



Authorize: (1) Additional funding for conservation incentives; and  
(2) Implementation of modifications to the Turf Removal Program

Special Board Meeting

Item 5-1

May 26, 2015

# Conservation Program Status

	<b>Paid FY 14/15*</b>	<b>Pre-approved*</b>	<b>Additional Requests</b>
<b>Device Rebates</b>	\$24.7M	\$20.9M	-
<b>Residential Turf</b>	\$33.4M	\$33.2M	\$58.7M
<b>Commercial Turf</b>	\$11.1M	\$68.2M	\$117.5M
<b>Member Agency</b>	\$18.9M	\$1.2M	\$31.1M
<b>TOTAL</b>	<b>\$88.1M</b>	<b>\$123.5M</b>	<b>\$207.3M</b>

\*As of May 17, 2015

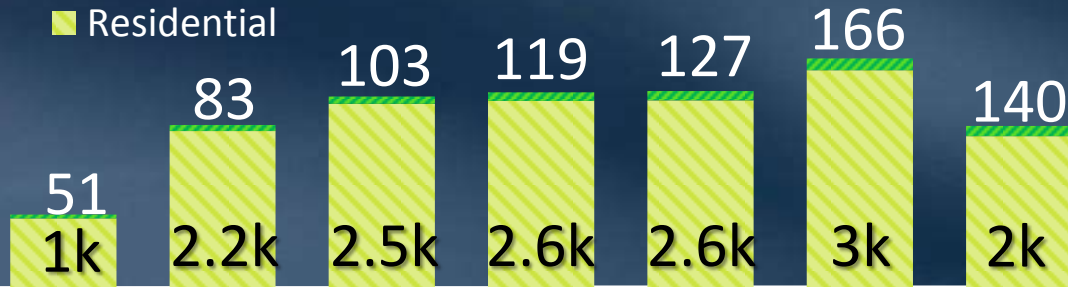
**Pre-approved:**  
Applications and member agency requests approved to proceed

**Outstanding Requests:**  
Applications requesting funds but not approved to proceed yet

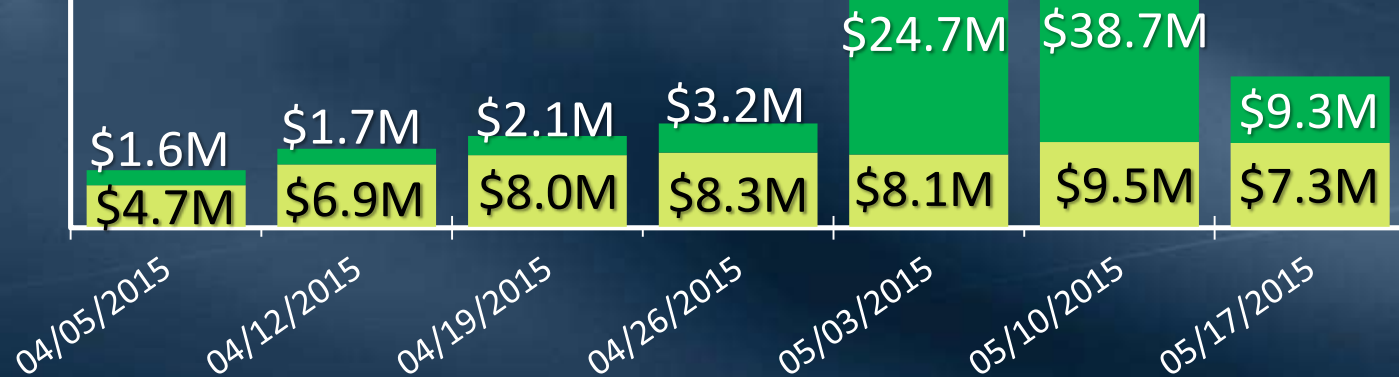
# Turf Removal Activity after Governor's Executive Order

Number of Applications

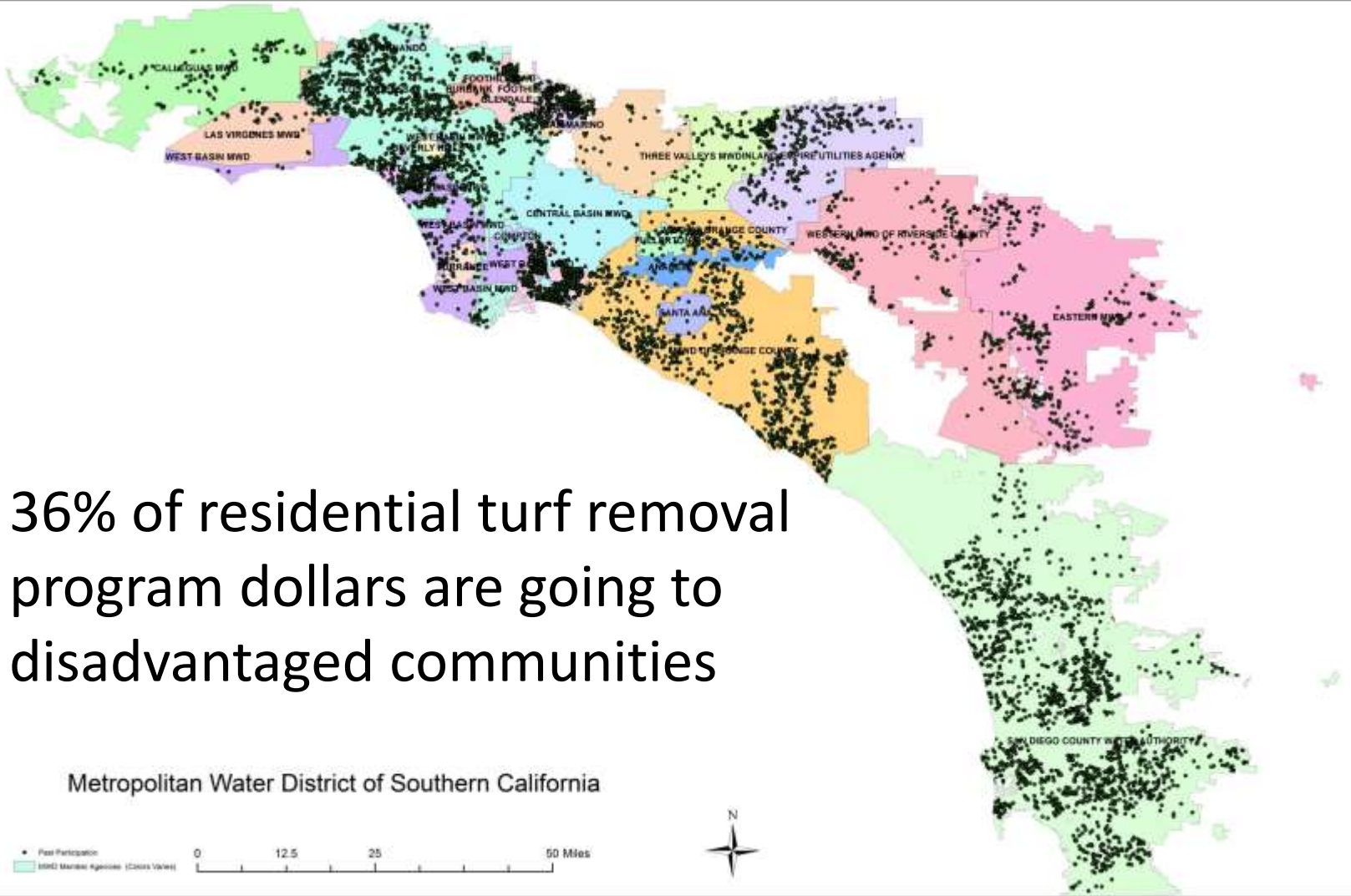
Commercial  
Residential



Commercial  
Residential



# Turf Removal Throughout Region



# Turf Removal Program Modifications

# Turf Removal Program Background





# Current Turf Removal Program

- \$2 per square foot for all customers
- No maximum funding level
- Continued increase in large commercial turf removal projects
- Continued questions on:
  - Long term sustainability of the program
  - Small percentage of commercial customers receiving the majority of funding

# Proposed Turf Removal Program

	Before May 12, 2015	After May 12, 2015
Residential	\$2/sq ft	\$2/sf Max: \$6k
Public Agency	\$2/sq ft	\$2/sq ft (<3k sf) \$1/sq ft (>3k sf) Max: \$50k
Commercial	\$1/sq ft Max: \$25k	\$1/sq ft Max: \$25k

Subject to Approved Budget for FY 14/15 and FY 15/16



# Program Status With Proposed Changes

	Paid FY 14/15*	Pre-approved*	Additional Requests
Device Rebates	\$24.7M	\$20.9M	-
Residential Turf	\$33.4M	\$33.2M	\$50.1M
Commercial Turf	\$11.1M	\$68.2M	\$11.9M
Member Agency	\$18.9M	\$1.2M	\$31.1M
<b>TOTAL</b>	<b>\$88.1M</b>	<b>\$123.5M</b>	<b>\$93.1M</b>

\*As of May 17, 2015 – rounded

Pre-approved:  
Applications and member agency requests approved to proceed

Outstanding Requests:  
Applications requesting funds but not approved to proceed yet

# Administrative Changes

- No pre-approvals will be given in excess of the budget limit
- Staff will administer separate budget limits for device rebates and the Turf Removal Program
- Changes apply both to the member agency-administered and regional programs

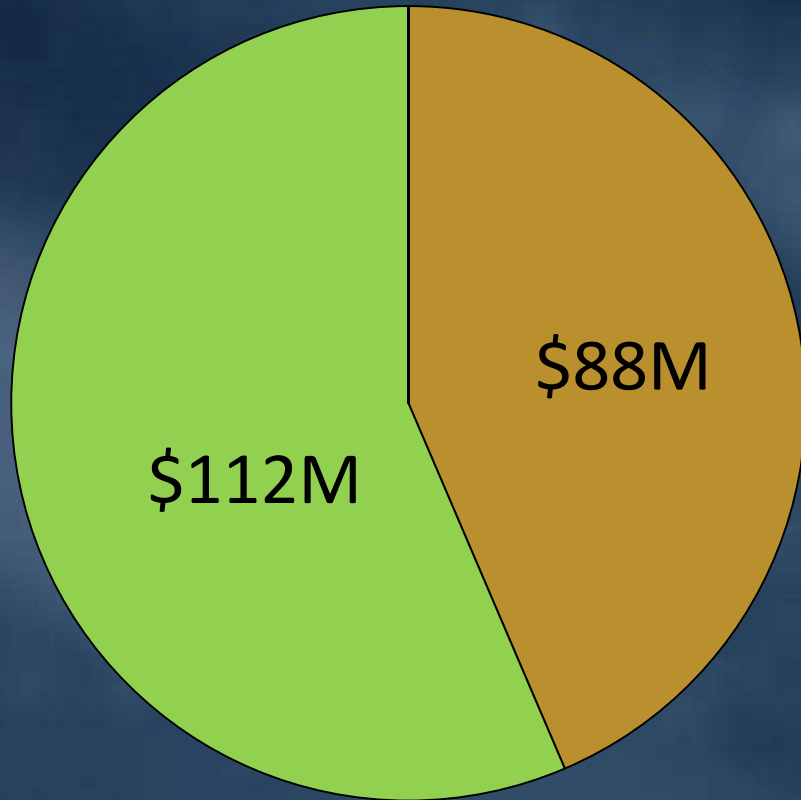
# Conservation Program Budget Options

# Proposed Additional Budget

- Option #1: Additional budget of \$100M
  - Accommodates existing pre-approved requests
  - Program shuts down
- Option #2: Additional budget of \$250M
  - Option #1, plus accommodates add'l turf requests already received
  - Device rebates continue, but no new turf requests
- Option #3: Additional budget of \$350M
  - Option #2 plus new turf requests likely to continue through summer into fall

# Option 1: \$100M Additional Funding

\$200M Budget (FY14/15 and FY15/16)



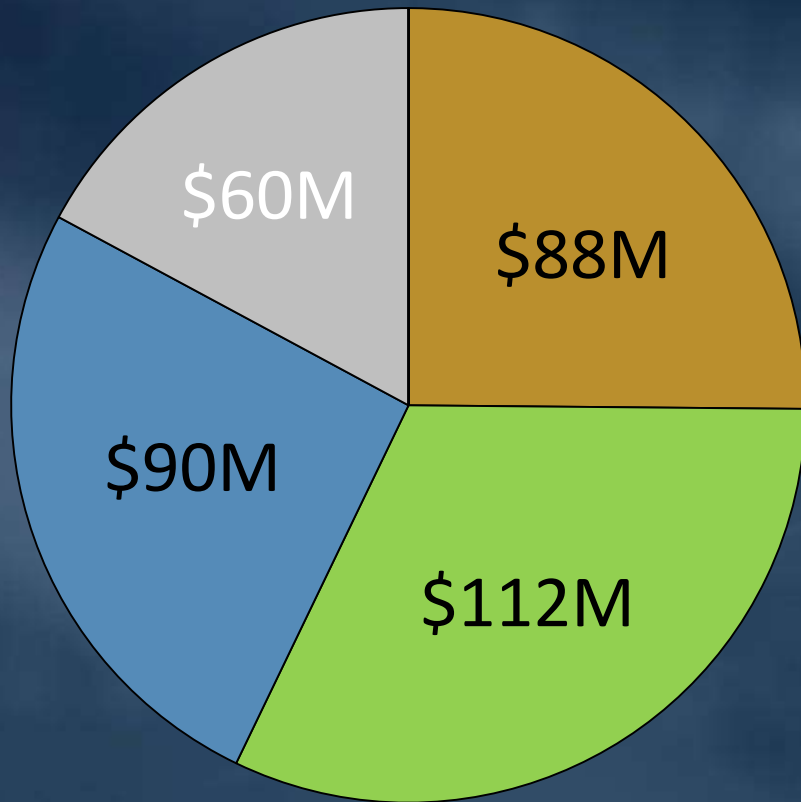
- Water Savings
  - Annual: 36 TAF
  - 10-Year: 358 TAF
- Melded Rate: \$549/AF
- ~73M sf turf removed

■ Paid ■ Approved ■ Outstanding Requests ■ New Devices ■ New Turf Reservations

\*As of May 17, 2015

# Option 2: \$250M Additional Funding

\$350M Budget (FY14/15 and FY15/16)



## Water Savings

- Annual: 73 TAF

- 10-Year: 729 TAF

- Melded Rate: \$479/AF

- ~120M sf turf removed

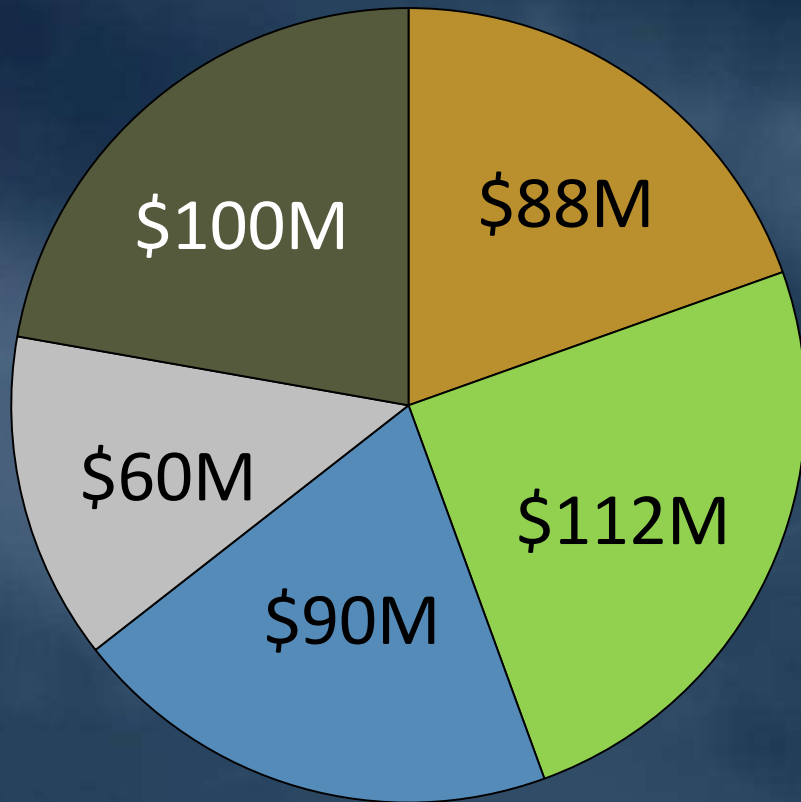
■ Paid ■ Approved ■ Outstanding Requests ■ New Devices ■ New Turf Reservations

\*As of May 10, 2015



# Option 3: \$350M Additional Funding

\$450M Budget (FY14/15 and FY15/16)



- Water Savings

- Annual: 80 TAF

- 10-Year: 800 TAF

- Melded Rate: \$562/AF

- ~172M sf turf removed

■ Paid ■ Approved ■ Outstanding Requests ■ New Devices ■ New Turf Reservations

\*As of May 10, 2015

# Summary of Turf Removal Estimates

- Option #1
  - \$146M in turf removal
  - ~73M square feet removed
- Option #2
  - \$236M in turf removal
  - ~120M square feet removed
- Option #3
  - \$336M in turf removal
  - ~172M square feet removed

# Turf Removal Savings Can Be Long Term

- Savings may be longer-term than devices
  - ~44 gallons/year/square foot removed
  - 30-year savings
  - Assume 20% convert back to turf
- Option #3 Example
  - Total turf removal costs of \$336M
  - Turf removed 172M square feet
  - 30-year savings of 559 TAF with 80% retention
  - Unit-cost of ~\$600 per acre-foot

# Sources of Funding for Conservation Program for FY14/15 and FY15/16

Conservation Program Budget (\$ millions)	<u>\$200</u>	<u>\$350</u>	<u>\$450</u>
<b>Source of Funding:</b>			
Previously Approved by Board	\$100	\$100	\$100
Water Stewardship Fund (\$50)	50	50	50
Water Management Fund* (\$140)	50	140	140
Water Rate Stabilization Fund over Target (\$160)	0	60	160
<b>Total Sources of Funding</b>	<b><u>\$200</u></b>	<b><u>\$350</u></b>	<b><u>\$450</u></b>
<b>Remaining Fund Balances:</b>			
Water Stewardship Fund	\$0	\$0	\$0
Water Management Fund	90	0	0
Water Rate Stabilization Fund	440	380	280
Revenue Remainder Fund	<u>200</u>	<u>200</u>	<u>200</u>
<b>Total Remaining Fund Balances</b>	<b><u>\$730</u></b>	<b><u>\$580</u></b>	<b><u>\$480</u></b>
* Includes amounts authorized but unspent at June 30, 2015			

# Additional Changes May Be Necessary

- Staff will seek state funding support for Metropolitan's Turf Removal Program
- Additional modifications to the Turf Removal Program may be necessary
- Regional landscape ordinances and standards should also be addressed

# Summary

- High interest in conservation program
  - Both devices and turf removal
- Program is providing benefits throughout region
  - Truly shovel-ready
  - Includes disadvantaged communities
- Turf program changes ensure broad distribution
- Option #3 allows program to continue during key summer months and into fall



# Board Options

- Option #1
  - Adopt the CEQA determination that the proposed action is not defined as a project
  - Authorize:
    - Increase in the biennial FY14/15 and FY 15/16 budget of \$100 million for conservation incentives from the Water Stewardship Fund and the Water Management Fund; and
    - Direct staff to process remaining pre-approved applications and close incentive program through June 30, 2016.

# Board Options

- Option #2
  - Adopt the CEQA determination that the proposed action is not defined as a project
  - Authorize:
    - Increase in the biennial FY14/15 and FY 15/16 budget of \$250 million for conservation incentives from the Water Stewardship, Water Management, and Water Rate Stabilization Funds; and
    - Implementation of Turf Removal Program modifications as described in the letter.

# Board Options

- Option #3
  - Adopt the CEQA determination that the proposed action is not defined as a project
  - Authorize:
    - Increase in the biennial FY14/15 and FY 15/16 budget of \$350 million for conservation incentives from the Water Stewardship, Water Management, and Water Rate Stabilization Funds; and
    - Implementation of Turf Removal Program modifications as described in the letter.

# Recommendation

- Option #3

