



Water Department

**Water Commission Agenda**  
**Regular Meeting**  
**7:00 p.m. – August 1, 2016**  
**Council Chambers**  
**809 Center Street, Santa Cruz**

**Agenda**

**Call to Order**

**Roll Call**

**Presentation** *Organized groups may make presentations to the Water Commission. Presentations that require more than three minutes should be scheduled in advance with Water Department staff.*

**Statements of Disqualification** *Section 607 of the City Charter states that “...All members present at any meeting must vote unless disqualified, in which case the disqualification shall be publicly declared and a record thereof made.”*

*The City of Santa Cruz has adopted a Conflict of Interest Code, and Section 8 of that Code states that no person shall make or participate in a governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect distinguishable from its effect on the public generally.*

**Oral Communications** No action shall be taken on this item.

**Announcements** No action shall be taken on this item.

**Consent Agenda (Pages 1-8)**

*Items on the consent agenda are considered to be routine in nature and will be acted upon in one motion. Specific items may be removed by members of the advisory body or public for separate consideration and discussion. Routine items that will be found on the consent agenda are City Council Items Affecting Water, Water Commission Minutes, Information Items, Documents for Future Meetings, and Items initiated by members for Future Agendas. If one of these categories is not listed on the Consent Agenda then those items are not available for action.*

1. City Council Actions Affecting Water ☆ (accept info) (Pages 1-2)
2. Approve the June 6, 2016 Water Commission Minutes ☆ (Pages 3-8)

**Items Removed from the Consent Agenda**

**General Business (Pages 8-21)**

*Any document related to an agenda item for the General Business of this meeting distributed to the Water Commission less than 72 hours before this meeting is available for inspection at the Water Administration Office, 212 Locust Street, Suite A, Santa Cruz, California. These docu-*

*ments will also be available for review at the Water Commission meeting with the display copy at the rear of the Council Chambers.*

3. Urban Water Management Plan ☆(Pages 8-21)

Recommendation: That the Water Commission: 1) review and comment on the draft 2015 Urban Water Management Plan, and 2) recommend that City Council pass a resolution to adopt the plan and to authorize the Water Department to file a copy with the California Department of Water Resources.

**Subcommittee/Advisory Body Oral Reports**

**Director's Oral Report** No action shall be taken on this item.

**Adjournment** The next meeting of the Water Commission is tentatively scheduled for September 12, 2016 at 7:00 p.m. in the second floor conference room of the Santa Cruz Public Library located at 224 Church Street in Santa Cruz.

☆Denotes written materials included in packet

**APPEALS** - Any person who believes that a final action of this advisory body has been taken in error may appeal that decision to the City Council. Appeals must be in writing, setting forth the nature of the action and the basis upon which the action is considered to be in error, and addressed to the City Council in care of the City Clerk.

Other - Appeals must be received by the City Clerk within ten (10) calendar days following the date of the action from which such appeal is being taken. An appeal must be accompanied by a fifty dollar (\$50) filing fee.

The City of Santa Cruz does not discriminate against persons with disabilities. Out of consideration for people with chemical sensitivities, please attend the meeting fragrance free. Upon request, the agenda can be provided in a format to accommodate special needs. Additionally, if you wish to attend this meeting and will require assistance such as an interpreter for American Sign Language, Spanish, or other special equipment, please call Water Administration at 831-420-5200 at least five days in advance so that arrangement can be made. The Cal-Relay system number: 1-800-735-2922.



**WATER COMMISSION  
REPORT**

DATE: July 27, 2016  
TO: Water Commission  
FROM: Rosemary Menard  
Water Director  
SUBJECT: City Council Items Affecting Water

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**June 14, 2016**

Long Range Financial Plan (WT)

**Motion carried** to approve and adopt the Water Department's 2016 – 2026 Long Range Financial Plan.

Recommendations on Water Rate Structure and Charges for FY 2017 – FY 2021 and Authorize the Water Department to Issue the Required Proposition 218 Notice and Set the Public Hearing on Recommended Water Rates and Fees for 7:00 pm on Tuesday, August 23, 2016 (WT)

**Motion carried** to authorize the Water Department to issue the Proposition 218 public notice, initiate the 45-day public review period and set the required public hearing on recommended water rates and fees for 7:00 pm on Tuesday, August 23, 2016.

**June 29, 2016**

Water Resources Management Building Design and Construction Support Services – Award of Contract (WT)

**Motion carried** to accept the proposal of Boone Low Ratliff Architects, Inc. (Santa Cruz, CA) for design and construction support services in the amount of \$192,820 and to authorize the City Manager to execute an agreement, in a form approved by the City Attorney, and reject all other proposals.

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Water Department

**Water Commission  
7:00 p.m. – June 6, 2016  
Council Chambers  
809 Center Street, Santa Cruz**

**Minutes of a Water Commission Meeting**

**Call to Order:** Chair W. Wadlow called the meeting to order at 7:01 p.m. in the City Council Chambers.

**Roll Call**

**Present:** W. Wadlow, L. Wilshusen, D. Engfer, D. Stearns, and D. Schwarm

**Absent:** D. Baskin and A. Schiffrin (with notification)

**Staff:** R. Menard, Water Director; H. Luckenbach, Deputy Director/Engineering Manager; D. Culver, Acting Chief Financial Officer; T. Goddard, Administrative Services Manager; N. Dennis Principal Management Analyst; A. Poncato, Administrative Assistant III

**Others:** There were approximately 5 members of the public.

**Presentation:** There was a presentation from Water for Santa Cruz County.

**Statement of Disqualification:** There were no statements of disqualification.

**Oral Communications:** There were no oral communications.

**Announcements:** Mr. Engfer praised the Loch Walks at the Loch Lomond Recreation Area.

**Consent Agenda**

1. Accept information on City Council Actions Affecting Water
2. Approve the May 2, 2016, Water Commission Minutes
3. Public Correspondence

Commissioner D. Schwarm moved the consent agenda. Commissioner D. Stearns seconded.

**VOICE VOTE: MOTION CARRIED**

**AYES:** All.

**NOES:** None

**ABSTAIN:** D. Engfer (Consent Agenda item 2. Approve May 2, 2016, Water Commission Minutes)

**ABSENT:** D. Baskin and A. Schiffrin

**Items Removed from the Consent Agenda**

No items were removed from the consent agenda.

## **General Business**

### 4. Long Range Financial Plan

Ms. Menard described the proposed water rates, and water rate structures, and responded to Commission questions.

Would it be helpful to include the aggregate balances of the reserve funds in this report?

- We have \$2.4 million in our rate stabilization reserve and \$600,000 in our emergency reserve. If we were to aggregate reserve funds, the result will be losing the differentiation of purposes that the different reserves are intended to serve. Our feedback from our financial advisor is that credit rating agencies and investors like to see that differentiation.

Why are the rate stabilization fund numbers and reserve fund numbers static rather than indexed to overall revenue as is the case for the 180 Days of Operating Cash?

- The rate stabilization reserve fund was established around 1994 and was intended to be about 10% of operating costs. However the funding amount was set at \$2.3 million and the Department didn't choose to change it to index it to operating costs or total revenue requirements in some way.

Are there legal restrictions on what we are able to use emergency funds for?

- No, there are no legal restrictions.

Is our bond rating dependent upon us holding a coverage ratio higher than we are presently required to cover?

- Our existing minimum bond covenant requirement is for debt service coverage to be a minimum of 1.15. Our financial advisors have indicated that a debt service coverage ratio between 1.2 – 1.5 would likely support a reasonably strong credit rating, but we are aiming for 1.5 to have a comfortable buffer.

Are we aiming for a minimum debt service coverage level of 1.5 until the day we sign the agreement and the money changes hands?

- No. The requirement for maintaining a debt service coverage ratio is part of the bond covenant and exists through the life of the debt. The debt covenant level may be lower than the financial policy goal, but the coverage ratio from the financial policy will be what we're targeting to achieve.

Why are you suggesting evaluating the Capital Financing Strategy in 5 years instead of 3 years?

- We are proposing a five year schedule of rates. Now that we have the modeling tools that we have, we will be using these tools on an ongoing basis and we will be checking back in to see how the plan is going.

Was an analysis of potential financial impacts to the department if market conditions are not what we anticipate completed?

- We did not specifically do a sensitivity analysis on changing market conditions. However, all future debt assumes an interest rate of 5%, which we know is higher than the interest rate we'll be paying for the I-Bank loan, which is 3.34%. Lower interest rates mean lower debt payments. So while we didn't specifically do a sensitivity analysis on market conditions, we do have some flexibility to adapt to changing conditions in the first 5 years. And, we'll get a chance to update all these assumptions when we review and set rates for the second 5 years.

Do you have a sense of whether or not we have critical components to our capital program that wouldn't be able to move forward in a timely manner if the market conditions were more favorable?

- We have pushed some projects, for example, investments in automated metering infrastructure off to make room for other priority projects. If market conditions were very favorable, for example, we could potentially accelerate some of these types of projects.

**Final Comments and Requests for Follow Up: Additional Comments**

- Reinforce that we are aiming for a 1.5 debt service ratio in the report.
- Add Net Revenues to the bold bullet on page 30 of the long range financial plan.
- On page 31, update 3rd sentence in 4.3 Capital Improvement Plan to state: "Major expenses to implement the Water Supply Augmentation Strategy are anticipated to occur in the second five years of the financial planning horizon."
- On page 33, review the last sentence of the 2<sup>nd</sup> paragraph under 5.1 Capital Financing Strategy. It appears to be out of context.
- Typo on page 36, 2<sup>nd</sup> sentence of the first paragraph should read, "...revenue needs to increase 19%"
- Typo on page 36, 3<sup>rd</sup> sentence of the second paragraph should read, "Conversely, customers will experience a greater increase..."

Commissioner D. Engfer moved that the Water Commission recommend to the City Council that they adopt the Long Range Financial Plan. Commissioner Stearns seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None

ABSENT: D. Baskin and A. Schiffrin

5. Recommendations on Water Rate Structure and Charges for FY 2017 – FY 2021

Sanjay Gaur from Raftelis Financial Consultants provided a presentation of proposed water rates and water rates structures. Mr. Gaur and Ms. Menard responded to Commissioner questions.

Have you spoken to UCSC about the rate increase?

- No, we are working on outreach to various customers now.

Will the rate stabilization fee will be applied the same across the board?

- Yes, to both inside and outside customers and at the same amount.

Is the \$1.00 per CCF surcharge going to be buried into the CCF charge on monthly bills or will it be itemized each month?

- That has not been decided yet. It is currently integrated into one charge and we have one year to make that decision.

### **Additional Comments**

- Slide on page 22 is a great marketing tool.
- It is worth communicating with the University about these rate increases.
- In regards to a presentation to the City Council, it may be useful to depict what customers are going to see happen to their bill over a period of a few years.

### **Final Comments and Requests for Follow Up**

- Remove the question marks from Scenario vs. Pricing Objectives on page 13 of the study.
- Add a footnote to the slides on page 18 and 19 stating that these fees were applied across the board and not per component.

Public comment made by E. Grodberg and S. McGilvary.

Commissioner D. Schwarm moved to approve the staff recommendation, which includes the following:

1. water rate structures and rate increases for this period,
2. establishing an Infrastructure Reinvestment Fee to support both pay-as-you-go and debt financed capital spending,
3. retaining a Drought Cost Recovery Fee structure, and
4. using a \$1 per CCF surcharge to increase the Rate Stabilization Reserve to provide for long term revenue stability as well as rate stability. Commissioner D. Engfer seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None

ABSENT: D. Baskin and A. Schiffrin

### **6. Quarterly Update on Status of Work on Water Supply Augmentation Strategy**

Ms. Luckenbach provided a brief presentation of the update on the status of work on water supply augmentation strategy and responded to Commissioner questions.

What are the rate limiting factors for the short term in lieu water transfer with Soquel Creek that point us toward 100mg – 200mg as the effective range of water available to transfer in the near term?

- One factor is Soquel Creek’s winter demand. With an in lieu transfer, you can only provide the amount that is being consumed during the winter. Another factor constraining the volume to 1.5 mgd is the hydraulic capacity of the interties between the two systems. Finally, the initial agreement was limited to the amount of water that was predictably available from both Liddell Creek and Majors Creek. Water from Laguna



Creek was not included in those calculations because of the role that it plays in fish flows, even during the winter season.

Can we have an update on HCP and water rights?

- We are in the process of scheduling a meeting with top level staff of the state and federal fishery agencies in which we will present our proposal for an agreement including what we expect in return. Several key policy makers from state fishery and water management agencies were in town last week for a tour for the San Lorenzo 2025 Project, which is focused on finding funding for significant investments in San Lorenzo River watershed restoration projects. The San Lorenzo 2025 project is a collaboration of Santa Cruz County, the Resource Conservation District, the Coastal Watershed Council and the City of Santa Cruz to package watershed health projects together in a manner that would allow us to be more competitive in competing for watershed restoration funds.

### **Final Comments and Requests for Follow Up: Additional Comments**

- One of the issues we should work on over the coming months is preparing a presentation for the City Council to provide an update from the Water Commission about progress being made in implementing the Water Supply Augmentation Strategy.

Public comment made by S. McGilvary and J. Paul.

No action was taken.

### **Subcommittee/Advisory Body Oral Reports**

#### **7. 2015 Urban Water Management update.**

Mr. Goddard described the status of the Urban Water Management plan and responded to Commission questions.

When is the due date for the 2015 Urban Water Management Update?

- July 1, 2016. Staff has notified the state that the City's submittal will be delayed and should be submitted during September.

No action was taken.

**Directors Oral Report** No action shall be taken on this item.

- Attended the San Lorenzo Water District meeting last week and will be attending the Soquel Creek Water District on June 21, 2016 (note – appearance at the Soquel Creek Board was deferred until July 19, 2016).
- Going to City Council next week to discuss the financial plan and water rates. City Council will be asked to adopt the Long Range Financial Plan and to authorize the issuance of the Proposition 218 Notice for the proposed rate increases. August 23rd is the scheduled public hearing for the proposed rates with any approved rate changes going into effect in October.

**Adjournment** Meeting adjourned at 9:56 p.m. The next regular meeting of the Water Commission is scheduled for August 1, 2016, at 7:00 p.m. in the Council Chambers.

Respectfully submitted,

Amy  
Poncato

Digitally signed by Amy Poncato  
DN: cn=Amy Poncato, o=Water  
Department, ou=Administration,  
email=aponcato@cityofsantacruz.  
com, c=US  
Date: 2016.11.28 14:55:28 -08'00'

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Staff



## WATER DEPARTMENT MEMORANDUM

DATE: July 25, 2016

TO: Water Commission

FROM: Toby Goddard, Administrative Services Manager

SUBJECT: 2015 Urban Water Management Plan Update

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**RECOMMENDATION:** That the Water Commission: 1) review and comment on the draft 2015 Urban Water Management Plan, and 2) recommend that City Council pass a resolution to adopt the plan and to authorize the Water Department to file a copy with the California Department of Water Resources.

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**BACKGROUND:** As a public water supplier, the City of Santa Cruz is required under state law to prepare and adopt an Urban Water Management Plan and to update it every five years. The purpose, required contents, and process for preparing and adopting Urban Water Management Plans are specified in Water Code sections 10608 and 10610 – 10656. The overall goal is to provide water suppliers throughout the state a framework for carrying out their long-term planning responsibilities and for reporting their strategies to meet future water challenges to both state government and the communities they serve. The document covers a 20-year planning horizon (or as far as data is available), in five year increments.

The plan encompasses a wide range of topics, including:

- a description of the City's water service area,
- current and projected population,
- existing and planned sources of water supply,
- past, current, and projected water use,
- an assessment of water supply reliability,
- a description of measures to promote efficient water use, and
- a summary of the suppliers' water shortage contingency plan.

The California Department of Water Resources (DWR) reviews the documents for completeness, a condition that is required for water suppliers to be eligible for state grants and loans. In addition, beginning in 2016, water suppliers must demonstrate compliance with their established water use targets for 2015 and comply with the water conservation requirements of SB X7-7 in order to be eligible for State water grants and loans.

**DISCUSSION:** The draft 2015 Urban Water Management Plan has been prepared by staff to satisfy the requirements of the current law, which continues to expand and evolve over time. One new requirement is to include certain tables specified by DWR. This change was made to standardize the information submitted by local agencies and to facilitate its review process by state agency staff. In that spirit, the framework and organization of the 2015 plan has been changed from previous versions to make the state's review easier and ensure that the plan addresses the requirements of the California Water Code.

The proposed plan covers many new developments that have occurred since the last update was completed in 2011.

- On the demand side, the plan summarizes the new econometric water demand projections developed as part of the Water Supply Advisory Committee (WSAC) process, and as later modified through additional modeling conducted as part of the Water Conservation Master Plan project.
- On the supply side, the plan describes ongoing legal and institutional changes in regional groundwater management, summarizes a recycled water feasibility study the City is currently undertaking, and presents information on existing and planned sources of water to the year 2035, to the extent that they are understood at this time.
- The subject of water supply reliability is covered in Chapter 7. It describes the challenges that City faces regarding reliability with the existing water supply system and summarizes the overall strategy and work plan the City is pursuing to improve its water supply reliability by 2025.

As directed by City Council at its November 24, 2015 meeting, this plan integrates the WSAC recommended water supply strategy as the direction and the process the City intends to follow to overcome reliability constraints and challenges.

The draft plan, including all 25 appendices, has been circulated to other water suppliers and land use planning agencies for their input and is being made available for public inspection. A public hearing on the plan is planned for the Santa Cruz City Council on August 9, 2016. Staff will summarize the Water Commission's comments and recommendations for City Council at the public hearing and then, following the hearing, prepare a final plan for action, ideally at the City Council's August 23, 2016 meeting. Once the Council has approved the final plan, it will be submitted electronically with the California Department of Water Resources, the California State library, and transmitted to all jurisdictions receiving water service from the City of Santa Cruz, in accordance with the law.

**FISCAL IMPACT:** There is no fiscal impact associated with the proposed action. The City does expect to receive a grant this fiscal year in the amount of \$203,343 for the Tait Well project through the resources made available from the state's Integrated Regional Water Management Plan funding programs. A completed Urban Water Management Plan is required to be eligible for this and other potential future grants or loans from the State.

Attachments:

1. Draft 2015 Urban Water Management Plan (distributed July 14 and July 20, 2016)
2. Urban Water Management Planning Act, CA Water Code 10610-10656

# Appendix A

## California Water Code

### Urban Water Management Planning

#### California Water Code Division 6, Part 2.6.

**Chapter 1. General Declaration and Policy** §10610-10610.4

**Chapter 2. Definitions** §10611-10617

**Chapter 3. Urban Water Management Plans**

Article 1. General Provisions §10620-10621

Article 2. Contents of Plans §10630-10634

Article 2.5. Water Service Reliability §10635

Article 3. Adoption And Implementation of Plans §10640-10645

**Chapter 4. Miscellaneous Provisions** §10650-10656

#### Chapter 1. General Declaration and Policy

##### SECTION 10610-10610.4

10610. This part shall be known and may be cited as the "Urban Water Management Planning Act."

10610.2. (a) The Legislature finds and declares all of the following:

- (1) The waters of the state are a limited and renewable resource subject to ever-increasing demands.
- (2) The conservation and efficient use of urban water supplies are of statewide concern; however, the planning for that use and the implementation of those plans can best be accomplished at the local level.
- (3) A long-term, reliable supply of water is essential to protect the productivity of California's businesses and economic climate.
- (4) As part of its long-range planning activities, every urban water supplier should make every effort to ensure the appropriate level of reliability in its water service sufficient to meet the needs of its various categories of customers during normal, dry, and multiple dry water years.
- (5) Public health issues have been raised over a number of contaminants that have been identified in certain local and imported water supplies.
- (6) Implementing effective water management strategies, including groundwater storage projects and recycled water projects, may require specific water

quality and salinity targets for meeting groundwater basins water quality objectives and promoting beneficial use of recycled water.

(7) Water quality regulations are becoming an increasingly important factor in water agencies' selection of raw water sources, treatment alternatives, and modifications to existing treatment facilities.

(8) Changes in drinking water quality standards may also impact the usefulness of water supplies and may ultimately impact supply reliability.

(9) The quality of source supplies can have a significant impact on water management strategies and supply reliability.

(b) This part is intended to provide assistance to water agencies in carrying out their long-term resource planning responsibilities to ensure adequate water supplies to meet existing and future demands for water.

10610.4. The Legislature finds and declares that it is the policy of the state as follows:

(a) The management of urban water demands and efficient use of water shall be actively pursued to protect both the people of the state and their water resources.

(b) The management of urban water demands and efficient use of urban water supplies shall be a guiding criterion in public decisions.

(c) Urban water suppliers shall be required to develop water management plans to actively pursue the efficient use of available supplies.

## **Chapter 2. Definitions**

### SECTION 10611-10617

10611. Unless the context otherwise requires, the definitions of this chapter govern the construction of this part.

10611.5. "Demand management" means those water conservation measures, programs, and incentives that prevent the waste of water and promote the reasonable and efficient use and reuse of available supplies.

10612. "Customer" means a purchaser of water from a water supplier who uses the water for municipal purposes, including residential, commercial, governmental, and industrial uses.

10613. "Efficient use" means those management measures that result in the most effective use of water so as to prevent its waste or unreasonable use or unreasonable method of use.

10614. "Person" means any individual, firm, association, organization, partnership, business, trust, corporation, company, public agency, or any agency of such an entity.
10615. "Plan" means an urban water management plan prepared pursuant to this part. A plan shall describe and evaluate sources of supply, reasonable and practical efficient uses, reclamation and demand management activities. The components of the plan may vary according to an individual community or area's characteristics and its capabilities to efficiently use and conserve water. The plan shall address measures for residential, commercial, governmental, and industrial water demand management as set forth in Article 2 (commencing with Section 10630) of Chapter 3. In addition, a strategy and time schedule for implementation shall be included in the plan.
10616. "Public agency" means any board, commission, county, city and county, city, regional agency, district, or other public entity.
- 10616.5. "Recycled water" means the reclamation and reuse of wastewater for beneficial use.
10617. "Urban water supplier" means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. An urban water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells for ultimate resale to customers. This part applies only to water supplied from public water systems subject to Chapter 4 (commencing with Section 116275) of Part 12 of Division 104 of the Health and Safety Code.

## **Chapter 3. Urban Water Management Plans**

### **Article 1. General Provisions**

#### **SECTION 10620-10621**

10620. (a) Every urban water supplier shall prepare and adopt an urban water management plan in the manner set forth in Article 3 (commencing with Section 10640).
- (b) Every person that becomes an urban water supplier shall adopt an urban water management plan within one year after it has become an urban water supplier.
- (c) An urban water supplier indirectly providing water shall not include planning elements in its water management plan as provided in Article 2 (commencing with Section 10630) that would be applicable to urban water suppliers or public agencies directly providing water, or to their customers, without the consent of those suppliers or public agencies.
- (d) (1) An urban water supplier may satisfy the requirements of this part by participation in areawide, regional, watershed, or basinwide urban water management



planning where those plans will reduce preparation costs and contribute to the achievement of conservation and efficient water use.

- (2) Each urban water supplier shall coordinate the preparation of its plan with other appropriate agencies in the area, including other water suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.
  - (e) The urban water supplier may prepare the plan with its own staff, by contract, or in cooperation with other governmental agencies.
  - (f) An urban water supplier shall describe in the plan water management tools and options used by that entity that will maximize resources and minimize the need to import water from other regions.
10621. (a) Each urban water supplier shall update its plan at least once every five years on or before December 31, in years ending in five and zero, except as provided in subdivision (d).
- (b) Every urban water supplier required to prepare a plan pursuant to this part shall, at least 60 days before the public hearing on the plan required by Section 10642, notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan. The urban water supplier may consult with, and obtain comments from, any city or county that receives notice pursuant to this subdivision.
  - (c) The amendments to, or changes in, the plan shall be adopted and filed in the manner set forth in Article 3 (commencing with Section 10640).
  - (d) Each urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.

## **Article 2. Contents of Plan**

### **SECTION 10630-10634**

10630. It is the intention of the Legislature, in enacting this part, to permit levels of water management planning commensurate with the numbers of customers served and the volume of water supplied.
10631. A plan shall be adopted in accordance with this chapter that shall do all of the following:
- (a) Describe the service area of the supplier, including current and projected population, climate, and other demographic factors affecting the supplier's water management planning. The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available.

- (b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a). If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:
- (1) A copy of any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management.
  - (2) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For basins that a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to eliminate the long-term overdraft condition.
  - (3) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
  - (4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (c) (1) Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for each of the following:
- (A) An average water year.
  - (B) A single-dry water year.
  - (C) Multiple-dry water years.
- (2) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or climatic factors, describe

plans to supplement or replace that source with alternative sources or water demand management measures, to the extent practicable.

- (d) Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.
- (e) (1) Quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:
  - (A) Single-family residential.
  - (B) Multifamily.
  - (C) Commercial.
  - (D) Industrial.
  - (E) Institutional and governmental.
  - (F) Landscape.
  - (G) Sales to other agencies.
  - (H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.

## **Article 2.5. Water Service Reliability**

### **SECTION 10635**

10635. (a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and multiple dry water years. The water service reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from state, regional, or local agency population projections within the service area of the urban water supplier.
- (b) The urban water supplier shall provide that portion of its urban water management plan prepared pursuant to this article to any city or county within which it provides water supplies no later than 60 days after the submission of its urban water management plan.

(c) Nothing in this article is intended to create a right or entitlement to water service or any specific level of water service.

(d) Nothing in this article is intended to change existing law concerning an urban water supplier's obligation to provide water service to its existing customers or to any potential future customers.

### **Article 3. Adoption and Implementation of Plans**

#### **SECTION 10640-10645**

10640. Every urban water supplier required to prepare a plan pursuant to this part shall prepare its plan pursuant to Article 2 (commencing with Section 10630). The supplier shall likewise periodically review the plan as required by Section 10621, and any amendments or changes required as a result of that review shall be adopted pursuant to this article.

10641. An urban water supplier required to prepare a plan may consult with, and obtain comments from, any public agency or state agency or any person who has special expertise with respect to water demand management methods and techniques.

10642. Each urban water supplier shall encourage the active involvement of diverse social, cultural, and economic elements of the population within the service area prior to and during the preparation of the plan. Prior to adopting a plan, the urban water supplier shall make the plan available for public inspection and shall hold a public hearing thereon. Prior to the hearing, notice of the time and place of hearing shall be published within the jurisdiction of the publicly owned water supplier pursuant to Section 6066 of the Government Code. The urban water supplier shall provide notice of the time and place of hearing to any city or county within which the supplier provides water supplies. A privately owned water supplier shall provide an equivalent notice within its service area.

After the hearing, the plan shall be adopted as prepared or as modified after the hearing.

10643. An urban water supplier shall implement its plan adopted pursuant to this chapter in accordance with the schedule set forth in its plan.

10644. (a) (1) An urban water supplier shall submit to the department, the California State Library, and any city or county within which the supplier provides water supplies a copy of its plan no later than 30 days after adoption. Copies of amendments or changes to the plans shall be submitted to the department, the California State Library, and any city or county within which the supplier provides water supplies within 30 days after adoption.

- (2) The plan, or amendments to the plan, submitted to the department pursuant to paragraph (1) shall be submitted electronically and shall include any standardized forms, tables, or displays specified by the department.
- (b) (1) Notwithstanding Section 10231.5 of the Government Code, the department shall prepare and submit to the Legislature, on or before December 31, in the years ending in six and one, a report summarizing the status of the plans adopted pursuant to this part.

The report prepared by the department shall identify the exemplary elements of the individual plans. The department shall provide a copy of the report to each urban water supplier that has submitted its plan to the department. The department shall also prepare reports and provide data for any legislative hearings designed to consider the effectiveness of plans submitted pursuant to this part.

- (2) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.
- (c) (1) For the purpose of identifying the exemplary elements of the individual plans, the department shall identify in the report water demand management measures adopted and implemented by specific urban water suppliers, and identified pursuant to Section 10631, that achieve water savings significantly above the levels established by the department to meet the requirements of Section 10631.5.
- (2) The department shall distribute to the panel convened pursuant to Section 10631.7 the results achieved by the implementation of those water demand management measures described in paragraph (1).
- (3) The department shall make available to the public the standard the department will use to identify exemplary water demand management measures.

## **Chapter 4. Miscellaneous Provisions**

### **SECTION 10650-10656**

10650. Any actions or proceedings to attack, review, set aside, void, or annul the acts or decisions of an urban water supplier on the grounds of noncompliance with this part shall be commenced as follows:

- (a) An action or proceeding alleging failure to adopt a plan shall be commenced within 18 months after that adoption is required by this part.

- (b) Any action or proceeding alleging that a plan, or action taken pursuant to the plan, does not comply with this part shall be commenced within 90 days after filing of the plan or amendment thereto pursuant to Section 10644 or the taking of that action.
10651. In any action or proceeding to attack, review, set aside, void, or annul a plan, or an action taken pursuant to the plan by an urban water supplier on the grounds of noncompliance with this part, the inquiry shall extend only to whether there was a prejudicial abuse of discretion. Abuse of discretion is established if the supplier has not proceeded in a manner required by law or if the action by the water supplier is not supported by substantial evidence.
10652. The California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) does not apply to the preparation and adoption of plans pursuant to this part or to the implementation of actions taken pursuant to Section 10632. Nothing in this part shall be interpreted as exempting from the California Environmental Quality Act any project that would significantly affect water supplies for fish and wildlife, or any project for implementation of the plan, other than projects implementing Section 10632, or any project for expanded or additional water supplies.
10653. The adoption of a plan shall satisfy any requirements of state law, regulation, or order, including those of the State Water Resources Control Board and the Public Utilities Commission, for the preparation of water management plans or conservation plans; provided, that if the State Water Resources Control Board or the Public Utilities Commission requires additional information concerning water conservation to implement its existing authority, nothing in this part shall be deemed to limit the board or the commission in obtaining that information. The requirements of this part shall be satisfied by any urban water demand management plan prepared to meet federal laws or regulations after the effective date of this part, and which substantially meets the requirements of this part, or by any existing urban water management plan which includes the contents of a plan required under this part.
10654. An urban water supplier may recover in its rates the costs incurred in preparing its plan and implementing the reasonable water conservation measures included in the plan. Any best water management practice that is included in the plan that is identified in the "Memorandum of Understanding Regarding Urban Water Conservation in California" is deemed to be reasonable for the purposes of this section.
10655. If any provision of this part or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of this part which can be given effect without the invalid provision or application thereof, and to this end the provisions of this part are severable.
10656. An urban water supplier that does not prepare, adopt, and submit its urban water management plan to the department in accordance with this part, is ineligible to receive funding pursuant to Division 24 (commencing with Section 78500) or Division 26

(commencing with Section 79000), or receive drought assistance from the state until the urban water management plan is submitted pursuant to this article.