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California's Water: A Vanishing Resource

Consumers' cuts drying up revenue for districts

By Mike Lee
Union-Tribune Staff Writer

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Be careful what you ask for.

Since California's drought began three years ago, water districts have increasingly urged residents and businesses to reduce consumption. In San Diego County, most of those agencies ramped up their pleas in April and then introduced mandatory restrictions in July, with the overall goal of cutting usage by 8 percent to 10 percent.

Bill Lampshire let the lawn at his Scripps Ranch house go brown, among several measures that he said helped him reduce water use by more than 40 percent over last year. (John Gibbins / U-T) -

Now, they're facing too much of a good thing.

Countywide water use has plummeted more than expected, slashing water districts' sales revenue. Several agencies have seen their sales drop about 20 percent from April through July compared with the same time a year ago.

Water managers attribute the high savings rates to several factors, including the mandates, rapidly rising water bills and recession-weary households trying to lower their expenses.

The districts might have to keep boosting prices, tap reserves and shrink operating expenses while still carrying out projects required by state and federal laws.

Some have decided to ease their conservation outreach efforts and relax irrigation rules — an awkward position because climate experts don't expect the drought to end soon.

In the short run, the districts could encounter a more pressing challenge if the forecast atmospheric phenomenon called El Niño brings better-than-average rainfall this winter and enables residents to further curb their outdoor water use. That would cut deeper into sales.

“We don't need to keep telling (customers) to do a better job,” said Bill Rucker, general manager for the Vallecitos Water District in San Marcos.

His agency's sales fell 20 percent in the April-to-July period compared with the same period in 2008. To make up for the downturn, the district will leave some positions vacant and roll back conservation education.

During a meeting of the region's top water managers in late August, “everyone was concerned about the lost revenues,” said Dennis Lamb of the Vallecitos district.

He said the decision-makers expressed support for allowing residents to continue watering their lawns and other landscaping a maximum of three days a week during the winter and spring, even though current regulations call for irrigation only once a week from November through May.

Lamb, Rucker and other water officials said it's too early to panic about the financial bottom line. The figures for countywide water consumption in August haven't been finalized, and the heat wave at the end of that month may have boosted usage closer to normal levels.

Kristen Crane, who oversees Poway's water conservation team, wonders whether residents downsized their consumption so quickly that they'll soon burn out and return to old habits.

“If they just shut their sprinklers off altogether, that was not our goal,” she said. “We don't know if it's a knee-jerk reaction or if it's sustainable.”

Poway's water use during the April-to-July period dropped 22 percent compared with the same time last year. Crane said usage has decreased about 30 percent since 2007.

“If the conservation levels continue at 30 percent, we would have to evaluate the impacts of that on our rates,” Crane said.

Bill Lampshire, a 20-year resident of Scripps Ranch, said he believes the recent surge in conservation will be long-lasting.

He has curtailed his water use by irrigating his roses with dishwater, letting his lawn die and pushing his family members to shorten their showers. The result: a year-over-year reduction of more than 40 percent.

Lampshire also is looking at installing artificial turf instead of reviving his lawn.

His neighbors seem to be conserving, too. Virtually every yard in his neighborhood has a brown lawn or drought-tolerant landscaping, including rocks and cactuses.

Lampshire doesn't extend much sympathy to water districts squeezed by falling revenue.

“If they are not earning enough money, well, shame on them. They have earned enough in the past,” Lampshire said.

Uncertainties such as how intent people are on long-term conservation, how long California will remain parched and how certain wildlife preservation efforts will affect water supplies leave district managers nervously monitoring their sales figures.

“When we are mandated to cut back 8 to 10 percent, ideally we cut back 8 to 10 percent,” said Bob Cook, general manager for the Lakeside Water District.

But Lakeside is exceeding expectations and is among the county leaders in conservation. Its water use was down 20 percent during the April-to-July period compared with the same time a year earlier.

“Our (customers) are at the forefront of this economic downturn, and I am certain that has something do with it,” Cook said. “I bet their electricity bills are down. I bet their gasoline bills are down, too.”

Water agencies' expenses typically are tied to state and federal quality standards, so the districts can't make significant budget cuts without threatening public health and risking fines.

In addition, as inventories shrink amid drought, retail water agencies statewide are having to pay more because

wholesalers are spreading their fixed costs over fewer gallons.

The Lakeside district's leaders are weighing their options.

“In the short term, we are going to rely on reserves,” Cook said. “In the long term, nobody has come to a decision on that.”

San Diego, by far the largest retail water agency in the county, isn't hurting as badly as some of its neighbors, said utilities director Jim Barrett.

He said the city budgeted for a 15 percent sales reduction during the fiscal year that started in July. San Diego's actual savings was about 18 percent for the April-to-July period compared with the same time last year.

The city's sales estimate was driven by initial projections that water supplies could be cut by 15 percent or more in Southern California. That conservation target was lowered in April, but San Diego stuck to the original forecast.

Still, Barrett said, the district could relax its outdoor-watering protocol for November through May. One irrigation day per week “is probably a little bit too severe” amid the current conservation trend, he said.

At the Olivenhain Municipal Water District in Encinitas, officials plan to leave their three-day-a-week system in place at least through December.

The amount of water saved by the district's customers in July and August equaled the agency's target for the entire fiscal year, General Manager Kimberly Thorner said.

“We don't want to be reactionary to just a couple of months of reduced demand … but essentially, since we are already getting 23 percent reduction with three watering days, let's just keep it up,” Thorner said.

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Mike Lee: (619) 542-4570;

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