

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
April 3, 2017 at 7:00 p.m.

1. Call to Order, Flag Salute, Invocation, and Roll Call

2. Adoption and Adjustment of Agenda

3. Public Comment: Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary.

4. Consent Calendar: If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.

A. Approval of the Minutes of the Regular Board Meeting, March 6, 2017* (Page 3)

B. Approval of the Minutes of the Regular Board Meeting, March 20, 2017* (Page 6)

C. Approval of the Minutes of the Finance and Budget Workshop, March 27, 2017* (Page 10)

D. Approval of the Finance and Budget Workshop Report, March 27, 2017* (Page 12)

5. Reports:

A. General Manager's Report

1. Operations Report

2. General Agency Updates

B. General Counsel Report

C. Directors' Reports

D. Committee Report – Water Conservation and Education Committee* (Page 27)

E. Committee Report – General Manager Performance Evaluation Committee* (Page 28)

F. Committee Report – Ad Hoc Committee on Capacity Fee

6. New Business:

A. Consideration and Possible Action for Sites Reservoir Beaumont Cherry Valley Water District Cost Sharing Agreement* (Page 29)

B. Consideration and Possible Action of Engaging Auditor for Fiscal Year 2016-2017* (Page 33)

C. Consideration and Possible Action of Sponsorship for Inland Solar Challenge* (Page 37)

D. Consideration and Possible Action of Resolution No. 2017-06 Supporting ACWA's Policy Statement on Bay-Delta Flow Requirements* (Page 43)

E. Consideration of Providing a Support Letter for AB 1654* (Page 65)

7. Topics for Future Agendas

8. Announcements:

A. Engineering Workshop, April 10, 2017 at 4:00 p.m.

B. Regular Board Meeting, April 17, 2017 at 7:00 p.m.

C. San Gorgonio Pass Regional Water Alliance, April 26, 2017

1. IRWMP at 4:30 p.m. – Banning City Council Chambers

2. Regular Meeting at 5:30 p.m. – Banning City Council Chambers

9. Closed Session (2 Items)

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: Nickel Farms, LLC, Bakersfield, CA – Water Rights

Agency Negotiator: Jeff Davis, General Manager

Negotiating Party: Dwayne Chisam, General Manager – AVEK

Under negotiation: price and terms of payment

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code section 54956.8

Property: Potential water rights/supplies offers from the South Mesa Water Company

Agency negotiator: Jeff Davis, General Manager

Negotiating parties: David Armstrong, General Manager, South Mesa Water

Company

Under negotiation: price and terms of payment

10. Adjournment

***Information included in Agenda Packet**

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: www.sgpwa.com (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
March 6, 2017

Directors Present: David Fenn, President
Ron Duncan, Vice President
Lenny Stephenson, Treasurer
Blair Ball, Director
Stephen Lehtonen, Director
Michael Thompson, Director

Director Absent: David Castaldo, Director

Staff Present: Jeff Davis, General Manager
Jeff Ferre, General Counsel
Cheryle Rasmussen, Executive Assistant

1. **Call to Order, Flag Salute:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President David Fenn at 6:00 p.m., March 6, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. *President Fenn requested a roll call.*

<u>Roll Call:</u>	Present	Absent
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Castaldo	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President Fenn	<input checked="" type="checkbox"/>	<input type="checkbox"/>

A quorum was present.

2. **Invocation:** Director Thompson provided the Invocation.
3. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* General Manager Davis recommended moving item 6 to after item 7 - New Business. The Board was in agreement with this request.
4. **Public Comment:** *President Fenn asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency.* There were no members of the public that wished to comment at this time.

5. Consent Calendar:

- A. Approval of the Minutes of the Regular Board Meeting, February 21, 2017
- B. Approval of the Minutes of the Finance and Budget Workshop, February 27, 2017
- C. Approval of the Finance and Budget Workshop Report, February 27, 2017

Director Duncan made a motion, seconded by Director Stephenson, to adopt the consent calendar as presented. Motion passed 6-0, with Director Castaldo absent.

7. New Business:

A. Public Hearing on Draft Urban Water Management Plan (UWMP): A staff report, a PowerPoint presentation, and a copy of the Draft 2015 UWMP were included in the agenda packet. General Counsel Ferre recommended that staff provide its presentation prior to the re-opening of the public hearing. General Manager Davis introduced Mary Lou Cotton, stating that she is the consultant that led the effort for the UWMP. Ms. Cotton provided her water career background information. She then provided a PowerPoint presentation on the draft 2015 UWMP. General Counsel Ferre stated that the Board continued the public hearing on the Agency draft urban water management plan at the February 21st Board meeting. The purpose of this agenda item is to complete the public hearing. The Agency received a public comment letter from Beaumont Cherry Valley Water District. Agency staff and the consultant are reviewing the letter. If any revisions are warranted based on the letter, they will be incorporated into the final report prior to adoption by the Board. General Counsel Ferre recommended that President Fenn re-open the Public Hearing for Public Comment. *President Fenn re-opened the Public Hearing at 6:26 p.m. for Public Comment.* Jennifer Ares (YVWD) commented on the projected water demand and the projected maximum water demand projections. President Fenn closed the Public Hearing at 6:27 pm. President Fenn asked for questions and/or comments from the Board. Ms. Cotton and General Manager Davis responded to the board members and public's questions and comments. President Fenn thanked Ms. Cotton for her time, efforts, and the presentation.

B. Status Report on Facility Capacity Fee – History of Adoption and Efforts to Collect Fee through Cities and Retailers: A staff report, a copy of Resolution No. 2015-05 with Attachment "1", and other related documents were included in the agenda packet. President Fenn noted that there were two public comment requests one from Michael Turner and one from Michael Thornton, both of whom requested to speak after staff's presentation. General Manager Davis provided a presentation on the history of the Agency's capacity fee. He reviewed with the Board two potential formats for cooperative agreements in order for the Agency to collect the fees and how to collect the fees. General Counsel Ferre provided his input on the cooperative agreements. President Fenn provided his input and then requested that the Board provide their thoughts on this matter after public comment. President Fenn called upon Mr. Michael Thornton (City of Calimesa, City Engineer), Mr. Michael Turner (Argent Management, LLC P.E. Corporate VP, Dir of Land Development), Joe Zoba (General Manager YVWD), Mr. Paul Kim (Mesa Verde Development) to provide their input on this issue. The Board also provided their input. After discussion, it was the consensus of the

Board that President Fenn appoint a Capacity Fee ad hoc committee to address this issue in a timely fashion.

C. Consideration and Possible Action of Invocation Policy: A copy of a proposed SGPWA Invocation Policy was included in the agenda packet. President Fenn referred this item to Director Thompson. Director Thompson drafted an Invocation Policy for the Board to consider. The Board discussed how to implement the policy. After discussion, Director Thompson made a motion, seconded by Director Lehtonen to implement the proposed policy as is. Motion passed 6-0, with Director Castaldo absent.

6. Reports:

A. General Manager's Report: The Board deferred this item until the next board meeting.

8. Topics for Future Agendas: No topics for future agendas were requested.

9. Announcements:

- A. Engineering Workshop, March 13, 2017 at 4:00 p.m.
- B. Regular Board Meeting, March 20, 2017 at 7:00 p.m.
- C. San Geronio Pass Regional Water Alliance, March 22, 2017
 - 1. IRWMP at 4:30 p.m. – Banning City Council Chambers
 - 2. Regular Meeting at 5:30 p.m. – Banning City Council Chambers

10. Adjournment

Time: 9:37 pm

Jeffrey W. Davis, Secretary of the Board

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SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
March 20, 2017

Directors Present: David Fenn, President
Ron Duncan, Vice President
Lenny Stephenson, Treasurer
Blair Ball, Director
David Castaldo, Director (arrived at 7:05 pm)
Stephen Lehtonen, Director
Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Cheryle Rasmussen, Executive Assistant
Jeff Ferre, General Counsel

1. **Call to Order, Flag Salute, Invocation and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President David Fenn at 7:00 p.m., March 20, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Thompson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Invocation:** Director Duncan provided the invocation.
3. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda. There being none the agenda was adopted as published.*
4. **Public Comment:** *President Fenn asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency. There were no members of the public that wished to comment at this time.*
5. **Consent Calendar:**
 - A. Approval of the Minutes of the Engineering Workshop, March 13, 2017

Director Stephenson made a motion, seconded by Director Lehtonen, to adopt the consent calendar as presented. Motion passed 6-1, with Director Castaldo absent.

6. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: The Agency delivered a total of 623 acre-feet to the Noble Creek connection, so far this month. **(b) Deliveries of 20 cfs** are being made to the Noble Creek connection and pumping 24 hours a day.

(2) Report on Oroville Spillway: General Manager Davis gave a PowerPoint presentation of the extensive damage to and repairs to the Lake Oroville concrete spillway, as well as the damage and repairs to the emergency spillway. So far this water year, there were thirty atmospheric rivers that made landfall. This led to the 1.7 million cubic yards of debris and sediment that came from the middle of the spillway and is now being removed from the diversion pool. The spillway is being used at 50,000 cfs for five days, starting last Friday. As of this morning the reservoir was at

852 feet. Inflow was at 25,000 cfs; outflows at 46,000 cfs. The spillway will be used a couple more times this winter/spring to keep the level of the lake down. The emergency spillway has been repaired, but it is unlikely that it will be used again this water year. General Manager Davis explained how the Hyatt Powerplant was saved by DWR staff from being inundated with water. General Manager Davis informed the Board that the spillway and the dam are diligently maintained as there are annual inspections, 4-year inspections with FERC, and Division of Safety Dam inspections. The last major inspection took place in 2014 with FERC. The inspection report noted that possible damage to the gated spillway was highly unlikely. No one could have predicted that there would be thirty atmospheric rivers in one water year.

(3) General Agency Updates: (1) General Manager Davis stated that Director Thompson had inquired about doing a water exchange with San Diego's desalination plant. The Carlsbad Desalination Plant was built, funded, and owned by Poseidon Water. Poseidon has a contract to sell 100% of the output to the San Diego County Water Authority. Huntington Beach has a desalination plant that is in its final stages of permitting. General Manager Davis will continue to monitor the progress and the potential of purchasing water from this plant. (2) Conservation Regulations was extended to May. (3) General Manager Davis is continuing his efforts to locate potential sources of new water. A new potential water source came to his attention this past week; this was not in the Provost & Pritchard report. There is a good possibility that this might develop into a water purchase within the next 30 – 60 days. (3) Flume Update: The Forest Service requested that the Participating Entities submit a Special Use Permit application. A condition from the Forest Service is the release of flows that would not go to the people; instead it would go directly to the forest. The PE's submitted an application on March 3rd, per the deadline set by the Forest Service. The application had a cover letter stating if the Forest Service insists on flow releases that are more than a token amount that it would be a non-starter. Also, the letter stated that there is a large portion of the Flume that is not subject to the Forest Service request due to right-of-way issues.

B. General Counsel Report: General Counsel Jeff Ferré deferred from reporting.

C. Directors Reports: (1) **Director Stephenson** reported on two YVWD meetings that he attended. He reported that at one of the meetings the YVWD Board voted to not attend the Agency's Capacity Fee Ad Hoc Committee meetings. They had requested that Director Stephenson report back to the Agency to draft an agreement that the Agency wants and that to bring it back to the YVWD Board for consideration. Director Stephenson had spoken to General Manager Davis about this prior to the YVWD Board proposing this. Director Stephenson stated that he thought it would benefit the Agency to have a generic Capacity Fee agreement that any of the retailers can use. (2) **Director Fenn** reported on the City of Beaumont Council meeting that he attended. (3) **Director Ball** reported on the BCVWD meeting on March 8th. (4) **Director Lehtonen** reported on the YVWD Board meeting. He also reported on the March 14th Banning City Council meeting.

7. New Business:

A. Public Hearing on Determination of Whether to Form a Groundwater Sustainability Agency Pursuant to the Sustainable Groundwater Management Act for the San Gorgonio Pass Sub-Basin: *President Fenn opened the Public Hearing at 7:47 pm.* SGMA requires all entities that wish to file as a GSA hold public hearings after placing ads in local newspapers, which the Agency did. The purpose of this series of actions is to ensure that stakeholders and the public have an opportunity to provide input prior to the GSA being formed. General Manager Davis reviewed with the Board the four Exhibits that indicate the areas that would be included and which areas are excluded in the San Gorgonio Pass Sub-Basin. There will be three GSA's for the San Gorgonio Pass Sub-Basin, the one under consideration tonight (comprised of the City of Banning, Banning Heights Mutual Water Co, Cabazon Water District, and the Agency), the one-square mile Verbenia GSA, of which the Agency and Mission Springs Water District will be members, and the portion outside of the Agency's service area, of which Desert Water Agency will be the sole GSA. President Fenn requested public comment. *There being none President Fenn closed the Public Hearing at 7:48.*

B. Consideration of Resolution 2017-02 – Election to become a Groundwater Sustainability Agency (GSA): A staff report and related material to the GSA were included in the agenda packet. General Manager Davis stated that the staff report provides detailed information. There is a deadline by DWR to submit the full documentation as a formal application to become the GSA for the majority of the Sub-basin. The accompanying documents include the MOA itself and maps that detail the areas of the various GSA's. General Manager Davis offered to review the MOA and the Resolution with the Board. Director Duncan made a motion, seconded by Director Thompson to approve Resolution #2017-02, becoming a GSA for the San Gorgonio Pass Sub-Basin, and authorize the General Manager to take all steps required to file the appropriate documentation with the Department of Water Resources. Director Ball questioned why High Valleys was listed, however in the Exclusions the Morongo Tribe wrote that they wanted to be excluded. He questioned why High Valleys did not have the same language. General Manager Davis responded that High Valleys was originally going to be a member, however they do not have any part of the service area in the boundaries, and they receive their water from the City of Banning. High Valleys elected to be a stakeholder not a member. Director Ball asked why they would be a stakeholder. General Manager Davis responded that due to High Valleys receiving water from the City of Banning, this makes them a stakeholder. After discussion President Fenn requested a vote on the motion. Motion passed 7-0.

C. Consideration of Resolution No. 2017-03 Adopting 2015 Urban Water Management Plan: A staff report and related material were included in the agenda packet. General Manager Davis explained why a redline version of the 2015 UWMP was included in the agenda packet, as he wanted the board to see what was changed from the draft to the final UWMP; these changes were due to public and Board comments received. Some of the comments received from the public were incorporated into revisions to the document; some were not. Staff is recommending that the Board adopt Resolution 2017-03, which would adopt the Final 2015 UWMP. Director Ball stated that one of the comments that he had talked about was the 62% reliability and the 58%. He questioned why the decision was to use the 62% figure. General Manager Davis stated that the decision was to use the State Delivery Reliability Report figure of

Stephenson made a motion to approve, seconded by Director Thompson to adopt Resolution No. 2017-03. President Fenn requested a vote on the motion. Motion passed 6-0-1, with Director Ball abstaining.

D. Consideration of Resolution 2017-04, Concurring in Nomination of Kathleen Tiegs to ACWA JPIA Executive Committee: General Manager Davis stated that he would like to consider item D & E together. The Agency belongs to the ACWA Joint Powers Insurance Agency and gets most of its insurance coverage; ACWA JPIA has a Board of Directors. General Manager Davis explained the process of becoming a board member on the executive committee, stating that the board itself selects who will be on the executive committee. There are two local officials who wish to be on the executive committee. Kathy Tiegs (CVWD), President of ACWA, and Melody McDonald (Board member of SBVWCD), a longtime member of the Executive Committee, both are requesting the Agency to support their nominations. Director Duncan made a motion, seconded by Director Stephenson, to concur in the nominations of Kathy Tiegs and Melody McDonald. Motion passed 7-0.

E. Consideration of Resolution 2017-05, Concurring in Nomination of Melody McDonald to ACWA JPIA Executive Committee: This item was voted on during item 7D.

8. Topics for Future Agendas: President Fenn stated that during the Engineering workshop Resolution #2014-02 will be revisited. General Counsel Ferre informed the Board that a revision has been provided to staff. President Fenn requested that the revision be email to all of the board members. Additional topics to include: at the next Board meeting or Engineering workshop discussion on a Wheeling Policy; an update on wastewater collection with BCVWD; discussion on Sites Reservoir with BCVWD; ACWA's position paper; and an update on a potential water acquisition. No other topics were suggested by Board members.

9. Announcements

- A. San Geronio Pass Regional Water Alliance, March 22, 2017
 - 1. IRWMP at 4:30 p.m. – Banning City Council Chambers
 - 2. Regular Meeting at 5:30 p.m. – Banning City Council Chambers
- B. Finance and Budget Workshop, Monday, March 27 at 4:00 p.m.
- C. Regular Board Meeting, Monday, April 3, 2017 at 7:00 p.m.

10. Adjournment

Time: 8:13 p.m.

Draft - Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
March 27, 2017

Directors Present: David Fenn, President
Ron Duncan, Vice President
Lenny Stephenson, Treasurer
Blair Ball, Director
David Castaldo, Director
Steve Lehtonen, Director
Mike Thompson, Director

Staff and Consultants Present:
Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Treasurer Lenny Stephenson at 4:00 p.m., March 27, 2017, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. Director Stephenson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** No members of the public requested to speak at this time.
4. **New Business:**
 - A. Ratification of Paid Invoices and Monthly Payroll for February, 2017 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Lehtonen, to recommend that the Board ratify paid monthly invoices of \$864,090.92 and payroll of \$33,307.46 for the month of February, 2017, for a combined total of \$897,398.38. The motion passed 7 in favor, no opposed.
 - B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Lehtonen, seconded by President Fenn, to recommend that the Board approve payment of the pending legal invoices for February, 2017. The motion passed 7 in favor, no opposed.
 - C. Review of February, 2017 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Director Thompson, to recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for February, 2017 as presented. The motion passed 7 in favor, no opposed.

- D. Review of Budget Report for February, 2017: After review and discussion, a motion was made by Director Duncan, seconded by Director Thompson, to recommend that the Board acknowledge receipt of the Budget Report for February, 2017. The motion passed 7 in favor, no opposed.
- E. Review of Agency Credit Card Policy: General Manager Jeff Davis introduced the subject by explaining this policy works with the Travel Policy, but that each policy covers separate items. An important purpose of this policy is to help prevent misuse of Agency credit card expenditures, and to give the Board steps of action to take in case misuse is discovered. This item was presented as a review for the benefit of new Board members. No action was taken.
- F. Status Report on Agency Water Rate: The meeting was moved to the Board room for a PowerPoint presentation. General Manager Davis introduced the subject by reviewing the history of Agency water rates. Amounts for the various categories for 2016 were added to the presentation for comparison with previous years. The Board requested more detailed information at a future Finance and Budget Workshop. This item was also presented as a review for the benefit of new Board members. No action was taken.

5. Announcements:

- A. Water Conservation and Education Committee, March 31, 2017, 1:30 p.m.
- B. Regular Board Meeting, April 3, 2017, 7:00 p.m.
- C. Engineering Workshop, April 10, 2017, 4:00 p.m.

6. Adjournment: The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 5:53 p.m.

Draft - Not Approved

Jeffrey W. Davis, Secretary of the Board

Finance and Budget Workshop Report

From Treasurer Lenny Stephenson, Chair of the Finance and Budget Committee

The Finance and Budget Workshop was held on March 27, 2017. The following recommendations were made:

1. The Board ratify payment of Invoices of \$864,090.92 and Payroll of \$33,307.46 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for February, 2017 for a combined total of \$897,398.38

2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$17,929.34
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3. The Board acknowledge receipt of the following:
 - A. Wells Fargo bank reconciliation for February, 2017
 - B. Budget Report for February, 2017

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Ave, Beaumont, CA 92223
Board Finance & Budget Workshop
Agenda
March 27, 2017, at 4:00 p.m.

1. Call to Order, Flag Salute

2. Adoption and Adjustment of Agenda

3. Public Comment

Members of the public may address the Board at this time concerning items not on the agenda. To comment on specific agenda items, please complete a speaker's request form and hand it to the Board secretary.

4. New Business (Discussion and possible recommendations for action at a future regular Board meeting)

- A. Ratification of Paid Invoices and Monthly Payroll for February, 2017 by Reviewing Check History Reports in Detail*
- B. Review of Pending Legal Invoices*
- C. Review of February, 2017 Bank Reconciliation*
- D. Review of Budget Report for February, 2017*
- E. Review of Agency Credit Card Policy*
- F. Status Report on Agency Water Rate

5. Announcements

- A. Water Conservation and Education Committee, March 31, 2017, 1:30 p.m.
- B. Regular Board Meeting, April 3, 2017, 7:00 pm
- C. Engineering Workshop, April 10, 2017, 4:00 pm

6. Adjournment

*Information Included In Agenda Packet

1. Materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Ave., Beaumont, CA 92223 during normal business hours. 2 Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, during regular business hours. When practical, these public records will also be available on the Agency's Internet website, accessible at <http://www.sgpwa.com>. 3. Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951-845-2577) at least 48 hours prior to the meeting to make a request for a disability-related modification or accommodation.

San Geronio Pass Water Agency
Check History Report
February 1 through February 28, 2017

ACCOUNTS PAYABLE

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
02/06/2017	118320	ACWA BENEFITS	748.93
02/06/2017	118321	BDL ALARMS, INC.	78.00
02/06/2017	118322	BEST BEST & KRIEGER	22,666.31
02/06/2017	118323	HEEMSTRA SIGNS	145.00
02/06/2017	118324	ROY McDONALD	2,995.01
02/06/2017	118325	OFFICE SOLUTIONS	294.72
02/06/2017	118326	PROVOST & PRITCHARD	2,408.98
02/06/2017	118327	CHERYLE M. RASMUSSEN	1,090.00
02/06/2017	118328	UNDERGROUND SERVICE ALERT	7.50
02/06/2017	118329	UNLIMITED SERVICES BUILDING MAINT.	295.00
02/06/2017	118330	WASTE MANAGEMENT INLAND EMPIRE	94.80
02/13/2017	118331	ALBERT WEBB ASSOCIATES	1,147.60
02/13/2017	118332	CHERRY VALLEY CHAMBER OF COMMERCE	25.00
02/13/2017	118333	CITROGRAPH PRINTING COMPANY	107.75
02/13/2017	118334	FRONTIER COMMUNICATIONS	1,202.95
02/13/2017	118335	GOPHER PATROL	48.00
02/13/2017	118336	JON'S FLAGS & POLES, INC.	610.94
02/13/2017	118337	KENNEDY JENKS CONSULTANTS	4,212.00
02/13/2017	118338	THE RECORD-GAZETTE	579.50
02/13/2017	118339	SOUTHERN CALIFORNIA GAS	161.02
02/13/2017	118340	LEONARD C. STEPHENSON	534.95
02/13/2017	118341	WELLS FARGO REMITTANCE CENTER	1,928.19
02/15/2017	118342	CALPERS RETIREMENT	4,636.47
02/15/2017	118343	CALPERS 457-SIP	1,150.00
02/22/2017	118344	CALPERS HEALTH	7,746.27
02/22/2017	118345	DAN LYMAN CONSTRUCTION	481.89
02/22/2017	118346	DAVID TAUSSIG & ASSOCIATES, INC.	6,887.50
02/22/2017	118347	INCONTACT, INC.	169.60
02/22/2017	118348	PROVOST & PRITCHARD	3,555.00
02/22/2017	118349	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	349,407.25
02/22/2017	118350	THOMAS W. TODD, JR.	1,142.87
02/24/2017	118351	AT&T MOBILITY	256.21
02/24/2017	118352	MATTHEW PISTILLI LANDSCAPE SERVICES	325.00
02/24/2017	118353	SOUTHERN CALIFORNIA EDISON	139.07
02/27/2017	118354	CALPERS 457-SIP	1,150.00
02/27/2017	118355	STANDARD INSURANCE COMPANY	420.90
02/15/2017	503196	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,073.48
02/15/2017	522124	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,125.22
02/27/2017	557903	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,030.19
02/27/2017	583191	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,266.85
02/28/2017	900132	DEPARTMENT OF WATER RESOURCES	429,745.00
TOTAL ACCOUNTS PAYABLE CHECKS			864,090.92

San Gorgonio Pass Water Agency
Check History Report
February 1 through February 28, 2017

PAYROLL

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
02/14/2017	801328	JEFFREY W. DAVIS	4,428.03
02/14/2017	801329	KENNETH M. FALLS	3,029.39
02/14/2017	801330	CHERYLE M. RASMUSSEN	2,117.51
02/14/2017	801331	THOMAS W. TODD, JR.	3,286.77
02/26/2017	801332	BLAIR M. BALL	816.19
02/26/2017	801333	DAVID J. CASTALDO	1,167.90
02/26/2017	801334	JEFFREY W. DAVIS	4,428.03
02/26/2017	801335	RONALD A. DUNCAN	1,167.90
02/26/2017	801336	KENNETH M. FALLS	2,943.44
02/26/2017	801337	DAVID L. FENN	1,167.90
02/26/2017	801338	STEPHEN J. LEHTONEN	934.32
02/26/2017	801339	CHERYLE M. RASMUSSEN	2,117.51
02/26/2017	801340	LEONARD C. STEPHENSON	1,167.90
02/26/2017	801341	MICHAEL D. THOMPSON	1,167.90
02/26/2017	801342	THOMAS W. TODD, JR.	3,366.77
TOTAL PAYROLL			33,307.46
TOTAL DISBURSEMENTS FOR FEBRUARY, 2017			897,398.38

SAN GORGONIO PASS WATER AGENCY

**LEGAL INVOICES
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NBR</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	170228	LEGAL SERVICES FEB17	17,929.34

TOTAL PENDING INVOICES FOR FEBRUARY 2017

17,929.34

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
February 28, 2017**

BALANCE PER BANK AT 02/28/2017 - CHECKING ACCOUNT 225,976.93

LESS OUTSTANDING CHECKS

<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
118336	610.94	118354	1,150.00
118345	481.89	118355	420.90
		EDD	1,030.19
		EFTPS	7,266.85
	<u>1,092.83</u>		<u>9,867.94</u>

TOTAL OUTSTANDING CHECKS (10,960.77)

BALANCE PER GENERAL LEDGER 215,016.16

BALANCE PER GENERAL LEDGER AT 01/31/2017 227,233.55

CASH RECEIPTS FOR FEBRUARY 685,180.99

CASH DISBURSEMENTS FOR FEBRUARY

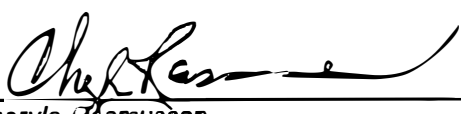
ACCOUNTS PAYABLE - CHECK HISTORY REPORT (864,090.92)

NET PAYROLL FOR FEBRUARY (33,307.46) (897,398.38)

BANK CHARGES -

TRANSFER FROM WELLS FARGO 200,000.00

BALANCE PER GENERAL LEDGER AT 02/28/2017 215,016.16

REPORT PREPARED BY:


 Cheryl Rasmussen

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF FEBRUARY 2017**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
DEPOSIT TO CHECKING ACCOUNT				
2/6/17	STATE OF CALIF/DWR	OAP TRUE-UP 2000-2013	15,613.00	15,613.00
2/6/17	ANTELOPE VALLEY EKWA	EAST BRANCH MEETINGS	2,000.00	2,000.00
2/17/17	RIVERSIDE COUNTY	PROPERTY TAXES	171,998.92	171,998.92
2/17/17	RIVERSIDE COUNTY	PROPERTY TAXES	43,681.39	43,681.39
2/21/17	BCVWD	WATER SALES	356,942.00	356,942.00
2/22/17	YVWD	WATER SALES	10,302.06	10,302.06
2/22/17	CITY OF BANNING	WATER SALES	55,475.00	55,475.00
2/28/17	TVI	CD - BOND INTEREST	29,168.62	29,168.62
TOTAL FOR FEBRUARY 2017			685,180.99	685,180.99

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE EIGHT MONTHS ENDING ON FEBRUARY 28, 2017**

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FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - INCOME					Compare: 33%
INCOME					
WATER SALES	3,993,000		3,993,000	2,842,024.93	28.82%
TAX REVENUE	2,240,000		2,240,000	1,360,017.70	39.28%
INTEREST	64,000		64,000	72,264.35	-12.91%
CAPACITY FEE	0		0	0.00	0.00%
GRANTS	0		0	0.00	0.00%
OTHER (REIMBURSEMENTS, TRANSFERS)	69,000		69,000	45,601.14	33.91%
TOTAL GENERAL FUND INCOME	6,366,000	0	6,366,000	4,319,908.12	32.14%
GENERAL FUND - EXPENSES					
COMMODITY PURCHASE					
PURCHASED WATER	3,875,000		3,875,000	2,004,540.30	48.27%
TOTAL COMMODITY PURCHASE	3,875,000	0	3,875,000	2,004,540.30	48.27%
SALARIES AND EMPLOYEE BENEFITS					
SALARIES	431,000		431,000	287,675.30	33.25%
PAYROLL TAXES	39,000		39,000	23,430.91	39.92%
RETIREMENT	108,000		108,000	75,573.97	30.02%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	23,000		23,000	16,860.96	26.69%
HEALTH INSURANCE	52,000		52,000	40,375.33	22.36%
DENTAL INSURANCE	4,500		4,500	3,217.68	28.50%
LIFE INSURANCE	1,100		1,100	928.62	15.58%
DISABILITY INSURANCE	4,500		4,500	2,961.98	34.18%
WORKERS COMP INSURANCE	3,700		3,700	1,739.00	53.00%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	4,454.67	55.45%
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%
TOTAL SALARIES AND EMPLOYEE BENEFITS	677,800	0	677,800	457,218.42	32.54%

SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE EIGHT MONTHS ENDING ON FEBRUARY 28, 2017

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES					Compare: 33%
ADMINISTRATIVE & PROFESSIONAL					
DIRECTOR EXPENDITURES					
DIRECTORS FEES	105,000		105,000	65,898.94	37.24%
DIRECTORS TRAVEL & EDUCATION	20,000		20,000	3,384.08	83.08%
DIRECTORS MISC. MEDICAL	32,000		32,000	10,324.67	67.74%
OFFICE EXPENDITURES					
OFFICE EXPENSE	18,000		18,000	12,708.36	29.40%
POSTAGE	1,000		1,000	530.05	47.00%
TELEPHONE	10,000		10,000	6,984.70	30.15%
UTILITIES	5,000		5,000	3,074.81	38.50%
SERVICE EXPENDITURES					
COMPUTER, WEB SITE AND PHONE SUPPORT	9,000		9,000	1,704.50	81.06%
GENERAL MANAGER & STAFF TRAVEL	20,000		20,000	11,902.55	40.49%
INSURANCE & BONDS	23,000		23,000	19,692.00	14.38%
ACCOUNTING & AUDITING	22,000		22,000	21,301.17	3.18%
STATE WATER CONTRACT AUDIT	5,000		5,000	5,012.00	-0.24%
DUES & ASSESSMENTS	29,000		29,000	29,902.50	-3.11%
SPONSORSHIPS	8,000		8,000	1,000.00	87.50%
OUTSIDE PROFESSIONAL SERVICES	650		650	650.00	0.00%
BANK CHARGES	1,600		1,600	915.03	42.81%
MISCELLANEOUS EXPENSES	1,000		1,000	2.79	99.72%
MAINTENANCE & EQUIPMENT EXPENDITURES					
TOOLS PURCHASE & MAINTENANCE	3,500		3,500	28.38	99.19%
VEHICLE REPAIR & MAINTENANCE	9,000		9,000	4,009.53	55.45%
MAINTENANCE & REPAIRS - BUILDING	11,000		11,000	10,779.21	2.01%
MAINTENANCE & REPAIRS - FIELD	6,500		6,500	2,819.77	56.62%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	65,837.80	56.11%
COUNTY EXPENDITURES					
LAFCO COST SHARE	5,000		5,000	4,440.49	11.19%
ELECTION EXPENSE	175,000		175,000	0.00	100.00%
TAX COLLECTION CHARGES	9,500		9,500	7,655.16	19.42%
TOTAL ADMINISTRATIVE & PROFESSIONAL	679,750	0	679,750	290,558.49	57.26%

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SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE EIGHT MONTHS ENDING ON FEBRUARY 28, 2017

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES					Compare: 33%
GENERAL ENGINEERING					
RECHARGE					
B.A.R.F. DESIGN + CONSTRUCTION			CAPITAL EXPENDITURE		
B.A.R.F. ENVIRONMENTAL MITIGATION			CAPITAL EXPENDITURE		
FERC/FLUME					
FLUME SUPPORT	40,000		40,000	32,194.58	19.51%
NEW WATER					
PROGRAMATIC EIR	75,000		75,000	0.00	100.00%
UPDATED STUDY ON AVAILABLE SOURCES	45,000		45,000	21,461.45	52.31%
SITES RESERVOIR	300,000		300,000	0.00	100.00%
BCVWD CONNECTION					
ENGINEERING	30,000		30,000	5,200.00	82.67%
CEQA	15,000		15,000	1,147.60	92.35%
INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP)	5,000		5,000	0.00	100.00%
SGMA SUPPORT	15,000		15,000	0.00	100.00%
STUDIES					
USGS	100,000		100,000	101,829.04	-1.83%
WATER RATE NEXUS STUDY	50,000		50,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	30,000		30,000	6,887.50	77.04%
CAPACITY FEE NEXUS STUDY UPDATE	0		0	0.00	0.00%
SUPPORT - CAPACITY FEE & AGREEMENTS	0		0	0.00	0.00%
UPDATED UWMP	10,000		10,000	37,119.05	-271.19%
OTHER PROJECTS					
BASIN MONITORING TASK FORCE	21,000		21,000	20,180.00	3.90%
BUNKER HILL CONJUNCTIVE USE PROJECT	20,000		20,000	0.00	100.00%
GENERAL AGENCY - CEQA AND GIS SERVICES	35,000		35,000	32,556.70	6.98%
TOTAL GENERAL ENGINEERING	791,000	0	791,000	258,575.92	67.31%

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SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE EIGHT MONTHS ENDING ON FEBRUARY 28, 2017

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017

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	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES					Compare: 33%
LEGAL SERVICES					
LEGAL SERVICES - GENERAL	175,000		175,000	139,140.70	20.49%
TOTAL LEGAL SERVICES	175,000	0	175,000	139,140.70	20.49%
CONSERVATION & EDUCATION					
SCHOOL EDUCATION PROGRAMS	10,000		10,000	0.00	100.00%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND P. R.	20,000	15,000	35,000	21,263.87	39.25%
TOTAL CONSERVATION & EDUCATION	35,000	15,000	50,000	21,263.87	57.47%
GENERAL FUND CAPITAL EXPENDITURES					
BUILDING	15,000		15,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	5,000		5,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	0.00%
TRANSPORTATION EQUIPMENT	37,000		37,000	0.00	100.00%
MT. VIEW TURNOUT + B.A.R.F. CONSTRUCTION	0		0	31,125.01	
SBVMWD PIPELINE CAPACITY PURCHASE	330,000		330,000	0.00	100.00%
TOTAL GENERAL FUND CAPITAL EXPENDITURES	387,000	0	387,000	31,125.01	91.96%
TRANSFERS TO OTHER FUNDS	0	0	0	0.00	
TOTAL GENERAL FUND EXPENSES	6,620,550	15,000	6,635,550	3,202,422.71	51.74%
TRANSFERS FROM RESERVES	300,000		300,000		
TOTAL TRANSFERS FROM RESERVES	300,000	0	300,000	0	
GENERAL FUND NET INCOME YEAR TO DATE	45,450	-15,000	30,450	1,117,485.41	

SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE EIGHT MONTHS ENDING ON FEBRUARY 28, 2017

	FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
DEBT SERVICE FUND - INCOME					Compare: 33%
INCOME					
TAX REVENUE	19,350,000		19,350,000	11,441,513.63	40.87%
INTEREST	170,000		170,000	190,945.03	-12.32%
GRANTS	0		0	0.00	0.00%
DWR CREDITS - BOND COVER, OTHER	3,170,000		3,170,000	1,852,756.66	41.55%
TOTAL DEBT SERVICE FUND INCOME	22,690,000	0	22,690,000	13,485,215.32	40.57%
DEBT SERVICE FUND - EXPENSES					
EXPENSES					
SALARIES	52,000		52,000	36,154.28	30.47%
PAYROLL TAXES	4,000		4,000	2,765.75	30.86%
BENEFITS	28,000		28,000	18,952.75	32.31%
SWC CONTRACTOR DUES	33,000		33,000	40,558.00	-22.90%
STATE WATER CONTRACT PAYMENTS	18,600,000		18,600,000	12,400,475.00	33.33%
PURCHASED WATER	5,000		5,000	394.00	92.12%
STATE WATER PROJECT LEGAL SERVICES	0		0	0.00	0.00%
USGS	0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE	120,000		120,000	86,436.92	27.97%
SWP ENGINEERING	30,000		30,000	93,717.31	-212.39%
DEBT SERVICE UTILITIES	10,000		10,000	6,797.33	32.03%
TAX COLLECTION CHARGES	60,000		60,000	43,406.19	27.66%
TOTAL DEBT SERVICE FUND EXPENSES	18,942,000	0	18,942,000	12,729,657.53	32.80%
TRANSFERS FROM RESERVES			0	0.00	
DEBT SERVICE NET INCOME YEAR TO DATE	3,748,000	0	3,748,000	755,557.79	

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San Gorgonio Pass Water Agency

Credit Card Policy

August 2009

This policy supersedes and rescinds all previous credit card policies, rules, or regulations adopted by the San Gorgonio Pass Water Agency Board of Directors.

Preamble

This policy is not intended to be a comprehensive set of rules for all issues related to Agency travel and meals. It is intended to cover the use of Agency credit cards by Directors and Staff. Specific issues related to travel are covered in a separate Board of Directors Travel and Expense Reimbursement Policy. In the event of a conflict between this policy and the Travel and Expense Reimbursement Policy, the Travel and Expense Policy will take precedence.

I. Purpose

This policy applies to all Agency credit cards issued to board members or staff members and is intended to ensure that Agency credit cards are not abused or utilized in any way for personal gain.

II. Authorized Cards

Those authorized to have Agency credit cards are all directors, the General Manager, and the Operations and Maintenance Manager.

III. Use of Agency Credit Cards

1. Credit cards are issued for Agency business and, except in cases of personal, medical, or family emergencies, are not to be used for personal purchases. In the rare case of a personal item being included on a larger bill (such as a spouse attending a conference or a movie included in a hotel bill) such charges shall be reimbursed to the Agency prior to the credit card payment being made, unless the expenditure is a bona fide emergency. The Finance Manager is responsible for notifying the cardholder what charges need to be reimbursed to the Agency.
2. Agency credit cards are not to be used as an alternate method of procurement to avoid a bidding process or in any way to circumvent the Agency's Procurement Policy.
3. Agency credit cards issued to Board members are to be used only for Agency related travel, registration for appropriate seminars or conferences, Agency related business meals, or purchase of educational materials related to water issues. Travel includes air travel, rental car, taxi, bus, train, use of a local transportation system, lodging, meals, airport parking, fuel for rental cars, conference registration, tips, and incidentals.
4. Hotel bills incurred while on Agency business paid with Agency credit cards will be paid by the Agency. However the following costs will not be paid for by the Agency: in-room movies, visits to a hotel spa, or other charges considered

personal or extravagant. Room service (for the cardholder only), wireless internet charges, tips, and incidentals will be paid by the Agency.

5. Agency credit cards issued to the General Manager and the Operations and Maintenance Manager are generally to be used for travel or items related to managing the day-to-day affairs of the Agency. This includes, but is not limited to, the following:
 - a. Tools
 - b. Operating expenses
 - c. Office expenses
 - d. Copies
 - e. Vehicle maintenance, including fuel
 - f. Agency related travel, including air travel, rental car, taxi, bus, train, use of a local transportation system, lodging, meals, airport parking, conference registration, tips, and incidentals. See above for restrictions on hotel charges.
 - g. Business meals not related to travel (see IV. below for restrictions)
6. When a credit card is used for air travel and a flight is booked online, a confirmation form for the flight(s) shall be sufficient as a receipt. When a credit card is used to purchase any product online, an emailed receipt shall be sufficient.
7. Agency credit cards may only be used to purchase "coach" class tickets, if available, unless authorization is given in advance by the Board. Without advance authorization from the Board, any flight booked at any rate above "coach," if available, requires the cardholder to reimburse the Agency for the difference between "coach" class and the class purchased.

IV. Meals

1. It is the intent of the Board in adopting this policy that business meals paid for with Agency credit cards will be infrequent.
2. Agency Credit cards may be used occasionally for business meals. However, receipts for meals where non-Agency personnel are present must include the names of all individuals present and the nature of the meeting.
3. Under no circumstances can alcohol charged to an Agency credit card be reimbursed by the Agency. This applies to any purchase of alcohol, whether for a meal or any other reason.

V. Reporting

1. All receipts must be turned in to the Finance Manager accompanied by an Expense Reimbursement form. The form must list the date, purpose of the charge, vendor, and amount charged.
2. If a receipt is not turned in, the Finance Manager shall request a copy of the receipt from the cardholder, and every effort shall be made to obtain the original receipt or a copy thereof. The Finance and Budget Committee is not required to authorize payment for any Agency credit card expenditure that does not include a receipt.

VI. Payment

1. The Finance Manager shall ensure that all Agency credit cards will be paid in full each month in order to avoid paying finance or late charges. The General Manager will review all credit card bills prior to approving them for payment. Approval by the General Manager does not necessarily mean that all costs on the bill will be paid for by the Agency (see below).
2. Because of the payment schedule, it is unlikely that the Board will be able to authorize payment in advance for credit card bills.
3. The Finance Manager will prepare a summary report each month of all charges for each credit card, with totals for the various accounting designations.
4. This report will be made available to the Finance and Budget Committee each month for ratification.
5. It is the responsibility of the Finance and Budget Committee to review all credit card bills, receipts, and payments each month and to require reimbursement from the cardholder for items deemed by the Committee to be inconsistent with this policy or, at its discretion, for items that do not include a receipt. It is the responsibility of the Finance Manager to bring potential inconsistencies to the attention of the Committee.
6. If the cardholder and the Committee disagree as to the expense being consistent with this Policy, the Agency Board of Directors will make the decision at a regular meeting where the item is properly agendaized.

VII. Loss of Card

If an Agency credit card is lost, it is the responsibility of the cardholder to notify the issuer of the credit card and the Finance Manager within one business day. The Finance Manager shall cancel the credit card immediately and order a new one for the cardholder. Any items purchased with a lost credit card that are not credited by the card issuer are the responsibility of the cardholder, if the loss is not reported within one business day.

VIII. Cancellation

1. It is the responsibility of the Finance Manager to cancel credit cards for Board members when their term expires.
2. It is the responsibility of the Finance Manager to cancel credit cards for the General Manager or Operations and Maintenance Manager upon separation from the Agency.
3. The Board can authorize the cancellation of any credit card to a Board member or staff member upon a majority vote. Such a vote can only take place after having been presented evidence of systematic abuse of this policy on the part of the cardholder.

IX. Credit Card Records

All credit card records will be kept with Agency accounting records, and retained for the period of time prescribed for such records in accordance with government regulations and generally accepted accounting practices.

Water Conservation and Education Committee

Committee Report

April 3, 2017

The Committee held its first meeting on March 30. At that meeting, the Committee heard a progress report from the General Manager on our contract with the Inland Empire Resource Conservation District to provide educational programs for schools. We also discussed supporting the San Gorgonio Pass Regional Water Alliance's planned conservation contest for fifth graders throughout our service area. The Committee wants the Agency to support and contribute to this contest.

The Committee also discussed sponsorship of this year's Inland Solar Challenge. The Agency has sponsored this event for a number of years, and has provided judges in addition to financial support. The Committee voted unanimously to recommend that the Board vote to support a \$4000 sponsorship of this event, to be held at Yucaipa Regional Park next month. Funds for this sponsorship are budgeted for this year, and the item is on the agenda tonight for the Board's consideration.

Committee on General Manager's Performance Evaluation

Committee Report

April 3, 2017

The committee held its first meeting on March 3. We reviewed the General Manager's goals for this fiscal year with him, and his progress on meeting each of them. We then decided to pursue a facilitated evaluation of the General Manager this year. We will meet again on April 6 to interview two candidates for this work. We believe a facilitated evaluation will provide us with a better view of the General Manager's responsibilities, how realistic his goals are this year, and how the Board can better support him in his efforts to achieve those goals. We will keep the Board apprised of our progress during this process.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Agreement with BCVWD re Cost Sharing for Sites Reservoir Capacity

DATE: April 3, 2017

Summary:

At the February Engineering workshop, the Board discussed a potential agreement with Beaumont Cherry Valley Water District to share costs and capacity in Sites Reservoir. Since that time, staff has met with the BCVWD General Manager to discuss this issue. The purpose of this proposed Board action is to determine how the Board wishes to share costs and capacity with BCVWD, particularly in regard to how much Class 1 water and Class 2 water each party would receive.

Background:

Last year, the Agency's Board voted to participate in Phase 1 of the Sites Reservoir project, with 10,000 AF of capacity. At the direction of the Board, staff contacted retail water agencies within the region to ask if they wanted to participate in the project. Beaumont Cherry Valley Water District indicated that it would like to participate for 4000 AF. Based on that, the Agency committed to 14,000 AF of participation in Phase 1 of the Project, to be distributed 71.43% to the Agency (10,000 AF) and 28.57% to BCVWD (4000 F).

Phase 1 capacity in the Sites project was oversubscribed, assuming that the State participates at the 50% level. Because of this, the Sites Reservoir Committee decided to create two classes of water—Class 1 and Class 2. Class 1 water carries less risk—if the project gets constructed, all Class 1 water will be realized as project yield. Class 2 water carries more risk. Depending on the participation of the State through Prop 1, some portion of Class 2 water may not be realized. Thus, funds expended in Phase 1 for Class 2 water have a lower

chance of being manifested as project yield. To compensate for this greater risk, Class 2 water is offered at half the price of Class 1 water.

The differentiation between Class 1 and Class 2 water will disappear at the end of Phase 1, when the California Water Commission makes its decision on funding of storage projects sometime in 2018. At that point, depending on how much of Sites is funded through Prop 1 funds, a portion of Class 2 water is likely to be reclassified as Class 1, and the rest of Class 2 water will disappear, as this water will be funded by the State and will be used for public purposes. It is unknown at this time how much of the Class 2 water will become Class 1 and how much will disappear.

Detailed Report:

When the Agency offered to purchase 14,000 AF, the Sites Reservoir Committee countered with an offer of 7966 AF of Class 1 water and 6034 AF of Class 2 water. This still totals 14,000 AF, but only 7966 is assured if the project is constructed. Some portion of the 6034 AF of Class 2 water is likely not going to be realized as yield, and thus funds expended to pay for it would be for naught.

Based on this, staff prepared a draft cost sharing agreement with BCVWD (discussed at the February Engineering workshop) whereby each party would take equal risks. Since the Agency is offering to purchase 71.4% of the water (10,000 AF out of a total of 14,000 AF), staff's agreement included 71.4% of the Class 1 water and Class 2 water for the Agency, and 28.6% of the Class 1 water and Class 2 water for the District.

The Board discussed this at the workshop and some Board members felt it was fair, while others thought that the Agency should allow BCVWD to purchase 4000 AF of Class 1 water, leaving the Agency with only 3966 AF of Class 1 water, and all 6034 AF of Class 2 water. This was based on a statement from the BCVWD General Manager that the District only wanted Class 1 water because Class 2 water was not useful to the District in that it could not issue will serve letters based on water that is not in the District's name.

Staff met with the General Manager of BCVWD to discuss this issue and to try to find a compromise position. No such compromise was

reached. The BCVWD General Manager insisted on purchasing 4000 AF of Class 1 water only. He indicated that if the Agency wants to share risks, BCVWD may be willing to purchase some Class 2 water in addition to the 4000 AF of Class 1 water, if the BCVWD Board were to approve. This would mean that the Agency would end up with less than the 10,000 AF desired, and less than 71.4% of the water shared with BCVWD.

The BCVWD Board has not taken an action other than to express a preference for Class 1 water to fulfill its 4000 AF request. It is staff's opinion that the Agency Board should take a position first, and then present that position to the BCVWD Board for its consideration. In the meantime, the Agency has sent a check for 7966 AF of Class 1 water and 6034 AF of Class 2 water to the Sites Reservoir Committee.

The Board has a number of options:

- Accept the offer that staff recommended at the February workshop and extend this offer to BCVWD. That is, that each party accept shares of Class 1 and Class 2 water commensurate with its financial investment, thus sharing the risks equally and giving no party a financial or risk advantage over the other. Under this option, the Agency would get 71.4% of the Class 1 and Class 2 water, and BCVWD would get 28.6% of the Class 1 and Class 2 water. This is recommended by staff.
- Accept the position of BCVWD by offering BCVWD only Class 1 water, thus providing more Class 1 water to BCVWD than to the Agency, and with the Agency taking all risk for the Class 2 water.
- Accept a "compromise" offered by BCVWD's General Manager whereby BCVWD would get 4000 AF of Class 1 water and, in addition, some amount of Class 2 water, thus reducing the Agency's share below 71.4%. This would have to be approved by the BCVWD Board.
- Find some other way to share costs that would be acceptable to both parties.

At this point, the Agency has paid for 14,000 AF of Phase 1 capacity (7966 of which is Class 1 and 6034 AF of which is Class 2). If the

Agency and the District cannot come to an agreement on cost sharing that is acceptable to both parties, the Agency will own the region's entire share of Sites capacity.

Fiscal Impact:

The Agency has already made a down payment on its Phase 1 capacity—approximately \$360,000. More costs will likely be incurred and the Agency will have to make an additional payment later this year, and possibly one more payment next year. The Agency's cost commitment would be reduced with any agreement with BCVWD, as BCVWD would pick up a portion of these costs from Phase 1 through construction, assuming the project is eventually built.

Recommendation:

Staff has the same recommendation that it had in February—to share the risks equally with BCVWD by each party taking its respective share of both Class 1 and Class 2 water (71.4% for the Agency and 28.6% for the District). This would involve drafting up a cost sharing agreement to this effect and sending it to BCVWD for consideration. However staff has provided other options to the Board, should it wish to consider them.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Selection of Auditor for FY 2017-2018

DATE: April 3, 2017

Summary:

In 2004, the Board adopted a policy relating to changing auditors every five years. The purpose of this proposed Board action is to determine if the Board wishes to temporarily set aside this policy in 2017 due to circumstances explained below.

Background:

The California Government code requires that public agencies produce a financial audit every year. The Agency has always strived to ensure that its audit is independent, and has defined independence as contracting with a new auditor at least every five years. This was done via Resolution 2004-07, which is included in the agenda package.

The idea behind this resolution was that Agency staff could not become too close to those who performed the audit in just five years, thus ensuring that the audit would be independent. If an auditor performed the audit for the same public agency every year for many years, there is concern that the auditor and staff from that agency would become friendly and comfortable, and therefore the auditor might not look as closely at the financial books of that agency. At some point under these circumstances, the audit may not be considered "independent."

The Agency has faithfully fulfilled this policy in the ensuing years. However, this year there are other factors that might be more important to the Board than fulfilling the letter of Resolution 2004-07.

Detailed Report:

Five years ago, the Agency hired the firm of Ahern Adcock and Devlin to perform the Agency audit. Linda Devlin was the Principal in Charge of the audit for the past five years. However, in 2016 a number of events occurred that might influence the Board's decision-making regarding contracting with a new auditor for 2017.

First, the firm of Ahern Adcock Devlin merged with a larger firm, SingerLewak. Thus, the auditing firm that performed the 2016 audit was not the same firm that produced the four preceding audits. Linda Devlin was still the Principal in Charge for the 2016 audit, as she had been for the four previous years. But the two auditors who actually performed the audit were new to the Agency in 2016. During the 2016 audit, staff had little contact with Ms. Devlin but daily contact with the auditors during the audit process.

In addition, Board members may recall that GASB, the Government Accounting Standards Board, is in the process of changing rules related to pensions and pension payments. This is a very complex issue and in 2016 caused the audit to be completed later than usual. This issue will continue for at least another year or two to transition to the new methodology. This is in part due to how CalPERS is implementing the GASB changes.

It is Staff's opinion that bringing in a different auditing firm in 2017, as would be required by the letter of Resolution 2004-07, would cost the Agency more money, as the new auditor would have no background on the Agency's pension issues and how they have been handled for the past several years. Thus it is expected that a new auditor would have to spend many more hours on the 2017 audit than would SingerLewak, were it to perform the audit this year. More importantly, it would likely take many more hours of staff time to explain pension issues to the new auditor. Staff is concerned that this additional staff time would be considerable, and would negatively impact the Agency's work flow on other financial and administrative matters.

Staff believes that it would benefit the Agency to keep SingerLewak as the Auditor for at least one more year (possibly up to two years) because it would likely be less expensive than other auditors, and more importantly because it would take less staff time to work on the audit.

Staff does not feel that this would violate the spirit of Resolution 2004-07, as the auditing firm would be different from the firm that produced the 2012-2015 audits (though the same that produced the 2016 audit), and the auditors (those who perform the work) would also be different from those who produced the 2012-2015 audits (though the Principal in Charge would be the same). Staff believes that while this recommended action may be perceived by some to be inconsistent with the letter of the policy, it does not violate the spirit of independence. It would also save the Agency money and staff time.

Fiscal Impact:

Staff believes that the proposed action to maintain the current auditor for this year would save the Agency money, but is not able to estimate the amount of savings. Most of the savings would likely be in staff time, in particular the Finance Manager's time, but there would almost certainly be some savings in the cost of the audit as well.

Recommendation:

Staff recommends that the Board authorize contracting with SingerLewak to perform the 2016-2017 audit, with the understanding that Staff may also make this recommendation in 2018 (though not after that time). The auditor reports directly to the Board, not to staff, so in effect the Board would be authorizing itself to contract with SingerLewak to perform the 2016-2017 audit.

Staff is not recommending that any changes be made to Resolution 2004-07 at this time.

RESOLUTION 2004-07

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN GORGONIO PASS WATER AGENCY
REGARDING CHANGING AUDITORS AT LEAST
EVERY FIVE YEARS**

WHEREAS, pursuant to Section 26909 of the Government Code, the Agency annually performs an audit on financial matters; and

WHEREAS, the audit reviews the Agency's Debt Service Fund and the Agency's General Fund; and

WHEREAS, the audit is an integral part of the Agency's financial plan and is annually filed with the State Controller and with the Auditor of the County of Riverside; and


WHEREAS, the Agency desires to assure that the audit is an independent and objective review of the Agency's finances;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the San Gorgonio Pass Water Agency hereby adopts a policy that the Agency will select a different auditing firm at least every five (5) years beginning at FY 2003-2004.

Said Resolution was adopted, on roll call, by the following vote:

AYES: Larsen, Voigt, Jeter, Lewis, Lamm, Zapp and Morris
NOES: None
ABSENT: None
ABSTAIN: None

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2004-07 adopted by the Board of Directors of San Gorgonio Pass Water Agency at its meeting held on July 26, 2004.


STEPHEN P. STOCKTON
Board Secretary

MEMORANDUM

TO: Board of Directors

FROM: Water Conservation and Education Committee/GM

RE: Sponsorship of 2017 Inland Solar Challenge

DATE: April 3, 2017

Summary:

The Agency has been a sponsor of the Inland Solar Challenge, a boat race for high school students that incorporates a water conservation ethic, for the past several years. The purpose of this proposed Board action is to determine if the Board wishes to sponsor the event again this year.

Background:

A number of years ago, the Metropolitan Water District of Southern California started a competition for high school students that involved technology, teamwork, and a knowledge of sustainability and water conservation. The competition was a solar boat race for high schools in its service area, and was held annually at Lake Skinner. High schools that were not in Metropolitan's service area wanted to participate but could not. Thus, Inland Empire water agencies began a similar event that has since become known as the Inland Solar Challenge. It is held every year at Yucaipa Regional Park.

Detailed Report:

As part of the competition, student teams, together with a faculty advisor, construct a boat powered by solar panels. They also put together a presentation on some aspect of water or water conservation. The boats are raced in Yucaipa Lakes Regional Park. Typically, about a half dozen schools enter the competition. It is held in May. Further information is included in the agenda package. Typically, water agencies in the area support the event through sponsorships and/or judges for the competition. In the past, the Agency has supplied both.

Fiscal Impact:

The Agency has budgeted \$4000 for this event, as it has for the past several years. This is part of the Agency's "Demand Management Measures" outlined in the Agency's urban water management plan.

Recommendation:

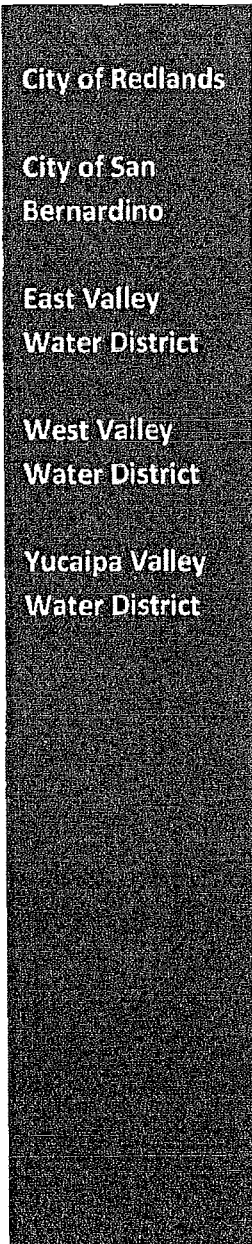
The Water Conservation and Education Committee considered this item at its meeting on Friday, March 31, and voted to bring this item to the Board for its consideration. The Committee did not formally endorse or oppose the sponsorship. The Committee asked Staff to have someone at the Board meeting who can answer specific questions regarding the event.



March 1, 2017



Board of Directors
San Gorgonio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223



City of Redlands

City of San Bernardino

East Valley Water District

West Valley Water District

Yucaipa Valley Water District

Dear Board of Directors,

Please see the attached sponsorship request for the 2017 Inland Solar Challenge Event. As you know, the Inland Solar Challenge (ISC) is an annual event used to educate high school students on energy and water sustainability. For the past six years, water retailers within both San Gorgonio Pass Water Agency and San Bernardino Valley Municipal Water District's service areas have administered and facilitated the event, every year improving and building upon the knowledge gained from years prior to encourage increased knowledge in the area of conservation. The ISC would like to thank San Gorgonio Pass Water Agency for past support and requests continued support of \$4,000.00 for this year's event.

Thank you for your consideration,

Cecilia Griego
2017 ISC Chair



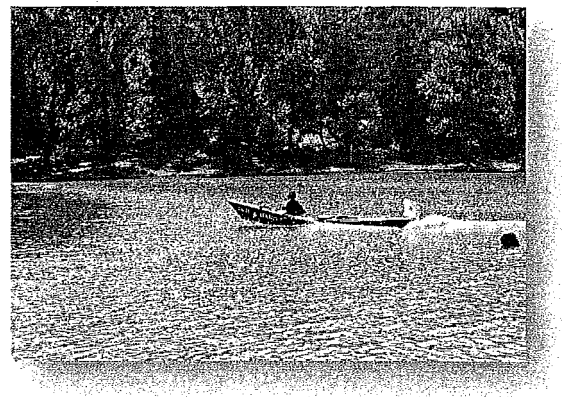
About the Event

The Inland Solar Challenge Event is a proven educational platform to convey the water conservation message and helps water agencies comply with the Water Conservation Act of 2009 – SB x7-7 and the Demand Management Measure H, School Education Programs.

The Inland Solar Challenge gathers high school students from San Bernardino Valley Municipal Water District and San Gorgonio Pass Water Agency's service areas to build sixteen foot boats equipped with solar technology to compete against each other. This three day event, held at Yucaipa Regional Park, includes an endurance, slalom and sprint race. In addition, the participants must also prepare and present a water conservation report (~30% of the scoring). Points are awarded for the races and the report. The school with the most overall points wins the competition.

In preparation of the event, participating high schools gather together to build their boats, building relationships between teams. Once the boat hulls are built, each team takes their boat back to their school where they spend many hours fitting their boat with the required technology as well as fine tuning their design for the competition in May.

The cost of the event is paid for by sponsors. The students' high schools provide the classroom space to work on the boats and motivated instructors to help the students gain knowledge in both energy and water sustainability.



2017 Conservation Topic

Conservation: The new "way of life": Water resource management in California faces unprecedented challenges from climate change and a growing population. In the years ahead, the task of managing water to maintain vibrant ecosystems while supporting a robust economy will require the collective and concerted efforts of state and local governments, non-governmental organizations, businesses, and the public. Increased conservation and water use efficiency are needed to ensure the resilience of our water supplies to increasingly severe droughts and other impacts of climate change.

Students are required to research this topic further and create a public service announcement intended to inform the target audience of efforts taken on the state and local levels to ensure water supply reliability. The intended response is to give greater understanding of efforts water agencies take to ensure water supply reliability to in turn promote methods and lifestyle changes customers can take to make conservation "a way of life". Students are given the following topics as focus points for their PSA's:

- Local water agency efforts to ensure reliable water supply;
- General public's definition of water supply reliability;
- The *California Water Fix*; and
- Possible customer actions that promote a "new normal".

The intended response is an understanding that both water supply and weather varies in Southern California and both the public and government should work together to ensure water supply reliability. Relaying this information to customers creates opportunity for customers to connect their water use practices to their water supply and what must be done to preserve it.

2017 Inland Solar Challenge Committee

The Inland Solar Challenge Committee is comprised of several water retailer employees who dedicate a portion of their staff time throughout the year to plan the event.

Inland Solar Challenge Committee	
Cecilia Griego	City of Redlands
Chelsea Schnitger	City of Redlands
Janett Robledo	East Valley Water District
Cecilia Contreras	East Valley Water District
Martha Duran	East Valley Water District
Jennifer Ares	Yucaipa Valley Water District
Brant Musick	Yucaipa Valley Water District
Matt Porras	Yucaipa Valley Water District
Devin Arciniega	San Bernardino Municipal Water Department
Daisy Farias	West Valley Water District

2017 Water Retailer Sponsorship

In addition to in-kind staff time, water retailers also financially sponsor a team within their water service area, and/or the event, or other in-kind donations.

Water Agency Sponsors	Sponsorship Item	Amount
San Bernardino Municipal Water Department	Cajon High School/Event	\$3,500
City of Redlands	Event	\$3,500
West Valley Water District	Rialto High School	\$2,500
Yucaipa Valley Water District	Yucaipa High School	\$2,500
East Valley Water District	Event	\$2,500

2017 Inland Solar Challenge Budget

The in-kind support from wholesale and water retailers is invaluable to the success of this event. The committee continues to work on acquiring 501(c)(3) status for eligibility of additional sponsorships in the future, but will require sponsorships to assist in providing many of the resources needed for the event.

SPONSORSHIPS				
	2016		2017	
Description/Source	Budget	Actual	Budget	Actual
Balance Forward	\$ 5,263.50	\$ 5,263.50	\$ 4,292.97	\$ 4,292.97
San Bernardino Valley MWD	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -
San Gorgonio Pass WA	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ -
East Valley Water District	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Nestle Water/Arrowhead	\$ 2,500.00	\$ 3,000.00	\$ 2,500.00	\$ -
City of San Bernardino	\$ 2,500.00	\$ 2,500.00	\$ 3,500.00	\$ 3,500.00
City of Redlands	\$ 2,500.00	\$ 2,500.00	\$ 3,500.00	\$ 3,500.00
Misc. Sponsorships				
Total Sponsorships	\$ 24,263.50	\$ 24,763.50	\$ 25,292.97	\$ 13,792.97
EXPENSES				
	2016		2017	
Description/Source	Budget	Actual	Budget	Actual
Establish 501c-3 Status	\$ 2,500.00		2,500.00	
Yucaipa Regional Park*	\$ 2,500.00	\$ 1,350.00	2,500.00	\$ -
Food	\$ 6,000.00	\$ 5,062.67	6,000.00	\$ 257.68
Event T-Shirts	\$ 2,000.00	\$ 2,372.76	2,000.00	\$ -
Signs	\$ 750.00	\$ 367.89	750.00	\$ -
Event Supplies/Misc.**	\$ 2,500.00	\$ 2,788.95	2,500.00	\$ -
Trophies/Sponsorship Plaques	\$ 500.00	\$ 412.24	500.00	\$ -
Boats (material & labor)	\$ 2,000.00	\$ 2,879.52	2,000.00	\$ 1,997.00
Cajon High School	\$ 2,500.00	\$ 2,500.00	2,500.00	\$ 2,500.00
Redlands East Valley	\$ 2,500.00	\$ 2,500.00	2,500.00	\$ 2,500.00
Lifeguards	\$ 200.00	\$ 236.50	200.00	\$ -
Total Expenses	\$ 23,950.00	\$20,470.53	23,950.00	\$7,254.68
Remaining Balance		\$ 4,292.97	1,342.97	\$ 6,538.29

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Proposed State Water Resources Control Board Regulations Related to the Bay-Delta

DATE: April 3, 2017

Summary:

The State Water Resources Control Board is in the process of revising its water quality control plan for the Bay-Delta watershed. This proposed plan includes basing required flows on historical “unimpaired flows”—a concept that is not consistent with existing state policy. The purpose of this proposed Board action is to determine if the Board wishes to take a formal stance on this issue by supporting an ACWA policy statement that opposes the proposed plan.

Background:

On September 15, 2016, the State Water Board released the draft revised Substitute Environmental Document (SED) in support of potential changes to San Joaquin River flow and southern Delta water quality objectives and program of implementation included in the *Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary* (Bay-Delta Plan). The actual title of the subject document is “San Joaquin River Flows and Southern Delta Water Quality.” The Executive Summary of this document is approximately 100 pages.

Public hearings were held around the state on the proposal, and written comments were due to the State Board by March 17. The actual document is a proposal to change two elements of the 2006 Bay-Delta Plan, which is the plan to maintain water quality in the San Francisco Bay and Sacramento-San Joaquin Delta. The two elements are:

- San Joaquin River flow objectives for the protection of fish and wildlife; and
- Southern Delta salinity objectives for the protection of agriculture.

Detailed Report:

The first element listed above, San Joaquin flow objectives, is the highly controversial element that has raised the ire and opposition of Central Valley farmers and water agencies around the state who get all or part of their water from the Delta. One of the key features of the proposal is that it adds compliance locations on the Stanislaus, Merced, and Tuolumne Rivers, as opposed to the previous single water quality location on the San Joaquin River at Vernalis.

A more controversial aspect of the proposal, and the single most objectional element, is the requirement to base new water quality objectives on a “percentage of unimpaired flow.” This singular focus on “unimpaired flow” is incompatible with the state’s policy of co-equal goals of water supply reliability and ecosystem restoration, as well as other policies of the Brown administration.

The concept of “unimpaired flow” itself is controversial. In fact, the term is not a defined term in the science of hydrology. It is a term that many believe was invented by the staff of the State Board in order to further their agenda of higher instream flows, resulting in less water for use by cities and farms.

“Unimpaired flow”, as defined by the State Board, refers to how rivers would operate today if man never constructed dams and reservoirs on rivers AND if those rivers never overflowed their banks in wet years. The term is intended to describe a condition that will never and would never happen, but that would maximize instream flows.

The term “natural flows” would be more suitable to use. “Natural flows” define a flow regime where dams and other diversions were never constructed by man, but where rivers overflow their banks in wet years, such as this year. The fact is that, before dams were constructed, all rivers overflowed their banks in wet years, thus sending some of their flows down canyons and across valley floors.

Tulare Lake was created by such flows that left river beds and flowed to a natural low point.

The State Board is trying to define a condition where no dams or diversions were ever constructed, thus maximizing flows in rivers, but where the entire flow of these rivers would flow down the river bed to the Delta, without overflowing their banks. This obviously would be a maximum flow condition, which is what the State Board wants, but would never happen in a natural world, because rivers do overflow their banks and this overflowing water never reaches the Delta.

The State Board is proposing requiring flows in the San Joaquin River to be 30-70% of “unimpaired flows.” The purpose of this proposed regulation is to maintain higher flows in the river, which would supposedly increase the number of fish and increase water quality by lowering salinity levels.

However, as noted above, the singular focus on flows is inconsistent with state law, which calls for “co-equal” goals of an enhanced Delta ecosystem and water supply reliability. The flow goals do not increase water supply reliability. In fact, they would have the opposite effect. Less water would be available to farms, thus causing land to be fallowed, thus increasing unemployment and increasing wind-borne dust. It would also reduce the amount of water that could be pumped out of the Delta, thus reducing the reliability of the State Water Project, which supplies the Agency. This would require the Agency to procure additional water supplies at a much higher cost, thus increasing the costs to ratepayers and taxpayers just to maintain existing levels of reliability.

Thus, ACWA’s policy statement in opposition to the proposal. A copy of the ACWA policy statement, as well as ACWA’s comment letter on the proposal, are included in the agenda package. ACWA is asking its members for resolutions of support, in part to be able to show the State Board and other governmental entities that there is widespread opposition to the proposal.

Last year, shortly after the proposal was made public, Governor Brown called for a negotiated agreement instead of one imposed by the State Board. Thus, even the Governor does not agree with the

concept of imposing “unimpaired flows” as a water quality hammer on the water industry.

Fiscal Impact:

There is no fiscal impact to adopting this resolution and sending it to ACWA.

Recommendation:

Staff recommends that the Board adopt Resolution 2017-06 supporting ACWA’s policy statement opposing the proposed flow requirements, and send a signed copy of the resolution to ACWA for its information and use.

RESOLUTION NO. 2017-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY SUPPORTING THE ASSOCIATION OF CALIFORNIA WATER AGENCIES' POLICY STATEMENT ON BAY DELTA FLOW REQUIREMENTS

WHEREAS, California is facing a defining moment in water policy that will be substantially impacted by the State Water Resources Control Board's approach to water quality objectives under the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta; and

WHEREAS, the State Water Board has the responsibility for updating the Bay-Delta Plan in a manner that establishes water quality objectives that ensure the reasonable protection of all beneficial uses of water in a way that is consistent with the co-equal goals of improving water supply reliability and protecting, restoring and enhancing the Delta ecosystem, and with respect to the commitments made in the California Water Action Plan; and

WHEREAS, the State Water Board staff's current proposal, which focuses singularly on an "unimpaired flow" approach, is irreconcilable with a policy of co-equal goals of improving both water supply reliability and ecosystem health; and

WHEREAS, the State Water Board staff's proposal is also inconsistent with the broader water policy objectives of the Brown Administration; and

WHEREAS, the ACWA Board of Directors has unanimously adopted a strong policy statement calling for a better approach that can more effectively achieve ecological objectives while maintaining water supply reliability; and

WHEREAS, the ACWA statement calls on the State Water Board to set aside its "unimpaired flow" approach and heed Gov. Brown's call for negotiated agreements, which have been successful on many rivers and tributaries in California; and

WHEREAS, the ACWA statement notes that to be successful, the state's flow policy must be consistent with the principles of collaboration, comprehensive solutions, science, functional flows, economic considerations, consistency with state policy, and leadership; and

WHEREAS, California's urban and agricultural water managers are united in their vision for a future that includes a vibrant California economy as well as healthy ecosystems and fish populations, and believe that vision is best achieved through a comprehensive, collaborative approach.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the San Gorgonio Pass Water Agency hereby supports ACWA's Policy Statement on Bay-Delta Flows and encourages the State Water Resources Control Board to embrace the approach articulated in ACWA's policy statement.

Date: April 3, 2017

David Fenn
President



*Bringing
Water
Together*

Submitted via electronic mail to commentletters@waterboards.ca.gov

March 17, 2017

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

RE: ACWA Comments – 2016 Bay Delta Plan Amendment & SED

Dear Chair Marcus:

The Association of California Water Agencies (“ACWA”) appreciates the opportunity to comment on the State Water Resources Control Board’s (“Water Board’s”) Draft Revised Substitute Environmental Document in support of Potential Amendments to the Bay-Delta Plan (“draft Bay-Delta Plan amendment”). ACWA is a statewide association that represents more than 430 public water agency members that collectively supply approximately 90 percent of the water that is delivered for agricultural, municipal and industrial uses in California. As explained in the comments that follow, ACWA is concerned that the approach taken in the draft Bay-Delta Plan amendment does not provide reasonable protection of all beneficial uses of water and fails to appropriately balance the multiple competing uses of water as required by state law. The approach is inconsistent with the coequal goals of improving water supply reliability and enhancing the Delta ecosystem established in the Delta Reform Act of 2009. The approach is also inconsistent with the Sustainable Groundwater Management Act (“SGMA”) and would undermine implementation of the California Water Action Plan, particularly in the areas of improving water supply reliability, sustainably managing groundwater, and providing safe drinking water for all communities.

On March 10, 2017, ACWA’s Board of Directors unanimously adopted the attached policy statement on Bay-Delta flow requirements, which is incorporated into the following comments by reference. In the policy statement, ACWA expresses deep concerns regarding the draft Bay-Delta Plan amendment’s proposal to base flows on a percentage of unimpaired flow, and presents an alternate approach that supports the Governor’s request that flow requirements be developed through a negotiated, collaborative process.

SACRAMENTO 910 K Street, Suite 100, Sacramento, CA 95814 • (916) 441-4545
WASHINGTON, D.C. 400 North Capitol Street NW, Suite 357, Washington, DC 20001 • (202) 434-4760

www.acwa.com

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I. COMMENTS

ACWA's members overwhelmingly believe the draft Bay-Delta Plan amendment's singular focus on unimpaired flows is the wrong choice for the state's future. The proposed "percentage of unimpaired flow" approach outlined in the draft Bay-Delta Plan amendment fails to account for all beneficial uses of water, fails to consider economic impacts, contradicts existing state policy, and does not incorporate the best available science. The only way to achieve a vision for a future that includes a healthy economy as well as healthy ecosystems and fish populations is through comprehensive, collaborative approaches that include "functional" flows as well as non-flow solutions that contribute real benefits to ecosystem recovery.

A. The Bay-Delta Plan must provide reasonable protection for all beneficial uses of water and must factor in economic considerations.

The current draft Bay-Delta Plan amendment fails to recognize the beneficial uses of water on affected waters outside of the Delta, does not provide reasonable protection for those beneficial uses, and fails to consider economics and other key factors in the required public interest balancing. The Water Board is responsible for amending the Bay-Delta Plan in a manner that establishes water quality objectives that ensure the reasonable protection of *all* beneficial uses of water, including domestic, municipal, agricultural and industrial supply; power generation; recreation; aesthetic enjoyment; navigation; and preservation and enhancement of fish, wildlife, and other aquatic resources. (Wat. Code § 13050.) In doing so, the Water Board must consider past, present and probable future beneficial uses, environmental characteristics, water quality conditions and economic considerations, among other things. (Wat. Code § 13241.) Thus, when setting water quality objectives, the Water Board must consider "all demands being made and to be made on those waters." (Wat. Code § 13000.)

In their singular focus on flows for wildlife beneficial uses, the draft amendments to the Bay-Delta Plan fail to protect other beneficial uses. Further, the draft amendments fail to consider the economic impacts that will occur as surface water supplies for water supply are reduced. For example, the proposal could lead to widespread fallowing of agricultural land in the region. The California Water Action Plan ("Plan") underscores the policy objective that "the Water Board's action will balance competing uses of water including municipal and agricultural supply, hydropower, fishery protection, recreation, and other uses" (Plan at p. 10). To accomplish this, the Water Board must first examine the beneficial uses of the waters of the tributaries, and then engage in the required statutory balancing. These procedural steps are mandatory because they reflect the State's policy determination that, in our climate where water is relatively scarce in many areas, the public interest requires balancing of the multiple competing uses for this precious resource. These important steps must be taken before the Water Board can appropriately consider the draft amendments to the Bay-Delta Plan.



B. The Bay-Delta Plan must be consistent with established state policy.

As explained below, the draft Bay-Delta Plan amendment contradicts existing state policy.

- i. The draft Bay-Delta Plan amendment is inconsistent with the coequal goals established in the Delta Reform Act of 2009.

Since enactment of the Delta Reform Act of 2009, state law has set forth the coequal goals of improving water supply reliability for California and protecting, restoring and enhancing the Delta ecosystem. ACWA is committed to furthering the coequal goals and has supported a comprehensive approach to ecosystem management for more than two decades. In 2014, the Brown Administration released its California Water Action Plan outlining priority actions addressing water use efficiency, groundwater sustainability, ecological restoration, Delta conveyance solutions, water storage, safe drinking water and more. Stated clearly in the California Water Action Plan is the Brown Administration's commitment that planned actions "will move California toward more sustainable water management *by providing a more reliable water supply for our farms and communities*, restoring important wildlife habitat and species, and helping the state's water systems and environment become more resilient" (Plan at p. 4).

ACWA believes the policy of coequal goals and the commitment embedded in the California Water Action Plan have the potential to put California on a path that includes both a vibrant agricultural and urban economy on the one hand, and a healthy ecosystem on the other. ACWA is concerned that the draft Bay-Delta Plan amendment, as currently written, undercuts and threatens that potential and cannot lead us to the future we want for California.

- ii. The draft Bay-Delta Plan amendment would undercut the state's groundwater sustainability goals.

The draft Bay-Delta Plan amendment would also undercut current state policy on groundwater sustainability. The draft amendment notes that the proposed "percent of unimpaired flows" proposal will increase groundwater overdraft. Since the 2014 adoption of SGMA, the state has made clear that its goal is to achieve sustainable management of groundwater basins. Increased groundwater pumping to replace lost surface supplies in groundwater basins that are already in a condition of overdraft will undermine groundwater sustainability goals. Therefore, the outcome of reducing surface water supplies is likely to be widespread following, as noted by many commenters from the counties and irrigation districts in the affected areas.

Increased groundwater pumping would also affect water quality in the drinking water wells in the impacted area, which includes a significant number of disadvantaged communities. The California Water Action Plan notes that "the state will identify drought-vulnerable public water systems" and "help prevent or mitigate any anticipated shortfalls in supply" when needed (at p. 18). The current draft Bay-Delta Plan amendment promotes an anticipated shortfall in supply that is flatly inconsistent with this state policy.



C. The proposed Bay-Delta Plan amendments must be based on the best available science.

The current draft amendments to the Bay-Delta Plan do not incorporate all of the best available science. The Water Board needs to incorporate the best available science to inform its work and assist with the development of voluntary settlement agreements. The 2012 Delta Independent Science Board peer review of the “unimpaired flows” approach states that “flow is but one of many stressors affecting fish and wildlife” and “the choice of flow criteria and metrics needs to serve the broader needs of ecosystems as well as individual species.” (May 22, 2012 letter at p. 1) The draft Bay-Delta Plan amendment’s “percent of unimpaired flows” proposal, in which flow objectives are not tied to any specific ecological outcome, fails to incorporate the best available science and will not lead to the desired improvement in fisheries. The plan amendment needs to focus on the entire life cycle of affected species and multiple stressors that affect their status, such as predation, food, and habitat availability, and incorporate all current scientific information.

ACWA’s member agencies have invested significant resources into scientific study of the fish populations that would be affected by the implementation program outlined in the Bay-Delta Plan amendments, and the science demonstrates that connecting flows to other types of activities such as habitat restoration or food production can benefit species in ways that unimpaired flow requirements cannot. Examples abound of collaborative, innovative projects currently underway by local water agencies and stakeholders that include “functional flows” and non-flow solutions that reconnect land and water to restore habitat and address the full life cycle of species needs. These efforts contribute real benefits to ecosystem recovery while maintaining water supply reliability, and can form the basis of integrated solutions that provide ecosystem benefits with far less impact on water supply, the California economy and the public interest.

D. The best way to achieve the desired outcomes and provide reasonable protection for all uses of water is through a collaborative, negotiated process.

The Governor has called for work on a comprehensive agreement on environmental flows in both the San Joaquin and Sacramento River basins. He has asked that Water Board members and staff prioritize analysis and implementation of voluntary agreements. Further, the Brown Administration committed in the California Water Action Plan that the Water Board and the California Natural Resources Agency will work with stakeholders to encourage negotiated implementation of protective Delta standards. ACWA strongly supports the collaborative approach called for by the Governor because it is the least contentious, most effective way to achieve the coequal goals. Negotiated agreements have been demonstrably successful at achieving outcomes and widespread support for appropriate environmental flows; forced regulations have not yielded the same track record. The Water Board should wholly embrace this approach and allow enough time for it to work.

A successful collaborative approach will require comprehensive solutions for both water supply and ecosystem management. Water users will need to continue and build on their



commitment to integrated resources management in order to maintain reliability without undue impacts on the ecosystem. Similarly, ecosystem managers will need to focus on the entire life cycle of affected species and multiple variables, such as predation, food, and habitat availability, to develop integrated management portfolios that accomplish ecosystem goals without undue impacts on water supply. Utilizing the single variable proposed in the “percentage of unimpaired flow” approach will not achieve the desired ecological outcomes and is, by far, the most destructive policy approach from the perspective of protecting and improving water supply. ACWA firmly believes the ecological outcomes can be achieved with even better results through a comprehensive approach that considers multiple solutions and benefits.

II. CONCLUSION

ACWA appreciates the Water Board’s consideration of these comments. ACWA’s Board of Directors has taken a strong policy position in support of comprehensive solutions such as those outlined in the California Water Action Plan. ACWA urges the Water Board to heed Governor Brown’s call for voluntary agreements that are negotiated through a comprehensive, collaborative process. We stand ready to work with the Water Board and the Brown Administration to pursue the collaborative and comprehensive approaches needed to ensure a future for California that includes a vibrant agricultural and urban economy and a healthy ecosystem.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca Franklin".

Rebecca Franklin
Senior Regulatory Advocate

Encl.

cc: The Honorable Members, State Water Board
The Honorable Charlton H. Bonham
Ms. Kim Craig
Mr. Gordon Burns
Ms. Karla Nemeth
Mr. Bruce Babbitt
Mr. William Croyle
Mr. Tom Howard

Jeff Davis

From: ACWA <acwabox@acwa.com>
Sent: Thursday, March 16, 2017 2:58 PM
To: Jeff Davis
Subject: Outreach Alert: Support Requested for ACWA Policy Statement on Bay-Delta Flow Requirements

Follow Up Flag: Flag for follow up
Flag Status: Flagged



[Click here to view it in your browser.](#)

OUTREACH ALERT

March 16, 2017

Support Requested for ACWA Policy Statement on Bay-Delta Flow Requirements

Resolutions Encouraged to Demonstrate Broad Support for Comprehensive, Collaborative Approach Over Problematic "Unimpaired Flow" Proposal

ACWA's Board of Directors has adopted a strong policy statement urging the State Water Resources Control Board to set aside its problematic "unimpaired flow" approach to setting new water quality objectives in the Bay-Delta watershed.

The statement, adopted in a special meeting by conference call on March 10, calls on the State Water Board to heed Gov. Jerry Brown's call for negotiated agreements, which have proven successful in achieving positive ecological outcomes while maintaining water supply reliability. ACWA believes the state's policy on flows should embrace a collaborative, comprehensive approach that protects and promotes both water supply reliability and ecosystem health.

The State Water Board staff proposal to base new water quality objectives on a "percentage of unimpaired flow" could lead to widespread fallowing of agricultural land and negatively affect water reliability for much of the state's population. The singular focus on unimpaired flow is incompatible with the state's policy of coequal goals and other broader policy commitments in the Brown Administration's California Water Action Plan.

ACWA is submitting the policy statement to the State Water Board along with its formal comment letter on the Phase 1 update to the Bay-Delta Water Quality Control Plan. Comment letters are due Friday, March 17 at 12 p.m.

Action Requested on ACWA Board Policy Statement

To demonstrate the broadest support possible for ACWA's policy statement, ACWA is requesting its member agencies take the following steps:

1. Adopt a resolution in support of ACWA's policy statement on Bay-Delta flow requirements. A sample resolution is available [here](#). Actions other than resolutions that indicate support by your agency's board of directors also are welcome.
2. Email a copy of your agency's approved resolution or other action to ACWA Region & Member Services Specialist Ana Javid.
3. Educate your key audiences and local leaders on the policy statement. Suggested message points are available below.

Upcoming Webinar

ACWA members can learn more about the policy statement and why it is important during a members-only webinar being offered twice on Wednesday, March 29, beginning at either 10 a.m. or 2 p.m. Details are available [here](#).

Message Points Regarding ACWA's Policy Statement

The following key points are suggested for use in educating audiences about the policy statement and the flows issue.

- The State Water Board's "unimpaired flow" approach for the San Joaquin River and its tributaries is not the path to achieve the desired ecological outcomes. It is inconsistent with established state policies, such as the California Water Action Plan, the coequal goals defined in the Delta Reform Act of 2009, the Sustainable Groundwater Management Act of 2014, and the Human Right to Water Act.
- This proposal would undermine investments in storage, adversely impact the drinking water quality of disadvantaged communities, increase groundwater overdraft in a part of the state where groundwater basins are already out of balance, and put large amounts of agricultural land out of production.
- Any strategy that would result in vast amounts of agricultural land going out of production and ultimately reduce water supply reliability for the majority of Californians is irreconcilable with the policy of coequal goals and the State Water Board's statutory

obligation to protect all beneficial uses of water when establishing water quality objectives.

- The State Water Board should set aside the percentage of unimpaired flow approach and heed Gov. Jerry Brown's call for negotiated agreements. Such agreements have been demonstrably successful in achieving desired ecological outcomes while maintaining water supply reliability.
- The State Water Board should embrace a collaborative process to develop water quality objectives that incorporates the best available science, utilizes comprehensive solutions that address multiple variables, aligns with established state policies, considers economic impacts, and ensures that Bay-Delta Plan decisions enable, rather than obstruct, implementation of the California Water Action Plan.

Questions

Questions about the policy statement may be directed to ACWA Senior Regulatory Advocate Rebecca Franklin.

Questions about member outreach and resolutions may be directed to Senior Regional Affairs Representative Brandon Ida.

CONTACT
REBECCA FRANKLIN
TITLE
(916) 441-4545

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ACWA POLICY STATEMENT ON BAY-DELTA FLOW REQUIREMENTS

COLLABORATIVE APPROACH IS KEY TO CALIFORNIA'S FUTURE

California is facing a defining moment in water policy. A staff proposal under consideration by the State Water Resources Control Board presents a decision point about the future we want for California and its communities, farms, businesses and ecosystems. The State Water Board's staff proposal to base new water quality objectives on a "percentage of unimpaired flow" would have impacts that ripple far beyond water for fish.

The proposal could lead to widespread fallowing of agricultural land, undercut the state's groundwater sustainability goals, cripple implementation of the Brown Administration's California Water Action Plan, negatively affect water reliability for much of the state's population and impact access to surface water for some disadvantaged communities that do not have safe drinking water. These effects are not in the public's interest.

Local water managers overwhelmingly believe the proposal's singular focus on "unimpaired flow" is the wrong choice for the state's future. California's urban and agricultural water managers are united in their vision for a future that includes a healthy economy as well as healthy ecosystems and fish populations. That vision is best achieved through comprehensive, collaborative approaches that include "functional" flows as well as non-flow solutions that contribute real benefits to ecosystem recovery.

On behalf of its more than 430 member public agencies serving urban and agricultural customers throughout the state, the Association of California Water Agencies (ACWA) adopts the following policy statement regarding the State Water Board's proposed approach to updating the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta.

LOCAL SUCCESS STORIES

Collaborative efforts have been successful on many rivers in the Bay-Delta watershed.

Lower Yuba River: A voluntary, collaborative settlement among Yuba County Water Agency, California Department of Fish and Wildlife, National Marine Fisheries Service, PG&E and conservation groups resolved 20 years of controversy and resulted in a continuing program to improve 24 miles of salmon and steelhead habitat while protecting water rights and the needs of local communities. State Water Board members have specifically recognized the value of the agreement, which was formally implemented in 2008.

Lower American River: A broad representation of water suppliers, environmental groups, local governments and others negotiated an historic agreement that led to a flow management standard that was successfully incorporated into a 2009 biological opinion issued by the National Marine Fisheries Service.

Feather River: Six years of negotiations among water users, fisheries agencies and environmental groups yielded a comprehensive agreement that includes a habitat improvement program with specific flow and temperature requirements to accommodate spawning salmon and steelhead. The State Water Board adopted the agreement, with some modification, in 2010 as a water quality certification under the federal Clean Water Act.

CHOOSING OUR VISION FOR CALIFORNIA'S WATER FUTURE

Since 2009, state law has required water resources to be managed in a way that achieves the coequal goals of improving water supply reliability for California and protecting, restoring and enhancing the Delta ecosystem. ACWA and its public water agency members believe that policy requires a commitment from state agencies and stakeholders to advance both water supply and environmental goals together. ACWA and its members further believe that effective implementation of the coequal goals requires transparent, collaborative processes and comprehensive solutions.

In 2014, the Brown Administration released its California Water Action Plan outlining priority actions addressing water-use efficiency, groundwater sustainability, ecological restoration, Delta conveyance solutions, water storage, safe drinking water and more. Embedded in the plan is the Brown Administration's commitment that planned actions "will move California toward more sustainable water management *by providing a more reliable water supply for our farms and communities, restoring important wildlife habitat and species, and helping the state's water systems and environment become more resilient.*"

ACWA believes the policy of coequal goals and the commitment embedded in the California Water Action Plan have the potential to put California on a path that includes a vibrant agricultural and urban economy and a healthy ecosystem.

ACWA and its members believe the unimpaired flow approach proposed by State Water Board staff undercuts and threatens that potential and cannot lead us to the future we want for California. Simply put, any strategy that would result in vast amounts of agricultural land going out of production and ultimately reduce water supply reliability for the majority of Californians is irreconcilable with a policy of coequal goals and blatantly inconsistent with the water policy objectives of the Brown Administration.

ACWA strongly supports the collaborative approach called for by Governor Jerry Brown to move these important decisions out of adversarial processes and into negotiated, comprehensive agreements. The following principles can assure success in that endeavor.

A BETTER PATH TO THE FUTURE

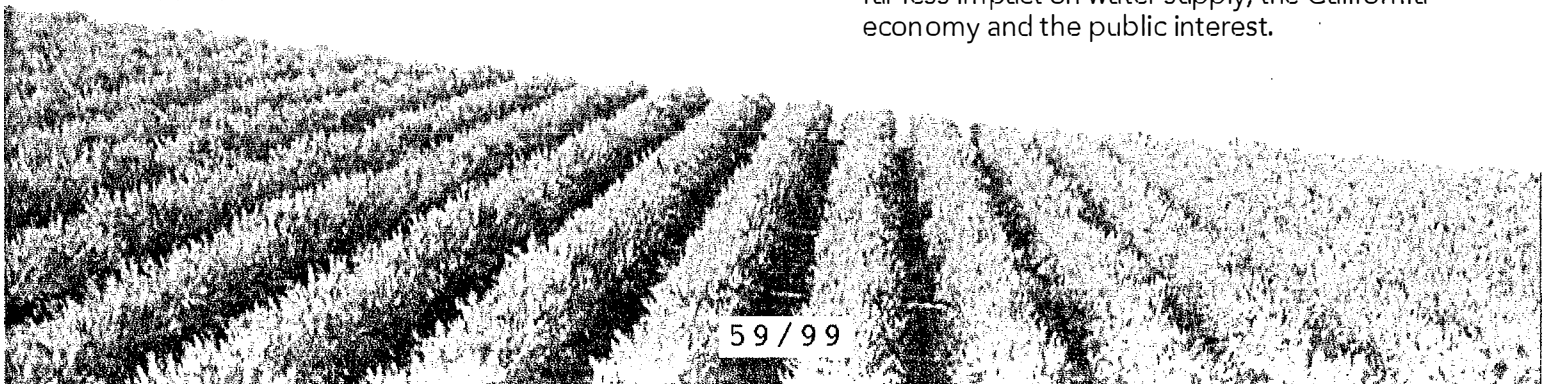
The State Water Board is responsible for updating the Bay-Delta Plan in a manner that establishes water quality objectives that ensure the reasonable protection of all beneficial uses of water (including domestic, municipal, agricultural and industrial supply; power generation; recreation; aesthetic enjoyment; navigation; and preservation and enhancement of fish, wildlife, and other aquatic resources) while considering past, present and probable future beneficial uses, environmental characteristics, water quality conditions and economic considerations, among other things. (See California Water Code Section 13241.) It also has a responsibility to update the plan in a way that is consistent with the coequal goals and respects and implements the commitments made in the California Water Action Plan.

ACWA and its members urge the State Water Board to set aside the unimpaired flow approach and heed Governor Brown's call for negotiated agreements. ACWA believes that a successful flows policy must be consistent with the following principles:

- **Collaboration:** The governor has called for work on a comprehensive agreement on environmental flows in both the San Joaquin and Sacramento River basins. He has asked that State Water Board members and staff prioritize analysis and implementation of voluntary agreements. Further, the Brown Administration committed in the California Water Action Plan that the State Water Board and the California Natural Resources Agency will work with stakeholders to encourage negotiated implementation of protective Delta standards. ACWA strongly supports the collaborative approach called for by the governor because it is the least contentious, most effective way to achieve the coequal goals. Negotiated agreements have been demonstrably successful at achieving outcomes and widespread support for appropriate environmental flows; forced

regulations have not yielded the same track record. The State Water Board should wholly embrace this approach and allow enough time for it to work.

- **Comprehensive Solutions:** A successful collaborative approach will require comprehensive solutions for both water supply and ecosystem management. Water users will need to continue and build on their commitment to integrated resources management in order to maintain reliability without undue impacts on the ecosystem. Similarly, ecosystem managers will need to focus on the entire life cycle of affected species and multiple variables, such as predation, food, and habitat availability to develop integrated management portfolios that accomplish ecosystem goals without undue impacts on water supply. Utilizing the single variable proposed in the "percentage of unimpaired flow" approach will not achieve the desired ecological outcomes and is, by far, the most destructive policy approach from the perspective of protecting and improving water supply. ACWA firmly believes the ecological outcomes can be achieved with even better results through a comprehensive approach that considers multiple solutions and benefits.
- **Science:** The State Water Board needs to incorporate the best available science to inform its work and assist with the development of voluntary settlement agreements. The unimpaired flow approach, in which flow objectives are not tied to any specific ecological outcome, fails to incorporate the best available science. As noted above, the updated plan needs to focus on the entire life cycle of affected species and multiple variables, such as predation, food, and habitat availability, and incorporate relevant current scientific information. Science alone cannot identify the best policy choice, but it can inform us about the policy tradeoffs we confront and help structure integrated solutions that provide ecosystem benefits with far less impact on water supply, the California economy and the public interest.



FUNCTIONAL FLOWS: A BETTER APPROACH

Sacramento Valley: Sacramento Valley water users and conservation partners are working together to advance a new generation of innovative projects to promote salmon recovery.

Over the past two and a half years, 12 projects have been completed through the Sacramento Valley Salmon Recovery Program to address fish passage, improve the timing of flows and increase habitat for salmon and other species. Priority projects have included removal of structural barriers to fish passage, modifying riffles, eliminating predator habitat, restoring floodplains and creating side channel spawning and rearing areas.

In addition, program partners are exploring creative ways to reconnect water with the land in floodplains and agricultural areas to enhance habitat and food production and create rearing habitat in rice fields.

While each of these collaborative projects provides independent value, implementation of the entire comprehensive suite is generating unique benefits that can significantly improve ecological outcomes for salmon in the Sacramento Valley.

Merced River: Merced Irrigation District has spent millions of dollars and decades undertaking intense and in-depth scientific research on the Merced River. This research has included analysis of flows, temperatures, biological resources and habitat. MID is poised to put this research into action through its Merced S.A.F.E. Plan (Salmon, Agriculture, Flows, and Environment) to provide certainty for both the environment and local water supply in Eastern Merced County.

The plan would provide increased flows using science to dictate the amounts and timing, restore critical sections of habitat for spawning and rearing juvenile salmon, protect local drinking water quality, upgrade an existing salmon hatchery with state-of-the-art facilities and reduce predation.

Based on in-depth science and technologically advanced computer modeling, MID seeks to take immediate action and dramatically benefit salmon on the Merced River.

- **Functional Flows:** Science shows that functional flows have very promising benefits for fish as well agricultural and urban water users. Timed and tailored for specific purposes, functional flows can benefit species in ways that unimpaired flow requirements cannot. Examples abound of collaborative, innovative projects currently underway by local water agencies and stakeholders that include functional flows and non-flow solutions that reconnect land and water to restore habitat and address the full life cycle of species needs. These efforts contribute real benefits to ecosystem recovery while maintaining water supply reliability.
- **Economic Considerations:** The State Water Board has a statutory obligation to consider economic impacts when establishing water quality objectives that reasonably protect all beneficial uses of water. Having a robust economic analysis is critical. The board also has a policy obligation under the coequal goals to ensure its actions related to a revised Bay-Delta Plan increase water supply reliability and thereby allow for a healthy, growing agricultural and urban economy in California.
- **Consistency with State Policy:** ACWA urges the State Water Board to heed the governor's direction and recognize that achieving the coequal goals will lead to a more reliable water supply and healthy ecosystem. Pursuing the coequal goals should be a guiding principle for the board's decisions related to adopting a revised Bay-Delta Plan. The State Water Board also should ensure that its decisions on the Bay-Delta Plan enable, rather than obstruct, the implementation of the California Water Action Plan.
- **Leadership:** The best policy choice will come through the give and take of the negotiating process and the enlightened leadership of the State Water Board members. Ultimately, the board must establish water quality objectives that ensure the reasonable protection of all beneficial uses of water as it implements negotiated solutions. The State Water Board should actively engage in this work and lead in a manner that is grounded in an awareness of how its actions can affect the implementation of the California Water Action Plan and the achievement of the coequal goals.

ACWA and its members have taken a strong policy position in support of comprehensive solutions such as those outlined in the California Water Action Plan. We stand ready to work with the Brown Administration to pursue the collaborative and comprehensive approaches needed to ensure a future for California that includes a vibrant agricultural and urban economy and a healthy ecosystem.



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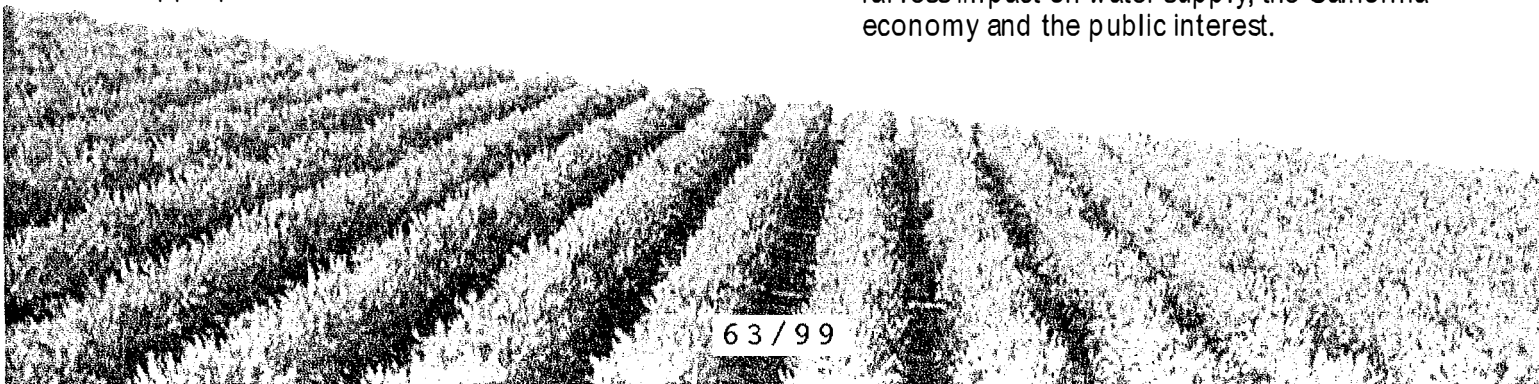
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ACWA and its members have taken a strong policy position in support of comprehensive solutions such as those outlined in the California Water Action Plan. We stand ready to work with the Brown Administration to pursue the collaborative and comprehensive approaches needed to ensure a future for California that includes a vibrant agricultural and urban economy and a healthy ecosystem.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Letter of Support for AB 1654 Regarding Alternatives to Implementation of Executive Order B-37-16 ("Making Water Conservation a Way of Life")

DATE: April 3, 2017

Summary:

At the February 6 Board meeting, Staff summarized for the Board proposed regulations for water agencies related to enhanced water conservation. The purpose of this proposed Board action is to determine if the Board wishes to support the work of 114 water agencies in recommending changes in the implementation of the proposed regulations. Support would come at this time through sending a letter to an Assembly Committee regarding AB 1654. Other support could come later with other letters and/or actions.

Background:

As a result of the multi-year drought that is apparently ending this year, Governor Brown issued a series of Executive Orders over the past several years resulting in new regulations on urban water agencies related to water conservation. The most recent Executive Order, number B-37-16, is being implemented by several state agencies and greatly increases regulations on urban water agencies. This was summarized by Staff in a Power Point at the February 6 Board meeting.

Detailed Report:

Several pieces of legislation are currently being debated in the Legislature relating to these enhance water conservation regulations. The first is AB 1654. The water agencies that developed alternative language for the regulations is asking that water agencies throughout the state support this bill, which relates to Urban Water Management Plans and allows more local control of water conservation efforts.

Details on this legislation are provided in the agenda package, as is a sample letter of support. Staff has taken the liberty to put this sample letter on Agency letterhead for purposes of Board discussion.

The group of 114 water agencies is also asking if the Agency is willing to provide support in other ways (see form in agenda package). Staff is seeking input from the Board on how much support the Board is willing to provide for this effort.

Fiscal Impact:

There is no significant fiscal impact in signing and sending the letter in the agenda package. Should the Board wish to support this effort in other ways, it could take additional staff time, which has a cost, though it cannot be quantified. Any fiscal impact of such efforts is likely to be minimal.

Recommendation:

Staff recommends that the Board authorize the President or General Manager to sign the letter in the agenda package to the Assembly Water, Parks, and Wildlife Committee. Staff also is asking the Board how much additional support it would like the Agency to provide as these pieces of proposed legislation continue through the legislative process this year.

Cc: jmulligan@roseville.ca.us; Jose Ramirez (ramirezj@sacsewer.com); kdurkin@sjwd.org; Lynette Moreno (lynette@carmichaelwd.org); Marcus Yasutake; Mark Madison (mmadison@egwd.org); Mary Henrici (MHenrici@rlecwd.com); McKinney, Kelye (KMcKinney@roseville.ca.us); Michael Nisenboym (mnisenboym@fowd.com); petersonmi@saccounty.net; Poulsen, Brian; rfelix@rlecwd.com; Rich Bolton (richbolton@sbcglobal.net); Richard D Plecker (rplecker@roseville.ca.us); Rosenthal, Paulina; rroscoe@sswd.org; SBigley@roseville.ca.us; Schmitz, Kerry (MSA); 'Schubert, Paul'; Somavarapu, Prabhakar (SDA); steve@carmichaelwd.org; swilcox@orangevalewater.com; Terrie Mitchell (mitchellt@sacsewer.com); tgray@fowd.com; Todd Eising; Schmitz, Kerry (MSA); Forrest Williams (williamsf@saccounty.net); 'Brett Storey' (BStorey@placer.ca.gov)

Subject: REQUEST FOR SUPPORT - Water Agency Developed Legislation on Drought Planning and Water Efficiency in Response to EO B-37-16

Attachments: 1- UWMP Act legislation (SLC FINAL 022817).pdf; 2 - LT Water Use Efficiency legislation (SLC FINAL 032217).pdf; 3 - water agency proposal background (032917).pdf; 4 - template support letter - AB 1654 (032917).docx; 5 - water agency legislation support form (032917).docx

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Greetings,

In December 2016, a group of 114 water suppliers and associations signed a comment letter in response to "Making Water Conservation a California Way of Life," the draft report on implementing Executive Order B-37-16 developed by state agencies. As you know, the comment letter identified commonly shared concerns with the draft report and outlined acceptable policy alternatives. Since then, a group of water suppliers from throughout the state has been actively working to develop legislative language that embodies the positions captured in the letter. **The purpose of this email is to ask for your organization's support for that legislation.**

An ACWA Work Group refined the legislative language over the past several months and the ACWA State Legislative Committee recently voted unanimously to support two legislative proposals related to Urban Water Management Planning (attachment #1) and long-term water use efficiency (attachment #2). The legislative language approved by the ACWA State Legislative Committee is attached, as is a brief overview of the legislation (attachment #3). AB 1654 (Rubio) currently includes the Urban Water Management Planning provisions and the long-term water use efficiency language will be amended into AB 968 (Rubio) soon.

It is critical for water suppliers that are supportive of these alternatives to the state agencies' proposal to express their support in advance of these bills first hearing in the Assembly Water, Parks, and Wildlife Committee. While the state agency proposal has not yet been finalized, staff of the Department of Water Resources and State Water Resources Control Board reiterated their commitment to seeking the authorities proposed in the draft report in a legislative briefing on March 24. In addition, legislation has been introduced that would grant the State Water Resources Control Board permanent, unchecked authority to establish and enforce urban water use targets. (See AB 1669 (Friedman).)

Please let us know, by reply email, if your organization will support the local water agency developed legislative alternatives to the state agencies' proposal, and oppose other problematic legislative proposals. A template letter of support for AB 1654 is attached for your organization's use (attachment #4). These bills will be heard in the Assembly Water, Parks, and Wildlife Committee on **April 25** and **letters of support must be submitted to the Committee by April 14.** The attached template letter includes additional information about submitting a letter of support. We also ask that you complete and return the attached support form (attachment #5) to help mobilize and coordinate the efforts of water suppliers and other supporters of these bills moving forward. As these bills move through the legislative process, we will regularly update you with information regarding how to most effectively express your organization's support.

On behalf of a number of water suppliers that worked collaboratively to craft this legislative proposal, we appreciate your consideration of this request for support. If you have any questions, please contact Adam W. Robin (arobin@rwah2o.org) or one of the undersigned.

Fiona Sanchez

Director of Water Resources
Irvine Ranch Water District
sanchezf@irwd.com

John Woodling

Executive Director
Regional Water Authority
jwoodling@rwah2o.org



San Gorgonio Pass Water Agency

A California State Water Project Contractor
1210 Beaumont Avenue • Beaumont, CA 92223
Phone (951) 845-2577 • Fax (951) 845-0281

April 3, 2017

President:
David Fenn

The Honorable Blanca Rubio
State Capitol, Room 5175
Sacramento, CA 95814

Vice President:
Ronald Duncan

Re: AB 1654 (Rubio): Urban Water Management Planning
Position: SUPPORT

Treasurer:
Leonard Stephenson

Dear Assemblymember Rubio:

Directors:
Dr. Blair M Ball
David Castaldo
Stephen Lehtonen
Michael Thompson

On behalf of San Gorgonio Pass Water Agency, I am writing to express our support for SB 1654, your measure which would enhance existing urban water management planning requirements and strengthen water suppliers' abilities to plan and prepare for future droughts.

**General Manager
& Chief Engineer:**
Jeff Davis, PE

AB 1654 would enhance existing reporting and drought response requirements related to water shortage contingency analyses. Under the bill, urban retail water suppliers ("water suppliers") would report annually to the Department of Water Resources on the status of their water supplies for that year and whether supplies will be adequate to meet projected customer demand. If supplies are not adequate to meet demand, the water supplier would be required to implement the appropriate responses as described in their water shortage contingency analysis.

Legal Counsel:
Jeffry Ferre

AB 1654 would also prohibit a water supplier from being required to reduce its use or reliance on any water supply available beyond the steps specified in its water shortage contingency analysis, protecting water suppliers' and their customers' investments in resilient water supply sources.

For these reasons, San Gorgonio Pass Water Agency supports AB 1654. If you or your staff has any questions, please contact me at (951) 845-2577 or jdavis@sgpwa.com.

Sincerely,

cc: The Honorable Eduardo Garcia, Chair, Assembly Water, Parks, and Wildlife Committee, Honorable Members of the Assembly Water, Parks, and Wildlife Committee

Support Local Water Agency Proposals for Urban Water Supply Planning and Water Use Efficiency Legislation

Please
Check

Yes, our organization will SUPPORT LOCAL water agency developed alternatives for water supply planning and water use efficiency.

Organization Name: _____

Contact Name: _____

Title: _____

Email: _____

Phone: _____

Our organization is willing to support or oppose legislation in the following ways:

Organization's Staff	<ul style="list-style-type: none"> € Write letters to lawmakers € Call lawmakers € Participate in meetings in Sacramento € Participate in local meetings with lawmakers € Testify before committees € Talk to local reporters and editorial boards € Author op-eds and letters-to-the-editor € Post information to websites and social media channels
Board Directors or City Council Members	<ul style="list-style-type: none"> € Write letters to lawmakers € Call lawmakers € Participate in meetings in Sacramento € Participate in local meetings with lawmakers € Testify before committees € Talk to reporters and editorial boards € Author op-eds and letters-to-the-editor € Post information to websites and social media channels

Please direct questions or comments to Adam W. Robin, Regional Water Authority, at Arobin@rwah2o.org or (916) 967-7692.

**Local Water Agencies' Proposal for Long-Term Drought Preparation
and Water Use Efficiency Improvements**

Background

In January 2014, Governor Brown proclaimed a State of Emergency due to historic dry conditions, and subsequently issued three Executive Orders under the Statewide Drought Emergency in April 2014, April 2015, and May 2016. Under Executive Order B-37-16 ("EO"), issued in May 2016, Governor Brown directed five state agencies to develop a framework to implement various elements of the EO. In part, the EO included direction to the Department of Water Resources to work with the State Water Resources Control Board to develop, by January 10, 2017, new water use targets as part of a permanent framework that builds on existing requirements established by SB x7-7 (2009) to reduce urban water use by 20 percent by 2020, as well as additional water shortage contingency plan requirements under the Urban Water Management Planning Act.

Implementation of the final Administration framework (which, as of March 22, 2017, has not been released) will require the Legislature to act to create new authorities for State Agencies as well as new requirements for local water agencies under State law. The positions described by 116 California water suppliers and association signatories in a December 19, 2016 comment letter on the Water Use Target Setting and Urban Water Management Plan elements of the framework are outlined below. While the water supplier comment letter expressed support for many of the provisions proposed by the State, there were several important areas of disagreement.

Water suppliers from throughout the state are uniting around a comprehensive approach to long-term drought preparation and water use efficiency improvements that would:

- 1. Enhance drought planning, preparation, and reporting.***
- 2. Ensure a balanced approach between the development of resilient sources of supply and continued improvements in water use efficiency.***
- 3. Maintain the Legislature's control over long-term water use target setting.***

Long-Term Water Use Efficiency Target Setting

Preserve the Legislature's Authority – The Legislature must retain its control and oversight over water use target setting. Any revisions of standards or performance measures beyond the initially adopted standards must be approved by the Legislature, not implemented through ongoing regulatory authority.

Incorporate Multiple Compliance Methods for Water Use Targets – SB x7-7 (2009) established four methods that water suppliers can use to determine compliance with water use efficiency requirements. The draft Framework's proposal to impose a single method for target setting does not account for the diversity of water supply conditions and uses across the State. Additional compliance methods that are based on the proven alternatives in SB x7-7 should be maintained, including the regional compliance option.

No Impact on Water Rights – Water Code section 1011, which allows water right holders to use or transfer conserved water, must continue to apply. The new legislation should not adversely impact water supply contracts or water rights.

Enhance and Incentivize Sustainable Water Management – As described in the California Water Action Plan, both water use efficiency improvements and development of additional resilient water supplies will be required to sustainably manage California’s water. New laws or regulations must not result in stranded water resource assets nor discourage continued regional or local investments in these critical new water supplies.

Maintain Existing Enforcement Measures – The current sanction for failure to meet efficiency targets—ineligibility for State water grant funds—should be maintained, but not expanded.

Ensure that Any Landscape Area Data Used in Target Setting is Accurate – Consistent with the EO’s call for a water use target based in part on landscape area, the State should provide validated land use data of the irrigable area at the parcel level to each water supplier in a timely manner, and defer to water suppliers that choose to utilize their own validated data sets if a supplier opts to use the landscape based compliance method. Compliance deadlines must be extended if the State fails to meet its commitment to provide necessary land use data.

Incorporate Proven Efficiency Standards into Water Use Targets – Proven efficiency standards, such as the 55 gallons per capita per day standard for indoor residential use and the appropriate Model Water Efficient Landscape Ordinance (MWELO) for irrigable areas, should be incorporated into one of the compliance options. A stakeholder consultation process should be used to develop performance measures for commercial, industrial and institutional uses, and to develop variances for unique circumstances that cannot be fully addressed through a standardized methodology.

Account for Recycled Water – Consistent with existing law, recycled water should be excluded from calculations of water use targets and corresponding efficiency standards, as it is already a highly regulated and efficient beneficial reuse of water.

Urban Water Management Planning and Water Shortage Contingency Analyses

Enhance Existing UWMP Plan Requirements – Urban Water Management Plans should include a Water Shortage Contingency Analysis that utilizes a five-year drought planning sequence, and include a communications strategy, specific compliance and exemption procedures, monitoring and reporting protocols, and a regular review process.

Provide the State with Annual Water Supply and Demand Forecast – Water suppliers should provide State agencies with an annual supply and demand assessment to facilitate better understanding of regional hydrology and local supply conditions throughout the State. This annual assessment should include any projected shortage and actions to be taken to reduce demand or augment supply.

Provide Monthly Reporting to the State When a Shortage Occurs – Water suppliers that implement a water shortage contingency stage should report water use and demand reduction actions monthly.

Rely on Local Water Supplier Planning and Preparation for Drought – Water supplies that are documented to be available to a water supplier during drought conditions shall not be subject to state-mandated reductions in use. Any actions to conserve water in response to a shortage shall be at the discretion of a local water supplier.

Proposed Long-Term Water Use Efficiency Legislation
(Deletions from existing law in bold strikeout, insertions in bold italics)

DIVISION 6. CONSERVATION, DEVELOPMENT, AND UTILIZATION OF STATE

WATER RESOURCES [10000 - 12999]

(Heading of Division 6 amended by Stats. 1957, Ch. 1932.)

PART 2.55. SUSTAINABLE WATER USE AND DEMAND REDUCTION [10608 - 10608.64]

(Part 2.55 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

CHAPTER 1. General Declarations and Policy [10608 - 10608.8]

(Chapter 1 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

10608.

The Legislature finds and declares all of the following:

- (a) Water is a public resource that the California Constitution protects against waste and unreasonable use.
- (b) Growing population, climate change, and the need to protect and grow California's economy while protecting and restoring our fish and wildlife habitats make it essential that the state manage its water resources as efficiently as possible.
- (c) Diverse regional water supply portfolios will increase water supply reliability and reduce dependence on the Delta.
- (d) Reduced water use through *long-term water use efficiency and* conservation provides significant energy and environmental benefits, and can help protect water quality, improve streamflows, and reduce greenhouse gas emissions.
- (e) The success of state and local water *use efficiency* ~~conservation~~ programs ~~to increase efficiency of water use~~ is best determined on the basis of measurable outcomes related to water use or efficiency.
- (f) Strengthening local and regional drought resilience is essential to increasing water supply reliability and the sustainable management of the state's water resources.*
- ~~(g)~~ Improvements in technology, *infrastructure*, and management practices offer the potential for increasing water efficiency in California over time, providing an essential water management tool to meet the need for water for urban, agricultural, and environmental uses.

~~(g/h)~~ The Governor has called for ~~a 20-percent per capita reduction in urban water use statewide by 2020~~ *implementation of a comprehensive California Water Action Plan.*

~~(h/i)~~ The factors used to formulate *long-term* water use efficiency targets can vary significantly from location to location based on factors including ~~climate weather~~, patterns of urban and suburban development, *water supplies*, and past efforts to enhance water use efficiency. *It is necessary, therefore, to plan for and implement water use efficiency measures at the regional and local level to reflect and best meet the water supply needs of each community and achieve effective water planning and management.*

~~(j/y)~~ Per capita water use is ~~a valid one~~ measure of ~~a an urban~~ water ~~provider's supplier's~~ efforts to ~~reduce urban water use~~ *improve water use efficiency* within its service area. However, per capita water use is less useful for measuring relative water use efficiency between different water providers. Differences in ~~climate, weather~~, historical patterns of urban and suburban development, and density of housing in a particular location need to be considered when assessing per capita water use as a measure of efficiency.

10608.4.

It is the intent of the Legislature, by the enactment of this part, to do all of the following:

(a) Require all water suppliers to ~~increase the efficiency of~~ *promote the efficient* use of this essential resource.

(b) Establish a *long-term* framework ~~to meet the state targets~~ for urban water *use efficiency*. ~~conservation identified in this part and called for by the Governor.~~

~~(c) Measure increased efficiency of urban water use on a per capita basis.~~

~~(d) Establish a method or methods for urban retail water suppliers to determine targets for achieving increased water use efficiency by the year 2020, in accordance with the Governor's goal of a 20-percent reduction.~~

(e) Establish consistent water use efficiency planning and implementation standards for urban water suppliers and agricultural water suppliers.

(f) Promote urban water ~~conservation~~ *use efficiency standards* that ~~is are~~ consistent with ~~the California Urban Water Conservation Council's adopted best management practices and~~ the requirements for demand management in Section 10631.

(g) Establish standards that recognize and provide credit to water suppliers that made substantial capital investments in urban water *use efficiency conservation, sustainable drought resilient supplies, and emergency supplies* since the drought of the early 1990s.

(h) Recognize and account for the investment of urban retail water suppliers in providing recycled water for *both potable and non-potable* beneficial uses, *and the need for greater investment in water recycling and other sustainable drought-resilient supplies.*

(g) Recognize that water recycling is an efficient use of water and the application of recycled water in landscape irrigation is extensively regulated, which ensures its efficient use.

(h) Require implementation of specified efficient water management practices for agricultural water suppliers.

(i) Support the economic productivity of California’s agricultural, commercial, and industrial sectors.

(j) Advance regional water resources management.

(k) Empower water suppliers to utilize local and regional water use efficiency measures that reflect their unique water supply and demand circumstances that best meet the needs of their individual communities.

(l) Ensure that whatever legal access to water a water supplier possessed prior to the enactment of this part, notwithstanding adherence to the requirements imposed by it, that the supplier shall retain that same legal access to its water supplies as provided under law to enhance local and regional water supply reliability and drought resilience as well as to voluntarily contribute to water supply reliability in other regions of the State as appropriate under law.

10608.8.

(a)(1) Nothing in this Part alters existing water rights law, or authorizes or enhances the authority of the State Water Resources Control Board to alter any existing water rights beyond its powers to do so prior to enactment.

(2) Water use efficiency measures adopted and implemented pursuant to this part or Part 2.8 (commencing with Section 10800) are water conservation measures subject to the protections provided under Section 1011.

(3) Because an urban agency is not required to meet its urban water use target until 2020 pursuant to subdivision (b) of Section 10608.24, an urban retail water supplier’s failure to meet those targets shall not establish a violation of law for purposes of any state administrative or judicial proceeding prior to January 1, 2021. Nothing in this paragraph limits the use of data reported to the department or the board in litigation or an administrative proceeding. This paragraph shall become inoperative on January 1, 2021.

(4) Because an urban agency is not required to meet its urban water efficiency target until 2025 pursuant to subdivision (c) of Section 10608.25, an urban retail water supplier’s failure to meet that target shall not establish a violation of law for purposes of any state administrative or judicial proceeding prior to January 1, 2026. Nothing in this paragraph limits the use of data reported to the department or the board in litigation or an administrative proceeding.

(35) To the extent feasible, the department and the board shall provide for the use of water conservation reports required under this part to meet the requirements of Section 1011 for water conservation reporting.

(b) This part does not limit or otherwise affect the application of Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) This part does not require a reduction in the total water used in the agricultural or urban sectors, because other factors, including, but not limited to, changes in agricultural economics or population growth may have greater effects on water use. This part does not limit the economic productivity of California’s agricultural, commercial, or industrial sectors.

(d) The requirements of this part do not apply to an agricultural water supplier that is a party to the Quantification Settlement Agreement, as defined in subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002, during the period within which the Quantification Settlement Agreement remains in effect. After the expiration of the Quantification Settlement Agreement, to the extent conservation water projects implemented as part of the Quantification Settlement Agreement remain in effect, the conserved water created as part of those projects shall be credited against the obligations of the agricultural water supplier pursuant to this part.

CHAPTER 2. Definitions [10608.12]

(Chapter 2 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

10608.12.

Unless the context otherwise requires, the following definitions govern the construction of this part:

(a) “Agricultural water supplier” means a water supplier, either publicly or privately owned, providing water to 10,000 or more irrigated acres, excluding recycled water. “Agricultural water supplier” includes a supplier or contractor for water, regardless of the basis of right, that distributes or sells water for ultimate resale to customers. “Agricultural water supplier” does not include the department.

(b) “Base daily per capita water use” means any of the following:

(1) The urban retail water supplier’s estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous 10-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

(2) For an urban retail water supplier that meets at least 10 percent of its 2008 measured retail water demand through recycled water that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier, the urban retail water supplier may extend the calculation described in paragraph (1) up to an additional five

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years to a maximum of a continuous 15-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

(3) For the purposes of Section 10608.22, the urban retail water supplier's estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous five-year period ending no earlier than December 31, 2007, and no later than December 31, 2010.

(c) "Baseline commercial, industrial, and institutional water use" means an urban retail water supplier's base daily per capita water use for commercial, industrial, and institutional users.

(d) "Commercial water user" means a water user that provides or distributes a product or service.

(e) "Compliance daily per capita water use" means the gross water use during the final year of the reporting period, reported in gallons per capita per day.

(f) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

(g) "Gross water use" means the total volume of water, whether treated or untreated, entering the distribution system of an urban retail water supplier, *as the distribution system is so defined by the urban retail water supplier*, excluding all of the following:

(1) Recycled water, *as defined in section 10608.12(n)*, that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier, *or recycled water used to augment water supplies, including, but not limited to, recycled water used to augment a surface water reservoir or recycled water percolated or injected into a groundwater basin for the purposes of augmenting the common groundwater supply and then extracted by an urban retail water supplier.*

(2) The net volume of water that the urban retail water supplier places into long-term storage.

(3) The volume of water the urban retail water supplier conveys for use by another urban water supplier.

(4) The volume of water *the urban retail water supplier delivered delivers for commercial or non-commercial agricultural purposes, for agricultural use*, except as otherwise provided in subdivision (f) of Section 10608.24.

(h) "Industrial water user" means a water user that is primarily a manufacturer or processor of materials as defined by the North American Industry Classification System code sectors 31 to 33, inclusive, or an entity that is a water user primarily engaged in research and development.

(i) “Institutional water user” means a water user dedicated to public service. This type of user includes, among other users, higher education institutions, schools, courts, churches, hospitals, government facilities, and nonprofit research institutions.

(j) “Interim urban water use target” means the midpoint between the urban retail water supplier’s base daily per capita water use and the urban retail water supplier’s urban water use target for 2020.

(k) “Locally cost effective” means that the present value of the local benefits of implementing an agricultural efficiency water management practice is greater than or equal to the present value of the local cost of implementing that measure.

(l) “Performance measures” means best management practices that improve the efficiency of water use within the commercial, industrial and institutional sector, including the use of new technologies and improvements in water management as identified in the report developed pursuant to section 10608.45(b).

~~(m)~~ “Process water” means water used for producing a product or product content or water used for research and development, including, but not limited to, continuous manufacturing processes, water used for testing and maintaining equipment used in producing a product or product content, and water used in combined heat and power facilities used in producing a product or product content. Process water does not mean incidental water uses not related to the production of a product or product content, including, but not limited to, water used for restrooms, landscaping, air conditioning, heating, kitchens, and laundry.

~~(nn)~~ “Recycled water” means recycled water, as defined in subdivision (n) of Section 13050, that is used to offset potable demand, including, ***but not limited to***, recycled water supplied for ***non-potable reuse, recycled water supplied for the uses identified and defined in Section 13561, or recycled water supplied for*** direct use and indirect potable reuse, that meets the following requirements, where applicable:

(1) For ***reservoir augmentation and*** groundwater recharge, including recharge through spreading basins ***or injection***, water supplies that ***meet*** ~~are~~ all of the following ***elements***:

(A) ~~Metered~~ ***The use of the water supply is metered.***

(B) Developed through planned investment by the urban water supplier, ***a water replenishment district***, or a wastewater treatment agency.

(C) Treated to a minimum tertiary level.

(D) Delivered within the service area of an urban retail water supplier or its urban wholesale water supplier that helps an urban retail water supplier meet its urban water use target.

~~(2) For reservoir augmentation, water supplies that meet the criteria of paragraph (1) and are conveyed through a distribution system constructed specifically for recycled water.~~

(no) “Regional water resources management” means sources of supply resulting from watershed-based planning for sustainable local water reliability or any of the following alternative sources of water:

- (1) The capture and reuse of stormwater or rainwater.
- (2) The use of recycled water.
- (3) The desalination of brackish groundwater *or seawater*.
- (4) The conjunctive use of surface water and groundwater in a manner that is consistent with the safe yield of the groundwater basin.

(op) “Reporting period” means the years for which an urban retail water supplier reports compliance with the urban water use targets.

(pq) “Urban retail water supplier” means a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes.

(qr) “Urban water use target” means the urban retail water supplier’s targeted future daily per capita water use.

(rs) “Urban wholesale water supplier,” means a water supplier, either publicly or privately owned, that provides more than 3,000 acre-feet of water annually at wholesale for potable municipal purposes.

(t) “Water efficiency target” means the target established by an urban retail water supplier pursuant to section 10608.25.

(u) “Water loss” means the difference between the potable distribution system input volume and authorized consumption as consistent with the American Water Works Association M36 Water Audits and Loss Control Programs Manual and subsequent amendments.

CHAPTER 3. Urban Retail Water Suppliers [10608.16 - 10608.44]

(Chapter 3 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

10608.17.

After December 31, 2020, urban retail water suppliers shall achieve water use efficiency as provided for in this chapter.

10608.20.

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(a) (1) Each urban retail water supplier shall develop urban water use targets and an interim urban water use target by July 1, 2011. Urban retail water suppliers may elect to determine and report progress toward achieving these targets on an individual or regional basis, as provided in subdivision (a) of Section 10608.28, and may determine the targets on a fiscal year or calendar year basis.

(2) It is the intent of the Legislature that the urban water use targets described in paragraph (1) cumulatively result in a 20-percent reduction from the baseline daily per capita water use by December 31, 2020.

(b) An urban retail water supplier shall adopt one of the following methods for determining its **2020** urban water use target pursuant to subdivision (a):

(1) Eighty percent of the urban retail water supplier's ~~baseline~~ per capita daily water use.

(2) The per capita daily water use that is estimated using the sum of the following performance standards:

(A) For indoor residential water use, 55 gallons per capita daily water use as a provisional standard. Upon completion of the department's 2016 report to the Legislature pursuant to Section 10608.42, this standard may be adjusted by the Legislature by statute.

(B) For landscape irrigated through dedicated or residential meters or connections, water efficiency equivalent to the standards of the Model Water Efficient Landscape Ordinance set forth in Chapter 2.7 (commencing with Section 490) of Division 2 of Title 23 of the California Code of Regulations, as in effect the later of the year of the landscape's installation or 1992. An urban retail water supplier using the approach specified in this subparagraph shall use satellite imagery, site visits, or other best available technology to develop an accurate estimate of landscaped areas.

(C) For commercial, industrial, and institutional uses, a 10-percent reduction in water use from the baseline commercial, industrial, and institutional water use by 2020.

(3) Ninety-five percent of the applicable state hydrologic region target, as set forth in the state's draft 20x2020 Water Conservation Plan (dated April 30, 2009). If the service area of an urban water supplier includes more than one hydrologic region, the supplier shall apportion its service area to each region based on population or area.

(4) A method that shall be identified and developed by the department, through a public process, and reported to the Legislature no later than December 31, 2010. The method developed by the department shall identify per capita targets that cumulatively result in a statewide 20-percent reduction in urban daily per capita water use by December 31, 2020.

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In developing urban daily per capita **2020** water use targets, the department shall do all of the following:

- (A) Consider climatic differences within the state.
- (B) Consider population density differences within the state.
- (C) Provide flexibility to communities and regions in meeting the targets.
- (D) Consider different levels of per capita water use according to plant water needs in different regions.
- (E) Consider different levels of commercial, industrial, and institutional water use in different regions of the state.
- (F) Avoid placing an undue hardship on communities that have implemented conservation measures or taken actions to keep per capita water use low.

(c) If the department adopts a regulation pursuant to paragraph (4) of subdivision (b) that results in a requirement that an urban retail water supplier achieve a reduction in daily per capita water use that is greater than 20 percent by December 31, 2020, an urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may limit its urban water use target to a reduction of not more than 20 percent by December 31, 2020, by adopting the method described in paragraph (1) of subdivision (b).

(d) The department shall update the method described in paragraph (4) of subdivision (b) and report to the Legislature by December 31, 2014. An urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may adopt a new urban daily per capita water use target pursuant to this updated method.

(e) An urban retail water supplier shall include in its urban water management plan due in 2010 pursuant to Part 2.6 (commencing with Section 10610) the baseline daily per capita water use, its **2020** urban water use target, interim urban water use target, and compliance daily per capita water use, along with the bases for determining those estimates, including references to supporting data.

(f) When calculating per capita values for the purposes of this chapter, an urban retail water supplier shall determine population using *a combination of* federal, state, and local population reports and projections.

(g) An urban retail water supplier may update its 2020 urban water use target in its 2015 urban water management plan required pursuant to Part 2.6 (commencing with Section 10610).

(h) (1) The department, through a public process, and in consultation with the California Urban Water Conservation Council, shall develop technical methodologies and criteria for the consistent implementation of this part, including, but not limited to, both of the following:

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(A) Methodologies for calculating base daily per capita water use, baseline commercial, industrial, and institutional water use, compliance daily per capita water use, gross water use, service area population, indoor residential water use, and landscaped area water use.

(B) Criteria for adjustments pursuant to subdivisions (d) and (e) of Section 10608.24.

(2) The department shall post the methodologies and criteria developed pursuant to this subdivision on its Internet Web site, and make written copies available, by October 1, 2010. An urban retail water supplier shall use the methods developed by the department in compliance with this part.

(i) (1) The department shall adopt regulations for implementation of the provisions relating to process water in accordance with subdivision (1) of Section 10608.12, subdivision (e) of Section 10608.24, and subdivision (d) of Section 10608.26.

(2) The initial adoption of a regulation authorized by this subdivision is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted for that purpose from the requirements of subdivision (b) of Section 11346.1 of the Government Code. After the initial adoption of an emergency regulation pursuant to this subdivision, the department shall not request approval from the Office of Administrative Law to readopt the regulation as an emergency regulation pursuant to Section 11346.1 of the Government Code.

(j) (1) An urban retail water supplier is granted an extension to July 1, 2011, for adoption of an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) due in 2010 to allow the use of technical methodologies developed by the department pursuant to paragraph (4) of subdivision (b) and subdivision (h). An urban retail water supplier that adopts an urban water management plan due in 2010 that does not use the methodologies developed by the department pursuant to subdivision (h) shall amend the plan by July 1, 2011, to comply with this part.

(2) An urban wholesale water supplier whose urban water management plan prepared pursuant to Part 2.6 (commencing with Section 10610) was due and not submitted in 2010 is granted an extension to July 1, 2011, to permit coordination between an urban wholesale water supplier and urban retail water suppliers.

10608.24.

(a) Each urban retail water supplier shall meet its interim urban water use target by December 31, 2015.

(b) Each urban retail water supplier shall meet its **2020** urban water use target by December 31, 2020.

(c) An urban retail water supplier's compliance daily per capita water use shall be the measure of progress toward achievement of its **2020** urban water use target.

(d) (1) When determining compliance daily per capita water use, an urban retail water supplier may consider the following factors:

(A) Differences in evapotranspiration and rainfall in the baseline period compared to the compliance reporting period.

(B) Substantial changes to commercial or industrial water use resulting from increased business output and economic development that have occurred during the reporting period.

(C) Substantial changes to institutional water use resulting from fire suppression services or other extraordinary events, or from new or expanded operations, that have occurred during the reporting period.

(2) If the urban retail water supplier elects to adjust its estimate of compliance daily per capita water use due to one or more of the factors described in paragraph (1), it shall provide the basis for, and data supporting, the adjustment in the report required by Section 10608.40.

(e) When developing the **2020** urban water use target pursuant to Section 10608.20, an urban retail water supplier that has a substantial percentage of industrial water use in its service area may exclude process water from the calculation of gross water use to avoid a disproportionate burden on another customer sector.

(f) (1) An urban retail water supplier that includes agricultural water use in an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) may include the agricultural water use in determining gross water use. An urban retail water supplier that includes agricultural water use in determining gross water use and develops its urban water use target pursuant to paragraph (2) of subdivision (b) of Section 10608.20 shall use a water efficient standard for agricultural irrigation of 100 percent of reference evapotranspiration multiplied by the crop coefficient for irrigated acres.

(2) An urban retail water supplier, that is also an agricultural water supplier, is not subject to the requirements of Chapter 4 (commencing with Section 10608.48), if the agricultural water use is incorporated into its urban water use target pursuant to paragraph (1).

10608.25.

(a) Each urban retail water supplier shall develop a water efficiency target for 2025 in its 2020 urban water management plan required to be submitted by July 1, 2021, pursuant to Section 10621. An urban retail water supplier may determine the water efficiency target on a fiscal year or calendar year basis. An urban retail water supplier may adjust and update the water efficiency target, as appropriate, based upon population growth, changes in irrigable landscape acreage, and other changes that affect water use when the supplier reports its compliance in achieving the water efficiency targets and its implementation of the identified performance measures in its 2025 urban water management plan, required to be submitted by July 1, 2026, pursuant to Section 10621.

(1) An urban retail water supplier that adopts the method described in subdivision (b)(2) for determining its water efficiency target shall identify proposed performance measures as appropriate for efficient water use by its commercial, industrial and institutional customers, consistent with the recommendations identified in the report required under section 10608.45(b), in its 2020 urban water management plan.

(b) An urban retail water supplier shall adopt one of the following methods for determining its water efficiency target pursuant to subdivision (a):

(1) Seventy-five percent of the urban retail water supplier's base daily per capita water use calculated using the methodology developed by the department pursuant to section 10608.20.

(2) Establishment of a retail-level water efficiency target that is the sum of the following:

(A) The residential population multiplied by fifty-five gallons of water use per person per day.

(B) For irrigable landscape served by a residential or dedicated irrigation meter, an estimate of total irrigation demands within the supplier's service area, based on the following factors:

(i) Evapotranspiration adjustment factor of 1.0 for parcels developed before 1992 and for special landscape areas.

(ii) Evapotranspiration adjustment factor of 0.8 for parcels developed between January 1, 1992 and December 31, 2009;

(iii) Evapotranspiration adjustment factor of 0.7 for parcels developed between January 1, 2010 and December 31, 2015;

(iv) Evapotranspiration adjustment factor of 0.55 for residential parcels developed after January 1, 2016;

(v) Evapotranspiration adjustment factor of 0.45 for commercial parcels developed after January 1, 2016;

(vi) Parcels in commercial or non-commercial agricultural use may be included by the urban retail water supplier, at its sole discretion, using an evapotranspiration factor of 1.0 in the calculation of the water use efficiency target or in the calculation for compliance of the target.

(C) A volume of water to account for the variances taken by the water supplier due to unique situations within their service area and developed under subsection (e).

(3) Ninety percent of the applicable hydrologic region target, as set forth in the State's 20x2020 water conservation plan, dated February 2010. If the service area of an urban retail water supplier includes more than one hydrologic region, the supplier shall apportion its service area to each region based on population or area.

(c) Each urban retail water supplier shall meet its adjusted 2025 water efficiency targets by December 31, 2025, unless the supplier reports to the department that economic or hydrologic conditions beyond the supplier's control rendered it impossible for the supplier to do so. Urban retail water suppliers may elect to determine and report progress toward achieving these targets on an individual or regional basis, as provided in subdivision (a) of Section 10608.28, and may determine the targets on a fiscal year or calendar year basis. An urban retail water supplier shall report on its compliance with this section in its 2025 urban water management plan required to be submitted by July 1, 2026, pursuant to Section 10621.

(d) An urban retail water supplier shall calculate its compliance with subsection (c) based on the method by which it set its water efficiency target. An urban retail water supplier shall base its adjusted water efficiency target and compliance with that adjusted target on the best available information concerning population, irrigable landscape acreage, and other factors that affect water use within its service area.

(1) An urban retail water supplier that determines its water efficiency target under subdivision (b)(1) shall calculate its compliance with subsection (c) by comparing the adjusted water efficiency target with the urban retail water supplier's compliance daily per capita water use.

(2) An urban retail water supplier that determines its water efficiency target under subdivision (b)(2) shall calculate its compliance with subsection (c) by comparing the water efficiency target with the total volume of gross water use measured through residential and dedicated irrigation meters during the final year of the reporting period.

(A) If an urban retail water supplier includes parcels in agricultural use in its water efficiency target pursuant to subsection (2)(B)(vi), the urban retail water supplier shall include water use for those parcels in its compliance calculation.

(B) An urban retail water supplier that determines its water efficiency target under subdivision (b)(2) shall include in its report on compliance with subsection (c) a report on its implementation of the performance measures for efficient commercial, industrial and institutional water use identified in its urban water management plan.

(3) An urban retail water supplier that determines its water efficiency target under

subdivision (b)(3) shall calculate its compliance with subsection (c) by comparing the adjusted water efficiency target with the urban retail water supplier's compliance daily per capita water use.

(4) Water use or loss caused by conditions of disaster or extreme peril to the safety of persons and property, including such conditions, whether natural or human-caused, as fire, flood, storm, drought, epidemic, riot, earthquake or other conditions, shall be excluded from compliance with the water efficiency target.

(5) The deadline for urban retail water suppliers to submit their plans under Section 10621(e) shall be extended if the department does not release the final database under section 10608.47 by July 1, 2019. That extension shall equal the length of time between July 1, 2019 and the department's release of that final database.

(6) Each urban retail water supplier shall have the discretion to achieve its water efficiency target under this Section, and to design and utilize any rate structure, in any manner otherwise consistent with that supplier's legal authority.

(7) Each urban retail water supplier shall have the discretion to measure progress towards achieving its water efficiency target under this Section by considering the factors described in Section 10608.24(d), (e) and (f).

(8) Notwithstanding the method used by an urban retail water supplier to calculate compliance with subsection (c), each urban retail water supplier shall address water loss within its service area pursuant to section 10608.34.

(e) The department, in consultation with the Urban Stakeholder Committee, shall develop standardized variance methodologies for livestock, swamp coolers, significant transient population increases, construction water for soil compaction and dust control, potable water used to supplement ponds and lakes to sustain wildlife, vegetation irrigated for fire protection, and landscapes irrigated with recycled water having high levels of total dissolved solids, or other water quality concerns. The department, in consultation with the Urban Stakeholder Committee, shall also develop standardized variance methodologies for other factors identified by the committee, and shall develop a process for agencies to submit supporting documentation for other variances that shall be included into the calculation of the urban retail supplier's water efficiency target as described under subsection (b)(2).

(f) The department, in conjunction with the Urban Stakeholder Committee, shall develop a methodology to calculate the irrigable area associated with special landscape areas by aerial imagery or date of parcel establishment so that the urban retail water supplier may develop its appropriate water efficiency target as described under subsection (b)(2).

(g) For purposes of this section, the term "special landscape area" means an area of the landscape dedicated solely to edible plants, recreational areas, areas irrigated with recycled water, or water features using recycled water designed within and have the same

evapotranspiration adjustment factor as contained in the Model Water Efficient Landscape Ordinance, adopted September 15, 2015.

10608.45.

(a) By January 1, 2018, the department, in consultation with the board, shall convene a commercial, industrial and institutional water use efficiency task force consisting of urban retail water suppliers, urban wholesale water suppliers, academic experts, economic development interests, business community representatives, environmental organizations, commercial water users, industrial water users, and institutional water users. The urban retail water suppliers included on the task force shall include a broad spectrum of commercial, industrial, and institutional customers throughout the State, and include representation of combined retail water and wastewater agencies. The task force's overall objective shall be to recommend appropriate water efficiency measures for various segments of the commercial, industrial, and institutional water use sector.

(b) By December 31, 2019, the task force, in consultation with the department and the board, shall submit a report to the Legislature that shall recommend appropriate performance measures for commercial, industrial or institutional water use which shall rely, to the extent appropriate, on the 2013 report to the Legislature entitled CII Task Force Water Use Best Management Practices Report to The Legislature and supports the economic productivity of California's commercial, industrial, and institutional sectors. The report required by this subdivision shall include, among other content, the following:

(1) Appropriate commercial, industrial and institutional classifications that address significant uses of water and are consistent with the classifications and standards developed by the North American Industry Classification System; and

(2) Recommendations for appropriate thresholds by which urban water suppliers could require commercial, industrial, and institutional water users to participate in audits and the development of water management plans; and

(3) Evaluation of feasibility criteria and cost-effectiveness of separating mixed-use meters and equivalent technologies, and recommendations on when separating mixed-use meters should not be required.

(c) Using available funds, the department shall provide technical and financial assistance to the task force to enable the completion of the reports under this Section within the required time frame and assist water suppliers and water users to comply with any new requirements described therein.

10608.46

(a) The department shall reconvene its Urban Stakeholder Committee by April 1, 2018. The committee shall consist of a mix of small, medium and large urban retail water suppliers from throughout the state, including at least one representative from each hydrologic region. The committee shall also include academic experts, urban wholesale water suppliers, business

organizations, and environmental organizations, as well as representation of combined retail water and wastewater agencies.

(b) By July 1, 2019, the department shall consult with the committee to develop the variance methodologies required by section 10608.25(e).

(c) By July 1, 2019, the department shall consult with the committee to develop the methodology to calculate the irrigable area associated with a special landscape area as required by section 10608.25(f).

(d) By January 1, 2020 and every five years thereafter, the committee shall develop a report to provide information and recommendations to the department and the Legislature on new demand management measures, technologies, and approaches. The department shall review the committee report and include in the final report to the Legislature the department's recommendations and comments regarding the committee process and the committee's recommendations.

(e) By December 31, 2025, the committee, in consultation with the department and the board, shall submit a report to the Legislature that makes recommendations for potential adjustments to 2030 water efficiency targets and commercial, industrial and institutional performance measures, consistent with the report provided to the Legislature under section 10608.45(b), for implementation no sooner than 2030. If the committee recommends a change in the water efficiency targets or performance measures, the report shall:

(1) State the technical changes or scientific basis that justifies a change in the targets or performance measures.

(2) Evaluate potential unintended consequences created by the proposed changes which could negatively impact California's economy, wastewater infrastructure, or local investments in water infrastructure and supplies, including specific impacts to the amount of recycled water or desalinated water available within the state.

(f) Using available funds, the department shall provide technical and financial assistance to the committee to enable the completion of the reports under this Section within the required timeframe and assist water suppliers to comply with any new requirements described therein.

(g) The Legislature shall determine if changes to the efficiency targets is warranted based on the report submitted.

10608.47.

(a)(1) By July 1, 2019, the department shall provide to urban retail water suppliers, in electronic form, a database of validated aerial imagery and measured irrigable area for all residential and commercial, industrial and institutional areas within each water supplier's service area. The database shall correlate the relevant irrigable areas with assessor parcels within each water supplier's service area and shall state the year of parcel development. The database shall contain downloadable reference evapotranspiration data with representative

climate zones for all urban retail water suppliers. The database's aerial imagery data shall be suitable for determining the appropriate amount of irrigation for a variety of vegetation, including without limitation large trees and irrigable area under native tree canopy. The department shall update the database by December 31, 2025 and every five years thereafter.

(2) The department and all urban retail water suppliers shall maintain the confidentiality of the information in the department's database to the extent consistent with the Public Records Act (Gov. Code §§ 6250 et seq.).

(3) Prior to releasing the database under this subdivision, the department shall conduct a statistically valid review of the accuracy of the information in the database. In conducting this review, the department shall consult with a representative sample of urban retail water suppliers representing each of the state's hydrologic regions.

(4) An urban retail water supplier may use its own database of validated aerial imagery, measured irrigable area and date of parcel development for properties within its service areas for purposes of section 10608.25(b)(2)(B), if the water supplier certifies that it is of comparable or better quality than the relevant information included in the department's database.

Proposed Changes to the UWMP Act

(Deletions from existing law in bold strikeout, insertions in bold italics)

DIVISION 6. CONSERVATION, DEVELOPMENT, AND UTILIZATION OF STATE

WATER RESOURCES [10000 - 12999]

(Heading of Division 6 amended by Stats. 1957, Ch. 1932.)

PART 2.56.

10609.

(a) In addition to and separate from the urban water management plans required by Part 2.6, each urban retail water supplier shall report annually, by June 15, to the department the status of its water supplies for that year, and whether such supplies will be adequate to meet projected customer demand.

(1) If an urban retail water supplier reports under this section that all available water supplies for the applicable water year will not be adequate to meet projected customer demand, then the supplier shall implement the appropriate responses as described in its water shortage contingency analysis. If demand is projected to exceed all available supply sources and mandatory water demand reduction measures are required, the annual report shall describe the water supply shortage stage and the measures that the supplier will take to reduce water demand consistent with its water shortage contingency analysis.

(2) If an urban retail water supplier determines that it cannot meet demands with all available water supplies and is required to implement the mandatory demand reduction measures as described in its water shortage contingency analysis under subdivision (1), it shall do all of the following:

(a) The urban retail water supplier shall continue to implement the mandatory demand reduction measures as described in its water shortage contingency analysis until hydrologic, water supply or other conditions have changed to the point that the supplier finds that it is able to meet projected customer demand over the next 12 months without continued implementation of the mandatory demand reduction measures.

(b) During the period that the urban retail water supplier is implementing the mandatory demand reductions measures described in its water shortage contingency analysis, the supplier shall file a report with the department by the fifteenth day of each month describing on how the supplier is implementing its plan.

(3) If supplies are adequate to meet projected customer demand, an urban retail water supplier may, at its sole discretion, declare any stage of its water shortage contingency

analysis to balance supply and demand through the augmentation of supplies or to encourage water demand reduction as a precautionary measure. If an urban retail water supplier declares a stage of its water shortage contingency analysis under this subsection, it shall have no additional obligation to report to the department on the implementation of its plan.

- (b) Multiple urban retail water suppliers within the same hydrologic region may file a joint report with the department if those suppliers' water supplies are interrelated and if each supplier determines that a joint report most accurately reflects the condition of their respective water supplies. Regardless of whether a joint report is submitted, an urban retail water supplier may submit an individual report to the department.*
- (c) An urban wholesale water supplier shall provide its retail agencies with information on the status of the wholesaler's water supplies annually by the date determined under subsection 2 so that an urban retail water supplier reliant on the wholesale supply has sufficient data to comply with subsection (a).*
- (1) To assist urban wholesale water suppliers in determining their water supply availability, urban retail water suppliers shall provide their urban wholesale water suppliers with information regarding their estimated annual demand for water from each wholesaler by the date determined under subsection 2.*
- (2) Urban retail water suppliers and their wholesalers shall meet and determine the process and dates by which they will comply with the requirements of this subsection.*
- (d) An urban water supplier shall not be required to comply with any requirement in Part 2.6 for any action taken or report made pursuant to this section. Such actions and reports are not considered part of, amendments to, or changes to an urban water management plan.*
- (e) The department shall establish an electronic portal through which suppliers will provide the reports required by this section. The department shall provide the board with access to the report and data submitted through the portal.*

PART 2.6. URBAN WATER MANAGEMENT PLANNING [10610 - 10656]

(Part 2.6 added by Stats. 1983, Ch. 1009, Sec. 1.)

CHAPTER 2. Definitions [10611-10617]

(Chapter 2 added by Stats. 1983, Ch. 1009, Sec. 1.)

10613.5.

“Emergency supply” means a water supply identified in an urban water supplier’s Urban Water Management Plan that has been developed to increase an urban water supplier’s water supply reliability during times of shortage, including but not limited to unplanned service

disruptions, and is in addition to the supplies that the agency draws upon during non-shortage times to meet water demands within its service area.

CHAPTER 3. Urban Water Management Plans [10620 - 10645]

(Chapter 3 added by Stats. 1983, Ch. 1009, Sec. 1.)

ARTICLE 1. General Provisions [10620 - 10621]

(Article 1 added by Stats. 1983, Ch. 1009, Sec. 1.)

10621.

(a) Each urban water supplier shall update its plan at least once every five years on or before ~~July 1 December 31~~, in years ending in ~~one and six five and zero, except as provided in subdivisions (d) and (e).~~

(b) Every urban water supplier required to prepare a plan pursuant to this part shall, at least 60 days before the public hearing on the plan required by Section 10642, notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan. The urban water supplier may consult with, and obtain comments from, any city or county that receives notice pursuant to this subdivision.

(c) The amendments to, or changes in, the plan shall be adopted and filed in the manner set forth in Article 3 (commencing with Section 10640).

~~(d) Each urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.~~

~~(e) Each urban water supplier shall update and submit its 2020 plan to the department by July 1, 2021.~~

ARTICLE 2. Contents of Plans [10630 - 10634]

(Article 2 added by Stats. 1983, Ch. 1009, Sec. 1.)

10631.

A plan shall be adopted in accordance with this chapter that shall do all of the following:

(a) Describe the service area of the supplier, including current and projected population, climate, and other demographic factors affecting the supplier's water management planning. The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available.

(b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a).

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(1) If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:

(A1) A copy of any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management.

(B2) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For basins that a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to eliminate the long-term overdraft condition.

(C3) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(D4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(2) If an emergency supply is identified as an existing or planned source of water available to the supplier, the supplier shall describe how the supply has been established to increase water supply reliability during times of shortage and how the supply is in addition to the supplies that the agency draws upon during non-shortage times to meet water demands within its service area.

(c) (1) Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for each of the following:

(A) An average water year.

(B) A single-dry water year.

(C) ~~Multiple-dry-water-years~~ *Five consecutive dry years, consisting of a repeat of the five consecutive historic driest years that the supplier has experienced, unless the supplier finds that a shorter multiple-year dry period would more severely impact its water supplies, in which case the supplier shall use that shorter period.*

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(2) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or climatic factors, describe plans to supplement or replace that source with alternative sources or water demand management measures, to the extent practicable.

(d) Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.

(e) (1) Quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:

(A) Single-family residential.

(B) Multifamily.

(C) Commercial.

(D) Industrial.

(E) Institutional and governmental.

(F) Landscape.

(G) Sales to other agencies.

(H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.

(I) Agricultural.

(J) *Potable* distribution system water loss.

(2) The water use projections shall be in the same five-year increments described in subdivision (a).

(3) (A) ~~For the 2015 urban water management plan update, the distribution system water loss shall be quantified for the most recent 12-month period available. For all subsequent updates, the~~ *potable* distribution system water loss shall be quantified for each of the five years preceding the plan update.

(B) The *potable* distribution system water loss quantification shall be reported in accordance with a worksheet approved or developed by the department through a public process. The water loss quantification worksheet shall be based on the water system balance methodology developed by the American Water Works Association.

(4) (A) If available and applicable to an urban water supplier, water use projections may display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans identified by the urban water supplier, as applicable to the service area.

(B) To the extent that an urban water supplier reports the information described in subparagraph (A), an urban water supplier shall do both of the following: (i) Provide citations of the various codes, standards, ordinances, or transportation and land use plans utilized in making the projections.

(ii) Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.

(f) Provide a description of the supplier's water demand management measures. This description shall include all of the following: (1) (A) For an urban retail water supplier, as defined in Section

10608.12, a narrative description that addresses the nature and extent of each water demand management measure implemented over the past five years. The narrative shall describe the water demand management measures that the supplier plans to implement to achieve its water use targets pursuant to Section 10608.20.(B) The narrative pursuant to this paragraph shall include descriptions of the following water demand management measures:

- (i) Water waste prevention ordinances.
 - (ii) Metering.
 - (iii) Conservation pricing.
 - (iv) Public education and outreach.
 - (v) Programs to assess and manage *potable* distribution system real loss.
 - (vi) Water conservation program coordination and staffing support.
 - (vii) Other demand management measures that have a significant impact on water use as measured in gallons per capita per day, including innovative measures, if implemented.
- (2) For an urban wholesale water supplier, as defined in Section 10608.12, a narrative description of the items in clauses (ii), (iv), (vi), and (vii) of subparagraph (B) of paragraph (1), and a narrative description of its distribution system asset management and wholesale supplier assistance programs.

(g) Include a description of all water supply projects and water supply programs that may be undertaken by the urban water supplier to meet the total projected water use, as established pursuant to subdivision (a) of Section 10635. The urban water supplier shall include a detailed description of expected future projects and programs that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in average, single-dry, and multiple-dry water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.

(h) Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply.

~~(i) For purposes of this part, urban water suppliers that are members of the California Urban Water Conservation Council shall be deemed in compliance with the requirements of subdivision (f) by complying with all the provisions of the "Memorandum of Understanding Regarding Urban Water Conservation in California," dated December 10, 2008, as it may be amended, and by submitting the annual reports required by Section 6.2 of that memorandum.~~

~~(i-j)~~ An urban water supplier that relies upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available. The wholesale agency shall provide information to the urban water supplier for inclusion in the urban water supplier's plan that identifies and quantifies, to the extent practicable, the existing and planned sources of water as required by subdivision (b), available from the wholesale agency to the urban water supplier over the same five-year increments, and during various water-year types in accordance with subdivision (c). An urban water supplier may rely upon water supply information provided

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by the wholesale agency in fulfilling the plan informational requirements of subdivisions (b) and (c).

10631.7:

~~The department, in consultation with the California Urban Water Conservation Council, shall convene an independent technical panel to provide information and recommendations to the department and the Legislature on new demand management measures, technologies, and approaches. The panel shall consist of no more than seven members, who shall be selected by the department to reflect a balanced representation of experts. The panel shall have at least one, but no more than two, representatives from each of the following: retail water suppliers, environmental organizations, the business community, wholesale water suppliers, and academia. The panel shall be convened by January 1, 2009, and shall report to the Legislature no later than January 1, 2010, and every five years thereafter. The department shall review the panel report and include in the final report to the Legislature the department's recommendations and comments regarding the panel process and the panel's recommendations.~~

10632.

(a) The plan shall provide an urban water shortage contingency analysis that includes each of the following elements that are within the authority of the urban water supplier:

(1) ~~Stages~~ *Anticipated stages* of action to be undertaken by the urban water supplier in response to water supply shortages, including up to a 50 percent reduction in water supply, and an outline of specific water supply conditions that ~~would trigger~~ *are applicable* to each stage.

(2) ~~An estimate of the minimum water supply available during each of the next three water years based on the driest three-year historic sequence for the agency's water supply.~~ *Communications strategies to inform customers, state agencies, elected officials and others whenever water supply shortage conditions require the implementation of the stages of action described in subdivision (1).*

(3) ~~Anticipated~~ *A*ctions to be undertaken by the urban water supplier to prepare for, and implement during, a catastrophic interruption of water supplies including, but not limited to, a regional power outage, an earthquake, or other disaster.

(4) Additional, *anticipated* mandatory prohibitions against specific water use practices during water shortages, ~~including, but not limited to, prohibiting the use of potable water for street cleaning;~~

(5) ~~Consumption reduction methods in the most restrictive stages~~ *Anticipated actions to balance water supply and demand for each water supply shortage stage, including the use of emergency supplies, demand reduction methods, reoperation, or any combination thereof.* Each urban water supplier may use any type of consumption reduction, *reoperation approach, or supply augmentation* methods in its water shortage contingency analysis that would ~~reduce water-use balance supply and demand,~~ *are appropriate for its area, and have the ability to successfully respond to each water supply shortage stage.* ~~achieve a water-use reduction~~

~~consistent with up to a 50 percent reduction in water supply. If an urban water supplier has established an emergency supply, the supplier shall include in the description of actions to be taken when the emergency supply will be used to balance water supply and demand, and the quantity of water from the emergency supply that is planned to be used. An emergency supply designated for use during a water supply shortage shall be fully available for use by the supplier during a shortage and its use shall be at the sole discretion of the urban water supplier.~~

~~(6) Penalties or charges for excessive use, where applicable. Anticipated processes for monitoring and ensuring compliance by customers with mandatory prohibitions against specific water use practices, and mechanisms to enforce such compliance. The analysis also shall include a description of the urban water supplier's established method to identify and discourage excessive water use as required by Section 366 and 367.~~

(7) An analysis of the impacts of each of the actions and conditions described in ~~subdivisions~~ paragraphs (1) to (6), inclusive, on the revenues and expenditures of the urban water supplier, and proposed measures to overcome those impacts, such as the development of reserves and rate adjustments.

~~(8) A draft water shortage contingency resolution or ordinance. A description of the water supplier's source of authority for implementing the water shortage actions, as identified in subdivision 5 above, including any adopted resolutions or ordinances.~~

~~(9) A mechanism for determining actual reductions in water use pursuant to the urban water shortage contingency analysis.~~

~~(b) Commencing with the urban water management plan update due July 1, 2016, for purposes of developing the water shortage contingency analysis pursuant to subdivision (a), the urban water supplier shall analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code.~~

ARTICLE 2.5. Water Service Reliability [10635 - 10635]

(Article 2.5 added by Stats. 1995, Ch. 854, Sec. 11.)

10635.

(a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and ~~multiple dry water years~~ *five consecutive dry years, consisting of a repeat of the five consecutive historic driest years that the supplier has experienced, unless the supplier finds that a shorter multiple-year dry period would more severely impact its water supplies, in which case the supplier shall use*

that shorter period. The water service reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from state, regional, or local agency population projections within the service area of the urban water supplier.

(b) The urban water supplier shall provide that portion of its urban water management plan prepared pursuant to this article to any city or county within which it provides water supplies no later than 60 days after the submission of its urban water management plan.

(c) Nothing in this article is intended to create a right or entitlement to water service or any specific level of water service.

(d) Nothing in this article is intended to change existing law concerning an urban water supplier's obligation to provide water service to its existing customers or to any potential future customers.

CHAPTER 4. Miscellaneous Provisions [10650 - 10656]

(Chapter 4 added by Stats. 1983, Ch. 1009, Sec. 1.)

10658.

(a) It is the intent of the Legislature, by the enactment of this section, to do all of the following:

- (1) Encourage continued investment in water supply reliability and diversification;*
- (2) Incentivize new and protect existing local investments made by urban water suppliers in drought resiliency and drought resilient supplies in order to better prepare local communities and the state for drought and times of shortage;*
- (3) Incentivize new and protect existing local investments in water recycling and potable reuse;*
- (4) Encourage local agencies to develop emergency supplies, including storage of flood flows in water banks throughout the state, to better protect California from the effect of drought;*
- (5) Encourage local agencies to take steps to prepare for the effects of climate change; and*
- (6) Ensure that urban water suppliers have adequate supplies, or take appropriate measures to reduce demand during times of drought.*

(b) During a statewide or local drought or water shortage, an urban water supplier shall not be required to reduce its use or reliance on any water supply available for its use and identified in its Urban Water Management Plan, or be required to take additional actions beyond those specified in its water shortage contingency analysis for the level of

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shortage that is anticipated in the annual report required by section 10609 or the level of shortage that it is currently experiencing, whichever is greater.