

IRVINE RANCH WATER DISTRICT POLICY POSITION WATER CONSERVATION

February 20, 2009

Issue Summary:

Agencies responsible for managing water resources have an obligation to provide the resource in a safe and efficient manner. Management of any limited resource includes the practice of conservation. Irvine Ranch Water District has implemented an aggressive water conservation program that rewards customers for conserving, and continues to promote new ways to conserve water, both locally and state-wide.

Background:

Irvine Ranch Water District has specified in its mission statement the objective to provide reliable, high-quality water to its customers. Implicit in the concept of reliability is the responsibility to develop an array of strategies to responsibly meet existing and future water needs. Although these strategies should include both supply augmentation and demand management, the ability to develop new cost-effective supplies (or simply maintain existing supplies) is limited by physical, environmental, institutional, and legal factors. Consequently, it is imperative that water agencies optimize the use of their water supplies. One way to do this is through the development and implementation of water conservation programs.

Despite agreement on the importance of water conservation, there have been limited and inconsistent efforts to establish a coordinated approach to conservation across the layers of water agencies in both Southern and Northern California. Consequently, these programs have been unevenly applied, with a wide range in the level of participation across agencies. For example, not all agencies have signed the 1991 Memorandum of Understanding outlining best management practices (BMPs) for urban water conservation programs across the State. Even among MOU signatories, significant variation in implementation strategies and levels are common. Reasons for this variation include:

- Variations in the understanding of the need and benefits of water conservation programs (“Why should we conserve if supply is greater than demand?”);
- Variation in the political will of the governing body to implement policies or programs that seek to modify behavior, either by incentives or disincentives;
- Concerns about protecting revenue streams from the sale of water (rate setting/structure issue);
- Variations in “the conservation ethic”;
- Differing situations and approaches in determining the cost effectiveness of conservation programs;
- Level of understanding of the associated environmental benefits of conservation; and
- Lack of clear pricing signals from water wholesalers.

Although these may be good reasons, the resulting compliance variability has led some to suggest that legislative remedies mandating conservation efforts are necessary. Governor Schwarzenegger has called for a 20 percent reduction in statewide water demand by 2020, which has led to increased calls for regulatory approaches. While supportive of the intent of the legislature, IRWD believes “local control” should prevail and that water agencies answerable to their constituents should pursue their own methods of conservation. Additionally, IRWD believes that an aggressive effort by water agencies to coordinate, promote, and spread water conservation activities should be undertaken immediately. This approach should be economically based and provide “credit” to agencies for conservation activities that improve regional water supply reliability.

Policy Principles:

- IRWD has committed to: *“Be a leader in the innovation and implementation of conservation measures promoting the most efficient use of water on both a per capita and a per acre basis.”*
- Conservation programs should be economically viable:
 - The economic value of conservation is, at a minimum, the avoided cost of the most expensive water;
 - When multiple agencies are involved (e.g. wholesaler, retailer), avoided costs are cumulative thereby increasing the funds available for conservation;
 - Indoor water conservation should consider benefits from reduced wastewater treatment.
- To the extent practical, conservation should be achieved by locally managed financial incentives and disincentives as contrasted with mandated or regulatory solutions;
- Statewide policy approaches should:
 - Recognize that water efficiency programs are most successful if they are locally designed, implemented and managed;
 - Allow agencies flexibility and options for compliance in achieving statewide demand reduction goals;
 - Build upon accepted water use efficiency and industry standards;
 - Encourage and reward previous investments in beneficial water use efficiency and conservation strategies, including water recycling; aggressive rate structures that create a nexus between those overusing water and those bearing the costs of overuse; and investments in distribution system integrity, among others;
 - Build on existing tools and reporting devices to keep reporting processes simple and minimize replication and needless waste of resources.
- Conservation strategies should include promoting both the expanded and efficient use of recycled water;
- Conservation programs should include devices and techniques that minimize human intervention through automation, thereby helping to promote reliable, long term benefits;

- Conservation programs should be undertaken by the agency best suited to most effectively achieve the objectives;
- Retail water agencies should adopt rate structures that:
 - Insulate revenues from decreases in water sales associated with conservation,
 - Provide customers with appropriate “signals” on their water use efficiency.
- Wholesale water agencies should “incentivize” conservation through the development and implementation of a methodology for distributing available water during shortages that provides appropriate adjustments to agencies that aggressively pursue conservation; and
- Water agencies should discontinue conservation incentive programs that have achieved their objectives, and re-direct resources to new initiatives.