



July 14, 2014

The Honorable Felicia Marcus
State Water Resources Control Board
PO Box 100
Sacramento, CA 95812-0100

RE: Comments on Proposed SWRCB Emergency Drought Regulations

Dear Chair Marcus:

We appreciate the opportunity to provide comments to the State Water Resources Control Board (Board) on the proposed Emergency Regulations (Regulations) as communities throughout the State grapple with unprecedented drought conditions. We support the spirit of these regulations because they prompt water agencies as well as the public to act expeditiously and appropriately to execute meaningful measures to curtail water usage. Time is of the essence, and your call to action is heard clearly.

Our purpose in submitting these comments is to share with the Board Members the extensive and progressive efforts that we have taken at Moulton Niguel Water District (MNWD) to reduce water consumption over the years, which demonstrate responsible, sustained actions by MNWD to maximize conservation and water use efficiency. Through this letter, we hope to convey our profound concerns about the implications of the proposed regulations in the overall success of achieving conservation. It is difficult to anticipate all the impacts of statewide actions, as there are hundreds of water agencies with unique and different circumstances. We ask the Board to consider our input and work with agencies such as ours to refine and effect statewide actions that will result in stretching our most precious and limited resource. The focus of our comments are captured as follows:

- 1) Allow agencies with aggressive, effective and proven conservation programs to continue implementing those programs and dedicate resources to develop an expanded plan that seeks to further effect water conservation instead of redirecting efforts to implement the Regulations.
- 2) Ensure any current and future mandates on landscape irrigation reduction do not unintentionally limit the use of recycled water.
- 3) Work collaboratively with water agencies throughout the State to refine the Regulations going forward and develop future statewide strategies to reduce potable water usage.

By way of background, MNWD is a retail water agency providing water, wastewater, and recycled water services to more than 165,000 people in South Orange County, including the

Cities of Laguna Niguel, Laguna Hills, Aliso Viejo, Mission Viejo and Dana Point. Our service area is predominantly suburban residential communities. We have approximately 55,000 water and wastewater connections with an average water demand of approximately 26 million gallons per day. We are proud to meet 25 percent of our water demand with recycled water, and are in the process of expanding our program in response to the drought. Unlike many other areas that have multiple sources of water, our service area is completely dependent on imported water purchased from Metropolitan Water District of Southern California via our wholesaler Municipal Water District of Orange County.

Because of our reliance on imported water and lack of local supply alternatives, over the years, we have emphasized making efficient use of the water supply we have. Our substantial investment in recycling, conservation, and water use efficiency exemplifies this commitment. MNWD's overall conservation program has been effective, as illustrated by our 2013 per capita water use of 150 GPCD and the fact that we have already far exceeded our 20x2020 target reductions.

In 2011, we adopted the Water Budget Based Rate Structure (WBBRS), an allocation based rate structure that has been established empirically as one of the most effective means of reducing water consumption. One of the reasons we adopted WBBRS was from our experience in 2009 when we activated our conservation ordinance, which required specific watering days per week and the enforcement through citations and fines, similar to the proposed Regulations. During the 16-month period, we issued 17,588 violation letters and 659 fines. We had to dedicate ten full-time senior customer service representatives to this effort, which was a great strain on staffing needed for regular daily responsibilities. The biggest downside of this action was the huge negative response from our customers and strong opposition to MNWD by many who did not want to be told how they should maintain their property. This aggressive measure to conserve was viewed as an intrusion and caused an unanticipated aversion to messages about conservation within our service area. Equally important to note was that our water usage did not go down. Because our customers could only water a few days out of the week, they would overwater on those days creating excessive urban run-off.

A key part of our communication to our customers when we adopted WBBRS was to point out that an allocation based rate structure was a more sustained approach to conservation and that the responsible action resided with the customers, not MNWD "policing" their behavior. This message was well received, and while some were critical of the new rate structure, the notion of personal responsibility, instead of imposed restrictions, was motivating for our customers. Based on our experience, WBBRS has been an effective tool for conservation as well as valuable means for understanding customer usage, promoting efficient use of water and ensuring funding to support conservation measures.

MNWD is responding to the drought by asking customers to reduce their water usage by 20 percent in line with the Governor's Executive Order. We are also exploring additional opportunities for recycled water use. We've reached out to cities, customers, and surrounding agencies to increase the use of recycled water. Our outreach program has been expanded and focused to promote water conservation within our communities. We are working with water agencies in South Orange County to coordinate on our respective master plans to identify

partnering opportunities and maximize integrated planning. MNWD is also in the process of increasing staffing in our conservation department as part of our response to the drought emergency because we recognize that ongoing efforts to reduce water use is the best way to prepare for future droughts and supply emergencies.

To further integrate water use efficiency incentives and improve our ability to respond to emergency conditions by looking at allocation adjustments and pricing signals, MNWD is also studying our rate structure. In conjunction with our rate study, we will be revising our conservation rules and regulations from 2009 to be more effective and consistent with our rates. For MNWD now to impose the proposed Regulations, we would be contradicting our past communication to our customers about the benefits of WBBRS. Implementing these Regulations would also negatively impact our current efforts in our rate study and the expansion of our conservation program. We also note that the proposed Regulations do not take into account the availability of recycled water in addressing outdoor irrigation; therefore, we recommend that the proposed Regulations exempt outdoor landscape irrigation systems using recycled water.

This information is provided to illustrate that each local water purveyor is unique and that statewide water conservation regulations such as those proposed do not account for unique regional and local water demands, water availability, water conservation and efficiency projects and programs, and alternative strategies for managing water supply and demand. Through hard work and substantial investments, MNWD has achieved extraordinary success in water conservation, water recycling, and other areas of water supply management. Equally important, all of our accomplishments have come through the careful exercise of discretionary authority granted by laws such as MNWD's enabling act, the Urban Water Management Planning Act, the Water Conservation Act of 2009 (SBX7-7), and others. The proposed Regulations, however, take a "one size fits all" approach that would constrain MNWD's discretionary authority, which may be counterproductive to efforts already being undertaken by MNWD and other water suppliers who have been successful with their own conservation methods.

We understand that water is a statewide issue, and as we see other communities in dire supply situations, all agencies throughout California must pull together to effect maximum conservation and efficiency measures. MNWD's efforts described in this letter are indicative of numerous other agencies that have taken major strides to prepare for this type of emergency long before it occurred. Drastic regulations that assume a "one size fits all" approach to our complex challenge is not a solution; instead, we suggest a comprehensive evaluation of agencies' efforts and allow for flexibility in meeting the spirit of the SWRCB's regulations.

We look forward to working with you and other agencies throughout California to develop future strategies that can be implemented effectively, explore new measures to further conservation, and engage in a dialogue among agencies that fosters cooperation. We offer our experience as a resource to assist both the state and interested agencies to this end. The most challenging times present the greatest opportunities, and we look forward to working with the Board to improve statewide preparedness and response to emergency conditions in a sustained, innovative and collaborative manner.

Thank you for providing us this opportunity to comment on the proposed Regulations. Please feel free to contact me at (949) 448-4071 if there is any additional information that we may provide to you or if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Joone Lopez". The signature is written in a cursive, flowing style.

Joone Lopez
General Manager