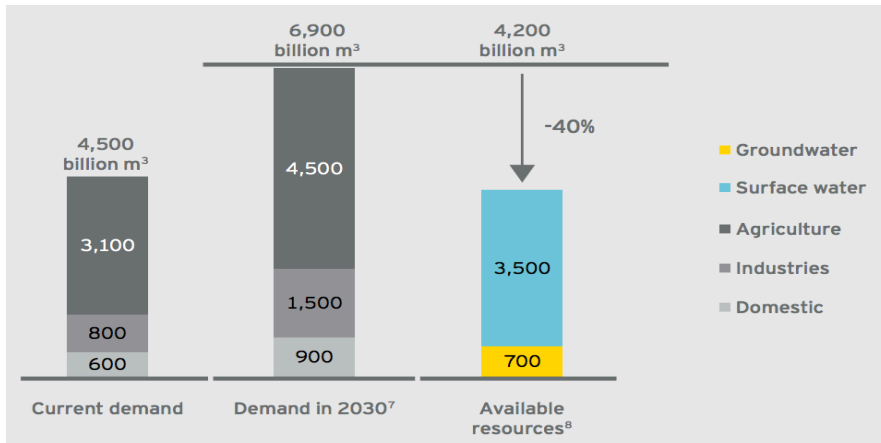


The Economics of Water: Financing Strategies for Greater Water Resilience



Source: 2030 Water Resource Group and International Food Policy Research Institute

Current State of Water

Current water demand already outstrips supply, and many experts predict that by 2030, there will be a 40% supply gap. Traditional market-based approaches undervalue water, and as a result, water prices do not reflect its true value. This often makes it challenging to justify large capital investments that reduce usage. However, given the increasing scarcity of water, it is clear that over the long-term, there is opportunity for significant return on investment.

Mechanisms to Balance the Equation

A thorough water audit can identify ways to optimize operations and select new practices or technologies. With a proper roadmap, a company can utilize a variety of financing options which share or defer the cost of installation of new technologies.

Property Assessed Clean Energy (PACE) & Performance Based Contracting

A third party (such as government entities, utilities or financial institutions) pays the upfront costs of water infrastructure installation. The company pays it back gradually through charges on their bills.

Hilton Los Angeles/ Universal City Upgraded Water Fixtures

In 2014, the PACE program covered the \$7million in costs up-front and the hotel saved \$1million on utility costs, operations, and maintenance in the first year.

Rebates & Incentive Programs

Government agencies and utilities subsidize the costs of small and large-scale water technology projects that involve the installation of efficient fixtures. Rebates must be applied for before the equipment is purchased. Many require the purchase of a large number of fixtures to qualify.

UCLA

Upgraded Cooling Towers

Using the Metropolitan Water District Water Savings Incentive Program, UCLA upgraded its cooling towers at the co-gen plant to utilize recycled condensate from air conditioners and other sources on campus. The installation cost was \$370,000 but it has saved the campus \$100,000 annually.

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