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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

9-10

March 25, 1997

To: Board of Directors (Water Planning and Resources Committee--Information)
(Bay-Delta Political Advisory Committee--Information)

From: General Manager J. R. W. Dvorka

Submitted by: Debra C. Man, Chief Debra C. Man
Planning and Resources Division

Subject: Status of CALFED Water Use Efficiency Negotiations

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

Water use efficiency will be a common program to any CALFED alternative that may be chosen and is receiving increased attention in the CALFED dialogue. Currently under discussion are strategies for assuring water conservation in both the urban and agricultural sectors. These strategies range from purely voluntary approaches to certifiable, enforceable programs. Under debate in the Bay-Delta Advisory Committee Workgroup is: what level of water efficiency should be performed; whether water efficiency should be a condition of using Delta water; and whether there should be requirements for agriculture that are similar to requirements for urban water agencies.

Concurrent with this discussion is a process already underway within the California Urban Water Conservation Council to revise the Urban Best Management Practices to more clearly define standards for agency implementation and evaluation of performance. Also underway is a separate effort between the California Urban Water Agencies and the Environmental Water Caucus (described in attached Board Letter 9-12, dated November 5, 1996) which is attempting to negotiate an urban water efficiency framework acceptable to both water agencies and environmental groups in the CALFED process.

DETAILED REPORT

Revisions To The Urban Best Management Practices

The California Urban Water Conservation Council (CUWCC) has undertaken a process to redefine and streamline the existing 16 Best Management Practices (BMPs) for water conservation programs. Public workshops to discuss draft revisions to the BMPs were held in Northern California, the Central Valley, and Southern California during the last week of February. Nearly 200 representatives from urban water agencies statewide attended the workshops to provide comments and perspectives. The revision process is expected to be completed in June. In addition to redefining the BMPs, the CUWCC hopes to complete a new methodology for evaluating water savings by July of this year, along with a defined review process for evaluating water agency compliance.

The BMP revisions proposed thus far would reformulate the original 16 BMPs into a set of 14 (see Attachment A). Ten of these BMPs would be subject to "certification," the term applied by the CUWCC to some form of recognition that the BMPs had been completed by a particular water agency. The actual language of the individual BMPs is also under revision, specifically aimed at making the programs more clearly defined and more easily measured in terms of compliance. Disagreement remains in a few areas, such as Conservation Pricing and Landscape, and refinements to the language will be made over the next four months in a second round of review. New BMPs on wholesale agency programs and on horizontal axis washing machines are also proposed.

Progress on the Agricultural Memorandum of Understanding

A Memorandum of Understanding (MOU) on agricultural water efficiency has been completed. Negotiated under AB 3616, the MOU sets forth planning objectives for achieving cost-effective water conservation in the agricultural sector. Seventeen water districts have signed the MOU to date--representing 1.975 million acres--thus activating the MOU and the Agricultural Water Management Council. Only one environmental group has signed.

Issues Needing Resolution at CALFED

The CALFED Water Use Efficiency discussions center around the degree of implementation and the degree of enforcement that would be associated with both urban and agricultural water agency conservation programs. The following specific points are currently being debated:

1. At present the BMP process is purely voluntary. Should urban water agencies be formally reviewed and evaluated as to their compliance with the BMPs?

2. Should that review and evaluation result in some sort of certification by an outside entity, such as the CUWCC?
3. If an urban agency is not complying, should there be sanctions? What form should these sanctions take? How far should the concept of "enforcement" go?
4. Should there be flexibility in how a water agency chooses to meet its water savings targets? Are "performance standards" more or less desirable?
5. Should water use efficiency be required of only agencies using Delta water, or should they be applied to any urban water agency filing an urban water management plan?
6. Should urban water agencies and agricultural water agencies have similar programs, or do the fundamental differences in water use warrant completely separate strategies?

These issues are integrally connected to the environmental stakeholders' perceptions of assurances in the overall CALFED solution. Water use efficiency has been cited as a key element by environmental groups, one necessary in any discussion involving physical solutions in the Delta. Thus, resolution of these questions has a larger bearing on the eventual CALFED alternative.

At this time, staff is actively negotiating with the California Urban Water Agencies and the Environmental Water Caucus, as described in the November letter to your Board (Attachment B). Draft policy principles to guide staff in these discussions will be brought to your Board at your May 1997 meeting. In the interim the following initial principles are offered for your consideration and discussion:

- Urban Water Agency BMP implementation should continue to be based on cost-effectiveness criteria. These criteria should include evaluating the environmental benefits of conservation.
- BMP implementation should be measurable and verifiable. Any revisions to the existing BMPs should improve measurement parameters and compliance certainty.
- Any CALFED water use efficiency strategy or BMP revision should give full credit for conservation savings achieved to date.

The CALFED Water Use Efficiency Common Program should:

- ⇒ Focus on encouraging uniform performance on urban water efficiency among water agencies;
- ⇒ Support certification by the CUWCC of urban water agency performance;
- ⇒ Adopt enforcement mechanisms that stress the use of incentives;
- ⇒ Support additional enforcement measures by the CUWCC if implemented on a graduated basis appropriate to the level of non-compliance; and
- ⇒ Address agricultural water efficiency separately from urban water efficiency.

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Attachments

ATTACHMENT A

Table 3-1. Ad Hoc BMP Revisions Committee Recommended List of BMPs to Replace List in Exhibit 1 of Memorandum of Understanding Regarding Urban Water Conservation in California.

Best Management Practice	Include BMP in Certification Process, should one be adopted	Applies To
1. Conservation Pricing	✓	Retail Agencies
2. Metering	✓	Retail Agencies
3. Distribution System Water Audit, Leak Detection and Repair	✓	Retail and Wholesale Agencies
4. Residential ULFT Retrofits	✓	Retail Agencies
5. Residential Conservation	✓	Retail Agencies
6. High-Efficiency Washing Machine Rebate Program	✓	Retail Agencies
7. Landscape Conservation	✓	Retail Agencies
8. Commercial, Industrial, Institutional Conservation	✓	Retail Agencies
9. Wholesale Agency Assistance	✓	Wholesale Agencies
10. Conservation Coordinator	✓	Retail and Wholesale Agencies
11. Public Information		Retail and Wholesale Agencies
12. School Education		Retail and Wholesale Agencies
13. New Commercial and Industrial Water Use Review		Retail Agencies
14. Water Waste Prohibition		Retail and Wholesale Agencies


9-12


**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

November 5, 1996

To: Board of Directors (Water Planning and Resources Committee--Information)

From: General Manager 

Submitted by: Debra C. Man, Chief
Planning and Resources Division 

Subject: Update on CALFED Water Use Efficiency Framework

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

The CALFED Water Use Efficiency Workgroup will be considering proposals for urban water and agricultural water efficiency over the next six months. In order to develop agreement on urban water use issues, the California Urban Water Agencies (CUWA) have been meeting regularly with representatives of the Environmental Water Caucus (EWC) to identify areas of clear agreement on these issues. A preliminary proposal drafted by a CUWA/EWC staff committee was presented to the CUWA Board for review on Friday, October 25, 1996. The CUWA Board voted support for several key elements contained within the proposal, including: 1) using the existing mechanism of the California Urban Water Conservation Council (CUWCC) to implement and evaluate the CALFED urban water use efficiency program; 2) improving the definition of Best Management Practices (BMPs) for water conservation and developing implementation evaluation criteria; and 3) establishing clear implementation standards for each BMP so that water agencies statewide have a full understanding as to the level of compliance required. The proposals for water agency certification by an impartial entity were not acted upon by the CUWA Board and were referred back to the staff for further development.

DETAILED REPORT

All three of the final CALFED alternatives will have a common element of increased agricultural and urban water use efficiency, and a technical workgroup was chartered by the Bay-Delta Advisory Committee (BDAC) to discuss a potential framework for such an element. Chairman Foley is your Board's representative to the workgroup, with technical staff providing support. The workgroup has been meeting monthly, often with over 40 people in attendance. On July 25, 1996 the CALFED Bay-Delta Program staff issued a draft discussion paper listing a series of possible options for urban water use efficiency. The "tools" listed in the July 25 discussion draft included market incentives as well as legislatively established penalties as possible options for achieving increased water use efficiency statewide. During this same period, the CUWA Water Conservation Committee and the Environmental Water Caucus (EWC) began holding a series of meetings to discuss the "tools" listed in the CALFED discussion paper and to explore areas of common agreement. The assumption was that by defining issues of high conceptual agreement in the smaller workgroup, agreement could more easily be reached for the larger BDAC workgroup discussion.

On October 15, 1996, the CUWA Water Conservation Committee and the EWC reached agreement on a number of issues, presented in a document entitled "Urban Water Conservation Framework: Joint Proposal." The central issue of the document was a proposal that the California Urban Water Conservation Council (CUWCC), a council created by the 1991 Memorandum of Understanding (MOU) Regarding Urban Water Conservation and composed of signatories to the MOU, be assigned the responsibility for assuring water efficiency implementation for the CALFED solution. The existing sixteen Best Management Practices (BMPs) contained in the MOU would be followed, with the CUWCC maintaining a clear monitoring and evaluation role. The document further recommends that the necessary steps be taken to establish the appropriate management framework. The following points of agreement were outlined:

- The principles of cost-effective BMP implementation would apply to all urban water agencies statewide. The BMPs would remain voluntary, but the price for non-compliance would be steep.
- BMP implementation statewide has not been uniform or comprehensive, and the level of overall compliance must improve under the CALFED solution. The CUWCC should be responsible for monitoring urban water agency BMP compliance.
- Urban water agencies satisfactorily implementing BMPs would be certified by some designated authority, such as the CUWCC, DWR, or the State Water Resources Control Board.
- An "enforcement" mechanism would be added, using incentives as well as disincentives, to help achieve BMP compliance. Examples of incentives would

be grants and loans to complying water agencies; examples of disincentives would be surcharges levied against non-complying water agencies.

These points of agreement were conditioned on the following taking place:

- BMP performance standards, reporting requirements and evaluation criteria must be developed and agreed to by the CUWCC voting membership prior to implementing a certification process that includes incentives and penalties.
- Drought assistance policies must be made to reward conservation efforts by urban water agencies.
- Guidelines for applying incentives and penalties must be developed prior to implementing the certification process.
- The proposed water efficiency framework must be linked to an acceptable CALFED solution.
- The framework must apply to all urban water agencies statewide.
- The CALFED solution must include a parallel commitment to cost-effective conservation and increased water use efficiency by the agricultural sector.

On October 22, 1996, your Board's Bay-Delta Political Advisory Committee discussed the CUWA/EWC proposal. The Board directed staff to express strong support for uniform implementation of the BMPs statewide and for an expanded CUWCC role, but to be cautious about potential sanctions which may impact water rights issues. Staff was further directed to press for successful acceptance of the proposal on Metropolitan's behalf.

On October 25, 1996 the CUWA Board met to consider and discuss the proposal. After lengthy debate, an agreement was reached on the CUWCC being the management entity for water use efficiency. Also agreed to was the process for redefining the BMPs and preparing implementation standards. However, some key issues still remained contentious and undecided. Not yet agreed to were the issues of water agency certification by a third party and enforcement measures for non-BMP compliance. Those issues will be further explored in meetings to be scheduled soon with the CUWA Board itself and the EWC, and the discussions are likely to be controversial.

CALFED staff are pressing for the BDAC Water Efficiency Workgroup to come to an agreement on the urban water issues by the end of the year. As discussions progress, we will report to your Board for further guidance.

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