


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: April 29, 2014

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations Committee

FROM: Gerry F. Miller 
Chief Legislative Analyst Council File No: 14-0002-S47
Assignment No: 14-04-0272

SUBJECT: Resolution (Fuentes - O'Farrell - Krekorian) to SUPPORT AB 1331 (Rendon), SB 848 (Wolk), AB 2043 (Conway and Bigelow), AB 2686 (Perea), IF AMENDED as specified

CLA RECOMMENDATION: Adopt Resolution (Fuentes - O'Farrell - Krekorian) to include in the City's 2013-2014 State Legislative Program SUPPORT for AB 1331 (Rendon), SB 848 (Wolk), AB 2043 (Conway and Bigelow), AB 2686 (Perea), known as "the water bond legislation" and any related legislation, IF AMENDED to recognize the City's local water sustainability objectives by including:

- A dedicated bond chapter of \$1 billion for groundwater remediation needs;
- Funding for recycled water infrastructure, treatment and distribution systems;
- Funding for stormwater capture/watershed management and replacement projects including the Los Angeles River Watershed and related tributaries.

SUMMARY:

Resolution (Fuentes - O'Farrell - Krekorian), introduced on April 11, 2014, states that the City is facing a number of complex water resource challenges. Local groundwater aquifers that once provided nearly 30 percent of the City's water supply in dry years have been impacted by contamination, resulting in the shutdown of over 70 percent of the groundwater supply wells in the San Fernando Basin (SFB). The Resolution follows that the SFB must be remediated within the next decade to prevent total loss of the remaining groundwater supply.

In addition, the Resolution states that the City's supply of water from the Eastern Sierra's has also diminished due to drought and regulatory restrictions. The water supply situation in the City has become increasingly tenuous due to a variety of climate and environmental factors, thus making the City increasingly reliant upon imported water.

In an attempt to address the City's critical water supply needs, the Department of Water and Power (DWP) has developed the 2010 Urban Water Management Plan (UWMP) which seeks to harness local water supply resources to maximize water sustainability. The Resolution follows that advancing local water sustainability involves the strategic implementation of groundwater



remediation efforts in the SFB, the associated development of recycled water infrastructure and distribution systems; including the integration of stormwater capture and replenishment projects.

The City has implemented a number of water quality projects to address pollutants in stormwater runoff including in the Los Angeles River Watershed and related tributaries.

The Resolution notes that the Safe, Clean and Reliable Drinking Water Act (Water Bond) of 2014 would authorize the issuance of \$11.14 billion in general obligation bonds for water-related programs and projects. However, several different state water bond proposals, ranging from \$5.1 billion to \$9.25 billion, would replace or modify the existing Water Bond.

The Resolution states that these proposals should contain dedicated funding to support local water sustainability objectives by providing funding for groundwater remediation, and related funding for recycled water infrastructure needs and stormwater capture/watershed management projects. In this manner, the City's reliance on imported water may be reduced thereby ensuring the environmental and economic well-being of the City and region.

Therefore, the Resolution requests that the City support water bond legislation which consists of AB 1331, SB 848, AB 2043 and AB 2686 if amended as specified above.

BACKGROUND:

In November 2009, the legislature passed the Safe, Clean, and Reliable Drinking Water Supply Act of 2010 which consisted of a \$11.14 billion in general obligation bonds to fund various statewide water resources programs and projects. The measure was placed on the November 2010 statewide ballot for the voters to consider.

Given concerns of the lagging economy and statewide voter support, the measure's consideration was twice delayed. It was initially delayed to the November 2012 statewide ballot; and then ultimately delayed to November 2014.

In order to assess potential next steps regarding the Water Bond, the Legislature held a hearing in early 2013. The key policy consideration of the hearing was "What's Changed Since the Legislature Passed the Safe, Clean, and Reliable Drinking Water Supply Act of 2010?" The hearing highlighted some of the unanticipated developments that occurred since the drafting of the original bond and raised questions if changes should be made.

This was followed by a Legislative hearing in September 2013 titled "*Setting the Stage for a 2014 Water Bond: Where Are We and Where Do We Need To Go?*" That hearing focused on the state of various legislative bond discussions, identified key issues and suggested alternative approaches for revising the Water Bond. The latest bills proposed in the Legislature are a result of this effort and are characterized by a reduced general obligation bond amount (less than \$11.14 billion); and different funding categories and water resource objectives.

AB 1331

This measure would repeal the current Water Bond scheduled for the November 2014 statewide ballot and in its place propose the Clean, Safe, and Reliable Drinking Water Act of 2014. The

measure seeks to authorize the issuance of \$8 billion in general obligation bonds to finance clean, safe, and reliable drinking water programs.

Key funding chapters of AB 1331 consist of the following:

Chapter 5

\$1 billion available statewide for grants and loans for projects that improve water quality and provide clean and safe drinking water, such as:

- Reducing contaminants in drinking water supplies;
- Addressing the immediate needs of disadvantaged, rural, or small communities that suffer from contaminated drinking water supplies;
- Improving water quality of surface water streams, including multi-benefit stormwater quality projects;
- Providing public drinking water infrastructure that provides clean and safe drinking water supplies.

Chapter 6

\$1.5 billion available for expenditures and grants for multi-benefit ecosystem and watershed protection and restoration projects that protect and improve watersheds, wetlands, forests and flood plains.

Chapter 7

\$2 billion available for expenditures, competitive grants and loans to projects that respond to climate change and contribute to regional water security.

Chapter 8

\$1 billion available for grants and expenditures to improve the sustainability of the Sacramento-San Joaquin Delta.

Chapter 9

\$2.5 billion available for expenditures, competitive grants, and loans for projects that expand the state's water storage capacity.

SB 848

SB 848 also repeals the existing Water Bond scheduled for the November 2014 statewide ballot and instead seeks to enact the Safe Drinking Water, Water Quality, and Water Supply Act of 2014. This measure seeks voter approval to issue \$6.825 in general obligation bonds to finance safe drinking water, water quality and water supply programs.

Specifically, the measure plans to allocate \$900 million for safe drinking water and water quality projects; and \$2 billion for water supply enhancement projects. In addition, it plans to provide

\$1.2 billion for the Sacramento - San Joaquin Delta restoration; and \$1.7 billion in watershed and ecosystem improvements. The bill also allocates \$1.025 billion in water storage projects.

AB 2043

This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of general obligation bonds in the amount of \$7.9 billion to finance safe drinking water and water supply reliability programs. This measure would also repeal the existing Water Bond scheduled for the November 2014 ballot and replace it.

The measure seeks to provide funding for water conservation, groundwater cleanup and water conveyance projects. It seeks to allocate \$1.5 billion to sustain the Sacramento - San Joaquin River Delta and \$3 billion on statewide water storage projects in addition to other components.

AB 2686

This bill would enact the Clean, Safe, and Reliable Drinking Water Supply Act of 2014 would authorize the issuance of general obligation bonds in an unspecified amount to finance clean, safe, and reliable drinking water supply programs. This bill would also repeal the current Water Bond scheduled for consideration.

Department Reports

In mid-February 2014, the DWP and the Bureau of Sanitation (BOS) provided reports to the Council's Energy and Environment Committee regarding the status of environmental legislation including the Water Bond and related matters (CF 14-0121).

The DWP report indicated that the current Water Bond would allow the DWP to compete for approximately \$2.5 billion in funding for water conservation, recycling, stormwater capture, and groundwater cleanup projects. The report noted that these components would help provide a reliable and sustainable local water supply for the City. The DWP further stated in Committee that these components should continue to be pursued in the development of any revised water bond.

The DWP identified that remediation of contamination in the SFB is the highest water supply priority for the City. This source has historically provided approximately 30% of the City's water supply in dry years and is needed to reduce reliance on imported water. The DWP estimates that remediating groundwater contamination in the SFB will cost between \$600 million and \$900 million.

In addition, the BOS report supported the same components in any revised Water Bond legislation. It indicated that any funding bill should have provisions to address watershed protection, stormwater capture, groundwater protection; including wastewater collection system investments, and recycled water planning and distribution.

The water resource needs expressed by both departments are consistent with one another, and highlight the need to pursue water bond language that promotes local water sustainability. In

doing so, it will allow the City to obtain its water resource objectives and address its current water supply challenges.

Prior Action

On January 28, 2014, the Council approved a Resolution to support the passage of a state water bond that provides for ecosystem restoration, water recycling and Los Angeles River revitalization (CF 14-0002-S8). It also seeks funding for environmental remediation of the commercial and recreational waterways of the Port of Los Angeles.

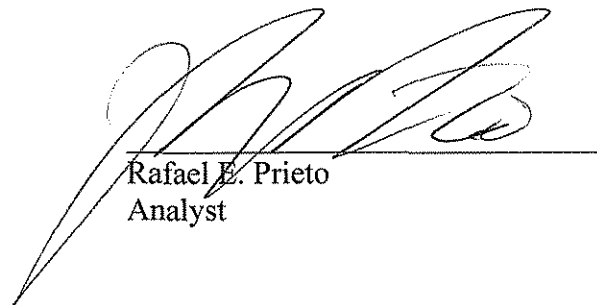
The Resolution action was also amended to instruct the Chief Legislative Analyst to report on the status of water bond legislation as the matter progresses.

DEPARTMENTS NOTIFIED

Department of Water and Power
Department of Public Works, Bureau of Sanitation

BILL STATUS

| | | |
|---------|---------|---|
| AB 1331 | 4/21/14 | Amended and re-referred to Senate Environmental Quality Committee |
| SB 848 | 2/26/14 | Referred to Senate Appropriations Committee |
| AB 2043 | 3/6/14 | Referred to Assembly Water, Parks and Wildlife Committee |
| AB 2686 | 4/22/14 | Amended and re-referred to Assembly Water, Parks and Wildlife Committee |



Rafael E. Prieto
Analyst

Attachment: 1. Resolution (Fuentes - O'Farrell - Krekorian)

RESOLUTION

RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles (City) with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the City is facing a number of complex water resource challenges; and

WHEREAS, local groundwater aquifers that once provided nearly 30 percent of the City's water supply in dry years have been impacted by contamination, resulting in the shutdown of over 70 percent of the groundwater supply wells in the San Fernando Basin (SFB); and

WHEREAS, the SFB must be remediated within the next decade to prevent total loss of the remaining groundwater supply; and

WHEREAS, the City's supply of water from the Eastern Sierra's has also diminished due to drought and regulatory restrictions; and

WHEREAS, the water supply situation in Los Angeles has become increasingly tenuous due to a variety of climate and environmental factors, thus making the City increasingly reliant upon imported water purchased from the Metropolitan Water District of Southern California (MWD); and

WHEREAS, in an attempt to address the City's critical water supply needs, it has developed the 2010 Urban Water Management Plan (UWMP) which seeks to harness local water supply resources in order to maximize water sustainability; and

WHEREAS, advancing local water sustainability involves the strategic implementation of groundwater remediation efforts in the SFB, the associated development of recycled water infrastructure and distribution systems, and the integration of stormwater capture and replenishment projects; and

WHEREAS, the City must also comply with federal water quality standards under its Municipal Separate Stormwater Sewer System Permit; and

WHEREAS, the City has implemented a number of water quality projects to address pollutants in stormwater runoff throughout Los Angeles, including in the Los Angeles River Watershed and related tributaries; and

WHEREAS, the Safe, Clean and Reliable Drinking Water Act (Water Bond) of 2014 would authorize the issuance of \$11.14 billion in general obligation bonds for water-related programs and projects; and

WHEREAS, several different State water bond proposals, ranging from \$5.1 billion to \$9.25 billion, would replace or modify the existing Water Bond; and

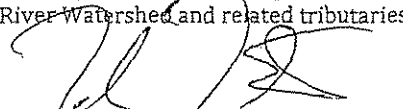
WHEREAS, these proposals should contain dedicated funding to support local water sustainability objectives by providing funding for groundwater remediation, and related funding for recycled water infrastructure needs and stormwater capture/watershed management projects; and

WHEREAS, harnessing local water resource opportunities is essential to reducing the City's reliance on imported water and thereby ensuring the environmental health and economic well-being of the City and region;

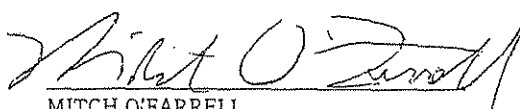
NOW, THEREFORE, BE IT RESOLVED, that by adoption of this Resolution, with the concurrence of the Mayor, the City of Los Angeles hereby includes in its 2013-2014 State Legislative Program SUPPORT for AB 1331 (Rendon), SB 848 (Wolk), AB 2043 (Conway and Bigelow), AB 2686 (Perea), known as "the water bond legislation" and any related legislation IF AMENDED to recognize the City's local water sustainability objectives by including:

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PRESENTED BY:


FELIPE FUENTES

Councilmember, 7th District


MITCH O'FARRELL

Councilmember, 13th District

APR 11 2014

SECONDED BY:

