

WEST AND CENTRAL BASIN FINANCING AUTHORITY MAY 22, 2006 - Board Meeting

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ACTION CALENDAR

LEGISLATIVE UPDATESUMMARY:**Legislative Update - Bills Under Consideration**

The attached legislative update provides information on state legislative items of interest to the Districts. This update is provided as a basis for discussion of critical legislative issues. Staff may recommend action on various issues or bills, such as support or opposition positions. When the Board takes positions, staff will initiate contact to appropriate parties and declare these positions, and coordinate advocacy efforts for advancement.

The California Legislature returned from Spring Recess and reconvened on April 17. Since this time, the Senate and Assembly have been in full swing, with Committees hearing several bills in order to meet the constitutional deadline to recommend bills to Appropriations. Through this process, several bills have been amended, and a few “gut and amends” have been introduced to Committees. Of these bills, AB 1232 and SB 1242 were being closely monitored, and upon amendment, staff took notice and now presents these bills to the Boards, as provided below.

Along with the two newly amended bills, staff continues to monitor several bills of interest to the Districts including two bills introduced by Assembly Member Ron Calderon, AB 2396 and AB 2397, and SB 1317 as introduced by Senator Torlakson.

As indicated below, and in Exhibit “A”, AB 2397 was amended and was passed out of the Assembly Committee on Public Employees Retirement and Social Security by a vote of 4 to 2. This bill will be amended on the Assembly floor and language for this amendment will be provided when available. Senator Torlakson’s SB 1317, as it relates to property tax allocation for public utility property, has been the topic of several discussions in recent weeks, and was finally heard in Committee on April 19. Although staff continues to recommend that West Basin and Central Basin continue to take a “Watch” position on AB 2396 (spot bill) and SB 1317, staff does recommend that both Boards take an “Oppose” position on AB 2397 and work with MWD and ACWA in defeating this bill.

Finally, although it has been “business as usual” in both the Senate and Assembly with regard to the respective Committee hearings, discussions related to the Infrastructure Bond reached a pinnacle on May 2, and legislative leadership reached a compromise on the Infrastructure Bond shortly thereafter. In the early hours of May 5, both the California State Senate and Assembly unanimously passed a \$37.3 billion infrastructure bond package that includes \$4.1 billion for levee repairs. As water quality, management, and infrastructure were excluded from this legislative compromise, renewed efforts will focus on the “Caves Initiative” that provides for \$5.4 billion in general obligation bonds to fund projects relating to safe drinking water, water quality and supply, flood control, waterway and natural resource protection, water pollution and contamination control, state and local park improvements, public access to natural resources, and conservation efforts.

Legislation

AB 1232 (Horton) - Water Replenishment Districts (WRD)

Staff Recommendation - Watch

Existing law permits WRD to establish an annual reserve fund in an amount not-to-exceed \$10,000,000 and requires that 80% of such reserve fund must be expended for water purchases. This bill would eliminate the requirement that the reserve fund not exceed \$10,000,000.

Both the West Basin Water Association and Central Basin Water Association were instrumental in the language of existing law, as it relates to WRD. As such, both are currently opposing this bill and are working with the author and members of the Assembly, in order to “kill” this bill in Committee. Staff has taken the opportunity to discuss this bill with the author, as well as management from WRD, and recommends that West Basin and Central Basin continue to foster a “friendly” relationship with WRD, while awaiting Committee analysis.

SB 1242 (Lowenthal) - Integrated Water Management Planning

Staff Recommendation - Watch

Existing law authorizes a regional water management group to prepare and adopt a regional plan that addresses programs and projects related to water supply, water quality, flood protection, or related matters. This bill would revise the definition of qualified project to include projects to improve stormwater management, reduce water pollution or pollutant loads, or improve urban or agricultural water use efficiency and would authorize a local public agency to participate in the plan.

This bill was “gut and amended” and is currently in the Senate Natural Resources Committee. According to the author, this bill is intended to provide clarity regarding how the Integrated Regional Water Management Plan may be approved as well as “who” may be a participant and “when” a participant may join a group. Staff recommends a “watch” position.

SB 1317 (Torlakson) - Property Tax Allocation From Public Utility Property

Staff Recommendation - Watch

Currently, the State Board of Equalization assesses public utility property as a unit for property tax purposes and allocates the “unitary” assessed value among the counties based on the amount of property within each county. In recent years, the Legislature has allowed some exceptions to this tax allocation method in order to entice, or provide financial incentives for communities to embrace new electrical power plants in their respective counties and cities. This bill creates a new formula for allocating the unitary property tax revenues from new public utility-owned, state-assessed “qualified property.”

Although this bill is opposed by ACWA, staff recommends that both West Basin and Central Basin not take an official position. This bill, as proposed, could benefit the Cities of

El Segundo and Vernon, as new or possible expansions to pre-existing electrical facilities in these communities could provide a higher tax allocation to the respective Cities in the future.

AB 2396 (Calderon) - Metropolitan Water Districts

Staff Recommendation - Continue Watch

The Metropolitan Water District Act provides for the creation of metropolitan water districts, governed by a board of directors composed of one or more representatives of each member public agency, designated or selected by the member public agency. This bill would state the intent of the Legislature to enact legislation to amend the act to change the composition of the board of directors and to provide for the direct election of members of the board of directors by voters residing in the service area of a metropolitan water district.

This bill is currently a spot bill. Staff continues to monitor this bill.

AB 2397 (Calderon) - Metropolitan Water Districts: Service Contracts

Staff Recommendation - Oppose

Existing law requires the board of a metropolitan water district to prescribe a system of civil service. This bill would prohibit a district from entering into a contract for permanent or temporary services, skilled or unskilled, that a person in the civil service system could perform adequately and competently.

This bill would single out Metropolitan by imposing unfair contracting restrictions, sets a terrible precedent for future restrictions on other local entities, drives up costs for ratepayers, obstructs small businesses' ability to provide cost-effective services and will likely impede many of the community-based partnerships that have been forged with Metropolitan over the years. It has been requested by MWD, that its' member agencies assist MWD in its efforts to defeat this legislation. As AB 2397 has now passed out of the Assembly Committee on Public Employees Retirement and Social Security, staff now recommends that the West Basin and Central Basin take an "Oppose" position on AB 2397.

RECOMMENDED MOTION:

That the Board takes the following positions:

- "Watch" AB 1232 (Horton) - Water Replenishment Districts
- "Watch" SB 1242 (Lowenthal) - Integrated Regional Water Management Planning
- "Watch" SB 1317 (Torlakson) - Property Tax Allocation From Public Utility Property
- "Oppose" AB 2397 (Calderon) - Metropolitan Water Districts: Contracts

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was not reviewed by the Joint Communications Committee on May 4, 2006. The Committee was cancelled due to a lack of agenda items.

LIST OF EXHIBITS:

Exhibit "A" - Legislative Update Grid

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