

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**BEFORE THE STATE WATER  
RESOURCES CONTROL BOARD**

In the Matter of the State Water Resources )  
Control Board (State Water Board) )  
Hearing to Determine whether to Adopt a )  
Draft Cease & Desist Order against )  
California American Water Regarding its )  
Diversion of Water from the Carmel River )  
in Monterey County under Order WR 95-10 )

Hearing Date: July 23 - 25, 2008

Carmel River in Monterey County

**EXHIBIT MPWMD-SP1**

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

MONTEREY PENINSULA  
WATER MANAGEMENT DISTRICT

**FINAL**  
**IMPLEMENTATION PLAN**

STAGES 4 THROUGH 7  
OF  
THE EXPANDED WATER  
CONSERVATION AND  
STANDBY RATIONING PLAN

---

(MPWMD REGULATION XV)

---

JANUARY 2008

Revised 1/29/08

---

5 HARRIS COURT, BLDG G  
MONTEREY, CA 93940  
831-658-5601  
WWW.MPWMD.DST.CA.US

---

---

## OVERVIEW AND SUMMARY OF STAGES 4-7

---

### EXPANDED WATER CONSERVATION AND STANDBY RATIONING PLAN

The District's Expanded Water Conservation and Standby Rationing Plan (MPWMD Regulation XV shown as Exhibit 1) encompasses lessons learned from past rationing on the Peninsula, plans from other areas, and comments from the public. A fundamental consideration in the design of the program was to keep it simple. The District's proposed expanded water conservation and rationing plan is designed to achieve three goals:

1. Ensure that California American Water (CAW) meets the Carmel River water diversion goals set by the State Water Resources Control Board (SWRCB) and pumping limits imposed by the Seaside Adjudication decision;
2. Prolong water supplies during times of drought; and
3. Provide a method to reduce water use immediately in an unexpected emergency situation.

The following is a summary of the seven stages of the Plan:

- Stage 1 Stage 1 Water Conservation (Rule 161) unifies the District's conservation program with CAW's and applies only to water users of CAW that receive water from the MPWRS. Bishop, Hidden Hills and Ryan Ranch water distribution systems are exempt from the first three stages of the Plan as they receive water from sources outside the MPWRS. During Stage 1 Water Conservation, action is taken to prepare for more intensive conservation or rationing by undertaking a census of CAW customers and preparing landscape water budgets for specific outdoor water uses.
- Stage 2 Stage 2 Water Conservation (Rule 162) requires large landscape irrigators and irrigators with separate landscape water meters to comply with landscape water budgets established in Stage 1 Water Conservation.
- Stage 3 Stage 3 Water Conservation (Rule 163) adds excessive water use charges as an incentive to reduce demand. High water use is penalized by high rates. Excess use rates and/or water waste fees control water use to meet the SWRCB goal.
- Stage 4 Stage 4 (Rule 164) is the initial implementation of water rationing. During Stage 4, water users outside the main California American Water water distribution system (Exhibit 2) are notified by the District of imminent rationing and are asked to reduce water use by 15 percent. Non-CAW residential water users that will be affected are required to complete

the residential survey indicating the number of full and part-time residents in the home. Non-residential water users must complete a survey that shows the size and type of any businesses. For dedicated irrigation uses, large residential uses and for irrigated areas over 3 acres, landscape water budgets must be developed and adhered to. Water use above the water budget is considered wasteful during Stage 4. Water users of the main California American Water system move to or remain in Stage 3 during this transition, and excess use rates are implemented if they are not already in place.

Stage 4 is designed to be implemented on June 1 or earlier after the May Board meeting if total usable storage in the MPWRS is less than 27,807 AF and greater than 21,802 AF. Emergency implementation may be made by resolution of the Board of Directors when there is an immediate water use reduction requirement in response to an unexpected water supply shortage.

Stage 5 Stage 5 Water Rationing (Rule 165) begins the per-capita rationing program and is implemented during a “medium risk” water supply condition. Stage 5 requires a 20 percent system-wide reduction. All customers are rationed equally by category, with every residential water user getting an equal portion of the water available to residential users. Also, during Stage 5, there is a moratorium on water permits that intensify water use capacity<sup>1</sup>. Water banking, which allows customers to plan for future water use, will become available to every customer.

Stage 6 Stage 6 Water Rationing (Rule 166) is the response to “high risk” water supply conditions and requires a 35 percent system-wide reduction. Stage 6 Water Rationing also enacts a moratorium on water permits that propose to use public or private water use credits. Restrictions on non-essential outdoor water use may occur during this stage. Restrictions implemented in previous Stages remain in force.

Stage 7 Stage 7 Water Rationing (Rule 167) is the response to “extreme” water supply conditions and requires a 50 percent system-wide reduction. Restrictions on non-essential outdoor water use may also occur during this stage. Stage 7 includes a moratorium on use of portable and hydrant water meters. Restrictions implemented in previous Stages remain in force.

---

<sup>1</sup> Holders of Water Entitlements are exempt from a moratorium.

## PER CAPITA PLAN

“Per capita” rationing was requested repeatedly during the process of developing the Expanded Water Conservation and Standby Rationing Plan (Regulation XV) in 1998. Sources of input included comments at public hearings and discussions with the Public Utilities Commission (PUC) staff, the Technical Advisory Committee (TAC), the Policy Advisory Committee (PAC), and the Citizens Conservation Committee (CCC). The approved Plan (i.e. Regulation XV) employs a per-capita conservation rate design. For residential uses, the per-capita rate design has five sharply ascending blocks; for other categories, there are two ascending blocks. The per-capita conservation rates are census-based and assign a base rate to each customer that reflects the number of persons in a home and the size of the property. Conservation is rewarded with a lower rate block, and water use above the base rate significantly increases in each of three top blocks. This increasing block rate structure has been in place since 1997. CAW will be requesting additional blocks for non-residential users in its next General Rate Case filing.

During Stage 5 and higher levels of water rationing, each residential user will be assigned an equal portion of the water available to residential users. The strength of a *per-capita rationing system* is that all residents are treated equally. Water rations for residential uses are based on the overall number of residents in the system and the total rationed water available to residential users. Properties with large landscapes and two residents are given the same ration as smaller properties with two residents. Similarly, residents who had conserved water felt that they were unfairly penalized using an across-the-board percentage reduction. After the 1989-91 rationing program concluded, per capita rationing was perceived by the public as the only fair way to ration residents in the future.

Similar to the residential per-capita rations, non-residential users must also reduce according to the amount of the overall water supply used. CAW tracks monthly water use for the following non-residential water use categories: Commercial, Industrial, Public Authority, Golf Course, Other, and Non-Revenue Metered Use. The plan reduces water use in each user category by the reduction amount corresponding to the Stage implemented.

## ACTIONS REQUIRED PRIOR TO PLAN IMPLEMENTATION

The following actions must be implemented at least three months prior to consideration of implementation of Stages 4 or higher:

- Adopt revisions to Regulation XV
- Adopt a revised enforcement ordinance
- Provide Seaside Watermaster with Regulation XV and Contingency Implementation Plan
- Obtain access agreements with Water Distribution System Operators, including a process for obtaining customer consumption and other data necessary to enforce a rationing program
- Begin Public Outreach Plan for rationing program
- Complete computer programming necessary to implement and enforce water rationing
- Design website specific to the rationing program
- Update water conservation regulation to reflect current conservation standards
- Identify and obtain permitting compliance of mobile water distribution systems operators
- Prepare job descriptions and recruiting announcements for rationing staff

The following actions should be authorized and occur immediately upon direction to implement Stages 4 or higher:

- Notify Seaside Watermaster of action
- Recruit and hire rationing office staff
- Secure office space for staff
- Purchase/lease office equipment and furniture
- Set up data management systems and telephone systems
- Seek reimbursement from CAW for expenses related to MPWMD emergency rationing costs (A.05-02-012, Special Requests 6 and 9)

---

## PERSONNEL

---

### POSITION TITLES AND PROPOSED SALARY RANGES

<u>Water Rationing Administrator</u>	<i>Range 34</i>
<u>Senior Water Rationing Specialist</u>	<i>Range 28</i>
<u>Water Rationing Specialists I/II</u>	<i>Ranges 18 and 22</i>
<u>Water Rationing Technician</u>	<i>Range 16</i>
<u>Office Specialists I/II</u>	<i>Range 10 and 12</i>

### PERSONNEL COSTS

Water Rationing Administrator (one position) - \$87,838 annualized

Senior Water Rationing Specialist (one position) - \$79,431 annualized

Water Rationing Specialists I/II/s budgeted at the I level (seven positions) - \$67,960 annualized

Water Rationing Specialists I/II/s budgeted at the II level (three positions) - \$72,207 annualized

Water Rationing Technician (five positions) - \$65,987 annualized

Office Specialist I/II's budgeted at the II level (two positions) - \$61,710 annualized

Estimated personnel costs at full staffing (19 positions) are approximately \$1,313,000, including benefits. Costs include a temporary reclassification of the Water Demand Manager to Range 41 for the extent of the rationing program. Funding for the costs of rationing are paid by CAW using a memorandum account approved under Special Request 9 of the 2005 General Rate Case Decision A.05-02-012 and A.05-02-013.

### STAFF TRAINING

Immediately upon hire, rationing program staff will begin training overseen by the Water Demand Manager, a Senior Conservation Representative or a Conservation Representative II from the Water Demand Division. All staff will receive basic training related to:

- General District functions and organization
- District and rationing office facilities
- Office equipment
- Reporting levels
- Rationing regulations
- Rationing data management systems
- Conservation regulations
- Non-Disclosure Agreement with CAW
- Customer service standards

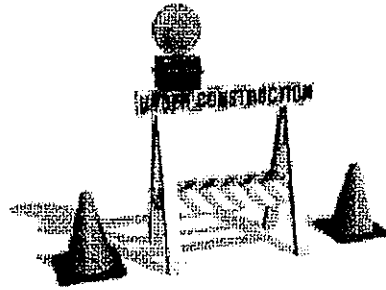
In addition, specific training will be done in the following areas as required to perform the functions of the position:

- Data entry
- Hearing staff reports
- Ration adjustments
- Inspecting for Best Management Practices
- Water waste enforcement process
- General correspondence



## D. SPACE NEEDS

This section is being considered as a policy decision and text will be added after a determination on the best way to address the space needs of a rationing office.



---

## PUBLIC EDUCATION AND OUTREACH

---

Public information campaigns continue to be the most popular way of encouraging water users to adopt water conservation behaviors during drought. Primary objectives include: (1) persuading the consumers that they should conserve water, and (2) providing them with information on how to do so. The joint effort at public outreach by California American Water and the District has been successful in reducing per capita water use on the Peninsula. So much so, in fact, that water conservation here is considered a model for other areas. However, ongoing conservation efforts over the past several years have resulted in a reduction in elasticity from which to obtain additional savings. Hard water savings through retrofitting has been a priority of the District since 1987. Behavioral water savings have been encouraged since SWRCB Order No. 95-10 in July 1995, and have been particularly requested when water use has approached the limit set by the state.

During drought periods, it is crucial that the District, CAW, and other water distribution system operators work together to communicate a consistent message regarding the local water situation. It is also essential that the message coincide with the implementation of the various stages of rationing. During the previous rationing, it was noted, "Haste in adopting the rationing program (the initial ordinance was adopted just 19 days before it became law), made the provision of public educational materials on a timely basis impossible. The implementation of water rationing did not always coincide with the information getting out to the public." For this reason, public education materials and advertising must be developed as far in advance of rationing as possible and maintained for immediate reproduction when needed.

During the 1989-91 rationing period, the theme was "Save Your Share." This theme reflected early concerns about program fairness. Stages 5 through 7 are about fairness. Although the art-work is no longer available for the previous ads, the District may want to breathe new life into the old rationing theme and use the old material as the basis for rationing ads. The advantage to using old material is that it would substantially reduce advertising development costs. Examples of the previous advertising campaign are found in the Final Report, Phase III Water Rationing.

Establishing a partnership with local media outlets is another important aspect of a successful public outreach campaign. As part of the material developed for the rationing program, the General Manager, Water Demand Manager, and the Water Rationing Administrator should make every effort to secure media interviews through press conferences and releases, one-on-one contacts, media kits, etc. In addition, the purchase of air time through the public television broadcasting stations for the purpose of airing a rationing program slide show (PowerPoint) would further reach the television audience. These efforts would be coordinated with CAW's General Manager, Community Relations Manager and water conservation staff.

Finally, it is extremely important to secure the support of other local public agencies. Local land use jurisdictions within the District, along with the local federal installations/offices, must be encouraged to place a high priority on enforcement of water use restrictions. Ideally, each public entity would partner with the District in the enforcement effort, sending a unified message to the community.

### OUTREACH PLAN COMPONENTS

- Develop the plan components in coordination with conservation outreach efforts of other local water purveyors.
- Develop and implement a Rationing Program website, including on-line electronically transmitted forms and an on-line payment service.
- Public Service Announcements on radio and television
- An E-Newsletter with weekly or bi-weekly updates on the rationing program delivered accurately and with timely information to other parties, including local governments, news media and water users.
- Presentations to all City Councils/Board of Supervisors, at a minimum. Also regular updates during Oral Communications at public meetings.
- Presentations to local service organizations, homeowner's associations, clubs, MPC, CSUMB, etc.
- Information booths at fairs, festivals and other publicly-attended events, particularly those appealing to local water users.
- Targeted media placements
- Movie theater conservation ad
- Billing inserts (required by Regulation XV)
- Local office with staff available to assist the public.
- Enlist local public agencies to assist with water waste enforcement.
- Identify and communicate the location of sources of sub-potable water supplies available to the public that do not impact the rationed areas to substitute for potable sources of construction water, dust control, etc.

Public outreach is estimated to cost approximately \$850,000 annually during rationing. This estimate is based on outreach costs budgeted by CAW for the 2007 summer water conservation campaign. The bulk of the outreach costs are expected to be covered by CAW's rationing outreach budget. A small portion (\$50,000 annually) will be budgeted by the District for direct mailing costs.

---

## ENFORCEMENT

---

The following is the current (i.e. December 2007) water waste enforcement penalties and procedures (i.e. Rule 171):

1. Water users are given an opportunity to correct the first occurrence of water waste or non-essential water use, as those terms are defined by Rule No. 11 (Definitions). Water waste or non-essential water use which continues after the user has had reasonable notice to cease and desist that type of water use shall be considered a flagrant occurrence.
2. A \$50 fee per day is assessed for each flagrant occurrence of water waste or non-essential water use. The fee shall accumulate daily until the occurrence is corrected. Note: It is difficult to pinpoint exactly when correction of a violation occurs without documentation from a professional repair person or a District inspection verifying compliance.
3. A \$150 fee per day is imposed for each subsequent occurrence (including multiple occurrences) of water waste or non-essential water use which occurs within 18 months of the first occurrence. The fee accumulates daily until the occurrence is corrected. (See Note above.)
4. All fees are to be paid within 30 days.
5. Within the 30 day period, a water user may seek waiver or forgiveness of all or part of the water waste fees on the basis of hardship. The water user must provide the District with a written explanation as to why the fees should not be collected. Staff is authorized to determine whether or not fees should be waived in full or in part, with the final decision resting with the General Manager.
6. After 30 days, fees which have not been paid or waived may result in a lien being placed on the property served by the water account.
7. Repeated occurrences of water waste or non-essential water use may result in the placement of a flow restrictor within the water line or water meter.
8. Decisions related to enforcement of water waste or non-essential water use are appealable.

---

## DATA MANAGEMENT NEEDS

---

### SOFTWARE

District staff has identified appropriate programming necessary to make adequate data available to enforce the rationing program envisioned in Regulation XV. Still unresolved is by whom and how a rationing data system will be designed. Staff has also requested a data analysis from CAW to determine if the non-residential water factors are adequate for rationing. Until this information is available, proceeding with database programming is not recommended.

Prior to embarking on programming, the Board needs to determine what changes are needed to implement a fair and enforceable rationing program. This is a top priority, and programming should commence on a fast-track at least six months prior to the anticipated implementation date.

The following data management needs have been identified:

- CAW consumption data (and other water distribution system data) must be retrievable by District rationing staff;
- Production limits apply to all users within a system;
- Program calculates rations based on production limit, riparian irrigation needs, percentage reduction, and historical percentage by user group (for non-residential customers);
- Access to census data is required;
- Residential rations must be input and adjustable as a group based on the number of residents;
- All other user groups must have rations calculated by the system based on the factor used;
- All rations must be adjustable to accommodate variances;
- "Water Banks" must be developed for each customer;
- System must generate enforcement letters and envelopes when prompted (i.e. warning, notice, final notice, posting notices, etc.);
- Accounts receivable;
- System must be able to link into new Water Demand Division database as a component.

## HARDWARE

During the first 18 months of rationing in 1989, the staff shared one computer for data entry and programming, and three "dumb" terminals for viewing data. This deficiency was likely due to the initial assumption that rationing could last only a short time. Following the report of the Rationing Review Committee, in March 1990, computer terminals and staff were added and the system was considerably upgraded.

This Implementation Plan assumes that rationing will continue for at least three years, and that each office employee will be using a computer for most of their work. A comparison of costs for leasing and purchasing will occur prior to action to obtain computer hardware. It is anticipated that purchasing equipment will be comparable in cost to leasing. The preliminary estimate for computer equipment is \$106,024. This estimate is from the District's Information Technology Officer based on his professional knowledge and includes a copier/printer/scanner. Copies of the preliminary estimates for initial purchase of information technology (IT)-related equipment are available at the District.

## WEBSITE

The Internet is a valuable tool for educating the public and for disseminating information. In addition to serving as an interactive method of education, the Internet provides a valuable mechanism for collection of fees and survey information, and for communication between rationing office staff and the public. It is recommended that a website be designed specifically for the rationing program. The rationing website should have basic information about the program, conservation information and links, frequently asked questions, various electronic forms related to the program (i.e. survey forms, variance requests, appeals, etc.), email addresses for rationing staff, etc. It should also provide the convenience of electronic payment of water waste fees by bank transfer or credit card.

---

## BUDGET

---

CAW Special Request 6 (SR6) provides for establishment of a memorandum account for expanded conservation and rationing costs billed by the District. This memorandum account was authorized by the CPUC in the previous General Rate Case (GRC), and was reauthorized under the same terms. SR6 allows reimbursement by CAW for expenses up to \$100,000 annually in the 2005 GRC.

Special Request 9 (SR9) is also a memorandum account specific to MPWMD emergency rationing costs. This memorandum account was also approved in the previous GRC (D.03-02-020, OP 5) and does not state an annual limit. SR9 allows the District to recoup its costs for expenses related to rationing.

Start up costs for the rationing program could initially be accommodated by tapping the District's conservation reserve fund, currently at approximately \$340,000 (July 2007). Funds expended from the reserve would be replaced upon reimbursement by CAW.

<b>PRELIMINARY RATIONING COST ESTIMATES</b>		
November 2007		
	One Time Costs	Ongoing Annual Costs
Personnel		1,322,800.00
Legal Fees		100,000.00
Hardware/Software	106,024.00	15,000.00
Database Programming	100,000.00	10,000.00
Rent		90,000.00
Public Education/Outreach (including mailing costs)		50,000.00
Travel and Transportation		3,500.00
Training	9,500.00	9,500.00
Furniture and equipment	76,000.00	5,000.00
Insurance		
Legal Notices		30,000.00
Office Supplies	10,000.00	10,000.00
Miscellaneous		10,000.00
<b>Total</b>	<b>\$ 301,524</b>	<b>\$ 1,655,800</b>



---

## EXHIBITS

---

1. MPWMD Regulation XV
2. Water Distribution Systems in MPWMD

Note: Documents referenced but not included in this document may be found on the District's website in the staff report on this item presented to the Water Demand Committee on September 11, 2007.