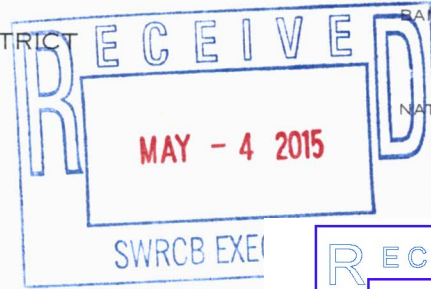


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California State Senate

SENATOR
BEN HUESO
FORTIETH SENATE DISTRICT



STANDING COMMITTEES
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ORGANIZATION
NATURAL RESOURCES
AND WATER

April 30, 2015

Honorable Felicia Marcus, Chair
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Dear Chair Marcus:

I was disappointed to learn that the State Water Resources Control Board's (SWRCB) proposed final mandatory water use restriction regulations did not adequately address and balance the value of local and regional investment in drought-proof water supplies. This prolonged drought crisis that we are facing as a State provides an opportunity to reinforce the importance of local communities developing greater water supply self-sufficiency, improving resiliency to drought within communities, and reducing reliance on the fragile Bay-Delta. I'm concerned that the SWRCB is possibly missing an incredible opportunity to provide important signals to local water supply development and business community protection with one action it could still take.

I request that you and your colleagues consider a more active approach to local water supply investments in your final water use restriction regulations. Specifically, **I request that your regulations acknowledge and provide that any new drought-proof water supplies developed after 2013 should be credited against process water consumption by commercial and industrial customers**, along the lines of the proposal crafted by the San Diego County Water Authority (attached).

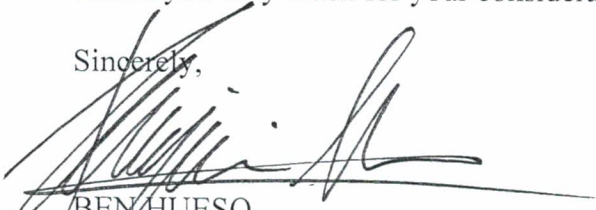
I applaud the efforts that you and your colleagues have undertaken in a very short period of time to synthesize complex information and develop a path forward to assist Californians through this prolonged and devastating drought. At the same time, I believe more needs to be done to balance the water use restrictions with the reality that California's \$2 trillion economy cannot survive without a reliable water supply for its business and industry. A water supply cut of 25 percent across the board to California's commercial and industrial customers would have a devastating impact on the State's economy. That being said, I strongly encourage a focus on reducing discretionary outdoor water use in all sectors, including the commercial, industrial, and institutional sector. However, I am concerned that the SWRCB's proposed final regulations focus on reducing all commercial, industrial, and institutional use, which would include process water and other essential water use necessary to support business in California.

The San Diego County Water Authority's proposal is a creative approach to addressing two important concerns: lack of recognition for development of drought-proof local water supplies and potential impacts to the business, industrial, and manufacturing sectors. Modifying the final regulations to provide an increased emphasis on new local water supply development to support the local economy would provide an unprecedented catalyst for a new era of local water supply investment and development.

I strongly urge you to modify the proposed final regulations to incorporate the concept of crediting any new drought-proof water supplies against process water consumption by commercial, industrial, and institutional customers. This action would go a long way toward valuing the wise local and regional investment in new water supply development that is occurring, and provide an important signal to the business and manufacturing communities that its concerns are being heard and that we, as a State, value their continued contribution to our thriving economy.

Thank you very much for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ben Hueso', written over a horizontal line.

BEN HUESO
Senator, 40th District
BH/sc

cc: Members, State Water Resources Control Board

Attachment

San Diego County Water Authority Concept
On State Water Board Draft Drought Emergency Water Conservation Regulation
Comprehensive Approach to Achieving Reduced Potable Usage in the CII Sector

The following concept provides a comprehensive approach to achieving reduced potable water usage in the commercial, industrial, and institutional (CII) sector, while protecting California's economy. The concept also provides an opportunity for the State Water Board, in developing the current regulations, to look beyond this fourth-consecutive year of drought and provide an incentive for local agencies to expedite the development of new drought-proof supplies and encourage CII entities to move forward in ensuring efficient use of water by conducting audits and implementing conservation best management practices. In formulating and adopting these regulations, the State Water Board should consider the very real possibility that this drought will stretch into a fifth and sixth year – perhaps longer.

Concept

Urban water suppliers may be allowed to subtract the water supplied to CII from the amount of water subject to their conservation standard if all the following criteria are satisfied:

1. Urban water supplier's potable water supply contains a new drought-proof supply, developed after 2013, that is of adequate quantity to account for the percent reductions in CII water usage. The urban water supplier must provide written proof that the long-term drought-proof supply meets the following criteria:
 - a. Written agreements, contracts, or other guarantee are in place that identifies the long-term availability of the supply to the urban water user; and
 - b. Drought proof supply, such as potable reuse, seawater desalination or other supply not impacted by California's drought
2. The urban water supplier shall immediately limit outdoor irrigation or ornamental landscapes or turf with potable water to no more than two days per week for all CII properties.
3. The urban water supplier shall immediately develop and within 30 days implements an education and outreach program to CII customers on the severity of the drought in California, the importance of water use efficiency in all sectors, and the benefits to the CII customers to perform audits and implement conservation BMPs identified in the 2013 "Commercial, Industrial, and Institutional Task Force Water Use Best Management Practices Report to the Legislature". Future and past audits and associated efficiency improvements in the CII sector will help demonstrate the commitment of those customers to using water efficiently and ensure that a reliable water supply will continue to be available for their use.

Objectives Satisfied through Implementation of the Concept

1. Complies with Governor's Executive Order.

- Achieves the Executive Order directive calling for restrictions to be imposed that would require that commercial, industrial and institutional (CII) properties, such as campuses, golf courses, and cemeteries to immediately implement water efficiency measures to reduce potable water usage. The concept satisfies this objective through the following:
 - Limited 2-day-per-week irrigation with potable water of ornamental landscapes and turf on CII properties

- Requiring urban water suppliers to educate the CII sector on the benefits of conducting audits and implementing conservation BMPs targeting water-use efficiency indoors
- Does not modify the conservation standard in the emergency regulations that is set to be achieved by the residential sector or other urban water suppliers' conservation standard. The concept satisfies this objective by subtracting CII sector usage from the total potable production used to determine compliance with the conservation standard

2. Implements Recommendations from the 2013 CII Task Force Report.

- Prepared in accordance with SBX7-7, the 2013 "Commercial, Industrial, and Institutional Task Force Water Use Best Management Practices Report to the Legislature" (CII Report), identifies specific conservation best management practices (BMPs) to support the CII sector's efforts to improve water use efficiency and support California's water supply sustainability
- As stated in the CII Report: *"The CII sector is fundamental to California's economy and structure. It employs residents, provides goods and services, and maintains the state's position as a center for technology and innovation."*
- The CII Report concluded that because of the unique characteristics of CII sector customers, water audits should first be performed by the CII entities to identify opportunities for implementation of conservation BMPs.
- While many water suppliers and individual businesses have been proactive in implementing audits and efficiency improvements, minimal action has been taken on a statewide basis to date to implement the CII Report recommendations. Through the emergency regulations, the State Water Board has an opportunity to demonstrate leadership in moving this effort forward statewide.

3. Encourages Development of Local Supplies, Consistent with State Water Policy

- Section 85021 of State Water Code (added by SBX7-1, 2009) states: *"Each region that depends on water from the Delta watershed shall improve its regional self-reliance for water through investment in water use efficiency, water recycling, advanced water technologies, local and regional water supply projects, and improved regional coordination of local and regional water supply efforts."*
- The Governor's California Water Action Plan encourages agencies to increase self-reliance, manage and prepare for dry periods and reduce dependence on the Bay-Delta. Specifically, the Roadmap for Action in the 2013 update prioritizes regional self-reliance: *"Increase regional self-reliance for water by investing in water use efficiency, water recycling, advanced water technologies, local and regional water-supply projects, improved regional coordination of local and regional water supplies, and other strategies."*

- Through the emergency regulations, the State Water Board can demonstrate support and leadership for increasing the development of local supplies that reduce an agency's reliance on supplies vulnerable to drought.

Sample Urban Water Supplier

The information below provides an example of how the proposed concept would be applied to an urban water supplier looking at the 270 day emergency regulation period. During implementation of the emergency regulations, this same approach would be applied to an urban water agency's monthly reporting and measuring of compliance. Table 1 contains characteristics of the urban water supplier regarding their total potable production, State Water Board conservation savings standard and current yield from the urban water supplier's drought proof supply. Table 2 provides a calculation of the savings to be obtained from the residential sector through demand management measures. Table 2 also shows the potential savings for the CII sector required under the conservation standard. Table 3 provides a check-list to determine if an agency complies with the criteria that would allow them to subtract their CII usage from the total potable production for baseline and conservation purposes.

Table 1: Urban Water Supplier Characteristics	
Total Potable Production 2013 (June – Feb)	10,000acre-feet (AF)
SWRCB Emergency Regulation Conservation Standard	20%
Current yield of new local drought-proof supply for 9-month period (on-line after 2013)	1,200AF

Table 2: Calculate Savings	
Residential Usage included in Total Potable Production (June – Feb)	6,000AF
Total Residential Savings obtained through demand management (6,000 multiplied by 20%)	1,200AF
CII Usage included in Total Potable Production	4,000AF
Total CII savings potentially required under the 20% conservation standard (4,000AF multiplied by 20%)	800AF

Table 3: CII Sector Compliance	
Criteria	Complied?
Does local drought-proof supply exceed CII savings	Yes. 1,200AF > 800AF
Certification that local supply is long-term and drought-proof	Yes. Provided 20-year supply availability contract.
2-day a week watering limitation of ornamental landscape and turf	Yes. Restriction contained in water shortage contingency plan and enforcement
Education and outreach program to CII sector on indoor usage	Yes. Outreached to industrial and commercial groups, distributed materials and performed other measures pertinent to community

Suggested Draft Regulatory Language

865(f) Each urban supplier that adds a new drought-proof supply, such as potable reuse, seawater desalination or other supplies not impacted by California's drought after 2013, as part of their potable water supply may subtract the amount of water supplied to their commercial, industrial, and institutional (CII) sectors from its total production. The new drought-proof supply must be of adequate quantity to account for the percent reductions in water usage determined in Section 865(c), as applied to water supplied to the CII sector. The urban water supplier shall also implement the following actions:

- (1) Limit outdoor irrigation of ornamental landscapes or turf with potable water in the CII sector to no more than two days per week; and
- (2) Educate customers in the CII sector on the severity of the drought, importance of implementing water use efficiency, and the benefits of conducting audits and implementing conservation best management practices for efficiency as identified in the 2013 CII Task Force Report or other current sources of information.