SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-A**

FROM: Steve Mack, General Manager

Meeting Date : September 2, 2010

SUBJECT: DISCUSSION/ACTION RE SONOMA COUNTY WATER AGENCY (SCWA) REQUEST THAT SWEEWATER SPRINGS WATER DISTRICT PARTICIPATE IN CALIFORNIA URBAN WATER CONSERVATION COALITION (CUWCC) MOU REGARDING WATER CONSERVATION (MOU)

RECOMMENDED ACTION: 1. Receive a presentation from SCWA staff regarding their request that Sweetwater Springs Water District participate in the CUWCC MOU, so that the Russian River Sanitation District may receive a State loan.

2. Direct staff to investigate costs to the District and other possible issues of participating in the MOU, and possible ways of working with SCWA to minimize the impacts of these issues, with a report at the October meeting.

FISCAL IMPACT: unknown

DISCUSSION:

Attached is a letter from Tim Anderson of SCWA requesting that the District participate in the CUWCC MOU Regarding Urban Water Conservation. The MOU is a collaborative statewide effort to develop conservations standards for urban water purveyors. It started as a way to show that urban water purveyors were doing the appropriate amount of effort toward water conservation while requesting water supply improvements. The MOU has grown to become representative for water conservations standards for many purposes and is a requirement for loans reviewed by the State Water Resources Control Board, as noted in the attachment.

Mr. Anderson will give the SCWA reasons for this request (also explained briefly in the attached letter).

Participation in the MOU will require some level of paperwork on the part of District staff and may require some change in District practices. Possible issues:

- In the past the MOU required water rates that were 70% based on water use charges. The District has the reverse percentage (70% based on fixed charges) and changing this would require a rate study and would run into the issue of full-time residents paying a bigger share of District expenses (compared to weekend and summer residents)

- The District's system water loss amount exceeds the MOU standard. That's also an issue for the District and we have capital improvement program that is aimed at reducing system losses.

The MOU has undergone many revisions in the past few years and is tied to the Statewide effort to improve water supplies for urban water users through better movement through the Delta and increased water supply facilities. Sooner or later, the District will likely be required to participate in the MOU through some regulatory action, reporting requirement, or request for funding. This is an opportunity to work with SCWA, which has staff very knowledgeable in the MOU, to find out how the District measures up to current requirements, and to possibly get SCWA staff assistance with meeting the requirements. In return the District could be helping the RRCSD to achieve a loan to make needed improvements. Staff recommends that we work with SCWA staff, and others, to determine what joining the MOU would mean for the District, and report back at the October meeting with a recommendation for further action.

SONOMA COUNTY WATER AGENCY

FILE:CF/70-13-16 State Water Resources Control Board-State Revolving Fund (SRF) Russian River CSD Disinfection Upgrade Project (No. 5201-10)

August 18, 2010

Mr. Steve Mack, General Manager
Sweetwater Springs Water District
P.O. Box 48
Guerneville, CA 95446

RE: Request for Sweetwater Springs Water District to Consider Signing the California Urban Water Conservation Council Memorandum of Understanding

Dear Steve:

I am writing to ask Sweetwater Springs Water District to consider signing the California Urban Water Conservation Council (CUWCC) Memorandum of Understanding regarding Urban Water Conservation in California. This request is the result of a requirement placed on the Russian River County Sanitation District (RRCSD) by the State Water Resources Control Board (State Board).

State Revolving Loan Application

RRCSD has applied for a state revolving loan of $3.97 million for construction of a new wastewater disinfection system at the Guerneville treatment plant. If approved, the District may also qualify for "principal forgiveness" meaning that a portion of the loan would not have to be repaid. Financing the required upgrades through the State Revolving Fund would reduce cost for RRCSD ratepayers by about $2.55 million.

State Board staff informed us that they will not approve our loan application for RRCSD unless Sweetwater Springs Water District either completes an approved Urban Water Management Plan or becomes a signatory to the CUWCC Memorandum or implements an approved water conservation program. This requirement is stated in a letter from the State Board and in the board's policy documents attached to this letter.

The timing of loan approval is a critical factor for RRCSD because of the need to go to bid for the project by December to meet deadlines imposed by the Regional Water Quality Control Board.

Benefit to Sweetwater Springs Water District

I realize that complying with the requirements of the CUWCC Memorandum could be a burden on your staff and that your district already has remarkably low per capita water use compared to other water districts in California. However, there are benefits to your district in signing the CUWCC memorandum:

404 Aviation Boulevard ▪ Santa Rosa, CA 95403-9019 ▪ (707) 526-5370 ▪ Fax (707) 544-6123 ▪

1. Ratepayer savings. RRCSD customers represent a large share of your ratepayers at Sweetwater Springs. These customers will be spared the added cost of $2.55 million for alternative financing for upgrades at RRCSD.

2. Eligibility for future grants. Should your district or other wastewater projects in your area require state funding in the future they could avoid rejection by the State based on water conservation requirements.

3. Conservation leadership. Participation in CUWCC programs would bring recognition to your district as a leader in the area of water conservation and resource stewardship.

Our Agency has expertise available that could assist your district in implementing the CUWCC memorandum or in seeking an exemption from requirements that are not cost effective for you. We would be pleased to work with your General Manager to develop an agreement with you for that purpose if desired.

Sincerely,

Tim Anderson

c. Grant Davis
Lynne Rosselli
Cordel Stillman

State Water Resources Control Board

Division of Financial Assistance
1001 I Street, Sacramento, California 95814• (916) 341-5700
Mailing Address: P.O. Box 944212 • Sacramento, California 94244-2120
FAX (916) 341-5707 • http://www.waterboards.ca.gov

Linda S. Adams
Secretary for
Environmental Protection

Arnold Schwarzenegger
Governor

AUG 2 3 2010

Mr. Grant Davis
General Manager
Sonoma County Water Agency
404 Aviation Blvd.
Santa Rosa, CA 95403

Dear Mr. Davis:

WATER CONSERVATION REQUIREMENT FOR RUSSIAN RIVER COUNTY SANITATION DISTRICT (DISTRICT) COLLECTION SYSTEM REPLACEMENT PROJECT (PROJECT), CLEAN WATER STATE REVOLVING FUND (CWSRF) PROGRAM, PROJECT NO. C-06-5201-110

This letter follows up on our August 6, 2010, meeting and e-mail communications requesting that the State Water Resources Control Board (State Water Board) waive the water conservation requirement for the District's Project.

We have reviewed the District's Project application for constructing and replacing the current chlorine disinfection system with an ultraviolet disinfection system and constructing coagulation and flocculation facilities. Per Section IX.C of the CWSRF Policy, amended March 2009, if the applicant is not a water purveyor, the applicant must: (1) certify that seventy-five percent (75%) of the water connections in its service area are covered by adopted water conservation programs approved by the Division of Financial Assistance (Division); or (2) demonstrate that the water purveyor(s) has signed the California Urban Water Conservation Council (CUWCC) *Memorandum of Understanding Regarding Urban Water Conservation in California* (MOU). The CWSRF Policy also indicates that agencies may submit an Urban Water Management Plan (UWMP) to fulfill the water conservation program requirement.

The Sweetwater Springs Water District (SSWD) is the water purveyor for the District's service area. The SSWD submitted an UWMP to the Department of Water Resources (DWR) in 2005. However, DWR staff indicated that the SSWD's UWMP does not meet the UWMP requirements.

Unfortunately, a waiver cannot be granted because the SSWD serves more than 3,000 customers and therefore does not meet the water conservation waiver requirements outlined in the policy.

We recommend that the District continue to work with the SSWD to implement a Water Conservation Program. The Water Conservation Program requirements may be satisfied by the SSWD:

- becoming a signatory to the CUWCC MOU;
- adopting an approved Water Conservation Program that is consistent with the DWR requirements; or
- addressing the existing UWMP deficiencies and receiving acceptance of the UWMP from DWR.

Regardless of which option the SSWD decides to pursue, we recommend that the SSWD work with DWR to meet the UWMP requirements (CWC § 10631). We understand that a complete UWMP may allow the SSWD to pursue many other funding opportunities, including those under the DWR Water Use Efficiency Program for implementation of best management practices.

If you have questions regarding this letter please contact me at (916) 341-5441, or by email at alawrence@waterboards.ca.gov.

Sincerely,

Andrew Lawrence
Division of Financial Assistance

cc: Mr. Steve Mack
General Manager
Sweetwater Springs Water District
P.O. Box 48
Guerneville, CA 95446

Ms. Kim Rosmaier
Department of Water Resources
Division of Integrated Regional Water Management
North Central Region Office
3500 Industrial Boulevard
West Sacramento, CA 95691

Mr. Joseph Yun
Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236-0001

Ms. Lynne Rosselli
Sonoma County Water Agency
404 Aviation Blvd.
Santa Rosa, CA 95403

POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES
Prepared by: THE DIVISION OF FINANCIAL ASSISTANCE, STATE WATER RESOURCES CONTROL BOARD,
STATE OF CALIFORNIA, Last amended on March 17, 2009

[EXCERPT – SECTION 9C]

C. Water Conservation

The State Water Board will not execute a financing agreement for a Project until the applicant has adopted a water conservation program consistent with Local ordinances and authorities. In lieu of adoption of an independent water conservation program, the applicant may become a signatory to the "Memorandum of Understanding Regarding Urban Water Conservation in California" September 1991, California Urban Water Conservation Council, which may be modified to suit local conditions.

The Urban Water Management Planning Act, Water Code, Section 10631.5, requires every urban water supplier to prepare and adopt an Urban Water Management Plan that includes specific elements. Urban water suppliers, either publicly or privately owned, providing water for municipal purpose either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually are subject to this Act. Agencies may submit an Urban Water Management Plan instead of a Water Conservation Program to meet the water conservation requirement (Wat. Code §10653.)

If the applicant is not a water purveyor, it must (1) certify that seventy-five (75) percent of the water connections in its service area are covered by adopted water conservation programs approved by the Division or (2) demonstrate that the water purveyor(s) have signed the Memorandum of Understanding covering at least seventy-five (75) percent of the water connections within the applicant's sewer service area. See Appendix F for further information.

The Division may waive the requirements of this section under the following circumstances: the water supplier for the community serves 3,000 or fewer customers and the costs to prepare a document to satisfy the CWSRF Policy requirements are found to be burdensome to the supplier in light of the benefits derived from the Water Conservation plan.

[Excerpt: APPENDIX F]

STATE WATER RESOURCES CONTROL BOARD (SWRCB)
DIVISION OF FINANCIAL ASSISTANCE (DIVISION)
May 2008

WATER CONSERVATION REVIEW PROCEDURES

Section IX(C) of *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (Policy) requires applicants to have an approved Water Conservation Program (Program), or waiver, before the SWRCB issues a preliminary funding commitment. The Program must cover at least 75 percent of the water connections within the service area, must be consistent with local ordinances and authorities, and must be accepted by the Division. The applicant may become a signatory to the *Memorandum of Understanding Regarding Urban Water Conservation in California* (MOU) instead of adopting an independent Program. If the applicant is not the water purveyor for the service area, then the applicant must certify that the water purveyor(s) either has an approved water conservation program or is a signatory to the MOU.

The easiest and best way to implement the Water Conservation Program is to become a signatory to and follow the Best Management Practices (BMPs) listed in the MOU. If signing on the MOU is not feasible, applicants and water purveyors may adopt their own water conservation programs that are specific to their individual water needs. In this situation, a water conservation program must be submitted to the Division for review to determine compliance with the Division's water conservation criteria.

Programs submitted for review should include discussions of the following areas:
- Water Supply and Area Characteristics
- Current Water Conservation Program
- Evaluation of Alternative Measures
- Recommended Water Conservation Program
- Water Shortage Plan

WATER SUPPLY AND AREA CHARACTERISTICS

Water supply and area characteristics should include an estimate of past, current, and projected potable and reclaimed water use. Relate these estimates to demographic users (residential, industrial, irrigation, and landscape) with the estimated percentage of water consumption per user type. The current status of groundwater, surface water, reclaimed water, and purchased water with respect to over all supply, demand, and quality should also be considered. A quantified analysis of the cost per unit volume must be evaluated so that water consumption savings with respect to water conservation mechanisms versus cost savings with respect to production and distribution of potable water can be compared.

CURRENT WATER CONSERVATION PROGRAM

A comprehensive review of the current Water Conservation Program with a description of the various water conservation measures must be included. This review should consist of an explanation of the BMPs used by the applicant, an estimated overall amount of water conserved by the BMP, and an estimated implementation cost of each BMP.

EVALUATION OF ALTERNATIVE MEASURES

An evaluation of alternative measures should consider no less than all BMPs specified in the MOU. An analysis of the applicability, cost effectiveness, potential water savings, public acceptance, non-quantifiable benefits, and ability to implement should be performed on each BMP. Each BMP should be analyzed individually and should contain the most optimum level of implementation with respect to different types of water users (i.e. if it is not effective to provide low flush toilets to all water consumers, would it be effective to replace toilets of the top 10 percent of residential water users?)

If any of the BMPs are determined to not be applicable or implementable, a discussion and justification must be given so that these measures may be waived. An example of justification for waiving BMP #9 would be that commercial and industrial water users do not exist within the water purveyor's distribution area.

The 14 BMPs discussed in the MOU are listed below:

1. Water Survey Programs For Single-Family Residential And Multi-Family Residential Customers
2. Residential Plumbing Retrofit
3. System Water Audits, Leak Detection And Repair
4. Metering With Commodity Rates For All New Connections And Retrofit Of Existing Connections
5. Large Landscape Conservation Programs And Incentives
6. High-Efficiency Clothes Washing Machine Financial Incentive Programs
7. Public Information Programs
8. School Education Programs
9. Conservation Programs For Commercial, Industrial, And Institutional Accounts
10. Wholesale Agency Assistance Programs
11. Retail Conservation Pricing
12. Conservation Coordinator
13. Water Waste Prohibition
14. Residential Ultra-Low Flush Toilet Replacement Programs

A full description of the elements of the BMPs contained in the MOU is available at the California Urban Water Conservation Council: http://www.cuwcc.com.

RECOMMENDED WATER CONSERVATION PROGRAM

The Recommended Water Conservation Program should consist of all BMPs found to be effective after the evaluation process is done. The Program should clearly identify the resources and time required to implement each of the effective BMPs.

WATER SHORTAGE PLAN

Provide an urban water shortage contingency analysis which includes each of the following elements which are within the authority of the urban water supplier:

1. Stages of action to be undertaken by the urban water supplier in response to water supply shortages, including up to a 50 percent reduction in water supply, and an outline of specific water supply conditions which are applicable to each stage.
2. An estimate of the minimum water supply available during each of the next three water years based on the driest three-year historic sequence for the agency's water supply.

3. Actions to be undertaken by the urban water supplier to prepare for, and implement during a catastrophic interruption of water supplies including, but not limited to, a regional power outage, an earthquake, or other disaster.
4. Additional, mandatory prohibitions against specific water use practices during water shortages, including, but not limited to, prohibiting the use of potable water for street cleaning.
5. Consumption reduction methods in the most restrictive stages. Each urban water supplier may use any type of consumption reduction methods in its water shortage contingency analysis that would reduce water use reduction consistent with up to a 50 percent reduction in water supply.
6. Penalties or charges for excessive use, where applicable.
7. An analysis of the impacts of each of the actions and conditions described in (a) to (f) above, inclusive, on the revenues and expenditures of the urban water supplier, and proposed measures to overcome those impacts, such as the development of reserves and rate adjustments.
8. A draft water shortage contingency resolution or ordinance.
9. A mechanism for determining actual reductions in water use pursuant to the urban water shortage contingency analysis.

OTHER STATE LAW

The Urban Water Management Planning Law, Water Code, Part 2.6, Section 10610 et.seq., requires every urban water supplier to prepare and adopt an Urban Water Management Plan that includes specific elements. Water urban suppliers, either publicly or privately owned, providing water for municipal purpose either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually are subject to this Law. Agencies may submit an Urban Water Management Plan instead of a Water Conservation Program in meeting the water conservation requirement (Section 10653 of the Water Code).

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