

NCSD rejects tiered water rates

Staff plans to reduce conservation goal

By Mike Hodgson/Associate Editor

A three-tiered rate system designed to help the Nipomo Community Services District achieve a 15-percent reduction in water has been rejected by the district's board of directors.

Instead, the board directed the staff to restructure the current two-tier system and look into creating a program to educate the public on the need and some techniques to conserve water.

But Bruce Buel, the district's general manager, told directors at their Nov. 14 meeting that the staff likely would return with a revised water conservation plan - instead of the one that had been scheduled for adoption that day - with a water-use-reduction goal lower than 15 percent.

Buel said it would be impossible to restructure the two-tier system in a way that would encourage the district's biggest water users to cut back enough meet the 15-percent reduction.

NCSD previously decided to seek a 15-percent reduction in water use because the groundwater basin is in overdraft - more water is being pumped out than is being replaced through natural processes.

To meet that goal, NCSD staff proposed a four-tiered rate system, similar to one used by Arroyo Grande, that increases the rate charged per unit at specific levels as water use rises. That system, based on the theory that customers would use less water if it got more expensive as they used more, was rejected by directors in August.

But last week, the staff presented the board with a memorandum from Celeste Whitlow, the district's water conservation specialist, that outlined Arroyo Grande's program and a proposal for a three-tiered system.

The memorandum indicated that Arroyo Grande officials believe the city has achieved a 10-percent reduction in water use since instituting the four-tier system.

Some directors were angry that the issue had even come back to them, although the memorandum indicated that directors had requested information on how the rate structure had affected Arroyo Grande's water use.

"I'm perturbed that we've voted against this multitier system and you've brought it back again," said Director Ed Eby. "What are you waiting for, someone to die?"

Buel said the three-tier system "is critical to achieving water conservation," noting that 11 percent of the 15-percent goal would be achieved by the rate structure.

"I think if you raise the rates for some (customers), you'll save water," Eby said. "But if you raise it for all, you'll save more."

However, legal counsel Jon Seitz said the entire pool of revenue collected from water customers can't exceed the district's total cost of supplying the water.

So in order to increase the rate for the highest users in a multitier system, the rate for the lowest users must be dropped so the overall revenue will equal the cost of supplies.

“The advantage of the third tier is to give a clear signal to large users they are paying for the pleasure of using that extra water,” Buel said.

Seitz noted that 60 percent of single-family homes' water use is outdoors, with 40 percent going to indoor use, and the fact that a tiered structure would penalize people who live on large lots

didn't sit well with Director James Harrison.

“It will discourage the rural atmosphere in Nipomo a lot of us would like to keep,” he said.

In the end, the board voted 3-2, with President Mike Winn and Director Larry Vierheilig dissenting, to keep the two-tier system and raise the rate for the upper tier.

Buel said the staff would return with a revised water conservation plan, but he indicated that hard decisions lie ahead.

“At some point, you have to make some heroic assumptions and base your rates on those heroic assumptions,” he told the board.

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