

February 10th, 2021 Municipal Subgroup Meeting Questionnaire Responses

These are responses collected from a questionnaire distributed during the February 10, 2021 Municipal Subgroup Meeting.

(*Note: Different colors are different responses)

Do you have any feedback on Arizona Water Company's Integrated Conservation Program proposal (that would better integrate private water companies into the Non-Per Capita Conservation Program)?

I am not sure the a local agency can expend funds that benefit a private utility. This would be considered "gifting" under state statute. A similar concept was explored in mid-2000's under AZWARN. This mutual-aid program would provide the mechanism for assisting a water utility during an emergency. It was determined that local government and private could not enter into these agreements. In addition, the idea of transferring BMP credits between privately owned service areas with the same AMA is prone to problems. Would a local agency appreciate the credits earned with a private utility within their jurisdiction transferring credits to another jurisdiction where the same private company provides water services.

At the Feb 10th Subgroup meeting Arizona Water Company presented a number of reasons why partnership with a local government could enhance water conservation efforts. Avondale agrees that there may be circumstances where a partnership between a municipality that does not have its own water utility and a private water company (PWC) could be beneficial. We suggest that rather than create an entirely new subset of the NPCCP as proposed, the 5MP could have a mechanism or provision that allowed PWCs to enter into formal agreements with local municipalities to implement BMPs within the existing NPCCP. This eliminates the need for a duplicative "sub-program," and should assist PWCs in implementing conservation practices that have already been vetted as BMPs. We question the need to allow municipalities that are not water providers to accrue BMP points and transfer them to PWCs. It appears that this provision would allow a PWC to gain regulatory credit for existing conservation practices occurring at a municipality, rather than forming a partnership to implement new, additional measures (which is the goal of the Management Plan). An example would be a municipality that has a longstanding ordinance accruing BMP credit and transferring that to a PWC, despite no new conservation actions taking place. It would be preferable if the formal partnership approach led to implementation of new conservation practices. Additionally, we do not support the proposal to allow a PWC to transfer BMP credits between different service areas. At the meeting it was described that this provision could be used to target areas with higher water conservation potential, but it could just as well be used to implement BMPs in areas where it is easier to do so, rather than where they may be needed most.

Gilbert appreciates that the Department is continuing to look for ways to strength the overall water conservation potential of the NPCCP program and considering its applicability to all participating parties. Overall, the idea of recognizing partnerships between a private utility and a municipal provider (that does not have its own water utility) is promising idea that can yield water conservation savings. One concern that Gilbert has is that any new proposal does not weaken the conservation potential of the 5MP NPCCP draft that stakeholders have diligently been working on for over a year now. With the 5MP process moving full-steam ahead, it is concerning to consider throwing in a new subset of BMPs without properly vetting them. It seems alternatively reasonable to suggest minor alterations to current proposed BMPs to make them more applicable to a private water providers; these could also include listing some BMPs that focus on partnerships that achieve new conservation savings. An additional concern is that the proposal did not focus on new conservation savings. As proposed, it seemed as though a private water provider could enter into a formal partnership with a municipality and gain credit for practices that the municipality already has in place and thus do not yield any additional conservation savings. This does not support the goal of the Management Plans to steadily increase conservation efforts to protect groundwater. As proposed, it also seems possible that the ability to transfer BMP points between service areas could create inequities between customers and create an incentive to pursue the easiest conservation programs possible. It is anecdotally known in the water conservation world that the highest water users can often be the hardest to engage in conservation practices, yet they have the potential to yield the most conservation savings. A conservation regulatory program should not be crafted in a way in which those users can be ignored. Additionally, the concern arises that those

This information was gathered by the Arizona Department of Water Resources.

customers and areas that may need more support through programs could be ignored creating inequity in the structure of the program. We do not support the transfer of BMP points among service areas.

We applauded Arizona Water Company's efforts of thinking outside the box and exploring solutions that could work for them. We know with any new effort there is potential for unforeseen consequences. We hope that the following comments are taken in a collaborative spirit to provide caution to some of those potential consequences and not as a deterrent for new and different approaches to conservation efforts. As a long time NPCCP provider, we believe that the work that has been underway for continued and honed BMP options are robust in nature. By creating an entirely new bucket of NPCCP BMPs for the purpose of this program is not only unnecessary, it could create confusion and erroneous comparisons. It would also potentially create undue bureaucracy and complexities in the Department to draw a line between the two subsets of programs. We would like to caution the Department in this aspect of the proposal. We would also like to make ourselves available to Arizona Water Company to answer any questions they may have over what a successful NPCCP provider can do with all the available BMPs. We have great concerns over the idea of "transferring" BMPs. This concept could lead to some very undesirable outcomes. We are not in favor of this concept. Should a program like this be implemented we believe that new BMPs need to be developed in the partnership. For existing BMPs for the partner municipality that have already been established and their conservation potential already realized by that organization, those should not be overlapped onto the PWCs. New BMPs should be implemented as a stipulation of the partnership.

At the Feb 10th Subgroup meeting Arizona Water Company presented a number of reasons why partnership with a local government could enhance water conservation efforts. AMWUA agrees that there may be circumstances where a partnership between a municipality that does not have its own water utility and a private water company (PWC) could be beneficial. We suggest that rather than create an entirely new subset of the NPCCP as proposed, the 5MP could have a mechanism or provision that allowed PWCs to enter into formal agreements with local municipalities to implement BMPs within the existing NPCCP. This eliminates the need for a duplicative "sub-program," and should assist PWCs in implementing conservation practices that have already been vetted as BMPs. We believe a partnership between a PWC and a municipality should lead to the implementation of new conservation practices. Therefore, we question the need to allow municipalities that are not water providers to accrue BMP points and transfer them to PWCs. It appears that this provision would allow a PWC to gain regulatory credit for existing conservation practices occurring at a municipality, rather than forming a partnership to implement new, additional measures as ADWR has specified to be its objective for the 5MP. For example, a municipality that has a longstanding ordinance should not accrue a BMP credit in 2025 that can be transferred to a PWC, despite no new conservation actions taking place. The formal agreement between a municipality and PWC should ensure that the partnership results in additional conservation activities. Additionally, we do not support the proposal to allow a PWC to transfer BMP credits between different service areas. At the meeting, it was described that this provision could be used to target areas with higher water conservation potential, but it could just as well be used to implement BMPs in areas where it is easier to do so, rather than where they may be needed most. Overall, we appreciate Arizona Water Company's effort to enhance collaboration on conservation efforts and are happy to provide support on any further issues related to the proposal.

At the Feb 10th Subgroup meeting Arizona Water Company presented a number of reasons why partnership with a local government could enhance water conservation efforts. Peoria agrees that there may be circumstances where a partnership between a municipality that does not have its own water utility and a private water company (PWC) could be beneficial. We suggest that rather than create an entirely new subset of the NPCCP as proposed, the 5MP could have a mechanism or provision that allowed PWCs to enter into formal agreements with local municipalities to implement BMPs within the existing NPCCP. This eliminates the need for a duplicative "sub-program," and should assist PWCs in implementing conservation practices that have already been vetted as BMPs. We question the need to allow municipalities that are not water providers to accrue BMP points and transfer them to PWCs. It appears that this provision would allow a PWC to gain regulatory credit for existing conservation practices occurring at a municipality, rather than forming a partnership to implement new, additional measures (which is the goal of the Management Plan). An example would be a municipality that has a longstanding ordinance accruing BMP credit and transferring that to a PWC, despite no new conservation actions taking place. It would be preferable if the formal partnership approach led to implementation of new conservation practices. Additionally, we do not support the proposal to allow a PWC to transfer BMP credits between

different service areas. At the meeting it was described that this provision could be used to target areas with higher water conservation potential, but it could just as well be used to implement BMPs in areas where it is easier to do so, rather than where they may be needed most. Overall, we appreciate Arizona Water Company's effort to enhance collaboration on conservation efforts and are happy to provide support on any further issues related to the proposal.

Do you have any feedback on the general structure of the proposed 5MP GPCD requirement calculation methods (a rolling average of historically achieved GPCD reduced by some amount)?

I can appreciate ADWR's attempt to address some of the stakeholders concerns. Through these efforts, it highlights how flawed the concept of GPCD truly is. Even the American Water Works Association has researched and determined that this metric is flawed and not indicative of how water is really used within a community. That is probably why Arizona is one of maybe three states that use this metric. Aside from this, ADWR has provided some very thoughtful proposals for moving forward. I would expect more comments after stakeholders have opportunity to study the six alternatives.

Generally, this proposal is a positive step towards addressing issues with the Total GPCD Program in past Management Plans, as it removes outdated calculation assumptions, and is to some extent more compatible with increases in non-residential water use. At this time Avondale is leaning more towards a 3 to 5-year window on the rolling average component for the "Default" and "Maximum" Targets, as it would make the calculation more responsive to water use fluctuations.

Gilbert appreciates that the Department has recognized flaws in the past GPCD calculations and is taking time to restructure the calculations. Reviewing the six different proposed methods for calculating the GPCD presented at the 2/10/21 subgroup meeting, it seems as though there is currently not a strong rationale identified to select any of the six over the others. Gilbert recommends that there be guiding rationale set behind the selection of any of the minimum, maximum, and default rolling averages (i.e., is the goal to be the most responsive to overall annual water use changes, is the goal to allow the most time to return to compliance?).

In agreement with AMWUA's comments

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Do you have any feedback on how to determine what is reasonable for a GPCD requirement?

The GPCD requirement should reside over residential use (in-door and out-door) only. But overtime, how low can the requirement go? Reductions can only go so low before there is no more opportunities to lower demands.

The GPCD reduction requirement should have empirical or theoretical underpinnings and should not just be a random number. Unfortunately, there is no industry standard for what an annual GPCD reduction should look like. Avondale has seen estimates that an annual GPCD reduction of 1% is achievable which we believe is a worthwhile starting point for determining the "Default" reduction.

The GPCD reduction goal should be based on observed and practical but still aggressive water use reductions. Gilbert supports AMWUA's research and proposal that suggests an annual 1% GPCD reduction is achievable but also progressive.

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The GPCD reduction requirement should have empirical or theoretical underpinnings and should not just be a random number. Unfortunately, there is no industry standard for what an annual GPCD reduction should look like. Peoria has seen estimates that an annual GPCD reduction of .5% -1% is achievable which we believe is a worthwhile starting point for determining the "Default" reduction.

Do you have any additional questions and/or comments regarding the development of the 5MP GPCD Program? Additional topics that will need to be discussed include: flexibility provisions and water types included in the GPCD compliance calculation.

Water types will be an important discussion.

Using Census data can be problematic when tract boundaries are misaligned with service areas, and the estimates become outdated over time. In the Phoenix AMA, population estimates from MAG are routinely used by water providers and could potentially serve as a better source of data. Additionally, ADWR should incorporate a mechanism that triggers a review of the Total GPCD methodology 10 years after adoption of the 5MP. There is no guarantee of legislation generating a subsequent Management Period, and the late adoption of the 4MP delayed much needed updates to the Total GPCD Program. Explicit language in the 5MP directing ADWR to evaluate the Total GPCD calculation methodology after a decade would ensure that the regulatory program could be appropriately adjusted to match changing circumstances. We would like to reiterate that the 5th Management Plan Total GPCD Program narrative should include language to the following effect, "It is important to note that there is neither an industry standard for how GPCD is calculated, nor is GPCD indicative of what a typical resident uses per day. These calculations are intended to be used explicitly by ADWR for regulatory purposes." This disclaimer should also be included if ADWR produces a table in the 5MP similar to the 4MP Table 5A in order to inform the reader and prevent GPCD regulatory requirements from being taken out of context. Finally, we would like to ask that ADWR continue to emphasize in its communications that the NPCCP is a regulatory program equivalent to the Total GPCD Program. As the 4MP states: the NPCCP is "a performance-based program designed to achieve water-use efficiency in the municipal provider's service area, equivalent to the water-use efficiency assumed by the Director in establishing the per capita conservation requirements under the Total GPCD Program." Framing the NPCCP as an alternative for water providers that "can't comply" with the Total GPCD requirements undermines the rigor and equivalency inherent in the NPCCP.

It will be important to come to a conclusion of how to define and calculate population, acknowledging that many water provider's service areas do not perfectly fit the boundaries in which population estimates are routinely calculated. It is essential that the Department communicate the regulatory equivalency of both the GPCD and NPCCP program. It is important that the NPCCP not be thought of or communicated to the public as an alternative for those that cannot meet the GPCD targets. Considering the acknowledgement that the GPCD is needed in order to have a simplistic target set for regulatory tracking, this program should be communicated as such.

Agree with AMWUA's comments on population methodology. Scottsdale has found that ADWR's population numbers are grossly underestimated. This underestimation grows the further from the previous census date. Maricopa Association of Governments (MAG) is the collective source of population estimates that many Phoenix Valley organizations use, including our own Economic Development Department. ADWR staff has even recognized that the current population calculation is "one that has the potential to become less and less accurate the further we get from the census data". Since census is a 10-year window and population is a major component of GPCD, this is problematic as the inaccuracy grows over the latter half of the census time frame. As an example, in 2019 Scottsdale reported its population as 247,944 and ADWR's calculation was 232,299. We would like to ask the Department to consider using a more collectively accepted source such as MAG in the Phoenix area. We agree with AMWUA's note of: "We would like to reiterate that the 5th Management Plan Total GPCD Program narrative should include language to the following effect, "It is important to note that there is neither an industry standard for how GPCD is calculated, nor is GPCD indicative of what a typical resident uses per day. These calculations are intended to be used explicitly by ADWR for regulatory purposes." We would also like

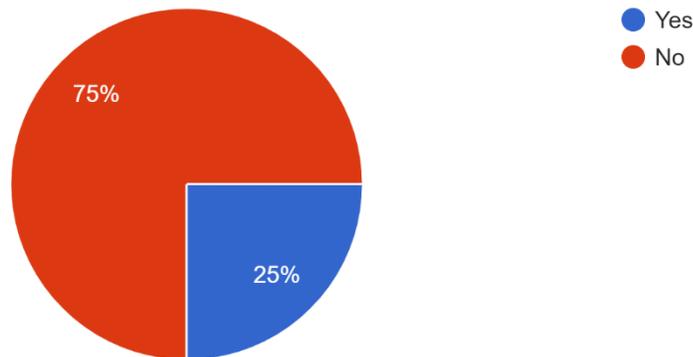
to add that we believe the language about “non-compliance” needs to be revisited. GPCD for a provider can be greatly swayed by a large commercial and industrial customer base. These customers are a great asset to the provider’s service area and the State. It’s important that we frame the narrative around the GPCD and the NPCCP program and who’s in or out of these programs as appropriate for their specific customer base not as a punitive option.

AMWUA would like to discuss ADWR’s methodology for calculating a provider’s service area population for GPCD calculation purposes. Using Census data can be problematic when tract boundaries are misaligned with service areas, and the estimates become outdated over time. In the Phoenix AMA, population estimates from MAG are routinely used by water providers and could potentially serve as a better source of data. Additionally, ADWR should incorporate a mechanism that triggers a review of the Total GPCD methodology 10 years after adoption of the 5MP. There is no guarantee of legislation generating a subsequent Management Period, and the late adoption of the 4MP delayed much needed updates to the Total GPCD Program. Explicit language in the 5MP directing ADWR to evaluate the Total GPCD calculation methodology after a decade would ensure that the regulatory program could be appropriately adjusted to match changing circumstances. We would like to reiterate that the 5th Management Plan Total GPCD Program narrative should include language to the following effect, “It is important to note that there is neither an industry standard for how GPCD is calculated, nor is GPCD indicative of what a typical resident uses per day. These calculations are intended to be used explicitly by ADWR for regulatory purposes.” This disclaimer should also be included if ADWR produces a table in the 5MP similar to the 4MP Table 5A in order to inform the reader and prevent GPCD regulatory requirements from being taken out of context. Finally, we would like to ask that ADWR continue to emphasize in its communications that the NPCCP is a regulatory program equivalent to the Total GPCD Program. As the 4MP states: the NPCCP is “a performance-based program designed to achieve water-use efficiency in the municipal provider’s service area, equivalent to the water-use efficiency assumed by the Director in establishing the per capita conservation requirements under the Total GPCD Program.” Framing the NPCCP as an alternative for water providers that “can’t comply” with the Total GPCD requirements undermines the rigor and equivalency inherent in the NPCCP.

Peoria would like to discuss ADWR’s methodology for calculating a provider’s service area population for GPCD calculation purposes. Using Census data can be problematic when tract boundaries are misaligned with service areas, and the estimates become outdated over time. In the Phoenix AMA, population estimates from MAG are routinely used by water providers and could potentially serve as a better source of data. Additionally, ADWR should incorporate a mechanism that triggers a review of the Total GPCD methodology 10 years after adoption of the 5MP. There is no guarantee of legislation generating a subsequent Management Period, and the late adoption of the 4MP delayed much needed updates to the Total GPCD Program. Explicit language in the 5MP directing ADWR to evaluate the Total GPCD calculation methodology after a decade would ensure that the regulatory program could be appropriately adjusted to match changing circumstances. We would like to reiterate that the 5th Management Plan Total GPCD Program narrative should include language to the following effect, “It is important to note that there is neither an industry standard for how GPCD is calculated, nor is GPCD indicative of what a typical resident uses per day. These calculations are intended to be used explicitly by ADWR for regulatory purposes.” This disclaimer should also be included if ADWR produces a table in the 5MP similar to the 4MP Table 5A in order to inform the reader and prevent GPCD regulatory requirements from being taken out of context. Finally, we would like to ask that ADWR continue to emphasize in its communications that the NPCCP is a regulatory program equivalent to the Total GPCD Program. As the 4MP states: the NPCCP is “a performance-based program designed to achieve water-use efficiency in the municipal provider’s service area, equivalent to the water-use efficiency assumed by the Director in establishing the per capita conservation requirements under the Total GPCD Program.” Framing the NPCCP as an alternative for water providers that “can’t comply” with the Total GPCD requirements undermines the rigor and equivalency inherent in the NPCCP.

Would you support the development of an Alternative Conservation Program with residential GPCD requirements and non-residential BMP requirements?

4 responses



Please explain your answer above:

Under the proposed GPCD requirement calculation there is embedded the notion that when a large user comes into a water service area the initial year GPCD spikes. Then there is a gradual reduction of GPCD over time getting the water supplier back into compliance. The reductions will be from residential and general commercial. The new large users are already installing the most efficient technologies, so reductions in use would not be measured for some time. Therefore, why not focus on residential GPCD and address non-residential through BMP's. A data center typically has 10-20 employees but the facility can use up to 550 acre-feet per year. How can you capture GPCD from this example. The real bang for the buck is through BMP requirements.

Due to the fast-track to complete the 5MP and the time and dedication that it takes to structure each compliance program, it is recommended that efforts not be further split into designing a third regulatory program.

We intentionally left question 6 blank. We believe a definitive yes or no answer is for the Department to decide based on feedback from all stakeholders that is grounded in all viewpoints and understanding of how the programs have worked and can evolve in the future to further conservation efforts. Scottsdale has been in the NPCCP and will continue this path into the future. While we liked the concept of an alternative program, it not necessarily something we would participate in. We believe for our benefit that a robust BMP program is effective and can adapt to future efforts and needs of increased conservation and efficiency with all our customers. However the Department plans to move forward, we only ask that the Department build conservation metrics that are forward thinking and truly move the dial on water conservation and efficiency.

If Total GPCD is still the required calculation we do not support the use of another program option.

How can we improve these subgroup meetings?

Staff are doing a great job running the meetings and keeping to the agenda. I do not think we need a background summary at every meeting. Keep to the topic at hand and recap later as we prepare to begin drafting the plan.

There have been times when certain proposals, which do not propose regulatory issues, and have received extensive stakeholder support, have been declined for implementation from the Department. In order to provide transparency between all stakeholders and keep the work groups moving along, it would be a best practice to provide upfront

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communication about which proposals (or portions of proposals) are no longer being considered, as well as the rationale behind the decision.