

**REVISED****Memorandum**

**Date:** July 10, 2007  
**To:** Mayor & City Council  
**From:** Suja Lowenthal, Second District  
Gerrie Schipske, Fifth District  
**Subject:** Water Conservation

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**REQUESTED ACTION:**

Respectfully request that the City Manager work with the Long Beach Water Department to begin the process of upgrading the City's utility billing system and return to the City Council within 30 days with a plan reflecting the following:

Request the new utility billing system provide the ability to implement an allocation based tiered rate structure for conservation incentive purposes across customer types, as well as provide other needed functions not currently available with the existing system.

Request, that as part of this process, staff provide cost estimates to the City Council and identify a funding strategy that minimizes the impact on the City's General Fund for implementation of changes to the utility billing system, and potentially provides a revenue source from the tiered rate structure that can be reinvested to fund city water conservation projects and programs.

Request the City Manager contact the Metropolitan Water District (MWD) to encourage promotion of determine if incentives or technical assistance is available for municipalities that to implement a tiered-rate system.

Request the City Manager survey municipalities and water agencies in the Southern California region that have similar rate structures to determine whether including a "lifeline" discount what measures they have taken to guarantee the rate structure is implemented fairly, and for how these rate structures ensure the elderly, or disabled and any other economically disadvantaged residents can minimize their water costs is necessary and beneficial.

## **BACKGROUND INFORMATION:**

In response to drought conditions, low water reserves and the interruption of the water supply from the San Francisco Bay / Sacramento Delta area, the Long Beach Water Department has called for voluntary water conservation. Long Beach residents and businesses have been asked to reduce water use by such methods as eliminating landscape over-watering, fixing water leaks, and installing low-flow water devices.

In addition to these types of measures, the City can encourage conservation through tiered rate structuring. This approach has been successful in advancing conservation in jurisdictions across the country. Currently, the City's utility billing system has some capability for tiered rates but must be upgraded to fully implement a rate structure that provides incentives for conservation for all types of customers. This includes the ability to customize water allocations by individual lot as well as individual business types. Studies and water agency experience have shown that the combination of consumer education regarding the environmental and resource value of water combined with water pricing to reward efficiency are very effective in improving consumer water conservation behavior. If the water user, individual or business, does not feel a personal responsibility for the amount of water used monthly or annually, there is very little motivation to conserve water.

New landscape water conservation technologies, design and plant alternatives, and metering options will not achieve their potential water savings unless the water customer is motivated personally or economically to reduce water use. A conservation rate structure encourages efficient water use and discourages waste by ensuring that customer bills communicate the full cost of providing water services including the cost of new supplies.