

VIA EMAIL: wue@water.ca.gov; commentletters@waterboards.ca.gov

December 19, 2016

The Honorable Felicia Marcus, Chair
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

The Honorable Mark Cowin, Director
California Department of Water Resources
P.O. Box 942836, Room 1115-1
Sacramento, CA 94236-0001

SUBJECT: Comments on “Making Conservation a California Way of Life” November 2016 Public Review Draft

Dear Chair Marcus and Director Cowin:

The undersigned water suppliers and associations comprise designated members of the Urban Advisory Group (UAG) convened by the State to provide input on the framework for implementation of Executive Order B-37-16 (EO) and additional participants in the recent stakeholder outreach process. Many of us submitted a joint comment letter and detailed recommendations dated October 18, 2016, and we include that package with this letter, as it continues to be germane to the Public Review Draft. We would also like to draw your attention to a comment letter being submitted today from the American Water Works Association, California-Nevada Chapter, which pertains to portions of the Public Review Draft.

We would like to express our ongoing appreciation for the opportunities that the State has offered to provide input in this process. We continue to be committed to helping define a successful framework to help California prepare for and respond to future droughts, and to promote the long-term efficiency of water use. We would like to collaborate with you and your colleagues in the Brown Administration to craft a legislative package that we can all support.

While we are largely supportive of the initial recommendations in the Draft Report, we cannot support any policy that allows the State Agencies carte blanche in determining future water-use budgets, prohibitions or performance measures. We believe all new water-use target setting efforts must include a formal stakeholder involvement process, allowing for input on technical considerations and the potential for unintended consequences.

The conservation framework must take into account the One Water policy perspective, seeking a balanced and integrated approach to sustainable water management. Water sustainability and drought resilience must be measured in terms of BOTH water-use efficiency and the development of new supplies and storage.

To that end, we are concerned that the uncertainty associated with unknown future conservation regulations will serve as a significant *disincentive* for the development of new sustainable supply sources

and storage by local agencies, and we strongly believe that this would be an unwise direction for California to take. As such, several of our comments are aimed at improving incentives for new supply development while maintaining water-use efficiency principles.

Similar to the approach we took in October, we have identified the elements of the Public Review Draft that we support and which we believe will improve water management in the future, and we have provided specific feedback aimed at improving the proposal. We support the enforcement of water use efficiency targets in 2025, the transition to a five-year drought planning sequence in the Urban Water Management Plan, and the additional components proposed for the Water Shortage Contingency Plans – communication plan, specific compliance and exemption procedures, monitoring and reporting protocols and a regular review process. We also believe that providing State agencies with our annual supply and demand assessments will facilitate better understanding of hydrologic conditions throughout the state.

We have identified the following areas of continued concern, which we look forward to resolving with the Executive Order agencies in the final report (the citations in each comment refer to the relevant section(s) of the Public Review Draft).

Using Water More Wisely

Section 2.1 Emergency Conservation Regulations for 2017

- As the State Water Resources Control Board (SWRCB) considers extending the emergency regulation in January/February 2017, they must consider that many parts of the state are not experiencing emergency drought conditions due to improved hydrologic conditions, development of drought resilient supplies, or both. The SWRCB should rescind the emergency conservation regulations for those areas with adequate supplies, and focus on those communities that require assistance in meeting the water demands of their community. The SWRCB could continue its “stress test” demand reduction measures for areas in which supplies are inadequate in 2017 to meet normal demands.

Section 2.2 Permanent Prohibition of Wasteful Practices

- We request that the EO agencies include language to exempt residents from these prohibitions in the case of a public health or safety emergency and that uniform definitions of “measurable rainfall” and “street medians” be provided. We also ask that it be made clear in Section 2.2.4 that it will be the responsibility of local agencies to enforce these new regulations.

Section 2.4 Process for Determining Cost-Effectiveness of Water Conservation and Energy Efficiency

- It is stated in this section that the cost-effectiveness of potential appliance standards is based on the value of the water or energy saved, the effect on product efficacy for the consumer, and the life-cycle cost of complying with the standard to the consumer. The California Energy Commission (CEC) assesses the cost effectiveness of a proposed appliance standard by surveying and comparing the cost and operation of compliant and non-compliant appliances. Any increased costs must be offset by water and energy savings due to the increase in appliance

efficiency. We call on the CEC to include potential wastewater system impacts as a valid life-cycle cost associated with indoor appliances when conducting its cost-effectiveness analysis.

Section 3.1 New Water Use Targets

General

- Alternative Target-setting Approach (Sections 3.1.1 and 3.1.2.) We continue to request that the State include optional approaches to the strengthened standards target-setting process that build on the elements of SB x7-7, as is directed by the EO. Expansion of the State agencies' water budget based proposal to provide for alternative target-setting approaches that can be customized to unique local conditions, would be equally effective in reducing water use and would allow for alternative methods to reducing water demands that could be more cost-effective for some agencies to implement. This is particularly important for water agencies that lack resources or capacity to implement water budget programs, or for water agencies that would benefit from this additional flexibility. We also believe that a regional compliance approach should be allowed as an option.
- No Impact on Water Rights. The new water use efficiency program requirements must not adversely affect water rights or contracts held by water suppliers in California, and must explicitly recognize the ability of water suppliers to use or transfer the conserved water, pursuant to Water Code Section 1011. These provisions are already contained in Water Code Sections 10608 et seq. (SB x7-7), and must be maintained in any modifications thereto or in any new Water Code language to implement the Executive Order. We ask that language be added to the executive summary and introduction clearly stating the state's intent to preserve water rights as the elements of the Executive Order are implemented.
- Sustainable Water Management. When setting water use standards, it is imperative for the EO agencies to recognize that water conservation by itself is not going to result in a resilient supply that can manage severe shortage situations, which the state is likely to face in the future. As described in Governor Brown's California Water Action Plan, an integrated and sustainable approach must include both water use efficiency and local supply development. When considering lowering the standards on water use, the state must take into account local efforts in developing drought resilient supplies, as mentioned in section 4.2.2 of the Public Review Draft.

Indoor and Outdoor Standards

- Water Use Efficiency Standards and Reporting (Section 3.1.3.) We support the proposal to establish 55 gallons per capita per day (GPCD) as the indoor use standard and the use of MWELo standards in place when landscapes were installed as the outdoor use standard for residential properties, when using the proposed method, for determining compliance with the new efficiency targets in 2025. The landscape standard should be applied to irrigable areas of parcels. We support reporting on compliance with the 2025 targets in the 2025 Urban Water Management Plan. We do not support annual reporting on targets either before or after the

2025 Plan. Finally, while we are open to considering lower water use standards for residential customers in future years, we insist that any such consideration be inclusive of a public stakeholder process.

- Indoor Standards Workgroup (Section 3.1.3.) Similar to the Landscape Area Measurement Workgroup, which is to assist the state in developing the outdoor irrigation standard, the EO agencies should form an Indoor Standards Workgroup to assist the state in evaluating the data and research to be utilized in determining the 2025 indoor standard. As part of this effort, the EO agencies must conduct a scientific evaluation to identify potential impacts on wastewater systems and recycled water/potable reuse production before the indoor water use standard is reduced to a standard below 55 GPCD.
- Landscape Area Measurement Data (Section 3.1.3.) We request that the State provide to water suppliers either the detailed, verified landscape data for every parcel in a water agency that chooses to use the water use efficiency compliance method defined in the Public Review Draft or the funding for the agency to perform this analysis. A significant amount of data and technical assistance, as well as dedication of precious fiscal resources, will be required to implement these standards. The process and methods to obtain and disseminate the data will need to be transparent and technically sound in order to ensure credibility with the public and local decision makers.

In lieu of using state-supplied landscape data, water suppliers should be allowed to use self-supplied landscape data of equivalent or superior quality to develop targets. Additional landscape data provided by water suppliers could be used to address unique conditions in a service area such as agricultural land or to provide updated landscape area reflecting service area growth. Any landscape data provided by the water supplier would be required to incorporate landscape area assumptions and definitions consistent with those used in the state-supplied data set. We urge the State to take a deliberate and iterative approach that includes verification of accuracy by an independent third party and allows sufficient time to test the proposed standards and make refinements as necessary. In this regard, any delay in the availability of verified landscape data should be reflected in compliance deadlines for water suppliers.

- Variiances (Section 3.1.3.) We request that the EO agencies develop and implement a variance process to allow for the establishment of indoor and outdoor water use standards according to a water supplier's unique conditions, such as providing more water than the average for large animals, swamp coolers, home food production, etc. We ask that the draft framework include the development of variances and a variance process through a collaborative effort with water industry stakeholders.
- Recycled Water (Section 3.1.3.) The recycling and reuse of water is considered an efficient use of supplies and therefore should be removed from the water production calculations for determining compliance with 2025 targets, consistent with SB x7-7 (as is noted on pages 3-2 and 3-3 of this report). This approach will ensure incentives for the continued development of

recycling and potable reuse projects, which are critical to a resilient and sustainable water supply future for California.

Commercial and Industrial Performance Standards

- Commercial, Industrial, and Institutional (CII) Performance Measures (Section 3.1.3.) We support the exemption of CII water uses from volumetric targets. We conceptually support the establishment of performance measures for the CII sector but recommend that a CII workgroup with representative members from a broad spectrum of industries be engaged in the establishment of performance measures rather than by dictate in this report. Participation by industry along with water supplier representatives will help ensure Performance Measures are appropriate, effective and result in efficient water use without impairing economic activity. Further, we believe the stakeholder process is essential for achieving long-term support of Conservation as a Way of Life in the CII sector. The development of Performance Measures should build on the CII taskforce report completed in 2013. We also request the language concerning audits be revised to read:

Work with willing CII customers to conduct representative water-use audits or water management plans for CII accounts over a specified size, volume, or percentage threshold or an equivalent measure determined by the CII workgroup.

Water Loss

- Water Loss Requirements (Sections 2.3.3 and 3.1.3.) The Draft describes the requirements of SB 555 and the actions planned by DWR, CPUC and the SWRCB in Section 2.3.3, including potential loss standards and enforcement tools. We do not support also including water loss requirements in overall efficiency targets, as doing so creates an unnecessary, redundant and potentially conflicting compliance requirement.
- Reporting, Compliance Assistance and Enforcement (Section 2.3.4.) We support submittal of validated water loss audit reports to the California Department of Water Resources (DWR) by October 1, 2017 as is already required by law. However, we do not support the provision to disqualify agencies that do not submit these reports by that date from eligibility for DWR grants and loans.

Implementation and Enforcement

- Legislative Role in Updates to Water Use Targets (Section 3.1.3.) Any revisions of the standards and CII performance measures beyond the 2025 compliance period must only be implemented through future legislation. The role of the Legislature in crafting and refining California's water use policies and water use efficiency standards is critical, as is the role of the Legislature in providing agency oversight and accountability.
- Enforcement Measures (Section 3.1.4.) The consequences for a water supplier that fails to meet its 2020 water use efficiency standard consist of that water supplier becoming ineligible for

State grant funding. Water Code Section 10608.56 includes additional provisions that condition the imposition of such sanctions. We believe that these sanctions provide adequate incentive for water suppliers to achieve the water use efficiency standards proposed in the Public Review Draft and that any other financial penalties or enforcement processes would be unnecessary and counterproductive.

- Timeline Feasibility (section 4.3.) The EO agencies have proposed a significant number of important tasks to be completed between 2017 and 2018. We request that the state provide additional details on specific timelines and hold a workshop to ensure the schedule is realistic by seeking input from water suppliers regarding the possible impacts/constraints on staff and budget.

Eliminating Water Waste

Section 2.2 Monthly Reporting and Permanent Prohibition of Wasteful Practices

- Existing Authority (Section 2.2.3.) The Public Review Draft notes that the EO agencies plan to implement monthly reporting requirements and permanent water use prohibitions through existing authority. We request that the State provide more detailed information about the specific statutes that provide this authority.
- Stakeholder Input (Section 2.2.3.) A stakeholder workgroup should be formed as part of the rulemaking process to ensure the reports submitted monthly serve a meaningful purpose to the state and public and that the statewide permanent prohibitions are appropriate for communities throughout the state.

Strengthening Local Drought Resilience

Section 3.2 Water Shortage Contingency Plans

- Water Shortage Contingency Plan, Recommendation **Updated Contents of the Urban Water Management Plans** (Section 3.2.3.) In order to acknowledge the benefit of developing drought resilient, hydrologically independent supplies consistent with the California Water Action Plan, we request that the following be added below 2. *Evaluation Criteria*:
 - e) *Drought resilient, hydrologically independent supplies such as potable reuse, recycled water and desalination are considered fully reliable under all historical drought hydrology and plausible climate change effects.*
- Water Shortage Contingency Plan , Recommendation , **Contents of the Water Shortage Contingency Plans** (Section 3.2.3.) This section should be clarified to acknowledge that in some cases where water suppliers have in place or may invest in drought resilient, hydrologically independent supplies, these agencies may in fact not experience shortages under drought

conditions. In light of this, we recommend the following language be added to 4. *Shortage Levels. Evaluation Criteria:*

- *Water suppliers with a substantial portfolio of drought resilient, hydrologically independent base supplies may not experience shortage conditions due to drought or climate change. Water suppliers with validated, reliable, base water supplies of this type shall only be required in WSCPs to address shortage levels up to the maximum percentage that can be feasibly caused by dry hydrologic conditions.*
- Additional Dry Year Analyses (Section 3.2.3). We do not support the State’s proposal to require “one or more <additional> dry years” to be analyzed as part of the annual water budget forecast. We would support an analysis of one additional dry year in the forecast, if conditions require a water supplier to implement its water shortage contingency plan.
- Water Shortage Contingency Plans (page 3-13). It must be made clear that should an agency implement its defined shortage response actions (SRA’s) that effectively move the agency out of a shortage condition, then there is no need for the agency to declare an emergency, or be considered to be in an emergency shortage condition by the DWR or SWRCB.
- Drought Planning for Small Water Suppliers and Rural Communities, Current Status (Section 3.3.1.) While SGMA implementation will be important to future water supplies in California, and sustainable groundwater management will be a key element of preparing for and responding to future droughts, we believe the Draft mischaracterizes the authority and responsibility of GSAs relative to Drought Planning for Small Water Suppliers and Rural Communities. We believe that drought planning for specific water systems and assurance of future water supplies is beyond the scope of SGMA, and recommends this reference (p 3-16, second column, lines 5-11) be removed from the document. While GSAs must consider the interests of all water users, they do not have an explicit obligation for water supply reliability to any user.
- Drought Planning for Small Water Suppliers and Rural Communities, Recommendations (Section 3.3.3.) We request that the framework clarify that those small water systems which have already established their own shortage plans should retain the flexibility to maintain the authority to implement their shortage plans and coordinate with their respective water wholesaler or County and not be subject to a new duplicative countywide effort.
- Drought Planning for Small Water Suppliers and Rural Communities, Recommendations (Section 3.3.3.) We support the effort to improve drought planning for small and rural water suppliers but do not recommend adding additional requirements to Groundwater Sustainability Plans without appropriate and necessary stakeholder input. We request the coordination language be revised to read:

5. *Coordination – Work with stakeholders to develop opportunities to coordinate SGMA efforts and drought planning. Evaluate options for reflecting drought planning and responses in Groundwater Sustainability Plans.*

Thank you for the opportunity to comment. We look forward to continued collaboration with staff of the State agencies to develop a framework by the January 2017 deadline that meets the objectives of the EO while preserving local water supplier authority and providing flexibility in implementation.

Sincerely,

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cc:

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The Honorable DoreneD'Adamo, Member, State Water Resources Control Board
The Honorable Steven Moore, Member, State Water Resources Control Board
The Honorable Tam Doduc, Member, State Water Resources Control Board
Ms. Kim Craig, Deputy Cabinet Secretary, Office of Governor Edmund G. Brown Jr.
Mr. Tom Howard, Executive Director, State Water Resources Control Board
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Joint Comment Letter Signatories

“Making Conservation a California Way of Life” Public Draft Review

(Comment Letter Dated December 19, 2016)

● Signatory Agency

Statewide Organizations

- Association of California Water Agencies
- CalDesal
- California Municipal Utilities Association
- State Water Contractors



October 18, 2016

The Honorable Mark Cowin, Director
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The Honorable Felicia Marcus, Chair
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SUBJECT: Comments on Current State Agency Draft Response to Executive Order B-37-16

Dear Director Cowin and Chair Marcus:

As urban retail and wholesale water suppliers serving tens of millions of Californians throughout the State, we have invested in water supplies for many years to reliably serve our residential, commercial, and industrial customers. We collectively responded to help achieve Governor Brown's goal of 25% water conservation in 2015 in response to the ongoing drought. We appreciate the State's recognition of water suppliers' past investments in water supply resiliency that resulted in the vast majority of the suppliers passing the State's "stress test," demonstrating their capacity to meet customer demand in the event of an ongoing drought.

The undersigned water suppliers and associations comprise designated members of the Urban Advisory Group (UAG) convened by the State to provide input on the framework for implementation of Executive Order B-37-16 (EO) and additional participants in the recent stakeholder outreach process. As such, we wish to express our appreciation for the extensive opportunities to understand and provide comments on the State's proposed implementation and we have provided substantial feedback. We are committed to helping define a successful framework to help California prepare for and respond to future droughts, and to improve the long-term efficiency of water use. We share the goal articulated by your staff in the UAG meetings to date of developing an implementation proposal that can be translated into a legislative package that we can all support.

The purpose of this letter is to identify the elements of the State agencies' current proposal that we support that will improve water management in the future, and to provide specific feedback to improve the proposal. We have the following areas of continued concern, which are described in more detail in Attachment 1, and which we look forward to addressing as the proposal is refined in coming weeks:

- **Five-year Drought Period.** We support the shift to planning for a five-year drought period based on historical hydrologic data, but suggest that the option remain to plan for a shorter period if it represents a more severe drought. We urge the State to continue with the current proposal with that adjustment and include that requirement as an element of the Urban Water Management Plan, rather than an annual assessment. More detailed comments on the Water Shortage

Contingency Plan proposal are included in Attachment 2 to this letter, which we anticipate are now closely aligned with the pending revisions to the staff proposal.

- **Adequate Process to Develop Standards.** We strongly urge the State to proceed with caution as it develops standards, outdoor water use standards, in particular. The State is proposing major changes in water management requirements, some of which are based on emerging methodologies. A large amount of data and technical assistance will be required to implement these standards. The process and methods to obtain and disseminate the data will need to be transparent and technically sound in order to ensure credibility with the public. We urge the State to take a deliberate and iterative approach that allows sufficient time to test the proposed standards and make refinements as necessary. Attachment 3 contains detailed comments on the standard and target-setting proposal.
- **Alternative Target-Setting Approach.** We urge the State to include additional approaches to the standards-based water budget target-setting process which build on the elements of SB x7-7, as directed by the EO. Expansion of the State agencies' proposal to provide for alternative target-setting approaches should be equally effective in reducing water use and would allow for more a cost effective means to reduce water demands. This is particularly important for water agencies that lack resources or capacity, or for water agencies that would benefit from additional flexibility. More detailed suggestions for alternative target-setting are included in Attachment 4.
- **Incentives to Support Continued Supply Investments.** We urge the State to develop and implement a framework that incorporates incentives for the development of drought resilient water supplies, including recycled water and potable reuse, desalination, storage and conjunctive use, stormwater capture, groundwater and other alternatives. Similarly, the State must ensure that the framework does not result in any adverse impacts to water rights.
- **Support for 2025 Schedule.** We support the State's proposal for full compliance of the permanent long-term water use efficiency targets in 2025, as documented in a 2026 compliance report and 2025 Urban Water Management Plan. The Urban water suppliers need adequate time to get the tools and resources in place to achieve the target. (i.e., water rate structure, water use efficiency programs, etc.)
- **Expand the Focus and the Tools.** To make conservation a way of life in California, significant and sustained behavioral changes by nearly 40 million residents will be required. Regulatory standards set on urban water suppliers alone will not be enough to achieve the desired results. We urge the State to use the proposed framework to expand its financial commitment for outreach and technical assistance for water conservation for water suppliers, as well as identifying other mechanisms at the State's disposal to effect changes by end-users of water.

Thank you for the opportunity to comment. We look forward to continued collaboration with staff of the State agencies to develop a framework by the January 2017 deadline that meets the objectives of the EO while preserving local water supplier authority and providing flexibility in implementation.

Sincerely,

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Cc:

The Honorable Frances Spivy-Weber, Vice Chair, State Water Resources Control Board
The Honorable Dorene D'Adamo, Member, State Water Resources Control Board
The Honorable Tam Doduc, Member, State Water Resources Control Board
The Honorable Steven Moore, Member, State Water Resources Control Board
Ms. Kim Craig, Deputy Cabinet Secretary, Office of Governor Edmund G. Brown Jr.
Mr. Tom Howard, Executive Director, State Water Resources Control Board
Mr. Eric Oppenheimer, Chief Deputy Director, State Water Resources Control Board
Mr. Gary B. Bardini, Deputy Director, Integrated Water Management, Department of Water Resources
Mr. Kamyar Guivetchi, Manager, Statewide Integrated Water Management, Department of Water Resources

Attachment 1

Comments on the Development of the Framework for Implementation of Executive Order B-37-16

The comments below include fundamental areas of agreement as well as a number of concerns with the current direction of the State's proposals. The comments are arranged under the topical areas defined in the Executive Order (EO): Eliminate Water Waste, Strengthen Local Drought Resilience, and Use Water More Wisely; as well as the Reporting, Compliance and Enforcement element defined by State staff. In some cases, additional detail is provided in attachments.

Eliminate Water Waste

- We support EO Directive 4 that permanently prohibits practices that waste potable water.
- We support the State's intention to continue the ongoing process for implementation of SB 555, passed in 2015, in satisfaction of this element of the EO.

Strengthen Local Drought Resilience

- We strongly support the State's stated objective to create a framework for water shortage contingency planning to be implemented by urban water suppliers that will mitigate the future need for emergency water conservation mandates from the State. Further, we support the State's proposed position that specific actions to be taken to respond to real or potential shortages should be entirely at the discretion of individual water suppliers in their own service areas.
- We support the proposal to assess the impact of a five-year drought period in the urban water management plan (UWMP) process, which will be updated every five years.
- We support an annual drought risk assessment that looks at current year supplies as the basis for making the local decision to implement demand reduction measures. These annual assessments will provide the necessary information on potential shortages to determine specifically which urban water suppliers are in a drought concern area and require technical and/or financial assistance from the State.
- We support the State addressing the needs of small water suppliers that do not meet the statutory threshold to prepare and adopt urban water management plans. The small suppliers may not have the resources to plan for, acquire and manage the necessary water supplies in their community. Indeed, some small suppliers suffered enormously in the past couple of years. It should be acknowledged that urban water agencies have had access to planning and guidance documents prepared by the State, as well as utilizing their own planning and financial resources which have resulted in urban water agencies being well prepared during this drought. We look forward to collaborating in the continued development of tools and resources for small water suppliers.
- **Attachment 2** has been provided to State staff and offers additional specific feedback on the State's proposal for Strengthening Local Drought Resilience.

Use Water More Wisely

- While we recognize that the EO calls for standards to be developed for indoor residential water use, outdoor irrigation, CII water use, and water loss, we offer additional mechanisms that fit within the methodology to set targets. Much like in SBX7-7, we believe multiple target setting mechanisms can be developed to provide flexibility to water suppliers, while meeting the goal of increased water savings beyond the 2020 requirements. We also believe the regional compliance approach allowed in SBX7-7 should be maintained as an option. **Attachment 4** provides more detail on potential compliance mechanisms.
- We appreciate the State's recognition that a standardized percentage reduction for CII water use would be potentially damaging to the State's economy. We look forward to working with the State to develop performance standards for water use for various business types in fulfillment of the EO's CII water use element.
- The proposed standards for indoor water use of 55 gallons per person per day (GPCD) and outdoor water use that is a function of landscape area and evapotranspiration are a useful starting point for discussion. However, this method requires a large amount of landscape information that will require validation and indoor standards either need to reflect the unique conditions of the community such as widespread use of swamp coolers or the age of the housing stock, or provide a variance process. We offer detailed feedback on the State's proposal in **Attachment 3**.
- The State agencies' proposal inappropriately applies outdoor standards based on the Model Water Efficient Landscape Ordinance to properties built before 1993.
- In order to develop a permanent framework that supports the state's goals for long-term water use efficiency as outlined in the EO, we recommend an iterative process that allows sufficient time to test the proposed standards for each of the sector budgets and to make refinements as necessary. The long-term water use efficiency framework should provide a broad policy outline on the approach to calculating the new water use targets and include the potential for alternative methods. The state should then allow sufficient time to pilot test the proposed target-setting methodology with water suppliers and incorporate needed refinements.
- Recycled water should also be recognized as an efficient alternative to the use of potable water. We understand that all water should be used efficiently, and the use of recycled water is already highly regulated under the Regional Water Quality Control Board National Pollutant Discharge Elimination System permits that prohibits certain practices, such as runoff or ponding. The efficient use of recycled water should not be limited. Recycled water is by its nature an efficient use of water and barriers to its use should be minimized. The state's proposal on water waste prohibitions should remain consistent with the intent of the Executive Order.
- If California is to be successful in making conservation a California way of life, a much more comprehensive set of actions must be implemented beyond establishing regulatory water use efficiency targets. The State is proposing enforceable standards applied to water suppliers as the sole mechanism by which to achieve the targets set through the process, and neglecting the opportunity to effect change with end users. We urge the State to consider other mechanisms, both incentives and disincentives, that more directly focus on specific uses and users of water including: State investment in water conservation messaging and outreach, the role of land use agencies in residential and commercial landscaping, and appropriate requirements on businesses and other water users.

- Water suppliers have identified a number of potential unintended consequences of decreasing urban water use that must be more fully evaluated prior to standard and target setting, including, reduced flows that impact the effective operation of wastewater collection and treatment systems; reduced flows that impact drinking water quality, and the higher costs of water efficiency measures that will necessitate increased water rates, further exacerbating affordability issues in urban disadvantaged communities.

Reporting, Compliance and Enforcement

- We appreciate the State's commitment to streamlining both existing and new reporting requirements to minimize the burden on water suppliers.
- The State is proposing a significant paradigm shift in water efficiency requirements from that in SBX7-7. We support the State's proposal to provide a period of five years or more for implementation of new standards and targets before enforcement action is considered. We believe the enforcement timeline must also reflect the need for the State to meet its commitments to provide necessary validated irrigable landscape data, and technical and financial assistance to reduce water loss.
- We urge the State to support collaboration of water suppliers by considering mechanisms by which compliance can be achieved regionally.

Attachment 2

Proposed Drought Planning and Response Structure

The table below identifies a framework for drought planning and response in California and identifies the roles and responsibilities of urban water suppliers and state agencies. The structure includes: Planning – the preparation of Urban Water Management Plans and their specific elements related to potential shortages; Assessment – an annual evaluation by the water supplier of demand, supplies, and potential shortages; and Response – specific actions identified to reduce demand. As the structure is in response to the directives in Executive Order B-37-16, it does not address planning for potential water shortages that result from causes other than drought. Such shortages can be readily incorporated into the structure by each urban water supplier depending on their specific conditions.

	Planning/Response Element	Urban Water Supplier	State Agencies
PLAN	Urban Water Management Plan (UWMP)	<ul style="list-style-type: none"> • Includes long-term “drought risk assessment” consistent with Water Code (WC) 10631(c), 10632(a)(2) and 10635(a): <ul style="list-style-type: none"> ○ Revise WC 10632(a)(2) to require agencies to evaluate drought lasting at least five years - suppliers will analyze supply and demand for five years from the year of the UWMP forward, assuming conditions equivalent to supplier’s five consecutive historic driest years ○ Suppliers will analyze at least five dry years, as part of the multiple dry year assessments in WC 10631(c) and 10635, assuming conditions equivalent to supplier’s five consecutive historic hydrologic driest years ○ Suppliers should be able to utilize a shorter period if it represents a more severe drought than the five-year period. 	<ul style="list-style-type: none"> • DWR prepares UWMP Guidebook. • As part of Guidebook, DWR provides guidance on characterizing the five-year drought cycle. • DWR receives and reviews UWMP for completeness and compliance with statutory requirements.
	Water Shortage Contingency Plan (WSCP) Required element of UWMP <i>This proposal focuses the drought planning aspect of WSCP. The planning for catastrophic events remains unchanged.</i>	<ul style="list-style-type: none"> • Revise WC 10632 to expand the elements of the current water shortage contingency analysis to require a water shortage contingency plan which would include: <ul style="list-style-type: none"> ○ Stages of water shortages and actions that would be taken by suppliers to address each stage. ○ Conditions which would trigger each stage of water shortage. ○ The supplier’s communications strategy to implement the plan. ○ A discussion of the supplier’s WSCP implementation 	<ul style="list-style-type: none"> • As part of UWMP Guidebook, DWR works with stakeholders to develop potential actions that will accomplish the demand reductions. <ul style="list-style-type: none"> ○ Include updated range of savings from water use restrictions and consumption reduction methods, taking into account results from implementation of long-term water use targets.

Attachment 2

		<p>authority.</p> <ul style="list-style-type: none"> ○ An assessment of the financial impacts of implementing each stage. ○ A discussion of the process the supplier will use to report to its community, its governing body and state agencies on implementation of the WSCP; ○ A discussion of customer compliance and enforcement provisions in the plan, as well as any customer exemption processes. ○ A review and improvement process for the plan. 	<ul style="list-style-type: none"> ● DWR offers technical assistance for the development of WSCPs for agencies requesting it. ● DWR reviews WSCP for completeness and compliance with statutory requirements.
ASSESS	Annual Drought Risk Assessment	<ul style="list-style-type: none"> ● Urban water suppliers will be required to prepare an annual water supply assessment (Add a new section to WC) <ul style="list-style-type: none"> ○ Prepare by May 30th of each year ○ Include projected demand and total supplies available for the upcoming year, which includes any supply augmentation. ○ If assessment shows a shortage of supply in the year analyzed, the agencies must identify the appropriate water shortage stage and associated responses to manage the shortage. ● Suppliers can submit the assessment on a regional basis, based on a region identified by water suppliers. 	<ul style="list-style-type: none"> ● As part of DWR Guidebook, DWR provides common standards on preparation of the assessments and the supply and demand documentation required to verify availability of the supply. (e.g., contracts, agreements, etc.)
RESPOND	Implement Water Shortage Contingency Plan)	<ul style="list-style-type: none"> ● Suppliers will submit their annual drought assessment to DWR by May 30th. ● Should a water supplier identify a shortage in their assessment, the supplier shall implement the relevant stage of response actions in its WSCP (including the communications, reporting, and customer compliance elements) ● In the Supplier’s SWRCB monthly report, the supplier shall provide information on implementation of its WSCP, until the hydrologic condition triggering the WSCP actions dissipates 	<ul style="list-style-type: none"> ● DWR will evaluate hydrologic conditions statewide ● From the annual drought assessments, DWR/SWRCB will know the shortage level, if any, of urban water supplier and/or region can take the following actions, if warranted: <ul style="list-style-type: none"> ○ Identify communities that are of “drought concern” ○ Provide assistance (e.g. financial, technical) to those agencies experiencing shortages in order to

Attachment 2

			<ul style="list-style-type: none">manage the drought.○ DWR/SWRCB monitor implementation of WSCP through monthly reporting.
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Attachment 3
Analysis of State Proposed Long Term Conservation
Target Framework
(September 20, 2016 UAG Meeting)
UPDATED – October 17, 2016

Overall Requirements

State Agency Proposal:

- State would allow suppliers to achieve the target in aggregate, and would not regulate or require targets for suppliers' individual customer groups or classes.
- The effective start date of the reporting and compliance period would be six months after the State agencies provide each urban water supplier:
 - The data base of measured irrigable area for all residential and separately metered irrigable landscape areas

Proposed Response:

- Support the proposal with the following changes:
 - Specify that for compliance purposes, suppliers would be allowed to implement any method of conservation that best meets the needs of the supplier and its customers. Suppliers will have the sole discretion to design and utilize rate structures or implement other conservation tool as the supplier deems appropriate to achieve long term conservation targets.
 - The state provides additional support for creating targets (See below).

State Agency Requirements:

- Provide a functioning data portal with downloadable reference evapotranspiration data for representative climate zones for each supplier. Provide a data base of validated aerial imagery with measured irrigable area for all residential and separately metered irrigable landscape areas correlated at the assessor parcel level.
- Provide a calculated target for suppliers requesting state assistance.
- Specific compliance dates included in the State's proposal would be extended to reflect the length of any delay in providing these items.

1. Indoor Residential Water Use Standard

State Agency Proposal:

- The indoor residential water use standard is a volume of water used by each person per day. The standard is in units of gallons per capita per day (GPCD).
- The provisional standard is proposed as 55 GPCD beginning in 2018.
- Revised downward in 2018, to be achieved by 2025
- State will reevaluate standard every five years, beginning in 2025.
 - The standard will be revised downward to reflect increased usage of efficient fixtures and appliances in 2025 and 2030.

Proposed Response:

- Support the initial standard of 55 GPCD.
- Indoor target of 55 GPCD standard multiplied by the population in the year of compliance (to adjust for growth).
- Suppliers' produced Potable Reuse water is excluded from supply when calculating and reporting compliance with the total target.

State Agency Requirements:

- Develop and adopt a variance process for water agencies with a workgroup to address special conditions such as the age of the housing stock, use of swamp coolers, seasonal population, etc.
- Develop a stakeholder workgroup to consider the impact of lower indoor GPCD standards on wastewater systems and recycled water prior to revising standards starting in 2025.

2. Outdoor Water Use Standard

State Agency Proposal:

- Using the landscape area option selected by the State above, the outdoor water use budget is calculated as the sum of the individual budgets for all parcels within that landscape area, using a provisional *Evapotranspiration Adjustment Factor (ETAF)* as follows:
 1. Landscape area for parcels developed pre-2010 x 0.8 ETo;
 2. Landscape area for parcels developed between 2010 and 2015 x 0.7 ETo;
 3. Landscape area for parcels developed post 2015 x 0.55 ETo (0.45 for Commercial landscape); and
 4. Special Landscapes (parks, fields) area x 1.0 ETo.
- A pilot study will be conducted with 30 agencies.
- The outdoor standard will be revised lower based on the results of DWR’s review of existing budgets and a study of landscape irrigation use in a representative statewide sample of suppliers. Revised standards will be available from the state in 2018.
- Compliance with standards required in 2025
- Standards based on irrigable area.
- State will reevaluate every 5 years, beginning in 2025.

Proposed Response:

- Support initial proposed structure and pilot study with the following conditions:
 - Inclusion of an additional ETAF of 1.0 ETo for pre-1992 installed landscapes.
 - Standards will only be revised in 2018 if total statewide targets are not lower than the current SBX7-7 target.
 - Landscape areas irrigated with recycled water and commercial agriculture are excluded from suppliers’ outdoor water use portion of target.
- Outdoor target in the year of compliance adjusted for landscape area increases due to growth that occurred during reporting period. Target adjustment based upon supplier submitted increased landscape area and irrigation data, or percentage population increase.
- Recommend mixed use CII and outdoor water use other than irrigation (i.e. construction water) be handled separately (see below).

State Agency Requirements:

- Provide a database of third-party validated aerial imagery with measured irrigable area for all residential and separately metered irrigable landscape areas, and age of parcels correlated at the assessor parcel level.
 - Aerial imagery data shall be suitable such that it provides for the appropriate amount of irrigation for a variety of vegetation (i.e. large trees, irrigable area under native tree canopy, etc.).
- Provide a data portal that contains downloadable reference evapotranspiration data with representative climate zones for all urban water suppliers in the State.
- Provide the computation of the supplier level outdoor irrigation water target for any urban water supplier requesting State assistance due to inadequate resources.
- Provide updated aerial imagery and measured irrigable area at least by 2025 and every five years thereafter.
- Through a workgroup process, develop and adopt:
 - Standards and processes for developing the landscape area data;
 - A variance process for water agencies with special conditions of outdoor use. Special conditions could include livestock, food production, or water used for firefighting; and
 - Guidelines for calculating areas for Special Landscapes.

3. CII Water Use Performance Measures	
<p>State Agency Proposal:</p> <ul style="list-style-type: none"> • All dedicated irrigation accounts will be on a budget using outdoor standards. • Require classification using the North American Industry Classification System (NAICS) by 2021, develop benchmarks. • Require all mixed meter accounts to split off landscape greater than a size threshold to dedicated irrigation accounts (or equivalent technology) by 2021. • Audits and water management plans for reporting efficiency in CII water use. <ul style="list-style-type: none"> – Audits and plans for subset of CII customers, based on volume, percentage, or number. • CII reporting requirements. 	<p>Proposal Response:</p> <ul style="list-style-type: none"> • Support the proposal and the development of performance measures using the following process <ul style="list-style-type: none"> • Form a CII Technical Workgroup comprised of industry representatives, economic development and business community leaders, water agencies and state agencies. The Workgroup will be tasked with the following requirements: <ul style="list-style-type: none"> • Develop appropriate CII classifications. <ul style="list-style-type: none"> ○ Complete defining classifications for reporting by 2019; and ○ Support using appropriate NAICS classifications as baseline. ○ Classifications should be detailed enough to include uses of water that are not normally thought of as CII sector water (example: dust control for grading). • Develop applicable performance measures for CII classifications by 2021. In developing the performance measures, the Workgroup would gather the data deemed necessary to develop the measures, such as water use, and utilize recommendations from the <i>2013 CII Task Force Water Use Best Management Practices Report to the Legislature</i>. • Water suppliers would be required to request that representative industries in the top 5% of their CII users participate in audits and water management plans for each of the CII classifications by 2021, with State reimbursement for suppliers' costs. <ul style="list-style-type: none"> ○ Suppliers not staffed to conduct audits can request and have audits conducted directly by the State, subject to supplier review. <p>State Agency Requirements:</p> <ul style="list-style-type: none"> • Supply staff resources and funding assistance to develop classifications and performance measures for CII uses within the timelines. • Through a workgroup process, assess the feasibility criteria and cost-effectiveness of splitting mixed use meters and options, including costs, for installing equivalent technologies. Provide grant funding to split mixed use meters or to install new equivalent technology • Provide grant funding and technical support for audits and management plans.

4. Water Loss Standard	
<p>State Agency Proposal:</p> <ul style="list-style-type: none"> The standard for water system loss will be established through the SB 555 process, and will be expressed in terms of a volume per capita or volume per connection, accounting for relevant factors such as infrastructure age and condition. Will include real and apparent losses. The water system loss standard will be set by 2019, to be achieved by 2025. State will reevaluate standard every five years, beginning in 2025. 	<p>Proposal Response:</p> <p>Support the development of appropriately measured standards through the SB 555 process.</p> <ul style="list-style-type: none"> Base the target water loss standard on relevant factors identified through the SB 555 process. Water system loss standard will be for potable water systems only. <p>State Agency Requirements:</p> <ul style="list-style-type: none"> Provide financial assistance to address data gathering and water loss prevention efforts.
5. Reporting, Compliance and Enforcement	
<ul style="list-style-type: none"> Progress reports beginning in 2019 Full compliance in 2025 reporting period, as documented in 2026 compliance report and 2025 UWMP update (submitted in July 2026) <ul style="list-style-type: none"> – State Board enforcement State agencies are developing methods to encourage compliance from 2021 through 2025. 	<p>Proposal Response:</p> <ul style="list-style-type: none"> Support the proposed timeline with the requirement that all data (i.e. landscape area data, reference evapotranspiration data portal, etc.) and guidance targets dates are met, as proposed. Need more specificity on proposed State Board enforcement process. <p>State Agency Requirements:</p> <ul style="list-style-type: none"> Meet target deadlines for data and guidance as proposed.

Conceptual Approach to “Use Water More Wisely”

Executive Order

Governor Brown’s Executive Order B-37-16 #02 directs the Department of Water Resources and the State Water Resources Control Board to work together to develop new water use targets that build on the goal defined in SB x7-7 of 20% reduction in statewide water use by 2020. The Order further states that the targets will be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements and will be based on strengthened standards for indoor water use, outdoor irrigation, CII uses and water loss through leaks.

Proposed Approach

- Water agencies will support a stronger statewide goal – a new water use target – that builds on and goes beyond 20% reduction statewide by 2020. The goal would be based on achieving reductions compared to the existing baselines developed pursuant to SB x7-7. Further revisions to a statewide goal would be developed after analyzing progress in 2030, and would be implemented via new legislation.
- In SBX 7-7 four methods were originally developed to provide mechanisms for water agencies to contribute to achieving the 2020 statewide goal – these methods allow for the creation of targets that are customized to the unique conditions of each water agency – allowing water agencies to select the most effective, and cost-effective means of reducing water use.
- These methods accommodate the diversity of hydrologies, individual water system and service area characteristics, sources of supply, demand patterns and investments already made by water agencies in alternative sources and demand reduction and should be maintained and each made more stringent.
- These methods will be strengthened, per the direction provided in the Executive Order. Every water agency will demonstrate that it will achieve greater reductions in water use than would otherwise be achieved under the current requirements of SB x7-7, no matter what method is chosen.
- These alternate methods do not rely solely on remote sensing data and provide the necessary flexibility to avoid the adverse unintended consequences on recycled water supplies, as well as wastewater collection systems.
- Each water agency will evaluate the four alternate methods of compliance and select the most appropriate method for their agency’s local conditions and unique circumstances.

Attachment 4

Compliance Methods

- Method 1 would be modified to reflect the EO requirement to achieve greater water savings than existing requirements. Building on the 20% reduction required in SBX7 7, Method 1 would apply enhanced numerical water use reduction targets for the years 2025 and 2030 to the existing baseline water use (for example 25% by 2025).
- Method 2 (efficiency standards for indoor and outdoor use, CII and leaks) is proposed to be modified per the language in the document entitled “Analysis of State Proposed Long Term Conservation Target Framework – Method 2”. This method requires significant time and expense to determine outdoor use standards, but may become more viable after considerable effort is invested to refine, test and validate it.
- Method 3 would be modified to include an updated regional hydrologic target, and agencies would be required to achieve a 5% reduction from this regional target by 2025. In 2025 an updated regional hydrologic target would be set and agencies would be required to meet an objective 5% reduction from this new regional target by 2030.