

Authorize changes to water
conservation program and authorize
new agreement for regional
conservation program

Water Planning and Stewardship Committee
Item 8-4
May 7, 2012

Overview of Actions

- Changes to Water Conservation Program
- New contract for combined regional program



Program Changes

Program Changes

- New commercial devices
 - Laminar flow restrictors (hospitals)
 - In-stem flow regulators (irrigation)
- Incentive increases
 - Ice machines to \$1,000
 - Flushometer HETs to \$100
 - Rotating nozzles to \$4
- Eliminated device
 - Water broom



Program Changes (cont'd)

- Reinstated pay for performance program
 - Metropolitan administered
 - Include industrial and large landscape
- Flexibility
 - Access to grant funds
 - Turf Removal (current)
 - Rotating Nozzles (pending)
 - Accrual-based budget
 - Allows more time for local project implementation



Strategic Focus: Outdoor Water Use

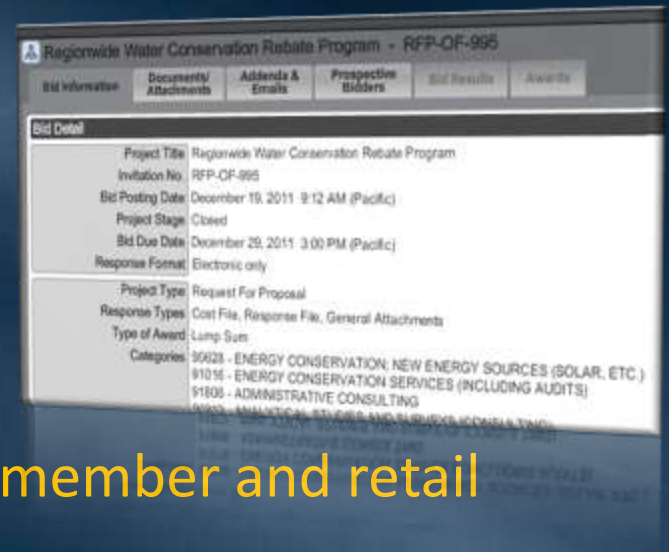
- Proper irrigation control
- Elements to support focus
 - Increase rotating nozzles
 - Residential landscape training
 - Large landscape surveys



New Regional Vendor Contract

Vendor Procurement

- Current residential program contract approaching maximum payable
- Issued Competitive Request for Proposal
 - **Allowed vendors to propose on:**
 - Residential
 - Commercial
 - Combined Program
 - **Sent to over 2,100 vendors**
 - **11 proposals received**
- Selection Process
 - **Evaluated by panel of Metropolitan, member and retail agencies**
 - **Interviewed short-listed firms**
- Result – recommend combined program



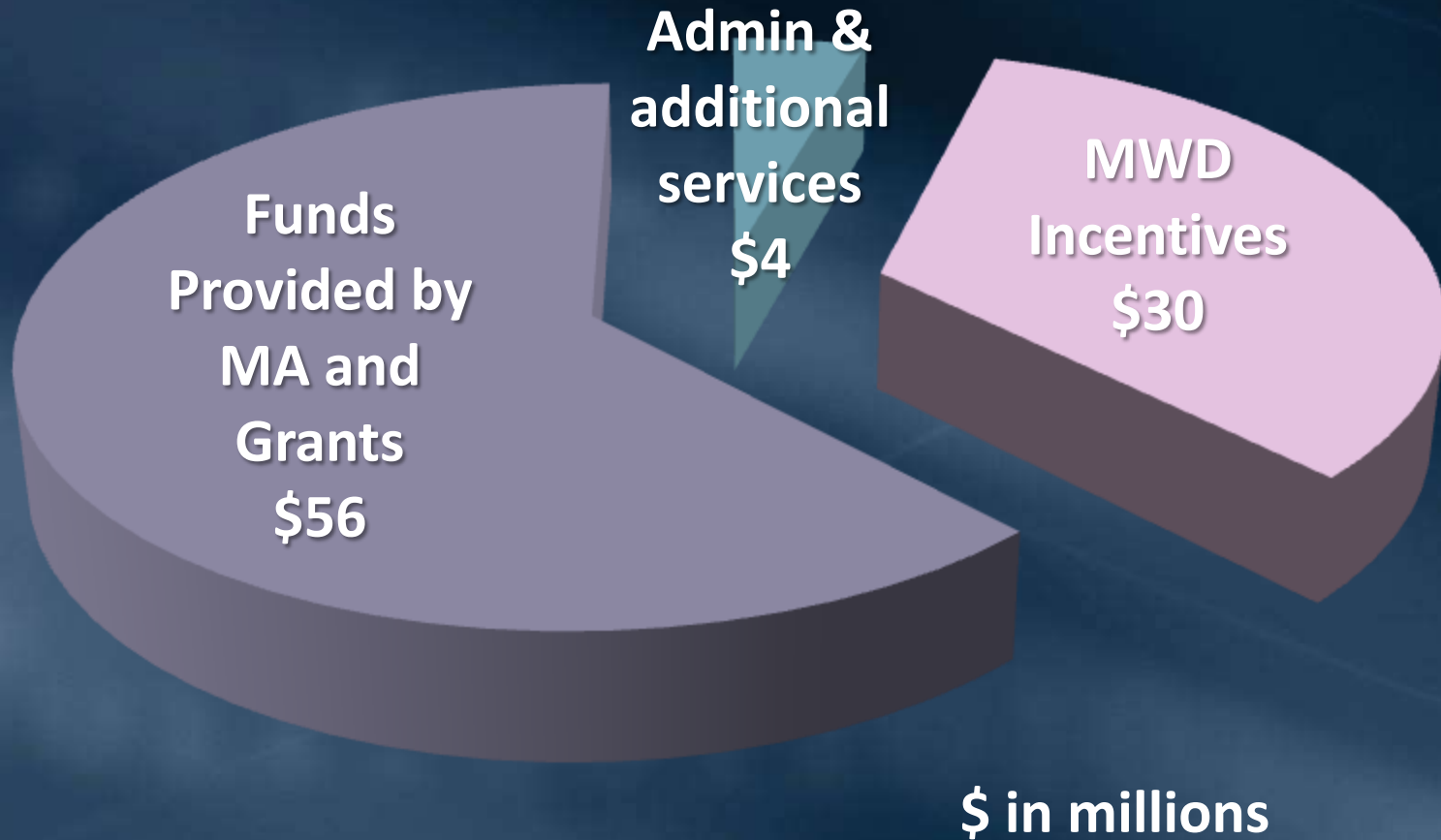
Benefits of Combined Regional Program

- One-stop shop for rebates
 - One vendor for residential and commercial programs
 - Centralized processing and economy of scale
- Standardizes:
 - Reporting
 - Invoicing
 - Website
- Reduced overhead
- Increased program efficiency

Recommend Electric and Gas Industries Association

- Five-year agreement
- Administrative fees:
 - Approximately 10 percent of Metropolitan's incentive
 - Additional services on task order basis
 - Total administrative fees and additional services up to \$4 million
- Cap of \$90 million
 - \$86 million incentives
 - \$4 million admin fees and other services

Cost Breakdown



*Estimates based on current activity

Summary

- Conservation program changes
 - Consistent with Long-Term Conservation Plan
 - Focused on outdoor water use
- New combined regional program contract
 - Includes residential and commercial programs
 - Reduced vendor administrative cost
 - Improved program efficiency

Option 1

- Adopt the CEQA determination and authorize:
 - Water conservation program changes effective July 1, 2012
 - Five-year agreement with Electric and Gas Industries Association to administer Metropolitan's regional conservation rebate program. The maximum amount payable under the contract for EGIA's services would be \$4 million. The contract's overall maximum amount will include pass-through incentive funding from Metropolitan, member agencies, and third parties to conservation program participants, with the overall contract amount not to exceed \$90 million

Option 2

- Adopt the CEQA determination and authorize:
 - Water conservation program changes effective July 1, 2012
 - Staff to return with alternative recommendation for the regional conservation rebate program administration
 - Execution of an amendment to the existing contract with Electric and Gas Industries Association, increasing the maximum amount payable from \$40 million to \$45 million, to continue processing residential incentives under this contract until a new agreement for program administration is executed

Recommendation

- Option 1

