

December 10, 2010

Mr. Mark Cowin, Director
California Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236

Sent via E-mail and U.S. Mail

Dear Mr. Cowin:

We, the undersigned members of the Urban Stakeholder Committee (USC) wish to extend our sincere appreciation in acknowledging the significant efforts and professionalism of Department of Water Resources staff and consultants in developing technical methodologies for implementation of SBX7-7. With DWR leadership, the USC, comprising a broad mix of stakeholders, reached agreement in resolving a number of issues in development of the methodologies. However, the development of a fourth target method has been challenging and elusive, and recent USC and Method 4 Workgroup (U4) meetings have resulted in significant concerns for many of us.

As you are aware, SBX7-7 calls for DWR to develop a fourth methodology for calculating demand reduction targets. Per the legislation, this method is supposed to provide “flexibility;” consider climatic differences, population density, and plant needs, and avoid placing “undue hardship” on communities that have implemented conservation measures or that have low per capita water use. The method is also supposed to “cumulatively result in a statewide 20 percent reduction in per capita use by December 31, 2020.” DWR also agreed with the USC that ease of implementation would be an important consideration for selection of the method. Such a method has been challenging to develop. Initially, DWR received three proposals for the method from various water community stakeholders and proposed one of its own. Subsequently, through several meetings of the U4 Subcommittee, considerable progress was made in narrowing the alternatives toward a methodology that would garner broad support.

At the most recent USC meeting held on October 15, DWR presented two options for consideration, including a method based on full implementation of the California Urban Water Conservation Council Best Management Practices and a

second method that was based on an estimation of indoor residential, outdoor residential, and commercial, institutional and industrial use. DWR was asked by the USC to look at elements and substantiating data for these two proposals and present refined methodologies for USC consideration and a vote of confidence. Early on, the “Best

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Management Practices full implementation” approach seemed to be the simpler, more workable, and most supportable of the two approaches, although the USC made clear to DWR staff that additional data and analysis was necessary to allow them to vet a final method 4 approach. DWR staff was asked to do this additional work for both approaches, and to conduct a poll of the USC members to ascertain support for these proposed methods.

On November 19, DWR held a hastily-scheduled webinar/conference call for the USC specifically to discuss progress on Method 4. Many USC members were unable to participate in this webinar, and the webinar format further limited the effectiveness of the meeting. To the surprise of those USC members that participated, DWR staff had devised two completely different “hybrid” Method 4 options that bore little resemblance to the methods that had been discussed in the preceding months and during the October 15 meeting. DWR staff attempted to explain these “hybrids” to the USC, which is largely composed of experts in the field of water conservation and efficiency. Unfortunately, many of the USC members participating in the webinar could not understand the elements and effect of the two “hybrid” proposals. While the hybrids may have had some merit, the webinar format, time constraints and lack of participation due to last minute scheduling was not conducive to the USC fully understanding the options presented. This has caused significant concerns for USC members.

Due to the deadline imposed by the legislation, DWR staff seems compelled to derive a methodology and have it in place by the December 31, 2010. It is becoming increasingly apparent to the USC that due to paucity of available and reliable data, the technical challenges inherent in attempting to analyze such poor data from a statistical approach, and the difficulty for most agencies to understand the DWR proposal, that the “Method 4 options in their current proposed formats will be unusable for most water suppliers in California. In addition, we are concerned that the “hybrid” methods currently do not meet the criteria established by the legislation, because the “hybrid” methods do not consider land use density or ease of implementation. These key elements are important to many of the water suppliers.

In our September 2, 2010 letter to you, we described the issue of flexibility to make a change in the method by which an urban retail water supplier will comply with SBX7-7, in particular, the ability to revise the target setting methodology, allowing water suppliers to learn from their implementation efforts, while still fully complying with SBX7-7 in 2020. We believe these same concepts apply fully to the development of Method 4.

We feel the legislation allows latitude for DWR staff to provide the public with a “provisional” Method 4 for inclusion in the 2010 Urban Water Management Plan Guidebook. We recommend that DWR continue to work with the USC to complete the

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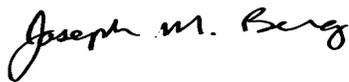
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additional analysis on the BMP option and other proposals requested by the USC. We feel it is extremely important for DWR to convene an in-person meeting of the USC to review the additional analyses and Method 4 options prior to taking a vote on partially developed proposals. Once consensus on the preferred approach is reached, Method 4 could then continue to be refined as additional and improved data is collected and further analyzed. By 2015, it is likely that water suppliers in the state will have more and enhanced experience with the practical application of all the SBX7-7 methodologies, which will inform finalization of Method 4.

USC members and members of the U4 Subcommittee have invested a significant amount of time in supporting DWR's development of Method 4. We stand ready to continue these efforts to develop a valid and workable Method 4 beyond the December 31, 2010 deadline. We suggest that an in-person USC meeting be scheduled to discuss this matter as soon as practicable. Thank you for your consideration of this important issue.

Sincerely,



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County



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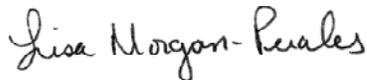
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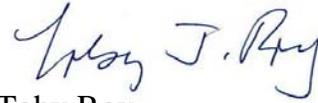
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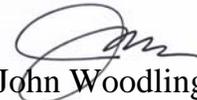
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