

November 30, 2016

Dear Members of Groups 1 and 2:

Since 1991, the California Urban Water Conservation Council has served as a collaborative and historic forum within which water utilities, the environmental community and other interested organizations have worked together to advance urban water conservation throughout the state. Over the years, the Council has become known as a balanced, fair-minded advocate for the role of water conservation and efficiency in meeting California's present and future water needs. Together, we have greatly advanced water conservation and water use efficiency in California and the United States.

Over the past 25 years, however, social, economic, environmental, regulatory and political conditions have changed substantially. For example, California passed the Water Conservation Act of 2009 mandating a 20 percent reduction in statewide urban per capita water use by 2020. Most recently, California's historic drought prompted new state water conservation mandates (Executive Order B-37-16) and reporting requirements. At the same time, the Sacramento-San Joaquin Delta, a critical hub for California's water supply, remains imperiled as native fish species continue to decline while the state's population growth and climate change places increasing pressure on limited water supplies. More changes and challenges lie ahead.

Against this background, in November 2014, the Council began a strategic planning process to determine its future direction. For the past two years, Council Board, Council members, and other stakeholders have provided substantial input and perspectives on the best way for the Council and its members to move forward.

Groups 1 and 2 were unable to reach agreement on the direction of the Council. In particular, the groups were unable to agree on the governance structure and the role of reporting to evaluate the Council's progress in assisting its members' efforts to advance water conservation and efficiency. Rather than dissolve the organization, Board members have agreed to a process that will allow the Council as we know it to sunset so that a refocused and restructured organization can emerge January 1, 2017. The refocused and restructured organization is envisioned to help achieve efficiency gains by helping its members meet legislative and regulatory requirements, as well as municipal or utility-adopted water use goals; fostering research and evaluation; serving as an information clearinghouse; providing tools, training and professional networking opportunities; advancing modern data analytics; serving as a technical expert to members and local, state and federal agencies; transforming markets for water use efficiency-related products and



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services; sharing successes and building partnerships to improve water efficiency and produce additional benefits for water system and ecosystem resilience.

The Council's planning process has resulted in the Council Board's adoption of proposed bylaws changes, asset allocation and other agreements that are enclosed for your consideration. The proposed changes are designed to implement seven key principles that were essential for the utility members of the Council to evolve in the direction contemplated:

1. A new name (to be determined) to reflect the organization's new approaches toward conservation and efficiency;
2. A change of the Council's principal purpose from MOU implementation (and by extension BMP adoption) to other activities that promote conservation and efficiency, as described above;
3. The elimination of separate member groups (i.e., Groups 1, 2 and 3) so that all members in good standing will be entitled to serve on the Board and vote on matters submitted to Council members;
4. The inclusion of one-person, one-vote and simple majority decision-making at both the Board and member levels;
5. A requirement that members be "in good standing" (i.e., have paid appropriate dues) before they are eligible to vote or enjoy other privileges and benefits;
6. The creation of a Transition Board and officers; and
7. A transition period for the Transition Board to receive member input and propose additional necessary or desirable bylaws amendments to further revitalize the organization.

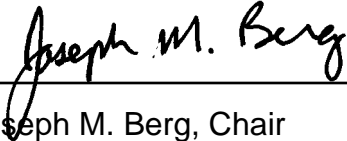
Many of us have been working with the Council for a long time and have devoted countless hours to furthering its cause. As noted above, Group 2 Board members do not support the direction of the refocused and restructured organization at this time, and all but one of them will be resigning from the Board on December 31, 2016. The utility members hope that the refocused and restructured organization demonstrates its success in advancing water conservation and efficiency in California and, in so doing, will attract new members from utilities, NGOs, businesses and research organizations. This includes attracting past members, such as the current Group 2 Board members and other Group 2 MOU signatories who may be leaving the organization, to return to the organization. The input and participation of all NGOs will always be welcome.

Your approval of the proposed changes would sunset the Council as we have known it and lay the groundwork for shifting it into a refocused and restructured organization. As members continue this process, we hope that the spirit of collaboration that is a Council foundation will continue.

We welcome your input and look forward to discussing the proposed changes during a Webinar scheduled for 10 a.m. to 12 p.m. on December 6, 2016, and during the plenary on December 13, 2016, in downtown Los Angeles. You

can find more detailed explanations of these proposed changes in the accompanying packet.

After any questions you may have are answered, we look forward to receiving your vote on the attached ballot. As the ballot itself explains, you can submit your vote in a variety of ways at any time up until 5 p.m. on Friday, December 30, 2016. The results of the vote will be released immediately after they are counted.



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Joseph M. Berg, Chair



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Peter Vorster,  
Vice-Chair

List of attachments:

- Ballot
- Explanatory memo
- Proposed bylaws changes
- Redlined version of proposed bylaws changes