

Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 3:50 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Water Rate Structure

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Dusten Dennis [mailto:dusten_dennis@hotmail.com]
Sent: Friday, February 27, 2015 12:04 PM
To: City Council
Subject: Water Rate Structure

Hello City Council,

If you are still considering water rate structures please do all you can to encourage conservation by lowering or holding the fixed charges and significantly increasing the metered charge. I was saddened to hear about the plan to increase the fixed charges which will decrease the incentive to conserve by not rewarding conservation efforts. I urge you to raise metered rates so we can all have appropriate financial incentives and consequences for our usage.

Thank You,

Dusten Dennis
920 Cayuga St.
Santa Cruz, CA 95062

Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 3:55 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Water Rates

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

-----Original Message-----

From: Fred J Geiger [mailto:fredjgeiger@yahoo.com]
Sent: Saturday, February 28, 2015 7:55 AM
To: City Council
Subject: Water Rates

If the desire of the City is to encourage less water use the current billing structure is not structured optimally to achieve this result. Eliminating the fixed charges and having a more highly graduated pricing structure is the solution towards the goal of reducing use. Thx for yr efforts! Fred Geiger

Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 3:44 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Water

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

-----Original Message-----

From: paintr paintr [mailto:paintr@arczip.com]
Sent: Friday, February 27, 2015 9:22 AM
To: City Council
Subject: Water

If using less water creates supply, then ceasing all hookups will create a surplus, according to some. Why should current ratepayers conserve water when plans to accomodate 37,000 more people are in the works (not to mention fish)? Santa Cruz needs a water supply inventory to match its demand. Depriving current ratepayers of this basic necessity is not the way to go about it.

Respectfully Submitted,
Dennis Case

Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 4:02 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: water rates on the agenda March 3rd

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Jeb Bishop [mailto:jeb@baymoon.com]
Sent: Sunday, March 01, 2015 10:24 AM
To: Micah Posner
Cc: City Council
Subject: Re: water rates on the agenda March 3rd

I think it is absolutely imperative to reduce water consumption. There is just not enough at all for fish, urban dwellers, and agriculture. Then water needs to cost more to achieve this end. That is the price we pay for far too many of us on this planet going after shrinking resources. Higher prices also diminish demand, as is the case for anything in our capitalist economy.

I favor a much more steeply tiered rate structure than is in place now. In the condo building I live in with 6 units, we are using some 30 - 35 gallons per person per day. We have drought tolerant landscaping and the usual low flush toilets and all. We are not suffering. I think the City's drought restriction value of 6 CCF, or 75 gallons/person/day for 2 persons per unit, is generous. I think anyone using more than this should face much much higher rates, when they are taking away from the rest of us who are being responsible.

Jeb Bishop
319 Brook Ave
Santa Cruz, CA 95062

On Feb 27, 2015, at 4:58 PM, Micah Posner <micahposner@cruzio.com> wrote:

Dear Constituents,

On March 3rd, at 7:30PM the City Council and the Water Commission will have a joint session to begin discussing changing water rates to be more closely tied to usage. I want to lay out some of the background for that discussion which involves presenting my subjective view on local civics.

I've always thought it interesting that the word city means two different things. It refers to this beautiful place here on the west coast of California shared by 62,864 people, and it refers to the public corporation that serves these people. When speaking about the place, one uses a small c. The corporation is represented with a capital C.

The staff of the City has a strong desire to serve the citizens of the city and they spend most of their time doing so by insuring that the City is working well; that its operations are smooth and efficient and its bills are paid with a minimum of taxation. The City of Santa Cruz is a very important, even beloved, institution and one cannot appreciate the staff enough for keeping it running. To insure that this institution continues to act for the people and not merely on its own behalf, we have an elected City Council that controls the City's budget, hires and supervises the City Manager and in other ways conveys the will of the people to the institution.

What does that have to do with water? Well, a lot, actually. And the Council can use your help sorting it out. Here are some pieces to the dilemma:

- If we charge for water on a per unit basis, with higher per-unit charges the more one uses, we will use less water per person. Using less water will be better for our environment, make it more sustainable for more people to live here and make it less likely we will need large scale supply projects with the associated major rate hikes. Sounds great for the city, but what about the City?
- The more water the City sells, the more money it makes. The less water it sells the less money it makes. Selling less water every year creates stress on the City. It makes it harder for the City to succeed at its mission of delivering a stable, predictable and high quality source of water. It also makes it harder to set stable long-term water rates.
- A large percentage of the City's costs to produce water are fixed, with the result that the more water it sells, the cheaper it is to sell per unit and the converse. The less water it sells, the more it has to charge for it on a per unit basis. And the more we citizens have to pay for it. It is not an option to let the City go bankrupt. That is a scenario in which we all lose.
- If we radically reduce our water use, our per unit price could get higher than other water systems that sell more water per capita, thereby making the city of Santa Cruz incrementally more expensive to live in and to do business in (at least on a per gallon basis).

What should we prioritize when setting water rates? Conservation? Price? Stability? Ease of use? What does your ideal rate system look like?

Please weigh in on this conversation by studying the issue with the City Council and Water Department staff on March 3rd, and/or send questions or comments to citycouncil@cityofsantacruz.com.

Micah Posner
representing the city of Santa Cruz on the City Council

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Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 4:06 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: WATER RATES

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

-----Original Message-----

From: DAVID LAUGHLIN [mailto:dlaughlin@ebold.com]
Sent: Monday, March 02, 2015 8:45 AM
To: City Council
Subject: WATER RATES

Hi Micha. I favor raising rates to cover costs. If the City delivers less water, then we residents pay more. And I'm fine with that provided that the department is run efficiently---staff compensation is reasonable, system losses are a a reasonably low level, and expenditures are carefully scrutinized, (the high price of the out reach consultants is a little hard to take as are the millions wasted on desal.) But I understand that, given certain fixed costs, if less water is sold, then each unit of water costs more. I think I'd put a little pressure on the manager of the water department to prepare a list of administrative cost reductions. May not be realistic, but its worth taking a look at. Also, I assume that the city provides water to some of the north coast agricultural operations. Perhaps these rates could be increased. Good luck and I appreciate being asked what I think---no other council member does that as far as I know.

Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 4:15 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: water rates on the agenda March 3rd

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Micahposner [mailto:micahposner@cruzio.com]
Sent: Monday, March 02, 2015 2:24 PM
To: City Council
Cc: Rosemary Menard
Subject: Fwd: water rates on the agenda March 3rd

Dear Council,

Just thought I'd forward some of the responses I got to the below email.

Micah

From: Alper Dan <spikealper@gmail.com>
Date: February 27, 2015, 10:22:23 PM PST
To: Micah Posner <micahposner@cruzio.com>
Subject: Re: water rates on the agenda March 3rd

Horseshit!
Raise the price of water 20%.
Sell 20% less water.
Same difference.

See this:
https://alumni.stanford.edu/get/page/magazine/article/?article_id=71847

On Feb 27, 2015, at 4:58 PM, Micah Posner
<micahposner@cruzio.com> wrote:

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an option to let the City go bankrupt. That is a scenario in which we all lose.

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What should we prioritize when setting water rates? Conservation? Price? Stability? Ease of use? What does your ideal rate system look like?

Please weigh in on this conversation by studying the issue with the City Council and Water Department staff on March 3rd, and/or send questions or comments to citycouncil@cityofsantacruz.com.

Micah Posner
representing the city of Santa Cruz on the City Council

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SPIKE

Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 4:17 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Drought Security & Water Rates

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: linda murphy [mailto:lmurphy380@sbcglobal.net]
Sent: Monday, March 02, 2015 2:59 PM
To: City Council
Subject: Drought Security & Water Rates

Here is a message sent by Bruce Van Allen with which I totally agree. Please consider his insight about the water rate issue. Many thanks, Linda Murphy
226 Berkeley Way
Santa Cruz, CA 95062
42-year resident of the City of Santa Cruz

Maybe the least understood reason for revising water rates to promote conservation is that conservation reduces our drought risk.

Reducing water demand in normal years means more water stored in Loch Lomond and less pumped from underground aquifers, leaving more water available in case the following year(s) are dry.

Santa Cruzans have reduced our normal (non-drought) water demand in the last dozen years. This has had an impressive impact on our water security, according to the *Confluence Model* run by City consultant Gary Fiske. In 2003 Fiske estimated that the City faced a 45% shortfall with a repeat of 1977 drought

conditions. (This was prior to any consideration of leaving more water in the streams for fish). In 2015 Fiske updated the estimate, reporting that "without any HCP requirements for enhanced fish flows, the baseline system could fully serve future demands even under worst hydrologic conditions". It is only when fish flow requirements and climate change impacts are factored in that the City faces a shortfall.

Take a moment to consider these amazing results. The City's estimated shortfall without considering fish habitat went from 45% to zero in just 12 years. The reason is that customers reduced their water use since 2003.

OK, we don't want to miss any opportunity to further reduce our water demand, *but will water customers reduce their use on account of water price increases?*

The answer is an emphatic yes. The City engaged statistician David Mitchell to estimate future City water demand. He estimates that price increases between now and 2035 will result in a reduction in single family residential demand of a whopping 22%. Imagine if those price increases could be structured to reward conservation and penalize excessive use.

Pricing water to encourage conservation has lots of benefits:

- * It allows customers to control their water bill and reduce their cost of living.
- * It reduces energy used in delivery and consumption of water.
- * It provides valuable water security during drought years.

For more information about conservation pricing, see DesalAlternatives.org

Thanks for reading,

Bruce Van Allen

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You are receiving this email because of your interest in the choice regarding desalination.

Our mailing address is:

SC Desal Alternatives
157 Van Ness Ave. #5

Santa Cruz, California 95060

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Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 4:18 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: water rates

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Ren Curry [mailto:rcurry@ucsc.edu]
Sent: Monday, March 02, 2015 3:00 PM
To: City Council
Subject: water rates

Mr. Mayor and Council Members

I urge you to adopt water rates with the following characteristics:

****Water rates should encourage conservation**

The marginal rate for consumption should increase with usage, just like income taxes do

Lower consumption leads to water security in the future, even if water rates have to be increased to cover costs.

****Water rates should be fair**

Rates for the first few units should be the same for residential and business users.

Renwick Curry
Santa Cruz, CA

Rosemary Balsley

From: City Council
Sent: Monday, March 02, 2015 4:23 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Water rates Issue

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Micahposner [mailto:micahposner@cruzio.com]
Sent: Monday, March 02, 2015 3:03 PM
To: City Council
Cc: Rosemary Menard
Subject: Fwd: Water rates Issue

Dear Council,

Another reply.

Sent from my iPad

Begin forwarded message:

From: Alexandra White <lexi.cruzio@gmail.com>
Date: March 1, 2015, 9:29:52 PM PST
To: "micahposner@cruzio.com" <micahposner@cruzio.com>
Subject: Water rates Issue

Thank you for a lucid explanation of the dilemma facing both the city and City of Santa Cruz on the question of water conservation and costs.

I am in favor of steeply tiered water rates, with the following objectives in mind:

- keeping basic water affordable for all
- encouraging conservation
- recouping costs from those who choose to use more

I would set a basic rate volume at drought levels. The use of such simple and cheap devices as a trickle valve on a shower head (the City evens gives these away) really makes it no particular hardship.

For those people whose priorities are vast lawns or acres of other non-native, water thirsty plants, or lengthy showers, or washing their driveways, etc. etc., we should recognize that this is a choice, not a basic need, and as such the water rates should rise steeply with ever greater use. Care should be taken (as I believe is already the case) to ensure that households with a larger than average number of residents are not unfairly penalized.

Alexandra (Lexi) White
319 Brook Ave
Santa Cruz, 95062

--
"We see frequently the vices and follies of the powerful much less despised than the poverty and weakness of the innocent."
Adam Smith *The Theory of the Moral Sentiments*

Rosemary Balsley

From: City Council
Sent: Tuesday, March 03, 2015 1:53 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: water rate structure

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

-----Original Message-----

From: Jude Todd [mailto:todd@ucsc.edu]
Sent: Monday, March 02, 2015 5:19 PM
To: City Council
Subject: water rate structure

Dear Councilmembers,

I'm writing to urge you to adopt a water-pricing structure that encourages conservation for all water Santa Cruz water users, including businesses and residences.

I live in a mobilehome park where the ready-to-serve rate is fixed at \$11 per month and the per unit rate is only \$2. Since I typically use under 25 gal/day, I normally pay only \$13 per month. That's great for me, but I honestly believe that we should be paying more for our water in this park. People here who use 75 gallons per day pay only \$17/month -- and only \$19 if they use 100 gallons. They would have to use 125 gallons per day for their usage cost even to equal their fixed cost. There's no incentive to conserve in that pricing structure.

Nor is there equity. While city residents pay \$30/month if they use 50 gallons per day, people in this park pay half that for the same amount.

Worse still, in some rental mobilehome parks, the cost of water is included in the rents, so there is no conservation incentive there whatsoever.

I hope that you will arrive at an equitable pricing structure that encourages water conservation for all water users. An added bonus for encouraging water conservation is that saving water saves energy as well. To the extent that we use hot water, we're using fuels to heat it, and the vast majority of the fuel used to heat water

is from fossil sources, so heating water puts more carbon dioxide into the atmosphere. Granted, the amount of fuel saved might be small, but lessening our fuel use is moving in the right direction.

Rosemary Balsley

From: City Council
Sent: Tuesday, March 03, 2015 1:54 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Structure water pricing in order to foster effective conservation across all customer sectors

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: paul gratz [mailto:pauljg45@pacbell.net]
Sent: Monday, March 02, 2015 6:14 PM
To: Bren Lehr; City Council
Cc: dl_WTAD; SantaCruz WaterSupply; Martin Bernal
Subject: Structure water pricing in order to foster effective conservation across all customer sectors

City Council Members,

Please consider applying evidence-based research and policy related to achieving water security planning when deciding the most appropriate way to structure water pricing in order to foster effective conservation across all customer sectors. Not a single key sector should be given a "pricing pass" at this critical time.

Sincerely,

Paul Gratz

Rosemary Balsley

From: City Council
Sent: Tuesday, March 03, 2015 1:55 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rachel Christopher; Rosemary Balsley; Bren Lehr
Subject: FW: WATER

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Gabriella Cafe [mailto:gabriellacafe@gmail.com]
Sent: Monday, March 02, 2015 8:12 PM
To: City Council
Subject: WATER

AS A RESIDENTIAL CUSTOMER I WOULD HAVE TO SAY THE RATES ARE TOO LOW
CONSIDERING THE TRUE COST

AS A BUSINESS THE RATES ARE TOO HIGH CONSIDERING THE COMPARISON WITH
RESIDENTIAL RATES...WATER IS MORE THAN 10% OF MY NET INCOME

LOOK AT DESAL PLANT IN PERTH...ALL SOLAR AND WIND POWER

--
PAUL COCKING
GABRIELLA CAFE
910 CEDAR ST
SANTA CRUZ, CA. 95060
831 457 1677

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From: City Council
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To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: water pricing

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Debbie Bulger [mailto:dfbulger@cruzio.com]
Sent: Monday, March 02, 2015 8:22 PM
To: City Council
Subject: water pricing

Dear City Council members

I am in favor of structuring water pricing to **minimize consumption and reward conservation.**

I rarely water my landscape since I have drought tolerant plants. Mostly I use the water I collect in a bucket while waiting for my shower to warm.

Appropriate pricing will encourage property owners to install more drought-tolerant landscapes.

Please encourage people to conserve water.

Debbie Bulger

Rosemary Balsley

From: City Council
Sent: Tuesday, March 03, 2015 1:56 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Comment on water rates

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

-----Original Message-----

From: Victor Aguiar [mailto:victor@ecoact.org]
Sent: Tuesday, March 03, 2015 8:29 AM
To: City Council
Subject: Comment on water rates

Dear Santa Cruz City Council,

We live on the Westside of Santa Cruz, and we would like to encourage you to mandate water rates that reward conservation.

We have had a good experience cutting our water consumption in response to the rationing in 2014. We have a small house and a large yard with 600 square feet of vegetable garden and fruit trees.

We inspected our drip irrigation system and found that we were able to remove and reconfigure lines and emitters enough so that, along with other conservation measures, we were able to cut our consumption in half. What's more, everything grew just as well with less water.

We believe that this experience demonstrates the extent of excess water use that exists throughout the Water Department's service area.

Please insist on rates that encourage conservation to the greatest extent possible. If you do, we believe that our community can realize all the benefits, including reduced energy consumption and adequate supply without desalination, that the potential conservation would provide.

Thank you.

Julie and Victor Aguiar
133 Baldwin Street
Santa Cruz

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To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
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Subject: FW: Water pricing

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

-----Original Message-----

From: Kathy Haber [mailto:dannynor@cruzio.com]
Sent: Tuesday, March 03, 2015 9:57 AM
To: City Council
Subject: Water pricing

I would like to express my opinion that water delivered and used in Santa Cruz by the SC Water Dept should be priced equally for all users. Water used in homes, businesses, landscapes and farms is the same water. If I pay a certain price and a golf course or business is charged substantially less per gallon, I am being forced to subsidize that enterprise. I vigorously object to this.

As we proceed into an even worse drought year than 2014, less water will need to be consumed by the BIG USERS. These are businesses and landscapes (golf courses.) Householders have already made big cut-backs and there are no more savings there to be achieved.

Sincerely
Kathy Haber

Rosemary Balsley

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To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: [Water Rates] note to City Council and Water Commission

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: Doug Engfer [mailto:doug@engfer.org]
Sent: Tuesday, March 03, 2015 10:05 AM
To: City Council; Gloria Rudometkin; Renee Coletta
Cc: Doug Engfer
Subject: [Water Rates] note to City Council and Water Commission

Mayor Lane and Members of the City Council and Water Commission:

I write regarding today's working session on water rates.

First of all, I applaud and appreciate your attention to this matter. Our water supply has been and remains a high-profile issue for the city and for the Water Department's customers who live outside of Santa Cruz. As has been demonstrated repeatedly, here and elsewhere, implementing an appropriate water-rate schedule can have a significant impact on our supply/demand imbalance. At the same time, we should be attentive to the reasonable needs of those on low and/or fixed incomes. You all have a key role to play in striking the right balance in our water rate structure.

Mindful that the process is just beginning, and that today's meeting is a working session rather than a decision-making meeting, here are some thoughts that I hope you will consider:

- **Enhance the conservation "price signal"** – Tiered water rates drive conservation behavior. Unfortunately, tiered usage rates apply to only about 40% of our water consumption – "flat rate" fees for non-single-family-residence (SFR) customers cover the rest. *We should institute tiered rates and best-management practices (BMPs) for all water users in order to both incent and reward conservation.*
- **Expand education and water budgets** – The ongoing drought and water restrictions have educated many of us about how to reduce our water use. At our household, despite being "water aware" for years, we learned that we could substantially reduce our landscape watering without harming our yard (about 1/3 acre). We operated well within our 10-unit allocation, due in large part to helpful advice from Golden Love (Love's Gardens). Our peak-season use will not rebound in the future based on what we learned. *We*

should expand the Department's education program in order to reduce the city's peak-season demand, and institute water budgets for higher-volume residential users.

- **More precise, more frequent meter reads** – Currently, we provide water-use information once per month in our water bills. The meter data in those bills is truncated to the nearest CCF (748 gallons) – not rounded off; truncated. As a result, we are sending infrequent and “fuzzy” information about water use to our customers. *We should implement (1) more frequent meter reads (daily or, at worst, weekly) and (2) should bill in smaller and more-meaningful units (say, per gallon, not per hundred cubic feet).*

Again, thanks for your efforts here. While I can't be at tonight's meeting, I'll be watching and learning on Community TV.

Best,

Doug Engfer

doug (at) engfer (dot) org

Rosemary Balsley

From: City Council
Sent: Tuesday, March 03, 2015 1:57 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rosemary Balsley; Rachel Christopher; Bren Lehr
Subject: FW: Water rates study session
Attachments: Water restriction comments March 2015.doc

Keith Sterling
Community Relations Manager
City of Santa Cruz
Office (831) 420-5032
Mobile (831) 706-1477

From: avery snow [mailto:averysnow@yahoo.com]
Sent: Tuesday, March 03, 2015 10:27 AM
To: Bren Lehr; City Council; Avery Snow
Subject: Water rates study session

Please see the attached document for my comments on water rates.

Thanks,

Eric Grodberg

Eric Grodberg
208 Trescony Street
Santa Cruz CA 95060

averysnow@yahoo.com

March 3, 2015

Mayor Lane, City Council and Water Commission
City of Santa Cruz

RE: Water Rates

I applaud the Water Department and City Council for your proactive approach to water conservation. However, the City could take several simple measures that would likely yield additional water savings.

I. CONSERVATION

The Water Department consistently contends that there is little room for additional water savings from conservation because it has had water conservation programs in place for many years and its customer water usage is low by statewide comparison. This argument ignores several contradictory factors:

Volumetric Pricing - Problems with *Readiness to Serve* Charge

- **SFRs:** The tiered price structure does provide a penalty for Single Family Residences that use grossly excessive amounts of water. However, the price structure provides little financial incentive for SFRs using average amounts of water, to conserve. Under the current price structure the *Readiness to Serve* charge of \$19.16/month overwhelms the per unit charges of \$1.73/CCF (for the first four units) and \$4.40 (for the next five units). A customer using 3,000 gallons (4 CCF) per month would pay \$6.92 for the water used, yet his/her water bill would be \$26.08. Add to that the *Drought Cost Recovery Fee* of \$7.37 and the customer's total bill before taxes is \$33.35. After 11.5% City taxes (\$3.67) the bill rises to \$37.02. The marginal cost of using additional water is so low, these customers have little incentive to conserve. The City could improve conservation by **drastically lowering or eliminating the *Readiness to Serve* charge and increasing the per unit charge**. This would create an economic incentive for all customers to conserve - even those who are already low volume users. The City could do this in a revenue neutral manner. (All prices for in-City customers.)
- **Multi-Residential:** Multi-residential properties where apartments have individual meters are billed as SFRs. In most of these properties the individual units do not have the characteristics of SFRs such as outdoor watering, or extensive indoor water use. Because these customers are typically very low water users, the *Ready to Serve* charge dominates their water bills. By billing these customers as if they actually lived in SFRs,

these customers effectively subsidize other users. Additionally, the rate structure for Multi-Residential Master Metered properties means that in almost all cases of equal water use, the Master Metered property will have a significantly lower water bill than an Individually Metered Multi-Res property with the same number of units. Furthermore, Individually Metered properties almost always use significantly less water than similar Master Metered properties. This perverse pricing policy both inhibits conservation and charges more to customers who use less water. It is at the same time bad policy and unfair. Here is a side by side example of 8 unit apartments - one Master Metered, one Individually Metered:

- Assume 3 water units per apartment; 24 units total
- Ind. Metered - $8 * \$19.16 + 24 * \$1.73 + 8 * 7.37 = \$253.76$
- Master Metered - $\$19.16 + 24 * \$4.40 + \$7.37 = \132.13

- **Other Customers:** The City could improve conservation by implementing tiered charges on all customers. Appropriate tiers could be developed based on size of service and type of user. Currently only SFR and duplex residences have tiered rates. All other users pay \$4.40/unit. This would create a financial incentive for all customers to conserve.
- **Additional Benefits:**
 - **Fairness:** The current pricing structure is regressive. Most low water users pay much more per unit than all moderate and most high water users. A customer using 1 unit pays \$28.26 per unit ($\$19.16 + \$1.73 + \7.37), yet a customer using 8 units pays only \$6.38 per unit on a total of \$51.05 ($\$19.06 + \$6.92 + \$17.60 + \7.37). Low water users effectively subsidize high water users.
 - **Compliance with State Agreements:** The City joined the *California Urban Water Conservation Council* and signed an agreement requiring it to adhere to Best Management Practices. However, the Department has been out of compliance because its **volumetric revenue** (revenue based on volume of water sold) has been too low as a percentage of overall revenue (see 2010 Urban Water Management Plan sec. 6.4.4.2) This problem would be immediately corrected with a pricing scheme suggested here.
 - **Long Term Benefit:** It would encourage more conservation at all times, not just during acute shortages. With a more direct financial stake in consumption, people will consume less.
- **Working Alternative Models - Minimum Usage Charge:** Both *Pacific Gas and Electric* and the Water Department itself use this alternate pricing scheme.
 - **PG&E:** If customers consume very little electricity or gas, PG&E bills a minimum charge. The minimum charge for residential customers is approximately \$5/month each for gas and electric services. PG&E with significantly more infrastructure and "Ready-to-Serve" requirements than the Water

Department, successfully employs this model at a modest minimum charge

- **Water Department - Bulk Water:** The Department's Bulk Water program does not have a *Readiness to Serve* charge. It charges \$4.40/unit (non-metered, honor system reporting) with a minimum \$30 monthly usage. Though \$30/month is too high for residential customers, this shows that the Water Department is capable of using this pricing scheme.

The high *Readiness to Serve* charge allows the Department to have a steady stream of income regardless of water usage. Though advantageous to the Department, that does not justify this pricing scheme. As the Water Department is already prepared for a drop in revenue with the implementation of new water restrictions, this is the perfect time to implement and refine a new pricing scheme that eliminates perverse incentives, encourages water conservation and is more fair.

Legal Notice requirements for making such a change could likely be expedited because of the severe drought. California Water Code, Sections 350-359 and 10632 appear to support this. In particular Section 10632(a)(5) permits

Consumption reduction methods in the most restrictive stages. Each urban water supplier may use any type of consumption reduction methods in its water shortage contingency analysis that would reduce water use, are appropriate for its area, and have the ability to achieve a water use reduction consistent with up to a 50 percent reduction in water supply.

II. Department Polices - Bulk Water

The Water Department has an unadvertised bulk water program. This program allows tanker trucks to take water from bulk water stations. These tankers draw water **unmetered** and **unmonitored**. The use of this water is also unmonitored. Many of the trucks are from out of the City's water service area, including Aromas. City staff admitted that they are sometimes used to fill swimming pools. These trucks continue to operate unrestricted, while the rest of the City is under water restrictions. There is no apparent or enforced prohibition against exporting this water out of the district. The trucks self-report their water usage and pay \$4.40/CCF (\$30 monthly minimum) without any tiered rates or *Readiness to Serve* charge.

The City should immediately and permanently modify the program as follows:

- **Metering** Immediately implement a metering system so that all permit holders draw water through an individual meter.
- **Usage and Billing:** Eliminate the honor system / self-reporting billing. Determine usage through metered readings.
- **Usage Requirements**
 - **Water Exports** - prohibit water from being exported out of the Water Service Area
 - **Usage Restrictions** - prohibit water from being used for all but essential purposes.

- **Monitoring** - require each truck to report where the water for each tanker fill-up will be used. Ensure that it is both an essential and in Service Area use.
- **Water Shortage Contingency Plan:** Currently under the City's *Contingency Plan*, Bulk Water usage is not curtailed until the City declares a Stage 4 Shortage. The City should change this threshold to a Stage 3 Shortage.
- **Treated Wastewater:** Immediately explore the possibility of implementing a bulk water alternative program with treated wastewater.

Attached please find the Water Department Rate Table and information on the Bulk Water program.

Sincerely,

Eric Grodberg

Rosemary Balsley

From: City Council
Sent: Tuesday, March 03, 2015 4:16 PM
To: Don Lane; Cynthia Mathews; Cynthia Chase; Pamela Comstock; Richelle Noroyan; Micah Posner; David Terrazas
Cc: Martin Bernal; Tina Shull; Scott Collins; Rosemary Menard; Eileen Cross; Rachel Christopher; Rosemary Balsley; Bren Lehr
Subject: FW: water rates

Keith Sterling
Community Relations Manager
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From: Alan Voegtlen [mailto:avoegtlen@gmail.com]
Sent: Tuesday, March 03, 2015 4:05 PM
To: City Council
Subject: water rates

Hi City council members,

I'm writing you to encourage you to put in place a tiered water use rate structure that encourages people to conserve water by charging them at an increased rate for use above what is deemed normal. I believe this is the best way to get people to conserve water. If people do go over their allotted amount the extra payment will put more money in the coffers of the water department for use in conservation education or whatever is most useful to decreasing water use.

Thank you for your time, Alan Voegtlen