

Status Report on the Conservation Credits Program

Water Planning and Stewardship Committee
Item 6d
August 17, 2009

Overview

- Background
- FY 08/09 Payment processing
- Backlog Payment processing
- Status of administrative actions
- Next Steps

Background

- Audit Department completed review in July
- General Manager's staff provided options
- Board approved the following:
 - Budget increase of \$14.2 million
 - Contract amendment for Honeywell
 - Administrative improvements
 - Modification of incentive amounts

Focused Effort

- Executive Management
- Legal Department
- External Affairs
- Water Resources Management
- Finance
- Corporate Resources (Engr., Business Serv., & IT)
- Audit Department (Indirectly)

FY 08/09 Payment Processing

- Since July 14th, paid invoices of \$6.2M
 - Regional Residential → \$2.0 million
 - Regional Commercial → \$4.0 million
 - Locally Implemented → \$0.2 Million
 - Totals include MWD rebates, MA rebates, & fees
 - Part of the budgeted \$40M for FY 08/09
- Paid all invoices accrued in FY 08/09 budget

Backlog Payment Processing

- MWD Backlog amounts
 - Regional Residential → \$0.3 million
 - Regional Commercial → \$9.3 million
 - Locally Implemented → \$3.4 million
 - Public Sector Phase I → \$1.2 million
(Recycled Water Hook-ups)
- Member agency pass-through → \$4.1 million
- Processing invoices for backlog & MA pass-thru

Status of Administrative Actions

- Reconciling costs on a weekly/monthly basis
- Testing computer program for data entry
- Preparing to re-activate regional programs
 - On-line reservation system for commercial program
 - Reservations not recommended for residential
 - Improved communication to manage expectations
- Meeting with vendors regarding contract issues

Next Steps

- Continue to expedite payment processing
- Re-activate regional programs in late September
- Continue to improve administrative controls
- Finalize contract amendment with Honeywell
- Return with longer-term revised program
 - Modified programs, incentive rates, etc.
 - Review with Member Agencies
 - Market research & peer review