



KERN COUNTY
WATER AGENCY

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February 25, 1999

Mr. Steve Ritchie
Deputy Executive Director
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

Dear Mr. Ritchie:

The Agency wishes to express its appreciation to you and other CALFED staff for holding the recent series of workshops concerning urban water use efficiency. As you know, the Agency's Board of Directors felt very strongly that the entire urban water supplier stakeholder community needed to be informed about CALFED's water use efficiency common program and the proposed certification process. The workshops served to publicize these efforts and to allow for wide discussion of serious issues, as well as providing the opportunity to submit comments.

There are several issues about the urban water use efficiency component upon which the Agency wishes to comment:

- Applicability of the CALFED water use efficiency common program and which agencies would be required to attain certification: This is of particular interest to groundwater districts and municipalities, several of which are located in Kern County and the San Joaquin Valley. Only those water suppliers that are hydrologically connected to the Delta, or have contractual entitlement to Delta diversions, should be included in the certification process. It seems illogical for the CALFED Program to require certification of water suppliers that neither contribute to the Bay-Delta's problems nor their solution.
- Wholesaler participation in the program and their potential responsibility for the certification of retailers in their service areas: The Agency is a wholesaler of State Water Project municipal and industrial water, and signed the Memorandum of Understanding Regarding Urban Water Conservation in 1992. Since that time, the Agency has implemented those cost-effective Best Management Practices pertinent to wholesalers. However, the sub-wholesalers and retailers in the Agency's service area have strongly indicated that they do not want the Agency to take on the role of "policing" their water conservation programs.

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They have also indicated that any mandatory "cost-sharing" or "surcharge" options are unacceptable. The source of funds for the Agency's conservation program is part of the price its contractors and retailers pay to the Agency for a water supply. If they must implement their own programs, they do not wish to "pay twice" for a shared program with the Agency.

The Agency's contractual obligations and the powers and responsibilities granted to it in its Formation Act do not allow for any type of mandatory co-sponsored programs other than a locally agreed-upon voluntary system. Only those wholesaler obligations contained in the terms of the urban MOU are applicable and acceptable.

- The use of environmental costs and benefits in the cost-effectiveness analyses used to determine which urban Best Management Practices will be implemented by a water supplier: The Agency is quite concerned about the potential for these subjective, non-quantifiable terms being used to either deny certification to a water supplier, or to challenge or appeal a supplier's certified standing. The Agency wishes to see continuing work by the California Urban Water Conservation Council in providing objective quantification guidelines for environmental costs and benefits for use in cost-effectiveness analyses. Until such guidelines are agreed upon via a CUWCC stakeholder-driven process, they should not be included as reasons for denial of certification, nor as the basis for an appeal of certification.
- How the body that determines certification will be selected, and whether a water supplier's certification, once attained, can be challenged by other entities: The possible composition of the Certification Review Committee is based on three proposed models, one of which consists of a state political appointment procedure. While the nominees (in this procedure) would be stakeholder representatives of the CUWCC, submitted by the CUWCC, they would be selected and appointed by the Secretary of Resources. Such appointments are obviously subject to the political swings of state administrations. With water suppliers depending on the certification process, such political shifts cannot be tolerated. Only a Certification Review Committee nominated and elected by the CUWCC will have the technical expertise and stakeholder representation necessary to make the process simple, fair and objective.

Also, under one of the certification proposals under consideration, water suppliers who have attained certification are subject to having their certification appealed by other entities. The Agency strongly feels that once a water supplier has submitted its BMP report for review and has been certified as in compliance with the MOU by CUWCC staff and the Certification Review Committee (composed of all stakeholder groups), the process is finished until the next review cycle. Since certification review will be an open and public process, any concerns or issues can be brought out and addressed during that time. No water supplier, having achieved its certification, should be subjected to double jeopardy.

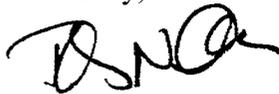
A serious concern about the Water Use Efficiency common program in general is its connection with CALFED's proposed water-based sanctions (such as the limitations on water transfers) and baseline requirements for planning and construction of surface water storage facilities. While the Agency feels that efficient water use is good policy and a common-sense water management tool, and that entities utilizing Delta-derived supplies should demonstrate a high level of efficiency, such sanctions and

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obligations are inappropriate in the context of an overall Bay-Delta solution. We will continue to work with you toward resolution of these issues.

Thank you for the opportunity to submit these comments. If you have any questions or wish to discuss them, please feel free to call me at (661) 634-1400, or you may contact Jim Beck, KCWA Improvement District No. 4 Manager, or Mary Lou Cotton, Water Resources Planner.

Sincerely,



Thomas N. Clark
General Manager