

State Water Board Informal Workgroup on Water Conservation Next Steps

August 26, 2015 Meeting Summary

Meeting Participants:

- Fiona Sanchez, IRWD
- John Rossi, WMWD
- Rob McLean, California American Water
- Jerry De La Piedra, SCVWD
- Heather Colley, Pacific Institute
- Sara Aminzadeh, California Coastkeeper Alliance
- Jim Peifer, City of Sacramento
- Elizabeth Lovested, Eastern Municipal WD
- Paula Kehoe, SFPUC
- Ed Osann, NRDC
- Dana Friehauf, San Diego County Water Authority
- Shannon Cotulla, STPUD
- Danielle Blacet, CMUA
- Penny Falcon, LA DWP
- Cathy Pieroni, City of San Diego
- Trudi Hughes, CLFP
- Rob Neenan, CLFP
- William Granger, City of Sacramento on behalf of Regional Water Authority
- David Bolland, ACWA
- Dorothy Rothrock, CMTA
- Peter Brostrom, DWR
- Diana Brooks, DWR
- Mike Rogge, CMT
- Jack Hawks, CWA
- Stephanie Locke, MPWMD
- Jerry Brown, Contra Costa Water District
- John Wendele, City of Redding

***NOTE:** This document is intended to provide a high-level summary of the discussion and input received from meeting participants. It is not intended to reflect a recorded level of agreement or official action on behalf of the State Water Board.

Meeting Objectives:

- Develop consensus-based concepts for conservation regulations
- Define next steps for conservation regulations

Welcome & Opening Remarks

Water Board members, staff, and consultants opened the meeting. Board member Doduc thanked participants for attending, and noted that this is the first in a series of early discussions with stakeholders on water conservation by the SWRCB. Ms. Doduc noted that if the SWRCB takes any further action on conservation beyond the existing emergency regulations, a broad public forum will be needed to ensure all interested individuals have the opportunity to provide their perspective and participate in the process.

Staff Explanation of Topics for Discussion and Meeting Goals

Staff explained that the focus of the meeting is to consider concepts for ongoing conservation regulation based on meeting participant input. This includes both improvements to the emergency regulations should they be extended and potentially a longer-term conservation regulatory strategy. Areas of discussion include:

- Performance Standards
 - Residential
 - CII

- Water Loss
- Rates, Pricing, & Fiscal Management
- Conservation Programs

Additionally, staff asked stakeholders to identify potential equity and implementation considerations for future conservation measures around the following topics:

- Credit for investments in resilience
- Affordability for low-income customers
- Climate adjustments
- Groundwater reserves
- Consolidation factors
- Regional approaches
- Data collection and reporting

Discussion on Conservation Policy Objectives

The bulk of the discussion focused on the conservation policy objectives identified above. This discussion was organized around the following questions. Responses to questions provided by meeting participants are summarized under each heading.

1. What are the options for setting performance standards?

- Minimum Health and Safety Standards could be useful, but the challenge is determining what that standard should be, particularly because those standards will vary by region (some drier, hotter areas require more water). Establishing minimum standards are important for success.
- Indoor vs. Outdoor standards will vary agency by agency. Another challenge is that only total water use is measured and there is no distinguishing between metering indoor vs. outdoor use.

2. Are Commercial, Institutional, and Industrial (CII) targets by business/institution type needed?

- Participants drew the link between waste water agencies and the CII sector, suggesting that recycled wastewater could be put to better use such as in outdoor commercial landscapes.
- Participants noted that CII customers are diverse and the issues are so complex that setting appropriate targets could require a lot of time and resources. A one-size-fits-all requirement may not be tenable given the wide range of commercial/industrial uses.
- Manufacturers and food processors want to take food process water off the table, but some participants felt that everything must be considered and that there should be no sacred cows. The challenge will be ensuring that future policies will not compromise public safety or cause economic harm.
- Participants suggested evaluating the potential savings by industry before even considering developing any CII targets.

3. Should minimum standards be established for conservation programs?

- Participants suggested there are regional differences that should be recognized in any future conservation program. Season-to-season variation in population for vacation destinations, climate, and the economic health of the communities being served are some of the differences that should be considered. For example, some communities still rely on water-intensive evaporative coolers, to provide essential cooling in hotter climates.
- Whatever is planned for now should acknowledge that circumstances may look different when the next drought comes: more people, more growth, and more demand.

- Some participants were concerned that a conservation standard designed to provide water for minimum health and safety needs is not an appropriate target. Such a minimum standard would be effective during drought emergencies, but is not appropriate for long-term use.
- Prop 218 provides some impediment to moving quickly unless agencies have planned ahead and educated their rate payers in advance. Water purveyors need a pricing mechanism that can be triggered quickly to drive conservation measures that do not run afoul of 218.
- Some participants discussed establishing thresholds for water loss, but not specific percentages. A suggestion was made to track performance using the Infrastructure Leak Index (ILI) to track water loss. ILI can fluctuate from year to year, and finding an appropriate baseline for water loss measurements could be difficult.
- Participants suggested that conservation or water use targets should account for population growth and the expanding economy.
- Though water agencies expressed a desire for flexibility and regional targets, some organizations suggested that there is a benefit to having a consistent statewide approach.
- As an alternative to a single, minimum standard, some participants recommended relying on Best Management Practices (BMPs). Although BMPs were advanced in the early 90s, enactment of SB 7x7 moved the State from a BMP approach to a percent reduction approach. BMPs could become the focus of a future conservation strategy or come into play for agencies that are not meeting targets.

4. What ongoing data collection/reporting should the Board require?

- Property and customer level data could be analyzed to determine performance standards.
- Some participants suggested that suppliers implement an audit system to provide data and assist in enforcement. For example, a percentage of customers could be audited every year to produce a steady stream of data.
- Some organizations would like the flexibility to report on the fiscal year rather than calendar year, which would make data collection/reporting easier and more accurate.
- Participants want to know how the data collected will be used. While data analysis could be valuable, participants suggested SWRCB should be thoughtful about the amount and type of data to be collected and cautious about drawing conclusions when other factors may be at play.
- Some participants suggested that reporting on BMP implementation should be considered as an alternative to the current reporting on water production and comparison to targets. Other participants noted this may be resource intensive, and may not be fair to those organizations/agencies already meeting all conservation targets.

5. General Concepts

- There is a call by many water agencies to provide more guidance and flexibility at the local level. There is considerable confusion among water suppliers and their customers about the current conservation standards; some agencies want to impose a % reduction across the board within their service area as opposed to implementing more targeted local programs by sector.
- HOAs continue to be problematic and prevent people from making changes to promote conservation. Though HOA rules may run afoul of the law currently, enforcement is a problem.
- Defining the “baseline” year for future conservation is extremely difficult in the rapidly changing California environment. Consideration should be given to identifying “normal” years on which to base future actions.
- Water suppliers should identify and target excessive use and incorporate price signals for their customers.

- There was discussion about how total GCPD should be calculated and used. Some participants suggested that it include all sources of water, including storm water and recycled water.

Discussion on Equity and Implementation

After the water conservation program discussion, SWRCB staff asked meeting participants to think about potential credits for water users to ensure equitable implementation of water conservation regulations. This discussion was organized around the following questions. Responses to questions are summarized under each heading.

1. Should the Board give credit to water suppliers whose actions have increased resilience to drought?

- Many participants are concerned that the lack of credits or other recognition is a disincentive for past and future supply augmentation investments. Beyond water supply, these investments may also have bearing on economy and jobs.
- Long term conservation strategies should recognize a balanced approach to demand management and supply enhancement.
- Many water suppliers want credit for the good work they've done already to both increase water supply and reduce per capita water use through previously implemented conservation measures.

2. What types of credit could be considered?

- Many suppliers suggested that credits should be granted for diversifying water supply portfolios, including recycled water projects for potable and non-potable and desalination projects. Credits should be structured to encourage water suppliers to make investments in diversifying their supplies locally.
- Suppliers also want credit for managing their local groundwater resources and having sufficient groundwater supplies.

3. Should alternative standards be available for suppliers serving disadvantaged communities?

- There was some discussion about how to engage smaller water suppliers more effectively. Participants noted that there are hundreds of smaller water suppliers that supply 3000 to 9000 people, or less. While it was suggested that some of the smallest utilities (i.e. less than a couple dozen customers) consider other alternatives, such as consolidation, participants suggested that the SWRCB look for opportunities where a specific measure or practice could be generally applied.
- A number of participants cautioned that disadvantaged communities are not always discreet communities and are often integrated within a larger city.
- Investments in local supplies should be recognized because they help supply these disadvantaged communities for whom it is not about access but about affordability.

4. General comments/Concepts

- Some participants noted that the revenue loss component of the conservation regulation is a challenge for long term planning. They commented that while a district or local agency can plan for a revenue hit of 25%-40% in the short term, a long term revenue loss of that magnitude is a significant challenge. The SB 7x7 framework gives agencies time to orient their rate structures and manage long-term declines in revenues.

- Current incentives have been targeted more on supply than demand. For example, the water bond provides far more funding for supply projects than for conservation. The focus should be on efficiency and encouraging demand management, much as the energy sector does.
- SWRCB should increase education and outreach to users to explain why rates may need to be increased even though water use is declining.

Homework Assignments & Next Steps

Meeting participants expressed a need for additional follow up. In addition to the conversation summarized above, the following action items were recorded:

1. Possibly establish expert subgroups to develop specific recommendations on:
 - a. CII water use
 - b. Data reporting
 - c. Water loss
 - d. Conservation credit and equity
2. Distribute list of attendees to all participants.
3. Distribute high level summary of the meeting to all participants and post publicly on the SWRCB website.