

● **Board of Directors**
Communications and Legislation Committee

March 13, 2007 Board Meeting

8-9

Subject

Authorize sponsorship of and support for Assembly Bill 1420 (Laird, D-Santa Cruz) – Water use efficiency and grant eligibility

Description

Background

Assembly Member John Laird (D-Santa Cruz) has requested that Metropolitan co-sponsor AB 1420 ([Attachment 1](#)), along with the Natural Resources Defense Council. This legislation increases the Department of Water Resources' role in evaluating whether state grants and loans should be provided to an urban water supplier based on the supplier's implementation of water conservation measures. The requirements would apply to both retail and wholesale water suppliers' applications for unencumbered funds from existing and future bonds. The requirements for water use efficiency are consistent with Metropolitan's policies to invest in water use efficiency, conservation, and local water resources.

Existing Law

Urban water suppliers currently apply for state bond-related grants and loans from DWR, the California Bay-Delta Authority (CBDA) and the State Water Resources Control Board. DWR is required to consider an urban water supplier's implementation of conservation measures identified in its Urban Water Management Plan (UWMP) as a factor in evaluating grant and loan applications. DWR may also consider conservation implementation schedules in its evaluations.

Proposed Legislation

Metropolitan staff has been working with the author of AB 1420. This proposed legislation increases DWR's role in determining state grant and loan eligibility based on implementation of conservation measures identified in an applicant's UWMP. As proposed, the provisions of AB 1420 would make the following changes to the Water Code:

- Converts conservation implementation from a factor in evaluating grant and loan applications into an eligibility threshold for awarding state bond funds;
- Makes DWR responsible for the determination of eligibility for grants and loans administered by DWR, CBDA and SWRCB;
- Allows urban water suppliers to supplement their grant and loan applications with annual reports and other information to assist DWR with eligibility determinations;
- Permits DWR to make an eligibility determination regardless of conservation implementation if:
 1. DWR determines the grant or loan will help the water supplier with conservation implementation; and
 2. The water supplier submits an implementation schedule to DWR.

Benefits

The benefits of this legislation include establishing an incentive approach for greater statewide conservation of California's precious water resources. Further, sponsorship of legislation with environmental organizations, such

as the Natural Resources Defense Council, is an important step in gathering consensus on important issues such as achieving progress in conservation and the award of bond funds.

Proposed Amendments

Staff believes that AB 1420 warrants sponsorship in its present form. However, it could be strengthened with minor clarifying amendments. Staff would propose modifications recognizing Metropolitan's regional approach as complying with AB 1420's conservation implementation requirement. As an example, Metropolitan centrally administers its Commercial, Industrial, and Institutional Program (CII), which implements conservation at the regional level for the benefit of numerous retail agencies. A member or retail agency within Metropolitan's service area should be recognized as compliant if Metropolitan is implementing the CII program on its behalf. These member and local agencies help fund Metropolitan's regional programs through the water stewardship rate, even though the programs may not be identified in their UWMP.

Policy

By Minute Item 45208, dated February 11, 2003, the Board adopted the CEQA determination and all of the proposed water conservation policy principles.

By Minute Item 43747, dated October 12, 1999, the Board authorized partnerships with state and federal agencies under Metropolitan's Conservation Credits Program.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #3:

None required

Board Options

Option #1

Adopt the CEQA determination and

- a. Authorize sponsorship of AB 1420; and
- b. Direct staff to pursue clarifying amendments.

Fiscal Impact: None

Business Analysis: This bill is a step in promoting greater statewide water conservation and sponsoring the measure strengthens Metropolitan's water stewardship role.

Option #2

Adopt the CEQA determination and

- a. Express support for AB 1420; and
- b. Direct staff to pursue clarifying amendments.

Fiscal Impact: None

Business Analysis: This bill is a step in promoting greater statewide water conservation and supporting the measure could improve Metropolitan's water stewardship role.

ASSEMBLY BILL

No. 1420

Introduced by Assembly Member Laird

February 23, 2007

An act to amend Section 10631.5 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1420, as introduced, Laird. Water demand management measures: grant or loan funds.

Existing law requires an urban water supplier to prepare and adopt an urban water management plan that includes a description of the supplier's water demand management measures that are currently being implemented or scheduled for implementation. Existing law requires the Department of Water Resources to take into consideration whether the urban water supplier is implementing or has scheduled for implementation the water demand management activities that the supplier identified in its urban water management plan in evaluating applications for grants and loans financed by specified bond funds.

This bill would delete that provision relating to the evaluation of grant or loan applications financed by those specified bond funds. The bill, instead, would require the terms of and eligibility for any grant or loan to an urban water supplier awarded or administered by the department, the State Water Resources Control Board, or the California Bay-Delta Authority, with a certain exception, to be conditioned on the implementation of the water demand management measures described in the urban water management plan.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10631.5 of the Water Code is amended
2 to read:
3 10631.5. ~~The department shall take into consideration whether~~
4 ~~the urban water supplier is implementing or scheduled for~~
5 ~~implementation, the water demand management activities that the~~
6 ~~urban water supplier identified in its urban water management~~
7 ~~plan, pursuant to Section 10631, in evaluating applications for~~
8 ~~grants and loans made available pursuant to Section 79163. The~~
9 *(a) (1) The terms of, and eligibility for, any grant or loan to an*
10 *urban water supplier awarded or administered by the department,*
11 *state board, or California Bay-Delta Authority shall be conditioned*
12 *on the implementation of the water demand management measures*
13 *described in subdivision (f) of Section 10631.*
14 *(2) Notwithstanding paragraph (1), the department may*
15 *determine that an urban water supplier is eligible for a grant or*
16 *loan even though the supplier is not implementing all of the water*
17 *demand management measures described in subdivision (f) of*
18 *Section 10631, if both of the following apply:*
19 *(A) The department determines that the grant or loan will assist*
20 *the grantee or loan recipient in complying with the implementation*
21 *of those water demand management measures.*
22 *(B) The supplier has submitted to the department a schedule*
23 *for implementation of these water demand management measures.*
24 *(b) The urban water supplier may submit to the department*
25 *copies of its annual reports and other relevant documents to assist*
26 *the department in determining whether the urban water supplier*
27 *is implementing or scheduling the implementation of water demand*
28 *management activities.*

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