



4677 Overland Avenue
San Diego, California 92123

SPECIAL BOARD OF DIRECTORS' MEETING

The mission of the San Diego County Water Authority is to provide a safe and reliable supply of water to its member agencies serving the San Diego region.

MAY 14, 2015
1:30 p.m.

1. Call to Order.
2. Roll call, determination of quorum.
2-A Report on proxies received.
3. Public comment.

4. ACTION / DISCUSSION

4-A Approval of Shortage Management Actions in Response to Metropolitan Water District Supply Cutbacks and State Water Resources Control Board Emergency Regulation for Statewide Urban Water Conservation.

Dana Frieauf

Staff recommendation: In response to supply cutbacks from the Metropolitan Water District in fiscal year 2016 and the State Water Resources Control Board Emergency Regulation for statewide urban water conservation, staff recommends:

1. Declare implementation of the Mandatory Supply Cutback Stage, of the Water Authority's Water Shortage and Drought Response Plan.
2. Approve Ordinance No. ____-2015 (attachment), which contains the following actions:
 - a. Approve member agency municipal and industrial (M&I) supply allocations for fiscal year 2016;
 - b. Approve member agency Transitional Special Agricultural Water Rate (TSAWR) supply allocations for fiscal year 2016;
 - c. Impose a monetary penalty and authorize the General Manager to assess a monetary penalty on any member agency for deliveries that exceed either individual M&I or TSAWR supply allocations from the Water Authority; and
 - d. Require member agencies to limit outdoor irrigation of ornamental landscapes and turf with potable water to no more than two days per week.



San Diego County Water Authority

3. Direct staff to investigate the potential of a regional demand offset framework for drought periods in coordination with the member agencies. (Action)

4-B Approve Extraordinary Drought Response Outreach and Water Conservation Measures.

Jason Foster

Staff recommendation: Staff recommends the Board approve the additional resources, programs and actions for drought response outreach and water conservation described in this report to help the Water Authority and its 24 member agencies achieve new state-mandated reductions in water use scheduled to take effect starting June 1, 2015. (Action)

5. ADJOURNMENT

Melinda Cogle
Clerk of the Board

NOTE: All public documents provided to the Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.

May 7, 2015

Attention: Board of Directors

Approval of Shortage Management Actions in Response to Metropolitan Water District Supply Cutbacks and State Water Resources Control Board Emergency Regulation for Statewide Urban Water Conservation. (Action)

Staff recommendation

In response to supply cutbacks from the Metropolitan Water District in fiscal year 2016 and the State Water Resources Control Board Emergency Regulation for statewide urban water conservation, staff recommends:

1. Declare implementation of the Mandatory Supply Cutback Stage, of the Water Authority's Water Shortage and Drought Response Plan
2. Approve Ordinance No. ____-2015 (attachment), which contains the following actions:
 - a. Approve member agency municipal and industrial (M&I) supply allocations for fiscal year 2016;
 - b. Approve member agency Transitional Special Agricultural Water Rate (TSAWR) supply allocations for fiscal year 2016;
 - c. Impose a monetary penalty and authorize the General Manager to assess a monetary penalty on any member agency for deliveries that exceed either individual M&I or TSAWR supply allocations from the Water Authority; and,
 - d. Require member agencies to limit outdoor irrigation of ornamental landscapes and turf with potable water to no more than two days per week
3. Direct staff to investigate the potential of a regional demand offset framework for drought periods in coordination with the member agencies.

Alternatives

1. Modify or eliminate one or more of the recommendations noted above.

Fiscal Impact

The supply allocation may result in the decrease of water purchase revenue by approximately \$11,362,000. The figure does not include the anticipated decrease in revenue due to the implementation of the State's recently adopted drought emergency regulations. In addition, if the Water Authority exceeds its allocation from Metropolitan, there will be a fiscal impact associated with paying a penalty fee, which would be \$1,480/AF ($100\% < \text{use} \leq 115\%$) or \$2,960/AF ($\text{use} > 115\%$). Penalty payments to the Water Authority from member agencies who exceed their allocation will be used to pay penalties, if any, assessed by MWD on the Water Authority or used to augment the Authority's conservation programs.

Background

California is experiencing its fourth-consecutive dry year, with the current water year considered critically dry. Snow water content in the northern Sierra was at a record low level of five percent of average for April 1, the date that usually marks the maximum accumulation of snow pack before it begins to melt. The low figure reflects California's below average precipitation and the warming trend that made this winter the warmest in the state's recorded history. What precipitation there was

fell mostly as rain due to warmer temperatures. According to the Department of Water Resources (DWR), under normal conditions, California's snowpack supplies about 30 percent of the state's water needs as it melts in the spring and summer. Lake Oroville on the State Water Project (SWP) is currently at 49% of capacity and San Luis Reservoir is at 61% of capacity. DWR has stated that supplies in San Luis Reservoir will be utilized to meet the SWP contractors' needs this summer, with no significant releases made from Lake Oroville for south of Delta export. DWR will make releases from Lake Oroville in order to meet downstream obligations to senior Feather River settlement contractors and other regulatory requirements. The current SWP allocation is at 20% of the contractors' requested deliveries.

In response to the developing dry conditions, the Water Authority activated its Water Shortage and Drought Response Plan in February 2014 and notified its member agencies of a Drought Watch, voluntary conservation. In July 2014, the Water Authority took action again, notifying agencies of a Drought Alert condition, which includes mandatory water use restrictions. The actions were based on the need to increase conservation efforts in order to preserve water supplies in storage and assist member agencies in complying with the initial State Water Resources Control Board (State Water Board) July 15, 2014 emergency regulation.

Supply Availability - Metropolitan Water District (MWD) Level 3, 15% Supply Cutback

On April 14, 2015, the MWD Board approved implementation of the Water Supply Allocation Plan (WSAP) Level 3 Regional Shortage Level, effective July 1, 2015, through June 30, 2016. A Level 3 equates to a 15% supply cutback of MWD supplies to the Water Authority.

Under a Level 3 supply cutback of 15%, MWD will provide the Water Authority an annual amount of water based on the allocation methodology contained in its WSAP. If the Water Authority exceeds its allocation by the end of the fiscal year 2016 allocation period, MWD will apply a surcharge on water use in excess of the allocation limit on a per acre-foot basis. Surcharges from MWD are from \$1,480/AF up to \$2,960/AF. The Water Authority's initial allocation from MWD for fiscal year 2016 is 314,471AF¹, but is subject to minor revisions based on further refinements by MWD. The proposed ordinance authorizes the General Manager to adjust allocations in response to future MWD actions, consistent with the adopted Water Shortage and Drought Response Plan supply allocation methodology and Transitional Special Agricultural Water Rate Program.

Table 1 provides an M&I supply and demand analysis for fiscal year 2016 taking into account the Water Authority's estimated available supplies. The projected demand used in the analysis does not take into account savings mandates required under the State Water Board emergency regulations. The analysis demonstrates that investments the region's ratepayers have made in supply reliability projects and programs were able to mitigate the 15% supply shortfall from MWD. The Water Authority's 20-year diversification strategy was successful in reducing water shortages from MWD due to drought. Based on the demand levels achieved by the member agencies during fiscal year 2016, the Water Authority could potentially store available supplies locally to help mitigate continued drought conditions within the region.

¹ With allocated FY 2016 MWD supplies of about 1.7 MAF, the Water Authority's preferential right to MWD water – as calculated by MWD and as of June 30, 2014 – is approximately 313,696 AF. MWD's calculation is being challenged in the rate litigation. If the Water Authority prevails on the preferential rights cause of action, the Water Authority's preferential right under a 1.7 MAF allocation would be approximately 396,284 AF.

Table 1 M&I Supply and Demand Analysis for Fiscal Year 2016 ¹	
	Estimated Quantity (AF)
Projected FY 2016 M&I Demands ²	523,000
Available Supplies	
Initial MWD M&I Allocation ³	274,000
Long-Term Colorado River Transfers	180,000
Carlsbad Desalination Project	39,000
Local Potable	25,000
Total Supplies	518,000
<i>Estimated Regional Supply Shortfall</i>	<i>-5,000 (1%)</i>

¹Recycled water is not included in the analysis because it is not cutback in shortages.

²FY 2016 projected demands based on escalated FY 04 at ½ percent per year and does not reflect State Water Board emergency regulation savings mandate.

³Initial allocation is subject to minor revisions based on further refinements by MWD.

Demand Reduction Mandate – State Water Resources Control Board Emergency Regulation

At the April 23, 2015 Water Planning Committee meeting, staff provided details on the State Water Board draft emergency water conservation regulation. On May 5, 2015, the State Water Board adopted a final emergency regulation for statewide urban water conservation. The regulation requires an immediate 25% reduction in overall potable urban water use statewide in accordance with Governor Brown’s April 1, 2015 Executive Order. The regulation includes water conservation standards for each urban water supplier. The targets vary between 4% and 36%.

The urban water supplier conservation standard for each of the member agencies is shown in Table 2. In the regulation, Yuima MWD and the city of Del Mar are considered small urban suppliers and must implement either 2-day per week watering restriction or other measure(s) that achieves a 25% reduction.

Table 2: State Water Board Conservation Standards for Urban Suppliers ¹			
Emergency Conservation Regulation			
Carlsbad M.W.D.	28%	Rainbow M.W.D.	36%
Escondido, City of	20%	Ramona M.W.D.	28%
Fallbrook P.U.D.	36%	Rincon Del Diablo M.W.D.	32%
Helix W.D.	20%	San Diego, City of	16%
Lakeside W.D.	20%	San Dieguito W.D.	28%
Oceanside, City of	20%	Santa Fe I.D.	36%
Olivenhain M.W.D.	36%	Sweetwater Authority	12%
Otay W.D.	20%	Vallecitos W.D.	24%
Padre Dam M.W.D.	20%	Valley Center M.W.D.	36%
Poway, City of	32%	Vista I.D.	24%

¹Conservation standards based on State Water Board residential gpcd data current as of 4/23/15. Certain data may be under review.

The final regulation also removes the 20% delivery threshold for commercial agricultural deliveries and includes a potential exemption³ for all commercial agricultural deliveries. The requirements to take advantage of the exemption are:

- Impose reductions determined locally by the water supplier, after considering the applicable urban water supplier conservation standard;

- Report total amount of water supplied for commercial agricultural use, identify reduction imposed on commercial agricultural users and identify each recipient of potable water for commercial agricultural;
- Certify agricultural uses meet the definition of commercial agricultural per Government Code Section 51201(b); and
- Prepare an Agricultural Water Management Plan as directed in Governor's Executive Order.

Staff is disappointed that the final regulation did not acknowledge the investments water agencies have made in reliable drought-proof supplies. The State Water Board's regulation does not account for these reliability investments coming on-line, which results in the San Diego region ratepayers not getting the supply benefit they should be receiving during the current drought. The staff plans to continue to advocate for new local supply credits.

The State Water Board did agree to establish stakeholder workgroups to address issues raised during preparation of the emergency regulations. The workgroup could develop options as part of potentially modifying the new regulations or in extending and expanding the emergency regulations should the drought continue into 2016. Topics included: 1) early investments in conservation and development of local, drought-proof supplies; 2) further refinement of the tiers to reflect a range of factors that contribute to water use, such as, temperature, lot size, and income; and 2) health and safety issues.

The State Water Board will submit the regulation to the Office of Administrative Law for review and approval, which is expected to take ten days. The emergency regulation would become effective around May 15, 2015. Compliance with the conservation standards would begin June 1, 2015.

Discussion

In the evaluation of potential regional drought response actions, staff took into account a number of variables, such as:

- Severity of California's statewide drought;
- Unprecedented action of the Governor and State Water Board in establishing statewide conservation mandates;
- Requirements of the Water Authority's Drought Management Plan and TSAWR program and need to establish supply allocations for each member agency;
- Differing levels of member agency conservation standards, ranging from 12% to 36%, and the difficulty in establishing a regional conservation savings target;
- Some member agencies are facing severe savings mandates of up to 36%, which could prove a challenge to achieve;
- Regional assistance where appropriate can help agencies in their drought response actions and in meeting their conservation standards; and
- The importance of the residents and business throughout the region to increase their conservation efforts.

Considering these variables and input from the member agencies, staff developed a set of recommended drought response actions for consideration by the Board. The requirements would

remain in effect until June 30, 2016, unless earlier terminated or extended to a later date by Board action. Staff has previously discussed these recommendations with the member agencies.

1. Implement Supply Cutback Stage of the Water Shortage and Drought Response Plan
Staff is recommending the Board implement the Mandatory Supply Cutback Stage of the Water Authority's Water Shortage and Drought Response Plan. According to the Water Shortage and Drought Response Plan, this stage occurs when MWD is allocating supplies to the Water Authority and the Water Authority is then required to allocate supplies to its member agencies. On April 14, 2015, the MWD Board took action to implement a Level 3 supply cutback of 15 percent and establish member agency allocations.
2. Approve M&I and TSAWR Member Agency Supply Allocations
The Water Shortage and Drought Response Plan contains an M&I allocation methodology, developed in coordination with the member agencies and approved by the Board. Based on the methodology, staff developed draft M&I allocations for each member agency based on supplies available. The recommended M&I allocations have been reviewed by the member agencies and are in Exhibit A of the attached ordinance. Under the TSAWR program, the supply allocations are based on MWD cutback level of 15 percent. The recommended TSAWR allocations have been reviewed by the member agencies and are in Exhibit A of the attached Ordinance. Staff recommends approval of the member agency M&I and TSAWR supply allocations for fiscal year 2016.
3. Assess Financial Penalty on Member Agencies Exceeding their Supply Allocation
Board Resolution 2011-08 establishes procedures and policies for administration of the Water Shortage and Drought Response Plan allocation methodology. In accordance with the Resolution, within six months of the end of the allocation period, the General Manger will conduct a final accounting of member agency deliveries and actual local supplies compared with the annual supply allocation.

The proposed ordinance modifies the procedures in Resolution 2011-08 to provide that penalties be imposed on member agencies for exceeding their individual allocations. This modification is recommended in response to the Governor's call for heightened drought response actions due to the severity of the drought. Under Resolution 2011-08, agencies would receive a financial penalty for exceeding their allocation only if the Water Authority's annual deliveries exceed its supply allocation from MWD. This allowed some agencies to potentially underperform and exceed their allocation without receiving a financial penalty. The proposed ordinance would authorize the general manager to assess a monetary penalty on any member agency deliveries that exceed either their M&I or TSAWR supply allocation from the Water Authority, even if the Water Authority does not exceed its annual allocation from MWD. This provision would only be in place for the current allocation period.

For an agency exceeding its annual allocation, if deliveries are over 100 percent to 115 percent of its annual allocation, they will pay a penalty of \$1,480 for each acre-foot of excess delivery. In addition, any member agency that exceeds 115 percent of its annual allocation will pay a penalty of \$2,960 per acre-foot of excess delivery. The penalty rates are consistent with the penalty adopted by the MWD Board on April 14, 2015. The

proposed ordinance provides that penalties collected would be used to defray the cost of any penalties imposed by MWD or for water conservation.

4. Limit Outdoor Irrigation of Ornamental Landscapes to No More than Two Days per Week

Consistent regional water-use restrictions provide for more effective messaging to the public. Based on the Governor's call for increased conservation due to the severe drought and to provide a regional watering restriction, staff is recommending that as a condition of delivery of its allocated water supply, each member agency will limit outdoor irrigation of ornamental landscapes or turf with potable water to no more than two days per week.

5. Investigate a Potential Regional Demand Offset Framework

In coordinating with the member agencies on potential regional drought response actions, the topic of temporary demand offset programs was mentioned as a potential area where the Water Authority could provide assistance. Staff would evaluate the basic components of a water demand offset policy or framework that would be made available to the agencies for their consideration. The implementation of an offset program would be the responsibility of the individual agencies. Staff is recommending that Board direct staff to investigate the potential of a regional demand offset framework for drought periods in coordination with the member agencies.

Staff will return monthly to the Board with updates on drought response activities. In addition, based on the supply allocation period starting July 1, 2015, starting in August staff will report member agency monthly deliveries compared with their supply allocations from the Water Authority.

Prepared by: Dana L. Friehauf, Water Resources Manager

Reviewed by: Sandra L. Kerl, Deputy General Manager

Approved by: Maureen A Stapleton, General Manager

Attachment – An Ordinance of the Board of Directors of the San Diego County Water Authority Allocating Water Pursuant to the Water Authority's Water Shortage and Drought Response Plan Imposing Additional Requirements upon Water Authority Member Agencies Relating to the Use of Conservation of Water and Establishing Penalties for Violations of Allocations and Requirements.

ORDINANCE NO. 2015-__

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ALLOCATING WATER PURSUANT TO THE WATER AUTHORITY'S DROUGHT MANAGEMENT PLAN IMPOSING ADDITIONAL REQUIREMENTS UPON WATER AUTHORITY MEMBER AGENCIES RELATING TO THE USE AND CONSERVATION OF WATER AND ESTABLISHING PENALTIES FOR VIOLATIONS OF ALLOCATIONS AND REQUIREMENTS

Whereas, paragraph (11) of section 5 of the County Water Authority Act, in part, states:

“The board of directors, as far as practicable, shall provide each of its member agencies with adequate supplies to meet their increasing and expanding needs. If available supplies become inadequate to fully meet the needs of its member agencies, the board shall adopt reasonable rules, regulations, and restrictions so that the available supplies are allocated among its member agencies for the greatest public interest and benefit.”

Whereas, on May 25, 2006, the Water Authority Board of Directors adopted Resolution No. 2006-16, approving and adopting the Water Authority's Drought Management Plan (currently referred to as the Water Shortage and Drought Response Plan), which includes a supply allocation methodology to be applied when, due to drought, supplies available to the Water Authority are or may become insufficient to permit the Water Authority to fully meet the needs of its member agencies. On April 26, 2012, the Board of Directors revised the Supply Allocation Methodology in section 5 of the Water Shortage and Drought Response Plan.

Whereas, on March 27, 2008, the Water Authority Board of Directors approved for release a Model Drought Response Conservation Program Ordinance (“Model Ordinance”) for use by its member agencies. The Model Ordinance was intended to assist member agencies in updating local conservation and drought response ordinances and provide some regional consistency of conservation measures and drought response. Since then, all the Water Authority member agencies have adopted regulations governing the conservation of water and establishing drought response actions that are substantially consistent with the Model Ordinance. The regulations adopted by the Water Authority's member agencies establish water management requirements necessary to conserve water, enable effective water supply planning, assure reasonable and beneficial use of water, prevent waste of water, prevent unreasonable use of water, and prevent unreasonable method of use of water within their respective territories.

Whereas, on July 28, 2008, the Water Authority Board of Directors adopted Resolution No. 2008-11 establishing procedures and policies for administration of the Drought Management Plan Supply Allocation Methodology. After adoption of Resolution No. 2008-11, the Metropolitan Water District of Southern California terminated its Interim Agricultural Water Program, pursuant to which certain agricultural water users were subject to different reductions than full service municipal and industrial customers. In response, the Water Authority

established a Transitional Special Agricultural Water Rate program (TSAWR program) by the adoption of Ordinance No. 2008-08. The TSAWR program was subsequently amended by Ordinance No. 2009-07, Ordinance No. 2011-05, and Ordinance No. 2014-02. On March 26, 2015, the Water Authority Board of Directors directed that the TSAWR be extended for an additional five years, through December 31, 2020.

Whereas, on June 23, 2011, the Water Authority Board of Directors adopted Resolution No. 2011-16, approving and adopting the Water Authority's 2010 Urban Water Management Plan, which, among other things, included a shortage contingency analysis that referenced the Drought Management Plan and Model Ordinance, and indicated that penalties for excessive water use may be implemented by the Water Authority Board of Directors to encourage conservation and deter violation of allocations or other restrictions.

Whereas, article X, section 2 of the California Constitution declares that waters of the State are to be put to beneficial use, that waste, unreasonable use, or unreasonable method of use of water be prevented, and that water be conserved for the public welfare. Conservation of current water supplies and minimization of the effects of water supply shortages that are the result of drought are essential to the public health, safety, and welfare. Regulation of the time of certain water use, manner of certain water use, design of rates, method of application of water for certain uses, and installation and use of water-saving devices provide an effective and immediately available means of conserving water. Therefore California Water Code sections 375 et seq. authorize water suppliers to adopt and enforce regulations intended to conserve water and manage water supplies.

Whereas, since 1991 the Water Authority has successfully implemented numerous programs to diversify and enhance regional water supplies, including the Emergency Storage Project, additional carry-over storage at San Vicente Reservoir, the Quantification Settlement Agreement that includes the historic agreement for transfer of conserved water from the Imperial Irrigation District and from the lining of the All American and Coachella Canals, increased regional conservation, and the water purchase agreement for desalinated product water from the Carlsbad Desalination Project.

Whereas, on January 17, 2014, the Governor proclaimed a state of emergency to exist throughout California because of severe drought conditions. On April 25, 2014, the Governor issued a second proclamation declaring that the drought emergency continued. In July 2014, the State Water Resources Control Board adopted emergency regulations as authorized by Water Code section 1058.5, which had been amended effective March 1, 2014 because of the ongoing drought. On April 1, 2015, the Governor issued Executive Order B-29-15 instituting emergency actions and mandatory water use restrictions for California because of the ongoing drought. On May 5, 2015 the State Water Resources Control Board, pursuant to Water Code section 1058.8 and Executive Order B-29-15, issued additional emergency regulations, including mandatory water use restrictions.

Whereas, on April 14, 2015, the Metropolitan Water District of Southern California adopted a resolution implementing its Water Supply Allocation Plan, establishing a regional shortage level, and establishing an allocation surcharge as a water conservation program pursuant to Water Code section 375. The resolution declared that a regional water shortage within Metropolitan's service area continues, and further declared a Water Supply Condition 3,

with allocations set at Regional Shortage Level 3 to be effective July 1, 2015 through June 30, 2016.

Whereas, the Water Authority previously determined that adoption of the Drought Management Plan was exempt from the California Environmental Quality Act. This ordinance is similarly exempt from the California Environmental Quality Act as an action to implement the Drought Management Plan in response to the Governor's declaration of a drought emergency and imposition by the State Water Resources Control Board of mandatory water use restrictions. Public Resources Code Section 21080.b.4 and CEQA Guidelines Section 15269.c.

Therefore, the Board of Directors of the San Diego County Water Authority does ordain as follows:

1. Due to drought conditions existing in California, the allocation of water by the Metropolitan Water District of Southern California, the current and reasonably anticipated potential for further allocation reductions by Metropolitan, and the need to preserve water in storage in accordance with the Water Authority's Emergency and Carryover Storage Program, the Water Authority Board of Directors declares that it is necessary to allocate water as provided in this ordinance.

2. The Municipal and Industrial Supply Allocation as shown on Exhibit A to this ordinance is approved for the period of July 1, 2015 through June 30, 2016. The General Manager is directed to implement a Municipal and Industrial Water Supply Allocation in accordance with the Supply Allocation Methodology of the Water Shortage and Drought Response Plan as amended on April 26, 2012, except as otherwise provided in this ordinance, including making adjustments in response to changed circumstances.

3. The TSAWR program as adopted by Ordinance No. 2008-08 and amended by Ordinance No. 2009-07, Ordinance No. 2011-05, and Ordinance No. 2014-02 is extended and continued to December 31, 2020. The TSAWR as shown on Exhibit A to this ordinance is approved for the period of July 1, 2015 through June 30, 2016. The General Manager is directed to implement allocations of water for participants in the TSAWR program in accordance with the requirements of that program, except as otherwise provided in this ordinance, including making adjustments in response to changed circumstances.

4. As a condition of delivery of its allocated water supply, each member agency shall limit outdoor irrigation of ornamental landscapes or turf with potable water by the persons it serves to no more than two days per week. The General Manager is directed to coordinate with the member agencies to determine watering days within each member agency to minimize operational impacts to the Water Authority.

5. (a) Any member agency that has ordered water from the Water Authority in an amount that exceeds its annual allocation, but is less than or equal to 115 percent of its annual allocation, as of June 30 of any year in which this ordinance is in effect shall pay a penalty in the amount of \$1,480 for each acre foot of excess delivery. In addition, any member agency that has ordered water in an amount that exceeds 115 percent of its annual allocation as of June 30 of any year in which this ordinance is in effect shall pay a penalty in the amount of \$2,960 per acre foot of excess delivery. The penalties under this section are separate, distinct, and additional to any

amounts imposed under any Water Authority ordinance setting rates and charges for the delivery and supply of water, use of facilities, and provision of services. The penalties under this section apply to allocation amounts established under section 2 or section 3 of this ordinance.

(b) The General Manager is authorized to determine and assess the penalties established by subdivision (a).

(c) The General Manager shall give written notice of a penalty by any of the following methods:

(i) Personal service on the general manager or clerk of the member agency;

(ii) Certified or first class mail, postage prepaid, addressed to the general manager or clerk of the member agency;

(iii) Inclusion in any transmission of an invoice sent to the member agency for water or services provided to the member agency by the Water Authority.

(d) The written notice shall include a statement of the amount of the penalty, a brief description of the basis for the determination and assessment, the date upon which payment of the penalty is due (which shall not be less than 30 or more than 60 days from the date of the notice), and the date by which the member agency may file a request for hearing pursuant to subdivision (e) of this section (which date shall not be less than 10 or more than 15 days from the date of the notice).

(e) A member agency may protest the assessment of a penalty by filing a request for hearing. The request for hearing must be in writing, specify in detail the grounds for the protest, and be accompanied by payment of the penalty. The request for hearing must be received by the Clerk of the Board by the date specified in the written notice described in subdivision (d). If a member agency fails to file a request for a hearing in accordance with the provisions of this subdivision, the determination of the General Manager as stated in the written notice shall be deemed the final order of the Water Authority.

(f) A hearing on a protest will be conducted according to the following procedures.

(i) As soon as practicable after receiving the written request for a hearing, the Water Authority will set a date, time, and place for hearing before a hearing officer. Written notice of the time and place for the hearing may be served by first class mail, at the return address indicated on the written appeal. Service of the hearing date notice must be made at least 10 days prior to the date of the hearing. The failure of a member agency to receive such properly addressed notice of the hearing shall not affect the validity of any proceedings under this subdivision. Service by first class mail, postage prepaid, shall be effective on the date of mailing.

(ii) The hearing will be conducted by a hearing officer designated by the General Manager. The hearing officer may be a Water Authority employee, employee of a member agency other than the member agency filing the protest, or an independent contractor.

The hearing officer is vested with discretionary authority to make independent decisions on protests. The hearing officer shall not have been involved in the determination or assessment of the penalty that is the subject of the protest. The protesting member agency may request the General Manager disqualify a hearing officer for reasons of actual bias, prejudice or financial conflict of interest.

(iii) The hearing officer shall conduct an orderly fair hearing and accept evidence on which persons would commonly rely in the conduct of their ordinary business affairs, however, the formal rules of evidence and procedure applicable to judicial proceedings shall not apply. Cross-examination of witnesses is not required, but may be permitted as deemed appropriate by the hearing officer. The written notice given pursuant to subdivision (d) shall be prima facie evidence of the grounds for and amount of the penalty. The hearing officer may accept testimony by declaration under penalty of perjury. At the request of the protesting member agency, the hearing officer shall permit the hearing to be conducted by submission of written declaration and authenticated documents alone.

(iv) The hearing officer may reduce or waive the penalty only upon a finding that the member agency ordered water in excess of its allocation amount despite good faith, reasonable efforts to comply with this ordinance, or there was a miscalculation of the amount of the penalty. The hearing officer shall make findings based on the record of the hearing and make a written decision based on the findings. The hearing officer shall preserve all exhibits submitted by the parties and shall serve the decision by first class mail on the Water Authority and the protesting member agency within 10 working days after the hearing. The decision of the hearing officer is final and conclusive, subject only to judicial review. The notice of the decision shall inform the parties that the decision is subject to judicial review as provided in paragraph (v) of this subdivision and that an action or proceeding must be commenced not later than 90 days of the date of the notice of decision.

(v) The decision of the hearing officer is subject to judicial review pursuant to Code of Civil Procedure section 1095.4. Any action or proceeding for review of a hearing officer decision must be filed within the time period specified in Code of Civil Procedure section 1094.6.

(vi) This section supersedes the provisions of section 5 of Resolution 2008-11.

6. Any amounts collected under section 5 will be expended for water conservation or payment of penalties imposed by Metropolitan.

7. This ordinance is adopted pursuant to the authority of the County Water Authority Act and Water Authority Administrative Code section 5.00.040, and as a conservation program pursuant to California Water Code sections 375 – 378.

8. The restrictions established by this ordinance shall remain in effect until June 30, 2016, unless earlier terminated or extended to a later date by action of the board of directors. Termination of restrictions does not affect liability for penalties for violations that occurred before the date of termination.

9. This ordinance is effective upon adoption.

10. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, independent and severable provision and such holding shall not affect the validity of the remaining portions hereof.

11. The Clerk of the Board is directed to publish this ordinance or a summary prepared by the General Counsel pursuant to Section 1.00.040 of the Administrative Code.

PASSED, APPROVED AND ADOPTED, this ___ day of _____, 2015.

AYES:

NOES:

ABSTAIN:

ABSENT:

Mark Weston, Chair

ATTEST:

Jim Madaffer, Secretary

I, Melinda Cogle, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance No. 2015-__ was duly adopted at the meeting of the Board of Directors on the date stated above.

Melinda Cogle, Clerk of the Board

San Diego County Water Authority
Initial FY 2016 Member Agency Supply Allocations
(in acre-feet)

Member Agency	Municipal and Industrial Supply Allocation^{1,2}	Transitional Special Agricultural Water Rate Supply Allocation³
Carlsbad M.W.D.	19,501	0
Del Mar, City of	1,116	0
Escondido, City of	20,828	2,750
Fallbrook P.U.D.	8,588	4,089
Helix W.D.	32,559	0
Lakeside W.D.	3,628	0
Oceanside, City of	28,017	432
Olivenhain M.W.D.	21,792	111
Otay W.D.	33,499	0
Padre Dam M.W.D.	13,288	390
Camp Pendleton M.C.B.	602	0
Poway, City of	12,106	40
Rainbow M.W.D.	11,801	9,701
Ramona M.W.D.	4,833	1,246
Rincon Del Diablo M.W.D.	7,352	168
San Diego, City of	196,199	79
San Dieguito W.D.	6,693	0
Santa Fe I.D.	10,970	0
South Coast WD	342	0
Sweetwater Authority	17,198	0
Vallecitos W.D.	13,651	1,107
Valley Center M.W.D.	9,495	17,124
Vista I.D.	17,789	85
Yuima M.W.D.	854	3,429
Total	492,701	40,751

Footnote

- 1) Developed using supply allocation methodology of the Water Supply and Drought Response Plan, as revised by Board action on April 26, 2012, and calculated using two-year (FY 2013 and FY 2014) based period demand.
- 2) Available Water Authority supplies include; initial MWD allocation, IID transfer, canal lining transfers, and Carlsbad Desalination Project production starting Fall-2015.
- 3) Based on TSAWR program guidelines, allocation linked to MWD supply cutback (Level 3- 15%) and calculated using single-year (FY 2014) base period demand.



May 6, 2015

Attention: Board of Directors

Approve Extraordinary Drought Response Outreach and Water Conservation Measures (Action)

Staff recommendation

Staff recommends the Board approve the additional resources, programs and actions for drought response outreach and water conservation described in this report to help the Water Authority and its 24 member agencies achieve new state-mandated reductions in water use scheduled to take effect starting June 1, 2015.

Alternative

Modify or eliminate certain components of the recommended resources, programs and actions.

Fiscal impact

Adoption of the enhanced drought response water conservation and outreach measures will require using \$1 million in savings from the Board-approved Fiscal Years 2014 and 2015 operating budget from various departments and transferring it to the Public Outreach and Conservation Department. Any portion of these funds not spent before the end of the 2015 fiscal year would be encumbered to support these activities in fiscal year 2016 and would supplement the department's fiscal years 2016 and 2017 operating budget. The rate category is customer service.

Background

The Water Authority promotes water-use efficiency as an ongoing, community ethic through its "WaterSmart"-branded website, programs and tools to help the region's member agencies achieve their state-mandated water conservation goals for 2020 as set by SBX 7-7.

The Water Authority's Water Shortage and Drought Response Plan, approved by the Board in 2006, also calls for launching a more urgent communications campaign to promote increased water conservation when the plan is activated. Following the Board's decision in February 2014 to activate the plan and declare a Drought Watch condition of the region's Model Drought Response Ordinance, the Water Authority developed and implemented a drought response communications campaign with input from its 24 member retail agencies. The campaign, titled "When in Drought, Save Every Day, Every Way," launched in late April 2014. The launch phase of the campaign thanked ratepayers for their existing efforts to save water, called for additional voluntary conservation actions consistent with the Drought Watch condition, and increased awareness of efforts by the region's water agencies to enhance water supply reliability. The When in Drought campaign included a range of strategies and tactics, including targeted advertising, media relations, providing outreach materials to member agencies, stakeholder outreach and developing outreach partnerships with high-profile organizations and destinations such as the San Diego International Airport, and San Diego Padres.

In response to worsening drought conditions and mandatory emergency water conservation measures enacted by the State Water Resources Control Board, in July 2014 the Water Authority Board unanimously approved moving to the Supply Enhancement stage of the Water Shortage and Drought Response Plan and declaring a Drought Alert condition in accordance with its regional Model Drought Response Ordinance. The Water Authority transitioned the “When in Drought” campaign to a new phase with a more urgent water conservation message that encouraged compliance with mandatory water-use restrictions and featured a more aggressive set of outreach tactics. These tactics included extending advertising plans, expanding outreach to business and civic organizations, developing new media and community outreach partnerships, increasing participation in speaking engagements and community events, and developing and distributing campaign materials (such as car magnets, yard signs, lapel pins, etc.) for grassroots marketing.

In addition to the public outreach tactics listed above, Water Authority staff modified several of its water conservation programs and tools to help make it easier for residents and businesses to take action to save water. They included:

- Streamlining the application process for the Water Authority’s grant-funded Turf Replacement Rebate Program (high demand exhausted available grant funding in January 2015).
- Adding an irrigation controller re-programming service to the free WaterSmart Checkup residential water use survey program.
- Launching the pilot Artificial Turf Discount Program in January 2015. In this public-private partnership, participating artificial turf companies provide a 10 percent discount on artificial turf products and installation services.
- Promoting the availability of Property Assessed Clean Energy (PACE) financing programs that also cover water efficiency projects in conservation program materials.
- Creating a new fact sheet that serves as a starting “price guide” for different levels of water-saving landscape projects.
- Expanding the list of water-saving tips for customers available on the Water Authority’s web sites and provided to member agencies.

Funding to support drought response outreach and water conservation program activities to date have been supported by funding from a Drought Response and Outreach Program grant from the state Department of Water Resources, and available marketing and re-purposed funds from the Public Outreach and Conservation Department’s fiscal years 2014-2015 operating budget.

Discussion

The Water Authority and its 24 member agencies currently face an unprecedented set of water conservation challenges. On April 14, 2015, the Metropolitan Water District of Southern California’s Board of Directors approved a 15 percent water supply cutback to its member agencies, including the Water Authority, effective July 1, 2015. In addition, on April 1, 2015, Governor Jerry Brown issued an executive order that included several significant actions, including a mandated 25 percent cut in water use for most urban retail water agencies in California that is scheduled to take effect June 1, 2015. Under state-adopted regulations designed to achieve the Governor’s order, the Water Authority’s member agencies will have to reduce their water use from the State Board-

determined baseline level anywhere from 12 percent to 36 percent from June 1, 2015 through February 28, 2016. These savings are in addition to the region's more than 20 percent reduction in urban per-capita water use achieved between 2007 and 2014.

Goal and Objectives of Expanded Outreach Efforts

The goal of the additional drought response outreach and water conservation efforts recommended in this report is to help the Water Authority's member agencies achieve the immediate and significant water savings needed to meet their state-imposed conservation standard for the June 2015-February 2016 timeframe. Objectives include:

- Ensure water users around the region are aware the Governor has ordered significant water-use cuts statewide to help California cope with deepening drought conditions.
- Motivate water users to increase conservation immediately in ways that are consistent with state, regional and local water-use restrictions; position increased water conservation as a collective community effort where everyone's contributions add up to help protect our economy and quality of life.
- Direct customers to local member agencies to learn about local restrictions, water-use reduction targets, and related information.
- Deploy additional water conservation tools, training and educational resources as quickly as possible to assist homeowners, landscape professionals and others in reducing their water use and ensuring compliance with water-use restrictions.
- Continue educating regional civic and business leaders and the public that the Water Authority and its member agencies have greatly improved the region's water supply reliability by promoting conservation programs, diversifying water supply sources and investing \$2 billion over the last decade in major water infrastructure.

Recommended Enhanced Outreach and Water Conservation Tasks

The following measures are recommended to achieve the objectives outlined above. Given the urgent need to respond to drought conditions and achieve state-mandated water use targets, staff will expedite procurement processes and use existing contractors where feasible to deliver programs as soon as possible. A breakdown of their estimated costs is provided in Table 1.

Task 1: Expand "When in Drought" outreach campaign

Additional funding for the "When in Drought" campaign will be used to support creative development, additional mass-market advertising buys and other campaign activities starting in June. It will enable the Water Authority to keep up an aggressive advertising schedule through summer and into early fall, when water use typically is at its highest and retail water agencies have the best opportunity to achieve sizable gains in water savings. It will also provide the resources necessary to help ensure outreach efforts reach key stakeholder groups that polling has shown currently practice conservation behaviors at a lower rate, such as apartment dwellers.

Task 2: Augment public opinion research

The Water Authority will conduct additional public opinion research activities to test campaign messages, or to determine any changes in public attitudes toward water conservation actions or restrictions that may have taken place since state-mandated water-use cuts took effect. Findings will be used to adjust outreach messaging or other drought response tactics as needed. The

estimated timeframe for additional research is mid-summer, to allow time for the public to become aware of, and adjust to local enforcement or other efforts to comply with state-ordered cuts in water use.

Task 3: Produce regional water conservation smartphone “app”

The city of San Diego has developed a “Waste No Water” water conservation application that enables users to report suspected incidents of water waste from their smartphone with pictures and specific location information. The app also has links to the city’s water restrictions and water conservation programs. Water Authority staff would collaborate with city of San Diego staff to modify the existing app platform to create a regional version. The existing city of San Diego app already is able to take reports of water waste from anywhere in the Water Authority’s service area and forward them to the proper local water agency for follow-up. The regional version would build upon that functionality with modifications to enable residents from anywhere in the Water Authority’s service area to sign in and get water-use restrictions and conservation information specifically for their local water agency. This would give all member agencies a new and convenient tool to help ensure compliance with their local water-use restrictions and direct customers to their local water-use rules and programs. Collaborating with the city to modify its existing app reduces costs, minimizes duplication and accelerates implementation. Depending on several development and testing factors, staff estimates a regional app could be made available by early summer.

Task 4: Recruit interns to assist member agencies with outreach/enforcement

In late April 2015, the Water Authority conducted an informal survey of member agency general managers to gauge interest in potential actions the Water Authority could take to help the member agencies prepare for the pending state-mandated water-use cuts. A majority of managers expressed interest in having interns available to help with various outreach or enforcement-related tasks.

In response to this demand, the Water Authority’s Human Resources staff would develop an outreach/enforcement intern program. This program would be similar to the Water Authority’s current operator intern program. The Water Authority would recruit, screen and interview intern candidates to establish a qualified pool. Member agencies would then retain pre-qualified interns as needed via a temporary employment agency, and assign and train them to meet their specific needs. Staff estimates interns could be available via this program by early summer.

Task 5: Expand funding for WaterSmart Field Services Program

Water-use audits and surveys are valuable customer service and water conservation tools that support the member agencies’ efforts to respond to customer requests for assistance. The WaterSmart Field Services Program provides indoor and outdoor residential evaluations, irrigation checkups, and full landscape audits. Follow-up irrigation controller visits are also available for residential customers who want additional information on how to schedule their irrigation controllers. Upon completion of the audits and surveys, customers receive information on their water use and site-specific water-savings recommendations, as well as information about water conservation programs, incentives, and how-to resources that correlate with water savings recommendations. The Water Authority pays for half the cost of each service, with participating

water agencies paying the other half. Member agencies that self-perform these services in lieu of using the Water Authority's contractor are reimbursed by the Water Authority at an equal rate.

In April 2015, the board authorized the General Manager to execute a two-year professional services agreement in an amount not-to-exceed \$468,412, with Mission Resource Conservation District to implement the WaterSmart Field Services Program through June 30, 2017, with an option for a two-year extension. That funding is contingent upon Water Authority Board approval of the fiscal years 2016 and 2017 budget. To help respond to the Governor's call for additional conservation, staff recommends authorizing the General Manager to amend the agreement with Mission Resource Conservation District to implement the WaterSmart Field Services Program by an additional \$200,000. This additional \$200,000 would be immediately available to help fund additional audits and surveys now and into the next budget cycle, and would increase the agreement's not-to-exceed amount to \$668,412.

Task 6: Develop "eLearning" version of WaterSmart Landscape Makeover Series

The WaterSmart Landscape Makeover Series is a four-part series of workshops that provides homeowners with an in-depth, hands-on learning opportunity to obtain the skills and knowledge necessary for a successful turf grass replacement retrofit project. Sixteen series of classes have been held since April 2014 reaching more than 300 homeowners. The average size of class participants' turf conversion projects is 1,000 square feet.

To maximize the availability of class content to interested homeowners and to reach customers who are unable to attend classes in person, staff recommends developing "eLearning modules" to deliver the curriculum online. The modules would compress the classes' content down to its essential elements and deliver them in a series of nine short, self-paced lessons by subject (site analysis, turf removal, landscape design, irrigation efficiency, etc.) that would be available 24/7. Staff would work with the existing WaterSmart Landscape Makeover Series program contractor (DiLorenzo International) to modify the content and retain a qualified online learning module developer to handle production. Staff estimates production could be completed by early fall.

Task 7: Offer Landscape Training for Professionals

Because, on average, a typical single-family home uses 53% of its water to irrigate landscapes, ongoing water conservation programs and new drought regulations emphasize landscape-related conservation measures. Under the proposed program, the Water Authority will introduce to the San Diego region an established training program for landscape professionals. The Qualified Water-Efficient Landscaper (QWEL) training program provides landscape professionals with 20 hours of education on principles of proper plant selection for the local climate, irrigation system design and maintenance, and irrigation system programming and operation. In order to obtain a QWEL certificate, an individual must demonstrate an ability to perform an irrigation system audit and pass a QWEL exam. The QWEL program was developed by the Sonoma County Water Agency and is now being offered in multiple states. The QWEL program is an EPA WaterSense certified program.

To implement this program, the Water Authority would first register as a "professional certifying organization" with USEPA's WaterSense program and customize an introductory teaching module tailored to the region's needs. Staff would retain an outside contractor to provide the professional

services necessary to support the program, including administration, marketing, enrollment, instruction, hosting, and proctoring of examinations. The program would be strategically marketed to recruit professional landscapers from a variety of sectors including landscape contractors and institutional facilities management (e.g., municipal parks staff). Staff estimates the first QWEL classes would be available by late summer or early fall.

Table 1 – Estimated Costs for Extraordinary Drought Response Outreach and Water Conservation Measures

Tasks	Amount
Task 1: Expand “When in Drought” Campaign	\$470,000
Task 2: Public Opinion Research	\$50,000
Task 3: Regional Conservation App	\$10,000
Task 4: Outreach/Enforcement Intern Program	Staff time
Task 5: WaterSmart Field Services Program	\$200,000
Task 6: WaterSmart Landscape Makeover Series “eLearning modules”	\$120,000
Task 7: QWEL Landscape Training for Professionals	\$150,000
Total	\$1,000,000

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