

December 19, 2016

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

The Hon. Felicia Marcus, Chair  
State Water Resources Control Board  
1001 I Street, 24<sup>th</sup> Floor  
Sacramento, CA 95814

Subject: Comments on November 2016 Public Review Draft of *Making Water Conservation a California Way of Life, Implementing Executive Order B-37-16*

Dear Director. Cowin and Chair Marcus:

Thank you for the opportunity to provide comments to the draft State of California Long Term Framework to *Making Water Conservation a California Way of Life, Implementing Executive Order B-37-16* (Draft Report). The Santa Margarita Water District (District) serves 155,000 people in south Orange County with water and sewer service. We, like so many others, have invested millions in supply and system reliability over the years to serve our residential, commercial and industrial customers. We were pleased to help achieve the Governor's reduction goal in 2015 by exceeding our own conservation goal of 24%.

While we have specific comments regarding the recent draft framework, there are three broad points that we would like you to consider as you finalize the Draft Report

### **1) Regulation of water usage alone is not the answer**

While demand management and water use regulations have emerged as the preferred water policy during this drought, that predominant focus could divert consideration from other needed actions. There is ample evidence that *new* water supplies will be needed in addition to tighter water use efficiency standards to meet demands over the next 50 years. Local, and by extension, statewide water supply reliability includes development of both redundant supplies for emergencies and new supplies to put California on a path to sustainable water management.

The first paragraph in the executive summary states "Increased conservation and water use efficiency are needed to ensure resilience of water supplies..." We recommend that the statement should include "...in addition to environmentally-sustainable new water supplies."

### **2) Charting a path forward**

The proposed framework should engage retail water planners who work on long range (25-50 years) projects that simultaneously increase water supply while continuing efficiency. Regulators and water suppliers have successfully increased water use efficiency to the point that most agencies are supplying less drinking water now than over the previous two decades. Focusing solely on

reducing water demands does not encourage development of further supply reliability and may discourage long range innovation and investment.

Development of recycled water projects such as Indirect Potable Reuse and Direct Potable Reuse (IPR and DPR), the capture and reuse of storm-water and the ecological and sustainable use of impaired groundwater basins are initiatives that increase reliability, but they require significant investment of local resources. If current water supplies are assumed to be adequate to meet a pre-established cap (*target*) as proposed in the Draft Report, investment in these innovative projects will be difficult to fund and build.

We agree that the targets are important to gauge water supplies. If agencies can document that supplies exceed the target, it allows the State to focus its efforts elsewhere to encourage agencies without adequate supplies to upgrade their systems, thus strengthening local drought resilience.

### **3) Alternative compliance mechanisms are needed to foster innovation and optimize resources**

The lack of alternative compliance options in the Draft Report inhibits innovative approaches to water reliability which we believe are best conceived and implemented at the local level to avoid squandering prior water reliability investments and planning. Provided are two alternative approaches which support and advance sustainable water management:

- The localized “stress-test” water supply approach implemented this past spring is being abandoned before seeing results. This straightforward approach incentivizes water suppliers to meet demands during a lean three-year hydrologic period through proactive water management which includes both demand management and supply development. This effort should not be abandoned before the State is able to assess how well this approach performs since substantial local resources and planning efforts have already been invested in compliance.
- Water retailers who have already invested in implementing budget-based water conservation rate structures should be considered for alternative compliance, as identified in the State of California Water Code section 370. Such a rate structure combines a water use budget with monthly enforcement through rates which exceeds enforcement as proposed in the Draft Report and results in water savings at the parcel level.

The Santa Margarita Water District respectfully offers the following suggestions:

#### **✓ Adequate Process to Develop Standards.**

We strongly urge the State to proceed with caution as it develops standards, especially outdoor water use standards. The State is proposing major changes in water management requirements, some of which are based on emerging methodologies. A large amount of data and technical assistance will be required to implement these standards. The process and methods to obtain and disseminate the data will need to be transparent and technically sound in order to ensure credibility with the public. We urge the State to take a deliberate and iterative approach that allows sufficient time to test the proposed standards and make refinements as necessary. Moreover, for agencies that have already implemented budget-based conservation rates, the

information and resources developed should be used in lieu of the data proposed to be developed by the State. Doing so will avoid expending scarce resources through redundancy and obsolescence.

✓ **Alternative Target-Setting Approach.**

We urge the State to include additional approaches to setting targets for the standards based water budgets which builds on the elements of SB x7-7. Expansion of the State agencies' proposal to provide for alternative target-setting approaches could be equally effective in reducing water use and might allow for a more cost-effective process. This is particularly important for the water agencies that lack resources or capacity and might benefit from additional flexibility. More detailed suggestions for alternative target-setting are included in *Attachment 4*.

✓ **Incentive to Support Continued Supply Investments.**

We urge the State to develop and implement a framework that incorporates incentives for the development of drought resilient water supplies including recycled water and potable reuse, desalinization, storage, conjunctive use, storm water capture, groundwater and other alternatives. In addition, the State must ensure that the framework does not result in stranding the assets of those agencies that have developed these resilient water supplies.

✓ **Support for 2025 Schedule.**

We support the State's proposal for full compliance with the permanent long-term water use efficiency targets in 2025 as documented in a 2026 compliance report and in the 2025 Urban Water Management Plans. Water suppliers need adequate time to obtain the tools and resources to achieve the targets, i.e. water rate structures etc.

✓ **Expand the Focus and the Tools.**

To make conservation a way of life in California, significant and sustained behavioral changes by nearly 40 million residents will be required. Regulatory standards set on urban water suppliers alone will not be enough to achieve the desired results. We urge the State to use the proposed framework to expand its financial commitment for outreach and technical assistance for water suppliers as well as identifying other mechanisms at the State's disposal to effect changes by all end-users of water.

✓ **Evolution of Water Conservation.**

The Draft Report highlights the historical development of water management and of the response to past droughts without a mention to the significant investment in project such as development of recycled water, enhanced seasonal storage and other major efforts to enhance reliability. Those efforts, along with the ones documented, have allowed the vast majority of the State to weather the current drought. These efforts required substantial efficiency and development of supplies on the part of local agencies.

Thank you for the opportunity to comment. We look forward to continued collaboration with the State staff to develop a framework that meets the objectives of the Governor's Executive Order while providing flexibility in implementation.

Sincerely,  
SANTA MARGARITA WATER DISTRICT

Daniel R. Feron  
General Manager

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*The Hon. Doreen D'Adamo, Member, SWRCB*  
*The Hon. Tam Doduc, Member, SWRCB*  
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