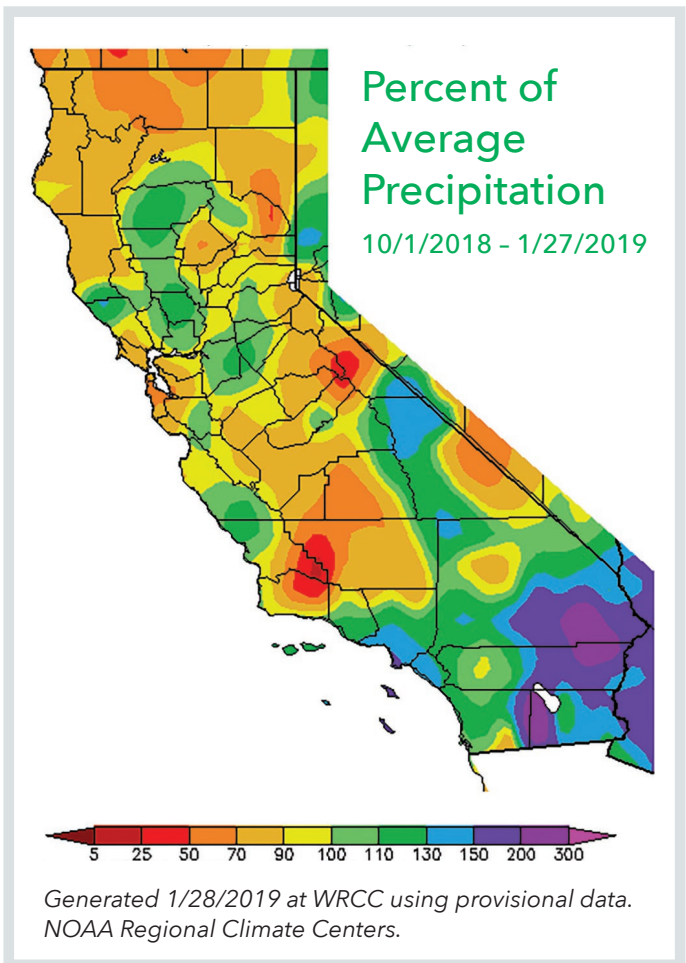
Despite below-average precipitation for water year 2018, this year is looking more promising thanks to above-average precipitation in January 2019 that has resulted in most California reservoirs storing near- or above-average levels of water.

The 2018 water year, which ended Sept. 30, was a dry year overall, but included sporadic periods of significant precipitation that included an atmospheric river event in April. Though the event was short, it produced the 10th largest flood on the Merced River, according to the California Department of Water Resources.

DWR's electronic measurement reading on Jan. 31, from 103 stations scattered throughout the Sierra Nevada, showed promising results for water year 2019. The readings indicated the snow water equivalent (SWE) of the northern Sierra snowpack was 18 inches, 100% of normal for this date. The central and southern Sierra readings were 18.8 inches (102% of normal) and 14.3 inches (97% of normal), respectively. Statewide, the snowpack's SWE is 17.3 inches, or 100% of normal for Jan. 31.

On average, California's snowpack supplies about 30% of the state'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.

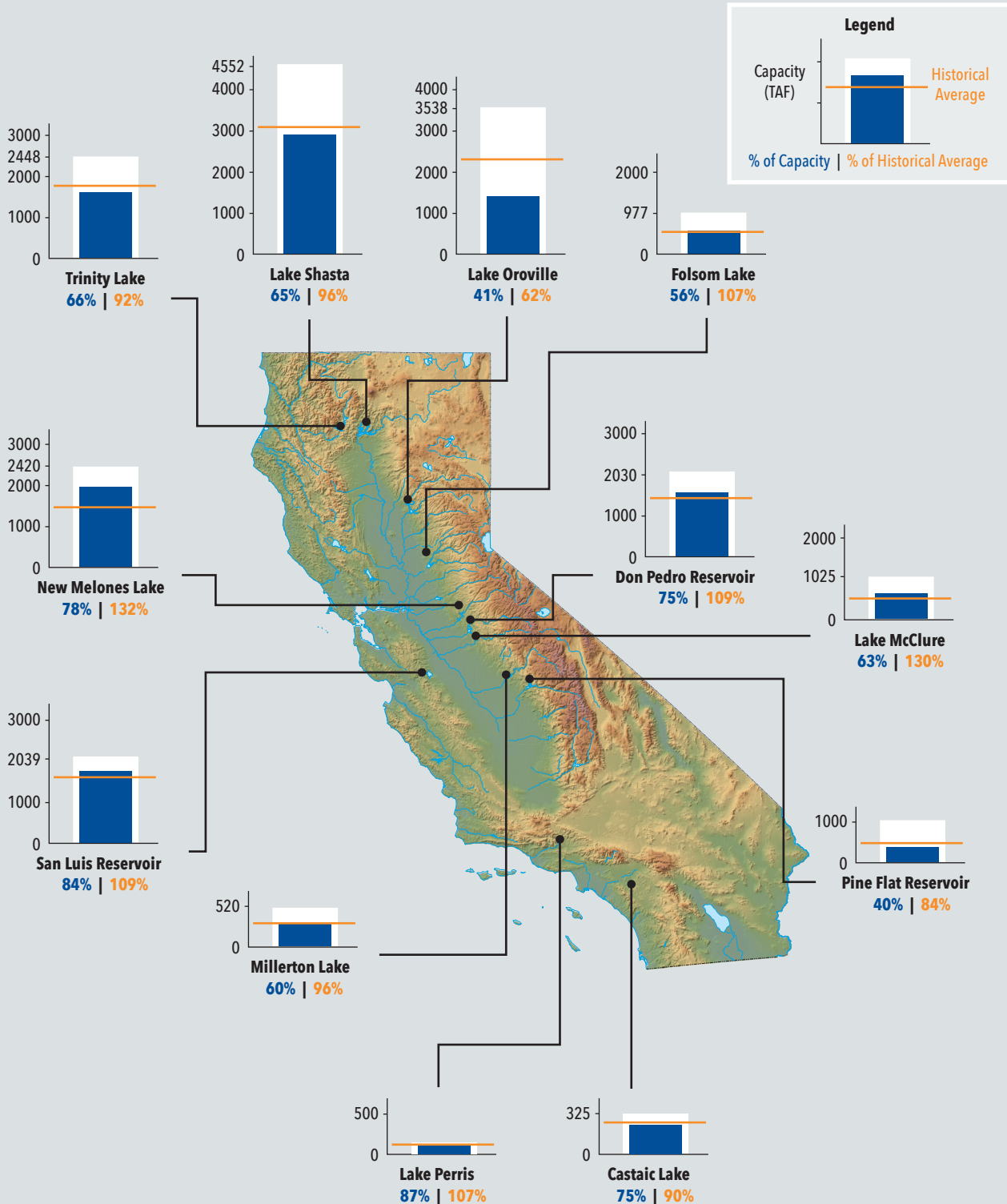
As of Feb. 3, Lake Shasta, the state's largest reservoir located in Northern California, was at 65% of capacity (96% of historical average). San Luis Reservoir in Central California was at 84% of capacity (109% of historical average). Castaic Lake in Southern California was at 75% of capacity (90% of historical average). The primary exception is Lake Oroville, the state's second largest reservoir, which is being purposely held to lower than average levels as a safety precaution.



On Jan. 25, DWR announced a statewide increase in water allocations for State Water Project contractors from the original 10% allocation to 15% allocation.

Current Reservoir Conditions

As of February 3, 2019



Source: California Department of Water Resources

WATER MANAGEMENT

Key Messages

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.
- WIIN authorized numerous projects to help water management in California. Continued funding by Congress is essential for these programs and projects. ACWA supports a five-year extension and at least \$500 million for the WIIN recycling program, five-year extension and \$50 million for the desalination grant program, five-year extension and \$500 million for the water storage program and \$75 million for the Operational Review and Science program.
- ACWA looks forward to working with Congress, the Army Corps of Engineers, and Department of Interior on further implementation of WIIN.

Colorado River

- ACWA strongly encourages all participants to approve and enact drought contingency plans within the timeline provided by Bureau of Reclamation Commissioner Brenda Burman. ACWA stands ready to assist with the passage of federal legislation necessary for implementation of the drought contingency plans.
- ACWA supports robust funding of the Bureau of Reclamation and Army Corps of Engineers programs to assist in restoration projects at the Salton Sea.

- 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.

Headwaters Management

- ACWA is pleased by last year's comprehensive fire funding fix which should help stabilize the Forest Service's budget. ACWA encourages Congress to ensure that federal agencies have sufficient funding to fight fires and implement fire prevention programs.
- 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.

Proposition 68 (California, June 2018)

- Water agencies will be leveraging local funding, state bond funding, and potential federal funding to develop surface and groundwater management projects that improve water quality and supply reliability, deliver improved environmental quality, and meet challenges of periodic drought and climate change.

- To provide matching federal dollars, ACWA supports a five-year extension and at least \$500 million for the Water Infrastructure Improvements for the Nation Act (WIIN) recycling program, five-year extension and \$50 million for the desalination grant program, five-year extension and \$500 million for the water storage program and \$75 million for the Operational Review and Science program.

State Water Resource Control Board (State Water Board) Bay-Delta Water Quality Control Plan Update

- ACWA has been actively engaged on the State Water Board efforts to update the Bay-Delta plan and has strongly urged the State Water Board to support a collaborative approach. Voluntary agreements have been demonstrably successful at achieving outcomes.
- ACWA has expressed concerns with State Water Board moving forward with the release of the draft staff report for the Sacramento/Delta update absent the incorporation of a watershed-wide agreement as a preferred alternative.
- Commissioner Burman, on July 27, 2018, sent the following message to Felicia Marcus, Chair of the State Water Board, "Consistent with his statutory responsibilities set forth in Pub. L. 99-546, Title 1, section 101 and elsewhere, the Secretary of the Interior will more fully review the Board Amendments. Following appropriate due diligence, if the Secretary of the Interior determines that the Board Amendments are inconsistent with these responsibilities, the Secretary will request the Attorney General of the United States bring an action against the Board."

Water Infrastructure Improvements for the Nation Act Implementation

Background

Passage of the Water Infrastructure Improvements for the Nation Act (WIIN) in 2016 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 ecosystem. 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.

ACWA's Position

Helping restoring 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 ecosystem, 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 improving water supply reliability.

WIIN authorized numerous projects to help water management in California. Continued funding and authorization by Congress is essential for these programs and projects. ACWA supports a five-year extension and at least \$500 million for the WIIN recycling program, five-year extension and \$50 million for the desalination grant program, five-year extension and \$500 million for the water storage program and \$75 million for the Operational Review and Science program.

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

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.

The Colorado River Basin has been experiencing a serious drought for over 18 years. 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.

The Bureau of Reclamation Commissioner Brenda Burman issued a directive late last year requiring the seven Colorado River Basin States to submit agency-approved drought contingency plans (DCPs) by January 31, 2019. Since all of the states were unable to meet the deadline, the Bureau of Reclamation announced it will publish a notice to the Federal Register. The notice will seek recommendations from all seven basin state governors on protective action the federal government should take to maintain water in the Colorado River System. However, should all of the states finalize their DCPs before March 4, the federal register notice will be withdrawn.

California agencies are in various stages of the approval process and continue to work diligently toward the goal of approving the DCP agreements to meet the Commissioner's deadline. In order to complete the drought contingency plan agreements, all seven of the basin states must sign on.

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.

ACWA's Position

ACWA strongly encourages all participants to approve and enact drought contingency plans within the timeline provided by Commissioner Burman. ACWA stands ready to assist with the passage of federal legislation related to the drought contingency plans. Additionally, ACWA hopes that in reaching resolution on the drought contingency plans, environmental rehabilitation efforts of the Salton Sea can continue and become more robust.

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.

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 is a unique alliance of diverse interests, including organizations that represent water, environment, 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's Position

ACWA is pleased by last year's comprehensive fire funding fix which should help stabilize the Forest Service's budget. ACWA encourages Congress to ensure that federal agencies have sufficient funding to fight fires and implement fire prevention programs.

It is imperative that the U.S. Department of Agriculture and the U.S. Department of the Interior work with public water agencies to accelerate installation of critical water infrastructure to mitigate the threat of catastrophic wildfires. As evidenced by the success of the bi-state Tahoe Water for Fire Suppression Partnership, a collaboration between local water and fire agencies and the U.S. Forest Service in the Lake Tahoe Basin, improvements to water distribution systems and regional interconnectivity greatly improve response to wildfires.

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 the Sierra Nevada Conservancy, to ways to address current barriers to forest management projects posed by air quality regulations and biomass processing constraints.

Proposition 68

Background

On June 5, 2018 California voters approved Proposition 68 with 56% of the vote. Proposition 68, the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, is a general obligation bond that authorizes the state to borrow \$4.1 billion for investments to address drought, water, parks, climate, coastal protection, and outdoor access. Placed on the ballot by Senate Bill 5 of 2018, it includes the following chapters which allocate bond funding that will potentially be available for ACWA member agency projects in coming years, as specified in the statute.

- Ch. 11 Clean Drinking Water and Drought Preparedness: \$243,750,000 of which \$63,250,000 is currently committed
- Ch. 11.1 Groundwater Sustainability: \$78,000,000, of which \$74,000,000 is currently committed
- Ch. 11.5 Flood Protection and Repair: \$536,250,000, of which \$98,617,000 is currently committed
- Ch. 11.6 Regional Sustainability for Drought and Groundwater, and Water Recycling: \$380,250,000, of which \$120,150,000 is currently committed

ACWA's Position

ACWA endorsed Proposition 68. ACWA will be monitoring preparation of grant program guidelines by the implementing agencies, particularly the Department of Water Resources (drought, flood protection, and groundwater) and the State Water Resources Control Board (drinking water, recycled water).

To provide matching federal dollars, ACWA supports a five-year extension and at least \$500 million for the Water Infrastructure Improvements for the Nation Act (WIIN) recycling program, five-year extension and \$50 million for the desalination grant program, five-year extension and \$500 million for the water storage program and \$75 million for the Operational Review and Science program.

State Water Board Bay-Delta Water Quality Control Plan Update

Background

The State Water Resources Control Board (State Water Board) is responsible for developing and modifying the Bay-Delta Water Quality Control Plan (Plan), which establishes water quality control measures and flow requirements needed to provide reasonable protection of beneficial uses in the watershed. State Water Board has been updating the Bay-Delta Plan through two separate processes. The first Plan amendment is focused on San Joaquin River flows and southern Delta salinity. The second Plan amendment is focused on the Sacramento River and its tributaries, Delta eastside tributaries, Delta outflows and interior Delta.

On December 12, 2018, State Water Board adopted the Plan Amendments for the Lower San Joaquin River and Southern Delta. The amendments require 40% unimpaired flows for February through June, with an allowed adaptive range between 30% to 50%, for the Stanislaus, Tuolumne and Merced Rivers through to the San Joaquin River. The flow objectives are intended to increase the water available for fish and wildlife beneficial uses but will significantly reduce the water available to water users in the Lower San Joaquin River Watershed.

At the December 12 meeting, the Directors of the California Department of Water Resources and California Department of Fish and Wildlife presented a framework for voluntary agreements for seven Delta tributaries to the State Water Board. The voluntary agreements have the potential to serve an alternative to the State Water Board's unimpaired flows proposal. The framework would commit \$1.7 billion to habitat restoration measures and dedicate 700,000 acre-feet for boosting river flows to restore habitat and native fish populations for the Sacramento River and its tributaries as well as the Tuolumne River.

In response, the State Water Board directed staff to incorporate the Delta watershed-wide agreement as an alternative for a future Plan

update, which may be presented to the State Water Board for consideration as early as possible after December 1, 2019.

ACWA's Position

ACWA and the water community have been actively engaged on the State Water Board's efforts to update the Plan and have strongly urged the State Water Board to support the collaborative approach called for by the Governor because it is the least contentious and most effective way to achieve the coequal goals. Whereas voluntary agreements have been demonstrably successful at achieving outcomes and widespread support for appropriate environmental flows, the State Water Board's proposal fails to reasonably protect all beneficial uses of water, such as municipal and agricultural uses, as required by law.

ACWA has expressed concerns with the State Water Board moving forward with the release of the draft staff report for the Sacramento / Delta update absent the incorporation of a watershed-wide agreement as a preferred alternative. The State Water Board indicated they are still determining the process and schedule for releasing the Sacramento / Delta Update in response to the framework for voluntary agreements presented.

ACWA notes Commissioner of Reclamation Benda Burman, on July 27, 2018, sent the following message to Felicia Marcus, Chair of the State Water Board, "Consistent with his statutory responsibilities set forth in Pub. L. 99-546, Title 1, section 101 and elsewhere, the Secretary of the Interior will more fully review the Board Amendments. Following appropriate due diligence, if the Secretary of the Interior determines that the Board Amendments are inconsistent with these responsibilities, the Secretary will request the Attorney General of the United States bring an action against the Board."

WATER SUPPLY

Key Messages

Bureau of Reclamation and United States Geological Survey Funding

- ACWA requests at least \$1.5 billion for Reclamation's Water and Related Resources budget to help address Western water infrastructure needs in FY 2020. This should include at least \$40 million for CALFED, \$30 million for WaterSmart grants, \$70 million for storage, \$10 million for desalination, \$50 million for the Title XVI program and \$100 million for the water recycling competitive grant program created in WIIN section 4009(c).
- The Safety of Dams program evaluates and implements corrective actions to address dam safety concerns. This program is approaching its appropriations ceiling of \$1.42 billion, and ACWA urges Congress to raise it.
- ACWA supports alternative financing mechanisms for Bureau of Reclamation projects and recommends new financing programs be included in the infrastructure bill being developed.
- ACWA urges Congress to increase funding for streamgages in FY 2020. These gages provide valuable information to help manage our nation's water resources and the \$24 million in FY '18 was insufficient to meet demand.
- ACWA requests at least \$60 million of U.S. Geological Survey's (USGS) 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 that USGS consider the contribution and participation of local partners as well as the length of the project backlog.

Storage

- Additional water storage projects are essential to fixing California's water crisis and helping water agencies achieve the coequal goals of improving water supply reliability and enhancing ecosystem health.
- ACWA supports extending the WIIN Act storage provisions beyond five years with an additional \$335 million in funding for storage and groundwater projects.

Water Recycling and Desalination

- ACWA embraces water recycling as a significant component of Reclamation's mission and recommends at least \$50 million in funding for the Title XVI program and \$100 million for the water recycling grant program created in WIIN section 4009(c) for FY 2020.
- ACWA requests that Congress extend the WIIN 4009(c) water recycling program for an additional five years and provide \$500 million in funding.
- ACWA sees desalination as one of many strategies that can play a role in boosting California's water supply and overall reliability. ACWA urges Congress to lift the funding cap authorized for desalination projects in WIIN, provide at least \$10 million per year in funding for the program, and extend its authorization beyond five years.

Endangered Species Act

- ACWA supports targeted Endangered Species Act (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.
- 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 548, the Federally Integrated Species Health (FISH) Act this Congress.

Bureau of Reclamation and United States Geological Survey Funding

Background

The Bureau of Reclamation (Reclamation) and United States Geological Survey (USGS) 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.

Reclamation operates 180 water projects in the Western United States that provide 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. Additionally, Reclamation manages 476 dams and dikes currently, 370 of which are listed under the "high" or "significant hazard" class, meaning failure of the dam or dike would cause loss of life or significant damages. The challenge of meeting the program's safety mission is complicated by the strains of aging infrastructure and population growth within dam failure zones.

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's cooperative matching fund 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. Historically, cooperative projects were funded by a 50/50 cost 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 in FY 2020. This should include at least \$40 million for CALFED, \$30 million for WaterSmart grants, \$70 million for storage, \$10 million for desalination, \$50 million for the Title XVI program and \$100 million for the water recycling competitive grant program created in WIIN section 4009(c).

The Safety of Dams program evaluates and implements corrective actions to address dam safety concerns. Once the Bureau of Reclamation begins risk modifications to a dam, local partners share 15% of the associated costs. The Safety of Dams program is approaching its appropriations ceiling of \$1.42 billion, and ACWA urges Congress to raise it.

ACWA supports alternative financing mechanisms for Bureau of Reclamation projects including Reclamation's participation in WIFIA. ACWA recommends at least one new financing program be included in the infrastructure bill.

ACWA urges Congress to increase funding for streamgages in FY 2020. These gages provide valuable information to help manage our nation's water resources and \$25 million in FY '18 was insufficient to meet demand. The cooperative matching fund received \$30 million in FY '18 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 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 agencies interest and demand for water recycling projects continues to grow. The 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 have applied for funding.

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 for the Title XVI program and a minimum of \$100 million per year for the new competitive grant program created in WIIN section 4009(c).

Additionally, ACWA requests Congress extend the WIIN grant program authorization for an additional 5 years.

ACWA sees desalination as one of many strategies that can play a role in boosting California's water supply and overall reliability. ACWA urges Congress to lift the funding cap authorized for desalination projects in WIIN and extend its authorization beyond five years.

ACWA supports alternative financing mechanisms for water recycling projects including Reclamation's participation in EPA's Water Infrastructure Financing and Innovation Act (WIFIA). ACWA thanks Congress for funding the WIFIA and appreciates that EPA intends to use the program to help fund water recycling projects.

Water Storage

Background

ACWA's policy paper *21st Century Water Storage: Recommendations for California's Future* provides key recommendations for the California Water Commission (CWC) as it administers the Water Storage Investment Program (WSIP) allocating \$2.7 billion of Proposition 1 funding for the public benefits associated with surface and groundwater storage projects.

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 improving water supply reliability and enhancing 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, improve flood management, support groundwater sustainability, provide for healthy urban and agricultural economies, and meet the needs of a growing population.

In July, CWC allocated \$2.582 billion from Proposition 1 to eight surface and groundwater storage projects under WSIP. Project proponents are now securing additional project funding and completing project engineering studies and environmental documentation. Once project proponents have secured all necessary permits, contracts, and documents, the CWC will hold a final funding hearing to make a final funding award for each project.

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

ACWA's Position

ACWA supports extending the WIIN Act storage provisions beyond five years with an additional \$500 million in funding for storage and groundwater projects. It also addresses coordinated implementation with the state water bonds 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 bonds.

ACWA is continuing to advocate with the CWC to facilitate WSIP project implementation.

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 improving water supply reliability and enhancing the ecosystems 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.

The Department of Interior issued three notices of proposed rulemaking on Endangered Species Act implementation on proposed regulatory changes to the Endangered Species Act last July. Proposed revisions to section 7, agency consultation requirements, include: changing the definition of "destruction or adverse modification"; narrowing the definition of "environmental baseline" for ongoing Federal action; clarifying the information that needs to be submitted to initiate a consultation; imposing a 60-day deadline to complete informal consultations; and streamlining and improving the efficiency of the consultation process.

Proposed revisions to section 4, critical habitat designation and requirements, include: detailing the circumstances where designation of critical habitat would not be prudent; revising the process for designating unoccupied land as critical habitat; narrowing the definition of "foreseeable future" regarding future threats to imperiled species; and ensuring the standards used to delist species are consistent with those used for listing decisions.

Additionally, the agencies propose to rescind the Blanket 4(d) Rule that automatically applies prohibitions for endangered species to threatened species. Instead, protections for threatened species will be made on a case-by-case basis. This approach would align the Fish and Wildlife Service with the National Marine Fisheries Service.

ACWA's Position

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.

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 H.R. 548, the Federally Integrated Species Health (FISH) Act.

WATER INFRASTRUCTURE

Key Messages

Financing Water Infrastructure

- ACWA supports EPA's State Revolving Fund (SRF) program and appreciates Congress increasing the drinking water SRF authorization in America's Water Infrastructure Act of 2018 (AWIA). As Congress develops an infrastructure funding bill, ACWA hopes President Trump's pledge to triple SRF funding is enacted.
- ACWA supports EPA's Water Infrastructure Finance and Innovation Authority and appreciates Congress reauthorizing funding the program in AWIA. ACWA believes WIFIA complements the SRF program and encourages Congress to include this program in the infrastructure bill being developed.
- 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.

Army Corps of Engineers and Water Resources Development Act

- Both AWIA and 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 AWIA and WIIN.
- In 2014 both EPA and the Army Corps of Engineers (Corps) were directed to develop a WIFIA program. The Corps has yet to establish or implement the program. AWIA includes

a provision allowing EPA to administer the Corps' WIFIA program. Under this agreement, EPA would assess the financial viability of the applications and the Corps would determine which projects to fund. ACWA urges Congress to provide funding for this Corps projects WIFIA program.

- ACWA appreciates Congress focus on returning to a two-year authorization schedule for the Water Resource Development Act (WRDA) bills and looks forward to working with Congress as WRDA 2020 is developed.

Clean Water Act

- ACWA requests that National Pollutant Discharge Elimination System (NPDES) permit terms be extended from five to ten years, while retaining existing EPA authority to reopen permit terms based on current law.
- ACWA has long advocated that water recycling facilities, groundwater replenishment basins, constructed wetlands and other water facilities located adjacent to "waters of the United States" (WOTUS) should not be considered WOTUS. The new proposed rule would exempt these facilities when they are constructed in "uplands."
- ACWA has a longstanding position that water conveyance and delivery systems should not be included in the definition of WOTUS. The new proposed rule would limit the definition of "tributary" such that many water conveyance systems would no longer be considered WOTUS

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 appreciates that the Drinking Water System Improvement Act was included in AWIA. In addition to authorizing \$8 billion over five years for the drinking water SRF, this bill authorizes additional funding to help disadvantaged communities comply with drinking water standards. ACWA urges Congress to fully fund EPA's programs in AWIA.

Climate Change Adaptation and Water Conservation

- ACWA appreciates the creation of the Drinking Water System Infrastructure Resilience and Sustainability grant program to help small and disadvantaged communities adopt to climate change. ACWA urges Congress to fund it this year.
- Last Congress, ACWA supported the Water Infrastructure Resiliency and Sustainability Act to offer competitive matching funds to help communities of all sizes undertake projects to adapt their water infrastructure to the changing climate. ACWA hopes this bill is reintroduced this Congress and urges its passage.
- ACWA encourages Congress to provide tax parity for water and energy conservation programs. Water conservation programs are just as valuable as energy conservation programs and should be treated equally.
- Now that EPA's WaterSense program is authorized, ACWA urges Congress to provide it funding. WaterSense makes it easy for consumers to choose water efficient products and services.

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. Every year states receive more SRF project proposals than they have money to fund. 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 Act (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. In November, EPA invited 39 projects to apply for WIFIA loans to finance \$10 billion in water infrastructure upgrades, including 12 projects in California.

ACWA's Position

ACWA strongly supports the SRF program and appreciates Congress increasing the drinking water SRF authorization in America's Water Infrastructure Act of 2018 (AWIA, P.L. 115-270). As Congress develops an infrastructure funding bill, ACWA hopes President Trump's pledge to triple SRF funding is enacted.

ACWA also supports WIFIA and appreciates Congress reauthorizing the program in AWIA. ACWA believes WIFIA complements the SRF program and encourages Congress to include this program in the infrastructure bill being developed. Increasing WIFIA funding would enable even more large water infrastructure projects to move forward.

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.

Army Corps of Engineers and Water Resources and Development Act

Background

The Army Corps of Engineers (Corps) maintains our nation's water resources. 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).

The America's Water Infrastructure Investment Act (AWIA) was enacted last Congress, and WRDA was an important component of this bill. AWIA authorizes \$6.1 billion for Corps water projects, directs the Corps to assess the viability of using forecast-informed reservoir operations – including for atmospheric rivers – reauthorizes the National Dam Safety Act, and extends the authority for non-federal partners to contribute funds to expedite the permit review process.

ACWA's 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 \$7 billion for the Corps per year.

Both AWIA and 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 AWIA.

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 loans. The Corps has yet to establish or implement the program. AWIA included a provision allowing EPA to administer the Corps' WIFIA program. Under this agreement, EPA would assess the financial viability of the applications and the Corps would determine which projects to fund. ACWA urges Congress to provide funding for this Corps projects WIFIA program.

ACWA 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 2020.

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.

The CWA requires publicly-owned treatment works to secure new National Pollutant 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 10 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 proposed a rule that would redefine the scope of waters regulated under the Clean Water Act in December. Once finalized, the rule will replace a 2015 rule that is currently in effect in California. The revised rule would no longer classify ephemeral streams, a dominate feature in arid west landscapes, as “water of the United States” (WOTUS).

In California, the State Water Resources Control Board (State Water 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 proposed state regulations would include a definition of “wetlands” and impose new regulations for activities that could result in the discharge of dredged or fill material to any WOTS.

ACWA’s Position

ACWA requests that NPDES permit terms be extended from five to 10 years, while retaining existing EPA and delegated state authority to reopen permit terms based on current law. This proposed change would ensure that permits better reflect the life cycle realities of today’s treatment technologies, construction schedules and resource demands that public agencies must address.

ACWA has long advocated that water recycling facilities, groundwater replenishment basins, constructed wetlands and other water facilities located adjacent to WOTUS should not be considered WOTUS. Both the 2015 rule and new proposed rule exempt these facilities. The 2015 rule exempts these facilities when they are constructed in “dry land,” and the new proposed rule would exempt these facilities when they are constructed in “uplands.”

ACWA has a long standing position that water conveyance and delivery systems should not be included in the definition of WOTUS. Under the 2015 rule, water conveyance systems including ditches are jurisdictional. The new proposed rule, with a limited definition of tributary means that many water conveyance systems would no longer be considered WOTUS.

At the State level, ACWA is working with water agencies and a broad coalition of urban and agricultural entities to advocate that the State Water Board provide the necessary exemptions for constructed wetlands, groundwater replenishment basins, and recycled water facilities. ACWA recognizes that these facilities are critical to a 21st century water system, and the State Water Board should streamline and minimize regulatory burdens for future facilities that contribute to water supply reliability, improve water quality, promote resiliency and support healthy ecosystems.

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 water systems must monitor for.

Monitoring for contaminants on EPA’s fourth UCMR began on Jan. 1, 2018 and will run until 2020. In 2021, EPA will consider the data gathered and make a regulatory determination if it will set a drinking water standard for any contaminants on EPA’s fourth CCL. Meanwhile, request for nominations for EPA’s fifth CCL list closed on December 4, 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. First a public health goal (PHG), similar to an MCLG, is established. Then the State Water Resources Control Board completes a technical and economic analysis and sets the MCL as close to the PHG as feasible. In 2017, the State adopted an MCL for 1,2,3 Trichloropropane of 5 parts per trillion

and water systems started quarterly monitoring for 1,2,3-TCP in January 2018.

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 this reason ACWA opposes legislation directing EPA to set drinking water standards by a specific date.

ACWA appreciates that the Drinking Water System Improvement Act was included in America’s Water Infrastructure and Investment Act (AWIA) and signed into law in last October. 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. ACWA urges Congress to fully fund the EPA programs in AWIA. While most Californians have access to safe drinking water, there are some disadvantaged communities that do not. This is an important social and public health issue and federal funding is needed.

In California, the legislature will likely consider a proposed statewide water tax to supplement federal funding for drinking water solutions for disadvantaged communities. ACWA agrees that funding is needed, but believes that the creation of a safe drinking water trust is a better solution than a water tax. California has a record budget surplus this year, so it is the perfect year to create and fund the trust.

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.

Climate Change Adaptation and Water Conservation

Background

Climate change is poised to disrupt how water is managed and delivered in California. Much of the state depends on the slow melting of mountain snow pack for water supply and flood management purposes. Predictions indicate that by 2050, the average water supply from snowpack is estimated to decline to 2/3 from historical averages. Additionally, rising sea level will increase seawater intrusion into coastal aquifers and estuaries degrading water quality. Water agencies will need to adapt to climate change and become more resilient in order to continue to provide safe reliable drinking water.

America's Water Infrastructure Act of 2018 (AWIA, P.L. 115-270) establishes a new Drinking Water System Infrastructure Resilience and Sustainability Program at EPA. This grant program is designed to help small and disadvantaged communities increase their resiliency to natural hazards. Eligible projects include water conservation projects, modification of existing infrastructure, and enhancement of water supply through the use of watershed management and source water protection. AWIA authorizes \$8 million over the next two years for this program.

To help cope with changing water conditions, efficient water use is becoming a way of life in California. Many water agencies offer rebates or grants to consumers that install water conservation and efficiency measures including replacing grass with more desert friendly plants or upgrading to high efficiency appliances. Section 136 of the Internal Revenue Code exempts energy conservation and efficiency measures from inclusion in gross income; however, there is no similar exemption for water conservation measures. Rebates offered by water utilities are taxable income to the recipient. Water utilities provide 1099s at the end of the year to customers that have received \$600 or more in water rebates.

AWIA authorizes EPA's WaterSense program for the first time. The program now qualifies for

annual appropriations rather than having to rely on the EPA administrator's discretionary funds each year. The WaterSense label makes it simple to find water-efficient products, new homes, and programs that meet EPA's criteria for efficiency and performance. WaterSense-labeled products and services are certified to use at least 20% less water, save energy, and perform as well as or better than regular models. WaterSense has saved American consumers more than \$68 billion on their water and energy bills since 2006.

ACWA's Position

ACWA appreciates the creation of the Drinking Water System Infrastructure Resilience and Sustainability grant program and urges Congress to fund it this year. Last Congress, ACWA supported the Water Infrastructure Resiliency and Sustainability Act to offer competitive matching funds to help communities of all sizes undertake projects to adapt their water infrastructure to the changing climate. ACWA hopes this bill is reintroduced this Congress and urges its passage.

ACWA encourages Congress to provide tax parity for water and energy conservation programs. 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. Last Congress, ACWA supported the Water Conservation Tax Parity Act, S 1464/HR 448 and urges passage of a similar bill this Congress. This bipartisan bill would have provided equal tax treatment for water and energy conservation measures.

Now that EPA's WaterSense program is authorized, ACWA urges Congress to provide it funding. WaterSenses makes it easy for consumers to choose water efficient products and services.

NOTES

Handwriting practice lines consisting of 20 horizontal dotted lines.

CALIFORNIA MAJOR WATER PROJECTS



Source: Department of Water Resources, CWP 2013

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