



- Monthly Conservation Program Update

Summary

Status report on conservation credits program for October 2009

Attachments

Regional Rebate Program Weekly Update dated October 5, 2009

Detailed Report

Payment Processing from Fiscal Year 2008/09

Since July 14th, staff has processed approximately \$6.2 million in payments that were accrued against the fiscal year 2008/09 budget of \$40 million. With these payments, all invoices accrued against the \$40 million budget for fiscal year 2008/09 have been paid.

Backlog Payment Processing

Approximately \$6.8 million of the \$14.2 million in backlog has been paid or processed by Metropolitan. Applications for approximately \$5.7 million cannot be processed until additional information or supporting documentation is provided by the customers. There are projects and invoices that are less than the audit estimate, and adjusted increases for member agency and regional projects that qualified for funding, which results in a net projected under-run of approximately \$700,000 to date. Table 1 below provides a status of the \$14.2 million in backlog payments identified by the auditor for each program:

Table 1- Backlog Payment Summary

Item	Estimated Amounts in Audit Report	Processed or Paid by Metropolitan (1)	Pending Customer Input (2)	Less than Audit Estimate (3)	Additional Adjustments (4)
Regional Rebate Programs	\$ 8,375,713	\$4,025,292	\$4,005,308	\$345,113	\$778,000
Administrative Fees (15%)	\$ 1,256,357	\$603,903	\$ 600,684	\$ 51,770	\$ 116,700
Member Agency Programs	\$ 3,350,688	\$ 1,984,803	\$ 168,450	\$ 1,544,400	\$ 349,354
Recycled Water Retrofits	\$ 1,172,015	\$ 203,350	\$ 968,665	\$ 0	\$ 0
Totals --	\$14,154,773	\$ 6,817,348	\$ 5,743,107	\$ 1,941,283	\$ 1,244,054

Notes:

- (1) Processed or paid by Metropolitan year-to-date.
- (2) Incomplete projects or applications that must be finished by the customer before it can be processed.
- (3) Unused funds due to customers not completing projects, non-compliant applications, and/or differences between audit estimates and final costs.
- (4) Additional adjustments for member agency and regional projects (e.g., Water Energy Efficiency Partnerships with Edison) that qualified for funding.

Board Report (Monthly Conservation Program Update)

Regional Rebate Programs - Approximately \$80,000 is left to be paid of the audited amount on the regional residential program. Staff and the residential vendor are reviewing the last of the applications and anticipate that backlog payments for the residential program will be completed by the end of October.

For the commercial program, a significant portion of the regional commercial program backlog cannot be paid until customers complete projects and submit final documentation. The commercial vendor has sent over 500 letters to customers with incomplete or missing applications notifying them that they have 30 days to complete the work and submit final documentation in order to be considered for payment. There are also over 100 landscape projects totaling approximately \$434,000 that must be inspected by member agencies as a requirement of their grant funding. Member agencies have indicated that it will take up to two months to complete the inspections.

To date, the regional vendors have identified over \$345,000 of duplicate or non-compliant applications that will not be paid. Detailed review has also identified additional adjustments for member agency and regional projects, such as the Water Energy Efficiency Partnerships with Edison, totaling approximately \$778,000 that qualified for funding. At this time, staff estimates that actual cost of the backlog payments will be less than the audit estimate by approximately \$700,000.

Member Agency Programs - To date, Metropolitan has received invoices from the member agencies totaling approximately \$2.16 million and staff has processed \$1.98 million in payments. Staff anticipates that the actual cost of the member agency program backlog will be approximately \$1.2 million less than the audit estimate.

Recycled Water Retrofits - Much of the remaining work for the recycled water retrofits will not be completed for up to six months because they require approvals from the public agency's governing body, permits to prevent cross-connections and work that needs to be completed during limited windows of opportunity (e.g., when school is not in session). It is estimated that the final payments of the backlog of approximately \$970,000 will not occur until the end of the fiscal year.

Member Agency Pass-Through Payments - Since some member agencies elected to fully fund the regional programs while Metropolitan's rebates were on-hold, there is approximately \$1.5 million of pass-through applications remaining to be paid. Approximately \$1.1 million is currently being processed and \$0.4 million is on-hold pending final applications, member agency inspections or additional supporting documentation. Staff is concurrently processing the member agency pass-through payments and the Metropolitan backlog payments when the projects and applications are fully complete.

Fiscal year 2009/10 Programs

Regional Rebate Programs – The programs were re-launched on September 21. The launch went as expected. Nearly \$1.2 million in commercial rebate reservations were made the first day, but reservations decreased to approximately \$43,000 per day in the second week. As of October 3, 2009, total reservations for the commercial program were \$2,092,045. Most of the reservations were taken for weather-based irrigation controllers and rotating spray nozzles. Although website traffic increased significantly for the regional residential program, only about \$24,000 in new applications were received in the second week of the program. Staff expects number will increase in future weeks as more residents begin to make purchases and submit applications. As of October 3, 2009, the total commitments for the program were \$211,848. Staff provides a weekly update report on the regional rebate programs to member agency conservation coordinators and general managers, as shown in [Attachment 1](#).

Member Agency Program – Requests for funding were almost double the budget amount of \$5.5 million, so member agencies were allocated a fixed amount equal to 50 percent of the amount requested to avoid exceeding the overall budget.

Moving Forward

Staff will continue to expedite payments of the backlog, closely monitor the regional rebate programs and address the issues identified in the audit report. Staff will also initiate the new agricultural conservation program and continue to develop the long-term programmatic overview of the conservation programs.



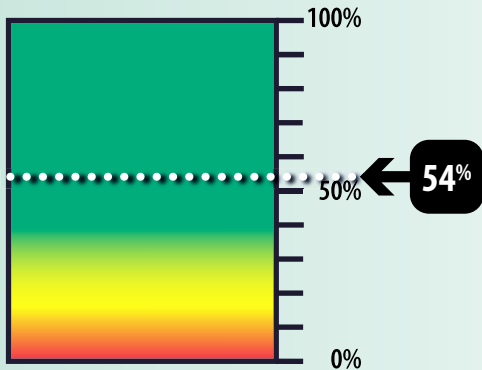
Regional Rebate Program Weekly Update

Conservation Program

October 5, 2009

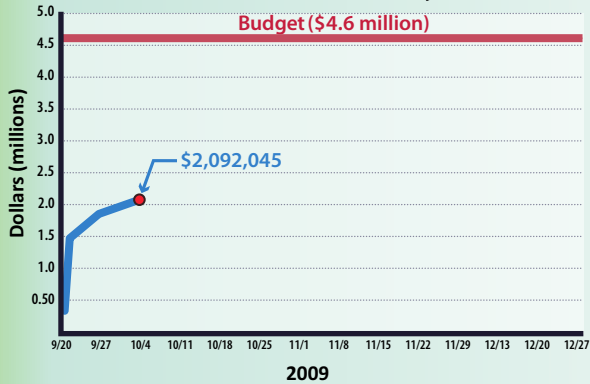
COMMERCIAL

Rebate Remaining Index*
(as of October 3, 2009)



* This index is an informational graphic and is not a guarantee that funds are available.

Total Amount Reserved By Date*



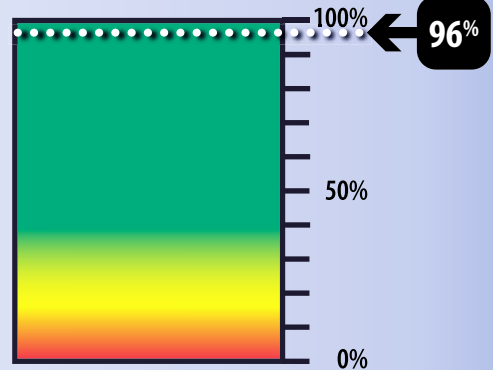
* Graph covers September 20, 2009 through December 31, 2009

Summary

- ❖ Total reservations were \$2,092,045 as of 10/3/2009
- ❖ Approximately \$1,200,000 was reserved the first day of the program, but reservations tapered off to about \$43,000 per day last week.
- ❖ The most reservations this week were taken for high-efficiency toilets and rotating spray nozzles.
- ❖ The number of weekly visitors to website: 948 (38% less than the prior week)
- ❖ For additional information, contact Bill McDonnell at (213) 217-7693

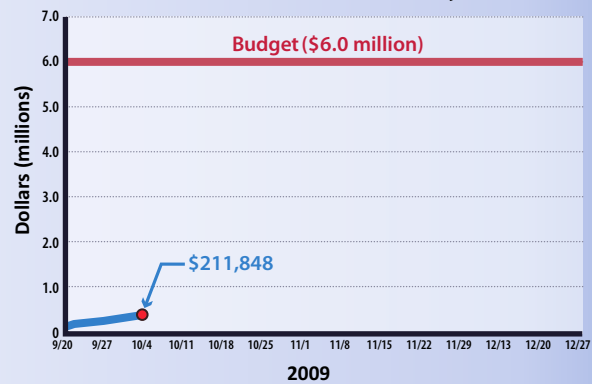
RESIDENTIAL

Rebate Remaining Index*
(as of October 3, 2009)



* This index is an informational graphic and is not a guarantee that funds are available.

Total Amount Committed By Date*



* Committed includes both paid rebates and applications received that have not yet been paid.

Summary

- ❖ Committed amount was \$211,848 as of 10/3/2009
- ❖ Applications totalling approximately \$24,000 were received last week.
- ❖ Staff expects the number will increase in future weeks as more customers make purchases and submit applications.
- ❖ The number of weekly visitors to website: 4,152 (31% less than the prior week)
- ❖ For additional information, contact Alice Webb-Cole at (213) 217-6716