



November 14, 2016

The Honorable Pedro Nava
Chairman
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Subject: Little Hoover Commission Hearing on Special Districts

Dear Chairman Nava:

Eastern Municipal Water District (EMWD), would like to express appreciation to the Little Hoover Commission for its willingness to have a thorough and thoughtful dialogue on California's special districts. We were pleased to be able to provide comments and testimony at and following the August 25, 2016 hearing to demonstrate the importance of reserves and property tax revenues to support critical infrastructure improvements and emergency operating needs. Those reserves and property taxes are also critical to our ability to approach the October 27, 2016 hearing topic on how special districts are preparing for and responding to climate change.

EMWD is a water, wastewater, and recycled water provider to 795,000 residents within a 555-square mile territory serving seven cities and a portion of the unincorporated county within western Riverside County. Formed in 1950, EMWD was created to import water from the Colorado River Aqueduct and later from the Sacramento-San Joaquin Delta by way of the Metropolitan Water District of Southern California to farming communities in western Riverside County. Since that time, EMWD has diversified its water supply portfolio to include a variety of local sources including groundwater, brackish groundwater, and recycled water supplies.

At the hearing on October 27, 2016, the Commission heard from some water, sanitation and flood control agencies that have proactively responded to climate change. Water and wastewater agencies, such as EMWD, have been looking at climate-change related actions for years. We might not have grouped it under the "climate change" umbrella or even used those words to describe what we are doing, but we have long had an environmental stewardship and water use efficiency ethic.

Board of Directors

Randy A. Record, *President* David J. Slawson, *Vice President* Joseph J. Kuebler, CPA, *Treasurer* Philip E. Paule Ronald W. Sullivan

2270 Trumble Road • P.O. Box 8300 • Perris, CA 92572-8300

T 951.928.3777 • F 951.928.6177 emwd.org

It is so deeply ingrained in how our more than 600 employees do business every day that we convened a stakeholder workshop internally to gather and consolidate that information. Our department heads, outreach experts, and regulatory compliance experts took an in-depth look at our policies, planning, and infrastructure investments. It didn't take expensive consultants or a lot of time ... it just took bringing our internal experts together to examine the topic in a more focused way. The findings were not surprising. EMWD, like so many other water and wastewater agencies, has long been addressing climate-change related activities in two primary areas: adaptability and mitigation.

For adaptability, we have focused on the potential for and reality of longer, more intense droughts and heat waves, less snowpack and early runoff. We have made significant investments in developing climate-resilient water supplies and reducing per capita water consumption. The combination of local supplies and conservation directly reduce our District's dependence on more greenhouse gas intensive supplies.

- Water Recycling: EMWD beneficially reuses 100% of its wastewater in its service area through its investments in recycled water. That recycled water comprises more than one-third of the District's total water supplies, and is used to support agriculture, commercial and industrial uses, and irrigation for our public parks and outdoor spaces. Recycled water is EMWD's most climate resilient, least energy intensive, and least greenhouse gas intensive water supply.
- Rate Structure Encourages Efficient Water Use: EMWD has provided incentives to our customers to conserve water through the application of budget-based tiered rates – sending them strong pricing signals to use water efficiently.
- Financial Incentives for Water Conservation: Together with the Metropolitan Water District of Southern California, we have provided financial incentives to our customers to encourage them to change-out water intensive landscaping. In fact, to date, our customers have removed about 4 million square feet of turf, replacing it with California-friendly, drought resilient landscapes.

The other area we are focused on is in mitigating the impacts of climate change.

- Investments in Renewable Energy: We have made significant investments in renewable energy. In fact, with the help of findings from our 2014 Energy Management Plan, we have invested in five solar installations. Coupled with our prior investments in fuel cells and microturbines, EMWD currently has the capacity to produce enough renewable energy to meet 50 percent of the electrical demand needed to power our four wastewater treatment plants and our headquarters. Additionally, because energy is the

District's third highest operating expense, renewable energy investments are a cost effective way to manage future costs and rate impacts to our customers.

- Early Adopter of Voluntary GHG Reporting: EMWD was one of the first adopters of the California Climate Action Registry, voluntarily reporting and tracking our greenhouse gas emissions since 2006.
- Investments in Drought-Resilient Supplies: Lastly, by continuing to invest in local drought-resilient water supplies like recycled water or desalinated groundwater, EMWD is reducing its dependence on imported water – driving down greenhouse gas emissions statewide.

If it is the Commission's interest to pursue climate change, we ask that the Commission consider a more comprehensive look and provide a baseline assessment of special districts' readiness. We think that the Commission will be pleasantly surprised by water and wastewater entities' preparedness. The industry as a whole has spent much time discussing the actions and impacts associated with water supply reliability and we have done extensive work responding and reacting to periodic droughts – especially the water suppliers in southern California. Each jurisdiction must examine existing and future resources and determine appropriate policies for addressing climate change adaptation and mitigation. A critical element will be maintaining the financial resources and tools special districts use to provide essential services to their communities and invest in initiatives to ensure climate change resiliency.

EMWD is very proud of the work that we have done and continue to do on behalf of our ratepayers. We thank the Little Hoover Commission for the opportunity to provide comments and welcome the opportunity to further discuss EMWD and the Commission's research with staff or Commission members. Please feel free to contact us as follows:

| | | |
|------------------|--------------|--|
| Paul D. Jones II | 951-928-6130 | ionesp@emwd.org |
| Debby Cherney | 951-928-6154 | cherneyd@emwd.org |
| Ron Davis | 916-492-6082 | rdavis1228@gmail.com |

Sincerely,



Paul D Jones II
General Manager



Deborah S. Cherney
Deputy General Manager

c: Jim Wasserman, Deputy Executive Director
Ron Davis, Sacramento Advocate