

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016/17	Business Unit 3860/3940	Department Water Resources/Water Resources Control Board	Priority No.
Budget Request Name 3860-006-BCP-DP-2016-MR/ 3940-404-BCP-DP-2016-MR		Program 3230/3560	Subprogram Urban Water Conservation

Budget Request Description

Drought Preparedness and Resiliency for Urban Water Agencies to "Make Conservation a California Way of Life" and "Manage and Prepare for Dry Periods"

Budget Request Summary

This proposal requests resources for the Department of Water Resources (DWR) and the State Water Resources Control Board (Board) to work together on actions to improve drought preparedness and resiliency for local urban water agencies and keep momentum going for conservation for the long term. This proposal is a one-time request for a total of \$4.5 million in General Funds for Fiscal Year (FY) 2016/17 split between DWR and the Board as follows:

- DWR: \$4.26 million in FY 2016/17 to support 2.5 existing full-time positions, consultant contracts, and technical assistance for statewide, local, and regional urban water use efficiency programs to improve urban water conservation and data transparency;
- Board: \$240,000 FY 2016/17 for one year, to develop and implement the proposed recommendations and a legislative proposal.

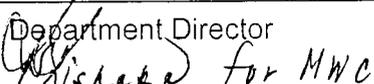
Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Kent Frame	Date 5/5/2016	Reviewed By 	Date 5/11/16
Department Director  for MWC	Date 5-11-2016	Agency Secretary 	Date 5/11/16

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original Signed by Amanda Martin	Date submitted to the Legislature 5/13/16
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BCP Fiscal Detail Sheet

BCP Title: Drought Preparedness and Resiliency for Urban Water Agencies

DP Name: 3860-006-BCP-DP-2016-MR

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Permanent	0	416	0	0	0	0
Total Salaries and Wages	\$0	\$416	\$0	\$0	\$0	\$0
Total Staff Benefits	0	184	0	0	0	0
Total Personal Services	\$0	\$600	\$0	\$0	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	34	0	0	0	0
5302 - Printing	0	6	0	0	0	0
5304 - Communications	0	4	0	0	0	0
5306 - Postage	0	2	0	0	0	0
5320 - Travel: In-State	0	20	0	0	0	0
5322 - Training	0	4	0	0	0	0
5324 - Facilities Operation	0	17	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	10	0	0	0	0
5340 - Consulting and Professional Services - External	0	3,563	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$3,660	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$4,260	\$0	\$0	\$0	\$0
Fund Summary						
Fund Source - State Operations						
0001 - General Fund	0	4,260	0	0	0	0
Total State Operations Expenditures	\$0	\$4,260	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$4,260	\$0	\$0	\$0	\$0
Program Summary						
Program Funding						
3230 - Continuing Formulation of the California Water Plan	0	4,260	0	0	0	0
Total All Programs	\$0	\$4,260	\$0	\$0	\$0	\$0

Personal Services Details

	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
VR00 - Various	0	416	0	0	0	0
Total Salaries and Wages	\$0	\$416	\$0	\$0	\$0	\$0
Staff Benefits						
5150350 - Health Insurance	0	84	0	0	0	0
5150600 - Retirement - General	0	100	0	0	0	0
Total Staff Benefits	\$0	\$184	\$0	\$0	\$0	\$0
Total Personal Services	\$0	\$600	\$0	\$0	\$0	\$0

BCP Fiscal Detail Sheet

BCP Title: Drought Preparedness and Resiliency for Urban Water Agencies

DP Name: 3940-404-BCP-DP-2016-MR

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	137	0	0	0	0
Total Salaries and Wages	\$0	\$137	\$0	\$0	\$0	\$0
Total Staff Benefits	0	59	0	0	0	0
Total Personal Services	\$0	\$196	\$0	\$0	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	5	0	0	0	0
5302 - Printing	0	2	0	0	0	0
5304 - Communications	0	4	0	0	0	0
5306 - Postage	0	2	0	0	0	0
5320 - Travel: In-State	0	10	0	0	0	0
5322 - Training	0	4	0	0	0	0
5324 - Facilities Operation	0	17	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$44	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$240	\$0	\$0	\$0	\$0
Fund Summary						
Fund Source - State Operations						
0001 - General Fund	0	240	0	0	0	0
Total State Operations Expenditures	\$0	\$240	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$240	\$0	\$0	\$0	\$0
Program Summary						
Program Funding						
3560 - Water Quality	0	240	0	0	0	0
Total All Programs	\$0	\$240	\$0	\$0	\$0	\$0

Personal Services Details

Salaries and Wages

TH00 - Temporary Help

Total Salaries and Wages

	CY	BY	BY+1	BY+2	BY+3	BY+4
	0	137	0	0	0	0
Total Salaries and Wages	\$0	\$137	\$0	\$0	\$0	\$0

Staff Benefits

5150350 - Health Insurance

5150600 - Retirement - General

Total Staff Benefits

Total Personal Services

	0	30	0	0	0	0
	0	29	0	0	0	0
Total Staff Benefits	\$0	\$59	\$0	\$0	\$0	\$0
Total Personal Services	\$0	\$196	\$0	\$0	\$0	\$0

A. Budget Request Summary

This proposal requests resources for DWR and the Board to work together on actions to improve drought preparedness and resiliency for local urban water agencies and keep momentum going for conservation for the long term. This proposal is a one-time request for a total of \$4.5 million in General Funds for Fiscal Year (FY) 2016/17 split between DWR and the Board as follows:

- DWR: \$4.26 million in FY 2016/17 to support 2.5 existing full-time positions, consultant contracts, and technical assistance for statewide, local, and regional urban water use efficiency programs to improve urban water conservation and data transparency.
- The Board: \$240,000 in FY 2016/17 for one year, to develop and implement the proposed recommendations and a legislative proposal.

The work has 3 intended outcomes:

Work Activity	Intended Outcome
Strengthen and make enforceable the local water shortage contingency plans (WSCPs) that would trigger demand reduction, to avoid the need for emergency conservation regulations/mandates in the future.	Urban water suppliers improve their water shortage contingency planning to respond more effectively to droughts and local and regional water shortages, and increase their drought resiliency and water supply reliability.
Establish new enforceable long-term urban water use targets.	Urban water suppliers invest in long-term water conservation, building on conservation gains during the current drought, to advance urban water conservation and efficiency in California.
Create an improved and permanent water agency water usage and conservation reporting system.	The State receives better and more frequent data on urban water suppliers' water conditions and how they respond to water shortages in their service areas.

The work is consistent with, and supports implementation of the California Water Action Plan (CWAP), specifically Action 1, "Make Conservation a California Way of Life" and Action 5, "Manage and Prepare for Dry Periods", as well as the Drought Executive Order B-29-15.

B. Background/History

This request will enable DWR and the Board to follow the directives of Drought Executive Order B-29-15 and the CWAP which, among other actions, calls for exceeding the urban water use reduction goals (20 percent by 2020) established by Senate Bill (SB) X7-7 (2009).

Urban water use accounts for 10 percent of developed water used in the state. Significant strides have been made in urban water conservation in the past decade despite population growth. Since the passage of SB X7-7, the urban water suppliers have made incremental progress toward achieving the 20 percent by 2020 goal. DWR estimates that achieving the 20 percent by 2020 goal will reduce urban water demand by 1.8 million acre-feet.

As recognized in the CWAP, there are additional opportunities for improving conservation and water savings in the urban sector, including Commercial, Industrial, and Institutional (CII) uses. In addition, recent actions by the Board have illustrated: (1) the need for more robust WSCPs; (2) potential opportunities for additional urban water savings beyond those achieved pursuant to SB X7-7; (3) the importance of high-resolution (monthly) urban water use data; and (4) the need for additional data on urban outdoor irrigated landscape area and CII uses.

Executive Order B-29-15 required urban water suppliers to temporarily reduce their overall water production by 25 percent relative to 2013 baseline levels, and required the Board to develop and implement emergency conservation regulations to ensure that urban water use met the Executive Order's conservation target. The Board developed a method for urban water suppliers to report their monthly water use statistics and is currently using that system to monitor compliance with the Executive Order. Those targets were based on the water suppliers' average summertime daily per capita water use (gallons) in 2013. The mandatory compliance targets have been in place since June 2015, resulting in water savings over 1.18 million acre-feet from June 2015 through February 2016 (nine months).

Additional resources are required to prepare for future droughts, beyond those established in compliance with SB X7-7. While the State has achieved a 24 percent reduction in urban water use since June 2015, the conservation mandates have pointed towards a need for greater long-term water efficiency performance standards to further reduce California's urban water consumption and help make conservation a permanent part of California's future. The development of urban water use efficiency targets and performance standards is contingent on a better understanding of outdoor irrigated landscape area and CII uses, data that the State and most water suppliers do not have.

C. State Level Considerations

This proposal is consistent with and supports implementation of the CWAP and Drought Executive Order B-29-15 to better prepare and respond to future water shortages and to increase local water supply reliability. These new programs include expansion of urban water conservation and efficiency to exceed SB X7-7 targets by developing and reporting recommendations to the Governor's Office regarding proposed legislation by December 31, 2016 and releasing a public proposed draft prior to December 31, 2016. This proposal for improving WSCPs, developing new enforceable long-term urban water use targets, and performance standards that increase local supply reliability and water use conservation practices will lead to energy savings, greenhouse gas reductions, and better drought preparedness.

DWR, in consultation with the Board, will also develop recommendations to the Legislature on additional data collection activities and water supplier reporting system to assist in policy decisions and to monitor compliance with these new programs.

DWR will work in consultation with the Board and the California Public Utilities Commission (CPUC) to develop these recommendations including backstop enforcement measures and processes.

DWR will utilize consultants with requisite specialized expertise to assist in data collection and data analysis.

DWR will reconvene the Urban Stakeholder Committee (USC), and hold workshops and other meetings to help inform and develop recommendations and a legislative proposal. The USC will meet periodically to provide advice and data to DWR and the Board.

D. Justification

California's water resources are finite and must be managed for sustainability. DWR is currently implementing a number of urban water conservation statutes including the Urban Water Suppliers Best Management Practices Act of 1990 (Assembly Bill (AB) 2661), Water Conservation Act of 2007 (AB 566), the Amended Urban Water Management Planning Act of 2007 (AB 1420), and SB X7-7. Similarly, the Board implements emergency conservation requirements for urban water suppliers pursuant to Executive Order B-29-15, including standard setting and collection, review, and analysis of monthly water use data. This request creates a framework for future planning and actions by the urban sector as called for by the CWAP, which is consistent with, and complements DWR's and the Board's current activities and programs and expands SB X7-7 and Executive Order B-29-15.

While DWR and the Board have the past experience and foundational programs, the increased tasks described in the proposal will require additional resources for both agencies to modernize urban water use efficiency planning standards, develop new enforceable long-term urban water use efficiency targets, and create a new water supplier reporting system.

E. Outcomes and Accountability

Projected Outcomes

Workload Measure	BY
Hold public and stakeholder meetings to receive comment and input	DWR will develop reports and recommendations through a public process using an USC and public workshops. DWR will hold at least eight full committee meetings, 8 meetings with subcommittees, and six public workshops.
Evaluate water supplier WSCP implementation	Evaluate 30 water suppliers' WSCPs for consistency and content. Interview same suppliers for their determination of effectiveness of implementation during drought emergencies. Form stakeholder committee. Hold 12 meetings. Conduct six public workshops. Develop recommendations report to the Legislature. Implement revised local supplier WSCPs.
Measure landscape area	DWR will engage a vendor to use new remote sensing techniques to measure urban landscape area for the entire state. Project will provide landscape area measurement for nine million parcels.
Develop legislative recommendations	DWR will submit a report to the Legislature providing legislative recommendations for long-term urban water use efficiency framework including detailed recommendations on water shortage contingency planning, long-term water use targets, and water use data reporting.
Develop new water use targets	DWR will develop long-term urban water use efficiency framework including detailed recommendations on long-term water use targets and water use data reporting.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve this proposal requesting funding, existing positions for DWR and the Board.

Pro: If approved, DWR and the Board will further implementation of Actions 1 and 5 of the CWAP to "Make Conservation a California Way of Life" and "Manage and Prepare for Dry Periods". Strengthening and making enforceable the local WSCPs that would trigger demand reduction would help avoid the need for emergency conservation regulations/mandates in the future, and establishing new enforceable long-term urban water use efficiency targets would keep momentum going to conserve water for the long-term. Additionally, an improved water agency reporting system will allow the state to better assess how the locals are responding to water shortages in their service areas. The Board's Conservation Program will manage data and work jointly with DWR in the development of updated urban water planning requirements and water use efficiency targets.

Con: This work requires additional General Funds.

Alternative 2: Use current funding for DWR's and the Board's Water Use and Efficiency and Conservation Programs.

Pros: Using current funding for DWR and the Board's Conservation Program at current levels would mean no additional General Funds are required.

Cons: The current funding levels are insufficient to develop a long-term program to sustain urban drought resiliency and allow local water agencies to be better prepared for future drought emergencies. Current funding levels do not allow for development of comprehensive new urban water use targets, improved WSCPs, and associated water supplier data reporting system on an expedited basis. Maintaining the current programs' status quo will result in slower progress towards achieving the implementation of the CWAP in the light of drought and climate change.

Alternative 3: Redirect existing resources from existing programs in DWR and Board.

Pros: Redirecting funds from existing programs will enable DWR and Board to conduct the new work with no additional General Funds required.

Cons: Existing resources are very limited; moreover, these resources are already dedicated to statutorily mandated and other programs that would be affected if the resources are redirected. Furthermore, a high-level of opposition from stakeholders would occur if statutorily mandated programs are stopped. The Water Use Efficiency Branch is primarily responsible for implementing the state's water conservation programs. The Board's Conservation Program resources have already been redirected, any further redirection will result in other Board priorities not being met.

G. Implementation Plan

DWR and the Board will implement the following activities in FY 2016/17 to "Make Conservation a California Way of Life - Expand Urban Water Conservation" and improve WSCPs. Below is the joint agency proposed work plan, stakeholder engagement process, schedule, and budget for developing new requirements and a Governor's Report and Public Draft Report by December 2016 for more robust WSCPs, new enforceable long-term urban water use targets, and an urban water supplier data reporting system.

1. Ensure more robust enforceable Urban Water Management Plans (UWMPs) and the component WSCPs

DWR, in consultation with the Board and CPUC, and through a public process, will:

- a) Undertake an immediate evaluation of WSCPs, namely how effectively water suppliers implemented their plans during the current drought, best practices, and recommend needed improvements.
- b) Identify needed improvements and make recommendations to elements of a WSCP as defined in California Water Code 10632 including: stages of action, consumption reduction levels, prohibitions on end uses, enforcement mechanisms, consumption reduction methods, mechanism for determining actual reductions in water use, revenue and expenditure impacts, resolutions or ordinances, catastrophic supply interruption provisions, and minimum water supply estimates.
- c) Describe how WSCPs can better inform and integrate with other water management plans, such as Sustainable Groundwater Management Act groundwater sustainability plans, Integrated Regional Water Management Plans, and the California Water Plan Update.
- d) Encourage regional-scale WSCPs and provide regional compliance options.
- e) Define a process for periodically evaluating the implementation and effectiveness of WSCPs.
- f) Specify how consumption reduction levels specified in WSCPs and the new water use targets should be used during a declared statewide drought emergency.

2. Establish new enforceable long-term urban water use targets using performance standards

DWR, in consultation with the Board and CPUC, and through a public process, will:

- a) Develop definitions of metrics, standards, targets, and benchmarks.
- b) Build on SB X7-7 framework in developing new enforceable water use targets to leverage state-water supplier relationships and accomplishments, and consider elements from the CII Task Force, the Independent Technical Panel, and the Model Water Efficient Landscape Ordinance.
- c) Develop and recommend new enforceable water use targets based on performance standards for indoor water use, outdoor water use, CII water use, and water loss from distribution systems.
- d) Describe strategies and make recommendations for achieving new enforceable water use targets, including incentives, enforcement mechanisms, and a backstop role for the Board to address non-compliant water suppliers.

3. Develop a Water Supplier Reporting System

DWR in consultation with the Board and CPUC and through a public process, will:

- a) Evaluate the current system for data collection, reporting, and review of water management, water delivery, and water use data. Make recommendations based upon the outcomes of this evaluation and through a public process.
- b) Describe the metrics, data, and reporting schedule needed to assess future progress in meeting new enforceable urban water use targets and the implementation and effectiveness of WSCPs.

4. Develop recommendations and report to the Governor’s Office based on the findings from the above listed tasks.

Schedule

Begin Work and Convene USC	July 2016
Conduct evaluations and analyses	July 2016 - October 2016
Develop recommendations on improved WSCPs, enforceable water use targets, and data reporting system	July 2016 - December 2016
Submit a Report Recommendation Proposal to the Administration	December 2016
Release a Public Draft Recommendations Report	December 2016

H. Supplemental Information

Water Shortage Contingency Plan Improvements

Task	State Costs	FY	Outcome
Evaluate Water Shortage Contingency Plans (WSCPs) and urban drought response	\$585,000	16/17	WSCP Recommendations Report

FY 16/17 \$585,000

Total costs \$585,000

Long Term Water Use Targets

Task	State Costs	FY	Outcome
Landscape area measurement	\$3,000,000	16/17	Analysis of statewide landscape area
Develop new water use targets through public process	\$585,000	16/17	Water use targets Recommendations Report

FY 16/17 \$3,585,000

Total Costs \$3,585,000

Water Use Reporting

Task	State Costs	FY	Outcome
Identify and make data reporting legislative recommendations	\$90,000	16/17	Recommendations Report

FY 16/17 \$90,000

Boards position (PYs) request FY 16/17 \$240,000

FY 16/17 \$4,500,000

TOTAL \$4,500,000

I. Recommendation

DWR and the Board recommend approval of Alternative 1.