



COUNCILMEMBER DAVID ALVAREZ
City of San Diego
Council District Eight

MEMORANDUM

DATE: October 16, 2015

TO: Mayor Kevin Faulconer

FROM: Councilmember David Alvarez

SUBJECT: State and Federal Legislative Priorities for Calendar Year 2016

As you develop the City's 2016 State and Federal legislative priorities package, the following issues are my top priorities. These items are critical to the health of the City in coming years and the city absolutely must be active in Sacramento and Washington, D.C. to ensure that they are addressed:

1. **Border Infrastructure:** Funding for border infrastructure is a priority for our bi-national region. According to SANDAG, border wait times have cost our region at least \$7 billion in lost revenue and 62,000 jobs. Although we are finally seeing a reduction in wait times at the border, funding for the projects listed below and funding for more staff will help to alleviate the lengthy border wait times.
 - a. **Federal Funding of Otay Mesa Port of Entry Modernization:** Will complete funding for expanded vehicle, commercial vehicle, and pedestrian border crossing. Making the crossing more efficient for commercial vehicles adds to the economic growth of our region and makes the Otay Mesa area more competitive with other bi-national regions. Additionally, the region requires federal funding for local infrastructure impacted by international freight travel.
 - b. **South Bay International Wastewater Treatment Plant:** The capacity of the South Bay International Wastewater Treatment (SBIWTP) must be enhanced to handle peak flows, as originally designed, but on a more rapid schedule than originally planned. The installation of additional tanks will allow the plant to handle peak flows for longer

durations. This should help avoid the frequency of beach closures that we have experienced in the past due to heavy rain storms. Taking such action would allow the SBIWTP to perform at the levels required by its operating permit. A reprogramming request that must be approved by Congress (the foreign operations subcommittees of the House and Senate appropriations committees) to allow the use of funding from another account to advance work at SBIWTP has been submitted but no action has been taken. Approval of the request would allow work to be done on a more rapid schedule.

2. Energy Sustainability:

- a. Lobby the Public Utilities Commission (PUC) to allow the direct purchase of energy by the City;
- b. Support the original intent of the Community Choice Aggregation (CCA) legislation in implementing the energy sustainability portion of our Climate Action Plan.

3. Increased Customs and Border Protection Staffing at San Diego International Airport:

There have been complications in securing international flights at the San Diego International Airport due to a lack of CBP staff shifts in the afterhours. It is critical that the necessary funding and staffing needed for our airports to accommodate these flights is provided, as they contribute to promoting tourism, economic development, and civic relationships. San Diego should be active in lobbying for increased afterhours staffing in order to avoid the loss of international flights at San Diego International Airport.

4. Water Infrastructure:

- a. **Potable Reuse Funding and Regulations:** Updating our potable water system to provide a sustainable source of clean drinking water for years to come is a top priority. The Pure Water project will use proven water purification technology and will be environmentally sustainable. It is also cost effective, as it would reduce reliance on imported water and eliminate the need for costly, unnecessary upgrades to the Point Loma Wastewater Treatment Plant. Construction of the project would also reduce flows to the plant and allow the city to meet or exceed the requirements of the current NPDES permit. It is vital that as the City moves forward to invest in a potable reuse system, our elected representatives work closely with state and federal agencies to find funding and avoid any roadblocks to ensure that the work can be undertaken in an expeditious manner. It is critical that the San Diego delegation collectively support this effort.
- b. **Request Additional Funding for Water Infrastructure Finance and Innovation Authority (WIFIA):** The WIFIA program is funded for the next five years in the following increments: \$20 million in FY 2015; \$25 million in FY 2016; \$35 million in FY 2017; \$45 million in FY 2018; and \$50 million in FY 2019. Additional funding should be authorized by Congress as the City of San Diego has projects that exceed the amount allocated for all five years combined. WIFIA is currently prohibited from funding any project that also uses tax-exempt financing, which is

problematic as many city infrastructure projects rely on some level of tax-exempt financing involved. WIFIA should allow borrowers to qualify even though they also use tax-exempt bonds to help pay for projects. Pushing for such a change would greatly benefit San Diego rate payers and allow the city to move forward on critical projects.

- c. **Water Supply Diversification Credits:** Over the last few decades, the San Diego region, through the San Diego County Water Authority, has invested heavily in diversifying its water supply in order to guard against relying on any one entity for water during times of drought. Such investments have cost rate payers greatly, but paid off during the most recent period of drought, as our region's reservoirs are full and alternate sources of water have diversified our water supply portfolio. However, the most recent state mandates requiring cut backs in water use have not taken these investments into account, which is problematic as our rate payers have funded millions of dollars in water supply infrastructure, but are not receiving the benefit of having responsibly prepared for major periods of drought. The city should be active in working with the County Water Authority and the appropriate state agencies to explore water diversification credits for water agencies that have invested in alternate sources of water, such as increased conservation programs, potable reuse projects, desalination projects, and independent water supply agreements.
- d. **Support Goals of Senator Feinstein's Emergency Drought Relief Act (S. 1894):** This wide ranging legislation is a drought relief measure that provides federal and state water agencies with additional flexibility to deliver water where it is most needed during the current drought. It includes provisions to help California communities affected by drought, and proposes programs and funding to support long-term water investment projects such as desalination, water recycling, and water storage. The city should actively support passage of the legislation, as it would enhance the city's eligibility for federal funding for water recycling project
- e. **Storm Water Capture:** The city, by and large, does not capture rainfall and utilize it for later use, which is a missed opportunity to enhance our local water supplies, particularly during times of drought. As most rainfall flows into our storm water system, it is critical that the city discuss potential state and federal legislation that would incentivize local water agencies and municipalities to invest in a storm water capture system that would enhance local water supplies.
- f. **Expanded Water Rate Tiers:** Recently there has been much discussion regarding local water agencies ability to include additional tiers that would encourage conservation by their customers. Governor Brown, as well as many water agencies throughout the state, have indicated a strong desire to structure water rates in such a way that would allow customers who conserve to pay a lower rate than customers who waste water. The city should be active in working with the Governor and

legislature to explore legislation that would enhance the ability of local water agencies to structure their water rates to encourage conservation.

Additionally, it is vital that our legislative lobbyists provide metrics showing their work on each task included in the general work plan developed by the city and lobbying firm. As such, I look forward to hearing an update on current efforts identified in the 2015 priorities and as well as working together in pursuing the above legislative priorities in 2016.