



Yorba Linda Water District

*Independent, Reliable and Trusted
Service for More Than 100 Years*

January 5, 2016

Kathy Frevert (kathy.frevert@waterboards.ca.gov)
State Water Resources Control Board
1001 I St 24th Floor
Sacramento CA 95814

RE: Comments on Proposed Regulatory Framework

Dear Ms. Frevert:

Yorba Linda Water District (YLWD) has a 106 year history of providing independent, trusted and reliable service to our community. When the State Water Resources Control Board (State Board) called upon our District to cut water use by 36%, our customers answered that call resoundingly. However, our compliance has resulted in a host of issues that have greatly threatened our District. As the State Board looks to augment and adapt the emergency drought conservation regulations that are proposed to be extended for 2016, YLWD asks you to strongly consider the following unintended consequences the present regulations have had on our District.

First, we thank the State Board for recognizing the benefits of Indirect Potable Reuse (IPR). Doing so provides some equity for agencies that cannot use recycled water for irrigation. We are prevented from developing a purple pipe system due to contractual obligations to send our wastewater to the Orange County Sanitation District for IPR by the Ground Water Replenishment System (built by ratepayers). By supporting IPR, the State Board also provides an incentive for other parts of the State to make the investments that we have here in Orange County. However, maintaining a 4% cap on credits does not provide equity to agencies like ours that are unduly penalized in multiple areas including: climate adjustment, population adjustment, and IPR.

Our District, on the inland border of Orange County has very large parcels with vast trees. Our community has proven that they understand the severity of this drought and the importance of conservation. They have taken to heart the messages concerning the drought emergency, and have met the Governor's challenge to reduce urban use. Years ago, Yorba Linda was a lush agricultural area, filled with orange and avocado trees. Today, those fruit trees are still a prevalent part of many customers' landscapes. However, while other parts of the State are able to use recycled water for outdoor irrigation, our ratepayers are seeing landscapes and valuable trees die.



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Adjustments for climate and population which would help our ratepayers preserve those trees would not only provide more equity but also help bring more credibility to the industry as a whole. Should El Nino bring significant precipitation throughout the State, our customers are not likely to continue to understand the need for, or support the implementation of such strict conservation regulations related to a drought emergency.

Additionally, as mentioned in all previous correspondence, we also request an adjustment for our Urban-Wildland Interface. Irrigation of these "Zone B" areas is mandated by law, as the Orange County Fire Authority requires property owners to maintain defensible space. As we know too well from the 2008 Freeway Complex Fire, this mandated irrigation is clearly not a "waste" of water. Therefore, it should not be counted in our R-GPCD calculations. The State should be concerned about potential legal implications, should a similar fire occur in the months ahead. An inverse condemnation lawsuit from the 2008 fire resulted in a \$69,000,000 judgment against our District. This emergency drought regulation opens the door for a similar lawsuit against the State, and possibly other water providers, should another wildfire occur, if the State does not allow credit for "Zone B" irrigation. This adjustment would be an accommodation for agencies bordering Urban-Wildland zones who can quantify acre feet used to support wildfire prevention. This number would be subtracted from the total production used to calculate R-GPCD.

Finally, as mentioned previously, the financial impacts of a 36% conservation mandate have put our agency to the edge of bankruptcy. The overnight 36% reduction water sales forced us to fast forward a rate change in short order to meet our bond debt covenant obligations, without any chance to properly educate and inform our community. Although the new rates were approved through the proposition 218 process, our District has drawn much ire from a segment of the community and the acrimony continues to take a toll. Our approved water rates have been challenged via referendum, and we are presently being threatened with litigation and a board recall election. This situation is not unique and is happening and will continue to happen to other agencies moving forward. As these regulations are amended, we ask the State Board to consider mechanisms to offer emergency financial assistance when such statewide emergency water rationing measures impact revenues to support essential utility services at the local level.



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Another fiscal consequence of the emergency regulations is that we will not be able to afford long term conservation measures such as Advanced Metering Infrastructure (AMI) and Distribution System Leakage programs as we had previously incorporated into our strategic plan. These projects are critical to future and extended droughts but come with significant price tags to plan and implement. Due to the Conservation Regulations, we were forced to postpone these projects to maintain financial solvency. Again, removing the 4% cap could potentially allow us to reinstate these projects and better meet the State's conservation goals.

YLWD understands the severity of water challenges facing our state and appreciates the various constraints under which the State Board is operating to achieve increased conservation during the current emergency and beyond. We thank you for the opportunity to submit these comments regarding potential changes to the emergency regulations and we remain a committed partner in finding solutions to water reliability in California.

Sincerely,

Marc Marcantonio
General Manager

CC: YLWD Ratepayers
Orange County Water District, PO Box 8300, Fountain Valley CA 92728
Municipal Water District of Orange County, PO Box 20895, Fountain Valley CA 92728