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Building Alliances in Northern California

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Ms. Jessica Bean
State Water Resources Control Board
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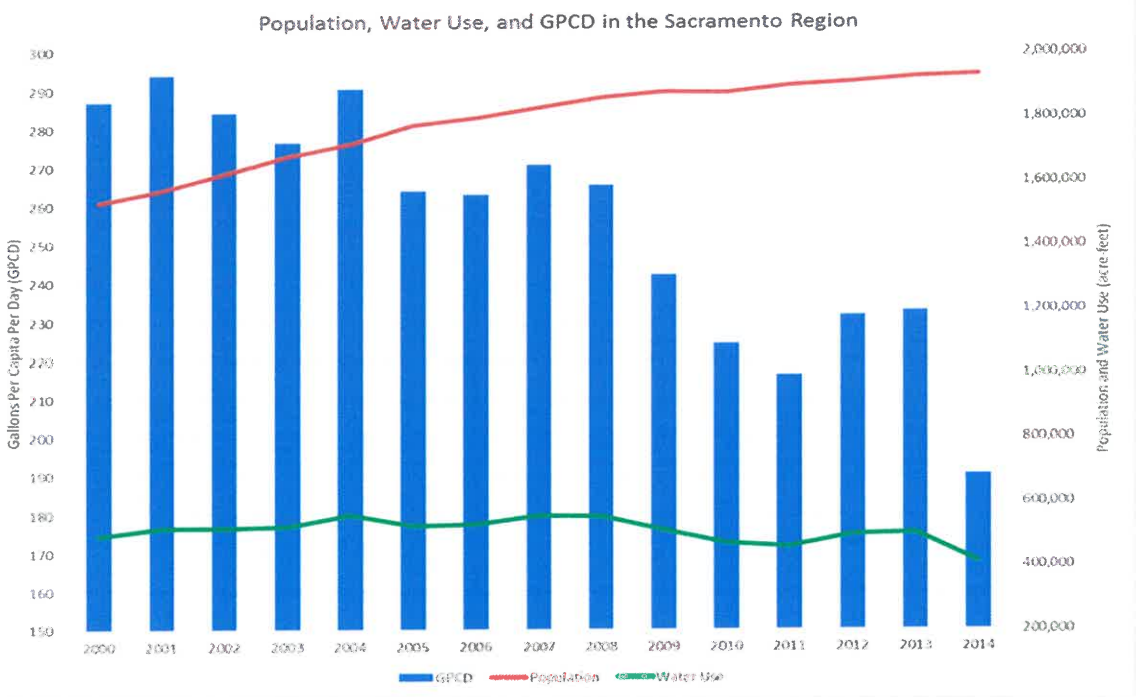
The Regional Water Authority (RWA) appreciates the opportunity to comment on the proposed regulatory framework (Framework) for implementation of the 25% mandatory reduction in water use required by the Governor's April 1, 2015 Executive Order. We appreciate the magnitude of the challenges the ongoing drought creates for California, and are committed to continuing and expanding our conservation efforts to date.

The implementation of the 25% mandate will have significant impacts on the revenues and fiscal stability of water suppliers as well as economic impacts on the communities they serve. In light of these impacts, we believe the Framework must be re-evaluated to ensure it is equitably applied throughout the state, and considers a number of factors, including, 1) climate and residential population density, which are important drivers of water use, 2) the actual potential of short and longer term water shortages in a water provider's service area, and 3) the degree to which communities have already responded to the Governor's drought proclamations.

The RWA is a joint powers agency representing 22 water suppliers in five counties of the greater Sacramento metropolitan region, collectively serving two million people. The region has worked for the last two decades to improve water supply reliability through collaborative efforts, including reducing per capita demand, expanding the use of recycled water, building infrastructure to implement a regional conjunctive use program, and developing institutions and plans for sustainable groundwater management. These efforts were conducted while simultaneously working toward the coequal objective of ensuring protection and enhancement of the environment of the American River. The Sacramento region is the only major urban area of the state that is regionally self-sufficient. The region is also the only major metropolitan area that substantively responded to the Governor's call for a 20% reduction in water use in 2014. All RWA member agencies exceeded the statewide average water use reduction in 2014 with savings ranging from 14 to 24%, and collectively RWA member agencies achieved a 19.4% reduction in water use in 2014 compared to 2013. This comes on the heels of an overall 20% reduction in per capita water use in the decade leading up to 2013 (figure). The region's total water use has declined despite adding 400,000 people since 2000.



Improving R-GPCD as a Regulatory Standard

We understand the State Water Resources Control Board (Board) was directed that it "should consider relative per capita water usage" in developing its restrictions to achieve 25% statewide water savings. The Board elected to use residential gallons per capita daily (R-GPCD) as the metric for relative water usage. As such, the approach suggested in the proposed Framework begins with a fundamentally flawed premise. Board members and staff have indicated in numerous venues that the use of R-GPCD to assign water use reduction targets will recognize the prior conservation efforts of some water suppliers relative to others. In reality, the R-GPCD metric is not well suited for this task. The Board's own website, in describing R-GPCD, states, *"It is not appropriate to use R-GPCD water use data for comparisons across water suppliers unless all relevant factors are accounted for,"* and goes on to list the factors that must be considered for R-GPCD to be a meaningful basis for comparison. None of these factors were considered in the proposed Framework.

Notwithstanding the comments above relative to R-GPCD as a regulatory standard, we recognize that a more appropriate metric on which to base the Framework may not be readily available. In that spirit, we offer the following comments and options to improve the usefulness of R-GPCD in the Framework approach:

- Not all water use in California is equal. In some regions, water is imported from great distances, subject to significant evaporative and system losses, used once, and then discharged to the ocean. In others, water is used, treated, and returned to the system to the benefit of the environment or downstream uses. We believe the **net** water use should be considered before R-GPCD is used for the proposed regulatory purpose. For example, the Sacramento Region returns about 40% of the water provided by municipal water suppliers back to the Sacramento River, its tributaries, or the Delta.
- The R-GPCD metric was developed and applied quickly in response to the drought in 2014. Minimal direction was provided, and water suppliers made varying assumptions in their calculations. Application of the R-GPCD metric for a regulatory purpose that allocates unequal requirements should only be done after providing for more standardization and reassessment by water suppliers, so the Board can be sure it is comparing "apples to apples."
- The use of R-GPCD from September 2014 as the single data point for development of the proposed Framework places undue burden on some water suppliers. Landscape irrigation creates a broader range of R-GPCD across the state in summer months that is not as pronounced in the winter, as evidenced by the more limited, statewide variability seen in the February 2015 R-GPCD reporting period. As a result, a high conservation standard is applied year-round for what is a seasonal phenomenon. A metric that combines September and February R-GPCD would be a more equitable basis for developing the Framework.
- Population density and climate are two key drivers for water demand, but were not considered in development of the proposed Framework. It is no surprise that much of California's population is driven towards coastal areas with cooler climates. This demand has significantly increased land values in the areas and has naturally led to smaller average lot sizes and higher population densities along the coast. This biases values of R-GPCD in coastal areas to be considerably lower than in the hotter and less densely populated inland portions of the state.

Alternatives for a More Equitable Application of the Framework

The Board included with its release of the Framework, seven questions to focus responses. The first of these questions was:

> *"Are there other approaches to achieve a 25% statewide reduction in potable urban water use that would also impose a greater responsibility on water suppliers with higher per capita water use than those that use less."*

The answer is a resounding "Yes." Alternative approaches could be developed that would be much more equitable when applied statewide. We offer several options below that may be applied individually or in combination.

Option 1: Apply the 25% mandatory reduction uniformly to all water suppliers statewide

The language of the Executive Order, "that those areas with higher per capita use achieve proportionally greater reductions," is not explicit that the percentage reductions be on a sliding scale as proposed by the Board. A standard 25% reduction requirement would inherently require water suppliers with higher per capita use to make proportionally higher reductions in water use by volume.

The extreme nature of the conservation requirements of the proposed Framework, ranging from 10% to 35%, has the potential to create the unintended consequence of an "us vs. them" mentality, rather than the "we're all in this together" thinking that will help California accomplish this goal. It also limits the ability of regional and statewide media (such as the Save Our Water program) to provide clear messaging to residential water users from different water provider service areas. Common expectations will be better understood and will help to galvanize the public's response.

This 25% across-the-board option eliminates all complexity associated with correcting the highly flawed R-GPCD as an indicator of relative water use. In applying this option, the Board retains discretion on how it enforces the regulations should any water provider not meet these targets. Water suppliers should be given the opportunity to describe their circumstances and conservation actions in explaining any non-compliance. It is noteworthy that many of the water suppliers currently in the 10% reduction target of the Framework had higher than 10% savings in 2014. This appropriately reflects all of the circumstances related to the availability of water supply for any given community.

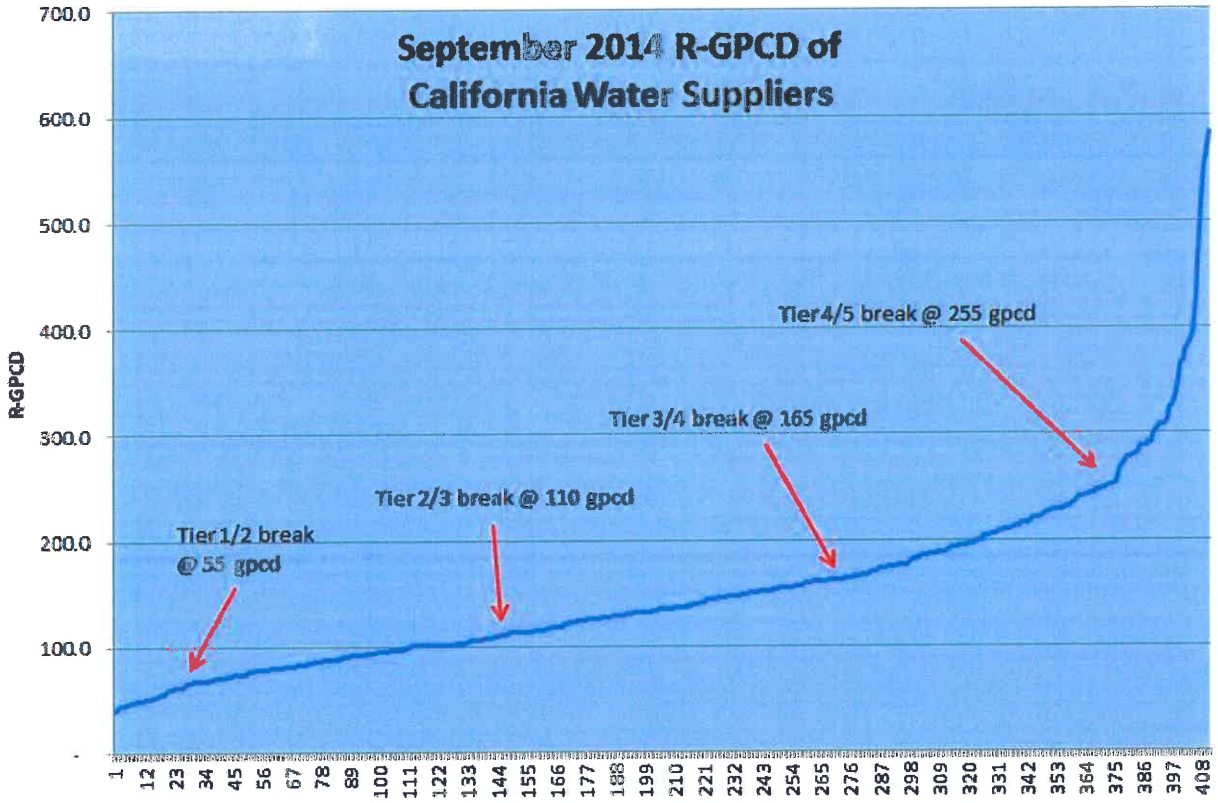
Option 2: Assign a 25% reduction target to each Hydrologic Region and apportion relative savings targets within those regions

As noted previously, population density and climate are two key drivers for water demand. While explicitly including these factors could make the regulatory process exceedingly complex, considering water use on the basis of the state's ten hydrologic regions could serve as a useful surrogate. Each hydrologic region could be held accountable for a collective 25% reduction in water use. Low, moderate, and high percentage reductions could then be assigned based on R-GPCD compared to others in the same region. This regional approach also recognizes the reality that conserved water is more likely to be used for the benefit of the environment or other water

users within the same hydrologic region. This closer geographic nexus will help promote water conservation to customers and the local public.

Option 3: Add a 30% reduction target to the existing proposed Framework methodology

The jump from the 25% savings target to 35% is extreme, and the 35% reduction required in Tier 4 will be especially onerous. Savings of this magnitude may have substantial impacts on the fiscal stability of the water suppliers in this Tier. In addition, the range of R-GPCD in Tier 4 is much greater than in other tiers. Water suppliers with R-GPCD of 170 are treated as harshly as those using more than 500 gpcd. Examination of the data shows a very clear breakpoint (at about 255 gpcd, Figure) that could be used as the basis of a fifth tier. Water suppliers in the R-GPCD range of 165 - 255 could be assigned a savings requirement of 30% with negligible impact on accomplishment of the overall 25% goal. This makes the upper tier much more comparable to the number of water suppliers in Tier 1 so that the incentive at the low end is applied similarly to the penalty at the high end.



The 30% target is also consistent with the water shortage stages of many RWA members, which were developed on a regional basis. A 25% or 30% reduction is consistent with Stage 3 of many water shortage contingency plans. A 35% requirement would lead to imposition of Stage 4 based on state mandates, leaving little opportunity for a water supplier to respond to their own local water supply conditions as the drought continues.
Finally, this option would appear to be one of the simplest fixes to apply to the existing proposed Framework, as it does not increase the savings targets for the water suppliers already at or below 25% savings targets. When combined with the assumption that some water providers will exceed their target (as evidenced by 2014 results compared to the tiers), this methodology will satisfy the cumulative 25% savings.

Additional Comments

In addition to the possible alternatives for restructuring the proposed Framework, we offer the following general comments with respect to the Framework for your consideration:

- The 25% mandatory reduction in the Governor's Order seems to be based on the concept that statewide water conservation will help to minimize the impact of the drought now and if it continues. As such, the significant reductions in water use achieved by some water suppliers in 2014 have already provided statewide benefit and should be taken into consideration. Response to the Governor's first Executive Order in January 2014 calling for a 20% reduction in water use varied significantly. Some water suppliers reduced water use up to 48%, while others actually used 22% more water during the statewide drought emergency. The RWA recommends the Board recognize and reward those water suppliers that performed in 2014 by adjusting percentage requirements downward or upward for the best and worst-performing water suppliers in each Tier on the basis of percentage reduction.
- The actions of the Governor and the Board to date have been a major driver in conserving water since the first Executive Order in January 2014. The attention paid to these actions garners significant media attention and expands public awareness of the drought and the need to conserve. In addition to implementing a modified Framework consistent with the recommendations above, we urge the Board to take additional specific actions, beginning with a mandatory limit on watering of residential landscapes of two days per week statewide.
- A number of water suppliers achieved significant savings in 2014, in excess of the requirements of the tiers to which they are assigned. While perhaps not making it mandatory, we recommend that the Board strongly encourage water suppliers to achieve comparable reductions in 2015, and consider such reductions in the quantification of the cumulative 25% savings of the modified Framework.

- Achieving the water conservation mandates of the Executive Order will require significant investment by local agencies, at a time when revenues will be strained by decreasing water sales. We urge the Board, its partners at the California Department of Water Resources, the administration, and the Legislature to expedite the appropriation and award of grants from the $100 million authorized for water conservation provided in Proposition 1. Further, we urge the prioritization of funding to those water suppliers that are assigned to the upper compliance tiers to support their greater contribution to the statewide target.

We appreciate the opportunity to comment on the proposal, and hope the recommendations above will help to develop a more equitable approach to meeting the requirements of the Executive Order. We would be remiss, however, if we didn't also comment on the apparent inconsistency between the proposed requirements for mandatory water use reductions and longstanding state water law and policy. California has a well-established means of allocating water shortages, the water rights priority system. The Executive Order and the proposed Framework to implement it, by restricting the use of water to which water suppliers are legally entitled, undermines this system that is recognized back to California's statehood. In addition, state policy has long promoted regional self-sufficiency, drought preparedness, and associated concepts. The current Executive Order does not acknowledge those water suppliers that have embraced these concepts and developed reliable water supplies and systems to meet their customers' needs in the conditions we now face. The RWA recognizes the crisis conditions the drought poses for the state, and appreciates the challenge faced by the Board to implement the Executive Order. We urge the Board to use the opportunity to strengthen, rather than undermine, the existing laws and policy that will form the foundation for meeting the state's future water needs.

Thank you for the opportunity to comment. Please contact me at (916) 967-7692, if you have any questions.

Sincerely,

John Woodling
Executive Director
Regional Water Authority