



THE CITY OF SAN DIEGO

April 22, 2015

Sent via Electronic Mail: Jessica.Bean@waterboards.ca.gov

Honorable Chair Felicia Marcus
and State Water Resources Control Board Members
c/o Ms. Jessica Bean
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Dear Chair Marcus and State Water Resources Control Board Members:

The City of San Diego Public Utilities Department (San Diego) would like to take this opportunity to express appreciation for the deliberative approach that the State Water Resources Control Board (State Board) has taken, albeit expedited, with the development of the draft water conservation regulations in an extraordinarily compressed-time period. The State Board's second draft of the regulations demonstrates responsiveness to comments made and anomalies presented. We believe there are still issues in need of addressing but that progress is being made in the right direction.

San Diego remains committed to reducing discretionary water use citywide in order to assure the State reaches its water restriction goals and to weather this drought. Moreover, San Diegans have embraced water conservation and recycling as a way of life. For example, the City of San Diego incorporated mandatory water use restrictions in 2009 and took further action to make them permanent in 2011. Today, San Diegans use approximately the same amount of water as they did in the late 1980's, even with the addition of almost 400,000 permanent residents and a thriving tourism industry.

The following comments are offered for your consideration related to the State Board's second draft regulations for achieving statewide urban water usage reductions of 25%, with a goal of saving 1.3 million acre-feet over nine months (June 2015 – February 2016).

Revised Tier Structure

In its first comment letter, San Diego advocated for a more refined assessment of conservation standards by expanding the number of tiers from four to six, believing that four tiers inadequately differentiated conservation efforts made by communities to date. We support the State Board's proposed increase in the number of tiers, which provides improved sensitivity to conservation activity as the basis for determining conservation response levels. And, as the State Board's fact sheet states, the creation of nine tiers minimizes the disparity of reduction



requirements on agencies that may have similar water use profiles but fall on different sides of the tier dividing lines. This is an eminently more fair and balanced approach.

However, we feel that the State Board's model still disproportionately impacts agencies with demand hardening from pre-2013 conservation efforts, additional demand hardening from the institution and enforcement of mandatory water use restrictions in the base year of 2013, and growth in terms of both population and the economy. We seek a framework which allocates reductions in a way that equitably balances prior conservation with current Gallon Per Capita per Day (GPCD) use within a longer-range perspective, such as the State's 20x2020 goals. This would avoid penalizing agencies that invested heavily and aggressively implemented conservation programs earlier on.

San Diego's businesses, tourism, clean-tech, and life sciences research companies provide the base of our strong economy. These businesses are vital to our region's prosperity and are critical to future prosperity as well. Providing good, quality jobs for our working families, the ability for this sector to continue with the promising growth we are already seeing is a priority for San Diego, and the State. For this reason, the State should account for business growth in its conservation targets. By incorporating a growth factor and a commensurate conservation credit for that growth, regions such as San Diego that are doing their part to contribute to California's economy are assured continued economic advancement.

Recognition of the Development of New Drought-Proof Water Supplies

The revised draft conservation regulations do *not* recognize the development of new (post 2013) drought-proof water supplies as a viable option for meeting the State's call for demand reductions, suggesting that such an allowance would encourage injudicious water management.

San Diego strongly disagrees with the State Board's decision and rejects the characterization of water development as somehow imprudent during a drought. We believe that quite the opposite is true and the State Board is missing a time-sensitive opportunity to encourage the development of new water supplies at the beginning of what may be a prolonged drought period.

The State's goal is to assure water supply reliability in this time of drought and has determined a goal of 1.3 million acre-feet of conservation between now and March 1, 2016. If water agencies are able to achieve that goal through a combination of demand reductions *and* the creation of new water supplies, San Diego believes that the State should be well satisfied with that result. In fact, a reduction in drought impacts to residents and businesses through the creation of new water supplies should be celebrated as a preferred alternative.

San Diego calls on the State Board to assure that water agency investments in new drought-proof water supplies is appropriately valued as baseline investments in that community's water supply reliability and suggests the addition of the following language to Section 865:

Each urban supplier that adds a new drought-proof supply, such as potable reuse, seawater desalination, or other drought-proof potable water supplies may deduct the

amount of water produced by the drought-proof supply from its total potable water production to meet the economic demands of the commercial, industrial, institutional sectors and agricultural use that is not excluded under section 865(e).

Enforcement

As stated earlier, San Diego's businesses, tourism, clean-tech, and life sciences research companies provide the base of our strong economy and have clearly experience growth just since 2013. Water use in San Diego's Commercial and Industrial sectors grew 6% between 2013 and 2014. San Diego seeks assurances that economic growth will not be stagnated as a result of the call for conservation with non-discretionary water uses and requests the addition of the following language to Section 866(2):

(c) It is not the intent of this regulation to require any of the following as part of a conservation order:

(1) Actions that would put human health and safety at risk; and

(2) Reductions in commercial or industrial use that would reduce the economic output of business that would stunt the growth and vitality of our regions.

Reporting Requirements

As noted in our first comment letter, San Diego's customer database is not currently able to parse customer data into separate Commercial and Industrial categories. We ask the State Board to revise the phrasing of the regulation to state that monthly commercial sector use, monthly industrial sector use, and monthly institutional sector use is required, *separately or in aggregate form, as is currently available from a water supplier's existing billing system.*

Additional Comments Not Specific to the Draft Regulations

San Diego calls on the State to aggressively employ all options for streamlining environmental review processes to advance the construction of badly needed potable water supply facilities. We further call on the regulatory permitting agencies that rely on CEQA determination to permit projects to similarly employ all streamlining options available to expedite the permitting process of new water supply projects.

San Diego recommends that the State Board bring this issue to the attention of the State-Federal Drought Management Team with the goal of identifying and advancing all opportunities for streamlining the permitting of new water supply projects in order to aggressively mitigate the effects of this drought and assure that we needn't repeat it in the future.

Conclusion

Since the early 1990's, San Diego has been a leader in demand management programs and water supply diversification efforts. As a result of these combined efforts, which have come at a considerable cost to ratepayers, San Diego has permanently reduced its dependence on imported

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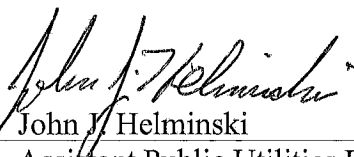
water from the Bay Delta. Between 2013 and 2014 alone, San Diego increased its non-potable recycled water production by 3,550 acre-feet to the benefit of all.

Drought-proof water supply projects clearly provide statewide drought relief and need to be recognized as such. The State benefits from all efforts to bring new supply projects online as quickly as is feasible, including the streamlining of environmental permitting processes. San Diego welcomes the opportunity to discuss related ideas further with the State Board.

Finally, while the State has made progress with its revised allocation framework, we believe there is more work to be done.

Thank you for your attention to these comments and continued willingness to work with stakeholders. If you have any questions please feel free to contact me at 858.292.6402 or Ms. Cathleen Pieroni at 858.292.6424 or cpieroni@sandiego.gov.

Sincerely,



John J. Helminski
Assistant Public Utilities Director

CP/slc