

BSEACD Conservation Credit Policy
Policy Amended and Approved on 6/24/10 by the BS/EACD Board of Directors

Reference: 3-1.17. CONSERVATION CREDITS, District Rules & Bylaws

The District supports and encourages a permittee's efforts to conserve water and to reduce their annual pumpage as a result of conservation efforts. As a conservation incentive, the District may credit a permittee for a portion of their unused permitted amount that is attributed to the implementation of conservation measures applied to a water supply needed to meet demand. The District will undertake an annual audit of each permittee's account to determine the status or late payment of water use fees or other fees, and the number of late or missing meter readings for each fiscal year. This accounting will be done during the first quarter of the fiscal year to determine a credit for the immediately preceding fiscal year.

When approving a Production Permit, the District must consider whether the proposed use of water is dedicated to a beneficial use at all times and therefore discourages speculation in permitting. The District seeks to have Production Permits tied tightly to actual use and need that will occur within the year. Therefore, in calculating a conservation credit, the maximum reported pumpage on an annual basis for the last three fiscal years (as long as none of the last three fiscal years annual reported pumpage totals represent an overpumpage of the fiscal year permit), will be used instead of the permitted pumpage as the basis of the credit. This will allow for a more meaningful conservation credit audit and will not allow for permitted pumpage that may be in excess of actual use to skew the calculated credit.

If the audit indicates that a permittee's reported pumpage volume is less than the maximum amount pumped on an annual basis in the last three fiscal years, and the water use fees paid by the permittee exceed the amount due for the reported pumpage, the permittee may receive, as a water conservation incentive, a calculated credit to the permittee's account as provided below for the ensuing fiscal year. No cash refunds will be made except when authorized by the Board.

A. Ineligibility.

- (1) If the audit indicates that a permittee's reported pumpage volume has exceeded the permitted pumpage volume, the permittee will be ineligible for a conservation credit. The permittee will be billed for the excess gallons pumped using the fee schedule in effect during that fiscal year plus any other fees or late payment fees that may be imposed or required by the Board.
- (2) A permittee will be ineligible for a conservation credit if there has been falsification of a meter reading.
- (3) Permittees are required to submit timely meter readings and payment(s). Upon the occurrence of a second violation of either a late or missed meter reading or payment, the permittee will be ineligible for a conservation credit.
- (4) A permittee with a calculated credit of less than or equal to \$100.00 will be ineligible for a conservation credit.

(5) A permittee will be ineligible for receiving conservation credits in any year in which forfeiture has occurred under Rule 3-7.9(B).

(6) A permittee that receives more than one month of a credit of water use fees due to complete curtailment under Rule 3-7.7(B)(4) is ineligible for receiving conservation credits for the fiscal year that such curtailment occurs.

B. Calculation of Conservation Credit. The District will use the variables below to calculate the Conservation Credit. To ensure that the credit is based on conservation efforts and not on permitted pumpage that may be speculative in nature, the maximum reported pumpage on an annual basis for the last three fiscal years will be the basis of the credit. Following is the method by which the conservation credit will be calculated.

M = The maximum reported pumpage on an annual basis for the last three fiscal years, as long as none of the last three fiscal years annual reported pumpage total does not represent an overpumpage of the fiscal year Historical Production Permit. If any of the last three fiscal-year annual reported pumpage totals represent an overpumpage of that Permit, then it will be removed from the calculation.

A = The actual annual reported pumpage of the fiscal year immediately preceding the conservation credit audit.

P_h = The annual pumpage permitted by a Historical Production Permit for the current fiscal year under audit.*

$$\mathbf{M - A = Calculated Credit (in gals)}$$

$$\frac{\mathbf{Calculated Credit (in gals)}}{\mathbf{1000}} \times \mathbf{\$0.17/1000 gals} = \mathbf{Calculated Credit (in dollars)}$$

* When a conservation credit is to be calculated based on the permitted pumpage volume (P_h), the volume used will be limited only to pumpage authorized by Historical Production Permits excluding any pumpage permitted by Conditional Production Permits. In concept, Conditional Production Permits provide an interruptible supply that is not intended to be relied upon on a firm-yield basis, particularly during drought conditions. This interruptible pumpage is to be considered surplus water supply that must be backed by an alternative firm-yield water source. Therefore, non-use of this conditionally permitted pumpage cannot be considered conservation and shall not be included in determining the effectiveness of the implemented conservation measures or conservation credit calculation.

A straight application of the calculation credit, $M - A = \text{Calculated Credit}$, can be seen in **Example #1**:

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	Historical Production
120	95	70	Permit = 120 million gals

A = 70
M = 120

120 – 70 = 50 million gallons, divided by 1,000 = 50,000 x .17 = \$8500 credit

BUT

If M = A, and $P_h \leq A + (.15 \times A)$, then M = P_h

If the maximum reported pumpage on an annual basis for the last three fiscal years (not including overpumpage years) is equal to the actual reported pumpage for the year under audit and the permitted pumpage amount is less than or equal to the actual reported pumpage for the year under audit plus a reasonable allowance for growth or other unpredictable needs, then the permitted pumpage amount will be used for M in the calculation.

Example #2:

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	Historical Production
85	90	98	Permit = 110 million gals

A = 98
M = 98

Substituting in formula above: 98 = 98, and 110 ≤ 113, then M = 110 so

110 – 98 = 12 million gallons, divided by 1,000 = 12,000 x .17 = \$2,040 credit

Example #3:

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	Historical Production
92	75	92	Permit = 106 million gallons

A = 92
M = 92

Substituting: 92 = 92, and 106 = 106, then M = 106 so

106 – 92 = 14 million gallons, divided by 1,000 = 14,000 x .17 = \$2,380 credit

If M = A, and $P_h > A + (.15 \times A)$, then M = $A + (.15 \times A)$

If the maximum reported pumpage on an annual basis for the last three fiscal years (not including overpumpage years) is equal to the actual reported pumpage for the year under audit and the permitted pumpage amount is greater than the actual reported pumpage for the year under audit plus a reasonable allowance for growth or other unpredictable needs, then the actual reported pumpage for the year under audit plus a reasonable allowance for growth or other unpredictable needs will be used for M in the calculation.

Example #4:

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	Historical Production
85	90	95	Permit = 200 million gals

A = 95

M = 95

Substituting: $95 = 95$, and $200 > 109$, then $M = 109$ so

$109 - 95 = 14$ million gallons divided by $1,000 = 14,000 \times .17 = \$2,380$ credit

If M = A, and $P_h = A$, then $M = P_h$

If the maximum reported pumpage on an annual basis for the last three fiscal years (not including overpumpage years) is equal to the actual reported pumpage for the year under audit and the permitted pumpage amount is equal to the actual reported pumpage for the year under audit, then the permitted pumpage amount will be used for M in the calculation.

Example #5:

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	Historical Production
110	75	100	Permit = 100 million gals

We disregard Year 1 data because it represents an overpumpage year. That leaves us w/Years 2 & 3 data to analyze.

A = 100

M = 100

Substituting: $100 = 100$, and $100 = 100$, then $M = 100$ so

$100 - 100 = 0$ million gallons – Therefore a conservation credit is **not** available.

- C. Administration Fee. The District will retain 10% of the calculated Conservation Credit.

D. Criteria for Minimum Conservation Credit. Following are the minimum criteria required for an eligible permittee to receive 50% of their calculated Conservation Credit:

(1) The permittee must be in compliance with District Rules and Production Permit.

(2) Annual shrinkage or gross unaccounted-for water must be less than or equal to 15%.

E. Criteria for Additional Conservation Credit. Additional credit up to 40% of the calculated Conservation credit will be available if the permittee implements and shows documentation for additional conservation measures selected from Level A, B, or C options detailed in the Optional Activities for Conservation Credit below.

The fact that a permittee may be eligible for a conservation credit does not relieve the permittee of the responsibility of making timely installment payments for the regular installment amount. Reduced payments or a payment(s) covered by the credit amount will be authorized by the District only after the District completes an audit and determines that a credit is due. Permittees who disagree with the audit may request additional accounting by the District.

Optional Activities for Conservation Credit

The District recognizes that permitted well owners have differing applications and abilities regarding the selection and implementation of water conservation measures. The following list of optional activities is organized in three levels representing increasing levels of effort from Level A, mild effort, to Level C, significant effort. Each level has a corresponding percentage of credit. Documentation of implementation is required for each item in order to earn a percentage of the calculated conservation credit. In some cases, prior approval is required. Permitted well owners must be eligible for the minimum conservation credit per District Rule 3-1.17 A and 3-1.17 D prior to being eligible to apply any optional activities listed below for additional credit.

- A. Implementation of one (1) of the optional activities within Level A will result in the application of an additional 10% of the calculated conservation credit consistent with application of the minimum credit as described in Rule 3-1.17.
 - 1. Permittee distributes educational materials about indoor water usage at least four (4) times a year to customers or employees. Materials shall include information about the groundwater source, water quality concerns, and suggested actions to achieve conservation of water. Prior approval of materials by District is necessary.
 - 2. Permittee distributes educational materials about outdoor water usage at least four (4) times a year to customers or employees. Materials shall include information about the groundwater source, water quality concerns, and suggested actions to achieve conservation of water. Prior approval of materials by District is necessary.
 - 3. Permittee posts water conservation information next to every toilet, urinal, and faucet/spigot (indoors and outdoors) under the authority of the permittee. Prior approval of information to be posted by District is necessary.
 - 4. Permittee holds or hosts one workshop at their expense annually to educate customers/employees about water quality and quantity concerns. Prior approval of workshop agenda and content by District is necessary.
 - 5. All faucets, including but not limited to bathroom, kitchen, and laboratories, under authority of permittee has faucet aerators and, where showers exist, have low-flow showerheads. All restroom facilities under authority of permittee utilize low flow toilets or waterless urinals.

- B. Implementation of one (1) of the optional activities within Level B will result in the application of an additional 15% of the calculated conservation credit.
 - 1. Tariffs for residential water usage in residences show an increasing block strategy where the first tier includes no more than 5,000 gallons of water and the second tier includes no more than 15,000 gallons.

2. Tariffs for commercial water usage in show an increasing block strategy with a minimum of two tiers.
 3. All landscaped areas under the authority of the permittee irrigated with an automated system utilize a sensor, such as rain or soil moisture, to override a programmed irrigation period when it is not needed.
 4. Permittee creates and implements an ordinance, covenant, or other regulation within the permittee's authority that requires automatic irrigation systems to use auto-shutoff sensor devices such as rain or soil moisture, to override a programmed irrigation period when it is not needed.
 5. Permittee installs and utilizes a rainwater harvesting system for all outdoor landscape watering needs under authority of permittee.
 6. Residential per capita usage at or below 120 gallons.
 7. Permittee implements a policy of visual inspection for leak identification and makes necessary repairs.
 8. Permittee implements a meter calibration and replacement policy that requires annual calibration and checking for proper meter operation.
- C. Implementation of one (1) of the optional activities within Level C will result in the application of an additional 20% of the calculated conservation credit.
1. Permittee offers a rebate program for customers for any one of the following indoor fixtures or appliances: low-flow toilets, waterless urinals, washing machines, and dishwashers. Rebate program must be offered to a reasonable percentage of customers given the volume of service of the permittee.
 2. Permittee offers a rebate program for customers for reduction of turf area and exclusive use of native plants with low watering requirements. Rebate program must be offered to a reasonable percentage of customers given the volume of service of the permittee.
 3. Permittee offers rebate program for customers for installation of a rain water system in a commercial application to supplement or replace need for potable water.
 4. Permittee creates and implements an ordinance, covenant, or other regulation within the permittee's authority, such as language within a contract for service, that requires the exclusive use of native plants and turf grass with low water needs and requires the use of the District-supported five-day watering schedule.
 5. Residential per capita usage at or below 110 gallons.

6. Permittee employs a technological tool such as pressure sensing devices or listening equipment at least once each year to identify leaks in system and makes necessary repairs.
7. Permittee holds or hosts at their expense three (3) workshops annually to educate customers and/or employees about water quality and quantity concerns. Prior approval of workshop agenda and content by District is necessary to apply percentage toward conservation credit.
8. Permittee installs and utilizes a rainwater harvesting system for all potable indoor and outdoor watering needs for public buildings, community clubhouses, business offices, garages, or other similar structures under authority of permittee. Use of rainwater for potable indoor use must be appropriately treated and filtered.
9. Permittee is using reclaimed water, gray water, or treated effluent to replace at least 50% of non-potable water needs. Several activities can contribute to this total such as recirculating systems for vehicle washing combined with irrigation with graywater, for example.
10. Permittee contracts to purchase surface water to supplement to groundwater needs. Contract should be executed and binding under the terms of the contract.