

EQUINOX CENTER

June 6, 2011

San Diego County Water Authority
4677 Overland Ave.
San Diego, CA 92123

Dear Board of Directors,

Equinox Center is pleased to submit comments on the San Diego County Water Authority's Draft 2010 Urban Water Management Plan. We recognize that the creation of such a plan represents a significant amount of time and thought, and commend the board and staff for their commitment to trying to develop a coherent water planning document for the region.

[Equinox Center](#) is a non-partisan, not-for-profit research and communications organization dedicated to improving quality of life in the San Diego region. We provide balanced data and information to decision makers and the public on four core topics--water, energy, transportation and land use-- to help San Diego craft an intelligent future as we plan to accommodate significant growth in the next 20 years.

Following are Equinox Center's comments on the draft 2010 Urban Water Management Plan:

- Equinox supports the general concept of diversifying the region's water supplies and reducing dependence on imported water. We believe the decisions about our future water portfolio should be informed by transparent cost/benefit analysis of the different potential solutions. However, it is not clear from this planning document, nor from the Water Authority's proposed 2012-2013 budget, how decisions about which strategies to pursue are being made from a cost perspective. We recommend the costs for different potential portfolios or scenarios be laid out in the document so the public and ratepayers can understand the difference between the choices being made.
- We need to do a better job evaluating where we get the "biggest bang for the buck" when it comes to dealing with our water supply challenges. For example, although the UWMP states that the region has conserved over 650,000 Acre-Feet since 1991, the plan does not make clear how much various programs contributed to that conservation, nor at what cost. Although a number of programs are listed, these often capture outputs (\$ spent on program, or # of audits conducted) rather than outcomes (documenting how much water was saved). Unless we know exactly what worked, we cannot objectively determine which interventions should continue and which should end. We recommend the Water Authority better document both where water savings are coming from as well as how much it cost to achieve those savings.
- [Research commissioned](#) by Equinox Center shows that even accounting for the expense of offering water consumers rebates and incentives, it is still vastly cheaper to address water challenges by using our existing supplies more efficiently than it is to increase our water supply through almost any other means. Yet the conservation section of the CWA plan does not include a budget/cost section for conservation programs going forward, nor does it outline a coherent strategy akin to the detailed strategies it includes for developing other supplies such as seawater desalination. Furthermore, the

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CWA's budget for 2012-13 slashes conservation and efficiency programming. This seems short-sighted and unfair to the ratepayer given that efficiency is the cheapest way to help address our water challenges, and that it has other cost savings (savings in wastewater treatment and sewer infrastructure costs) and environmental benefits (reducing pollutants to the ocean, reducing GHGs) associated with it. In the longer term, CWA will be able to reduce its infrastructure costs and debt load if efficiency activities are given more consideration in this plan, and we urge the Water Authority to strengthen its activities in this area. For example, what elements of the 2007 Blueprint for Water Conservation will be implemented and how? (Note: the link to the Blueprint on CWA's website was not working over the past two weeks).

The plan does, as required by law (SBX7-7), address the fact that the region must reduce its per capita water consumption by 20% by 2020. According to data provided by CWA to Equinox, approximately half of the CWA's member agencies last year had GPCD usage below the regional target of 167 GPCD for 2020, and some may even now be below their own targets. Of course, the recession has played a role in lower than normal usage numbers in the past year. But even if they have not already achieved these targets, the districts will plan to do so by 2020. What Equinox finds troubling is that the plan then assumes no additional water savings during the planning period between 2020-2035, and in fact projects an overall 20% increase in total water use over 2005-2010 levels. We believe there should be a great effort to incorporate and quantify efficiency and conservation savings in the post 2020 period.

- Our [2011 Dashboard showed](#) (pg. 7) shows how effectively San Diegans have been able to conserve water in recent years, though obviously the down economy played a role as well. A complete return to "business as usual" following the recession ([See chart on page 38](#) of the UWMP) is not logical given that the Water Authority's own recent poll showed [a water conservation ethic](#) has taken hold in the region. And [local water management companies](#) project there is still a vast untapped market for their services in both the residential and commercial sectors.
- The projected total demand of 778,443 AF in 2035 perpetuates our already high dependency on MWD. According to our reading of the UWMP, even with additional local supplies including desalination, the MWD would be supplying the San Diego region with 323,030 AF in 2035, approximately 40% of the region's projected total demand. If the San Diego region were to instead keep our total demand flat (using the 2005-2010 total demand average), we could potentially reduce that to 30%--a truly significant achievement. On that topic, we would like to request clarification about these percentages and how they contrast with percentages contained on p. 5 in the 2012-13 recommended budget showing MWD providing only 23% of the supply in 2020. Whenever possible, it is important that data provided to the public use consistent numbers and measures to avoid confusion.
- Equinox believes that as a region, we can aim higher when it comes to water efficiency and using water more thoughtfully. We urge the CWA to consider how it could incentivize additional efficiencies in the region to keep our water demand flat over the next 25 years. We ask the Water Authority to include in its UWMP an analysis of the cost to keep demand flat from the 2005-2010 total demand instead of

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needing to find the additional 130,413 Acre-Feet to meet the projected demand of 778,444 AF in 2035. In making some simple calculations, we found that a target of 144 GPCD would allow us to do that. Almost half of the districts had a GPCD usage rate under that number in 2010, and many other arid regions, including developed areas of Australia and the Mediterranean, have numbers significantly lower, even compared to pre-recession usage rates. For example, the Water Authority could develop a model steeply tiered pricing structure and or workbook for the region, much like the Water Authority's work on the model landscape ordinance, and target those districts whose numbers are higher than the regional average to significantly reduce waste. Over time, new pricing structures will help the public to understand the real costs of delivering water to them, and signal the true value of water to our region. If done properly, such pricing structures can also stabilize water utility revenues and minimize the kind of drastic cuts the Water Authority and its member agencies have been forced to make in recent years.

- The scenario planning section of the UWMP shows that our supplies are vulnerable to legal, technical, environmental and other challenges. In scenarios where local supplies are not developed as extensively as predicted, where the QSA supplies are not being delivered as anticipated, or where there is a severe multiple year drought, conservation has to play a larger role. It is always less expensive to encourage behavioral change over a long period of time than it is to manage it in a crisis. While we recognize the difficulty of this choice in that it may yield reduced revenue for the CWA and its member agencies in the short term, incentivizing the conservation and more efficient use of water now will benefit both agencies and consumers in the long term, as well as secure our region's sustainability in the future.

In closing, Equinox Center is concerned our region is squandering an opportunity to advance the considerable momentum it has already achieved in its ability to use water more efficiently. We believe there is a new path forward for our region: one that employs the latest technologies, innovative pricing structures and other mechanisms to discourage waste and incentivize efficiency. It is time to go beyond a "compliance mentality" and consider water efficiency as an opportunity to achieve competitive advantage for our region. The private sector is already well on its way to recognizing this opportunity (including major corporations like Coca-Cola, IBM and investors like Warren Buffett).

Thank you for your consideration of our comments. Equinox stands ready to work with the San Diego County Water Authority and its member agencies to address any of these comments or ideas and we are happy to answer any questions or provide additional data and information related to our comments. A list of our board members is attached.

Sincerely,

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