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April 13, 2015

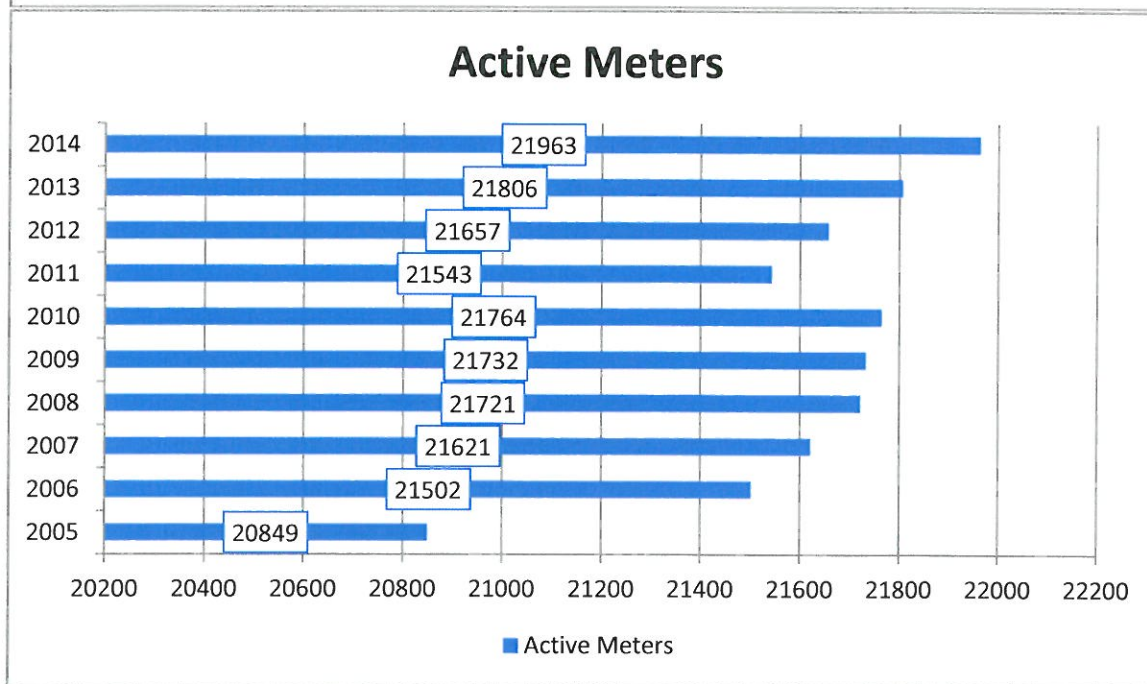
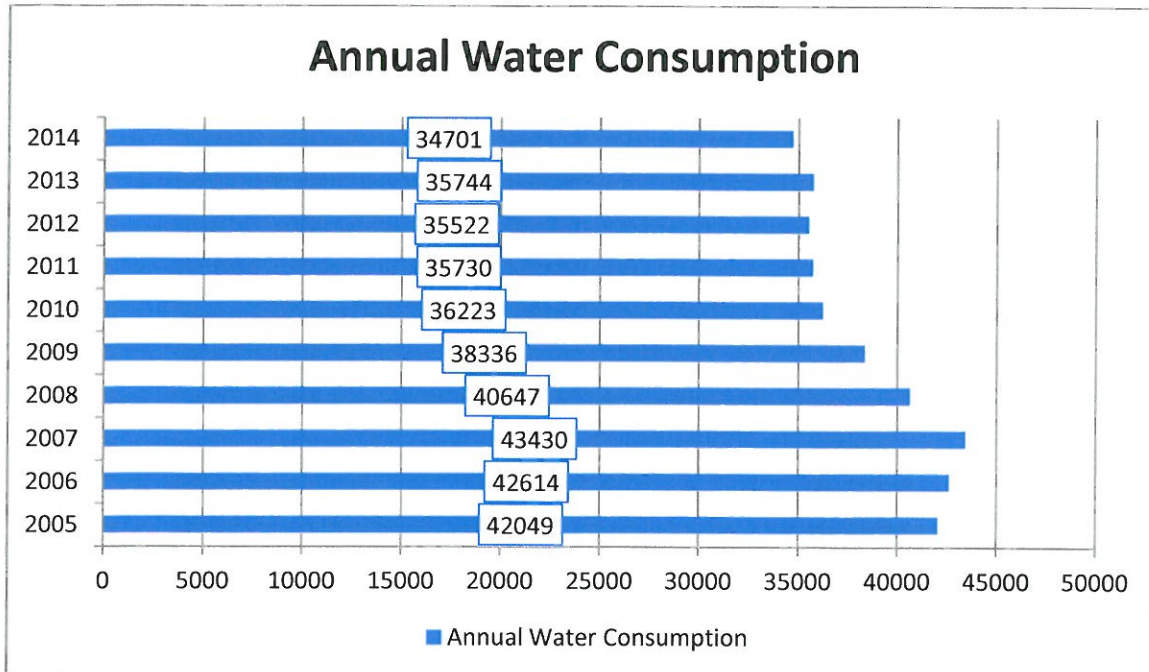
Ms. Jessica Bean
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Dear Ms. Bean:

Desert Water Agency (DWA) takes the drought very seriously. We have done a great deal to date to reduce water use and assist in the statewide effort of mitigating drought impacts.

DWA launched a new turf buy back program on August 1, 2014. Due to strong customer participation, the Agency allocated \$1 million within the first two months of the program's launch. DWA also launched its Check Yourself, Check Your Water Use conservation education campaign in April, appearing all across Palm Springs on bus shelters, buses, billboards, downtown street banners, television ads, postcards, and more. DWA recycles almost 100% of the sewer effluent available to us and serves recycled water to 12 connections including golf courses, parks, sports fields and municipal uses. All of the recycled water we produce is sold to customers. We are in the process of constructing two shallow wells at our recycling facility which will be able to capture a previously untapped water supply. These things are in addition to toilet rebates, a smart irrigation controller installation program, in-school education efforts, and other conservation programs. During the 2014-2015 fiscal year, DWA will spend more than \$3.7 million on water conservation.

Since 2007, DWA has reduced water use by 20 percent. Since 2002, water use (by agencies and private pumpers) in our basin has declined more than 18 percent. Meanwhile, the number of connections in our system has steadily increased.



DWA has been asked by the State Water Resources Control Board (SWRCB) to reduce water use in our service area by 35% to help the state meet Governor Brown’s executive order of achieving 25% statewide reduction. This decision was based on DWA’s gallons per capita per day (GPCD) water use, which is calculated using a formula provided by the SWRCB.

GPCD Calculations

While DWA does have a higher GPCD than other areas because it is warmer and drier in our service area than other areas of the state, we believe that the way the GPCD is calculated is inappropriate. DWA’s service area has a significant amount of seasonal residents, or “snowbirds”. Seasonal residents are people from the northeastern and midwestern United States or from Canada who spend a large portion of the winter in warmer locales. Billing data demonstrates that the seasonal population is significant. During the warmer season, approximately 30 percent of water bills are sent out of the State of California. Seasonal residents have homes that use water whether they are here or not, but they are not counted as population. The water use of seasonal residents is placed on the backs of year-round residents as seasonal residents are not included in population data.

An important consideration in accounting for seasonal residents is water use both when they are present and absent from their Coachella Valley homes. We know that in the Coachella Valley between 70 and 80 percent of water is used outdoors. Therefore, when seasonal residents depart the Coachella Valley for other climates, the majority of their water use does not change. If a resident is in Canada, their sprinklers in the Coachella Valley are still operating as if they were local. This causes the bulk of outdoor irrigation water use to be calculated on only the year round residents.

| Year Round Resident | | | |
|---------------------|-----|-------------|------------------|
| 30 | CCF | × 12 Months | = 360 Units |
| | | | <u>360 Units</u> |

| Seasonal Resident | | | |
|-------------------|-----|------------|------------------|
| 30 | CCF | × 6 Months | = 180 Units |
| 21 | CCF | × 6 Months | = 126 Units |
| | | | <u>306 Units</u> |

An average residential water user within our service area uses 30 units (100 cubic feet) per month. If we conservatively estimate that a seasonal resident is only using 70 percent of the water, that seasonal resident would be using 21 units per month. Thus, a seasonal resident is using at least 85% as much water as a year round resident without being calculated in population figures while they are NOT present in the Coachella Valley.

Baseline Comparison

We are very unclear on the baseline for an additional 35% reduction. As you recall, SBx 7-7 asked us to reduce our water use by 20% and we have achieved that. Now, we are being asked to reduce an additional amount based on a completely separate figure than the one derived at through Urban Water Management Planning. It seems not only fair, but logical to use the 20x2020 figures for baseline purposes.



At the absolute minimum, however, the baseline calculations must be clarified and calculated more appropriately. It is inaccurate to use one month's data as a baseline for comparison for a number of reasons including but not limited to date of meter readings, weather fluctuations, and tourism influxes. We are requesting that the SWRCB consider an annual average as the baseline for the comparison. We are willing to offer our own technical services to work with the SWRCB staff to determine the most appropriate calculations.

Residential and CII

We would like to request the same clarification on the reduction of use. It appears that the State is asking for an aggregate reduction, but will be determining compliance through use of residential GPCD. Please clarify how Commercial, Industrial and Institutional use will factor into the compliance assessment. DWA's service area is highly dependent on tourism and it is important that we consider how tourism could be impacted by the regulations.

We support suggestions to do away with the percentage reduction and ask the agencies to reduce use by a specified amount of acre feet. Doing so would allow DWA to focus on all of our users in the most effective ways and would eliminate our concerns about the way the GPCD is calculated.

Growth

Further, we request that growth be a factor in calculating water use reductions. Some areas of the state have managed to reduce water use while maintaining growth. For some areas, achieving a 35% reduction will mean stopping growth. The SWRCB needs to seriously consider whether or not they have reached a level of emergency where they are willing to prohibit growth in some areas of the State.

Outdoor Irrigation

It will come as no surprise to you that many agencies will comment that in order to achieve the conservation mandates, local agencies will have to prohibit outdoor watering to the point of killing landscaping. We would like the SWRCB to take a position on outdoor landscaping rather than laying the blame at the feet of local agencies. If you are of the position that you are opposed to outdoor irrigation, we request that the SWRCB go on the record and say as much.

A customer came to our office this week and asked us who he should file suit against when his property value decreases because the landscaping that he has invested tens of thousands of dollars in has died. While we certainly do not advocate litigation such as this, he poses a good question: Who is restricting outdoor watering to the point of lost value?

Lost Revenue

We believe that the Governor and SWRCB have failed to address an important impact of the regulations proposed: revenue. DWA calculated that if our customers reduce water use as directed, our revenues would be impacted as follows:

| Water Reduction | Revenue Loss |
|-----------------|----------------|
| 25% | \$7.2 million |
| 30% | \$8.6 million |
| 35% | \$10.1 million |

Losses of that magnitude would certainly mean reductions in services and employee layoffs. We anticipate reduction in our funding available for conservation programs, which would make it extremely difficult for our customers to continue to reduce their use.

State Water Project

Lastly, I would like to take a moment to remind the board that we have had a water supply contract for 50 years with the State Water Project. We respect the Governor’s recent efforts to address this issue, however if we would have been able to get the water we contracted to receive during the last several decades, we would not be in such a dire situation. We support a Delta fix so that all of California has long term water supply reliability.

Thank you for your consideration.

Sincerely,



David K. Luker
General Manager - Chief Engineer
Desert Water Agency

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