

- Legislative Report

Summary

December 2007 update on federal and state legislation

Attachments

None

Detailed Report

Federal Legislative Update (as of 12/18/07)

Omnibus Appropriation Bill for 2008 (Initial Report)

The Omnibus Appropriation Bill for 2008 was completed by the House and Senate Appropriation Committees Sunday, December 16. It consolidates into one package funding contained in 11 separate appropriations which had not been completed by Congress.

The measure conforms to the total spending figure of the President, elimination nearly \$23 billion of increased spending. To reach this point each of the appropriations subcommittees used a combination of programmatic and across the board reductions in order to pare down the total spending figure to the President's level. For example, the Energy and Water Appropriation bill needed to be reduced by \$1.8 billion below the amount recommended by the Senate subcommittee.

Early indications are that the President will support the package which passed both Houses this week.

The following is an initial report on some of the priority programs funded in the Omnibus Bill of interest to Metropolitan:

Atlas Mill Tailings, Moab, Utah Site Remediation - Language was included in the final measure that directs DOE to provide a report on the annual funding requirements needed to complete the project by 2019.
Funding Amount: \$23,952,000

AWWRF - This secures a significant first step in Metropolitan's efforts to restore annual federal funding to this program which has been reduced from \$5 million to zero over the previous two fiscal years.
Funding Amount: \$1,725,000

CALFED - Included is \$11.77 million for Storage, \$7 million for Conveyance activities, \$7 million for the Environmental Water Account, and \$3 million for Ecosystem Restoration.
Funding Amount: \$40,098,000

Colorado River Endangered Species Recovery Implementation - This is part of the continuing effort to implement the regional multi-species habitat conservation plan for the Lower Basin, the term of which expected to be authorized in legislation next year.
Funding Amount: \$16,348,000

Delta Levees - Includes funds for the Corps of Engineers to coordinate a review of the emergency preparedness and response planning effort. In addition, \$1,000,000 in included under CALFED for a through Delta evaluation.
Funding Amount: \$4,920,000

Lower Colorado River Operations - This includes construction dollars for regulatory storage supported by Metropolitan, significantly moving beyond studies to an era of project construction.
Funding Amount: \$15,171,000

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Title XVI, Water Reclamation and Reuse - This figure combines a series of '09 funding line items for Title XVI projects, including on-going projects within the Metropolitan service area. In addition, some projects, such as the Inland Empire Regional Water Recycling Project (\$20 million total authorization) have also been authorized and will be identified in the next report.

Funding Amount: \$16,248,000

Water Management and Conservation Programs - This includes a \$700,000 amount for water conservation projects identified through Metropolitan's innovative conservation program.

Funding Amount: \$6,510,000

Climate Management Legislation

S. 2156 (Bingaman): A bill to increase water use efficiency; to expand data acquisition and analysis of the Nation's water resources to improve its management; and to enhance the understanding of climate change impacts on water availability and energy production in the U.S. The legislation is currently under Metropolitan staff review as it could make grants available to local water agencies to fund research and development studies related to water project planning. A hearing was held on December 11, where Metropolitan staff was invited to testify. For those interested, Metropolitan Power Systems Manager Jon Lambeck's testimony is available upon request.

Farm Bill

On December 14, the Senate approved the \$283 billion Farm Bill reauthorization (H.R. 2419) that would renew important farmland conservation programs and offer new opportunities for water systems and agricultural producers to cooperate on water conservation projects. The legislation will now go to conference with the House, and should produce a final bill by early next year, when Congress begins the Second Session of the 110th Congress.

Energy Bill

The Senate approved a new federal energy bill last week after stripping out a section that would have encouraged the development of more water and energy efficient dishwashers and clothes washers through tax credits for manufacturers. Republicans in the Senate objected to oil industry tax increases that would have paid for the tax credits. However, the legislation (H.R. 6) still mandates new appliance water efficiency standards beginning in 2010, with directions that the Energy Department decide whether to further strengthen the standards by the middle of the next decade.

The House passed this latest version of H.R. 6 on December 18. Congressional leaders anticipate that President Bush will sign the bill into law.

Moab Tailings Clean-Up

Metropolitan will continue to work toward an accelerated cleanup and remediation of the Moab Uranium Mill Tailings Site in Grand County, Utah consistent with the Department of Energy's optimum funding needs. The Department of Energy is currently developing a work plan for the completion of the project, with "methods" to be used for the movement of the tailings, the implementation of safeguards to protect the water quality of the Colorado River, and a timetable for the project. Once a definitive remediation plan has been approved by the Department of Energy, Metropolitan will actively pursue federal funds to achieve a 2019 remediation date.

Key Legislative Dates

December 21 – Target Adjournment of the 1st Session of the 110th Congress

January 15 – Tentative Reconvening of the 2nd Session of the 110th Congress

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State Legislative Update (as of 12/18/07)

State Legislative Issues

Water Bond

Negotiations for a 2008 water bond continue. In mid-October, Senate President pro Tempore Don Perata (D-Hayward) filed his initiative to the Attorney General's Office for title and summary. He has withheld launching a campaign, however, in the hope that a legislative compromise comes together. The main issue preventing a consensus package from coming together is over whether funding for surface storage improvements should be legislatively or continuously appropriated with no legislative review or oversight.

In response to the lack of resolution in the legislative process, the Californians for Clean and Reliable Water (CCRW), a broad coalition of business, labor and agricultural interests, submitted four water bond initiatives to the Attorney General's Office for the November 2008 ballot. The coalition includes the California Chamber, California Alliance for Jobs, California Building Industry Association, California Business Roundtable, Consulting Engineers and Land Surveyors of California and Western Growers Association. ACWA serves as a technical advisor to the coalition.

Each CCRW measure totals \$11.69 billion and provides funding for the Delta ecosystem, water supply reliability at the regional and local level, groundwater cleanup, water treatment systems, storm water management, watershed projects, water recycling, surface and groundwater storage (statewide and local and regional projects).

A preliminary review of each of the four initiative drafts reveals:

- Version A: Identifies the CALFED storage projects that would be eligible for state funding (Sites, Temperance Flat and expanded Los Vaqueros) and is very specific about an "isolated facility" in the conveyance provisions. In all versions, public expenditures for operational storage must meet specified public interest criteria.
- Version B: Minimizes changes to Senator Perata's initiative proposal and adds a competitive storage chapter and language that directs that Delta conveyance decisions are determined by satisfying specific criteria.
- Version C: Same as "B" above with some cleanup changes. The most notable difference identifies when environmental mitigation costs are eligible for state bond funds.
- Version D: Same as "C" but the conveyance criteria requires a dual facility with a Sacramento River intake.

Proponents anticipate that title and summary for each initiative will be complete in early January. CCRW would then settle on a single version for circulation. To qualify for November 2008 ballot, signatures would have to be submitted to the Secretary of State for verification in late spring.

It is anticipated that these initiatives will also serve as an incentive for the Governor and Legislature to reach an accord on an alternative bond package when the Legislature reconvenes in January.

State Budget

In response to a \$14 billion gap between state revenues and expenditures in the current year and anticipated shortfalls in FY 2008/09, Governor Schwarzenegger has declared a "fiscal emergency." The declaration expedites spending cuts in the current year without having to wait for budget negotiations on the FY 2008/09 state spending plan. The Legislature has 45 days to act or all other legislative work is suspended.

Proposition 1A provides protection against raids on local government revenues unless the Governor declares a "fiscal necessity" and two-thirds of the Legislature concurs. If Proposition 1A is suspended, the state could tap local revenues. The measure also requires, however, that any redirected local revenues be repaid, with interest, in the following three fiscal years. Proposition 1A can only be suspended twice in a decade.

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As the housing market continues to place a strain on the economy, in addition to reduced personal income tax and sales-and-use tax revenue, priorities will be reassessed. All options for closing the gap between revenues and expenditures will be on the table.

Key Legislative Dates

January 7 – Legislature reconvenes

January 10 – Governor must submit FY 2008/09 proposed budget to Legislature

January 24 – Last day for legislative measure to qualify for June 2008 ballot

January 25 – Last day for any committee to meet to pass two-year bills that are in house-of-origin. Deadline for submitting new bill proposals to Legislative Counsel

January 31 – Last day for each house to pass two-year bills in house-of-origin