PLEDGE OF ALLEGIANCE

ROLL CALL

PUBLIC PARTICIPATION/COMMENTS
At this time members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary “Request to be Heard” form available from the Board Secretary prior to the meeting.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED
Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING
Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District’s business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District’s Internet Web site, accessible at http://www.mwdoc.com.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

1. INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION

Recommendation: Receive input and discuss the information.

2. SERIES OF DISCUSSIONS ON THE CALIFORNIA WATERFIX – PRESENTATION BY METROPOLITAN BAY-DELTA MANAGER STEVE ARAKAWA

Recommendation: Review and discuss the information presented.

3. METROPOLITAN CYCLIC STORAGE AGREEMENT

Recommendation: Review and discuss the information presented.
4. **“MAKING CONSERVATION A CALIFORNIA WAY OF LIFE” – LEGISLATIVE UPDATE**

*Recommendation:* Review and discuss the information presented.

5. **MET ITEMS CRITICAL TO ORANGE COUNTY** (The following items are for informational purposes only – a write up on each item is included in the packet. Discussion is not necessary unless requested by a Director)

   a. MET’s Water Supply Conditions
   b. MET’s Finance and Rate Issues
   c. Colorado River Issues
   d. Bay Delta/State Water Project Issues
   e. MET’s Ocean Desalination Policy and Potential Participation by MET in the Doheny Desalination Project and in the Huntington Beach Ocean Desalination Project (Poseidon Desalination Project)
   f. Orange County Reliability Projects
   g. East Orange County Feeder No. 2
   h. South County Projects

*Recommendation:* Discuss and provide input on information relative to the MET items of critical interest to Orange County.

6. **METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

   a. Summary regarding June Board Meeting
   b. Review items of significance for MET Board and Committee Agendas
   c. IRP Policy Principles

*Recommendation:* Review and discuss the information presented.

**ADJOURNMENT**

Note: **Accommodations for the Disabled.** Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.
TO: Board of Directors
FROM: Robert Hunter, General Manager

Staff Contact: Harvey De La Torre
Melissa Baum-Haley

SUBJECT: SERIES OF DISCUSSIONS ON THE CALIFORNIA WATERFIX – PRESENTATION BY METROPOLITAN BAY-DELTA MANAGER STEVE ARAKAWA

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information.

REPORT

In the coming weeks, we anticipate a number of important decisions and announcements regarding California WaterFix. On June 26, the U.S. Department of Interior and U.S. Fish and Wildlife issued its Biological Opinion for the California WaterFix, and we expected the Record of Decision (ROD) and Notice of Determination (NOD) to be released later this month.

In addition, the Metropolitan (MET) Board plans to hold a number of workshops over the next couple of months on the CA WaterFix to educate and inform the MET Board so they can consider an official position on the project in September. Included in these Board workshops will be the review of three key white papers MET staff will prepare regarding the project. They will focus on 1) Physical infrastructure 2) Operations and 3) Financing/Cost allocation.

In preparation to the MET Board action in September, MWDOC will be holding a series of discussions in Orange County on the CA WaterFix at our monthly Joint Board Workshop on MET Issues. MWDOC has secured key MET staff to present at each of these MWDOC meetings:

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Fiscal Impact (explain if unbudgeted):
This month we have MET Bay-Delta Manager Steve Arakawa to present on the key terms and provisions of the recently completed Biological Opinion, the status of the EIR/EIS & Key Permits, State Control Board Hearings, and MET Board review process.

On August 2, we have scheduled MET General Manager Jeff Kightlinger to present the findings of two of MET’s whitepapers: 1) Physical Infrastructure and 2) Operations of the CA WaterFix.

On September 6, we have scheduled MET Chief Finance Officer Gary Breaux to discuss the findings of MET’s last whitepaper - Financing and Cost Allocation and MET’s staff recommendation for the September 12 Board action.

As shown below is the presentation schedule for both MET and MWDOC meetings and topics of discussion.

<table>
<thead>
<tr>
<th>Presentation Topic</th>
<th>Description</th>
<th>Presentation Date Metropolitan</th>
<th>Presentation Date MWDOC</th>
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| Update             | Completion of the Biological Opinions  
|                    | Status of the EIR/EIS & Key Permits and State Control Board Hearings | June 27 | July 5 |
| White Paper #1: Physical Infrastructure | Project features including protection for seismic risks  
|                       | Design and Construction Enterprise  
|                       | Cost Estimate  
|                       | Construction budget and schedule | July 10 | August 2 |
| White Paper #2: Operations | Project operations  
|                           | Biological opinions  
|                           | - Section 7 Biological Opinion - Federally listed species  
|                           | - Section 2081 Permit –State listed species  
|                           | - Range of supply/Expected yield  
|                           | - Water Quality  
|                           | - Ability to manage water transfers | July 25 | August 2 |
|                                         | - State/Federal  
|                                         | - State Water Contractors  
|                                         | - Cost share analysis and cost impact to rates | August 14 | September 6 |
| Board Workshop      | Board Questions and Follow Up | August 22 (tent.) | September 6 |
| Board Action        |                                          | September 12 | September 6 |

The U.S. Fish and Wildlife Service biological opinion is available at [https://www.fws.gov/sfbaydelta/HabitatConservation/CalWaterFix/Index.htm](https://www.fws.gov/sfbaydelta/HabitatConservation/CalWaterFix/Index.htm), and the biological opinion from National Marine Fisheries Service (NOAA) at [http://www.westcoast.fisheries.noaa.govcentral_valley/CAWaterFix.html](http://www.westcoast.fisheries.noaa.govcentral_valley/CAWaterFix.html).
TO: Board of Directors

FROM: Robert Hunter, General Manager

Staff Contact: Harvey De La Torre

SUBJECT: METROPOLITAN CYCLIC STORAGE AGREEMENT

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information.

Staff intends to bring a Draft Cyclic Storage Agreement between OCWD, Metropolitan, and MWDOC to the MWDOC Board for consideration on July 19.

REPORT

Calendar year (CY) 2017 is officially the wettest year on record for Northern California, yielding record breaking runoff and a State Water Project (SWP) “Table A” allocation of 85%; and for the first time in six years, the Upper Colorado River Basin has resulted in above normal runoff. Additionally, through May Metropolitan has received approximately 124 TAF of Article 21 SWP supplies, which are surplus SWP supplies for state contractors. This will result in an estimated 2.75 MAF of available supplies for Metropolitan this year. With current demand trends of 1.47 MAF, supplies will exceed demands by approximately 1.28 MAF.

To manage this year’s record supplies, Metropolitan is optimizing all of its storage put capacity and exploring all storage opportunities in- and out-of-region. For example, Metropolitan is working with the U.S. Bureau of Reclamation to store an additional 200,000 AF in Lake Mead through its Intentionally Created Surplus (ICS) program, they are working with their central valley groundwater banking partners to modify their storage agreements to store additional water this year, and are maximizing all of its in-region reservoirs i.e. Diamond Valley Lake.

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Metropolitan is also exploring alternatives to store additional water into local agency accounts. Earlier this year, the Metropolitan Board authorized the General Manager to enter into cyclic storage agreements with its member agencies, which would allow Metropolitan to pre-delivery large quantities of imported water to improve a local agency’s storage while providing Metropolitan with additional sales over a set period of time. Establishment of such agreements is timely, as most groundwater basins have reached record lows due to the recent drought and are seeking ways into increase replenishment deliveries.

For the past couple of weeks, a number of groundwater agencies along with Metropolitan member agencies have been working with Metropolitan staff on the terms of a cyclic agreement and the quantities of delivering additional imported water. Unfortunately, the recent concerns associated with the “suspect” of quagga mussels with SWP supplies has affected a number of Metropolitan untreated service connections (e.g. OC-59); therefore limiting, and in some cases preventing, the delivery of raw imported water to groundwater spreading basins, including the Orange County basin.

In an effort to get around the quagga issue and prevent the lost opportunity to store additional water locally, Metropolitan is seeking Board approval this month to add a provision within the cyclic storage agreements to allow a one-time In-lieu delivery of excess treated imported water to Southern California’s groundwater basins this calendar year.

Metropolitan and the local groundwater producers have a long history of utilizing In-lieu. This method which simply requires a retail agency to turn off its existing groundwater production and take additional treated imported supplies resulting in stored water in a groundwater basin. This alternative replenishment method is very effective and easy to perform.

The key terms of the proposed In-lieu under a Metropolitan Cyclic Storage Agreement are:

- A cyclic agreement must be established with Metropolitan, the member agency and groundwater agency to participate in the In-lieu program.
- This would be an alternative method of delivering imported water into a Cyclic groundwater storage account by asking a producer not to pump and take Metropolitan treated water i.e. In-lieu.
- In-lieu deliveries would only occur in CY 2017 and will require certification by the end of FY 2017/18.
- In-lieu water will be sold at the Metropolitan full service treated water rate with a Metropolitan credit up to $225/AF for water certified.
- The purpose for the In-lieu credit is to create financial neutrality for agencies and/or producers to store the extraordinary supplies within the groundwater basins. The total cost should be no different than purchasing untreated imported water.
- The full service treatment surcharge minus the In-lieu credit is to be paid for all water delivered. The remaining cost of the water (untreated rate) can be paid over a set period time
- When the water is purchased from the cyclic account, the member agency pays the prevailing Metropolitan untreated rate at that time.
- The Metropolitan capacity charge does not apply for water delivered in the cyclic account.
MWDOC and OCWD staffs have reviewed the proposed key terms of taking In-lieu water under a cyclic agreement and believe OCWD can purchase up to 50,000 AF of treated water (this is in addition to the 65,000 OCWD has already budgeted for FY2017-18). This would be cost neutral to OCWD under the proposed In-lieu Metropolitan credit (in the case of OCWD, this would result in a $215/AF credit) and increase the delivery of replenishment water into the OC groundwater basin. With this program, OCWD staff estimates the OC basin’s accumulated overdraft could decline to approximately 250,000 AF by June 30, 2018.

By providing an In-lieu credit, it gives Metropolitan the opportunity to sell additional imported water this year, increase local storage, and prevent the risk of Metropolitan not storing all of its surplus supplies this year. More importantly, it is good water management to ensure we maximize the local storage when surplus water is available.

**Next Steps**

On July 11, the Metropolitan Board will consider staff’s recommendation to provide an In-lieu credit provision as part of a Cyclic Storage Agreement this fiscal year. Based on Metropolitan’s action, MWDOC and OCWD will work with Metropolitan on developing a draft Cyclic Storage Agreement in Orange County and present this agreement for Board consideration in the coming weeks.
DISCUSSION ITEM
July 5, 2017

TO: Board of Directors

FROM: Robert Hunter,
General Manager

Staff Contact: Heather Baez

SUBJECT: “Making Conservation a California Way of Life” – Legislative Update

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information

REPORT

In April 2017, the Brown Administration released a package of proposed legislation in the form of Budget Trailer Bill Language, 810, to implement Executive Order B-37-16 and the framework contained in the report Making Conservation a California Way of Life.

Since April, various stakeholders have been meeting and sharing feedback with the Administration on the proposed language. Stakeholders include urban and agricultural water suppliers (including MWDOC), as well as environmental non-governmental organizations.

As a result of the conversations, the Administration is now prepared to move the proposed language through the policy committee process. The attached language represents the Administration’s work to address many of the suggestions received, ensure consistency with the framework report, and establish legislative criteria for the process and program.

While this is a positive step in the right direction, there are still a handful of issues and details stakeholders are working on to reach consensus amongst the working group while working with the Administration, the Assembly Bi-Partisan Water Conservation Working Group, and bill authors.
AB 1323 (Weber), AB 1654 (Rubio) and AB 1668 (Friedman) – all vehicles for implementing EO B-37-16 - are set to be heard in the Senate Natural Resources and Water Committee on July 11, 2017. Also set for hearing that day is AB 869 (Rubio) which deals with recycled water and AB 1000 (Friedman) which authorizes the State Energy Resources Conservation and Development Commission to adopt regulations establishing performance standards for water meters in residential and non-residential buildings. These two measures are indirectly related to Making Conservation a California Way of Life.

The amended Trailer Bill Language 810 is attached.
Making Water Conservation a California Way of Life
Summary of Proposed Legislation

In the 2014 California Water Action Plan, the Administration proposed ten broad actions to make California’s water system more resilient to extreme weather cycles like the historic drought that is just ending. One of the ten actions is making water conservation a California way of life.

Last May, Governor Brown signed Executive Order B-37-16, which directed state agencies to develop a new approach to long-term water conservation that will make the state more resilient to future droughts. Today state agencies released a plan to make water conservation a way of life, including proposed legislation summarized below:

Water Conservation Standards and Use Reporting

The proposal establishes authorities and deadlines for setting new long-term standards for efficient urban water use. Specifically, the proposal:

- Requires the State Water Resources Control Board (State Water Board), in consultation with the Department of Water Resources (Department) to set long-term urban water use efficiency standards by May 20, 2021;
- Allows the State Water Board to set interim standards to ensure that progress begins before the long-term standards are adopted in 2021;
- Includes a robust public participation process to provide the State Water Board and Department with critical input from local agencies, tribal governments, non-governmental organizations, the business sector, academics, and others.

Key to the Executive Order is a requirement that the state’s 409 urban water suppliers meet new water use targets. Rather than measuring water savings as a percentage reduction from a chosen baseline, the new standards recognize past investments by water suppliers in advancing conservation, and take into account the unique climatic, demographic and land use characteristics of each urban water agency’s service area. The approach allows regions to develop an approach best suited for their community.

The proposal also authorizes the Board and local agencies to enforce the standards in the same manner that they have been able to enforce the Board’s emergency conservation regulations during the drought. It also authorizes the Board to set emergency conservation regulations for one year instead of the current 270 days. This change will allow the Board to make future conservation determinations at the end of the winter when water conditions are known.
Urban Water Shortage Contingency Planning

Under current law, urban water suppliers must include a water shortage contingency analysis as a component of their Urban Water Management Plan submitted to the Department of Water Resources, which must be updated every five years. Water shortage contingency planning is important because it can affect the basic health and safety of California residents. It can be costly for both the state and local communities to engage in last-minute, emergency efforts to alleviate water supply crises when they happen. Urban water suppliers should thoroughly evaluate the potential impacts on their water supplies of different water shortage scenarios. It is critical that water suppliers inform their customers of the risks and potential consequences of their plans.

Current planning efforts are not consistent across water agencies. Some urban water suppliers do a good job planning and others were unprepared to respond effectively to the supply shortages during the recent drought. Suppliers with adequate water shortage planning and well-defined contingency actions showed high levels of resiliency during the drought.

The proposed legislation will strengthen local drought resilience through improved planning and annual assessments. In addition, the proposed planning and assessment methods will allow local officials and their customers to understand the risks of water supply shortages from longer and more severe droughts and will improve the information sent to both customers and the state during drought conditions. Better planning and information will make communities more resilient and will reduce costs and impacts on customers in the wake of more frequent and severe drought conditions under climate change.

Additionally, urban water suppliers will be required to submit a Water Shortage Contingency Plan and conduct a Drought Risk Assessment every five years, and submit a water budget forecast annually.

Agricultural Water Management Planning (AWMP)

Currently, agricultural water suppliers that provide water to more than 25,000 irrigated acres are required to (1) adopt and submit an Agricultural Water Management Plan to the Department, and (2) implement efficient water management practices including the measurement and volumetric pricing of water deliveries. Initial reports were due in 2012 and, beginning in 2015, Ag Water Management Plans must be updated every five years.

Additionally, agricultural water suppliers that provide water to 10,000 and up to 25,000 irrigated acres are currently not required to prepare and submit plans unless state funds are available to support the planning efforts. Current law also permits water suppliers that are contractors under the Reclamation Reform Act or Central Valley Project Improvement Act requirements to submit their federal plans in lieu of a plan meeting the criteria established in SB X7-7 (Chapter 4, Statutes of 2009).

Under the proposed legislation, agricultural water suppliers will be required to:

- Develop an annual water budget for the agricultural water service area;
- Identify agricultural water management objectives and implementation plans;
• Quantify measures to increase water use efficiency, and
• Develop an adequate drought plan for periods of limited supply.

The proposal will expand existing requirements to require agricultural water suppliers providing water to over 10,000 irrigated acres of land to prepare, adopt, and submit plans by April 1, 2021, and every five years thereafter. These plans will be reviewed by the Department, and compliance issues will be referred to the State Water Board.
An act to amend Sections 377, 1058.5, 1120, 1831, and 10608.20 of, and to add Chapter 9 (commencing with Section 10609) to Part 2.55 of Division 6 of, the Water Code, relating to water.
THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 377 of the Water Code is amended to read:

377. (a) From and after the publication or posting of any ordinance or resolution pursuant to Section 376, a violation of a requirement of a water conservation program adopted pursuant to Section 376 is a misdemeanor. A person convicted under this subdivision shall be punished by imprisonment in the county jail for not more than 30 days, or by a fine not exceeding one thousand dollars ($1,000), or by both.

(b) A court or public entity may hold a person civilly liable in an amount not to exceed ten thousand dollars ($10,000) for a violation of any of the following:

(1) An ordinance or resolution adopted pursuant to Section 376.

(2) An emergency regulation adopted by the board under Section 1058.5, 1058.5 or Chapter 9 (commencing with Section 10609) of Part 2.55 of Division 6, unless the board regulation provides that it cannot be enforced under this section or provides for a lesser applicable penalty.

(c) Commencing on the 31st day after the public entity notified a person of a violation described in subdivision (b), the person additionally may be civilly liable in an amount not to exceed ten thousand dollars ($10,000) plus five hundred dollars ($500) for each additional day on which the violation continues.

(d) Remedies prescribed in this section are cumulative and not alternative, except that no liability shall be recoverable under this section for any violation of paragraph (2) of subdivision (b) if the board has filed a complaint pursuant to Section 1846 alleging the same violation.
(e) A public entity may administratively impose the civil liability described in subdivisions (b) and (c) after providing notice and an opportunity for a hearing. The public entity shall initiate a proceeding under this subdivision by a complaint issued pursuant to Section 377.5. The public entity shall issue the complaint at least 30 days before the hearing on the complaint and the complaint shall state the basis for the proposed civil liability order.

(f) (1) In determining the amount of civil liability to assess, a court or public entity shall take into consideration all relevant circumstances, including, but not limited to, the nature and persistence of the violation, the extent of the harm caused by the violation, the length of time over which the violation occurs, and any corrective action taken by the violator.

(2) The civil liability calculated pursuant to paragraph (1) for the first violation of subdivision (b) by a residential water user shall not exceed one thousand dollars ($1,000) except in extraordinary situations where the court or public entity finds all of the following:

(A) The residential user had actual notice of the requirement found to be violated.
(B) The conduct was intentional.
(C) The amount of water involved was substantial.

(g) Civil liability imposed pursuant to this section shall be paid to the public entity and expended solely for the purposes of this chapter.

(h) An order setting administrative civil liability shall become effective and final upon issuance of the order and payment shall be made. Judicial review of any final order shall be pursuant to Section 1094.5 of the Code of Civil Procedure.
(i) In addition to the remedies prescribed in this section, a public entity may
enforce water use limitations established by an ordinance or resolution adopted pursuant
to this chapter, or as otherwise authorized by law, by a volumetric penalty in an amount
established by the public entity.

SEC. 2. Section 1058.5 of the Water Code is amended to read:

1058.5. (a) This section applies to any emergency regulation adopted by the
board for which the board makes both of the following findings:

(1) The emergency regulation is adopted to prevent the waste, unreasonable use,
unreasonable method of use, or unreasonable method of diversion, of water, to promote
water recycling or water conservation, to require curtailment of diversions when water
is not available under the diverter’s priority of right, or in furtherance of any of the
foregoing, to require reporting of diversion or use or the preparation of monitoring
reports.

(2) The emergency regulation is adopted in response to conditions which exist,
or are threatened, in a critically dry year immediately preceded by two or more
consecutive below normal, dry, or critically dry years or during a period for which the
Governor has issued a proclamation of a state of emergency under the California
Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1
of Title 2 of the Government Code) based on drought conditions.

(b) Notwithstanding Sections 11346.1 and 11349.6 of the Government Code,
any findings of emergency adopted by the board, in connection with the adoption of
an emergency regulation under this section, are not subject to review by the Office of
Administrative Law.
(c) An emergency regulation adopted by the board under this section may remain in effect for up to 270 days; one year, as determined by the board, and is deemed repealed immediately upon a finding by the board that due to changed conditions it is no longer necessary for the regulation to remain in effect. An emergency regulation adopted by the board under this section may be renewed if the board determines that the conditions specified in paragraph (2) of subdivision (a) are still in effect.

(d) In addition to any other applicable civil or criminal penalties, any person or entity who violates a regulation adopted by the board pursuant to this section is guilty of an infraction punishable by a fine of up to five hundred dollars ($500) for each day in which the violation occurs.

(e) (1) Notwithstanding subdivision (b) of Section 1551 or subdivision (e) of Section 1848, a civil liability imposed under Chapter 12 (commencing with Section 1825) of Part 2 of Division 2 by the board or a court for a violation of an emergency conservation regulation adopted pursuant to this section shall be deposited, and separately accounted for, in the Water Rights Fund. Funds deposited in accordance with this subdivision shall be available, upon appropriation, for water conservation activities and programs.

(2) For purposes of this subdivision, an “emergency conservation regulation” means an emergency regulation that requires an end user of water, a water retailer, or a water wholesaler to conserve water or report to the board on water conservation. Water conservation includes restrictions or limitations on particular uses of water or a reduction in the amount of water used or served, but does not include curtailment of
diversions when water is not available under the diverter’s priority of right or reporting requirements related to curtailments.

SEC. 3. Section 1120 of the Water Code is amended to read:

1120. This chapter applies to any decision or order issued under this part or Section 275, Part 2 (commencing with Section 1200), Part 2 (commencing with Section 10500) of Division 6, Part 2.55 (commencing with Section 10608) of Division 6, or Chapter 11 (commencing with Section 10735) of Part 2.74 of Division 6, Article 7 (commencing with Section 13550) of Chapter 7 of Division 7, or the public trust doctrine.

SEC. 4. Section 1831 of the Water Code is amended to read:

1831. (a) When the board determines that any person is violating, or threatening to violate, any requirement described in subdivision (d), the board may issue an order to that person to cease and desist from that violation.

(b) The cease and desist order shall require that person to comply forthwith or in accordance with a time schedule set by the board.

(c) The board may issue a cease and desist order only after notice and an opportunity for hearing pursuant to Section 1834.

(d) The board may issue a cease and desist order in response to a violation or threatened violation of any of the following:

(1) The prohibition set forth in Section 1052 against the unauthorized diversion or use of water subject to this division.

(2) Any term or condition of a permit, license, certification, or registration issued under this division.
(3) Any decision or order of the board issued under this part, Section 275, Chapter 9 (commencing with Section 10609) of Part 2.55 of Division 6, or Chapter 11 (commencing with Section 10735) of Part 2.74 of Division 6, or Article 7 (commencing with Section 13550) of Chapter 7 of Division 7, in which decision or order the person to whom the cease and desist order will be issued, or a predecessor in interest to that person, was named as a party directly affected by the decision or order.

(4) A regulation adopted under Section 1058.5, by the board.

(5) Any extraction restriction, limitation, order, or regulation adopted or issued under Chapter 11 (commencing with Section 10735) of Part 2.74 of Division 6.

(6) Any diversion or use of water for cannabis cultivation if any of the following applies:

(A) A license is required, but has not been obtained, under Article 6 (commencing with Section 19331) of Chapter 3.5 of Division 8 of the Business and Professions Code.

(B) The diversion is not in compliance with an applicable limitation or requirement established by the board or the Department of Fish and Wildlife under Section 13149.

(C) The diversion or use is not in compliance with a requirement imposed under subdivision (d) or (e) of Section 19332.2 of the Business and Professions Code.

(e) This article does not alter the regulatory authority of the board under other provisions of law.

SEC. 5. Section 10608.20 of the Water Code is amended to read:

10608.20. (a) (1) Each urban retail water supplier shall develop urban water use targets and an interim urban water use target by July 1, 2011. Urban retail water
suppliers may elect to determine and report progress toward achieving these targets on an individual or regional basis, as provided in subdivision (a) of Section 10608.28, and may determine the targets on a fiscal year or calendar year basis.

(2) It is the intent of the Legislature that the urban water use targets described in paragraph (1) cumulatively result in a 20-percent reduction from the baseline daily per capita water use by December 31, 2020.

(b) An urban retail water supplier shall adopt one of the following methods for determining its urban water use target pursuant to subdivision (a):

(1) Eighty percent of the urban retail water supplier’s baseline per capita daily water use.

(2) The per capita daily water use that is estimated using the sum of the following performance standards:

(A) For indoor residential water use, 55 gallons per capita daily water use as a provisional standard. Upon completion of the department’s 2016 report to the Legislature pursuant to Section 10608.42, this standard may be adjusted by the Legislature by statute.

(B) For landscape irrigated through dedicated or residential meters or connections, water efficiency equivalent to the standards of the Model Water Efficient Landscape Ordinance set forth in Chapter 2.7 (commencing with Section 490) of Division 2 of Title 23 of the California Code of Regulations, as in effect the later of the year of the landscape’s installation or 1992. An urban retail water supplier using the approach specified in this subparagraph shall use satellite imagery, site visits, or other best available technology to develop an accurate estimate of landscaped areas.
(C) For commercial, industrial, and institutional uses, a 10-percent reduction in water use from the baseline commercial, industrial, and institutional water use by 2020.

(3) Ninety-five percent of the applicable state hydrologic region target, as set forth in the state’s draft 20x2020 Water Conservation Plan (dated April 30, 2009). If the service area of an urban water supplier includes more than one hydrologic region, the supplier shall apportion its service area to each region based on population or area.

(4) A method that shall be identified and developed by the department, through a public process, and reported to the Legislature no later than December 31, 2010. The method developed by the department shall identify per capita targets that cumulatively result in a statewide 20-percent reduction in urban daily per capita water use by December 31, 2020. In developing urban daily per capita water use targets, the department shall do all of the following:

(A) Consider climatic differences within the state.

(B) Consider population density differences within the state.

(C) Provide flexibility to communities and regions in meeting the targets.

(D) Consider different levels of per capita water use according to plant water needs in different regions.

(E) Consider different levels of commercial, industrial, and institutional water use in different regions of the state.

(F) Avoid placing an undue hardship on communities that have implemented conservation measures or taken actions to keep per capita water use low.

(c) If the department adopts a regulation pursuant to paragraph (4) of subdivision (b) that results in a requirement that an urban retail water supplier achieve a reduction
in daily per capita water use that is greater than 20 percent by December 31, 2020, an urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may limit its urban water use target to a reduction of not more than 20 percent by December 31, 2020, by adopting the method described in paragraph (1) of subdivision (b).

(d) The department shall update the method described in paragraph (4) of subdivision (b) and report to the Legislature by December 31, 2014. An urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may adopt a new urban daily per capita water use target pursuant to this updated method.

(e) An urban retail water supplier shall include in its urban water management plan due in 2010 pursuant to Part 2.6 (commencing with Section 10610) the baseline daily per capita water use, urban water use target, interim urban water use target, and compliance daily per capita water use, along with the bases for determining those estimates, including references to supporting data.

(f) When calculating per capita values for the purposes of this chapter, an urban retail water supplier shall determine population using federal, state, and local population reports and projections.

(g) An urban retail water supplier may update its 2020 urban water use target in its 2015 urban water management plan required pursuant to Part 2.6 (commencing with Section 10610).

(h) (1) The department, through a public process and in consultation with the California Urban Water Conservation Council, shall develop technical methodologies
and criteria for the consistent implementation of this part, including, but not limited to, both of the following:

(A) Methodologies for calculating base daily per capita water use, baseline commercial, industrial, and institutional water use, compliance daily per capita water use, gross water use, service area population, indoor residential water use, and landscaped area water use.

(B) Criteria for adjustments pursuant to subdivisions (d) and (e) of Section 10608.24.

(2) The department shall post the methodologies and criteria developed pursuant to this subdivision on its Internet Web site, and make written copies available, by October 1, 2010. An urban retail water supplier shall use the methods developed by the department in compliance with this part.

(i) (1) The department shall adopt regulations for implementation of the provisions relating to process water in accordance with subdivision (l) of Section 10608.12, subdivision (e) of Section 10608.24, and subdivision (d) of Section 10608.26.

(2) The initial adoption of a regulation authorized by this subdivision is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted for that purpose from the requirements of subdivision (b) of Section 11346.1 of the Government Code. After the initial adoption of an emergency regulation pursuant to this subdivision, the department shall not request approval from the Office of Administrative Law to readopt the regulation as an emergency regulation pursuant to Section 11346.1 of the Government Code.
(j) (1) An urban retail water supplier is granted an extension to July 1, 2011, for adoption of an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) due in 2010 to allow the use of technical methodologies developed by the department pursuant to paragraph (4) of subdivision (b) and subdivision (h). An urban retail water supplier that adopts an urban water management plan due in 2010 that does not use the methodologies developed by the department pursuant to subdivision (h) shall amend the plan by July 1, 2011, to comply with this part.

(2) An urban wholesale water supplier whose urban water management plan prepared pursuant to Part 2.6 (commencing with Section 10610) was due and not submitted in 2010 is granted an extension to July 1, 2011, to permit coordination between an urban wholesale water supplier and urban retail water suppliers.

(k) Nothing in this part limits the authority of the board to adopt standards for water conservation that are in addition to, or exceed, the standards provided under this part.

SEC. 6. Chapter 9 (commencing with Section 10609) is added to Part 2.55 of Division 6 of the Water Code, to read:

CHAPTER 9. URBAN WATER CONSERVATION STANDARDS AND USE REPORTING

10609. (a) The board, in consultation with the department, shall adopt long-term standards for urban water conservation and water use by May 20, 2021. The standards shall include, but are not limited to, standards for all of the following:

(1) Indoor residential water use.
(2) Outdoor irrigation in connection with domestic, industrial, institutional, or commercial water use.

(3) Industrial, institutional, and commercial water use.

(b) The board, in consultation with the department, may adopt interim standards for urban water conservation and water use pending the adoption of long-term standards pursuant to subdivision (a). The board, in consultation with the department, may update the interim standards as it determines to be reasonably necessary for purposes of this section, except that the board may not set new or revised standards under this subdivision after the board adopts long-term standards pursuant to subdivision (a) or May 20, 2021, whichever occurs first.

(c) (1) Long-term standards, and any amendments to those standards, adopted by the board pursuant to subdivision (a) shall be adopted in accordance with the regular rulemaking process provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) (A) Except for long-term standards, and any amendment to those standards, adopted pursuant to subdivision (a), regulations adopted by the board pursuant to this chapter, and any amendment or subsequent adjustment to those regulations, shall be adopted by the board as emergency regulations, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of regulations pursuant to this paragraph shall be deemed an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
3 of Title 2 of the Government Code, an emergency regulation adopted by the board pursuant to this paragraph shall remain in effect until revised by the board.

(B) Before adopting an emergency regulation pursuant to this paragraph, the board shall provide at least 60 days for the public to review and comment on the proposed regulation and shall hold a public hearing.

(d) Notwithstanding Section 15300.2 of Title 14 of the California Code of Regulations, an action of the board taken under this chapter shall be deemed to be a Class 8 action, within the meaning of Section 15308 of Title 14 of the California Code of Regulations, provided that the action does not involve relaxation of existing water conservation or water use standards.

10609.2. The board may issue a regulation or informational order requiring a distributor of a public water supply, as that term is used in Section 350, to submit information relating to water production, water use, or water conservation.

- 0 -
LEGISLATIVE COUNSEL’S DIGEST

Bill No.
as introduced,______.

General Subject: Urban water conservation standards and use reporting.

(1) Existing law requires the state to achieve a 20% reduction in urban per capita
water use in California by December 31, 2020. Existing law requires each urban retail
water supplier to develop urban water use targets and an interim urban water use target,
as specified, and requires each agricultural water supplier to implement efficient water
management practices.

This bill would require the State Water Resources Control Board, in consultation
with the Department of Water Resources, to adopt long-term standards for urban water
conservation and water use by May 20, 2021. The bill would authorize the board, in
consultation with the department, to adopt interim standards for urban water
conservation and water use by emergency regulation. The bill would require the board,
before adopting an emergency regulation, to provide at least 60 days for the public to
review and comment on the proposed regulation and would require the board to hold
a public hearing. The bill would authorize a court or public entity to hold a person civilly liable in an amount not to exceed $10,000 for a violation of a regulation adopted under these provisions, unless the regulation provides otherwise.

The bill would also authorize the board to issue a regulation or informational order requiring a distributor of a public water supply to submit information relating to water production, water use, or water conservation.

(2) Existing law establishes procedures for reconsideration and amendment of specified decisions and orders of the board. Existing law authorizes any party aggrieved by a specified decision or order of the board to file, not later than 30 days from the date of final board action, a petition for writ of mandate for judicial review of the decision or order.

This bill would apply these procedures to decisions and orders of the board issued pursuant to the provisions described in paragraph (1), including existing provisions and those added by this bill.

(3) Existing law authorizes the board to issue a cease and desist order in response to a violation or threatened violation of certain requirements, including specified emergency regulations adopted by the board. Under existing law, a person who violates a cease and desist order of the board may be liable for each day in which the violation occurs, as specified. Revenue generated from these penalties is deposited in the Water Rights Fund. The moneys in the Water Rights Fund are available, upon appropriation by the Legislature, for, among other things, the administration of the board’s water rights program.
This bill would authorize the board to issue a cease and desist order in response to a violation or threatened violation of any regulation adopted by the board.

An act to amend Sections 350, 531.10, 10610.2, 10610.4, 10620, 10621, 10630, 10631, 10631.2, 10635, 10640, 10641, 10642, 10644, 10645, 10650, 10651, 10653, 10654, 10656, 10814, 10820, 10826, and 10845 of, to amend and renumber Sections 10612 and 10617 of, to repeal Sections 10631.7 and 10853 of, to repeal and add Section 10632 of, and to add Sections 10612, 10617, 10617.5, 10632.1, 10632.2, 10632.3, and 10826.2 to, the Water Code, relating to water.
THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 350 of the Water Code is amended to read:

350. The governing body of a distributor of a public water supply, whether publicly or privately owned and including a mutual water company, may shall declare a water shortage emergency condition to prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection. protection or upon determining a water shortage level 4 or greater exists, as described in paragraph (2) of subdivision (a) of Section 10632.

SEC. 2. Section 531.10 of the Water Code is amended to read:

531.10. (a) An agricultural water supplier shall submit an annual report to the department that summarizes aggregated farm-gate delivery data, on a monthly or bimonthly basis, using best professional practices. For agricultural water suppliers providing water supplies to 10,000 or more irrigated acres, excluding recycled water, the report shall be organized by groundwater subbasin within the agricultural water supplier’s service area, if applicable.

(b) Nothing in this article shall be construed to require the implementation of water measurement programs or practices that are not locally cost effective.

(c) It is the intent of the Legislature that the requirements of this section shall complement and not affect the scope of authority granted to the department or the board by provisions of law other than this article.

SEC. 3. Section 10610.2 of the Water Code is amended to read:
10610.2. (a) The Legislature finds and declares all of the following:

(1) The waters of the state are a limited and renewable resource subject to ever-increasing demands.

(2) The conservation and efficient use of urban water supplies are of statewide concern; however, the planning for that use and the implementation of those plans can best be accomplished at the local level.

(3) A long-term, reliable supply of water is essential to protect the productivity of California’s businesses and economic-climate-climate and increasing long-term water conservation among Californians, improving water use efficiency within the state’s communities and agricultural production, and strengthening local and regional drought planning are critical to California’s resilience to drought and climate change.

(4) As part of its long-range planning activities, every urban water supplier should make every effort to ensure the appropriate level of reliability in its water service sufficient to meet the needs of its various categories of customers during normal, dry, and multiple dry water years, years now and into the foreseeable future and every urban water supplier should actively engage local land-use authorities to ensure water demand forecasts are consistent with current land-use planning.

(5) Public health issues have been raised over a number of contaminants that have been identified in certain local and imported water supplies.

(6) Implementing effective water management strategies, including groundwater storage projects and recycled water projects, may require specific water quality and salinity targets for meeting groundwater basins water quality objectives and promoting beneficial use of recycled water.
(7) Water quality regulations are becoming an increasingly important factor in water agencies’ selection of raw water sources, treatment alternatives, and modifications to existing treatment facilities.

(8) Changes in drinking water quality standards may also impact the usefulness of water supplies and may ultimately impact supply reliability.

(9) The quality of source supplies can have a significant impact on water management strategies and supply reliability.

(b) This part is intended to provide assistance to water agencies in carrying out their long-term resource planning responsibilities to ensure adequate water supplies to meet existing and future demands for water.

SEC. 4. Section 10610.4 of the Water Code is amended to read:

10610.4. The Legislature finds and declares that it is the policy of the state as follows:

(a) The management of urban water demands and efficient use of water shall be actively pursued to protect both the people of the state and their water resources.

(b) The management of urban water demands and efficient use of urban water supplies shall be a guiding criterion in public decisions.

(c) Urban water suppliers shall be required to develop water management plans to actively pursue achieve the efficient use of available supplies and strengthen local drought planning.

SEC. 5. Section 10612 of the Water Code is amended and renumbered to read:
10612.

10611.3. "Customer" means a purchaser of water from a water supplier who uses the water for municipal purposes, including residential, commercial, governmental, and industrial uses.

SEC. 6. Section 10612 is added to the Water Code, to read:

10612. "Drought risk assessment" means a method that examines water shortage risks for the next five or more consecutive years.

SEC. 7. Section 10617 of the Water Code is amended and renumbered to read:

10617.

10618. "Urban water supplier" means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. An urban water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells for ultimate resale to customers. This part applies only to water supplied from public water systems subject to Chapter 4 (commencing with Section 116275) of Part 12 of Division 104 of the Health and Safety Code.

SEC. 8. Section 10617 is added to the Water Code, to read:

10617. "Water budget forecast" means a method that looks at current year and one or more dry year supplies and demands for determining water shortage risks.

SEC. 9. Section 10617.5 is added to the Water Code, to read:

10617.5. "Water shortage contingency plan" means a document that incorporates the provisions detailed in subdivision (a) of Section 10632 and is subsequently adopted by an urban water supplier pursuant to this article.
SEC. 10. Section 10620 of the Water Code is amended to read:

10620. (a) Every urban water supplier shall prepare and adopt an urban water management plan in the manner set forth in Article 3 (commencing with Section 10640).

(b) Every person that becomes an urban water supplier shall adopt an urban water management plan within one year after it has become an urban water supplier.

(c) An urban water supplier indirectly providing water shall not include planning elements in its water management plan as provided in Article 2 (commencing with Section 10630) that would be applicable to urban water suppliers or public agencies directly providing water, or to their customers, without the consent of those suppliers or public agencies.

(d) (1) An urban water supplier may satisfy the requirements of this part by participation in areawide, regional, watershed, or basinwide urban water management planning where those plans will reduce preparation costs and contribute to the achievement of conservation, efficient water use, and improved local drought resilience.

(2) Notwithstanding paragraph (1), each urban water supplier shall develop its own water shortage contingency plan but an urban water supplier may incorporate, collaborate, and otherwise share information with other urban water suppliers or other governing entities participating in area-wide, regional, watershed, or basin-wide urban water management plan, agricultural management plan, or groundwater sustainability plan development.

(2)
(3) Each urban water supplier shall coordinate the preparation of its plan with other appropriate agencies in the area, including other water suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.

(e) The urban water supplier may prepare the plan with its own staff, by contract, or in cooperation with other governmental agencies.

(f) An urban water supplier shall describe in the plan water management tools and options used by that entity that will maximize resources and minimize the need to import water from other regions.

SEC. 11. Section 10621 of the Water Code is amended to read:

10621. (a) Each urban water supplier shall update its plan at least once every five years on or before December 31, July 1, in years ending in five and zero, except as provided in subdivisions (d) and (e), six and one, incorporating updated and new information from the five years preceding each update.

(b) Every urban water supplier required to prepare a plan pursuant to this part shall, at least 60 days before the public hearing on the plan required by Section 10642, notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan. The urban water supplier may consult with, and obtain comments from, any city or county that receives notice pursuant to this subdivision.

(c) An urban water supplier regulated by the Public Utilities Commission shall include its most recent plan and water shortage contingency plan as part of the supplier's general rate case filings.
(e)

(d) The amendments to, or changes in, the plan shall be adopted and filed in the manner set forth in Article 3 (commencing with Section 10640).

(e) Each urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.

(f) Each urban water supplier shall update and submit its 2020 plan to the department by July 1, 2021.

SEC. 12. Section 10630 of the Water Code is amended to read:

10630. It is the intention of the Legislature, in enacting this part, to permit levels of water management planning commensurate with the numbers of customers served and the volume of water supplied, while accounting for impacts from climate change.

SEC. 13. Section 10631 of the Water Code is amended to read:

10631. A plan shall be adopted in accordance with this chapter that shall do all of the following:

(a) Describe the service area of the supplier, including current and projected population, climate impacts from climate change, and other social, economic, and demographic factors affecting the supplier’s water management planning. The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available. The description
shall include the current and projected land uses within the existing or anticipated
service area affecting the supplier's water management planning. Land use information
shall be obtained from local or regional land-use authorities, as developed pursuant to
Article 5 (commencing with Section 65300) of Chapter 3 of Division 1 of Title 7 of
the Government Code.

(b) Identify and quantify, to the extent practicable, the existing and planned
sources of water available to the supplier over the same five-year increments described
in subdivision (a). If groundwater is identified as an existing or planned source of water
available to the supplier, all of the following information shall be included in the plan:
(a), including all of the following:

(1) For each source of water supply, while considering any information pertinent
to the reliability analysis conduct pursuant to Section 10635, provide a detailed
discussion of anticipated supply availability under a normal water year, single dry year,
and droughts lasting at least five years, as well as more frequent and severe periods of
drought, as described in the drought risk assessment.

(2) When multiple sources of water supply are identified, describe the
management of each supply in correlation with the other identified supplies.

(3) For any planned sources of water supply, describe the measures that are being
undertaken to acquire and develop those water supplies.

(4) If groundwater is identified as an existing or planned source of water available
to the supplier, all of the following information shall be included in the plan:

(4)
(A) A copy of any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management.

(2)

(B) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For basins that a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted a high- or medium-priority basin or has projected that the basin will become overdrafted a high- or medium-priority basin pursuant to Sections 10722.4 and 10933 if present management conditions continue, in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to eliminate the long-term overdraft condition; coordinate with groundwater sustainability agencies to eliminate the undesirable results described in a groundwater sustainability plan pursuant to Section 10727.

(3)

(C) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
(4)

(D) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(E) A copy of any pertinent groundwater sustainability plans for groundwater basins underlying the urban water supplier’s service area.

(e)(1) Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for each of the following:

(A) An average water year.

(B) A single-dry water year.

(C) Multiple-dry water years.

(2) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or climatic factors, describe plans to supplement or replace that source with alternative sources or water demand management measures, to the extent practicable.

(d)

(c) Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.

(c)

(d) (1) Quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, based upon information developed pursuant to subdivision (a).
identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:

(A) Single-family residential.
(B) Multifamily.
(C) Commercial.
(D) Industrial.
(E) Institutional and governmental.
(F) Landscape.
(G) Sales to other agencies.
(H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.
(I) Agricultural.
(J) Distribution system water loss.

(2) The water use projections shall be in the same five-year increments described in subdivision (a).

(3) (A) For the 2015 urban water management plan update, the distribution system water loss shall be quantified for the most recent 12-month period available. For all subsequent updates, the distribution system water loss shall be quantified for each of the five years preceding the plan update, in accordance with rules adopted pursuant to Section 10608.34.

(B) The distribution system water loss quantification shall be reported in accordance with a worksheet approved or developed by the department through a public
process. The water loss quantification worksheet shall be based on the water system balance methodology developed by the American Water Works Association.

(C) After 2021, data to show whether the urban water supplier met the distribution loss standards enacted by the board pursuant to Section 10608.34.

(4) (A) If available and applicable to an urban water supplier, water use projections may be displayed and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans identified by the urban water supplier, as applicable to the service area.

(B) To the extent that an urban water supplier reports the information described in subparagraph (A), an urban water supplier shall do both of the following:

(i) Provide citations of the various codes, standards, ordinances, or transportation and land use plans utilized in making the projections.

(ii) Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.

(f)

(c) Provide a description of the supplier’s water demand management measures. This description shall include all of the following:

1. (A) For an urban retail water supplier, as defined in Section 10608.12, a narrative description that addresses the nature and extent of each water demand management measure implemented over the past five years. The narrative shall describe the water demand management measures that the supplier plans to implement to achieve
its water use targets pursuant to Section 10608.20 and any water use standards adopted by the board.

(B) The narrative pursuant to this paragraph shall include descriptions of the following water demand management measures:

(i) Water waste prevention ordinances.
(ii) Metering.
(iii) Conservation pricing.
(iv) Public education and outreach.
(v) Programs to assess and manage distribution system real loss.
(vi) Water conservation program coordination and staffing support.
(vii) Other demand management measures that have a significant impact on water use as measured in gallons per capita per day, including innovative measures, if implemented.

(2) For an urban wholesale water supplier, as defined in Section 10608.12, a narrative description of the items in clauses (ii), (iv), (vi), and (vii) of subparagraph (B) of paragraph (1), and a narrative description of its distribution system asset management and wholesale supplier assistance programs.

(3)

(f) Include a description of all water supply projects and water supply programs that may be undertaken by the urban water supplier to meet the total projected water use, as established pursuant to subdivision (a) of Section 10635. The urban water supplier shall include a detailed description of expected future projects and programs that the urban water supplier may implement to increase the amount of the water supply
available to the urban water supplier in average, normal, single-dry, and multiple-dry water years, and for a period of drought lasting five or more consecutive water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.

(h)

(g) Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply.

(i) For purposes of this part, urban water suppliers that are members of the California Urban Water Conservation Council shall be deemed in compliance with the requirements of subdivision (f) by complying with all the provisions of the "Memorandum of Understanding Regarding Urban Water Conservation in California," dated December 10, 2008, as it may be amended, and by submitting the annual reports required by Section 6.2 of that memorandum.

(j)

(h) An urban water supplier that relies upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available. The wholesale agency shall provide information to the urban water supplier for inclusion in the urban water supplier's plan that identifies and quantifies, to the extent practicable, the existing and planned sources of water as required by subdivision (b), available from the wholesale agency to the urban water supplier over the same five-year
increments, and during various water-year types in accordance with subdivision (e). (f) An urban water supplier may rely upon water supply information provided by the wholesale agency in fulfilling the plan informational requirements of subdivisions (b) and (e). (f).

SEC. 14. Section 10631.2 of the Water Code is amended to read:

10631.2. (a) In addition to the requirements of Section 10631, an urban water management plan may, but is not required to, shall include any of the following information: information that the urban water supplier can readily obtain:

(1) An estimate of the amount of energy used to extract or divert water supplies.

(2) An estimate of the amount of energy used to convey water supplies to the water treatment plants or distribution systems.

(3) An estimate of the amount of energy used to treat water supplies.

(4) An estimate of the amount of energy used to distribute water supplies through its distribution systems.

(5) An estimate of the amount of energy used for treated water supplies in comparison to the amount used for nontreated water supplies.

(6) An estimate of the amount of energy used to place water into or withdraw from storage.

(7) Any other energy-related information the urban water supplier deems appropriate.

(b) The department shall include in its guidance for the preparation of urban water management plans a methodology for the voluntary calculation or estimation of the energy intensity of urban water systems. The department may consider studies and
calculations conducted by the Public Utilities Commission in developing the methodology.

SEC. 15. Section 10631.7 of the Water Code is repealed.

10631.7. The department, in consultation with the California Urban Water Conservation Council, shall convene an independent technical panel to provide information and recommendations to the department and the Legislature on new demand management measures, technologies, and approaches. The panel shall consist of no more than seven members, who shall be selected by the department to reflect a balanced representation of experts. The panel shall have at least one, but no more than two, representatives from each of the following: retail water suppliers, environmental organizations, the business community, wholesale water suppliers, and academia. The panel shall be convened by January 1, 2009, and shall report to the Legislature no later than January 1, 2010, and every five years thereafter. The department shall review the panel report and include in the final report to the Legislature the department’s recommendations and comments regarding the panel process and the panel’s recommendations:

SEC. 16. Section 10632 of the Water Code is repealed.

10632. (a) The plan shall provide an urban water shortage contingency analysis that includes each of the following elements that are within the authority of the urban water supplier:

(1) Stages of action to be undertaken by the urban water supplier in response to water supply shortages, including up to a 50 percent reduction in water supply, and an outline of specific water supply conditions that are applicable to each stage:
(2) An estimate of the minimum water supply available during each of the next three water years based on the driest three-year historic sequence for the agency's water supply.

(3) Actions to be undertaken by the urban water supplier to prepare for, and implement during, a catastrophic interruption of water supplies including, but not limited to, a regional power outage, an earthquake, or other disaster.

(4) Additional, mandatory prohibitions against specific water use practices during water shortages, including, but not limited to, prohibiting the use of potable water for street cleaning.

(5) Consumption reduction methods in the most restrictive stages. Each urban water supplier may use any type of consumption reduction methods in its water shortage contingency analysis that would reduce water use, are appropriate for its area, and have the ability to achieve a water use reduction consistent with up to a 50 percent reduction in water supply.

(6) Penalties or charges for excessive use, where applicable.

(7) An analysis of the impacts of each of the actions and conditions described in paragraphs (1) to (6), inclusive, on the revenues and expenditures of the urban water supplier, and proposed measures to overcome those impacts, such as the development of reserves and rate adjustments.

(8) A draft water shortage contingency resolution or ordinance.

(9) A mechanism for determining actual reductions in water use pursuant to the urban water shortage contingency analysis.
(b) Commencing with the urban water management plan update due July 1, 2016, for purposes of developing the water shortage contingency analysis pursuant to subdivision (a), the urban water supplier shall analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code.

SEC. 17. Section 10632 is added to the Water Code, to read:

10632. (a) Every urban water supplier shall prepare and adopt a water shortage contingency plan as part of its urban water management plan that consists of each of the following elements:

(1) The procedures used in conducting an annual water budget forecast that include, at a minimum, both of the following:

(A) The written decisionmaking process that an urban water supplier will use each year to determine its water supply reliability.

(B) The key data inputs and assessment methodology used to evaluate the urban water supplier’s water supply reliability for the current year and one or more dry years, including all of the following:

(i) Current year unconstrained demand, considering weather, growth, and other influencing factors, such as policies to manage current supplies to meet demand objectives in future years, as applicable.

(ii) Current year available supply, considering hydrological and regulatory conditions in the current year and one or more dry years.

(iii) Existing infrastructure capabilities and plausible constraints.
(iv) A defined set of locally applicable evaluation criteria that are consistently relied upon for each annual water budget forecast.

(v) A description and quantification of each source of water supply.

(2) Six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40, and 50 percent shortages and greater than 50 percent shortage. Shortage levels shall also apply to catastrophic interruption of water supplies, including, but not limited to, a regional power outage, an earthquake, and other potential emergency events.

(3) Shortage response actions that align with the defined shortage levels and shall include, at a minimum, all of the following:

(A) Locally appropriate supply augmentation actions.

(B) Locally appropriate demand reduction actions to adequately respond to shortages.

(C) Locally appropriate operational changes.

(D) Additional, mandatory prohibitions against specific water use practices that are in addition to state-mandated prohibitions.

(E) For each action, an estimate of the volume of water or percentage reduction in water use that will be achieved by implementation of the action.

(4) Communication protocols and procedures to inform customers, the public, interested parties, and local, regional, and state governments, regarding, at a minimum, all of the following:

(A) Any current or predicted shortages as determined by the annual water budget forecast as determined pursuant to Section 10632.1.
(B) Any shortage response actions triggered or anticipated to be triggered by the annual water budget forecast as determined pursuant to Section 10632.1.

(C) Any other relevant communications.

(5) Customer compliance, enforcement, appeal, and exemption procedures for triggered shortage response actions as determined pursuant to Section 10632.2.

(6) (A) A description of the legal authorities that empower the urban water supplier to implement and enforce its shortage response actions specified in paragraph (3) that may include, but are not limited to, statutory authorities, ordinances, resolutions, and contract provisions.

(B) An urban water supplier shall declare a water shortage emergency in accordance with Chapter 3 (commencing with Section 350) of Division 1 in the event of either of the following:

(i) A water shortage level 4 or greater, as described in paragraph (2), is determined to exist.

(ii) A severe catastrophic interruption of the water supply of the urban water supplier has occurred.

(C) An urban water supplier shall coordinate with any city or county within which it provides water supply services for the possible proclamation of a local emergency, as defined in Section 8558 of the Government Code.

(7) A description of the financial consequences of and responses for drought conditions, including, but not limited to, all of the following:

(A) A description of potential revenue reductions and expense increases associated with activated shortage response actions described in paragraph (3).
(B) A description of mitigation actions needed to address revenue reductions and expense increases associated with activated shortage response actions described in paragraph (3).

(C) A description of the cost of compliance with Chapter 3.3 (commencing with Section 365) of Division 1.

(8) Monitoring and reporting requirements and procedures that ensure appropriate data is collected, tracked, and analyzed for purposes of monitoring customer compliance and to meet state reporting requirements.

(9) Reevaluation and improvement procedures for systematically monitoring and evaluating the functionality of the water shortage contingency plan in order to ensure shortage risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented as needed.

(b) Commencing with the urban water management plan update due July 1, 2016, for purposes of developing the water shortage contingency plan pursuant to subdivision (a), the urban water supplier shall analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code.

(c) The urban water supplier shall make available the water shortage contingency plan prepared pursuant to this article to its customers and any city or county within which it provides water supplies no later than 30 days after adoption of the water shortage contingency plan.

SEC. 18. Section 10632.1 is added to the Water Code, to read:
10632.1. An urban water supplier shall conduct the annual water budget forecast pursuant to subdivision (a) of Section 10632 and, by the 10th day of May of each year, submit an annual water shortage assessment report to the department with information for anticipated shortage, triggered shortage response actions, compliance, and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan.

SEC. 19. Section 10632.2 is added to the Water Code, to read:

10632.2. An urban water supplier shall adhere to the prescribed procedures and implement determined shortage response actions in its water shortage contingency plan as identified in subdivision (a) of Section 10632 in drought and water shortage conditions.

SEC. 20. Section 10632.3 is added to the Water Code, to read:

10632.3. The department may update the Urban Water Management Guidebook to include and further clarify, where necessary, the requirements contained in subdivision (a) of Section 10632.

SEC. 21. Section 10635 of the Water Code is amended to read:

10635. (a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and multiple dry water years, a drought lasting five or more consecutive water years. The water service
reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from state, regional, or local agency population projections within the service area of the urban water supplier.

(b) Every urban water supplier shall include, as part of its urban water management plan, a drought risk assessment for its water service to its customers as part of information considered in developing the demand management measures and water supply projects and programs to be included in the urban water management plan. The urban water supplier may conduct an interim update or updates to this drought risk assessment within the five-year cycle of its urban water management plan update. The drought risk assessment shall satisfy the following requirements:

(1) A description of data, methodology, and basis for one or more supply shortage conditions to conduct a drought risk assessment for a drought period that lasts five or more consecutive years, starting from the year following when the assessment is conducted.

(2) A comparison of the total water supply sources available to the water supplier with the total projected water use for the drought period. Potable reuse, recycled water, and desalination are considered fully reliable.

(3) Considerations of the historical drought hydrology, plausible changes on projected supplies and demands under climate change conditions, anticipated regulatory changes, and other locally applicable criteria.

(c) The urban water supplier shall provide that portion of its urban water management plan prepared pursuant to this article to any city or county within which
it provides water supplies no later than 60 days after the submission of its urban water
management plan.

(e)

(d) Nothing in this article is intended to create a right or entitlement to water
service or any specific level of water service.

(d)

(e) Nothing in this article is intended to change existing law concerning an urban
water supplier's obligation to provide water service to its existing customers or to any
potential future customers.

SEC. 22. Section 10640 of the Water Code is amended to read:

10640. (a) Every urban water supplier required to prepare a plan pursuant to
this part shall prepare its plan pursuant to Article 2 (commencing with Section 10630).
The supplier shall likewise periodically review the plan as required by Section 10621,
and any amendments or changes required as a result of that review shall be adopted
pursuant to this article.

The supplier shall likewise periodically review the plan as required by Section
10621, and any amendments or changes required as a result of that review shall be
adopted pursuant to this article:

(b) Every urban water supplier required to prepare a water shortage contingency
plan shall prepare a water shortage contingency plan pursuant to Section 10632. The
supplier shall likewise periodically review the water shortage contingency plan as
required by paragraph (9) of subdivision (a) of Section 10632 and any amendments or
changes required as a result of that review shall be adopted pursuant to this article.
SEC. 23. Section 10641 of the Water Code is amended to read:

10641. An urban water supplier required to prepare a urban water management plan or a water shortage contingency plan may consult with, and obtain comments from, any public agency or state agency or any person who has special expertise with respect to water demand management methods and techniques.

SEC. 24. Section 10642 of the Water Code is amended to read:

10642. Each urban water supplier shall encourage the active involvement of diverse social, cultural, and economic elements of the population within the service area prior to and during the preparation of both the urban water management plan and the water shortage contingency plan. Prior to adopting either plan, the urban water supplier shall make the plan both of the plans available for public inspection and shall hold a public hearing thereon. Prior to the hearing, notice of the time and place of hearing shall be published within the jurisdiction of the publicly owned water supplier pursuant to Section 6066 of the Government Code. The urban water supplier shall provide notice of the time and place of hearing to any city or county within which the supplier provides water supplies. Notices by a local public agency pursuant to this section shall be provided pursuant to Chapter 17.5 (commencing with Section 7290) of Division 7 of Title 1 of the Government Code. A privately owned water supplier shall provide an equivalent notice within its service area. After the hearing, the urban water management plan or water shortage contingency plan shall be adopted as prepared or as modified after the hearing.

SEC. 25. Section 10644 of the Water Code is amended to read:
10644.  (a) (1) An urban water supplier shall submit to the department, the California State Library, and any city or county within which the supplier provides water supplies a copy of its plan no later than 30 days after adoption. Copies of amendments or changes to the plans shall be submitted to the department, the California State Library, and any city or county within which the supplier provides water supplies within 30 days after adoption.

(2) The plan, or amendments to the plan, submitted to the department pursuant to paragraph (1) shall be submitted electronically and shall include any standardized forms, tables, or displays specified by the department.

(b) If an urban water supplier revises its water shortage contingency plan, the supplier shall submit to the department a copy of its water shortage contingency plan prepared pursuant to subdivision (a) of Section 10632 no later than 30 days after adoption, in accordance with protocols for submission and using electronic reporting tools developed by the department.

(b)

(c) (1) (A) Notwithstanding Section 10231.5 of the Government Code, and except as provided in subparagraph (B), the department shall prepare and submit to the Legislature, on or before December 31, July 1, in the years ending in six and one, seven and two, a report summarizing the status of the plans adopted pursuant to this part. The report prepared by the department shall identify the exemplary elements of the individual plans. The department shall provide a copy of the report to each urban water supplier that has submitted its plan to the department. The department shall also
prepare reports and provide data for any legislative hearings designed to consider the effectiveness of plans submitted pursuant to this part.

(B) The department shall prepare and submit to the board, on or before June 1 of each year, a report summarizing the submitted water budget forecast results along with appropriate reported water shortage conditions and the regional and statewide analysis of water supply conditions developed by the department. As part of the report, the department shall provide a summary and, as appropriate, urban water supplier specific information regarding various shortage response actions implemented as a result of annual supplier-specific water budget forecast assessments performed pursuant to Section 10632.1. The report shall include enough information on the completeness and adequacy of the information submitted for the board to determine if noncompliance enforcement is necessary.

(B)

(C) The department shall submit the report to the Legislature for the 2015 plans by July 1, 2017, and the report to the Legislature for the 2020 plans by July 1, 2022.

(2) A report to be submitted pursuant to subparagraph (A) of paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

(c) (1) For the purpose of identifying the exemplary elements of the individual plans, the department shall identify in the report water demand management measures adopted and implemented by specific urban water suppliers, and identified pursuant to Section 10631, that achieve water savings significantly above the levels established by the department to meet the requirements of Section 10631.5.
(2) The department shall distribute to the panel convened pursuant to Section 10631.7 the results achieved by the implementation of those water demand management measures described in paragraph (1).

(3) The department shall make available to the public the standard the department will use to identify exemplary water demand management measures.

SEC. 26. Section 10645 of the Water Code is amended to read:

10645. (a) Not later than 30 days after filing a copy of its plan with the department, the urban water supplier and the department shall make the plan available for public review during normal business hours.

(b) Not later than 30 days after filing a copy of its water shortage contingency plan with the department, the urban water supplier and the department shall make the plan available for public review during normal business hours.

SEC. 27. Section 10650 of the Water Code is amended to read:

10650. Any actions or proceedings, other than actions by the board, to attack, review, set aside, void, or annul the acts or decisions of an urban water supplier on the grounds of noncompliance with this part shall be commenced as follows:

(a) An action or proceeding alleging failure to adopt a urban water management plan or a water shortage contingency plan shall be commenced within 18 months after that adoption is required by this part.

(b) Any action or proceeding alleging that a urban water management plan or water shortage contingency plan, or action taken pursuant to the either plan, does not comply with this part shall be commenced within 90 days after filing of the urban
water management plan or water shortage contingency plan or an amendment thereto to either plan pursuant to Section 10644 or the taking of that action.

SEC. 28. Section 10651 of the Water Code is amended to read:

10651. In any action or proceeding to attack, review, set aside, void, or annul an urban water management plan or a water shortage contingency plan, or an action taken pursuant to the either plan by an urban water supplier on the grounds of noncompliance with this part, the inquiry shall extend only to whether there was a prejudicial abuse of discretion. Abuse of discretion is established if the supplier has not proceeded in a manner required by law or if the action by the water supplier is not supported by substantial evidence.

SEC. 29. Section 10653 of the Water Code is amended to read:

10653. The adoption of a plan shall satisfy any requirements of state law, regulation, or order, including those of the State Water Resources Control Board and the Public Utilities Commission, for the preparation of water management plans, water shortage contingency plans, or conservation plans; provided, that if the State Water Resources Control Board or the Public Utilities Commission requires additional information concerning water conservation, drought response measures, and financial information to implement its existing authority, nothing in this part shall be deemed to limit the board or the commission in obtaining that information. The requirements of this part shall be satisfied by any urban water demand management plan prepared to meet that complies with analogous federal laws or regulations after the effective date of this part, and which substantially meets the requirements of this
part, or by any existing urban water management plan which includes the contents of a plan required under this part.

SEC. 30. Section 10654 of the Water Code is amended to read:

10654. An urban water supplier may recover in its rates the costs incurred in preparing its plan urban water management plan and its water shortage contingency plan and implementing the reasonable water conservation measures included in the either plan. Any best water management practice that is included in the plan that is identified in the “Memorandum of Understanding Regarding Urban Water Conservation in California” is deemed to be reasonable for the purposes of this section.

SEC. 31. Section 10656 of the Water Code is amended to read:

10656. An urban water supplier that does not prepare, adopt, and submit its urban water management plan or its water shortage contingency plan to the department in accordance with this part, is ineligible to receive funding pursuant to Division 24 (commencing with Section 78500) or Division 26 (commencing with Section 79000), or receive drought assistance from the state until the urban water management plan or water shortage contingency plan is submitted pursuant to this article.

SEC. 32. Section 10814 of the Water Code is amended to read:

10814. “Person” means any individual, firm, association, organization, partnership, business, trust, corporation, company, public agency, or any agency of that entity, has the same meaning as defined in Section 10614.

SEC. 33. Section 10820 of the Water Code is amended to read:

10820. (a) An (1) Except as provided in paragraph (2), an agricultural water supplier shall prepare and adopt an agricultural water management plan in the manner
set forth in this chapter on or before December 31, 2012, and shall update that plan on December 31, 2015, and on or before December 31 every five years thereafter.

(2) (A) The agricultural water management plan required to be updated on or before December 31, 2020, shall be updated on or before April 1, 2021. That plan shall satisfy the requirements of Section 10826.

(B) On and after April 1, 2021, an agricultural water supplier shall update its agricultural water management plan on or before April 1 in years ending in six and in years ending in one.

(b) Every supplier that becomes an agricultural water supplier after December 31, 2012, shall prepare and adopt an agricultural water management plan within one year after the date it has become an agricultural water supplier.

(c) A water supplier that indirectly provides water to customers for agricultural purposes shall not prepare a plan pursuant to this part without the consent of each agricultural water supplier that directly provides that water to its customers.

SEC. 34. Section 10826 of the Water Code is amended to read:

10826. An agricultural water management plan shall be adopted in accordance with this chapter. The plan shall do all of the following:

(a) Describe the agricultural water supplier and the service area, including all of the following:

(1) Size of the service area.
(2) Location of the service area and its water management facilities.
(3) Terrain and soils.
(4) Climate.
(5) Operating rules and regulations.

(6) Water delivery measurements or calculations.

(7) Water rate schedules and billing.

(8) Water shortage allocation policies.

(b) Describe the quantity and quality of water resources of the agricultural water supplier, including all of the following:

(1) Surface water supply, including drainage to the agricultural water supplier’s service area.

(2) Groundwater supply.

(3) Other water supplies, including recycled water.

(4) Source water quality monitoring practices.

(5) Water uses within the agricultural water supplier’s service area, including all of the following:

(A) Agricultural.

(B) Environmental.

(C) Recreational.

(D) Municipal and industrial.

(E) Groundwater recharge, including deep percolation from irrigation and seepage.

(F) Transfers and exchanges.

(G) Other water uses.

(6) Drainage from the agricultural water supplier’s service area.

(7) Water accounting, including all of the following:
(A) Quantifying the agricultural water supplier’s projected water supplies and uses identified pursuant to paragraph (5).

(B) Tabulating water uses.

(B) Quantifying the projected precipitation and private groundwater pumping that are not within the agricultural water supplier’s management plan.

(C) Overall Annual service area water budgets for the previous five years.

(8) Water supply reliability:

(8) Water supply’s water service reliability in average and drought conditions with water supply, infrastructure, institutional, and regulatory considerations.

(c) Include an analysis, based on available information, of the effect of climate change on future water supplies.

(d) Describe previous water management activities.

(e) Quantify measures to increase agricultural water use efficiency with the following elements:

(e) Include in the plan the water

(1) Water use efficiency information required pursuant to Section 10608.48.

(2) Measures the agricultural water supplier has implemented for improving efficiency of agricultural water use.

(3) The quantified overall efficiency of agricultural water use using methods provided by the department.

(f) Describe water management strategy with the following elements:
(1) Water management objectives for continued improvement and desired outcomes.

(2) Previous and planned actions and associated schedule to achieve the outcomes.

(3) Cost for implementation and financial considerations.

(4) Adaptive management.

SEC. 35. Section 10826.2 is added to the Water Code, to read:

10826.2. As part of its agricultural water management plan, each agricultural water supplier shall develop a drought plan for periods of limited water supply describing the actions of the agricultural water supplier for drought preparedness and management of water supplies and allocations during drought conditions. The drought plan shall contain both of the following:

(a) Resilience planning, including all of the following:

(1) Data, indicators, and information needed to determine the water supply availability and levels of drought severity.

(2) Analyses and identification of potential vulnerability to drought.

(3) Opportunities and constraints for further improving drought resilience.

(4) Planning objectives for drought resilience.

(5) Actions implemented and planned for achieving the objectives and a schedule for those actions.

(6) Cost information and financing considerations.

(b) Drought response planning, including all of the following:

(1) Policies and a process for declaring a water shortage and for implementing water shortage allocations and related response actions.
(2) Response actions corresponding to different levels of water shortage, including, but not limited to, operational adjustments and demand management.

(3) Methods and procedures for the enforcement or appeal of, or exemption from, triggered shortage response actions.

(4) Methods and procedures for monitoring and evaluation of the effectiveness of the drought plan.

(5) Communication protocols and procedures to inform and coordinate customers, the public, interested parties, and local, regional, and state government.

(6) An analysis of the financial consequence of each of the actions and conditions described in paragraphs (1) to (5), inclusive, on the revenues and expenditures of the agricultural water supplier, and proposed measures to overcome those impacts, such as the development of reserve revenues.

SEC. 36. Section 10845 of the Water Code is amended to read:

10845. (a) The department shall prepare and submit to the Legislature, on or before December 31, 2013, April 30, 2022, and thereafter in the years ending in six seven and years ending in one, two, a report summarizing the status of the plans adopted pursuant to this part.

(b) The report prepared by the department shall identify the outstanding elements of any plan adopted pursuant to this part. The report shall include an evaluation of the effectiveness of this part in promoting efficient agricultural water management practices and recommendations relating to proposed changes to this part, as appropriate.

(c) The department shall provide a copy of the report to each agricultural water supplier that has submitted its plan to the department. The department shall also prepare
reports and provide data for any legislative hearing designed to consider the
effectiveness of plans submitted pursuant to this part.

(d) This section does not authorize the department, in preparing the report, to
approve, disapprove, or critique individual plans submitted pursuant to this part.

SEC. 37. Section 10853 of the Water Code is repealed.

10853. An agricultural water supplier that provides water to less than 25,000
irrigated acres, excluding recycled water, shall not be required to implement the
requirements of this part or Part 2.55 (commencing with Section 10608) unless sufficient
funding has specifically been provided to that water supplier for these purposes.

- 0 -
LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, ____.

General Subject: Water management planning.

(1) Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan and to update its plan once every 5 years on or before December 31 in years ending in 5 and zero, except as specified.

This bill would require an urban water management plan to be updated on or before July 1, in years ending in 6 and one, incorporating updated and new information from the 5 years preceding the plan update.

(2) Existing law requires an urban water management plan, among other things, to describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for an average, single-dry, and multiple-dry water years.
This bill would require an urban water management plan to contain a drought risk assessment that examines water shortage risks for a drought lasting the next 5 or more consecutive years.

(3) Existing law requires that an urban water management plan provide an urban water shortage contingency analysis, that includes, among other things, an estimate of the minimum water supply available during each of the following 3 water years based on the driest 3-year historic sequence for the agency’s water supply.

This bill would require an urban water supplier to prepare, adopt, and periodically review a water shortage contingency plan, as prescribed, and as part of its urban water management plan. The bill would require a water shortage contingency plan to consist of certain elements that are within the authority of the urban water supplier, including, among other things, annual water budget forecast procedures, standard water shortage levels, shortage response actions, and communication protocols and procedures. The bill would require an urban water supplier to make the water shortage contingency plan available to its customers and any city or county within which it provides water supplies no later than 30 days after adoption. The bill would require an urban water supplier to conduct an annual water budget forecast and submit an annual water shortage assessment report to the department with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier’s water shortage contingency plan by the 10th day of May of each year. The bill would require an urban water supplier to adhere to the procedures and implement determined shortage response actions in its water shortage
contingency plan in drought and water shortage conditions. The bill would authorize the department to update a certain guidebook, as specified.

(4) Existing law requires an urban water supplier to submit copies of its urban water management plan and copies of amendments or changes to the plan to certain entities, including the Department of Water Resources, as prescribed. Existing law makes an urban water supplier that does not prepare, adopt, and submit its urban water management plan to the department as prescribed ineligible to receive certain funding.

This bill would extend these provisions to apply to a water shortage contingency plan. The bill would require an urban water supplier regulated by the Public Utilities Commission to include its most recent urban water management plan and water shortage contingency plan as part of its general rate case filings.

(5) Existing law requires the department to prepare and submit to the Legislature, on or before December 31, in the years ending in 6 and 1, a report summarizing the status of plans adopted pursuant to the act and to provide a copy of the report to each urban water supplier that has submitted its plan to the department.

The bill would instead require the department to prepare and submit the report about plans adopted pursuant to the act to the Legislature on or before July 1, in the years ending in 7 and 2. The bill would require the department to prepare and submit to the State Water Resources Control Board, on or before June 1 of each year, a report summarizing the submitted water budget forecast results along with appropriate reported water shortage conditions developed by the department and information regarding various shortage response actions implemented as a result of water budget forecast
assessments, as prescribed, for the board to determine if noncompliance enforcement is necessary.

(6) Existing law authorizes the governing body of a distributor of a public water supply to declare a water shortage emergency condition to prevail within the area served by the distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.

This bill would instead require the governing body of a distributor of a public water supply to declare a water shortage emergency condition whenever it finds and determines the above-described circumstances or upon determining a water shortage of 40% or greater exists. The bill would require an urban water supplier to declare a water shortage emergency if either a water shortage of 40% or greater is determined to exist or in the event that a severe catastrophic interruption of the urban water supplier’s water supply has occurred. The bill would require an urban water supplier to coordinate with any city or county within which it provides water supply services for a possible proclamation of a local emergency.

(7) Existing law requires an agricultural water supplier to prepare and adopt an agricultural water management plan with specified components on or before December 31, 2012, and to update those plans on or before December 31 every 5 years thereafter. Existing law requires the agricultural water supplier to submit copies of the plan to the department and other specified entities, and requires the department to prepare and
submit to the Legislature, on or before December 31 in years ending in 6 and years ending in one, a report summarizing the status of the plans.

This bill would revise the components of the plan and additionally require the agricultural water management plan to quantify measures to increase agricultural water use efficiency, describe the agricultural water supplier’s water management strategy with specified elements, and include a drought plan describing the actions of the agricultural water supplier for drought preparedness and management of water supplies and allocations during drought conditions. The bill would require the 2020 plan to be updated on or before April 1, 2021, and after that date, would require an agricultural water supplier to update its agricultural water management plan on or before April 1 in years ending in 6 and in years ending in one. The bill would require the department to submit its report to the Legislature on or before April 30 in years ending in 7 and in years ending in 2.

(8) In addition to the above-described water management planning requirements described in (7), existing law requires an agricultural water supplier to implement specified efficient water management practices, but exempts from these provisions an agricultural water supplier that provides water to less than 25,000 irrigated acres. Existing law provides that an agricultural water supplier is not eligible for state water grants or loans unless the supplier complies with those water management planning requirements and the specified efficient water management practices.

This bill would repeal this exemption, thereby subjecting those agricultural water suppliers to the water management planning requirements and efficient water management practices and requiring those agricultural water suppliers to comply with
the water management planning practices and efficient water management practices to be eligible for state water grants and loans.

(9) Existing law requires an agricultural water supplier to submit an annual report to the department that summarizes aggregated farm-gate delivery data using best professional practices.

This bill, for agricultural water suppliers that provide water to 10,000 or more irrigated acres, would require the report to be organized by groundwater subbasin within the agricultural water supplier’s service area.

DISCUSSION ITEM
July 5, 2017

TO: Board of Directors
FROM: Robert Hunter,
General Manager

Staff Contact: Karl Seckel
Harvey De La Torre
Melissa Baum-Haley

SUBJECT: Metropolitan Water District (MET) Items Critical To Orange County

STAFF RECOMMENDATION

Staff recommends the Board of Directors to review and discuss this information.

DETAILED REPORT

This report provides a brief update on the current status of the following key MET issues that may affect Orange County:

a) MET’s Water Supply Conditions
b) MET’s Finance and Rate Issues
c) Colorado River Issues
d) Bay Delta/State Water Project Issues
e) MET’s Ocean Desalination Policy and Potential Participation in the Doheny and Huntington Beach Ocean (Poseidon) Desalination Projects
f) Orange County Reliability Projects
g) East Orange County Feeder No. 2
h) South Orange County Projects

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SUBJECT: MET’s Water Supply Conditions

RECENT ACTIVITY

2017 Water Supply Balance
With the Department of Water Resources (DWR) setting the State Water Project (SWP) “Table A” allocation at 85%, Metropolitan with have approximately 1.624 million acre-feet (MAF) in SWP deliveries this water year. So far, Metropolitan has received approximately 124 TAF of Article 21 supplies through May. On the Colorado River system, there is an estimated 960 TAF.

Metropolitan is projecting that supplies will exceed demand levels in CY 2017. With a current demand trend of 1.47 MAF, Metropolitan in expected to increase their dry-year by 1.28 MAF. Based on this estimated recovery and a beginning dry-year storage balance of 1.3 MAF, this will bring Metropolitan’s total dry year storage to 2.5 MAF.
SUBJECT: MET’s Finance and Rate Issues

RECENT ACTIVITY

MET Financial Report
Cumulative water sales through May were 96.5 TAF lower than budget and 234.3 TAF lower than the 5-year average. Sales are expected to total 1.56 MAF by the end of the fiscal year. May 2017 deliveries at 113 TAF were 26 TAF than May 2016.
ISSUE BRIEF # C

SUBJECT: Colorado River Issues

RECENT ACTIVITY

Reclamation Issues Colorado River Accounting and Water Use: Arizona, California, and Nevada for 2016

On May 15 the Bureau of Reclamation (Reclamation) issued the Colorado River Accounting and Water Use report for water use in the Lower Basin for calendar year 2016. Some of the highlights from the 2016 Decree accounting report include:

1. Imperial Irrigation District (IID) stored 56,232 acre-feet of Extraordinary Conservation Intentionally Created Surplus (ECICS) water with Metropolitan in 2016. IID generated and delivered this ECICS water to Metropolitan pursuant to the California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus, as amended. In order to store this water, on May 12 Metropolitan agreed to IID’s request to store additional ECICS water generated by IID within Metropolitan’s system. Metropolitan had previously agreed to store up to 50,000 acre-feet.

2. The Metropolitan/Bard Water District Seasonal Fallowing Program conserved 951 acre-feet of water in its first year of the two-year pilot program.

3. For the first time in several years, Metropolitan did not store any water in its service area for the Southern Nevada Water Authority.

Consultation on Reclamation’s Annual Operating Plan for Colorado River Reservoir in 2018 Has Started

On May 25 Reclamation held the first of three consultation meetings regarding its Annual Operating Plan (AOP) for Colorado River Reservoirs in 2018. Each year Reclamation prepares an AOP that reports on operations of Colorado River Reservoirs during the past year, and projects operations and releases for the current year based on current and projected reservoir elevations and hydrologic conditions throughout the basin.

San Luis Rey Indian Water Rights Settlement

On May 17, 2017, the Secretary of the Federal Energy Regulatory Commission issued its “Notice of Effective Date for Exemption from Licensing (Conduit), Surrender of License, and Dismissal of Relicense Application” for the Escondido Project. The Escondido Project is located on the San Luis Rey River and Escondido Creek, near the city of Escondido. With issuance of the Notice, the last condition necessary for the San Luis Rey Indian Water Rights Settlement Agreement to take effect was satisfied. Under the October 10, 2003 agreement among Metropolitan, the San Luis Rey Settlement Parties, and the United States, the Bureau of Reclamation has been making available to Metropolitan, 16,000 acre-feet of water annually as a result of the All-American Canal and Coachella Canal Lining Projects. In return, Metropolitan had been placing funds into trust for the Indian Water
Authority until the requirements of Section 104 of the San Luis Rey Indian Water Rights Settlement Act had been satisfied. As a result of the final requirements being satisfied, Metropolitan has disbursed the funds it had been holding in trust for the San Luis Rey Indian Water Authority to the Indian Water Authority.
SUBJECT: Bay Delta/State Water Project Issues

RECENT ACTIVITY

California WaterFix

On June 26 federal agencies responsible for the protection of species listed under the Endangered Species Act (ESA) provided biological opinions on the proposed construction and operation of California WaterFix. These biological opinions allow WaterFix to continue moving toward construction as early as 2018. This important project is designed to ensure a reliable water source for 25 million Californians while affording environmental protections for multiple species that depend upon the Sacramento-San Joaquin Delta.

The U.S. Fish and Wildlife Service (USFWS) and the National Marine Fisheries Service (NOAA Fisheries) implement the ESA, with NOAA Fisheries primarily responsible for marine species and the Service for land and freshwater species. Under the ESA, other federal agencies must consult with the Service and NOAA when their activities have the potential to impact federally endangered or threatened species.

The biological opinions analyze the effects to ESA-listed species, including the threatened Delta smelt, endangered Sacramento River winter-run Chinook salmon, threatened spring-run Chinook salmon, threatened North American green sturgeon, threatened California Central Valley steelhead and endangered Southern Resident Killer Whales, which depend heavily on Chinook salmon for food.


The biological opinions recognize the uncertainty inherent in the dynamic ecology of the Delta and include a strong adaptive management component, where research, monitoring, and real-time tracking of fish populations and other factors will guide future operation of the new intakes.

The biological opinions are important components of the analysis of the environmental effects of WaterFix. The Final Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) released in December 2016 include measures to avoid or minimize impacts that could arise from the proposed project.

Once the EIR has been certified through completion of the California Environmental Quality Act process, the California Department of Fish and Wildlife will be able to consider whether to issue an “incidental take” permit for the construction and operation of WaterFix under the California Endangered Species Act.

ISSUE BRIEF # D
These biological opinions will also be considered by permitting agencies, including the State Water Resources Control Board in its hearing now underway on a petition by DWR and the U.S. Bureau of Reclamation to allow for the change in points of diversion to add three new intakes on the Sacramento River as part of WaterFix. WaterFix would not change the volume of water to which the SWP and CVP are entitled to divert, but would add additional diversion points in a more environmentally protective place that also is easier to safeguard against natural disaster such as earthquake and sea-level rise due to climate change.

**Top Takeaways from USFWS California WaterFix Biological Opinion**

- The U.S. Fish and Wildlife Service issued a "no jeopardy" finding in the California WaterFix Biological Opinion for species under the Service's jurisdiction.

- The Service analyzed the impact of the construction and proposed operation of the twin tunnels on 16 species. Our analysis found that the following species would likely be impacted in some way: California red-legged frog, California tiger salamander, Delta smelt, giant garter snake, least Bell's vireo, San Joaquin kit fox, valley elderberry longhorn beetle, vernal pool fairy shrimp, vernal pool tadpole shrimp and western yellow-bill cuckoo. Several species evaluated for the potential to be negatively impacted likely won't be, including the California clapper rail, California least tern, riparian brush rabbit, salt marsh harvest mouse, soft bird's beak and Suisun thistle.

- The Service's work is not over. Elements of the California WaterFix project are still under development and will require additional consultation with the Service in the future. Those elements that will require a subsequent biological opinion include construction of the diversion structures in the North Delta and operations of new diversion structures and existing Central Valley Project and State Water Project pumping plants under dual conveyance.

- California WaterFix could increase Delta smelt habitat availability along the San Joaquin River area of the Delta, improve flow conditions, reduce the number of Delta smelt drawn into the portion of the Delta that is negatively influenced by the Federal and state water export facilities, and mitigate for effects of the project by restoring more than 1,800 acres of Delta smelt habitat. The benefits are expected to compliment the 30,000 acres of habitat restoration throughout the Delta from California's EcoRestore program and implementation of activities contained in the 2016 Delta Smelt Resiliency Strategy.

**Litigation Challenging Biological Opinions for California WaterFix**

On June 29, two cases were filed in the United States District Court, Northern District of California challenging the validity of the biological opinions issued by the USFWS and the NOAA Fisheries. Both cases challenge the validity of the biological opinions which were issued on June 26 for the California WaterFix. In each case, plaintiffs ask that the biological opinions be withdrawn and that consultation regarding the impact of the California WaterFix on threatened or endangered fish species be reinitiated.
The first case was filed by The Bay Institute, the Natural Resources Defense Council and Defenders of Wildlife. The named defendants are Ryan Zinke, Secretary of the Interior; Greg Sheehan, Acting Director of USFWS; and USFWS.

The second case was filed by the same environmental entities plus the Golden Gate Salmon Association. The named defendants are Wilbur Ross, Secretary of Commerce; Chris Oliver, Acting Administrator of NOAA Fisheries; and NOAA Fisheries.
ISSUE BRIEF # E

SUBJECT: MET’s Ocean Desalination Policy and Potential Participation in the Doheny and Huntington Beach Ocean (Poseidon) Desalination Projects

RECENT ACTIVITY

Doheny Desal
The details of this have been moved to briefing Issue H as it pertains only to South Orange County.

Poseidon Huntington Beach
Poseidon is still working on the permitting process and OCWD is still working on the system integration concepts.
SUBJECT: Orange County Reliability Projects

RECENT ACTIVITY

Central Pool Augmentation Program
There are no updates to report.

Orange County Water Reliability Study
CDM-Smith and MWDOC staff are in the process of completing follow-up work to the 2016 study. The work includes modeling of more recently available information, updating Colorado River assumptions, assessment of additional scenarios for the Huntington Beach Desalination Plant, and assessment of the value of new storage. The work is expected to be completed in the next few months.
ISSUE BRIEF # G

SUBJECT: East Orange County Feeder No. 2

RECENT ACTIVITY

Use of East Orange County Feeder No. 2 for Conveyance of Groundwater and Poseidon Water

Nothing new to Report.
SUBJECT: South Orange County Projects

RECENT ACTIVITY

UPDATED - Doheny Desal Project

On June 22, 2017 South Coast WD’s Board approved a resolution (by a 3-2 vote) to submit an application for grant funding from the California Department of Water Resources (Proposition 1 Water Desalination Grant Program Round 4) of up to $10 million for the construction of the Doheny Ocean Desalination Project. The requirements of the grant include three limitations which would have impact on the project size and construction delivery method:

1. The grant requires that the project is owned by the District.
   a. Water purchase agreements with private developers are ineligible for funding, which limits the types of Public-Private Partnership construction delivery methods that can be used.

2. The project must be complete and operational within 3 years of receipt of the grant.
   a. The traditional Design-Bid-Build method would take longer than 3 years to complete, meaning some type of Design-Build method would be required.

3. The Project Capacity must be well defined.
   a. The management consultant, GHD, indicates it would be very challenging to permit and build a project larger than 5 MGD in the first phase within the 3 year timeframe of the grant. However, the project is being designed with significant flexibility, and could be expanded once the plant is operational.

GHD provided an update on the Doheny Project Costs:

<table>
<thead>
<tr>
<th>5 mgd District Owned Project</th>
<th>Cost of Water in Year 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 year SRF Loan</td>
<td>$1,465</td>
</tr>
<tr>
<td>20 year SRF Loan</td>
<td>$1,758</td>
</tr>
</tbody>
</table>

Assumptions:
- $102 million Capital Cost
- $10 million DWR Grant
- 2% Fixed Interest Rate
- $0.129/kwh Power Cost Year 2020
- MWD LRP Rebate $475/AF for 15 years

The cost of imported MWD water is projected to be $1,241 in 2020.

The Desalination Grant Program application is due September 1, 2017.

Other Project efforts:
- EIR- awaiting the updated slant well model. 2nd Scoping Meeting is anticipated in early July 2017 and completion of the EIR anticipated in June 2018.
• Funding – GHD is continuing to explore funding opportunities including WIFIA and SRF loan funding.

Updated - SMWD Trampas Canyon Recycled Water Reservoir

Santa Margarita WD staff completed all permitting, plans and specifications for the construction of the Trampas Canyon Dam and Reservoir Project. The project was put out to bid and the bids will be opened in August. The bids will be brought to their Board for consideration of contract award in September.

Other Information on South County Projects:

San Juan Watershed Project

(Nothing New to Report) Santa Margarita WD continues working on the San Juan Watershed Project. Phase 1, which is being designed to capture wet and dry weather runoff, with subsequent phases looking to introduce recycled water into San Juan Creek for Indirect Potable Reuse.

The relatively recent discovery of a geological rock formation (ancient landslide) near Stonehill Drive appears to be a partial barrier to sub-surface flow. This impacts the proposed location of the rubber dams and the ability for Phase I to capture and percolate water into the basin resulting in the estimated water capture for Phase I being reduced from 1,700 AFY to 500-600 AFY. 14 additional borings are needed to better define the formation at a cost of $330,000 to better understand how it might impact the rubber dam locations. The budget for Phase I has therefore increased to $1.7 million. The Draft Environmental Impact Report (DEIR) is now scheduled for public review in August 2017.

Camp Pendleton Seawater Desalination Project

(Nothing New to Report) San Diego County Water Authority (SDCWA) is studying a desalination project to be located at the southwest corner of Camp Pendleton Marine Corps Base adjacent to the Santa Margarita River. The project is currently in the feasibility study stage and SDCWA is conducting geological surveys, analyzing intake options, and studying the effect on ocean life and routes to bring desalinated water to SDCWA’s delivery system. MWDOC and the Doheny Desal Participants are working to lease the Doheny Mobile Test Facility to Michael Baker International for use at the SDCWA intake study testing site.

Expansion of the Irvine Interconnection Project to South Orange County

(Nothing New to Report) An agreement completed in 2006 resulted in an investment by South Orange County (SOC) agencies in the Irvine Ranch Water District (IRWD) system to allow exchanges of water to be delivered by IRWD into SOC under emergency situations. Project capacity was committed by IRWD to move up to 30 cfs of emergency supplies whereas the agreement allows moving up to 50 cfs, not to exceed 3,000 AF per emergency event. In accordance with the Agreement with IRWD, the emergency capacity committed to the SOC agencies declines over time and goes to zero by 2030. IRWD is examining their ability to increase the exchange and conveyance of water under this arrangement or extend to extend the end date of the agreement and the capacity thereunder. MWDOC is working
on other options with OCWD and MET to move groundwater via the EOCF#2 to SOC during emergency events.

**Laguna Beach County Water District Groundwater Project with Newport Beach**

(Nothing New to Report) – MWDOC, MET, Laguna Beach County Water District and Newport Beach have been working to activate Laguna Beach County’s access to 2,025 AF of groundwater from within the Orange County Water District Basin. Deliveries began in September 2016.

If any agencies would like to have updates included herein on any projects within your service area, please email the updates to Karl Seckel at kseckel@mwdoc.com
COMMITTEE ASSIGNMENTS

None.  (Agenda Item 5C)

FINANCE AND INSURANCE COMMITTEE

Adopted Ordinance No. 150, determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of $400 million to finance a portion of Metropolitan’s capital expenditures.  (Two-thirds vote required)  (Agenda Item 8-1)

Adopted the Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $80 million of Subordinate Water Revenue Bonds, 2017 Series C and providing the terms and conditions for the sale and issuance of said Subordinate Water Revenue Bonds; and approved up to $225,000 for the payment of the costs of issuance of the Subordinate Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds.  (Agenda Item 8-2)

Approved the Statement of Investment Policy for fiscal year 2017/18, as set forth in the board letter; and delegated authority to the Treasurer to invest Metropolitan’s funds for fiscal year 2017/18.  (Agenda Item 8-3)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $4.45 million; authorized conceptual design for a system-wide upgrade of Metropolitan’s control system; and authorized agreement with CH2M in an amount not to exceed $2,485,000 to provide specialized technical support.  (Appropriation No. 15467)  (Agenda Item 8-4)

Authorized the General Manager to execute the Operating Agreement with the California Independent System Operator; and adopted the resolution on Metropolitan’s resource adequacy requirements in the Board’s capacity as Metropolitan’s Local Regulatory Authority.  (Agenda Item 8-5)

ORGANIZATION, PERSONNEL AND TECHNOLOGY COMMITTEE

Approved Metropolitan Water District of Southern California’s Salary Schedule pursuant to CalPERS regulations.  (Agenda Item 8-6)
WATER PLANNING AND STEWARDSHIP COMMITTEE

Expressed support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements. (Agenda Item 8-7)

Authorized the General Manager to make payment of up to $688,000 for the Colorado River Board/Six Agency Committee and Authority for FY 2017/18. (Two-thirds vote required) (Agenda Item 8-8)

Authorized the General Manager to make payment of $2.73 million to the State Water Contractors; and authorized the General Manager to make payment up to $1.05 million to the State Water Project Contractors Authority. (Two-thirds vote required) (Agenda Item 8-9)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Authorized the General Manager to express support for Budget Trailer Bill RN 17-14056 and express support, if amended, for AB 1270 (Gallagher, R-Yuba City). (Agenda Item 8-10)

CONSENT CALENDAR

In other action, the Board:

Approved up to $1.173 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits, and add liability coverage for the use of UAVs. (Agenda Item 7-1)

Appropriated $670,000; and authorized design to replace concrete lining panels along the CRA and at Iron Mountain Reservoir. (Appropriation No. 15483) (Agenda Item 7-2)

Appropriate $1.85 million; authorize the General Manager to make offers and acquire permanent and temporary property rights in nine parcels for planned construction within the Orange County Operating Region, and to approve and obtain all acquisition-related documentation; and authorized field investigations to address erosion-related issues throughout the distribution system. (Appropriation No. 15474) (Agenda Item 7-3 – DEFERRED TO JULY)

Approved the proposed amendments to the Administrative Code; and authorized the Ethics Officer to include any non-substantive changes requested by Fair Political Practices Commission in its final review. (Agenda Item 7-4)

Authorized a 20-year greenbelt landscaping lease with City of San Bernardino. (Agenda Item 7-5)
THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.

Board letters related to the items in this summary are generally posted in the Board Letter Archive approximately one week after the board meeting. In order to view them and their attachments, please copy and paste the following into your browser http://edmsidm.mwdh2o.com/idmweb/home.asp.
Board Meeting

July 11, 2017

12:00 p.m. -- Board Room

1. Call to Order
   (a) Invocation: James Lee, Information Technology Group
   (b) Pledge of Allegiance: Director David De Jesus

2. Roll Call

3. Determination of a Quorum

4. Opportunity for members of the public to address the Board on matters within the Board’s jurisdiction. (As required by Gov. Code § 54954.3(a)

5. OTHER MATTERS
   A. Approval of the Minutes of the Meeting for June 13, 2017. (A copy has been mailed to each Director) Any additions, corrections, or omissions
   B. Report on Directors’ events attended at Metropolitan expense for month of June
   C. Chairman’s Monthly Activity Report
   D. Presentation of 10-year Service Pin to Robert Wunderlich

6. DEPARTMENT HEADS’ REPORTS
   A. General Manager’s summary of Metropolitan’s activities for the month of June
   B. General Counsel’s summary of Legal Department activities for the month of June
C. General Auditor’s summary of activities for the month of June

D. Ethics Officer’s summary of activities for the month of June

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Adopt CEQA determination and adopt resolution for annexation of the 51st Fringe Area Annexation to Western Municipal Water District and Metropolitan. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination to review and consider the information provided in the Lead Agency’s certified Final EIR, and adopt the Lead Agency’s findings, SOC, and MMRP related to the proposed action, and, Adopt resolution granting approval for the 51st Fringe Area Annexation concurrently to Western and Metropolitan and establish Metropolitan’s terms and conditions for the annexation, as set forth in Attachment 3 of the board letter, conditioned upon approval by Riverside County’s Local Agency Formation Commission, and upon receipt of annexation fee of $439,576.

7-1 Board Letter and Attachments 1 to 3

Attachment 4

Attachment 5 Part 1

Attachment 5 Part 2

Attachment 5 Part 3

7-2 Adopt CEQA determination and authorize entering into an agreement with ICF Jones and Stokes, Inc. utilizing funding from California Department of Fish and Wildlife Proposition 1 Delta Water Quality and Ecosystem Restoration Grant Program, Agreement No. P1696028 - Investigating the Factors that Affect Longfin Smelt Abundance, Distribution, and Recruitment in the Upper San Francisco Estuary for an amount not to exceed $330,811. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and Authorize the General Manager to execute an agreement with ICF under CDFW Grant Agreement No. P1696028 for the implementation of the Proposition 1 Delta Water Quality and Ecosystem Restoration Grant Program for an amount not to exceed $330,811.

7-2 Board Letter

7-3 Adopt CEQA determination and appropriate $1.85 million; authorize the General
Manager to make offers of compensation and acquire permanent and temporary property rights on nine properties consisting of 16 Assessor’s Parcels within the Orange County Operating Region (Orange County Assessor’s Parcel Nos. 591-133-15, 591-133-19, 322-211-03, 105-015-21, 105-015-24, 525-171-12, 525-171-13, 525-171-14, 463-201-24, 463-201-28, 284-181-50, and 351-751-11; and Riverside County Assessor’s Parcel Nos. 101-140-005, 101-140-006, 101-040-010, and 101-040-011); and authorize field investigations to address erosion-related issues across the distribution system (Appropriation No. 15474). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the first proposed action has been previously addressed in the certified 2016 Final Program EIR, Findings, and MMRP, and that the second proposed action is categorically exempt (Class 6, Section 15306 of the State CEQA Guidelines), and

a- Appropriate $1.85 million;
b- Authorize the General Manager to make offers and acquire permanent and temporary property rights in nine properties for planned construction within the Orange County Operating Region, and to approve and obtain all acquisition-related documentation; and
c- Authorize field investigations to address erosion-related issues throughout the distribution system.

7-3 Board Letter and Attachments

7-4 Adopt CEQA determination and appropriate $840,000; and authorize upgrades to the computerized maintenance management system (Appropriation. 15501). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a- Appropriate $840,000;
b- Authorize upgrades to the computerized maintenance management system.

7-4 Board Letter and Attachment

7-5 Adopt CEQA determination and appropriate $580,000; and authorize increase in change order authority for the construction contract to build houses at Iron Mountain Pumping Plant (Appropriation No. 15495.) (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and

a- Appropriate $580,000; and
b- Authorize increase of $580,000 in change order authority for the construction contract to build houses at Iron Mountain Pumping Plant, up to an aggregate amount not to exceed $830,000, for the addition of two new houses.
7-6 Board Letter and Attachments

7-6 Adopt CEQA determination and authorize amendments to agency temporary skilled craft labor agreements with Grafton, Inc., Johnson Services Group, and Elite Craftsmen Services to increase the total amount payable each year under these three contracts from $899,000 to $1.5 million. (OP&T)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
a- Authorize the General Manager to enter into the following skilled craft labor agreement amendments:
b- Authorize an agreement amendment with Elite Craftsmen Services to include an additional annual renewal option, through the year 2020, and to increase the maximum amount payable from $249,000 to $500,000 per year;
c- Authorize an agreement amendment with Johnson Services Group to increase the maximum amount payable from $325,000 to $500,000 per year; and
d- Authorize an agreement amendment with Grafton, Inc. to increase the maximum amount payable from $325,000 to $500,000 per year.

7-6 Board Letter

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Adopt CEQA determination, appropriate $1.9 million; authorize the design for an Enterprise Content Management (ECM) application; award a contract for $1.45 million to HBR Consulting, LLC for software and professional services for design of an ECM application and for the optimization of digital assets on Metropolitan’s network storage devices (Appropriation No. 15500). (OP&T)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not a project under CEQA, and
a- Appropriate $1.9 million; and
b- Award a $1.45 million contract to HBR Consulting, LLC for software and professional services for design of an ECM application and for the optimization of digital assets on Metropolitan’s file shares.

8-1 Board Letter and Attachment

8-2 Adopt CEQA determination and adopt Policy Principles guiding Metropolitan’s role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation. (IRP)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project.
and is statutorily exempt, and
Adopt the proposed policy principles guiding Metropolitan’s role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation.

8-2 Board Letter and Attachment

8-3 Adopt CEQA determination and appropriate $2 million; award $13,856,000 contract to Kiewit Infrastructure West Co. to construct an advanced water treatment demonstration plant; and authorize increase of $300,000 to an agreement with Stantec Consulting, Inc. (Appropriation No. 15493). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed in the 2015 NOE and that no further environmental analysis or documentation is required, and
a- Appropriate $2 million;
b- Award $13,856,000 contract to Kiewit Infrastructure West Co. to construct an advanced water treatment demonstration plant; and

8-3 Board Letter

8-4 Adopt CEQA determination and authorize approval of agreements and authorize membership with the Arizona Electric Power Cooperative for Colorado River Aqueduct energy and transmission services. (E&O)

8-4 Board Letter and Attachment

8-5 Adopt CEQA determination and authorize the removal of Modules 4, 5, and 6 from service at the Robert A. Skinner Water Treatment Plant. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt; and

8-5 Board Letter and Attachments

8-6 Adopt CEQA determination and appropriate $3.3 million; and authorize increase in change order authority for the construction contract to rehabilitate Palos Verdes Reservoir (Appropriation No. 15417). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously
addressed in the adopted 2015 Mitigated Negative Declaration and that no further environmental analysis or documentation is required, and
a- Appropriate $3.3 million; and
b- Authorize increase of $2.3 million in change order authority for the rehabilitation of Palos Verdes Reservoir, up to an aggregate amount not to exceed $3,778,000

8-6 Board Letter and Attachments

8-7 Adopt CEQA determination and authorize the General Manager to enter into cyclic agreements providing a credit of up to $225 per acre-foot for in-lieu deliveries in Fiscal Year 2017/2018. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is exempt from CEQA, and
Authorize the General Manager to enter into cyclic agreements providing a credit of up to $225 per acre-foot for in-lieu deliveries in FY 2017/2018, consistent with the terms as set forth in Attachment 1 of the board letter.

Board Letter and Attachment

8-8 Adopt CEQA determination and approve corrections to resolution fixing and adopting the Readiness-to-Serve Charge for calendar year 2018. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
Approve the corrected resolution fixing and adopting a Readiness-to-Serve Charge for CY 2018, in the form of Attachment 1 as set forth in the board letter.

8-8 Board Letter and Attachment

8-9 Adopt CEQA determination and report on existing litigation: Shimmick Construction Company, Inc./Obayashi Corporation, a Joint Venture v. The Metropolitan Water District of Southern California, LASC Case No. BC559603; and authorize increase of maximum amount payable under contract with (1) Hunt Ortmann Palffy Darling & Mah, Inc. for legal services by $400,000 to an amount not to exceed $1,000,000; (2) Pacific Consultants Construction, Inc. for consulting services by $100,000 to an amount not to exceed $600,000; and (3) Driven, Inc. for electronic discovery services by $50,000 to an amount not to exceed $150,000 (Approp. 15389). (L&C) [To be mailed separately][Conference with legal counsel-existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

9. BOARD INFORMATION ITEMS

None
10. OTHER MATTERS

a. Discussion of Department Head Evaluation Process Guidelines and Department Head Evaluation Presentations [Public employee’s performance evaluations; General Manager, General Counsel, General Auditor, and Ethics Officer, to be heard in closed session pursuant to Gov. Code Section 54957]

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan’s Web site http://www.mwdh2o.com.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.
Board of Directors

Integrated Resources Plan Committee

7/11/2017 Board Meeting

Subject

Adopt CEQA determination and adopt Policy Principles guiding Metropolitan’s role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation

Executive Summary

The Integrated Water Resources Plan (IRP) is the framework for the long-term water resources development plan for Metropolitan’s service area. The inaugural 1996 IRP set the region on a path of developing diversified water resources in imported supply, local resources, conservation and storage and transfers. The 2015 IRP Update continued the path to developing a diversified and reliable water supply, with recognition of the importance of solidifying and increasing the region’s base of local resources and developing conservation with an emphasis on outdoor water efficiency. Following the adoption of the 2015 IRP Update, the Board began an extensive process to discuss policy direction that would be needed to best position Metropolitan to provide an effective means of achieving the IRP targets. That process, initiated with policy discussions at the April 2016 Board Retreat, culminated in a June 2017 Board Workshop to discuss and provide input on policy principles that addressed two key areas regarding Metropolitan’s role in the development of local resources and conservation and the impact of mandates and legislation on Metropolitan’s participation.

The Board, with background provided by an accompanying White Paper, had extensive discussion on the framing questions and the draft policy principles at the Board Workshop. Input from the Board Workshop has been incorporated into final policy principles proposed for adoption.

Details

The 2015 IRP Update continues Metropolitan’s collaborative planning approach to providing a reliable water supply for its service area. The IRP identifies long-term regional targets for water resource development and serves as a framework for future activity by Metropolitan and its member agencies.

A key part of the IRP strategy includes regional targets for local resources and conservation development. Successful implementation of the IRP targets will require significant coordination and planning on the part of Metropolitan, its member agencies and local agencies. Policy direction will define Metropolitan’s continuing role in the development of local resources and conservation and ensure that Metropolitan participates in an effective manner.

Policy Development Process

The 2015 IRP Update and its associated targets and goals for achieving regional water supply reliability were adopted by the Board in January 2016. Following the adoption of the 2015 IRP Update, Metropolitan staff and the Board have engaged in a series of discussions aimed at determining the policy refinements needed to implement the IRP. In April 2016, Metropolitan’s Board held a retreat with one of the main topics being a discussion of policy questions related to IRP implementation. The major themes coming out of the discussion included the role of Metropolitan in achieving regional reliability, how to achieve future conservation with increased outdoor water use efficiency, and the role of Metropolitan in developing local resources.
Following the Board Retreat, the IRP Committee held a series of meetings to review and discuss Metropolitan’s historic and current role and activities in the areas of local resources and conservation development. The most recent meetings solicited direct input and discussion on policy areas and policy questions with the intention of developing policy principles that provide guidance and direction to staff. A White Paper on Policy Principle Framework and Recommendations for Implementation of Local Resources and Conservation was developed by staff to provide background for discussion at the May 2016 Board Workshop. The White Paper provided two framing questions that captured the input and discussion of the Board and IRP Committee up to this point. The two framing questions are:

- How should Metropolitan define its role in the development of local resources and conservation and under what conditions?
- How should Metropolitan plan and participate in local resources and conservation when there are overlapping mandates?

The Board had extensive discussion on the framing questions and the draft policy principles at the Board Workshop. These discussions built upon the discussions that had taken place at the IRP Committee meetings over the past year. The main points that resulted from the Board Workshop discussion were to ensure that policy principles and subsequent actions and activities by Metropolitan reflect that:

- Metropolitan has appropriate and adequate control in the projects and programs in which it invests regional finances
- Evaluations of regional benefits do not result in an unnecessary or unneeded competitive process between potential projects and programs
- Metropolitan’s interests in maintaining the region’s base of local resources and conservation refers to maintaining the production capability and not to financing the ongoing regular operations and maintenance costs that should be borne by the agencies
- Evaluations of regional benefits need to include the total costs of development and not just Metropolitan’s financial exposure and cost recovery
- Mandates and legislation on local resource and conservation development do not necessarily or automatically reduce or eliminate Metropolitan’s interest in participating in affected projects and programs

Proposed Policy Principles

The goal of the policy principles is to guide Metropolitan in its regional participation in achieving the IRP targets for local resources and conservation. The proposed policy principles are included in Attachment 1. These proposed policy principles reflect the discussion and input, provided by the Board through the IRP Committee and the May 2017 Board Workshop and have been adjusted accordingly.

Conclusions

Maintaining and developing local resources and conservation in Southern California is becoming an increasingly complex endeavor. But, more than ever, the region needs a stable base of local resources and conservation to maintain its water supply reliability. Metropolitan is well-situated as an agency to ensure that regional investments and financing of local resources and conservation result in regional benefits for all of its member agencies, and the adoption of the proposed policy principles will help ensure that such investments and financing are made in a prudent manner.

Policy

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 Integrated Water Resources Plan Update
California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378(a)) because the proposed action will not cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and also because it involves continuing administrative activities, such as general policy and procedure making (State CEQA Guidelines Section 15378(b)(2)). In addition, to the extent the 2015 IRP Update serves as the basis for the urban water shortage contingency analysis required under Sections 10631, et seq., of the Water Code and is incorporated into Metropolitan’s Regional Urban Water Management Plan, the preparation, adoption, and subsequent planning activities associated with these aspects of the 2015 IRP Update Policy Principles are statutorily exempt from CEQA (Water Code Section 10652, State CEQA Guidelines Section 15282(v)).

The CEQA determination is: Determine that the proposed action is not defined as a project and is statutorily exempt from CEQA pursuant to Public Resources Code Section 21065, Water Code Section 10652, and Sections 15378(a) and 15378(b)(2) of the State CEQA Guidelines.

CEQA determination for Options #2 and #3:

None required.

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is statutorily exempt, and

Adopt the proposed policy principles guiding Metropolitan’s role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation.

**Fiscal Impact:** None

**Business Analysis:** Policy principles for this area will shape Metropolitan’s approach and participation in future development and provide guidance to ensure that Metropolitan’s investments and participation are sound and effective

Option #2

Direct staff to revise proposed policy principles and return for future consideration.

**Fiscal Impact:** None

**Business Analysis:** Absence of policy principles may hinder Metropolitan’s ability to effectively collaborate with its member agencies and other local agencies in the development of local resources and conservation and affect the future achievement of IRP targets

Option #3

Do not adopt the proposed policy principles.

**Fiscal Impact:** None

**Business Analysis:** Absence of policy principles may hinder Metropolitan’s ability to effectively collaborate with its member agencies and other local agencies in the development of local resources and conservation and affect the future achievement of IRP targets
Staff Recommendation

Option #1

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Attachment 1 – Proposed Policy Principles

Ref# wrm12652338
Proposed Policy Principles

Recommended Policy Principles guiding Metropolitan’s role in regional implementation of Integrated Water Resources Plan targets for local resources and conservation

1. Metropolitan should take an active role in identifying and evaluating local resource and conservation opportunities within its service area.

2. Metropolitan should have multiple approaches and avenues available for developing and implementing local resources and conservation in cooperation with local agencies and entities.

3. Metropolitan should evaluate the feasibility and effectiveness of direct investment and development of regionally beneficial local resources and conservation where appropriate.

4. Metropolitan should include the consideration of sustaining and/or recovering production from existing projects and programs in its approaches to developing local resources and conservation.

5. Evaluations of regional investments in local resources and conservation should, at a minimum, include consideration of:
   - Type and source of water supply
   - Measurable water supply yield or demand reduction
   - Impacts, positive or negative, to Metropolitan system redundancy or emergency risk
   - Impacts, positive or negative, to existing Metropolitan system investments and developed system capacity
   - Total cost elements
   - Metropolitan financial exposure and revenue recovery

6. Metropolitan’s operational and administrative policies should not adversely impact regional efforts to develop local resources and conservation.

7. State and federal mandates should not impact Metropolitan’s participation in local resource and conservation development provided that the effect of the mandate is consistent with regional IRP targets.