

**ECONOMIC AND FINANCIAL
CONSIDERATIONS:
OBTAINING AUTHORIZATION TO
DIVERT
GROUNDWATER**

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Bryce Contor &
Dr. Garth Taylor

BASIC WATER ECON PRINCIPLES

- COSTS ARE LUMPY.
- WATER PROVISION IS A “DECLINING COST INDUSTRY.”
- THE INVESTMENTS LAST LONGER THAN THE REPAYMENT PERIOD.
- PREDICTION IS DIFFICULT. ESPECIALLY OF THE FUTURE.

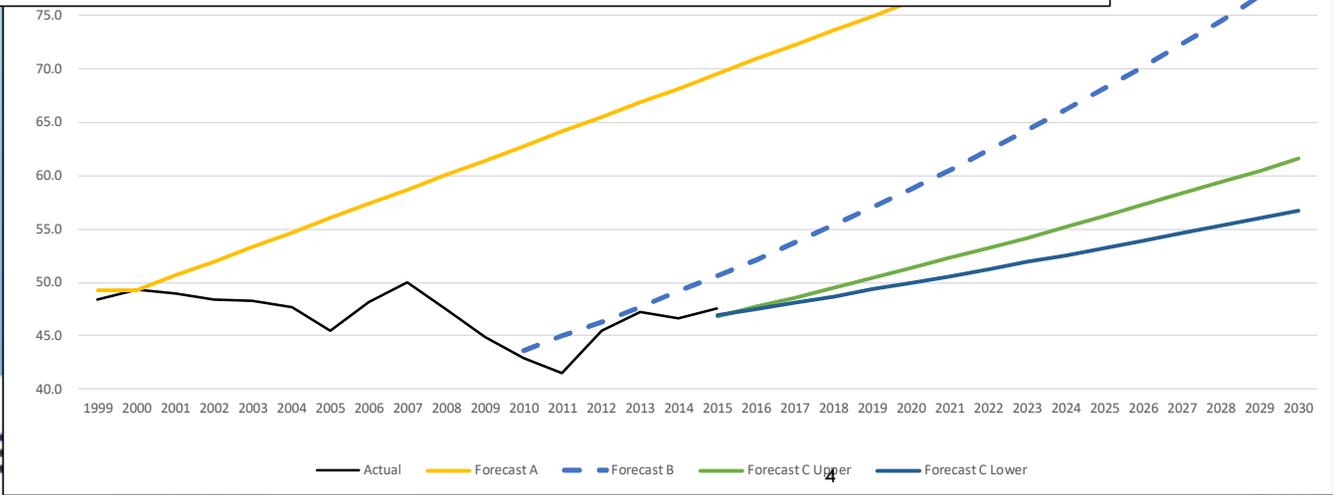
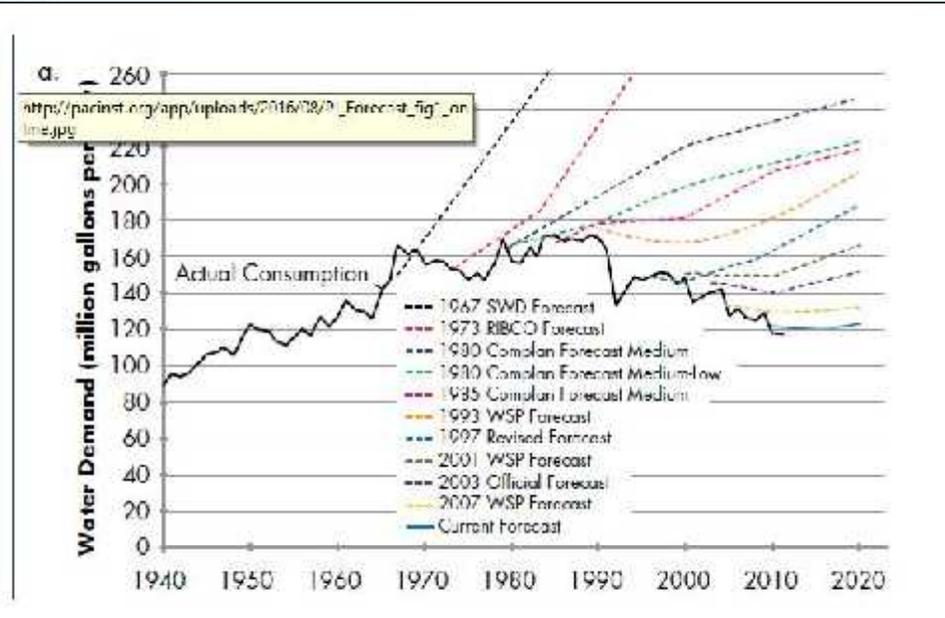
NARROWING THE SCOPE:

WEIGHING OPTIONS FOR SECURING **AUTHORIZATION TO DIVERT GROUNDWATER**

- DEMAND IS A FUNCTION, NOT A NUMBER.
- WE NEED TO BE BRUTALLY HONEST.
- THERE ARE CONSEQUENCES TO GETTING IT WRONG.
- THE DISCOUNT RATE MATTERS. A LOT.

Figure 1.
Water utilities consistently overestimate future water demand

a. Seattle, Washington (Flynn 2012)



- DEMAND IS A FUNCTION, NOT A NUMBER.



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- WE NEED TO BE BRUTALLY HONEST.

“The aim of a research project, my dear Hogan, is not to discover new facts.

We already know the Luftwaffe personnel are superior. Here we are merely furnishing scientific proof.”

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installed meters suggest that action alone could reduce water use by 34 percent

South Pasadena braces for five years of water rate hikes - some of you conserved too well

⋮



South Pasadena raised water rates beginning in three months and continuing through 2022.

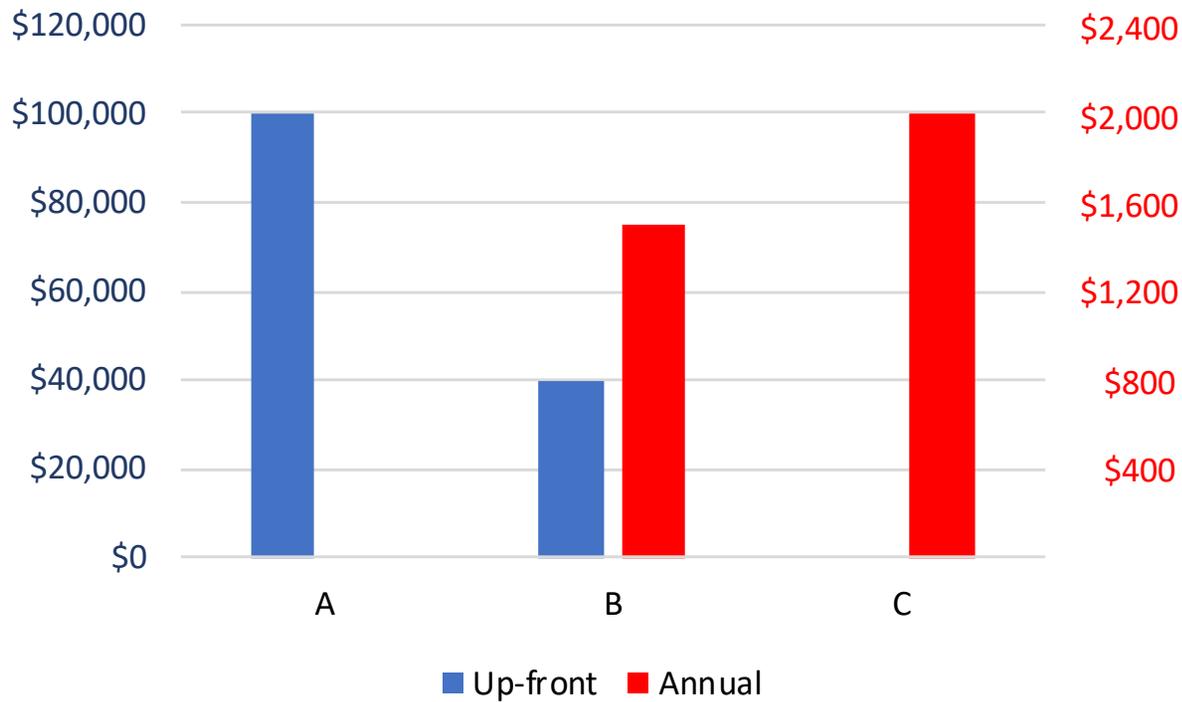
- THERE ARE CONSEQUENCES TO GETTING IT WRONG.
 - INDOOR USES AND OUTDOOR USES RESPOND DIFFERENTLY TO PRICE SIGNALS

Subject: RE: value of water of land

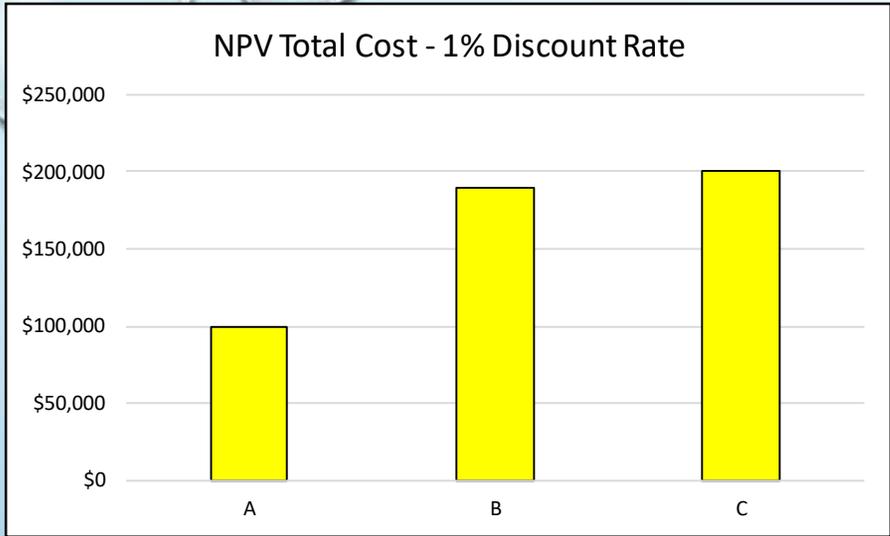
Bryce, Remind them that during the last mega drought, Australia built 4 multi-billion dollar desal plants and has used only 1 of them.

1/11/22

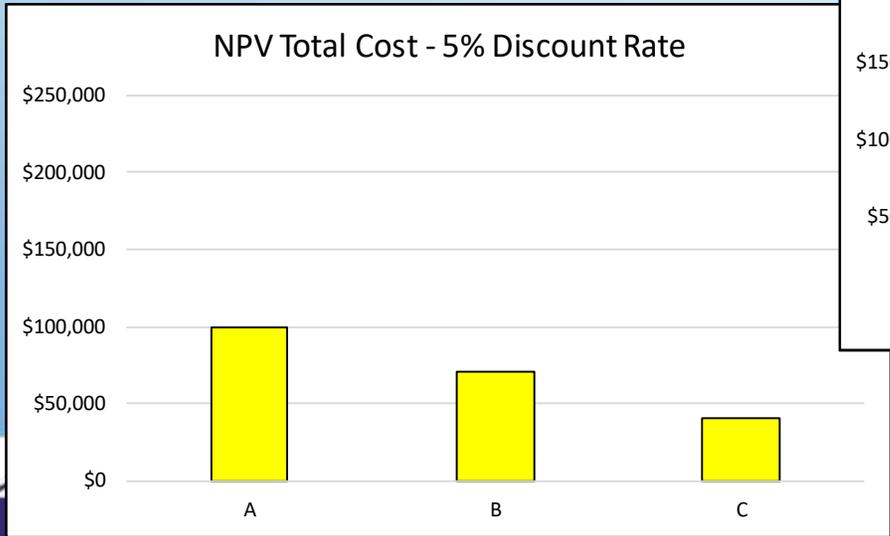
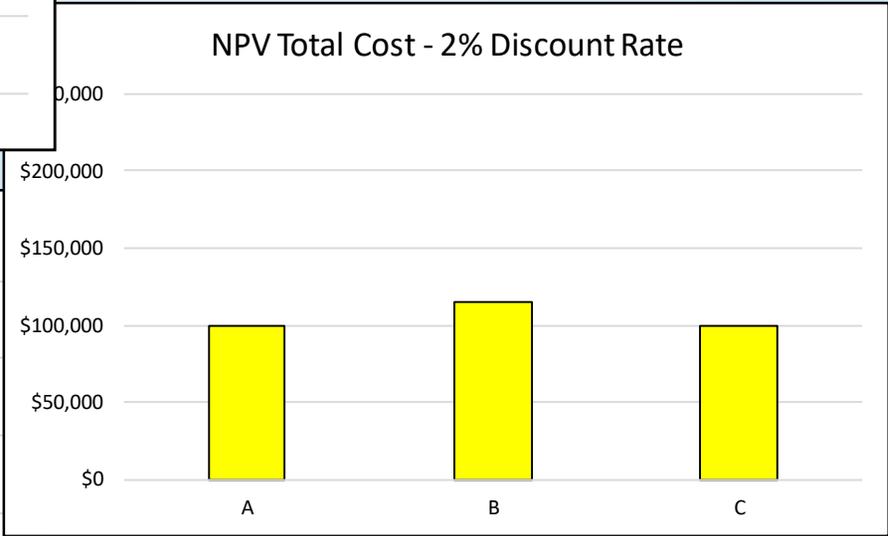
Cost Comparison



- THE DISCOUNT RATE MATTERS. A LOT.



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