



April 13, 2015

Felicia Marcus, Chair  
State Water Resources Control Board  
P.O. Box 100  
Sacramento, CA 95812-0100

Michael Picker, President  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Governor Brown's Executive Order B-29-15

Chair Marcus and President Picker:

The Visalia City Council commends Governor Brown for drawing statewide and national attention to California's historic drought. In April 2014, in response to the Governor's Emergency Declaration for the drought, the City of Visalia (City) adopted an aggressive water conservation ordinance that further restricted outdoor water use and increased the enforcement program in the City. While not popular with residents, we took action that had an impact – Visalia's per capita water consumption in 2014 was 10% lower than the previous year (13% since the increased restrictions were effective in mid-April), but more importantly, total water use was lower than any year since 2001.

The City first adopted a water conservation ordinance in 1989 prohibiting water waste and has had mandatory three-days-per-week watering restrictions since 1991. The increased "Stage 4" restrictions implemented last April significantly reduced watering days with no watering in January and February. The City backs this up with outreach, education, and enforcement. Over 2,800 notices of violation were issued in 2014 including 189 citations. In the first three months of 2015, 122 citations were issued. The first citation is \$100, the second \$200, and \$500 thereafter.

The City of Visalia is making a significant investment in future drought resiliency with the \$140 million project to upgrade our Water Conservation Plant which will convert all of the City's wastewater to tertiary Title 22 recycled water. The majority of the recycled water will be delivered to Tulare Irrigation District for use by its growers for crop irrigation in exchange for large amounts of Tulare ID's Central Valley Project water in wet years to bolster the City's groundwater recharge program.

However, we are concerned that the Governor's Executive Order will penalize rather than reward our proactive action as the language of the order could result in inequitable impacts on specific areas of the state, the San Joaquin Valley in particular, and we urge both the State Water Resources Control Board (Board) and Public Utilities Commission (Commission) to adopt rules that allow for a proportionate response throughout California.

Our recommendations are as follows:

- The mandatory conservation targets adopted by the Board should be set based on further reductions to the 20 x 2020 hydrologic region targets, such as an additional 25% reduction.

The City is concerned that the language in the Governor's Executive Order calling for proportionately greater reductions for areas with high per capita water use could be poorly interpreted and applied. Indeed, the Board's "Proposed Regulatory Framework," dated April 7, 2015, proposes applying the proportionality rule statewide without regard to climatic conditions or previous research and rulemaking. We note that the Board has such a cautionary statement on its website regarding use of

Monthly Urban Water Supplier Report Data "It is not appropriate to use Residential Gallons Per Capita Day (R-GPCD) water use data for comparisons across water suppliers, unless all relevant factors are accounted for." Listed factors include "rainfall, temperature and evaporation rates."

The State's 20 x 2020 Water Conservation Plan recognizes ten California hydrologic regions, as defined by the Department of Water Resources and established conservation targets by region. For example, the City of Visalia is in the Tulare Lake Hydrologic Region Number 7, which has a 2020 target of 188 GPCD. An additional 25% reduction would be 141 GPCD, an aggressive and reasonable target during this drought emergency. This approach would achieve the Governor's mandate for proportionately greater reductions for areas with high per capita use than those with low use *within a State hydrologic region*.

- Any fines or excessive-water-use surcharges that may be authorized by the Commission for collection by the IOU be used to directly offset the WRAM.

The City of Visalia's municipal water system is owned and operated by California Water Service Company (Cal Water), an investor owned utility (IOU). The City encourages the California Public Utilities Commission (Commission) to develop its emergency order to accomplish mandatory conservation in a way that is most equitable for the City's ratepayers. While the City understands the reasons why the Commission decoupled rates from water sales with guaranteed operating revenue for IOUs, during this extraordinary drought the revenue balancing mechanism produces an unintended counter price signal to ratepayers (more conservation means higher water rates). This is because the 25% to 35% reduction in water sales achieved through conservation will be collected as a Water Revenue Adjustment Mechanism (WRAM) surcharge assessed on ratepayers. Therefore, excessive-water-use surcharges or other revenue collected through fees that are booked to a Drought Memorandum Account should be structured to significantly offset the increased WRAM surcharges.

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Economic recovery from the Great Recession has lagged the rest of the state in the San Joaquin Valley, including the City of Visalia. In implementing the Governor's Executive Order, the City strongly encourages the Board and Commission not to implement mandatory water use restrictions that would have significant negative economic impacts on the industrial customers. The Governor's Executive Order rightly focusses on excessive landscape irrigation. Any mandatory restrictions should not require reductions in inelastic industrial process water use.

- Disburse state funds that have already been approved for local conservation programs.

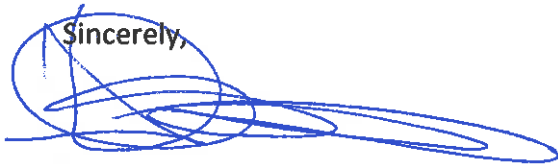
The Executive Order directs the Department of Water Resources (Department) to lead a statewide initiative in partnership with local agencies to replace 50 million square feet of lawn with drought-tolerant landscapes.

The Kaweah River Basin Integrated Regional Water Management planning group received partial award of Proposition 84 Drought Grant funds for the City's application for a turf replacement incentive program to be implemented by Cal Water. We understand that the agreement with the Department is just being finalized and are hopeful that the Department will expedite funding so this program can be implemented.

We also look forward to additional financial support to expand the program, as discussed in the Executive Order.

Your consideration of the issues and recommendations we raise is appreciated. I look forward to the opportunity to discuss these issues further at your convenience.

Sincerely,



Michael Olmos, City Manager  
City of Visalia

CC: Members of the State Water Resources Control Board  
Members of the California Public Utilities Commission  
Senator Jean Fuller  
Assemblyman Devon Mathis  
League of California Cities  
Visalia City Council  
Visalia Chamber of Commerce  
Tulare-Kings Hispanic Chamber of Commerce  
Visalia Economic Development Corporation  
Tulare County Economic Development Corporation