
State Water Resources Control Board

NOTICE OF PUBLIC WORKSHOP

SOLICITATION OF COMMENTS REGARDING CONSERVATION WATER PRICING AND IMPLEMENTATION OF DIRECTIVE 8 OF EXECUTIVE ORDER B-29-15

Wednesday, July 8, 2015 – 9:00 a.m.
Joe Serna, Jr. – CalEPA Headquarters Building
Coastal Hearing Room
1001 I Street, Second Floor
Sacramento, CA

NOTICE IS HEREBY GIVEN that the State Water Resources Control Board (State Water Board) will hold a public workshop to receive information and solicit public input regarding the efficacy of conservation water pricing, implementation of conservation price signals consistent with Proposition 218, and action by State Water Board to promote conservation water pricing pursuant to Directive 8 of executive order [Executive Order B-29-15](#).

BACKGROUND

California is entering its fourth consecutive year of below-average rainfall and very low snow pack, with the majority of the State currently experiencing exceptional drought conditions according to the U.S. Drought Monitor. In addition, eight of the last nine years, including Water Year 2015 have had below average runoff, which has resulted in chronic and significant shortages to municipal, industrial, agricultural, and wildlife refuge supplies and historically low groundwater levels. As a result of these drought conditions, on January 17, 2014, Governor Brown issued a Proclamation of a State of Emergency and directed the State Water Board and other agencies to take various actions to respond to the drought.

On April 1, 2015, in response to continuing drought emergency conditions, Governor Brown issued Executive Order B-29-15. Executive Order B-29-15 (Executive Order) directs the State Water Board to take a variety of actions to help California conserve water. On May 5, 2015, the State Water Board adopted an [emergency regulation for statewide water conservation](#), which implements Executive Order Directives 2, 5, and 6 to achieve a statewide 25 percent reduction in potable urban water use through February 2016, ensure that commercial, industrial, and institutional entities contribute to the water savings mandate, and prohibit irrigation of turf in street medians with potable water.

Recognizing the effectiveness of conservation pricing as tool to prevent wasteful water use, Directive 8 of the Executive Order directs the State Water Board to promote water conservation pricing mechanisms. Pursuant to Directive 8, the State Water Board shall direct urban water suppliers to develop rate structures and other pricing mechanisms to maximize water

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

conservation consistent with statewide water use restrictions. The specific form of that direction is left to the discretion of the State Water Board.

Effective water pricing can reduce demand by providing an economic incentive for consumers to conserve water. Many water suppliers have established rate structures and pricing mechanisms to incentivize water conservation, however, as with other conservation measures, additional opportunities to increase water savings remain.

Nevertheless, rate-setting is a complex undertaking that involves numerous local determinations. Conservation water pricing must be carefully tailored to local circumstances to be effective. Moreover, water suppliers must carefully construct and document their rate structures to comply with the constitutional limitations of Proposition 218, as demonstrated recently by the Fourth District Court of Appeal, Division Three's opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* (G048969).

ISSUES FOR DISCUSSION AT WORKSHOP

The State Water Board is interested in hearing from state agencies, water suppliers, and other stakeholders on the financial, technical, political, and legal challenges associated with changing rates, surcharges, and other fees.

The State Water Board is specifically interested in receiving input on the following questions:

1. What actions should the State Water Board take to support the development of conservation pricing by water suppliers that have not yet developed conservation rate structures and pricing mechanisms?
2. What actions should the State Water Board take to support water suppliers that have already developed conservation rate structures and pricing mechanisms to improve their effectiveness?
3. What actions can the State Water Board take to assist water suppliers in demonstrating that existing rate structures harmonize competing legal authorities associated with water rates?

The State Water Board is generally interested in receiving information on the efficacy of conservation pricing and proposals for how conservation price signals can be improved consistent with Proposition 218.

SUBMISSION OF WRITTEN COMMENTS

The workshop is an opportunity for interested persons to provide input to the State Water Board regarding the issues described above. The State Water Board encourages interested persons to submit their comments in writing. Comment letters should be submitted by **12 noon, Wednesday, July 1, 2015**.

For submittals less than 15 megabytes in total size, interested persons should email the submittal to Jeanine Townsend, Clerk to the Board, at: commentletters@waterboards.ca.gov Please indicate in the subject line: **“Comment Letter: Conservation Pricing”**.

For submittals more than 15 megabytes in total size, interested persons should (1) email a summary of their written information to Jeanine Townsend, Clerk to the Board, at commentletters@waterboards.ca.gov; and (2) mail or hand deliver any additional information on a CD/DVD. For emails and other correspondence, please indicate in the subject line: **“Comment Letter: Conservation Pricing”**.

Mail should be postmarked by the comment deadline indicated above and addressed as follows:

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Hand deliveries should be delivered by the comment deadline indicated above to the following address:

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
Joe Serna, Jr.-CalEPA Headquarters Building
1001 I Street, 24th Floor, Sacramento, CA

Interested persons with hand deliveries must check in with the Visitor and Environmental Services Center on the first floor of the Joe Serna, Jr.-CalEPA Headquarters Building who will contact State Water Board staff to pick up any hand deliveries. Couriers delivering comments must check in with lobby security and have them contact Ms. Townsend at (916) 341-5600.

PROCEDURAL MATTERS

While a quorum of the State Water Board may be present, the State Water Board will not take formal action at the workshop. There will be no sworn testimony or cross-examination of participants, but the State Water Board and its staff may ask clarifying questions.

The workshop is an opportunity for interested persons to provide input to the State Water Board relative to the issues for discussion at the workshop. At the workshop, participants will be given an opportunity to summarize and supplement any written comments with oral presentations. To ensure a productive and efficient workshop, oral presentations will be limited to five minutes or otherwise at the discretion of the Chair of the State Water Board.

Participants with common interests are encouraged to coordinate and provide oral presentations as a group. For those participants wishing to organize and present comments as a group, please contact Jessica Bean by Wednesday, June 24, 2015 at (916) 341-5334 to ensure that adequate time is allotted.

WEBCAST OF WORKSHOP

A broadcast of the meeting will be available at: <http://www.calepa.ca.gov/broadcast/>

TRAVEL, ACCESSIBILITY, AND SECURITY

Information regarding travel to the Joe Serna, Jr.-CalEPA Headquarters Building is available at: <http://www.calepa.ca.gov/EPAbldg/location.htm>

The Joe Serna, Jr.-CalEPA Headquarters Building is accessible to persons with disabilities. Individuals who require special accommodations are requested to contact Ms. Michele Villados, at (916) 341-5881, at least five working days prior to the meeting. Persons with hearing or speech impairments may contact us using the California Relay Service Telecommunications Device for the Deaf (TDD) at (800) 735-2929 or voice line at (800) 735-2922.

Due to enhanced security precautions at the Joe Serna, Jr.-CalEPA Headquarters Building, all visitors are required to register with security staff prior to attending any meeting. To sign in and receive a visitor's badge, visitors must go to the Visitor and Environmental Services Center, located just inside and to the left of the Joe Serna, Jr.-CalEPA Headquarters Building's main public entrance. Depending on their destination and the building's security level, visitors may be asked to show valid picture identification. Valid picture identification can take the form of a current driver's license, military identification card, or state or federal identification card. Depending on the size and number of meetings scheduled on any given day, the security check-in could take up to 15 minutes. Please allow adequate time to sign in before being directed to the workshop.

INFORMATION REGARDING WORKSHOP

Please direct any inquiries concerning this notice to Max Gomberg at (916) 322-3052 or Max.Gomberg@waterboards.ca.gov. Additional information is available at: http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/emergency_regulation.shtml

June 10, 2015

Date



Jeanine Townsend
Clerk to the Board