

Proposed Fiscal Year 2010/11 Water Conservation Plan

Water Planning and Stewardship Committee
Item 8-7
May 10, 2010

Overview of Actions

- Water Conservation Plan for FY 2010/11
- New contract for regional commercial vendor
- Transition for regional commercial program
 - Contract amendment for reservations before May 31
 - Restart program June 1 using new contract



FY 2010/11 Plan Elements

- Non-incentive approaches & technical assistance
- Regional Incentive Programs
 - Residential (SoCal Water\$mart)
 - Commercial (Save A Buck)
- MWD-funded / MA Administered Program
- Agricultural Conservation Program
- Existing Commitments – Ending next FY
 - Water Savings Performance Program
 - Enhanced Conservation Program



FY 2010/11 Plan Improvements

- Increased focus on non-incentive approaches
- Programmatic changes to:
 - Improve effectiveness
 - Provide flexibility for member agency needs
 - Achieve or exceed water savings target
 - Transition to long-term conservation strategy
- Incentive changes
 - Based on device cost analysis and market study
 - Influence customer purchase decisions

Benefits of Regional Commercial Program

- Improved access to rebates
 - Umbrella coverage across entire service area
 - Unified program for businesses with many sites
- Centralized processing & economy of scale
- Eliminate local duplicative efforts
- Benefits specific to Commercial Program
 - Currently the most active program
 - Large water savings from commercial sector

Commercial Vendor Services

- Reservation processing
- Application processing
- Website, database and reporting
- Customer service / call center / documentation
- Payment and tracking of member agency and grant funding
- Quality control and fraud prevention
- Other potential services

Commercial Vendor Procurement

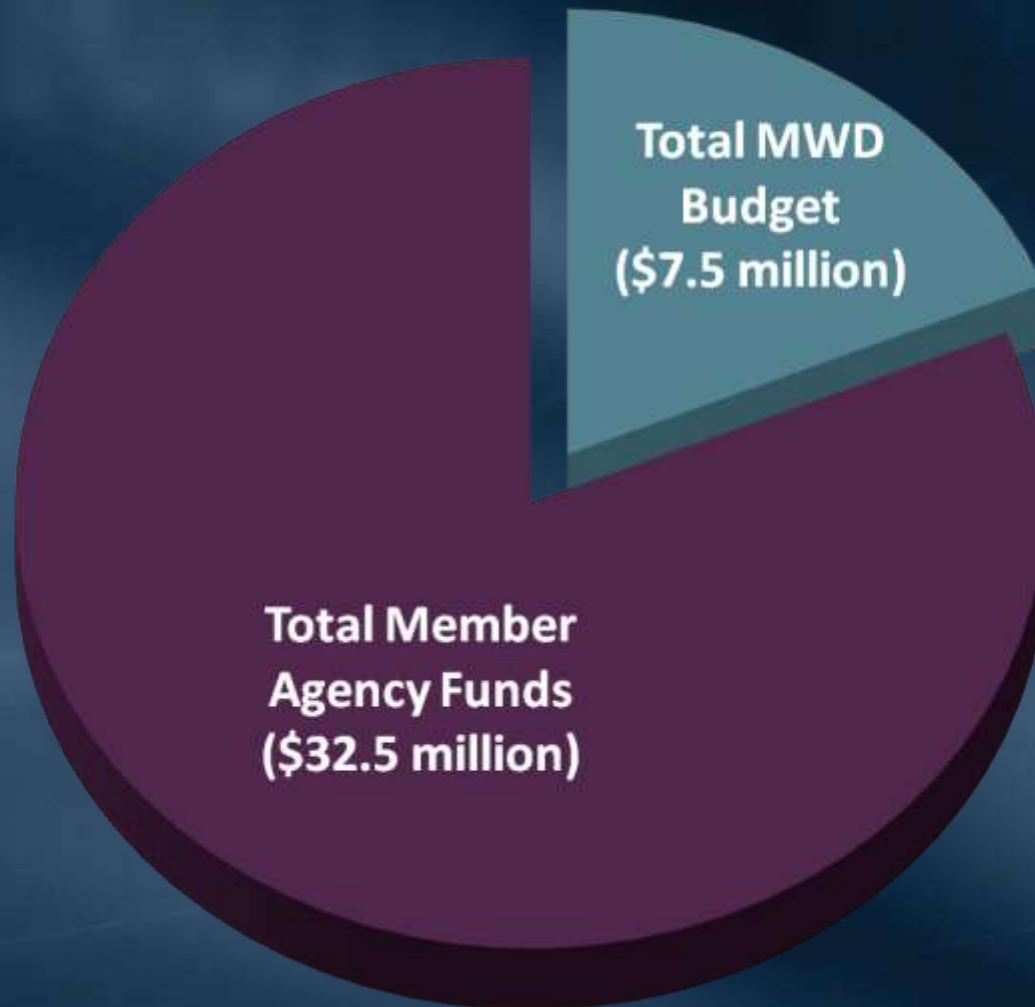
- Current contract expires June 30, 2010
- Issued Request for Proposal
 - Over 100 vendors downloaded RFP
 - 7 proposals received
- Selection Process
 - Evaluated by 5 member panel
 - Interviewed top-ranked firms
 - Performed reference checks
 - Requested Best and Final Offers



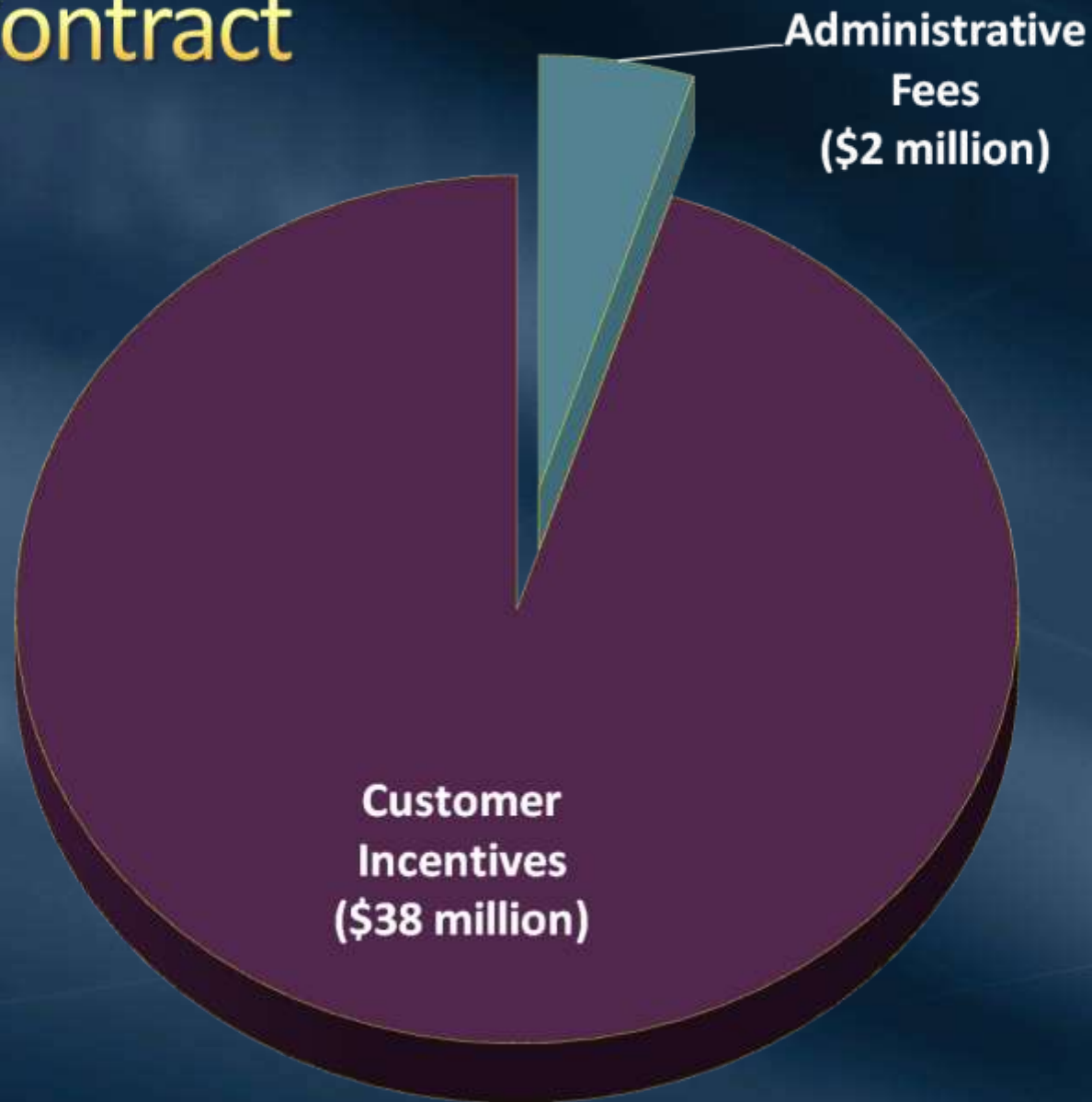
Commercial Vendor Contract

- Recommend Honeywell International
 - Ranked highest by evaluation panel
 - Reduced administrative fees by 30%
 - Improved payment processing systems
 - Improved member agency reporting
- Contract terms
 - Three-year agreement with no price escalation
 - Cap of \$120 million (\$40 million per year)
 - Metropolitan incentives and admin fees of \$7.5 million
 - All Metropolitan costs are included in the proposed 2010/11 budget

MWD Estimated to Pay Less than 25 Percent of Annual Cost



Admin Fees Are a Small Part of Total Contract



Transition to New Contract

- Current contract

- Reaching maximum amount payable
- Contract ends June 30, 2010
- Processing MA fully funded through May 31

- Goals

- Avoid disruptions to MA fully funded
- Re-launch regional commercial program June 1
- Maintain customer service levels

Transition to New Contract

- Plan

- Pay existing applications under current contract
- Begin taking new reservations in June
- Make FY 10/11 payments under new contract

- Amend existing Honeywell agreement

- Increase contract authority by \$5 million
- Extend contract through September 2010
- No impact to MWD budget

Option 1

- Adopt the CEQA determination and authorize:
 - FY 2010/11 Water Conservation Plan and incentive modifications with effective date of June 1, 2010;
 - Elimination of Enhanced Conservation Program and Water Savings Performance Program, upon completion of existing agreements;
 - Execution of new three-year contract not to exceed \$120 million with Honeywell International for regional commercial incentive program; and
 - Execution of amendment to existing Honeywell contract to increase maximum payable from \$85 million to \$90 million.

Option 2

- Adopt the CEQA determination and authorize:
 - Same as Option 1 except:
 - Staff to return with an alternative recommendation for the regional commercial program administration.

Recommendation

- Option 1

