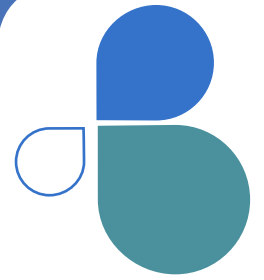




CALIFORNIA URBAN WATER AGENCIES



FISCAL YEAR

2017

CUWA

ANNUAL REPORT

California Urban Water Agencies (CUWA) is a nonprofit corporation of 11 major urban water agencies that collectively deliver drinking water to approximately two-thirds of the state's population. 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 California's current and future urban water needs in a cost-effective manner for the public, the environment, and the economy.

Fiscal Year 2017 Highlights

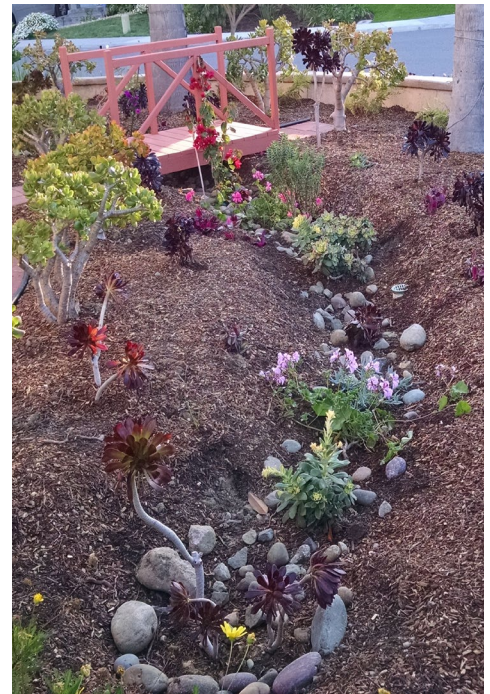
California's recent extreme drought, followed by substantially improved hydrologic conditions in Winter 2016/2017, underscored the importance of planning ahead to address climate variability and future water resource uncertainties. CUWA agencies have taken stock of lessons learned from the recent drought and are preparing for what's ahead by advancing a full suite of actions in line with the Governor's California Water Action Plan. CUWA's fiscal year (FY) 2017 accomplishments reflect the agencies' continued commitment to managing demands, diversifying supplies, and ensuring affordable, safe water for all Californians.

Continuing to Lead in Water Use Efficiency

The Water Action Plan identifies strategic steps to improve statewide water sustainability, the first of which is to "make conservation a California way of life." CUWA worked with state agencies throughout FY 2017 as they developed a long-term water use efficiency framework to support the Plan's statewide goals, and will continue to actively inform future implementation.

CUWA agencies have always supported efficient water use and drought resiliency planning, which are consistent with the state's goals. Accordingly, our agencies were well prepared to respond to water shortages during the recent drought emergency and implemented innovative water management strategies that can be a model for other water agencies throughout the state. While folding in lessons learned from reactive, emergency-driven conservation, CUWA agencies are now reemphasizing longer-term efficiency efforts and implementing a number of sustainable water management strategies—including long-term water use efficiency—that support the Water Action Plan and are highlighted in CUWA's [Water Supply Reliability Fact Sheet](#), which was developed in 2017 based on data from member agencies' 2015 Urban Water Management Plans.

As agencies continue to support long-term water use efficiency, new management approaches will be needed to adapt to declining flows throughout the urban water system. The effects of declining system flows have been widespread for California utilities; of the 270 respondents to a survey distributed by CUWA's collaborative partners (ACWA, CWEA, and CASA), 50% experienced an impact on their drinking water, wastewater, or recycled-water infrastructure. CUWA is developing a white paper, "Adapting to Change: Utility Systems and Declining Flows," to inform decision makers of these impacts and recommend potential solutions.



CUWA agencies are leading the movement to establish a new norm for beautiful, sustainable California landscaping.

Investing in Supply Reliability

CUWA agencies have made substantial investments in system reliability and supply diversification over the past 25 years. These investments will enable CUWA agencies to adapt to future conditions and continue providing safe, clean drinking water to their customers [24/7](#).

**CUWA investments in
water supply reliability
over the past 25 YEARS:**

\$25B SYSTEM RELIABILITY IMPROVEMENTS

\$7B WATER CONSERVATION AND SUPPLY DIVERSIFICATION *

*Not including CUWA wholesalers' member agency investments.

Diversifying Supplies to Increase Resilience

Developing resilient water supplies is essential in preparing for future water supply uncertainties. CUWA agencies have been adapting to widely varying climate-driven extremes by diversifying their supply portfolios to enhance resilience and reduce reliance on traditional sources, such as water imported from sources outside of our members' local service areas. As part of the recent [Water Supply Reliability Fact Sheet](#), CUWA compiled data to highlight the agencies' progress in diversifying their collective supply portfolio (right). In 1990, over two-thirds of CUWA's collective supplies were imported from sources outside of member agencies' local service areas; by 2035, the agencies anticipate that less than half of their supplies will be imported.

CUWA agencies are leaders in developing innovative, alternative supplies. They have been actively engaged in the state's development of direct potable reuse regulations and will continue to track the state's progress in regulating surface water augmentation. CUWA has also assessed the potential of using urban stormwater as a supply source, and presented a [stormwater white paper](#) at ACWA's 2016 fall conference and facilitated a panel discussion on this topic.

The choice of supply sources is very site-specific and depends on regional considerations and accessible resources. For example, stormwater capture may be viable in developed areas with sufficient rainfall and space for storage. However, other alternative sources (e.g., recycled water or desalination) may be more practical in some areas. Flexibility to account for local factors is key for water utilities as they optimize future supply portfolios.

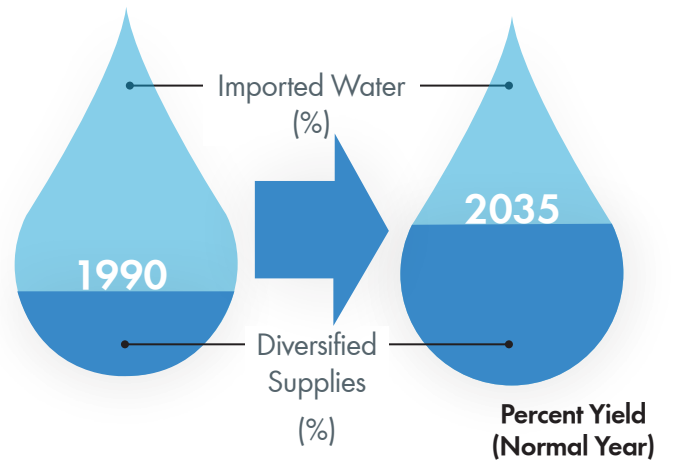
Targeting Affordability Issues

Over 5.5 million people struggle with water affordability within CUWA agencies' service areas. As CUWA agencies continue to invest in supply diversification and system reliability, the associated rising cost of water puts even greater pressure on low-income households. In response, CUWA agencies have designed and implemented effective ratepayer assistance programs that comply with Proposition 218 requirements.

Building on our agencies' experiences, CUWA is actively participating in the state's development of a statewide low-income rate assistance program by providing input at public workshops and in comment letters. CUWA agencies have highlighted Proposition 218 constraints for funding dedicated affordability programs with ratepayer revenue, and concerns that a potential statewide water fee/tax may divert ratepayers' funds from local water needs. CUWA remains committed to working with the state to identify strategies that could successfully address water affordability issues through more appropriate, focused funding alternatives and encouraging efficiency, transparency, and flexibility in the state's development and implementation of a statewide program.

CUWA Agencies' Progress in Supply Diversification

In addition to demand management, agencies are diversifying and expanding supplies to prepare for future challenges.



Supply Source	Percent Yield (Normal Year)	
	1990	2035
Imported Water	68%	47%
Advanced Purified Water (Potable Reuse)	-	4%
Recycled Water, Non-Potable	2%	7%
Desalination	<1%	3%
Urban Stormwater Capture	-	1%
Water Transfers or Exchange	2%	11%
Local Surface Water/Storage	4%	4%
Groundwater	24%	23%

Source: CUWA, "Advancing Water Supply Reliability," 2017



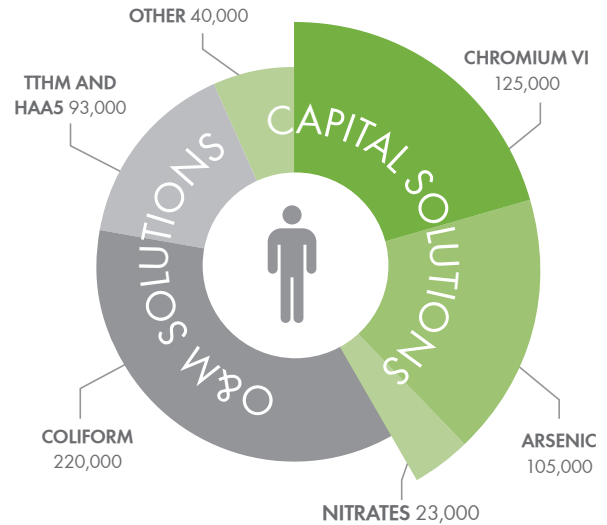
CUWA agencies carefully manage their investments to maintain reliable infrastructure without compounding affordability issues.

Ensuring Access to Safe, Reliable Drinking Water

Supporting access to safe and reliable drinking water is central to CUWA's mission. CUWA highlighted many of California's water accessibility issues and potential solutions in the updated Affordability and Accessibility [Policy Principles](#) and [Fact Sheet](#). The updated fact sheet, which was developed by analyzing water quality violation data from the Safe Drinking Water Information System, identifies common constituents, population affected (right), locations with persistent violations, and possible funding strategies, particularly for rural disadvantaged communities. As a top priority in FY 2018, CUWA plans to continue to explore potential solutions with state leaders and other partners to address California's water affordability and accessibility challenges.

Statewide Population Affected by Different Contaminant Violations.

While the vast majority of Californians—including those served by CUWA agencies—receive safe and reliable supplies, certain contaminants affect large numbers of people. Focusing on solutions that target these key contaminants can help accelerate progress.



Source: CUWA, "Tackling California's Water Accessibility and Affordability Issues," 2017.



For more information, including a list of agency representatives and recent publications, visit www.cuwa.org.

CUWA MEMBER AGENCIES

RETAIL

- Alameda County Water District ([ACWD](#))
- City of [Fresno](#)
- East Bay Municipal Utility District ([EBMUD](#))
- Los Angeles Department of Water and Power ([LADWP](#))

RETAIL/WHOLESALE

- Contra Costa Water District ([CCWD](#))
- City of San Diego Public Utilities Department ([San Diego](#))
- San Francisco Public Utilities Commission ([SFPUC](#))

WHOLESALE

- Metropolitan Water District of Southern California ([MWD](#))
- Santa Clara Valley Water District ([SCVWD](#))
- San Diego County Water Authority ([SDCWA](#))
- Zone 7 Water Agency ([Zone 7](#))

CUWA STAFF

Executive Director: Cindy Paulson
Staff Engineers: Jenny Gain, Wendy Broley and Katie Porter

POPULATION SERVED: 26 MILLION