Proposed Calendar Year 2017
Rates and Charges

Administrative and Finance Committee
June 23, 2016
Lisa Marie Harris, Director of Finance
David Shank, Financial Planning Manager
CY 2017 Rate and Charge Drivers

• Drivers
  – Water sales uncertainty due to long-term impacts of state water regulations
  – MWD’s CY 2017 rate and charge increases
  – Meeting rate and charge goals and objectives
Water Sales Levels *

- Projections account for long-term impacts of water use regulations
- Water sales projected to remain relatively flat over the next five years

* Current projections based on the Urban Water Management Plan (UWMP)
## Changes to MWD’s Rate and Charge Structure

<table>
<thead>
<tr>
<th>Adopted MWD</th>
<th>CY 2016</th>
<th>CY 2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Supply</td>
<td>$156</td>
<td>$201</td>
<td>28.8%</td>
</tr>
<tr>
<td>System Access</td>
<td>$259</td>
<td>$289</td>
<td>11.6%</td>
</tr>
<tr>
<td>Water Stewardship</td>
<td>$41</td>
<td>$52</td>
<td>26.8%</td>
</tr>
<tr>
<td>System Power</td>
<td>$138</td>
<td>$124</td>
<td>-10.1%</td>
</tr>
<tr>
<td>Treatment</td>
<td>$348</td>
<td>$313</td>
<td>-10.1%</td>
</tr>
<tr>
<td>Tier 1 Untreated</td>
<td>$594</td>
<td>$666</td>
<td>12.1%</td>
</tr>
<tr>
<td>Tier 1 Treated</td>
<td>$942</td>
<td>$979</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

- **Transportation increase of 6.2%**
- **CY 2017 fixed charge decreases**
  - Readiness-to-Serve Charge (RTS) - $135M for a decrease of 11.8%
  - Capacity Charge - $8,000/cfs for a decrease of 26.6%
MWD Remains the Largest Share of Water Cost

- MWD Costs 33%
- Desalination 24%
- IID Water Purchases* 19%
- MWD Exchange Agreement Costs 24%
- Canal Water Purchases <1%

MWD Represents 57% of the Cost of Water

- Water Authority water supply costs increased by 3.4% due to MWD’s CY 2017 $72/AF rate increase

Excludes MWD’s fixed RTS and CRC charges, which are not recovered on the Melded Supply Rate

*Excludes the debt service for capital projects and recovery of settlement expenditures
MWD’s Transportation Rate Increase Impacts QSA Supplies

Diversified, Local and Stable Water Supply

- Agreements stabilize cost and supply of water in drought
  - Projected 3.2% increase in IID water rate
  - 46% of projected M&I sales are controlled by contract
- By 2021, represents over 280,000 acre-feet of water supply reliability
Meeting Goals and Objectives

- Smooth and predictable rates
  - Mitigating upward rate and charge pressures
    - Continued low water sales environment
    - Increasing MWD costs
    - Cost of desalinated water
  - Utilizing the RSF
    - Projected fiscal year draw of $20.1M in 2017
      - ~$50 per acre-foot of rate relief

Rate Stabilization Fund (RSF) Balance Requirements

- 2016: $122.2M
- 2017: $83.4M
- 2018: $87.3M

- Target Ending Balance: $155.7M
- Maximum Allowable Ending Balance: $160M

- Draw of $20.1M in 2017
- Draw of $17.0M in 2018

Fiscal Year
## Proposed CY 2017 Rates & Charges

<table>
<thead>
<tr>
<th>Water Authority Rates and Charges</th>
<th>CY 2015 Previous</th>
<th>CY 2016 Current</th>
<th>CY 2017 Proposed</th>
<th>Year/Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melded Supply Rate ($/AF)</td>
<td>$764</td>
<td>$780</td>
<td>$855</td>
<td>9.6%</td>
</tr>
<tr>
<td>Melded Treatment Rate ($/AF)</td>
<td>$278</td>
<td>$280</td>
<td>$290</td>
<td>3.6%</td>
</tr>
<tr>
<td>Transportation Rate ($/AF)</td>
<td>$101</td>
<td>$105</td>
<td>$110</td>
<td>4.8%</td>
</tr>
<tr>
<td>Untreated Special Agricultural Water Rate ($/AF)</td>
<td>$582</td>
<td>$594</td>
<td>$666</td>
<td>12.1%</td>
</tr>
<tr>
<td>Treated Special Agricultural Water Rate ($/AF)</td>
<td>$860</td>
<td>$874</td>
<td>$956</td>
<td>9.4%</td>
</tr>
<tr>
<td>Fixed Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Service Charge (millions)</td>
<td>$26.4</td>
<td>$26.4</td>
<td>$26.4</td>
<td>0%</td>
</tr>
<tr>
<td>Storage Charge (millions)</td>
<td>$63.2</td>
<td>$63.2</td>
<td>$65.0</td>
<td>2.8%</td>
</tr>
<tr>
<td>Supply Reliability Charge (millions)</td>
<td>-</td>
<td>$26.0</td>
<td>$24.8</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Other Rates and Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Access Charge (IAC)</td>
<td>$2.76/ME³</td>
<td>$2.76/ME³</td>
<td>$2.87/ME³</td>
<td>3.9%</td>
</tr>
<tr>
<td>Standby Availability Charge⁴,⁵</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
<td>0%</td>
</tr>
<tr>
<td>System Capacity Charge</td>
<td>$4,681/ME</td>
<td>$4,840/ME</td>
<td>TBD⁶</td>
<td>-</td>
</tr>
<tr>
<td>Treatment Capacity Charge</td>
<td>$119/ME</td>
<td>$123/ME</td>
<td>TBD⁶</td>
<td>-</td>
</tr>
<tr>
<td>MWD Capacity Charge</td>
<td>$10,738,140</td>
<td>$12,406,380</td>
<td>$9,105,600⁷</td>
<td>-26.6%</td>
</tr>
<tr>
<td>MWD Readiness-to-Serve⁵</td>
<td>$25,043,402</td>
<td>$22,145,912</td>
<td>$18,623,577⁷</td>
<td>-15.9%</td>
</tr>
</tbody>
</table>

1 Per current Board Policy, TSAWR is set to end Dec. 31, 2020
2 Supply Reliability Charge was effective Jan. 1, 2016
3 ME means meter equivalent as defined in the Resolution establishing the IAC
4 Per parcel or acre, whichever is greater
5 Fiscal Year
6 Charges will be administratively adjusted effective January 2017
7 Pending MWD’s Rate & Charge notification
Proposed CY 2017 Total Cost of Water Breakdown*

<table>
<thead>
<tr>
<th>Water Rates and Charges ($/AF)</th>
<th>Restated¹ CY 2016 Rates</th>
<th>Proposed CY 2017 Rates</th>
<th>Proposed CY 2017 Change in Rate</th>
<th>Proposed Year/Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melded Supply Rate</td>
<td>$780</td>
<td>$855</td>
<td>$75</td>
<td>9.6%</td>
</tr>
<tr>
<td>Melded Treatment Rate</td>
<td>280</td>
<td>290</td>
<td>10</td>
<td>3.6%</td>
</tr>
<tr>
<td>Transportation</td>
<td>105</td>
<td>110</td>
<td>5</td>
<td>4.8%</td>
</tr>
<tr>
<td>Storage²</td>
<td>165</td>
<td>167</td>
<td>2</td>
<td>1.2%</td>
</tr>
<tr>
<td>Customer Service²</td>
<td>63</td>
<td>61</td>
<td>-2</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Supply Reliability Charge²</td>
<td>67</td>
<td>63</td>
<td>-4</td>
<td>-6.0%</td>
</tr>
<tr>
<td><strong>Treated Water Cost</strong></td>
<td><strong>$1,460</strong></td>
<td><strong>$1,546</strong></td>
<td><strong>$86</strong></td>
<td><strong>5.9%</strong></td>
</tr>
<tr>
<td><strong>Untreated Water Cost</strong></td>
<td><strong>$1,180</strong></td>
<td><strong>$1,256</strong></td>
<td><strong>$76</strong></td>
<td><strong>6.4%</strong></td>
</tr>
</tbody>
</table>

*Actual member agency increases will vary. Includes water rates and charges and excludes the Water Authority’s IAC and MWD’s RTS and Capacity charges.

¹ Fixed charges on a $/AF basis are restated based on current water sales estimates

² Customer Service, Storage and Supply Reliability Charges converted to $/AF based on sales forecast
Estimated Breakdown of the CY 2017 Treated Water Rate and Charge Increases*

### Breakdown of $86/AF Increase

- **Melded Supply Rate:** $75 (87%)
- **Transportation:** $5 (6%)
- **Customer Service:** $2 (-2%)
- **Storage:** $2 (3%)
- **Melded Treatment Rate:** $10 (12%)
- **Supply Reliability Charge:** $4 (-5%)

### Breakdown of the Melded Supply Rate Increase of $75

- **MWD Impact:** $46 (61%)
- **Water Authority Impact:** $29 (39%)

*Actual member agency increases will vary. Includes water rates and charges and excludes the Water Authority’s IAC and MWD’s RTS and Capacity charges.
Proposed Untreated Water Cost*

2015 LFRP High/Low Untreated Water Rates (Lawsuit Win)

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>High Rate Scenario</th>
<th>Low Rate Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,213</td>
<td>1,158</td>
</tr>
<tr>
<td>2017</td>
<td>1,332</td>
<td>1,242</td>
</tr>
<tr>
<td>2018</td>
<td>1,249</td>
<td>1,119</td>
</tr>
<tr>
<td>2019</td>
<td>1,334</td>
<td>1,127</td>
</tr>
<tr>
<td>2020</td>
<td>1,415</td>
<td>1,170</td>
</tr>
<tr>
<td>2021</td>
<td>1,469</td>
<td>1,192</td>
</tr>
</tbody>
</table>

*Includes water rates and charges and excludes the Water Authority’s IAC and MWD’s RTS and Capacity charges.
Proposed Treated Water Costs*

2015 LFRP High/Low Treated Water Rates (Lawsuit Win)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>High Rate Scenario</td>
<td>1,493</td>
<td>1,674</td>
<td>1,647</td>
<td>1,766</td>
<td>1,841</td>
<td>1,929</td>
</tr>
<tr>
<td>Low Rate Scenario</td>
<td>1,438</td>
<td>1,528</td>
<td>1,406</td>
<td>1,410</td>
<td>1,458</td>
<td>1,493</td>
</tr>
</tbody>
</table>

*Includes water rates and charges and excludes the Water Authority’s IAC and MWD’s RTS and Capacity charges.
Financial Performance Metrics – Debt Service Coverage Ratios

- Achieves the Board’s policy target of 1.50x in FYs 2017 – 2021

1 Coverage requirement for senior debt service is 1.20x
2 Overall coverage requirement is 1.00x. Overall debt service coverage includes subordinate lien debt such as the commercial paper program and medium term notes
## Financial Performance Metrics

### RSF Fund Balance Requirements

*(Current Board Policy)*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Rate Stabilization Fund</th>
<th>Target Ending Balance</th>
<th>Maximum Allowable Ending Balance</th>
<th>(Deposit)/Draw</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>122.2</td>
<td>83.4</td>
<td>122.9</td>
<td>(6.2)</td>
</tr>
<tr>
<td>2017</td>
<td>103.2</td>
<td>89.1</td>
<td>136.4</td>
<td>20.1</td>
</tr>
<tr>
<td>2018</td>
<td>87.3</td>
<td>105.3</td>
<td>155.7</td>
<td>17.0</td>
</tr>
<tr>
<td>2019</td>
<td>91.0</td>
<td>118.6</td>
<td>167.2</td>
<td>(2.6)</td>
</tr>
<tr>
<td>2020</td>
<td>100.9</td>
<td>125.4</td>
<td>175.0</td>
<td>(8.7)</td>
</tr>
<tr>
<td>2021</td>
<td>112.5</td>
<td>122.2</td>
<td>172.6</td>
<td>(10.1)</td>
</tr>
</tbody>
</table>
PAYGO funds are projected to be utilized to pay for the CIP
## Impact of CY 2017 Rate Increase on Composite Monthly Residential Bill

- **5 Retail Agency Average Composite Cost (CY 2017)**
  - Fixed Charge: $23.01 monthly
  - Commodity Charge: $62.56
  - Composite Monthly Residential Bill: $85.57

<table>
<thead>
<tr>
<th>Wholesale Charges</th>
<th>Proposed Rates Monthly Retail Cost</th>
<th>Percent Retail Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Untreated</td>
<td>$2.73</td>
<td>3.2%</td>
</tr>
<tr>
<td>Treated</td>
<td>$3.07</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Actual rate impact will vary by member agency.

**Notes:**
1. Analysis based on retail rates for the City of Carlsbad, Helix Water District, the City of San Diego, Sweetwater Authority, and Otay Water District.
2. Tier 1 and Tier 2 pricing blocks vary by member agency.
3. Historic water demand used to calculate member agency specific weighting factors.
4. Individual member agency commodity charge calculated using its average single family residential water use (hcf).
5. Composite commodity charge is the sum of the individual member agency’s commodity charge times its weighting factor.
Wholesale Monthly Household Cost

**Estimated CY 2017 Wholesale Costs per Household***

- **MWD Costs**: $27.81
- **IID/QSA & Desalination Supply costs**: $14.56
- **Water Authority Capital Costs**: $23.01
- **Water Authority Operating Costs**: $5.24

**TOTAL: $70.62/month**

- Cost of water purchases is 60% of the wholesale cost of water
- The remaining 40% or $28.25/month is for the Water Authority to:
  - Deliver water and maintain the system
  - Rapidly diversify the region’s water supplies
  - Provide in-region emergency water storage
  - Develop in-region water storage capacity
  - Administer conservation and demand management programs

*Based upon 0.5 AF of consumption a year and includes meter charges and MWD pass-through costs
Summary

• Rate and Charge Drivers
  – MWD rate and charge increases
    • Untreated water rate increases of 12.1%
  – Persistent low sales environment
  – Smoothing the rate impact of desalinated water costs
• Proactive financial management
  – Highlights how essential the Rate Stabilization Fund is to rate and charge smoothing
• Rate and charge increases inline with guidance
  – Treated increase 5.9%
  – Untreated increase 6.4%
• Overall rate and charge increase will vary by member agency depending upon the fixed charge allocations
Today’s Actions

• Adopt Ordinance No. 2016-__ an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services.

• Adopt Resolution No. 2016-__ a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge.

• Adopt Resolution No. 2016-__ a resolution of the Board of Directors of the San Diego County Water Authority setting the contract water rate for South Coast Water District water deliveries.
Administrative and Finance Committee
June 23, 2016

Fiscal Years 2016 & 2017
Mid-Term Budget Update

Maureen A. Stapleton
General Manager
Fiscal Years 2016 & 2017
Mid-Term Budget Update

- **Water Sales**
  - Fiscal Years 2016 & 2017 sales are 4% lower than anticipated
  - Unprecedented response to State Water Resources Control Board emergency drought regulation

- **Water Purchases and Treatment**
  - Fiscal Years 2016 & 2017 purchases and treatment are 5% lower than budgeted
  - Purchase of desalinated water, budgeted to begin in August 2015, began in December 2015 creating approximately $34 M in savings
Fiscal Years 2016 & 2017
Mid-Term Budget Update

- **Stored Water Purchases**
  - Higher than budgeted due to opportunity to purchase additional water for storage in the San Vicente Reservoir

- **Operating Departments (Net Zero Impact)**
  - Forecasting 6% savings through FY2017
  - Transferring previously set aside funds for MOU Implementation

- **Capital Improvement Program (Net Zero Impact)**
  - Transfer for Twin Oaks Valley Water Treatment Plant Expanded Service Area - $200,000
  - Transfer for ESP Post Construction Activities - $4.4 M
Recommendations

- **Total Increase to Fiscal Years 2016 & 2017**
  - **Budget: $37.47 M**
    - Transfer $37.43 M from the Stored Water Fund for Stored Water Purchases
    - Increase appropriations by $42k for Equipment Replacement
    - Transfer $2.95 M for Operating Departments Labor and Benefits (net zero impact)
    - Transfer $4.40 M among CIP Projects (net zero impact)
    - Amend Classification and Salary Schedule
2016 Transactions – Overview

Administrative and Finance Committee
June 23, 2016
Lisa Marie Harris, Director of Finance
### Debt Management Summary

<table>
<thead>
<tr>
<th>Short Term Debt Program - Prior</th>
<th>Short Term Debt Program - Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>TECP Series 5: $100 million</td>
<td>TECP Series 9 (New): $135 million</td>
</tr>
<tr>
<td>TECP Series 7: $100 million</td>
<td>TECP Series 8: $110 million</td>
</tr>
<tr>
<td>TECP Series 8: $110 million</td>
<td>ECP Series 1 (New): $100 million</td>
</tr>
<tr>
<td>ECP Series 1: $50 million</td>
<td>Fixed Rate Note (New): $88 million</td>
</tr>
<tr>
<td>Fixed Rate Note: $87 million</td>
<td></td>
</tr>
<tr>
<td>Total Short Term Debt: $447 million</td>
<td>Total Short Term Debt: $433 million</td>
</tr>
</tbody>
</table>

Water Authority Debt Service Profile

![Graph showing SDCWA Aggregate Debt Service over Fiscal Years 2017 to 2049. The graph displays three lines representing different debt service series: DS After Series 2010A/B, DS After Series 2015A, and DS After Series 2016A/B. The lines show a decreasing trend in annual debt service over time.]
2016S–1 5–Year Fixed Rate Notes

- $87,650,000 due May 1, 2021
- 2.5x subscribed, yields lowered 3 bps for final re-pricing
  - 19 institutional investors
- Strategically chose underwriter syndicate to increase retail investment
  - $4.5 million sold to individual retail investors
- All-in TIC of 1.27%, 40 bps lower than 2011S–1 All-in TIC of 1.67%
- Annual interest savings of about $188,000 versus 2011S–1

<table>
<thead>
<tr>
<th>Rank</th>
<th>Investor</th>
<th>Total Allotments ($ 000's)</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vanguard Group</td>
<td>25,000</td>
<td>Mutual Fund</td>
</tr>
<tr>
<td>2</td>
<td>Sanford Bernstien</td>
<td>20,000</td>
<td>Professional Retail</td>
</tr>
<tr>
<td>3</td>
<td>Nuveen Advisory Funds</td>
<td>10,260</td>
<td>Professional Retail</td>
</tr>
<tr>
<td>4</td>
<td>JP Morgan Asset Management</td>
<td>6,000</td>
<td>Professional Retail</td>
</tr>
<tr>
<td>5</td>
<td>GSAM Funds</td>
<td>5,000</td>
<td>Professional Retail</td>
</tr>
<tr>
<td>6</td>
<td>Individual Retail</td>
<td>4,490</td>
<td>Individual Retail</td>
</tr>
</tbody>
</table>
There was no extension of maturity for either series of refunded bonds.

### Sources and Uses of Funds

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Amount</td>
<td>$296,340,000.00</td>
</tr>
<tr>
<td>Original Issue Premium</td>
<td>74,362,338.95</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>1,416,729.00</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$372,119,067.95</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refunding Escrow Deposits</td>
<td>$370,493,895.59</td>
</tr>
<tr>
<td>Costs of Issuance</td>
<td>736,852.00</td>
</tr>
<tr>
<td>Underwriter’s Discount</td>
<td>886,075.61</td>
</tr>
<tr>
<td>Rounding</td>
<td>2,244.75</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$372,119,067.95</strong></td>
</tr>
</tbody>
</table>

### Summary Statistics

**Summary of Refunding Results**

- Arbitrage Yield: 2.159%
- True Interest Cost: 3.163%
- All-in TIC: 3.179%
- Average Coupon: 5.000%
- Average Life (years): 17.896
- Duration (years): 12.678
- Total Interest: $265,171,019.66
- Total Debt Service: $561,511,016.66
- Maximum Annual Debt Service: $41,470,250.00
- Average Annual Debt Service: $25,691,912.30
- Net PV Savings: $63,276,425.60
- Net PV Savings % (Refunded Bonds): 18.582%

### Annual Cashflow Savings

- Average Annual Gross Savings of $3.82 million
- Fiscal Year: 2017 to 2038

### Diagram

- Graph showing annual cashflow savings from 2017 to 2038, with average annual gross savings of $3.82 million highlighted.
The Water Authority received $62.525 million of retail orders.
Aqueduct Operating Plan

Engineering & Operations Committee
June 23, 2016
Aqueduct Operating Plan

- Improve communication
- Coordinate operations
- Maximize regional resources
- Monthly Operating Heads meeting
Aqueduct Operating Plan

1. Water Supply/Conveyance (Treated and Untreated)
   Untreated Water Distribution Priorities

2. Aqueduct Shutdowns

3. Member Agency Shutdowns

4. Energy Production/Consumption

5. Reservoir Operation/Coordination

6. Asset Management Activities
Treasured Water: Projected Demand vs Deliveries for Fiscal Year (FY) 2016

FY 2016 AOP Projection

Pipeline Capacity (650 cfs)

Average Monthly Flow (cfs)

Percent Treated Water System Capacity

San Diego County Water Authority
Untreated Water: Projected Demand vs Deliveries for FY2016

San Diego County Water Authority
Treated Water Delivery (FY2017)
Untreated Water Delivery (FY2017)

Average Monthly Flows (cfs)

- Jul: 546
- Aug: 546
- Sep: 624
- Oct: 468
- Nov: 312
- Dec: 234
- Jan: 390
- Feb: 468
- Mar: 546
- Apr: 468
- May: 624
- Jun: 702

Pipeline Capacity (780 cfs)

Percent Untreated Water System Capacity
Untreated Distribution Priorities

June 1, 2016 – October 31, 2017

**Summer Untreated Water Delivery Priority**
1) Member Agency Treatment Plants
2) Water Authority Treatment Plants
3) Storage

June 1, 2016 – October 31, 2017

**Winter Untreated Water Delivery Priority**
1) Member Agency Treatment Plants
2) Storage
3) Water Authority Treatment Plants

November 1, 2016 – May 31, 2017
Aqueduct Shutdowns and Outages

Jan 8 – Jan 17, 2017: Untreated
3. SR76 Pipeline 5 Reline Warranty inspection
4. Nob Hill Tunnel final tie-in
5. LMSE pipeline condition assessment

Nov 6 – Nov 15, 2016: Untreated
1. SR76 Pipeline 3 Reline Warranty inspection
2. Pipeline 4 Relining project bulkhead installation

Feb 17 – Feb 26, 2017: Treated
1. CR1 FCF bulkhead installation
2. SR76 Pipeline 4 Reline warranty inspection
3. Desal Improvement - Pipeline 3 Reline warranty inspection

Dec 4 – Dec 8, 2016: Treated
3. Carlsbad Desalination Plant semi-annual maintenance

Feb 21 2016 – May 1, 2017: Treated
1. Miramar Pump Station will be out of service for rehabilitation

Mar 6 – Mar 16, 2016: Untreated
5. Lake Hodges Hydroelectric Facility semi-annual maintenance

Nov 7 – Nov 16, 2016: Untreated
2. Lake Hodges Hydroelectric Facility annual maintenance

Apr 20 – Apr 30, 2017: Untreated
6. Pipeline 4 Relining project bulkhead removal

Feb 17 – Feb 21, 2017: Treated
4. Carlsbad Desalination Plant semi-annual maintenance

July 1, 2016

June 30, 2017

* Green = untreated shutdown, Blue = treated shutdown, Orange = outage
Member Agency Shutdowns

- **Current – 10/2016**
  - Hydroelectric Facility Commissioning (Sweetwater)

- **10/2016 – 12/2016**
  - Flume Relocation Project (Vista)

- **1/2017 – 2/2017**
  - Weese WTP Upgrades (Oceanside)

- **11/30/2015 – 3/31/2016**
  - Cool Valley Reservoir Rehabilitation (Valley Center)

- **July 1, 2015**
- **June 30, 2016**
FY2016 Energy Production

- Rancho Peñasquitos
  - Projected revenue: $0

- Lake Hodges Pump Storage
  - Projected revenue: $2,800,000
  (Sources of Revenue: 80% Availability / 20% O&M Variability Payment)
FY2017 Projected Energy Production

- Rancho Peñasquitos
  - Goal: $700,000

- Lake Hodges Pump Storage
  - Goal: $2,800,000
Reservoirs and Regional Storage

- Regional Usable Capacity
  - 724,488 Acre Feet (AF)

- May 2 Usable Inventory
  - 322,126 AF (44%)
Asset Management Activities

Last year included:

- Conversion of 37 facilities to encrypted 3G/4G wireless technology communication to the SCADA system

- Pipeline Condition Assessment
  - Pipeline 3 (San Marcos to Rancho Peñasquitos)
  - Pipeline 5E1 and 5EII
  - San Vicente Pipeline (Central Shaft to RPHEF)

- Installation of 15 new valve actuators

- Cathodic protection repair of NCDP
Asset Management Activities

- Replacement of damaged section of Pipeline 3
- Collaborative effort internally
  - Engineering/ROW
  - Water Resources
  - O&M
Asset Management Activities

Next Year:

- System-wide Risk Assessment and Prioritization
- Flow control facility electric actuator replacements
- Rotating equipment condition assessment
- Evaluation of Pipeline Condition Assessment technologies
- La Mesa–Sweetwater Extension internal assessment
Aqueduct Operating Plan – Future

- Operating Heads (monthly)
- FY2017 AOP Schedule
  - Shutdown schedule to Operating Heads/MWD – Jan 2017
  - General Managers – June 2017
  - Board – June 2017
Hauck Mesa Storage Reservoir and Pipeline Surge Protection Project

Engineering & Operations Committee Meeting
June 23, 2016
Hauck Mesa Storage Reservoir and Pipeline Surge Protection
Valley Center Pump Station and Pipeline Operation

RIVERSIDE COUNTY
SAN DIEGO COUNTY

**Second Aqueduct Pipelines 3, 4, 5**

**First Aqueduct Pipelines 1, 2**

**RIVERSIDE COUNTY**

**SAN DIEGO COUNTY**

**NORTH COUNTY DISTRIBUTION PIPELINE**

**VALLEY CENTER PIPELINE**

39 cfs

41 cfs

Avg. Peak Demand = 80 cfs

Twin Oaks Valley Water Treatment Plant
Hauck Mesa Storage Reservoir and Pipeline Surge Protection
Professional Services Contract with LEE & RO, Inc.

- Design Services, including
  - Geotechnical Investigation
  - Transient Analysis
  - Preliminary, Mid-Point, and Final Designs
- Bidding Phase Design Support
- Construction Phase Design Support
Authorize the General Manager to award a professional services contract to LEE & RO, Inc. for the design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project in the amount of $1,023,404.
Twin Oaks Valley Water Treatment Plant Amendment 3 Notice of Completion

Engineering & Operations Committee
June 23, 2016
Desalination Project Components

Pacific Ocean

Carlsbad

Desal WTP

Encina Power Station

San Marcos

Pipeline 4

Pipeline 3

TOVWTP

P3 relining 5-miles

54-inch steel pipe 10-miles

Pipeline Interconnection

TOVWTP Improvements
Twin Oaks Valley WTP
Desalination Improvements
Twin Oaks Valley WTP
Desalination Improvements
Twin Oaks Valley WTP
Desalination Improvements
Twin Oaks Valley WTP
Desalination Improvements
## Twin Oaks Valley WTP Desalination Improvements

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Amount</td>
<td>$15,378,413</td>
</tr>
<tr>
<td>Change Orders (0.4%)</td>
<td>$66,217</td>
</tr>
<tr>
<td><strong>Final Contract Amount</strong></td>
<td><strong>$15,444,630</strong></td>
</tr>
</tbody>
</table>
Recommendation

Authorize the General Manager to accept Amendment No. 3 for capital improvements at the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project, as complete, record the Notice of Completion, and release all funds held in retention to CH2M Hill Engineers, Inc., following the expiration of the retention period.
Basin States and Colorado River Hydrology Update

Imported Water Committee
June 23, 2016
June 15, 2016 CRB meeting

- Staff disclosed content of “closed door” meetings amongst select CR Users
- Higher probability of shortage in earlier years than previously predicted
- Drought Contingency Planning cutbacks based on Lake Mead elevation
  - **Existing 2007 Agreement**: Arizona/Nevada take 1st shortage, California absorbs no shortage
  - **New Proposal**: Arizona/Nevada/California – additional cutbacks beyond 2007 Agreement with “Voluntary Reductions” from California up to 350,000 AF

Besides an earlier shortage, what has changed since 2007 to prompt the need for CA to contribute?

Dan Denham to provide more details
Historic Elevation of Lake Mead

- 1936: Dead Pool
- 1970: Coordinated Long-Range Operation of Colorado River Reservoirs
- 1994: Central Arizona Project Complete
- 2001: Interim Surplus Guidelines
- 2003: California 4.4 Plan/QSA
- 2007: Interim Shortage Guidelines
- 2015: NV’s 3rd Intake at Lake Mead Complete
- 2018: 100% Capacity
The Colorado River is managed and operated under numerous compacts, federal laws, court decisions, contracts, and regulatory guidelines known as the “Law of the River”

- **Longstanding history of water rights disputes**
  - Colorado River Compact (1922)
  - Boulder Canyon Project Act (1928)
  - California Seven Party Agreement (1931)
  - Arizona vs. California (1964)
  - Colorado River Basin Project Act (1968)

- **The modern era**
  - Interim Surplus Guidelines (2001)
  - Interim Shortage Guidelines (2007)
2007 Interim Shortage Guidelines

- Coordinated Operations of Lake Powell and Lake Mead
- Encourage Conservation and Storage in Lake Mead
- Establish guidelines for determining shortages
- Provide Water Supply Predictability
- 20-Year term (2007-2026)
- Did not address shortages to Mexico
## Percent Chance of Lower Basin Shortage

<table>
<thead>
<tr>
<th>Shortage Condition</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Level (Elevation 1,075 to 1,050 ft)</td>
<td>10</td>
<td>56</td>
<td>46</td>
<td>40</td>
<td>33</td>
</tr>
<tr>
<td>2nd Level (Elevation 1,050 to 1,025 ft)</td>
<td>0</td>
<td>&lt;1</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>3rd Level (Elevation below 1,025 ft)</td>
<td>0</td>
<td>0</td>
<td>&lt;1</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Surplus Condition (Elevation above 1,145 ft)</td>
<td>0</td>
<td>&lt;1</td>
<td>4</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Normal/ICS Surplus Condition</td>
<td>90</td>
<td>44</td>
<td>32</td>
<td>28</td>
<td>27</td>
</tr>
</tbody>
</table>

Based on Bureau of Reclamation data from April 2016
### Interim Guidelines and Minute 319

**Shortage Reductions for Lower Basin States and Mexico**

<table>
<thead>
<tr>
<th>Colorado River Entitlement Water (AF)</th>
<th>Lake Mead Elevation (feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,075</td>
</tr>
<tr>
<td></td>
<td>1,050</td>
</tr>
<tr>
<td></td>
<td>1,025</td>
</tr>
<tr>
<td>California</td>
<td></td>
</tr>
<tr>
<td>4,400,000</td>
<td>-</td>
</tr>
<tr>
<td>Arizona</td>
<td>(320,000)</td>
</tr>
<tr>
<td>2,800,000</td>
<td>(400,000)</td>
</tr>
<tr>
<td>(480,000)</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>(13,000)</td>
</tr>
<tr>
<td>300,000</td>
<td>(17,000)</td>
</tr>
<tr>
<td>(20,000)</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>(50,000)</td>
</tr>
<tr>
<td>1,500,000</td>
<td>(70,000)</td>
</tr>
<tr>
<td>(125,000)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9,000,000</td>
</tr>
<tr>
<td></td>
<td>(383,000)</td>
</tr>
<tr>
<td></td>
<td>(487,000)</td>
</tr>
<tr>
<td></td>
<td>(625,000)</td>
</tr>
</tbody>
</table>
## Potential Reductions

*Volumes in acre-feet*

<table>
<thead>
<tr>
<th>Elevation Trigger in Lake Mead (feet)</th>
<th>Interim Guidelines</th>
<th>Minute 319</th>
<th>Drought Contingency Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AZ</td>
<td>NV</td>
<td>CA</td>
<td>Total</td>
</tr>
<tr>
<td>1,090</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1,075</td>
<td>320,000</td>
<td>13,000</td>
<td>-</td>
<td>333,000</td>
</tr>
<tr>
<td>1,050</td>
<td>400,000</td>
<td>17,000</td>
<td>-</td>
<td>417,000</td>
</tr>
<tr>
<td>1,045</td>
<td>400,000</td>
<td>17,000</td>
<td>-</td>
<td>417,000</td>
</tr>
<tr>
<td>1,040</td>
<td>400,000</td>
<td>17,000</td>
<td>-</td>
<td>417,000</td>
</tr>
<tr>
<td>1,035</td>
<td>400,000</td>
<td>17,000</td>
<td>-</td>
<td>417,000</td>
</tr>
<tr>
<td>1,030</td>
<td>400,000</td>
<td>17,000</td>
<td>-</td>
<td>417,000</td>
</tr>
<tr>
<td>1,025</td>
<td>480,000</td>
<td>20,000</td>
<td>-</td>
<td>500,000</td>
</tr>
</tbody>
</table>
Drought Contingency Planning Efforts

2013-2015: Open Process

- Basin States technical information sharing meetings
- Pilot System Conservation Agreement
- “Out of the Box” workgroup reporting
- “Structural Deficit” and “Bend the Curve” added to Colorado River vocabulary
Drought Contingency Planning Efforts

2016: Closed Door Discussions

- Section 5 Principles, Reclamation, Department of the Interior, and Colorado River Board of CA Executive Director
- “Conceptual” plans, “voluntary” reductions, “supplemental” to 2007 Interim Guidelines
- **California**: Access to Lake Mead storage below 1075’
- **Arizona/Nevada**: Reduce risk of lower elevation Lake Mead shortage triggers
- **Reclamation**: Delay shortage declaration and encourage efficiency
Water Authority Concerns

- Water Authority not involved despite Delivery Agreement Status with Department of the Interior and participation in 2007 Interim Guidelines
- Governor’s Office and State Water Board not involved
- Potential impacts to Water Authority QSA supplies
- Potential unmitigated impacts on Salton Sea
- Colorado River Board of California involvement unclear
Next Steps

• Continuing outreach with Colorado River Board of California Chair and Executive Director, Reclamation, and Department of the Interior
  – Protection of QSA is essential in current negotiations
  – Water Authority willingness to engage in discussions if appropriate

• Ongoing communication with parties in river negotiations

• Consider anticipated draft reduction proposal (possibly as early as July)
Drought Awareness Campaign Development

Legislation, Conservation and Outreach Committee
June 23, 2016
“When in Drought” Winding Down

Online & Outdoor

Civic Events

Website

Social Media

Partnerships

Radio/Pandora

Large Events: SD County Fair

#droughtbucketlist
New Campaign Development

- Response to improved supply and regulatory conditions
- Ensure community’s continued focus on:
  - Drought awareness
  - Long-term commitment to water-use efficiency
Key Objectives

• Deliver consistent message
  • Supported by member agencies

• Promote positive, durable commitment to efficiency
  • Indoors & outdoors
  • Water-efficient landscapes

• Emphasize available programs, proper behaviors

Residential Water Audit
Campaign Theme

Live WaterSmart!

SAN DIEGO COUNTY WATER AUTHORITY
Promote Available Programs

• Technical assistance
• Landscape classes
• Helpful resources
  • Videos, qualified landscapers, etc.
Reinforce Positive Behaviors

Align with state prohibitions of water-wasting practices

Sample posters
Tactical Highlights

• Member agency coordination
  • Provide materials
  • Solicit feedback
  • Adapt as needed

• Ongoing communications
  • Media relations
  • Social media
  • Events & presentations
  • Website
  • School education
  • Educational items

WaterSmartSD.org site
Targeted Advertising

- Digital
  - Web-based (Google, other)
  - Social media
  - Geographic areas
  - Market sectors

- Print
  - Lifestyle magazines (*San Diego Home & Garden, Westways*)
  - Ethnic newspapers (with appropriate cultural translations)

Google ad sample
Partnerships
• Launch in July
• Emphasize campaign during peak demand months
  • July-October
• Evaluate and re-assess by January
Small Contractor Outreach and Opportunities Program Programmatic Goal

Legislation, Conservation and Outreach Committee
June 23, 2016

Teresa Penunuri, Public Affairs Supervisor
SCOOP Overview

- Goal: Increase the bidding opportunities for small businesses in public contracting bids.
  - Communicate and provide opportunities
  - Track and report small-business participation

- Current annual goal: 30% (Established 2013)
Benefits

- **Small businesses**
  - Access to contracts they may have considered outside of their means
  - Technical assistance
  - Exposure to large primes and public agencies

- **Water Authority and ratepayers**
  - Raise awareness of projects
    - High-quality response
    - Increased bid accuracy
    - Better cost
Previous SCOOP Goals

- 2004 – Goal established: 21%
- 2005 – 23%
- 2007 – 25%
- 2013 – 30%
Goal Evaluation Process

- Identify types of contracting/subcontracting opportunities

- Adjust availability #s based on:
  - Historical achievement
  - Economic climate
  - Likelihood of small businesses to bid
  - Capacity of availability pool
  - Percentages resulting from availability surveys or disparity studies
  - Other public agency projects
  - Experience factors of goal-setter
Historical CIP Spending

Historical CIP Expenditures (in millions)

- CIP Expenditures range from $0 to $300 million
## SCOOP Measurements

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>SB Achievement</th>
<th>SB Amount ($)</th>
<th>MW</th>
<th>MW Amount ($)</th>
<th>Total Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>18%</td>
<td>$11,075,700</td>
<td>0%</td>
<td></td>
<td>$60,423,807</td>
</tr>
<tr>
<td>2003</td>
<td>17%</td>
<td>$13,968,865</td>
<td>0%</td>
<td></td>
<td>$80,172,433</td>
</tr>
<tr>
<td>2004</td>
<td>22%</td>
<td>$15,452,861</td>
<td>0%</td>
<td></td>
<td>$69,760,244</td>
</tr>
<tr>
<td>2005</td>
<td>24%</td>
<td>$7,737,708</td>
<td>6%</td>
<td>$9,716,692</td>
<td>$158,401,039</td>
</tr>
<tr>
<td>2006</td>
<td>16%</td>
<td>$76,299,845</td>
<td>3%</td>
<td>$16,229,560</td>
<td>$474,559,207</td>
</tr>
<tr>
<td>2007</td>
<td>18%</td>
<td>$20,883,056</td>
<td>6%</td>
<td>$7,362,054</td>
<td>$118,736,945</td>
</tr>
<tr>
<td>2008</td>
<td>38%</td>
<td>$15,744,673</td>
<td>3%</td>
<td>$1,354,710</td>
<td>$41,179,477</td>
</tr>
</tbody>
</table>
# SCOOP Measurements

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>SB Achievement</th>
<th>SB Amount $</th>
<th>MW</th>
<th>MW Amount $</th>
<th>Total Amount $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>25%</td>
<td>$ 27,466,923</td>
<td>17%</td>
<td>$ 19,343,351</td>
<td>$ 110,694,189</td>
</tr>
<tr>
<td>2010</td>
<td>12%</td>
<td>$ 21,167,391</td>
<td>8%</td>
<td>$ 13,584,791</td>
<td>$ 170,571,174</td>
</tr>
<tr>
<td>2011</td>
<td>41%</td>
<td>$ 16,805,729</td>
<td>10%</td>
<td>$ 4,222,121</td>
<td>$ 40,862,936</td>
</tr>
<tr>
<td>2012</td>
<td>26%</td>
<td>$ 13,728,837</td>
<td>4%</td>
<td>$ 1,948,097</td>
<td>$ 53,711,295</td>
</tr>
<tr>
<td>2013</td>
<td>32%</td>
<td>$ 12,614,158</td>
<td>6%</td>
<td>$ 2,569,301</td>
<td>$ 39,987,730</td>
</tr>
<tr>
<td>2014</td>
<td>39%</td>
<td>$ 41,392,762</td>
<td>5%</td>
<td>$ 5,462,593</td>
<td>$ 105,045,976</td>
</tr>
<tr>
<td>2015</td>
<td>63%</td>
<td>$ 41,171,177</td>
<td>13%</td>
<td>$ 8,492,936</td>
<td>$ 65,073,625</td>
</tr>
</tbody>
</table>
2002 – 2015 Goal Statistics

Goal Percentage

21% 23% 25% 24% 38% 41% 38% 39% 32% 26% 25% 63% 28%


San Diego County Water Authority
SCOOP Measurements to Date

- 2002-2015
  - $1.6 billion in procurements
  - $365.5 million to small businesses
  - $90.3 million to minority/women-owned businesses
SCOOP Committee Recommendation

- Adopt a SCOOP Program Goal of 20 percent for fiscal year 2017.
2015 Urban Water Management Plan

Water Planning Committee Meeting
June 23, 2016

Presentation by:
Bob Yamada, Director of Water Resources
2015 UWMP Development Activities

July 15, 2015
- Kick-off meeting with member agencies

Aug 25, 2015
- Reported to Board on preparation of 2015 Plan

Nov 19, 2015
- Hosted DWR UWMP workshop & agency coordination meeting

Feb 25, 2016
- Reported to Board on draft baseline demand forecast & resource mix

Mar 18, 2016
- Distributed long-range demand forecast & conservation estimates

Apr 29, 2016
- Distributed Public Review Draft 2015 Plan

May 26, 2016
- Public hearing to receive comments on draft 2015 Plan

June 6, 2016
- Comments due on draft 2015 Plan

June 23, 2016
- Board adoption of final 2015 Plan
What’s Changed from Public Review Draft

• Refinements to baseline demand projections
  • Reliability assessments adjusted accordingly

• Modifications to anticipated near-term annexations

• Refinements to member agency local supply estimates

• Text updates to reflect Governor’s latest Executive Order and SWRCB’s amended Emergency Water Conservation Regulation
Change in Long–Range Demand Forecast (TAF)

- Initial Forecast
- Final Forecast

~+3%
Supply Project Categorization

- Supply projects categorized into three groups
- Critical to identify “Verifiable” supplies
  - Projects included in Water Reliability Assessment
  - Utilized in compliance reports for laws linking land-use approval and supply sufficiency (SBs 610/221)
- Identification of “Additional Planned” projects provides for comprehensive long-term reliability planning

<table>
<thead>
<tr>
<th>Project Category</th>
<th>General Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verifiable</td>
<td>Adequate documentation on implementation: CEQA certification, permits satisfied, contracts executed</td>
</tr>
<tr>
<td>Additional Planned</td>
<td>Actively being pursued and planning effort currently being funded</td>
</tr>
<tr>
<td>Conceptual</td>
<td>Project in conceptual, pre-feasibility phase</td>
</tr>
</tbody>
</table>
## Water Reliability Assessment – Normal Year – (AF)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-Range Demand Forecast</strong></td>
<td>587,581</td>
<td>648,124</td>
<td>676,721</td>
<td>694,431</td>
<td>718,773</td>
</tr>
<tr>
<td><strong>Member Agency Verifiable Supplies</strong></td>
<td>131,379</td>
<td>136,084</td>
<td>139,108</td>
<td>139,368</td>
<td>140,008</td>
</tr>
<tr>
<td><strong>Water Authority Verifiable Supplies</strong></td>
<td>320,200</td>
<td>330,200</td>
<td>330,200</td>
<td>330,200</td>
<td>330,200</td>
</tr>
<tr>
<td><strong>MWD Water Purchases</strong></td>
<td>136,002</td>
<td>181,840</td>
<td>207,413</td>
<td>224,863</td>
<td>248,565</td>
</tr>
</tbody>
</table>

Source: Table 9.1, Final 2015 UWMP
Water Authority Demand on MWD* (Normal Year)

*Source: Final 2015 UWMP, excludes MCB Camp Pendleton Desalination Plant
Public Comments on 2015 UWMP

- Written comments
  - 7 entities
    - Surfrider Foundation San Diego County Chapter
    - Associated General Contractors of America
    - BIOCOM
    - Business Alliance for Water, San Diego
    - California Restaurant Association
    - Industrial Environmental Association
    - San Diego Regional EDC

- Oral comments
  - 5 public speakers
# UWMP Remaining Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 23, 2016</td>
<td>Board adoption of 2015 UWMP <em>(SDCWA Board meeting)</em></td>
</tr>
<tr>
<td>By July 1, 2016</td>
<td>Submit adopted 2015 UWMP and required wholesale agency standardized reporting tables to DWR</td>
</tr>
<tr>
<td>Late-2016</td>
<td>Distribute hard copy of “glossy” UWMP report to Board</td>
</tr>
</tbody>
</table>
Update on Implementation of Governor’s Executive Order Regarding Long-Term Water Use Efficiency

Water Planning Committee
June 23, 2016
Governor’s Executive Order (B-37-16)

• Issued May 9, 2016

• Four areas of action:
  1. Eliminate Water Waste
     • Permanently prohibit wasteful practices
     • Minimize water system leaks
  2. Strengthen Local Drought Resilience
     • Improve Water Shortage Contingency Plans
     • Plan for five-year droughts
     • Create common statewide standards
Governor’s Executive Order (B-37-16)

3. Improve Agricultural Water Use Efficiency & Drought Planning
   - AWMPs should identify and quantify measures to achieve water use efficiency
   - Lower threshold for AWMPs to 10,000 acres (vs 25,000 acres)

4. Use Water More Wisely
   - Require permanent monthly reporting
   - Modify SWRCB’s emergency regulation (complete)
   - Develop water restrictions for 2017, if needed
   - Develop new water use efficiency targets
Executive Order (EO) Provisions
New Water Use Efficiency Targets

- Build on SBX7-7 (20% reduction by 2020)
  - Generate additional savings

- Strengthen standards for
  - Indoor residential water use
  - Outdoor irrigation
    - Incorporate landscape area, local climate, satellite imagery
  - Commercial, industrial, institutional water use
  - Water lost through leaks

- Customize to unique conditions
Concerns Regarding EO Provisions

- No discussion in EO regarding options to achieve new water use targets

- Difficult to define what is efficient water use

- EO appears to be focused on landscape water budgets
  - Some agencies support a one-size-fits-all water budget approach
  - Not be feasible for all water agencies

- Commercial, industrial, institutional water use is unique to each customer
  - Difficult to address each situation in statewide regulation

- Existing processes already in place to address leak loss detection
Opportunities for Water Authority to Engage in Process

- Participate in planned DWR stakeholder/work groups
  - Selection process to be determined
  - Expected to start in mid-July

- Joint association effort underway
Timeline

- June 2016 – Listening Sessions
- July 2016 – Form Stakeholder/Work Groups
- February 2017 – Begin Implementation