



July 8, 2022

The Honorable Chris Holden
 Chair, Assembly Committee on Appropriations
 1021 O Street, Suite 8220
 Sacramento, CA 95814

RE: SB 1157 (Hertzberg) – Indoor Residential Water Use – OPPOSE UNLESS AMENDED

Dear Chair Holden:

The undersigned coalition is writing to respectfully express our position of oppose unless amended on SB 1157 (Hertzberg). This bill incorporates joint recommendations by the Department of Water Resources (DWR) and State Water Resources Control Board (State Water Board), which do not account for the adverse impacts or significant costs to which these revised standards will lead.

This coalition believes the June 16 amendments are a step in the right direction, but requests the following additional amendments: 1) make implementation of a 2030 standard contingent upon the completion of additional studies, including information necessary to support that standard; 2) require the additional studies and investigations of DWR that were recently added to the bill to include consideration of variation between systems and the long-term impacts of telework; 3) include additional variance categories to account for affordability, telework, evaporative coolers, and recycled water systems; and 4) require DWR's

report on the progress of urban water retail water suppliers toward achieving their urban water use objective to include information related to funding for disadvantaged communities. These amendments are included as an attachment at the end of this letter.

AB 1668 (Friedman) and SB 606 (Hertzberg) were a package of bills signed in 2018 that called for the creation of new urban water use efficiency standards for indoor residential use, outdoor use, water loss, and variances for unique conditions. Many members of this coalition worked intently on this issue with all the interested parties, including legislators, staff, and other stakeholders, during the long negotiations on these bills in 2017-18.

A critical component in the outcome of these negotiations was that DWR would conduct studies and investigations to identify a standard for indoor residential water use that appropriately reflects best practices for indoor water use with broad input from all stakeholders. DWR and the State Water Board released their Final Report in November 2021. While a study was completed, the analysis of adverse impacts and other relevant information, including affordability and changing populations and patterns, were not quantitatively considered; nor did they inform the final recommendations. The Assembly Committee on Water, Parks, and Wildlife analysis highlights many of these shortcomings, and some amendments were taken in that committee that incrementally improve the bill by requiring additional analysis; this coalition is seeking additional components to that analysis and evidence to support the standards this bill proposes to implement.

The Final Report indicates that, on average, current indoor residential water use is 48 gallons per capita daily (GPCD). Given this finding, the recommended standard for 2025-2030 of 47 GPCD, which is included in SB 1157, seems close to existing statewide average water use. However, significantly, the Final Report largely relied on data from before the Covid-19 pandemic, and indicated that the pandemic led to a three to five GPCD increase. While outside the scope of the Final Report, the pandemic has fundamentally changed work, shifting some jobs remote, which will lead to increased residential GPCD. Given this new reality, most suppliers will need to make substantial investment to achieve the proposed 2025 standard. It is for these exact reasons, that this coalition is seeking additional analysis of the long-term impacts of telework, which is critical to the long-term success of the standard.

The proposed 2030 standard of 42 GPCD, however, is significantly lower than current water use, especially when accounting for longer-term pandemic workforce changes. There will be substantial negative impacts to water providers, sanitation agencies, and recycled water providers. This coalition is seeking amendments that would require DWR to provide evidence to support this standard before it can be implemented, as well as additional variance options to address these impacts.

The impacts to affordability as a result of the 2030 standard are likely to be serious and detrimental. The California Water Efficiency Partnership estimated during the regulatory process that the “the total anticipated cost range for reasonably complying with a 2030 standard in which all providers achieve a residential indoor per capita volume of 42 GPCD by 2030 is likely between \$2.8 and \$4.6 billion.” While the indoor residential water use standard is only one component of the overall water use objective, given the separately enforceable component of water loss, it is anticipated that public water agencies will need to make significant additional investments to reduce indoor residential use to meet the overall objective. Ultimately this substantial financial investment will only save 354,000 acre feet of water per year over the current 2030 standard – approximately one half of one percent of statewide water use.

In addition to these direct costs, there will be substantial secondary costs. The Final Report indicates that the adverse impacts to wastewater and recycled water providers could be significant. A few examples of potential impacts include increased sewer gas production, accelerated rate of corrosion of pipes and manholes, increased occurrences of sewer blockages and overflows, degradation of wastewater influent quality, and reductions in recycled water quantity. Mitigating these impacts will require considerable investment and the use of potable or raw water. For example, a City of San Diego Case Study on the Potential Impacts of Reduced Flows, revised in June 2018, found that significant reduced flows through 2035 would likely cost \$102 million just for the City of San Diego, in addition to impacts to environmental and social qualitative impacts. These impacts must be accounted for, and this coalition requests amendments that would mitigate the severity by including within the variance provisions a component for adverse impacts to wastewater or recycled water systems, including impacts that would lead to the increased use of potable water.

The Legislature has repeatedly endorsed and asked for evidence-based decision making. While the Final Report has the appearance of evidence-based recommendations, additional analysis is necessary to understand the impacts of the 2030 standard. The Final Report itself acknowledges some of these shortcomings, stating that detailed saturation and end-use studies could better inform how much active and passive conservation is available and that the standards will have an unknown effect on affordability and the human right to water. The Assembly Committee on Water, Parks, and Wildlife also recognized this need in the committee proposed amendments and in the committee analysis; but this bill must go further to ensure the appropriate evidence is provided.

For these reasons, this coalition has serious concerns regarding the 2030 standard SB 1157 would implement and requests amendments that would require additional analysis of these impacts prior to the implementation of the 2030 standard as well as additional variance options. Without these amendments, we would respectfully request your “no” vote when this bill is heard in the Assembly Committee on Appropriations. If you have any questions about our position, please contact Julia Hall at JuliaH@acwa.com.

Sincerely,

Julia Hall
Senior Legislative Advocate
Association of California Water Agencies

Gary Link
Legislative Affairs Director
Northern California Water Association

Donald M. Zdeba
General Manager
Indian Wells Valley Water District

James Peifer
Executive Director
Regional Water Authority

Gary Arant
General Manager
Valley Center Municipal Water District

Don Perkins
General Manager
Tuolumne Utilities District

Paul Helliker
General Manager
San Juan Water District

Peter Sanchez
General Manager-Secretary
Fresno Metropolitan Flood Control District

Larry B. McKenney
General Manager
Amador Water Agency

Deanna Jackson
Executive Director
Tri County Water Authority

Ms. Marice H. DePasquale
President, Board of Directors
Mesa Water District

Sean Barclay
General Manager
Tahoe City Public Utility District

J. Wayne Miller
President
Yorba Linda Water District

Robert Grantham
General Manager
Rancho California Water District

Robert J. Hunter
General Manager
Municipal Water District of Orange County

Krista Bernasconi
Mayor
City of Roseville

Angela Ramirez Holmes
President of the Board of Directors
Zone 7 Water Agency

Chris Rogers
Mayor
City of Santa Rosa

Jim Herberg
General Manager
Orange County Sanitation District

Jim Barrett
General Manager
Coachella Valley Water District

Dennis P. Cafferty
General Manager
El Toro Water District

CC: The Honorable Robert Hertzberg
Members, Assembly Appropriations Committee

SB 1157 – As Amended 6/16/22
Proposed Amendments – ~~Strikeout~~ and Underline

SECTION 1. Section 10609.4 of the Water Code is amended to read:

10609.4.

(a) (1) Beginning January 1, 2023, and until January 1, 2025, the standard for indoor residential water use shall be 55 gallons per capita daily.

(2) Beginning January 1, 2025, and until January 1, 2030, the standard for indoor residential water use shall be 47 gallons per capita daily.

(3) Beginning January 1, 2030, the standard for indoor residential water use shall be 42 gallons per capita daily. This provision shall not take effect until after the department has completed the requirements of subdivision (b)(1), including information necessary to support the indoor residential water use standard.

(b) (1) The department, in coordination with the board, shall conduct necessary studies and investigations to assess and quantify the economic benefits and impacts of meeting the 2030 indoor residential use standard on water, wastewater, and recycled water systems and shall include saturation end-use studies; the study shall consider variation between systems. The studies and investigations shall consider the long-term impacts of telework. The studies and investigations shall build on the standards and potential effects identified pursuant to subdivision (c) of Section 10609.2. The department shall consider other relevant studies, as appropriate, related to the requirements of this section. To facilitate these studies and investigations, the board may request necessary information from wastewater agencies, including monthly influent flow, actions taken to reassess treatment processes, and the impact of the implementation of this chapter on wastewater operations, maintenance, and capital investment. The department shall summarize the findings of these studies and investigations in a report and shall include information necessary to support the indoor residential water use standard to the Legislature on or before January 1, 2027. The report shall be submitted in compliance with Section 9795 of the Government Code.

(2) If the department, in coordination with the board, determines that achieving the 2030 indoor residential use standard unduly impacts affordability of water and wastewater services, the department and board ~~may~~ shall jointly recommend to the Legislature a more appropriate timeframe to achieve the 2030 indoor residential use standard.

(3) ~~Based upon the studies and investigations conducted pursuant to paragraph (1), the~~ The board shall consider ~~whether to adopt additional~~ adoption of variances to avoid significant impacts and accommodate unique challenges related to residential indoor water use pursuant to Section 10609.2. Variance options shall ~~may~~ include, but are not limited to, stranded assets, impacts on disadvantaged communities, impacts to environmental flows, impacts to affordability, impacts of telework, impacts of evaporative coolers, or adverse impacts to wastewater systems or recycled water systems including impacts that would lead to the increased use of potable or raw water.

(4) The studies, investigations, and report described in paragraph (1) shall include public workshops and significant collaboration with, and input from, a broad group of stakeholders, including, but not limited to, environmental groups, experts in indoor plumbing, and water, wastewater, and recycled water agencies.

SEC 2. Section 10609.33 is added to the Water Code, to read:
10609.33.

(a) On or before January 1, 2028, the department, in coordination with the board, shall submit a report to the Legislature on the progress of urban retail water suppliers towards achieving their urban water use objective pursuant to Section 10609.2. The report shall also include recommendations for additional funding and programs to assist disadvantaged communities with compliance with their urban water use objective.

(b) (1) The requirement for submitting a report imposed under subdivision (a) is inoperative on January 1, 2032, pursuant to Section 10231.5 of the Government Code.

(2) A report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.