

Strategy #2: **Water-Neutral Development to Address Growth**

Growth Increases Our Drought Risk

Santa Cruz needs water policies that will allow reasonable growth to continue without eroding our water security. A City Water Department report put it this way:

“Continuing to provide water to new customers upon request, as is the current practice, may do harm to existing customers by making the potential water shortage situation worse than it would otherwise be.”¹

The report describes why growth worsens the impact of droughts:

“It is important to note that, even in normal water conditions, three of the four major sources [North Coast streams, San Lorenzo River, Live Oak wells, and Loch Lomond] are presently being utilized at maximum capacity for a significant portion of the year...What this means operationally is that any future increase in seasonal or annual demand for water will be felt through greater and greater withdrawals from Loch Lomond reservoir.”

When a system reaches the limits of its capacity, an additional strain will have an outsized impact—as in the metaphor of the straw that broke the camel’s back.

We Can Grow Without Using More Water

Water-neutral growth allows new development without increasing the total water demand on the system. Water-neutral growth is achieved by implementing a *water demand offset program*, where developers fund conservation retrofits elsewhere in the system to offset the new demand for water created by the development.

A water-demand offset program for new development encourages developers to build new buildings that are highly efficient. Developers can reduce their offset fees when they demonstrate that a building would use less water than current code requirements would otherwise indicate.

This is already working nearby. Inspired by early efforts by East Bay Municipal Utilities and San Luis Obispo County, Soquel Creek Water District has operated a water demand offset program since 2003.



¹ *Adequacy of Municipal Water Supplies to Support Future Development* (2004)

Drought Security Comes First

Soquel Creek District is revising its water-neutral growth policy and Santa Cruz can learn from their experience. District Board members pointed out the replacing toilets in the District to offset growth has only hastened the achievement of a level of efficiency that would otherwise have been achieved over time with replacement of old plumbing fixtures. Looked at in this way, new development funds short-term savings, but in the long term adds additional demand to the system. The District's serious overdraft indicates that it would have been better to replace toilets---a highly cost-effective measure---to reduce *existing demand*. Developers could fund other measures to offset growth that are truly *additional* to ratepayer-funded conservation measures.

Similarly, Santa Cruz faces a choice between allocating conservation measures to *reduce water demand by existing customers* or devote those conservation measures to neutralizing growth. The former improves the City's water security during drought, while the latter just preserves the status quo.

We argue that **drought security for existing users ought to be the top priority of City conservation programs**. Every measure that reduces water demand of existing users means more water stored in Loch Lomond in case of drought. Developers can fund additional measures to offset growth, such as enhanced rebates for landscape conversion.

Summary

The City needs to prevent growth from eroding our drought security by adopting a water-neutral growth policy in which developers fund conservation programs that aren't already funded by ratepayers.

Effectiveness

The Soquel Creek Water District has found this to be an effective tool to accommodate growth while reducing the impact of growth on the water security of existing customers.

Environmental Impact

Compared to developing new water supplies, conservation has a lower environmental impact.

Practicability

For over ten years the Soquel Creek District has administered the program at a low cost.