STAFF REPORT

Meeting Type:	Finance & Administration Committee/Board of Directors
Title:	Water Efficiency Cost Analysis Relative to Water Supply Planning
From:	Bret Uppendahl, Finance Director BU
Through:	Ben Horenstein, General Manager
Meeting Date:	May 23, 2024

TYPE OF ACTION: Action X Information Review and Refer

RECOMMENDATION: Receive an update on financial analysis of water efficiency cost relative to water supply planning

SUMMARY: On May 1, 2024, staff conducted a Water Efficiency Master Plan Workshop (Workshop) to review strategies for enhancing water conservation efforts and promoting sustainable practices. As part of the workshop, staff discussed water savings goals attributable to demand reduction. Total water savings are projected to be 4,160 acre feet by 2045 when accounting for both active and passive savings.

In response to a Board request at the Workshop, staff will provide a financial review of how water efficiency activities can be analyzed in an 'apples to apples' manner consistent with the other elements in the District's Water Supply Roadmap.

DISCUSSION: The District develops water savings programs for residential, commercial, and institutional customers through a combination of incentives and outreach programs. Compliance with State water efficiency regulations and enforcement of local water conservation policies are also supported by staff. The Water Efficiency department has an ongoing operating budget of approximately $2.7 million, including $651,000 in conservation incentives and eight full time staff.

In developing the Water Efficiency Master Plan, District staff worked with an outside consultant to use the Alliance for Water Efficiency Conservation Tracking Tool (AWE Model), which is a model to estimate the annual savings of an expanded incentive and outreach program over the next 20 years. This included an analysis of water savings per District activity, forecasted customer participation, increased incentive levels, regulatory updates and the implementation of Automated Metering Infrastructure (AMI) in 2028. The cost of each measure included direct staff time and the cost of purchased Sonoma County Water Agency (SCWA) was used as the basis for estimating marginal costs. The resulting calculation of the cumulative savings over 20 years was a program cost of $1,830 per acre

foot. The projected water savings steadily increases each year, with active savings attributable directly to District initiatives increasing from 460 acre feet per year (AFY) in 2025 to 1,680 AFY in 2045. Passive savings, which are attributable to natural replacement as well as federal and state regulations, are projected to increase from 610 AFY in 2025 to 2,480 AFY in 2045.

As a point of comparison, staff will present an alternative financial analysis that is generally consistent with the methodologies and approaches used for the other elements in the Water Supply Roadmap.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S): None.