

## **WATER CONSERVING RATE STRUCTURES GENERAL OVERVIEW:**

Water Conserving Rate Structures come in many designs. As the need to conserve becomes more critical, agencies are creating unique and customized approaches. Below are listed a few of the structures in place within our region.

**Padre Dam Municipal Water District (Padre Dam)** - is considering a hybrid approach combining the water budget concept and conservation rates together. It is less specific than a true water budget which is more customer/lot specific. Padre Dam will assign an Equivalent Dwelling Unit baseline water usage allocation in five water consumption tiers. Under this approach, Padre Dam will set four or five tiers with the lower tiers capturing a water efficient internal and external water use for a typical single family dwelling home. Padre Dam will then apply this “typical” single family dwelling allocation to all of their customers using a multiple of EDUs. Padre Dam may devise as many as three categories of single family dwellings. They will allow customers to change their assigned allocation via an on-line application process similar to Irvine’s. Padre Dam will apply the allocation and related tiered rates using SDCWA’s “Dr. Chestnut Model” and then check the results. As customers exceed their basic needs in the lower tiers, the rates will increase dramatically (2X, 4X). These higher rates will increase even higher as their agency progresses from Level 1 to Level 4 (8X). The first tier would be set below the cost of water while the 2<sup>nd</sup> and 3<sup>rd</sup> Tiers will be set slightly above. The upper tier rates will be very steep. Any funds collected above costs will be segregated and spent on conservation programs.

**Otay Water District (Otay)** - plans to restructure rates to eliminate several unique fees and bring fixed and commodity rate structures more in line with industry standards for cost of service principles. Otay will include conservation tiers for both residential and commercial customers. Tier groupings have been established based on grouping of meter sizes across classes with the tier groups based on similarities in volume of use.

**Irvine Ranch Water District (Irvine Ranch)** - uses a tiered rate billing system, based on a water budget allocation. The rate structure is based upon providing customers with the water they need. Inefficient use is penalized with higher rates. Revenue from higher tier water use is reinvested to promote long-term improvements in water use efficiency. The structure uses five tiers, with Tier 1 a low volume “Supersaver” rate where the use is 0-40% of the customer’s budget; Tier 2 is the “Conservation” base rate with use from 41 to 100% of their water budget allocation; Tier 3 is “Inefficient” use, or from 101 to 110% of their allocation; Tier 4, “Excessive” is 111-120% of their allocation; and “Wasteful” is above 121% of their allocation. The “science” of the structure incorporates indoor use and outdoor use assumptions about persons per household, weather based data, and lot size. Variances can be requested and water conservation staff can regularly set and review water allocations for changes.

**Eastern Municipal Water District (Eastern)** - plans to implement a water budget based tiered rate structure in two phases. Phase 1 will include a structure that is a generalized water budget where indoor and outdoor water use is estimated for customer groups based on a pre-defined per person amount, average lot size, and weather information. Phase 2 will implement individualized water budgets nine months later with indoor and outdoor water use estimated

for each account based on actual household size, actual landscape size, and daily weather information.

**Olivenhain Municipal Water District (Olivenhain)** - has proposed rate increases for both non-drought rates and drought rates. The non-drought rate increase is the “normal” rate increase to pay for increased wholesale costs and increases in regular water operations and maintenance - i.e. the regular rate setting process. The drought rates are broken down in 4 levels (Level 1 through Level 4, depending on the severity of drought) and are consistent with SDCWA’s Regional Drought Ordinance. It is “special” water pricing that is temporarily put in place to achieve a targeted water consumption reduction. Olivenhain plans to issue a Prop 218 Notice that includes pricing on the non-drought rates and Level 1 through Level 4 drought rates percent increases. Olivenhain uses three tiers for domestic, with each tier based on the number of dwelling units (0-6, 7-43, and over 43), essentially collapsing domestic and multi-family together. They use two tiers for commercial (“base,” based on historical use, and “over base”).

### **DROUGHT RESPONSE ORDINANCES:**

Statewide responses to the current water shortage/drought vary greatly. San Diego County, in general, is at a voluntary level. However, at least three jurisdictions in Southern California have begun mandatory restrictions - San Juan Capistrano, Long Beach, and Chino Hills (Attachment 1).

Agriculture rationing *has* begun in San Diego, as in Turlock, and Yuba County. Many districts in the Central Valley are under mandatory watering restrictions.

The SDCWA and the General Managers spent several months this summer constructing a generic Drought Response Ordinance to be used and/or modified by SDCWA member agencies as they choose.

To date, the following have passed Ordinances/Policies and Procedures based on the generic version: City of Oceanside, Fallbrook Public Utility District, Helix Water District, Lakeside Water District, Olivenhain Water District, Otay Water District, Padre Dam Municipal Water District, Rainbow Municipal Water District, Rincon Del Diablo Municipal Water District, Vallecitos Water District, Yuima Municipal Water District, San Dieguito Water District, Valley Center Municipal Water District, and Vista Irrigation District.

Currently, the following are still in the process of passing an Ordinance/Policy and Procedure: Carlsbad Municipal Water District, City of Del Mar, City of Escondido, City of Poway, City of San Diego, Ramona Municipal Water District, Santa Fe Irrigation District, and Sweetwater Authority.

Member agencies have modified the Ordinance to fit their particular need. For example, Padre Dam Municipal Water District made Level 1 mandatory as opposed to voluntary. Several agencies have moved to not issuing new meters from the generic Level 3 to Level 2. At least one North County Agency is working on language that gives a variance for more water use to anyone who participates in a program to remove turf and put in low-water-use plants.