



Key California Water Issues 2020

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 (ACWA) 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 more than 450 public agency members are responsible for 90 percent 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, surface and 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 high 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 Toolkits
- Federal Regulatory Chart

NEWSROOM

www.acwa.com/newsroom

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

OUTREACH PROGRAM

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

POLICY DOCUMENTS

www.acwa.com/resources/policy-documents

- Policy Statement on Integrated Regional Water Management
- Policy Statement on Energy and Water Resources
- Policy Statement on Improved Management of California's Headwaters

POLICY PRIORITIES & LEGISLATIVE POSITIONS

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

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

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2020 CALIFORNIA WATER CONDITIONS

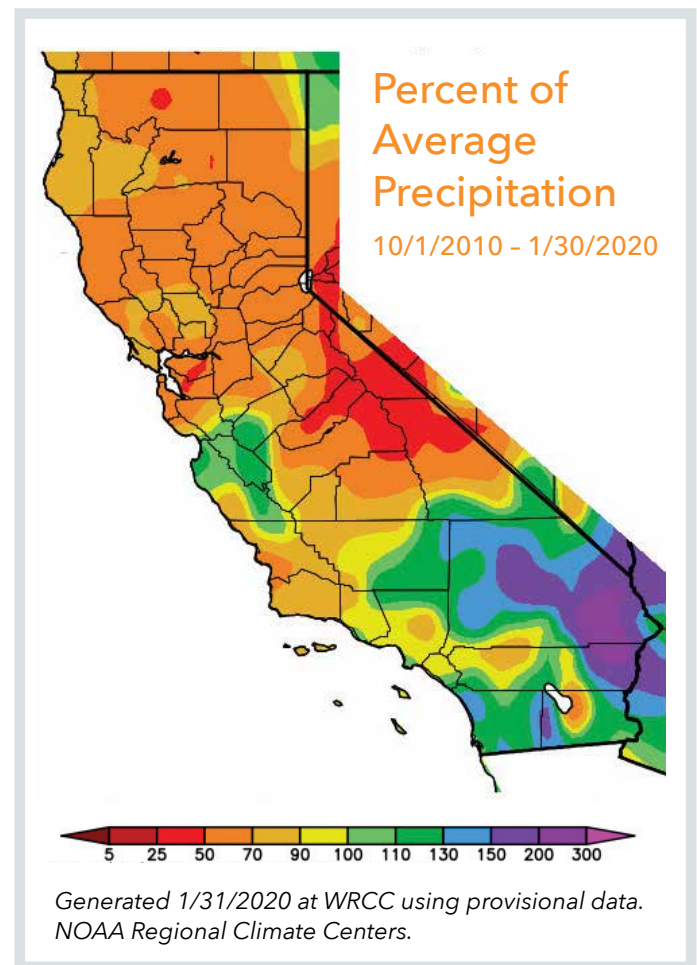
California started 2020 with healthy amounts of water in storage. However, dry conditions in January and February have resulted in little building of the Sierra snowpack.

The Jan. 30 manual snow survey, the second of five, recorded 40.5 inches of snow depth and a snow water equivalent (SWE) of 14.5 inches, which is 79 percent of average for this location. In addition to the manual surveys, the Department of Water Resources (DWR) collects readings from 130 electronic snow sensors scattered throughout the state. Measurements indicate that statewide, the snowpack's water equivalent is 12 inches, or 72 percent of average for the date.

On average, California's snowpack supplies about 30 percent 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. 6, Lake Shasta, the state's largest reservoir, located in Northern California, was at 77 percent of capacity (112 percent of historical average). San Luis Reservoir in Central California was at 75 percent of capacity (94 percent of historical average). Castaic Lake in Southern California was at 72 percent of capacity (86 percent of historical average). Lake Oroville, the state's second largest reservoir, was at 63 percent of capacity (95 percent of historical average).

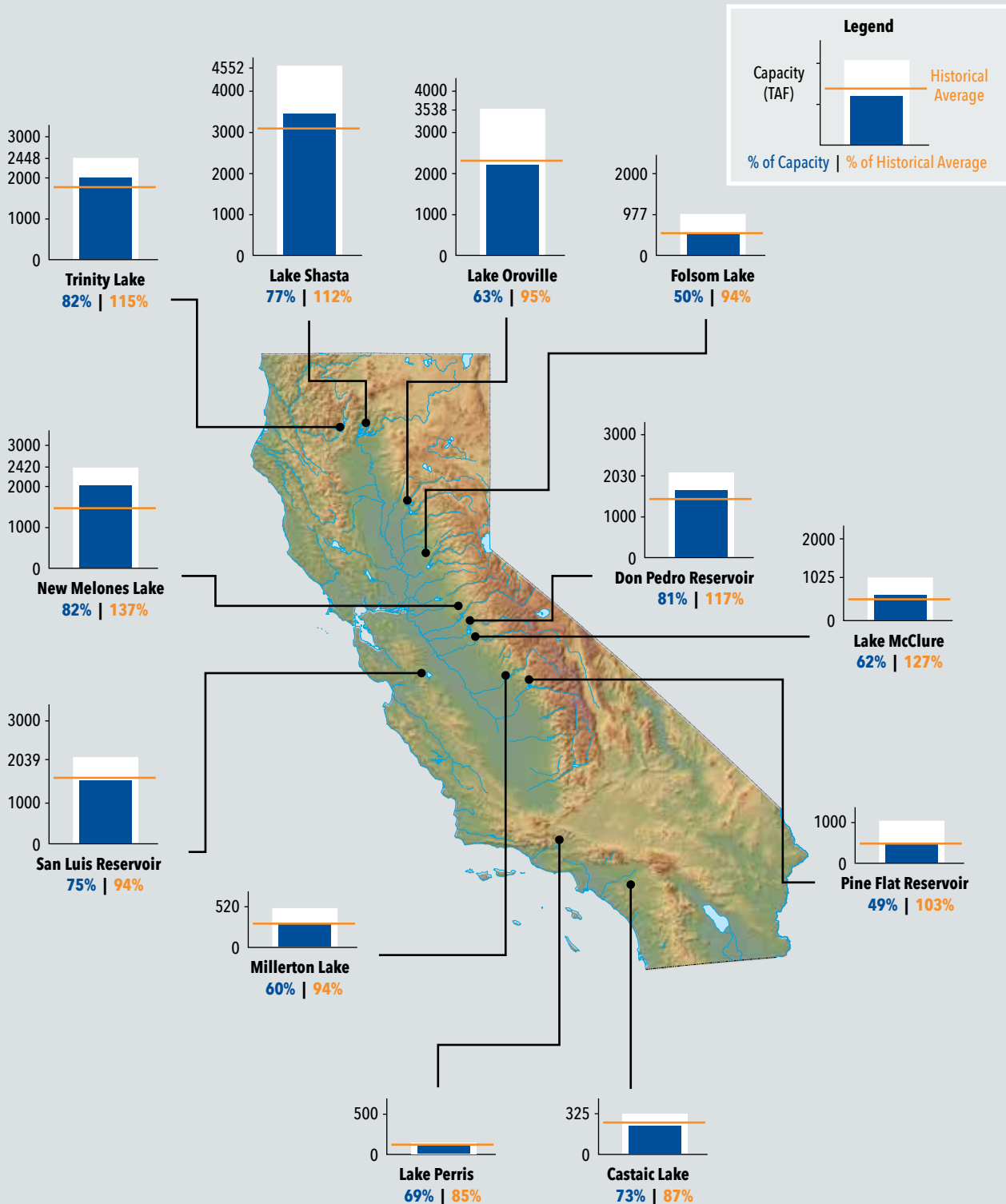
On Jan. 25, DWR announced a statewide increase in water allocations for State Water Project contractors from the original 10 percent allocation to 15 percent allocation.



Beyond the water supply outlook, 2020 begins with major policy developments that will affect California water for years. Gov. Gavin Newsom released his Administration's draft Water Resilience Portfolio, and in doing so unveiled what could become a 21st Century roadmap for water use. January ended with the first major deadline under the Sustainable Groundwater Management Act, with Groundwater Sustainability Plans for critically overdrafted basins due Jan. 31.

Current Reservoir Conditions

As of February 6, 2020



Source: California Department of Water Resources

WATER MANAGEMENT

Key Messages

Drought Resiliency - Water Infrastructure Improvements for the Nation (WIIN) Act Implementation and Next Steps

- ACWA believes the WIIN Act helps bring California to the middle ground in water policy where the 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 \$150 million for the desalination grant program; five-year extension and \$750 million for the water storage program; and \$75 million for the Operational Review and Science program.
- ACWA looks forward to working with Congress on drought resiliency legislation and the Army Corps of Engineers and Department of Interior on further implementation of the WIIN Act.

Colorado River

- ACWA strongly supports the ongoing implementation of the 2019 Drought Contingency Plan (DCP). Additionally, ACWA hopes that in reaching resolution on the DCP, environmental rehabilitation efforts of the Salton Sea can continue and become more robust.
- ACWA supports robust funding of the Bureau of Reclamation and 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 hopes the recent comprehensive fire borrowing fix in the 2018 Farm Bill will 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.

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

- ACWA and the water community have been actively engaged on the State Water Board's efforts to update the Bay-Delta Plan and have strongly urged the State Water Board to support the collaborative approach called for by the Governor. Voluntary Agreements are a game changer for the environment, resolving longstanding conflict through comprehensive and creative solutions that protect our ecosystem and build water security for communities and agriculture.

- An unimpaired flows approach will significantly affect water supplies, while failing to produce comprehensive and integrated actions necessary for fish and wildlife species survival, such as habitat restoration projects, predation measures, and food production.

Newsom Administration Water Resiliency Portfolio

- ACWA supports Governor Newsom's call for a Water Resilience Portfolio to meet the needs of California's communities, economy and the environment through the 21st Century. ACWA has made this issue a priority and has actively engaged with the Newsom Administration to provide meaningful suggestions for the content of the final Water Resilience Portfolio.
- ACWA advocates that local and regional water management is key to a water-resilient future in California. Local water agencies serve as a key partner to the State in managing the wide range of water challenges California faces and are the driving force behind countless new and innovative projects that are helping communities be drought resilient and better prepared for flood and fires.
- As local water agencies currently fund about 85 percent of the water-related investments in California, ACWA has urged the State to collaborate with local water agencies in seeking federal funding to leverage State and local investments.

Drought Resiliency – Water Infrastructure for the Nation (WIIN) Act Implementation and Next Steps

Background

Passage of the Water Infrastructure Improvements for the Nation Act (WIIN, P.L. 114-322) in 2016 was a landmark moment in California water. WIIN provides California water managers a diverse package of tools to meet the State's water needs while protecting ecosystems. 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 water users. WIIN moves us toward that.

ACWA's Position

ACWA believes WIIN brings California to the middle ground in water policy where the water system can work for fish and the ecosystem, as well as for the 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.

ACWA notes there are legislative bills pending in both the House and Senate to extend many of the WIIN Act provisions in order 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 \$150 million for the desalination grant program; five-year extension and \$750 million for the water storage program; and \$75 million for the operational review and science program.

ACWA looks forward to working with Congress on legislation to provide drought resiliency. ACWA is continuing to work with the Army Corps of Engineers and Department of Interior on further implementation of WIIN Act provisions.

Colorado River

Background

The Colorado River is an important water source for California. It provides approximately 25 percent of the water supply for over 19 million people in Southern California, provides irrigation water for over 800,000 acres of land, and provides water for 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.

The Colorado River Basin has been experiencing a serious drought for over 19 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.

Last year, the seven Colorado River Basin States and Bureau of Reclamation (Reclamation) agreed to and received Congressional approval of a seven year Drought Contingency Plan (DCP). The monumental agreement provides water supply reliability through 2026 and is a strong example of collaboration, coordination, and compromise. Based upon the projections of Lake Mead's January 1 elevation in Reclamation's August 2019 24-Month Study Report, water supply contributions pursuant to both the Lower Basin DCP and Minute No. 323's binational water scarcity contingency plan will be required in 2020.

In December 2019, Reclamation Commissioner Brenda Burman indicated that Reclamation staff

will be initiating an "effectiveness review" of the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (2007 Guidelines). The 2007 Guidelines provide detailed operations criteria for 'shortage' conditions in the Lower Basin. It is anticipated that Reclamation's review of the 2007 Guidelines will be completed by the end of 2020 and will help inform the process to develop the next set of interim operation guidelines.

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 supports the ongoing implementation of the 2019 Drought Contingency Plan. Additionally, ACWA hopes that in reaching resolution on the DCP, 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. The policies and management practices put in place decades ago to protect our headwaters are increasingly disconnected from the current demands of the ecosystem, which require a more hands-on and comprehensive approach to increase water quality and supply and create resilient forests in the face of catastrophic wildfire.

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). CAFWA is a unique alliance of diverse interests, including water, environment, local government, timber, and agricultural interests. CAFWA is dedicated to finding solutions to California's ever-growing forest-health and fire-risk issues.

ACWA's Position

ACWA believes that the policy solutions for healthy headwaters require coordinated actions at the federal, State, and local levels. ACWA advocates for solutions that prioritize ecological forest management practices, increased partnerships and funding, and mitigation of long-term post-catastrophic fire impacts.

ACWA supports streamlined environmental review for forest improvement and restoration projects, using evidence-based forest thinning practices and decision making. In collaboration with

CAFWA, ACWA is also looking at ways to address current barriers to forest management projects posed by air quality regulations and biomass processing constraints.

ACWA believes that multiple partners, including federal, state, tribal, and private entities, are all part of the solution to healthy headwaters, and encourages matching state and federal funding. ACWA advocates for Federal agencies to partner with the California Natural Resources Agency and other appropriate land managers to complete compatible management strategies. In addition, special districts must be integrated into Master Stewardship and Good Neighbor Authority agreements to ensure regional collaboration.

It is imperative that the U.S. Department of Agriculture and the U.S. Department of the Interior work with public water agencies. 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, demonstrates that improvements to water distribution systems and regional coordination greatly improve response to wildfires.

Funding should also be significantly expanded for U.S. Forest Service restoration activities, including: 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.

ACWA is hopeful that the recently passed comprehensive fire borrowing fix in the 2018 Farm Bill will help stabilize the Forest Service's budget. ACWA encourages Congress to ensure that federal agencies have sufficient funding to both fight fires and implement fire prevention programs. In order to combat the long-term effects of catastrophic wildfire, ACWA seeks federal and state funding for use by local agencies for recovery to focus on soil, trees, water, and renewable energy.

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

On December 12, 2018, State Water Board adopted the Bay-Delta Plan Amendment for the Lower San Joaquin River and southern Delta. The amendment requires 40 percent unimpaired flows for February through June, with an allowed adaptive range between 30 to 50 percent, for the Stanislaus, Tuolumne and Merced Rivers through to the San Joaquin River. Unimpaired flows is the flow that would accumulate in surface waters in response to rainfall and snowmelt if there were no reservoirs or diversions. This approach dedicates a portion of inflow to watershed to protect instream and wildlife beneficial uses but will also significantly reduce the water available to water users in the Lower San Joaquin River Watershed. In July of 2018, the State Water Board released a framework for the Bay-Delta Plan amendments for the Sacramento River and its tributaries, indicating staff would be proposing an unimpaired flow requirement of 55 percent, with an adaptive range of 45 to 65 percent.

As an alternative to State Water Board staff's unimpaired flows approach, the California Natural Resources Agency and California Environmental Protection Agency, the Bureau of Reclamation, water agencies, and environmental conservation groups are developing Voluntary Agreements to improve conditions for native fish species, while ensuring reliable water supply for the Sacramento and San Joaquin Rivers and their tributaries, as

well as the Bay-Delta. On December 12, 2018, the California Department of Water Resources and Department of Fish and Wildlife presented an initial framework of the Voluntary Agreements to the State Water Board. On July 1, 2019, the Administration released a Voluntary Agreements Progress Report, outlining the progress to date. On February 4, 2020, Governor Newsom announced a framework that may serve as the foundation for binding Voluntary Agreements. Through the Voluntary Agreements, water agencies would pledge to contribute hundreds of thousands of acre-feet of water, hundreds of millions of dollars, and an extensive series of habitat restoration actions to restore fish and wildlife habitat.

If the Voluntary Agreements are finalized, the State Water Board would need to complete an environmental review of the Voluntary Agreements and incorporate agreements into the update to the Bay-Delta Plan.

ACWA's Position

ACWA and the water community have been actively engaged on the State Water Board's efforts to update the Bay-Delta Plan and have strongly urged the State Water Board to support the collaborative approach called for by the Governor. Voluntary Agreements are a game changer for the environment, resolving longstanding conflict through comprehensive and creative solutions that protect our ecosystem and build water security for communities and agriculture. With successful Voluntary Agreements in place, implementation of multi-benefit habitat projects and investment in a robust science program could begin immediately thereafter.

An unimpaired flows approach will significantly affect water supplies, while failing to produce comprehensive and integrated actions necessary for fish and wildlife species survival, such as habitat restoration projects, predation measures, and food production.

Newsom Administration Water Resilience Portfolio

Background

On April 29, 2019, Governor Newsom issued Executive Order N-10-19, directing state agencies to prepare a Water Resilience Portfolio that meets the needs of California's communities, economy, and the environment through the 21st century. This document is important because it will serve as the roadmap for the Newsom Administration's work on water management and ecosystem protection.

On January 3, 2020, the California Natural Resources Agency, California Environmental Protection Agency and California Department of Food and Agriculture released the draft Water Resilience Portfolio (Draft Portfolio). The Draft Portfolio emphasizes the importance of collaboration across the state and includes more than 100 actionable recommendations to help regions build long-term water resilience, improve infrastructure and protect ecosystem health. In the document, the Newsom Administration has organized the draft goals and actions into the following categories: (1) maintain and diversify water supplies, (2) protect and enhance natural ecosystems, (3) build connections, and (4) be prepared.

The Draft Portfolio takes a comprehensive approach to water and covers topics including, but not limited to, safe drinking water, conveyance, data, desalination, flood management, funding, groundwater management, headwaters, integrated regional water management, pollution prevention, recycling, storm water capture, storage, water transfers, and water use efficiency. The Draft Portfolio also includes a section with goals and actions for how state agencies will carry out the Portfolio.

The Administration is expected to release a final version of the Water Resilience Portfolio in spring of 2020.

ACWA's Position

ACWA supports Governor Newsom's call for a Water Resilience Portfolio to meet the needs of California's communities, economy and the environment through the 21st Century. ACWA supports the State's emphasis on the fact that achieving this goal requires partnership with diverse stakeholders, including water agencies. ACWA has made this issue a priority and has actively engaged with the Newsom Administration to provide meaningful suggestions for the content of the final Water Resilience Portfolio.

ACWA advocates that local and regional water management, which is built on local knowledge of local and regional water supplies and conditions, is key to a water-resilient future in California. Local water agencies serve as a key partner to the State in managing the wide range of water challenges California faces and are the driving force behind countless new and innovative projects that are helping communities be drought resilient and better prepared for flood and fires. As local water agencies currently fund about 85 percent of the water-related investments in California, ACWA has urged the state to collaborate with local water agencies in seeking federal funding to leverage State and local investments.

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, including \$40 million for CALFED; \$100 million for WaterSmart grants; \$150 million for storage; \$30 million for desalination; and at least \$100 million per year for the Title XVI water recycling program and the water recycling competitive grant program created in WIIN section 4009(c).
- ACWA supports the development of alternative financing mechanisms and applauds the recent signing of a Memorandum of Understanding between EPA and Reclamation on the Water Infrastructure Finance and Innovation Act (WIFIA). ACWA encourages the development of the Reclamation Infrastructure Financing Pilot Program (RIFIA) as outlined in S. 1932 (Gardner).
- ACWA urges Congress to provide at least \$30 million for federal priority streamgages in FY '21. These gages provide valuable information to help manage our nation's water resources.
- The cooperative matching fund received \$63.5 million in FY '20, and ACWA would like to see similar funding in FY '21. 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 helping California 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 \$750 million in funding for surface and groundwater storage projects.

Water Recycling and Desalination

- ACWA embraces water recycling and believes it is a significant component of Reclamation's mission. ACWA requests \$100 million in FY '21 for the Title XVI water recycling program and the water recycling competitive grant program created in WIIN section 4009(c). Additionally, ACWA requests that Congress lift the funding cap on the WIIN grant program and extend its authorization.
- ACWA sees desalination as one of many strategies that can play a role in boosting California's water supply and overall supply reliability. ACWA requests \$30 million for desalination in FY '21 and urges Congress to extend the WIIN desalination program authorization and lift its funding cap.
- ACWA supports alternative financing mechanisms for water recycling projects including Reclamation's participation in EPA's WIFIA. ACWA thanks Congress for funding WIFIA and appreciates that EPA intends to use the program to help fund water recycling projects.

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.
- The revisions to section 7 consultations are particularly helpful to water agencies. These include: 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.

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, some of the dikes and dams managed by Reclamation 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 Reclamation's 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, including \$40 million for CALFED; \$100 million for WaterSmart grants; \$150 million for storage; \$30 million for desalination; and at least \$100 million per year for the Title XVI water recycling program and 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 percent of the associated costs. ACWA urges Congress to allocate at least \$100 million per year to the program.

ACWA supports the development of alternative financing mechanisms and applauds the recent signing of a Memorandum of Understanding between EPA and Reclamation on the Water Infrastructure Finance and Innovation Act (WIFIA). ACWA encourages the development of the Reclamation Infrastructure Financing Pilot Program (RIFIA) as outlined in S. 1932 (Gardner). RIFIA financing can save water districts up to 25 percent of the repayment cost of their loans and can reduce the overall need for Congressional appropriations.

ACWA urges Congress to provide at least \$30 million for federal priority streamgages in FY '21. These gages provide valuable information to help manage our nation's water resources. The cooperative matching fund received \$63.5 million in FY '20 and ACWA would like to see similar funding in FY '21. 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.

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 percent 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 Act (WIIN, P.L. 114-322) 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 reauthorized the Water Desalination Act of 1996 and authorized \$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 \$100 million per year for the Title XVI water recycling program and the water recycling competitive grant program created in WIIN section 4009(c). Additionally, ACWA requests Congress lift the funding cap on the WIIN grant program and extend its authorization.

ACWA sees desalination as one of many strategies that can play a role in boosting California's water supply and overall supply reliability. ACWA requests \$30 million for desalination in FY '21 and urges Congress to extend the WIIN desalination program authorization and lift its funding cap.

ACWA supports alternative financing mechanisms for water recycling projects including Reclamation's participation in EPA's Water Infrastructure Finance and Innovation Act (WIFIA). ACWA thanks Congress for funding 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). The CWC 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 advocates that additional groundwater and surface water storage will enable 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. Storage projects designed and operated as elements of integrated statewide and regional water management systems help provide the resilience needed to compensate for increasing climate variability and improve flood management.

In July 2018, CWC allocated \$2.58 billion from Proposition 1 to eight surface and groundwater storage projects under WSIP. Proponents are now securing additional project funding and completing engineering studies and environmental documentation. Once 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 Act (WIIN, P.L. 114-322) contains important water storage measures. Timely implementation and extension of and funding for 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 \$750 million in funding for surface and groundwater storage 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 ecosystems. 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.

Last year the Department of Interior (Interior) finalized three regulatory changes to the Endangered Species Act. These include changing section 7, agency consultation requirements; changing section 4, critical habitat designation and requirements; and rescinding the "blanket 4(d) rule" that automatically conveys the same protections for threatened species as for endangered species.

Interior is working on guidance for the new rules and indicating a second round of rulemaking is possible to address the definition of "habitat," safe harbor agreements, and habitat conservation plans.

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 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.

The revisions to section 7 consultations are particularly helpful to water agencies. These include: 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.

WATER INFRASTRUCTURE

Key Messages

Financing Water Infrastructure

- ACWA supports the U.S. Environmental Protection Agency's (EPA's) State Revolving Fund (SRF) program and requests that Congress provide \$3.75 billion for this low-interest loan and grant program in FY '21.
- ACWA supports EPA's Water Infrastructure Finance and Innovation Act (WIFIA) and encourages Congress to provide \$70 million for this program in FY '21. WIFIA complements the SRF program by providing low-interest loans for large water infrastructure projects.
- No single solution can address the full range of water and wastewater infrastructure challenges. ACWA recommends that 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

- ACWA strongly supports and appreciates the Army Corps of Engineers (Corps) work on forecast informed reservoir operations (FIRO) and encourages Congress to appropriate more money for this effort.
- In 2014 both EPA and the Corps were directed to develop a WIFIA program. The Corps has yet to establish or implement the program. In 2018, EPA was given the authority to administer the Corps' WIFIA program and assess the financial viability of the applications. Working with EPA, the Corps would determine which projects to fund. ACWA urges Congress to provide funding for this WIFIA Corps 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 and delegated state authority to reopen permit terms based on current law.

Safe Drinking Water Act and PFAS

- ACWA supports the development of drinking water standards that are health-protective, technically and economically feasible. ACWA believes that all regulatory decisions affecting drinking water must be made through the SDWA process. Adherence to this process reduces the risk of costly protracted litigation and ensures public confidence in the quality of their drinking water.
- ACWA appreciates Congress providing funding to help EPA proceed with development of PFAS regulations and research in the FY '20 minibuss appropriation bill. ACWA believes it is time for EPA to make a regulatory determination to set a national drinking water standard for PFOA and PFOS.
- As the regulatory process moves forward, ACWA would like to emphasize that water and wastewater districts neither manufactured nor caused these compounds to be present in water systems. To help water agencies implement new regulations, Congress should continue to provide robust funding for EPA's Drinking Water State Revolving Fund and assistance to impacted public water systems to address PFAS.

- Water systems frequently have to address these chemicals in their water supplies even though they are not the responsible party. Drinking water and wastewater agencies should not be held liable for PFAS contamination caused by third party sources.
- ACWA urges Congress to fund PFAS research programs at the United States Geological Survey, the Center of Disease Control and Prevention, the Food and Drug Administration, as well as EPA, in order to develop a better understanding of the impacts of these compounds on human health and the environment.

Water Conservation and Climate Resiliency

- 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. ACWA supports the Water Conservation Tax Parity Act, H.R. 2313 (Huffman) and urges passage this Congress.
- ACWA appreciates Congress creating the Drinking Water System Infrastructure Resilience and Sustainability grant program and providing \$3 million in funding for FY '20. This program is available to drinking water systems serving disadvantaged communities, or communities of fewer than 10,000 people. ACWA encourages Congress to expand this program to also serve larger public water systems. To accomplish this goal, ACWA supports H.R. 2470 (Carbajal)/S. 2636 (Cardin), the Clean Water Infrastructure and Sustainability Act, and urges its passage this Congress.
- ACWA supports EPA's WaterSense program and appreciates Congress continuing to fund the program even though President Trump's budget proposal regularly eliminates it. 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 U.S. Environmental Protection Agency (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.

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. Since the first loans were issued in 2017, 89 projects have been selected to receive WIFIA loans, including 29 in California.

ACWA's Position

ACWA strongly supports the SRF program. Congress increased the authorized funding level for the Safe Drinking Water SRF in America's Water Infrastructure Act of 2018 (AWIA, P.L. 115-270). ACWA urges Congress to provide the authorized \$1.95 billion for this program in FY '21. ACWA also supports efforts to reauthorize the Clean Water SRF and asks Congress to provide \$1.8 billion for the program in FY '21.

ACWA supports WIFIA and appreciates Congress reauthorizing the program in AWIA. ACWA believes WIFIA complements the SRF program and encourages Congress to provide \$70 million in funding in FY '21 so that more large water infrastructure projects can move forward.

The 2016 Water Infrastructure Improvements of the Nation Act created a grant program to help disadvantaged communities finance projects for compliance with the Safe Drinking Water Act. ACWA appreciates Congress providing \$24.6 million for this important program in FY '20 and would like this funding continued in FY '21. 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 continued federal funding is needed.

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 Army Corps of Engineers and the 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 in 2018, 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 forecast informed reservoir operations, 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

ACWA strongly supports and appreciates the Corps work on forecast informed reservoir operations (FIRO) and encourages Congress to appropriate at least \$7.5 million for this effort in FY '21. FIRO uses data from watershed monitoring, as well as modern weather and water forecasting, to help water managers selectively retain or release water from reservoirs in a manner that reflects current and forecasted conditions. The work the Corps has performed on Lake Mendocino and Prado Dam has been highly successful. ACWA looks forward to this program expanding to other reservoirs in California.

Unfortunately, the Corps operating budget has not kept pace with project demand, and there is a backlog of new projects waiting to be started. Corps funding is not sufficient 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.

WRDA 2014 directed both U.S. Environmental Protection Agency (EPA) and the Corps to develop a Water Infrastructure Finance and Innovation Act (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 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 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.

U.S. Environmental Protection Agency (EPA) and the Army Corps of Engineers finalized a rule that would redefine the scope of waters regulated under the Clean Water Act on January 23, 2020. The new Navigable Waters Protection Rule (NWPR) will go into effect 60 days after it is published in the Federal Register. ACWA has long advocated that water recycling facilities, groundwater recharge basins, constructed wetlands and other water facilities located adjacent to “waters of the United States” (WOTUS) should not be considered WOTUS. The NWPR clearly exempts these facilities.

On April 2, 2019, California’s State Water Resources Control Board (State Water Board) adopted a State Wetland Definition and Procedures for Discharge of Dredged or Fill Material to Waters of the State (Procedures) using its authority to issue water quality certifications under Clean Water Act, Section 401, and the State Porter-Cologne Water Quality Control Act. The Procedures will become effective May 28, 2020 and include a definition of “wetlands,” as well as impose new regulations for activities that could result in the discharge of dredged or fill material to any “waters of the State.”

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 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.

At the State level, ACWA worked successfully with water agencies, a broad coalition of urban and agricultural entities, as well as environmental organizations to secure a necessary exemption from the Procedures for the operation and maintenance of water agencies’ existing multi-benefit facilities. These facilities contribute to water supply reliability, improve water quality, promote resiliency and support healthy ecosystems. ACWA recognizes that these facilities are critical to a 21st century water system, and will continue to advocate that the State Water Board streamline and minimize regulatory burdens for future facilities.

Safe Drinking Water Act and PFAS

Background

The Safe Drinking Water Act (SDWA) authorizes U.S. Environmental Protection Agency (EPA) to set standards for contaminants in drinking water. 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.

Once a regulatory determination is made, EPA starts the process of setting a drinking water standard, or maximum contaminant level (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.

Large water systems collected data on several per-and-polyfluoroalkyl substances (PFAS) as part of the UCMR that ended in 2015. Following that monitoring, perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) were listed on CCL4 in 2016. On December 4, 2019 EPA sent its regulatory determination from CCL4, including information on PFOA and PFOS, to the Office of Management and Budget for review. If a positive regulatory determination is made, EPA will start the process to establish a MCLG and MCL for these two PFAS compounds.

California has its own SDWA, which incorporates all of the federal SDWA requirements plus additional standards, such as notification levels and response levels (RLs), to be more protective of public health. Once a public health goal (PHG), similar to a MCLG, is established, the State Water Resources Control Board completes an economic

feasibility analysis and sets the MCL as close to the PHG as feasible. The State is in the process of developing PHGs for PFOA and PFOS. Without PHGs and MCLs for PFAS compounds currently, the State has recently established RLs of 10 parts-per-trillion (ppt) for PFOA and 40 ppt for PFOS.

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 processes established by federal and State SDWAs. Adherence to this process reduces the risk of costly, protracted litigation and ensures public confidence in the quality of their drinking water.

ACWA appreciates Congress providing funding for the development of PFAS regulations and research in FY '20. ACWA believes it is time for EPA to make a regulatory determination to set a national drinking water standard for PFOA and PFOS. As the regulatory process moves forward, ACWA would like to emphasize that water and wastewater districts neither manufactured nor caused these compounds to be present in water systems. To help water agencies implement new regulations, Congress should continue to provide robust funding for EPA's Drinking Water State Revolving Fund and assistance to impacted water systems to address PFAS.

California has considerable experience with legacy chemicals from agricultural and industrial pollution. Water systems frequently have to address these chemicals in their water supplies even though they are not the responsible party. Drinking water and wastewater agencies should not be held liable for PFAS contamination caused by third-party sources.

ACWA urges Congress to fund PFAS research programs at the United States Geological Survey, the Center of Disease Control and Prevention, the Food and Drug Administration, as well as EPA, in order to develop a better understanding of the impacts of these compounds on human health and the environment.

Water Conservation and Climate Resiliency

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 could decline to 2/3 of 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 providing safe, reliable drinking water.

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 drought 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.

America's Water Infrastructure Act of 2018 (AWIA, P.L. 115-270) created new U.S. Environmental Protection Agency (EPA) programs to address climate resiliency and water conservation. The Drinking Water System Infrastructure Resilience and Sustainability grant program helps small and disadvantaged communities increase their resiliency to natural hazards. EPA's WaterSense program, authorized for the first time in AWIA, makes it simple to find water-efficient products and programs that meet EPA's criteria for efficiency and performance. WaterSense-labeled products and services are certified to use at least 20 percent less water, save energy, and perform as well as or

better than regular models. The WaterSense label has saved American consumers more than \$68 billion on their water and energy bills since 2006.

ACWA's Position

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 from a tax perspective. California is still 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, H.R. 2313 (Huffman), and urges passage this Congress. This bipartisan bill would provide equal tax treatment for water and energy conservation measures.

ACWA appreciates Congress creating the Drinking Water System Infrastructure Resilience and Sustainability grant program and providing it \$3 million in funding for FY '20. This program is available to drinking water systems serving disadvantaged communities, as well as communities of fewer than 10,000 people. ACWA encourages Congress to expand this program to also serve larger water systems. To accomplish this goal, ACWA supports H.R. 2470 (Carbajal)/S. 2636 (Cardin), the Clean Water Infrastructure and Sustainability Act, and urges its passage this Congress.

ACWA supports EPA's WaterSense program and appreciates Congress continuing to fund the program even though the Trump Administration's budget proposal regularly eliminates it. WaterSense makes it easy for consumers to choose water efficient products and services. The program now qualifies for annual appropriations rather than having to rely on the EPA administrator's discretionary funds each year.

NOTES

Handwriting practice lines consisting of 20 horizontal dotted lines.

CALIFORNIA MAJOR WATER PROJECTS



Source: Department of Water Resources, CWP 2013

LOCATIONS AND CONTACTS

Sacramento Office

980 9th Street, Suite 1000
Sacramento CA, 95814
tel 916.441.4545
fax 916.325.4849

Dave Eggerton

Executive Director
davee@acwa.com

Cindy Tuck

Deputy Executive Director, Government Relations
cindy@acwa.com

Washington D.C. Office

400 North Capitol Street NW, Suite 357
Washington, D.C. 20001
tel 202.434.4760
fax 202.434.4763

David Reynolds

Director of Federal Relations
dlreyns@sso.org

Abby Schneider

Senior Federal Relations Representative
aschneider@sso.org

Jay Tanner

Federal Relations Specialist
jtanner@sso.org

