



● **Board of Directors**
Water Planning and Stewardship Committee

3/13/2018 Board Meeting

9-2

Subject

Review of potential modifications and additions to Metropolitan's Conservation Program

Executive Summary

A team of member agency and Metropolitan staff have assessed opportunities to update Metropolitan's conservation program through an Annual Program Review process. This letter provides a general description of potential new incentives and program refinements that may be recommended. The benefits of the refinements include increasing water savings to meet the Integrated Resources Plan (IRP) goals, establishing a long-term focus on landscape transformation, and improving the effectiveness of Metropolitan's water conservation programs.

Description

Annual Program Review Process

Staff convened a Project Advisory Committee (PAC) that met several times over the past six months to develop recommendations to update Metropolitan's conservation programs. The PAC is comprised of Metropolitan Water Efficiency Team staff and member agency and retail agency conservation managers. The proposed program updates also reflect some of the recommendations made by the Alliance for Water Efficiency (AWE) Peer review, which was completed in 2017. In addition, review and input is being provided by Metropolitan's Conservation and Local Resources Committee.

The potential program modifications are generally described below. Detailed program adjustments are still being refined through the processes described above. Specific recommendations will be presented to the Board for consideration this spring.

New Landscape Transformation Program

Based on the tremendous response to the recently completed Turf Removal Program, staff proposes a new Landscape Transformation Program.

This new Landscape Transformation Program would be offered to residential and commercial consumers, as well as public agencies. The program would be designed to focus on the visibility of the landscape projects to the general public. This approach encourages a multiplier effect whereby observers of one landscape transformation project may undertake additional projects themselves. The program would include sustainable landscaping concepts and be designed as a long-term program that can be offered annually.

Under the draft proposal, Metropolitan would offer up to \$1 per square foot of turf removed. Up to an additional \$1 per square foot could be added to the regional program by local or member agencies. The proposed program would contain additional elements to increase effectiveness and improve controls as compared to Metropolitan's previous turf removal program:

- Program operated within a specific budget identified each year for landscape transformation applications;
- Minimum removal requirements and maximum square footage caps for incentives at each site;

- Applications will require receipts for actual expenses incurred; and
- Increased inspection requirements.

In the past, several member agencies chose to piggyback onto Metropolitan's turf removal program by administering their own local program using Metropolitan's funding. A similar approach would be available for agencies under the new proposed landscape transformation program. In order for the member agency programs to be coordinated with Metropolitan's regional program, participants in these programs would be required to follow, at a minimum, the same requirements as participants in the regional program. While the landscape transformation program is intended to be offered on an annual basis, it is envisioned that specific program elements be adjusted over time in response to actual observed program performance.

Market Based Incentive Residential Pilot Program

Staff is developing a proposed market-based incentive program for residential devices. This pilot is intended to help determine how consumers respond to different rebate amounts. Results of the pilot can be used to set future rebates to generate consumer response while maintaining cost effectiveness. The table below indicates the devices and the proposed new rebate amounts based on early data response from a water device saturation survey conducted by Metropolitan.

Device	Current Rebate	Proposed New Rebate
High Efficiency Clothes Washer	\$85	\$300
High Efficiency Toilets	\$40	\$100
Sprinkler Nozzles	\$2	\$3
Weather Based Irrigation Controller	\$80	\$100

Public Agency Program

The Public Agency Landscape Program was designed to overcome barriers unique to government and public agencies. Response to the program has been robust and it is currently authorized through June 30, 2018. Staff proposes to remove the sunset date and make outreach to public agencies a permanent part of Metropolitan's conservation program. Additionally, staff proposes to add toilets and urinals to the incentives available for up-front funding through the public agency program.

The proposed devices and rebates are:

Device	Proposed Rebate
Commercial Premium High Efficiency Toilet (4-Liter)	\$150
Zero or Ultra Low Water Urinals	\$300

Member Agency Administered Program

Agencies participating in the Member Agency Administered program have requested Metropolitan to allow projects where water savings may not be easily calculated, but which nonetheless add significant value to the community and their water saving efforts. An example of possible projects would be residential landscape design services and public agency demonstration gardens. Staff agrees that such projects can provide outreach and educational benefits that help increase conservation. Staff proposes that a limited amount of member agency administered funding be available for these activities.

Professional Landscape Training

Staff is expanding Metropolitan's education efforts to include training on the Model Water Efficiency Landscape Ordinance (MWELO) for contractors, designers, and public agency staff. Staff is also developing a new element that offers a professional landscape certification for contractors that complete a Qualified Water Efficient Landscaper (QWEL) training.

Budget

Metropolitan's draft biennial budget proposal for fiscal years 2018/19 and 2019/20 was presented to the Board in February. This budget proposal will continue to be refined for board consideration in April. The draft biennial budget proposal includes \$86 million for the conservation program. The specific budget amounts for the proposed new conservation program will conform to the final biennial budget that is adopted by the Board in April.

Metrics

Staff will measure the success of the proposed changes to the conservation program in a number of ways including:

- Monitoring conservation savings as they relate to the IRP targets;
- Tracking regional gallons per capita per day water use data as compared to IRP assumptions;
- Assessing Metropolitan's annual water transactions as they may be affected by weather patterns or conservation efforts;
- and reporting conservation program activity on a regular basis.

Staff will consider revising program elements as necessary in response to this monitoring and other factors to improve program effectiveness and performance.

Next Steps

Staff will continue to work with the PAC, member agency managers, and the Conservation and Local Resources Committee to bring final recommendations to the Board for consideration.

Policy

By Minute Item 49773, dated May 13, 2014, the Board authorized proposed changes to Conservation Program in response to drought conditions.

By Minute Item 49676, dated February 11, 2014, the Board adopted a Water Supply Alert Resolution (Resolution 9168).

By Minute Item 49542, dated September 10, 2013, the Board authorized new conservation program initiatives.

By Minute Item 49068, dated May 8, 2012, the Board authorized changes to Metropolitan's Water Conservation Program.

By Minute Item 48772, dated August 16, 2011, the Board adopted the Long-Term Conservation Plan and revisions to the water conservation policy principles.

By Minute Item 42785, dated January 13, 1998, the Board approved expanding Conservation Credits Program funding to projects that conserve recycled water.

Fiscal Impact

All of the above-described programs will be accommodated by the proposed budget, if approved. No additional funds will be requested.


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Management

3/2/2018
Date


Jeffrey Kightlinger
General Manager

3/2/2018
Date

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