



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** APRIL 10, 2017

**ITEM NO:** 15

**SUBJECT:** 2017 Q1 STATE AND FEDERAL LEGISLATIVE UPDATE ON ISSUES POTENTIALLY IMPACTING CITY OF RIVERSIDE PUBLIC UTILITIES OPERATIONS

**ISSUE:**

Receive and file a state and federal legislative update.

**RECOMMENDATION:**

That the Board of Public Utilities receive and file a legislative update covering state and federal legislative matters.

**BACKGROUND:**

Riverside Public Utilities (RPU) engages in state and federal legislative policy discussions and advocacy to advance the best interests of the City of Riverside and its ratepayers. RPU collaborates with the City's legislative team, Southern California Public Power Authority (SCPPA), and various associations including but not limited to the California Municipal Utilities Association (CMUA), the Association of California Water Agencies (ACWA), and the Groundwater Resources Association. RPU's legislative engagement is consistent with, and is designed to advance, the City's approved legislative platform.

**DISCUSSION:**

This report covers California and federal legislation, prospective legislation, and related activities from January 2017 to March 2017.

**2017 California Legislation**

**AB 1667(Friedman):**

Assembly Bill (AB) 1667 requires an urban water supplier to install dedicated landscape water meters on commercial, institutional, industrial, and multifamily service connections that are located in its service area on or before January 1, 2020, if the property has greater than 1,000 square feet of irrigated landscape, and on or before January 1, 2025, if the property has greater than 500, but less than 1,001, square feet of irrigated landscape. The bill would require an urban water supplier to install dedicated landscape water meters on single-family residential service connections that are located in its service area on or before January 1, 2030, if the property has greater than 5,000 square feet of irrigated landscape. The bill would authorize an urban water supplier to waive these requirements for a customer that, before January 1, 2018, has installed one or more separate submeters that exclusively measure all water usage for irrigated landscape and that agrees to provide water consumption data recorded by the submeter at least annually to the urban water supplier.

Many businesses in RPU's service area already have dedicated landscape meters. The exceptions would likely be those sitting behind a large master meter (<500). In this case, they would need to isolate their landscaped areas and install new meters thereon and turn the meters over to us. We would need them to provide us with a blanket easement so we can access those meters. Moreover, under increasing unfunded state regulatory mandates to decrease water use, RPU has made individual metering in multi-unit buildings as a long-term goal. Should AB 1667 become law, it will facilitate RPU's efforts to move closer to its goals of providing more accurate, more helpful water use data to customers to empower their resource use decisions.

#### SB 57(Stern):

Senate Bill (SB) 57 prohibits the Southern California Gas Company from injecting natural gas into the Aliso Canyon natural gas storage facility until a root-cause analysis of the leak from the facility is complete. This bill also requires consideration of the feasibility of minimizing or eliminating use of Aliso Canyon, which existing statute requires, be completed by December 31, 2017.

RPU must explore a long-term solution if Aliso Canyon storage field does not return to at least 450 Million Cubic Feet per Day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity by Spring 2017. Gas curtailment during high peak days could lead to severe service curtailments throughout Riverside.

#### SB 584 (De León):

Senate Bill (SB) 584 requires 100% of the state's electricity to originate from "clean" sources by 2045. The measure would also accelerate the state's goal of reaching 50% renewable energy. Legislation approved two years ago set a deadline of 2030, but the new proposal would move that up to 2025.

RPU expects to reach 35% RPS in 2017 and 42% RPS in 2020. Staff assessed what needed to be done to meet the 50% RPS mandate by 2030, however if SB 584 in its current form becomes law, we would need to perform an analysis based upon the much earlier date of 50% by 2025. Staff has not evaluated 100% renewables yet. As such, should this bill pass, additional staff time and resources would be required to measure our needs for 50% at 2025 and 100% by 2045.

### **2016 Federal Legislation and anticipated legislative proposals**

#### Municipal Bond Tax-Exempt Status

A key priority of President Trump and Congressional Republicans in the first year of the 115<sup>th</sup> Congress is comprehensive tax reform. This reform will include significant reductions in individual tax rates and corporate tax rates. In order to offset those reductions (and the loss of revenue they provide), any tax reform bill is expected to eliminate deductions, exclusions and tax credits. Eliminating or reducing the existing municipal bond tax-exemption is a proposal that is on the table.

Municipal bonding authority is a fiscally sound financing mechanism for state and local governments, including municipal utilities, to finance the infrastructure necessary to provide essential public services. Legislative proposals to limit or eliminate the exclusion of municipal bond interest will significantly increase borrowing costs for all state and local governments. This would likely impact future RPU and SCPPA bond-financed projects.

During the APPA Legislative Rally, the RPU delegation met with the offices of Reps. Takano, Calvert, and Ruiz, respectively, and discussed the Municipal Bond tax-exemption issue. Prior to this meeting staff drafted a letter that was signed by Mayor Bailey requesting support from Representative Takano on this issue.

As a result of these efforts Rep. Takano joined the bipartisan letter by Reps. Hultgreen and Ruppertsberger to the House Ways and Means Committee urging the Committee to maintain the tax-exempt status of municipal bonds in any tax reform package.

H.R. 474 (Issa):

House Resolution (H.R.) 474, The Interim Consolidated Storage Act would allow the Department of Energy to use interest from the Nuclear Waste Fund to contract temporary storage facilities for spent nuclear fuel and could have the federal government begin collecting waste from nuclear facilities across the country in an expedited time frame – as early as five years. A permanent storage solution would take at least 10 years to create.

H.R. 497 (Cook):

House Resolution 497 is a land-use plan that allows the transfer of land between the San Bernardino Valley Water Conservation District and the Bureau of Land Management. The land exchange takes place in a designated region within the Santa Ana Wash, at the junction of the Santa Ana River and Mill Creek.

Currently, land within the Santa Ana Wash is owned by both the San Bernardino Water Conservation District and the Bureau of Land Management (BLM). Parcels owned by the district are currently used for the purpose of recharging water in more than 77 basins, and also provide Riversidian Sage Scrub habitat. New lands would be set aside for conservation purposes near land managed by BLM. The wash area is occupied by two mining companies, Cemex and Robertson's Ready Mix, which extract aggregate for cement and concrete production.

The exchange of land between the district and BLM will connect a patchwork of land ownership to create a consolidated open space for conservation purposes and will optimize mining efficiency and enhance groundwater recharge activities at Bunker Hill Basin.

**FISCAL IMPACT:**

There is no fiscal impact associated with this report.

Prepared by: Kevin S. Milligan, Utilities Deputy General Manager  
Approved by: Girish Balachandran, Utilities General Manager  
Approved by: John A. Russo, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability  
of funds: Laura Chavez-Nomura, Utilities Assistant General Manager/Finance

Attachment: Presentation