Conservation-Based Water Rates Project Update

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Retailer's Milestones

No.	Retail Water Agency	Rate Study Begin	Rate Study Final Draft	Rate Adoption Goal	Rate Implement ation Goal
1	Cucamonga Valley WD	Aug-16	Sep-17	N/A	N/A
2	East Valley WD	Jul-14	Jan-15	Jun-15	Jun-15
3	Garden Grove City	Sep-16	Aug-17	N/A	N/A
4	Chino City	Jan-16	Apr-17	Jun-18	Jul-18
5	Chino Hills City	Apr-16	Oct-17	Feb-18	Jul-18
6	Hemet City	Nov-15	Nov-17	Feb-18	Apr-18
7	Rialto City*	Sep-15	Mar-18	Jul-18	Oct-18
8	San Jacinto City	Sep-16	Sep-17	Dec-17	Jun-18
9	Tustin City	Aug-16	Oct-17	Nov-17	Jan-19

Grey Text = Retailer's evaluation of conservation-based rates is complete.
*Target schedule; assumes data transfer from billing system to the rate study consultant is on schedule.

Cucamonga & Garden Grove

- Governing boards decided not to move forward with conservation-based rates
- Garden Grove council feedback:
  - Staff time
- Cucamonga board feedback:
  - Staff time
  - Projected rate increase
- Additional funding not used by water agencies will be brought back to PA 22 Committee

Cucamonga Valley Water District

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Lessons Learned

- The amount of State grant funding has not significantly impacted governing board support whether to proceed with conservation based water rates.
- High amount of GIS staff time devoted to "scrubbing" the retail agencies customer demand data once it is available from a retailer's billing system;
- Outdoor water budgets based on a certain percentage of parcel lots may be more appealing from a data management perspective;
- It's helpful for a governing board to adopt policy objectives for their rates prior to the rate change decision;
- After process of creating water budgets, retailers have useful information for demand forecasting and water conservation.

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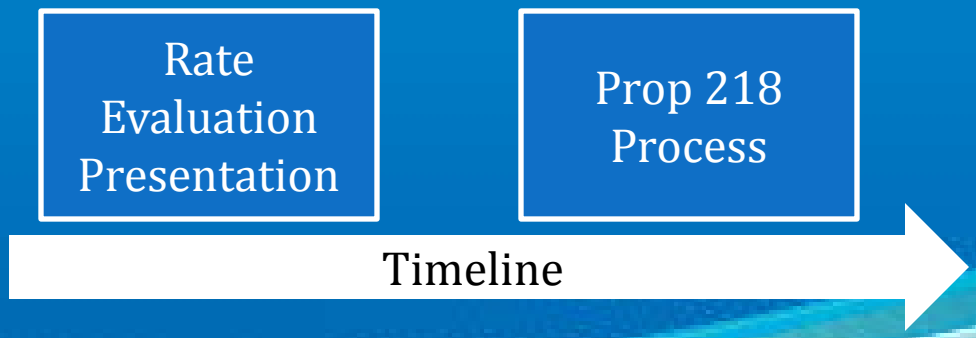
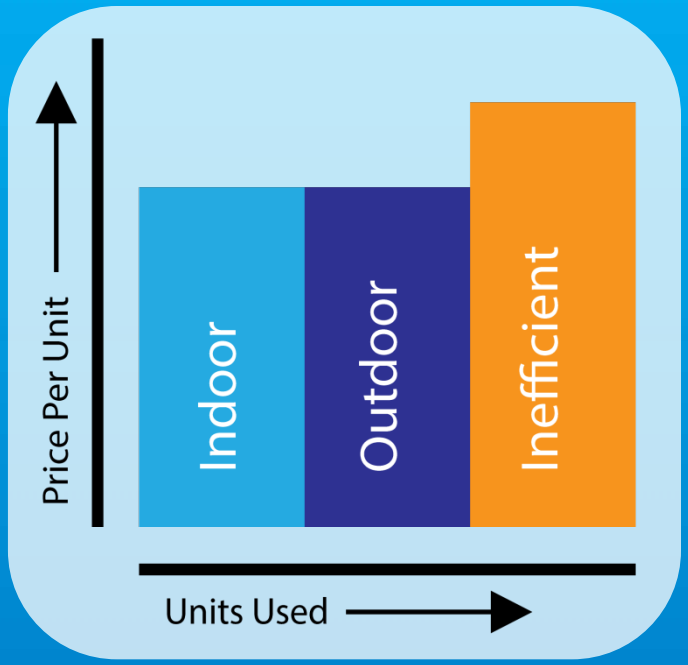
Governing Board Decision Making Process

- Some governing boards decide on rates before Prop 218 process
- SAWPA feedback is that grant funding cannot be provided after full evaluation is presented to board, even if evaluation is pre-Prop 218



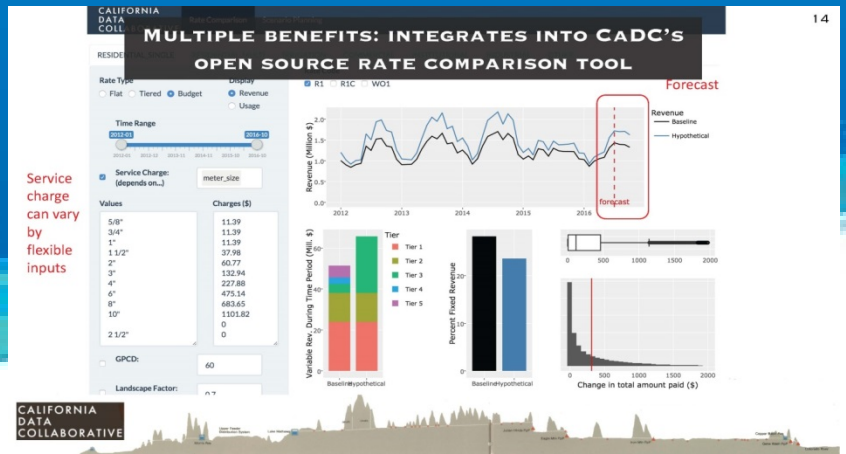
San Jacinto



- Three tiers
  - First two have same price
  - Third is escalating
- Still complies with policy statement
  - *"…a customer-specific allocation that follows an increasing block rate structure that includes at least three blocks, with one or more blocks accounting for high or exceeding water use, based on State efficiency standards or more stringent efficiency standards. "*

Rate Comparison Tool

- Discussed at April 27 Committee meeting
- Subsequent discussion with Advisory Workgroup
  - Dampen interest, as it would be an eligibility requirement in addition to DWR's grant requirements
  - Staff to recommend retailers use tool instead of require
- Plan to promote SARCCUP Rates Component when legislature acts on Executive Order B-37-16



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CA Data Collaborative

Public Outreach

- Seven FAQ Documents:
  - Why Conservation-Based Rates And Why Now?
  - What Is The Difference Between Conservation-Based?
  - Preparing For A Successful Public Process.
  - Legality Of Conservation-Based Rates.
  - How To Talk About Fixed Costs.
  - How Are Conservation-Based Rates Fair To All Customers?
  - Maintaining The Structure During The Implementation Phase.
- $6,500 remaining on $25,000 contract with CV Strategies
- Plans for educational video to compliment Prop 218 notices

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Recommendation

Receive and file.