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CALIFORNIA URBAN WATER AGENCIES

# CUWA

annual report



LADWP

fiscal year  
2013





The \$120 million expansion of CCWD's Los Vaqueros Reservoir helps to ensure reliability during drought and protections for Delta fisheries

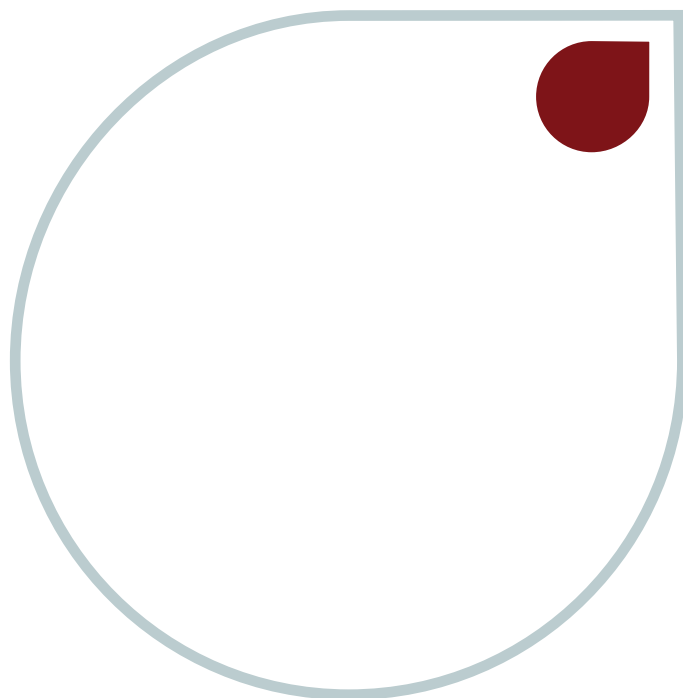
# CUWA - WHO WE ARE

Established in 1990, California Urban Water Agencies (CUWA) is a non-profit corporation of 10 major urban water agencies that collectively deliver drinking water to approximately two-thirds of California's population. The water delivered by the 10 CUWA member agencies is a lifeline to support California's urban populations and much of the State's \$1.9 trillion economy. Together, CUWA member agencies invest nearly \$3 billion annually in capital projects to deliver water reliably.

California water agencies today face many challenges—aging infrastructure, greater uncertainties affecting future supply and demand, rising costs, and the ongoing need to reduce water and energy use. Together, CUWA members are exploring means to address these challenges, and are working to achieve common goals both for statewide benefit and to improve outcomes and efficiencies in their individual organizations. CUWA continues to act as an “urban voice” for water supply interests in California, providing common understanding and consensus solutions among the urban water community.

## MISSION

CUWA's mission is to provide a forum for combining the expertise and resources of its member agencies to advance reliable, high-quality water supplies for the State's current and future urban water needs in a cost-effective manner for the public, the environment and the economy.





# 2013

## FISCAL YEAR HIGHLIGHTS

**New Central Valley Drinking Water Policy.** After more than a decade of work on technical studies and coordination with a work group representing a broad range of stakeholders, CUWA and others obtained Central Valley Regional Water Quality Control Board approval of the country's first drinking water policy of its kind. This new policy provides greater protections for source water quality in the Central Valley and could ultimately serve as a precedent for broader protections across the state.

**Reliable Water Finance Joint Policy Principles.** Building on its Public Investment White Papers and policy principles, CUWA joined forces with the California Municipal Utilities Association (CMUA) to adopt joint policy principles. Through the year, CUWA took a leadership role on water finance by working with state leaders to consider various means to fund major water-related projects and associated public benefits, and to provide input to the California Department of Water Resources' (DWR) new chapter on Water Finance for the California Water Plan.

**Progress on Water Use Efficiency.** CUWA's member agencies are leading the way in Water Use Efficiency, making steady progress toward achieving 20x2020 and exploring water reuse innovations that expand opportunities for reuse and protect human health. CUWA strengthened its dialogue on water reuse and approved a new set of policy principles supporting streamlined and efficient regulations, further collaborative research, and customer engagement, among other things.

**Steps Toward Financial Sustainability.** CUWA member agencies exchanged best practices to create a Financial Sustainability Toolbox of measures to improve water utility revenue stability. CUWA also engaged in dialogue with the California Urban Water Conservation Council (CUWCC) and others to explore means to improve the conservation pricing best management practice (BMP 1.4) to retain an effective price signal for water conservation while providing sustainable revenues.

**Getting the Message Out – Investing in Reliable Water Service.** Communications representatives from each of the member agencies worked together to create a new flyer that demonstrates to the public what it takes to deliver water 24/7 and makes the case for continued investment to maintain dependable high-quality water service. CUWA staff also presented their Water Supply Reliability report in multiple venues throughout the year, which created a new understanding and partnerships with many organizations.

The challenges continue. CUWA member agencies continue to explore solutions collaboratively and to provide leadership on issues of importance to California Water.

James McDaniel, CUWA Board President

Cindy Paulson, CUWA Executive Director

# CUWA ACTIVITIES AND ACCOMPLISHMENTS



CUWA relies largely on the efforts of agency staff, under the leadership of CUWA Board members and with coordination by CUWA staff, to produce work products on high-priority urban water issues. In FY 2013, CUWA had six active committees and several ad hoc work groups that addressed a wide range of topics related to water planning, conservation, reuse, water quality, financial sustainability and statewide water finance. CUWA's Executive Director and committee members also participated in a number of external forums to share CUWA work related to committee focus areas. Highlights in each of these areas follow.

## URBAN WATER RESOURCES

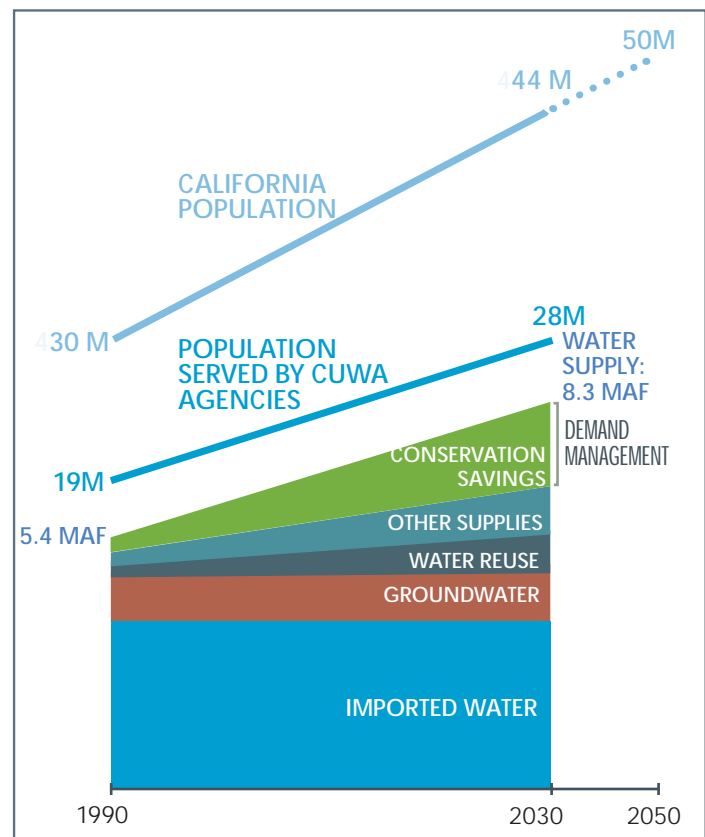
**PLANNING (UWRP)** In FY 2013, CUWA finalized the Water Supply Reliability (WSR) Report (August 2012), which collectively summarized results from member agencies' Urban Water Management Plans (UWMP) to provide a comprehensive picture of water management actions for much of the State. As shown by the WSR Report, CUWA agencies are making strong progress in managing water demand and diversifying supplies. Additionally, CUWA's UWRP Committee developed a set of Water Supply Reliability Policy Principles (December 2012) to summarize CUWA's positions on water supply and conservation, planning for the future,





and investments to improve reliability. More recently, the UWRP Committee established a Climate Change Work Group that has been exchanging information on adaptation strategies and planning, and has begun developing related policy principles. CUWA has also been collaborating with DWR on considering the implications of UWMP Committee efforts, and particularly potential refinements for future UWMPs.

With steadily growing population, CUWA agencies are effectively managing demands and diversifying water supplies to improve long-term reliability.



MWDSC supports their member agencies in water conservation efforts, including residential turf removal as part of their California Friendly Landscapes® program.



SCVWD's Silicon Valley Advanced Water Purification Center will produce 8 mgd of highly purified water.

**WATER REUSE** Given the growing importance of water reuse in the State's water supply portfolio, CUWA created a new Water Reuse Committee. The committee engaged with WaterReuse California to track implications of proposed reuse legislation and to provide comments. Through two workshops in FY 2013, the committee exchanged extensive information on technical and policy aspects of water reuse, and compared notes on various innovations and steps that the agencies are taking to protect public health and the environment. For the first time, CUWA member agencies worked together to collectively address water reuse, define terms, identify issues of common interest and need for leadership, and summarize their perspectives in a set of Water Reuse Policy Principles (July 2013). Committee members and CUWA staff have also continued open dialogue with WaterReuse California to leverage knowledge and coordinate efforts, particularly on proposed reuse legislation. Several CUWA member agencies are also supporting potable reuse research through WaterReuse California and/or Water Research Foundation.

Zone 7 works with its retailers to provide recycled water for irrigation while protecting groundwater quality.



CUWA members are advancing water reuse to help meet statewide goals and protect public health.





# PROGRESS TOWARD POTABLE REUSE

CUWA agencies are supporting research to evaluate potable reuse as a solution to California's water supply challenges.

City of San Diego operates successful 1 mgd demonstration advanced water purification (AWP) facility pilot

JUNE 2011- JULY 2012

Direct potable reuse (DPR) research by WaterReuse and Water Research Foundation

2013-2015

SCVWD's 8 mgd Silicon Valley AWP Center to begin operating

SPRING 2014

SEPT 2010

SB 918 became law requiring CA Department of Public Health (DPH) to finalize indirect potable reuse (IPR) regulations and evaluate DPR.

SEPT 2013

SB 322 became law requiring DPH to investigate feasibility of developing uniform recycling criteria to advance potable reuse statewide.

DEC 2013

DPH to adopt criteria for IPR for groundwater recharge.

DEC 2016

DPH to report to Legislature on feasibility of DPR criteria and to adopt surface water augmentation criteria.



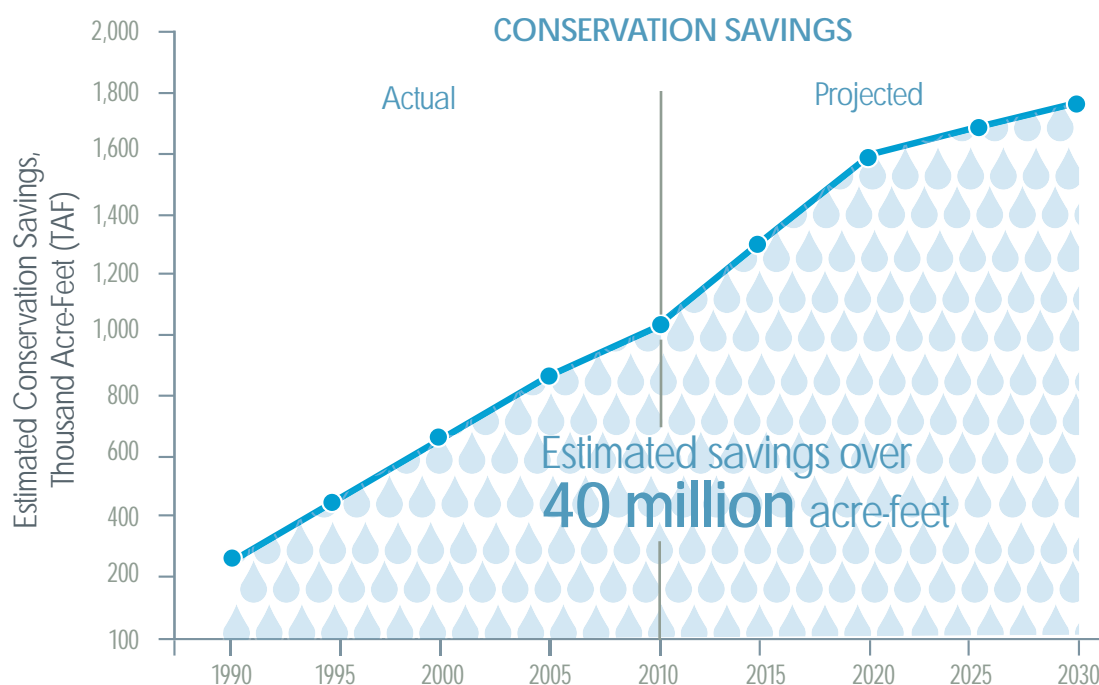
The City of San Diego is pursuing potable reuse as a potential future water supply.

Conservation has been a core aspect of CUWA's mission since its inception and remains an essential component of CUWA agencies' long-term water supply portfolios.



**WATER CONSERVATION** Conservation has been a core aspect of CUWA's mission since its inception and remains an essential component of CUWA member agencies' long-term water supply portfolios. In FY 2013, CUWA's Water Conservation Committee updated its policy principles to reflect evolving CUWA policies as well as continued commitments to a range of water conservation approaches. CUWA also reiterated a commitment to help the State achieve a 20 percent statewide reduction in per capita water use. More recently, CUWA member agencies have been working with the DWR to review progress to date toward 20x2020. Some Water Conservation Committee members and CUWA staff are also engaged with DWR on the Urban Stakeholder Committee to provide technical and policy input on various aspects of the Water Conservation Act (SBx7-7). Throughout the year, the Water Conservation Committee has been making progress on in-depth work to help establish consistent ranges of documented water savings and useful life for a priority list of indoor and outdoor conservation measures, as well as to identify data gaps (due out in 2014).

## All CUWA Agencies are Making Steady Progress on Total Water Savings







**WATER QUALITY** After more than a decade of technical work and financial support, CUWA helped complete a new Central Valley Drinking Water Policy (CV-DWP) to protect source water quality. The policy is the first of its kind in the country and includes a comprehensive summary of drinking water protections and a narrative water quality objective for Cryptosporidium, Giardia and other elements to address constituents of potential concern to drinking water. The policy, which applies to the Sacramento-San Joaquin Delta and its tributaries, was developed collaboratively through a stakeholder-based CV-DWP Work Group comprised of representatives from state and federal agencies and from drinking water, wastewater, municipal storm water and agricultural interests. CUWA helped develop and present a fact sheet on the policy to inform other stakeholders across the state. The new policy is documented in a basin plan amendment adopted unanimously by the Central Valley Regional Water Quality Control Board (July 2013). CUWA's WQ Committee spent considerable time coordinating with project proponents and the State Board to finalize the Water Quality Management Plan and consider revisions to the Water Rights Permits for the proposed Delta Wetlands Project to ensure long-term protection of water quality. CUWA also continues to track and monitor water quality in the Delta and to work on related topics and statewide initiatives that could affect source-water quality.



ACWD leverages local supplies through desalination of brackish groundwater at the Newark Desalination Facility.

EBMUD's Water Smart Gardens



**PUBLIC INVESTMENT** CUWA continued statewide water finance discussions in FY 2013, and leveraged the two CUWA white papers and policy principles produced in 2012 to inform more collaborative dialogue. CUWA staff made presentations on reliable water finance to the California Water Plan Plenary Meeting and other venues in Fall 2012. In Spring 2013, CUWA coordinated with CMUA to adopt joint reliable water finance policy principles. CUWA actively participated in the Water Finance Task Force of the Association of California Water Agencies (ACWA), and worked closely with DWR as an active member of the Finance Caucus for the California Water Plan helping to guide development of the first-ever Water Finance Chapter.

**FINANCIAL SUSTAINABILITY** To help provide a sustainable water supply, water agencies must have sustainable sources of funding. This becomes particularly challenging in light of greater fixed costs required to replace aging infrastructure and greater uncertainties with agency revenues. To address these challenges, the FS Committee finalized a toolbox of best practices and strategies—including various aspects of rate structures, revenue enhancement and diversification opportunities, and cost control measures—for CUWA member agencies to improve financial sustainability. These strategies were also informed by discussions with others who are applying innovative rate structures, including representatives from the Environmental Finance Center at the University of North Carolina, the City of Davis, and the Pacific Institute.

Committee members and CUWA staff also engaged in ongoing conversations with CUWCC to review the effectiveness of the CUWCC conservation pricing best management practice (BMP 1.4), impacts on revenue, and possible refinements to continue to promote conservation without undermining agency revenues. CUWA co-sponsored two workshops with CUWCC and others on BMP 1.4 that provided a venue for discussing broadly varying stakeholder perspectives and exploring common ground to move forward. Committee representatives also presented CUWA perspectives in a conservation pricing session at the winter ACWA conference.







SDCWA's large-diameter pipeline maintenance

Much of the State's infrastructure is 50+ years old and beyond its design life. CUWA agencies are spending billions of dollars annually to restore and maintain aging infrastructure to provide reliable water.



SFPUC is replacing older pipelines to ensure water supply reliability through the Water System Improvement Program.  
© SFPUC; Katherine DuTiel





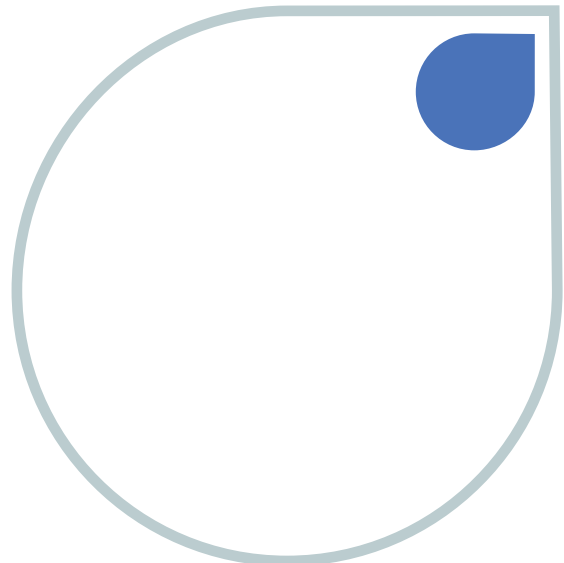
## OUTREACH AND ENGAGEMENT

In FY 2013, CUWA considerably expanded outreach and engagement efforts to better inform others and to engage in partnerships to further advance high-quality reliable water supply. For the first time, CUWA held a joint Urban Water Forum in October 2012, which included nearly 50 representatives of CUWA and CMUA member agencies. The forum led to collaborative efforts on water finance and the water-energy nexus, which ultimately produced joint policy principles on both topics. CUWA and CMUA plan to continue collaborating on these and other topics.

CUWA representatives discussed the Water Supply Reliability Report in detail with water leaders across the state, including DWR and the Pacific Institute, and presented summaries to the California Water Plan Public Advisory Committee, ACWA and CA/NV AWWA. Throughout the year, CUWA also coordinated closely with other water agency associations (e.g., ACWA, WaterReuse, Water Research Foundation, CUWCC, Alliance for Water Efficiency) and state agencies (e.g., DWR) on a wide range of issues.

## COMMUNICATIONS

A recurring challenge for water utilities is gaining customer understanding of what it takes to deliver water reliably 24/7, including the infrastructure, people, and ongoing investment. A group of communications representatives from each of the CUWA member agencies worked together to develop a communication piece to help deliver this critical message. Individual agencies can easily customize the communication piece to reflect site-specific conditions and reach local audiences. See the next page for a graphic from the communication piece, or see the CUWA website for the full fact sheet.





Getting  
the  
message  
out -

CUWA  
agencies  
are  
investing  
in high-  
quality,  
reliable  
water  
service

## FROM SOURCE TO TAP





EBMUD generates renewable energy through solar, hydropower and biogas production.

## LOOK AHEAD

In the coming year, CUWA will continue to collaborate with others on issues of importance to California Water. The agencies are working together to produce an addendum to the Water Supply Reliability Report that focuses specifically on advancements with water reuse. They are also working collaboratively with DWR to assess interim progress toward 20x2020, and with state leaders to consider the future of water use efficiency in California beyond 2020. To support long-term sustainability, CUWA member agencies will be working with the Alliance for Water Efficiency and other water suppliers across the country on an outdoor water savings study and on a Water Rates Handbook. CUWA will also be working with DWR to consider future updates to UWMP requirements and to provide input for DWR's 2015 UWMP Guidebook. To better address future sources of uncertainty, CUWA will be considering approaches to climate change adaptation and resilience in the coming year.



Construction is now under way for the Carlsbad Desalination Project, the largest seawater desalination project in the Western Hemisphere. SDCWA will buy water from the privately developed plant.



# 10

## CUWA MEMBER AGENCIES



### BENEFITS of CUWA MEMBERSHIP

- Ability to exercise a well-respected and powerful collective urban voice to inform California water policy.
- Efficiency of scale and ability to leverage collective work, which saves on individual agency resource investments on issues of common interest.
- Engagement in a neutral forum that allows agency leaders to exchange ideas and further enhance cooperative relationships through regular Board meetings (six times/year), ongoing committee efforts and other communication venues.
- Information exchanges, including case studies and lessons learned.
- Easy access to a comprehensive and growing library of resource materials through CUWA's member-only SharePoint site.

As of 2010, 64%

of the state's population resides within the areas served by CUWA member agencies

### RETAIL:

- Alameda County Water District (ACWD)  
REPRESENTATIVE: Walt Wadlow, General
- East Bay Municipal Utility District (EBMUD)  
REPRESENTATIVE: Alex Coate, General Manager
- Los Angeles Department of Water and Power (LADWP)  
REPRESENTATIVE: Jim McDaniel, Senior Assistant General Manager, Water System and CUWA Board Chair

### RETAIL/WHOLESALE:

- Contra Costa Water District (CCWD)  
REPRESENTATIVE: Jerry Brown, General Manager
- City of San Diego (San Diego)  
REPRESENTATIVE: Marsi Steirer, Deputy Director and CUWA Board Secretary/Treasurer
- San Francisco Public Utilities Commission (SFPUC)  
REPRESENTATIVE: Michael Carlin, Deputy General Manager

### WHOLESALE:

- Metropolitan Water District of Southern California (MWDSC)  
Debra Man, Chief Operating Officer, Assistant General Manager
- Santa Clara Valley Water District (SCVWD)  
REPRESENTATIVE: Beau Goldie, Chief Executive Officer and CUWA Board Vice-Chair
- San Diego County Water Authority (SDCWA)  
REPRESENTATIVE: Maureen Stapleton, General Manager
- Zone 7 Water Agency (Zone 7)  
REPRESENTATIVE: Jill Duerig, General Manager

### CUWA STAFF:

Executive Director – Cindy Paulson  
Staff Engineer – Jenny Gain

POPULATION SERVED: 24 MILLION



LADWP celebrated 100 years for the L.A. Aqueduct, which continues to provide water supply reliability for the future.

## FOR MORE INFORMATION See [www.cuwa.org](http://www.cuwa.org) for recent work, including:

### CUWA Policy Principles

- [Water Quality \(April 2012\)](#)
- [Water Conservation \(August 2012\)](#)
- [Water Supply Reliability \(December 2012\)](#)
- [Reliable Water Financing \(March 2013 update – joint with CMUA\)](#)
- [Cap and Trade Investment Plan \(April 2013 – joint with CMUA\)](#)
- [Water Reuse \(July 2013\)](#)

### CUWA Reports and White Papers

- [Water Supply Reliability Report \(August 2012\)](#)
- [Public Investment White Papers \(Phase 1 – October 2011, Phase 2 – March 2012\)](#)