



Metropolitan North Georgia Water Planning District

International Tower | 229 Peachtree St., NE | Suite 100 | Atlanta, GA 30303

Agenda

Cost Benefit Analysis Committee

March 20, 2019 – 1 p.m. to 3 p.m.

Metro Water District Offices - Piedmont Conference Room

Check-in on the First Floor

1. Welcome and Overview of Meeting – Gil Shearouse
2. Staff Recap of Review and Outreach – Andrew Morris
 - a. Review of Prior Work with DSS Model
 - b. Outreach to Academia
 - c. Outreach to Consultants
 - d. Outreach on Ag Water Use
3. High-Level Approaches to Water Efficiency Cost-Benefit Analyses (CBA) - Gil Shearouse
 - a. Option 1 – Value of Water
 - b. Option 2 – Numeric Goal
 - c. Option 3 – Progress-Based Goal
 - d. Option 4 (or more) – Open to all ideas from committee
4. Desirability and CBA for Short-Term Water Efficiency Planning (e.g. droughts, supply disruptions) – Andrew Morris
5. Next Steps



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MEMORANDUM

Date: March 13, 2019

To: Cost Benefit Committee

From: District Staff

RE: High-Level Approaches to Water Efficiency Cost-Benefit Analyses

Staff has recently reviewed the District's prior work on cost-benefit analyses and planning, reached out to academic institutions and consultants, and reviewed existing literature and examples from organizations across the country. We have also received feedback and direction from committee members on possible options for a cost-benefit framework for long-term water efficiency planning.

The list of options below is a non-exhaustive list intended to facilitate committee discussion and decision-making that staff will use to narrow and focus our work supporting this committee.

- Option 1 – Base CBA on Regional Value of Water: (1) Determine a value of water for M&I water use, (2) identify a broad list of potential action items, expected water savings, and the costs to utilities and their customers, (3) select action items where the value of the water saved from a given action item is significantly greater than the cost of such action item.
- Option 2 –Base CBA on a Regional Numeric Goal: (1) Determine a numeric regional goal for M&I water through qualitative and quantitative considerations, (2) identify a broad list of potential action items, the expected water savings, and the costs to utilities and their customers, (3) select action items that will allow the region to most cost-effectively meet the numeric goal.
- Option 3 – Base CBA on a Regional Progress Goal + Local Planning Tool: (1) Agree to a regional goal of making meaningful progress towards additional water efficiency, (2) identify a broad list of potential action items, the expected water savings, and the costs to utilities and their customers, (3) require that a group of the most cost-effective action

items be implemented by all water utilities, (4) identify and adapt to our region a cost-benefit tool for each utility to use in determining the level of effort to commit to the required action items and whether to implement additional highly cost-effective action items included as optional action items, and (5) District to provide technical assistance to utilities interested in using the tool to determine level of effort and whether to pursue optional actions.

- Option 4 (or more) – Other Ideas from the Committee

Key Items for Further Consideration:

- Whether and which action items may not readily lend themselves to CBA (e.g. tiered conservation rates, water waste ordinance, etc.)
- Role of short-term water efficiency (e.g. drought preparation)
- Other items?

Documents and Research for Committee Review:

- Guidelines for Preparing Economic Analyses, National Center for Environmental Economics, Office of Policy, US EPA
- Price is What You Pay. Value is What You Get, Grace Johns, Florida Water Resources Journal, October 2017
- Economic Approach to Estimating the Value of Water, Grace Johns, Presentation from FSAWWA 2017 Fall Conference
- Southern Nevada Water Authority 2014-2018 Water Conservation Plan
- A Balanced Approach to Water Conservation in Utility Planning, Water Research Foundation #4175