



● **Board of Directors**
Conservation & Local Resources Committee

1/8/2019 Board Meeting

9-3

Subject

Information on proposed action to increase activity in the Landscape Transformation Program

Executive Summary

On April 10, 2018, Metropolitan's Board of Directors authorized a new water efficiency program titled the Landscape Transformation Program. Metropolitan Board, staff, and member agencies designed this conservation element as an annually offered program, which included new sustainability requirements for removing turf and replacing it with drought tolerant landscapes. The annual expenditure for this program was budgeted at \$17 million, and the annual application limit was set at \$50 million. As of December 6, 2018, approximately \$2 million of the \$17 million budget has been committed and participation is expected to remain low during the winter months. This letter describes a proposed approach to increase participation in the Landscape Transformation Program that includes (1) an incentive increase to \$2 per square foot; (2) a program name change for clarity and marketing purposes; and (3) other programmatic changes to ensure ease of participation in the program.

Details

Background

Conservation and water-use efficiency have played a key part in Metropolitan's Integrated Water Resources Plan (IRP) for decades. Metropolitan's regional conservation program is an important tool to help meet the conservation goals established by the IRP. This program provides financial incentives to encourage the installation of drought tolerant landscapes and water-saving fixtures and devices.

During the last drought, the most popular water efficiency program was the Turf Removal Program. Turf removal provided long-term benefits by focusing public attention on a necessary transition to more drought tolerant landscapes throughout Southern California. After that program concluded, the Board and member agencies supported the creation of a new turf removal program. Staff proposed the Landscape Transformation Program, which the Board authorized to save water while creating environmentally sustainable gardens.

To date, participation in the Landscape Transformation Program remains lower than participation in the previous turf removal program. Current projections indicate that commitments will be approximately \$6 million by the end of this fiscal year, one-third of the budgeted level. Staff is proposing changes in an effort to accelerate activity and fully utilize the Landscape Transformation Program budget.

Process and Input

During the first six months of the program, staff sought feedback from member agencies and program applicants throughout our service area. Key input included:

- The name of the program does not clearly describe the program's function, which may reduce interest;
- The 5 plants per 100-square-foot requirement is difficult to implement and expensive to achieve;

- The \$1 per square foot rebate is not high enough to incentivize most homeowners or commercial property owners to action, particularly when capped at 1,500 square feet for residential properties and 10,000 square feet for commercial properties; and
- Requiring that front yards be completed first creates confusion in areas without traditional front yards.

Proposed Approach

The primary objective of the proposed changes is to increase participation in the Landscape Transformation Program. The proposed approach focuses on making changes that will spur program activity and make the program requirements easier for applicants to implement while still achieving the sustainability goals. All previously set program controls, such as the \$50-million funding cap, required project elements, and pre- and post-inspections, will remain in place.

Proposed Changes

- Increase the rebate to \$2 per square foot.
- Increase the maximum square footage to 5,000 square feet for residential projects and 50,000 square feet for commercial projects which will allow larger properties, such as schools and parks, to participate in the program.
- Change the plant requirement from 5 plants per 100 square feet to 3 plants per 100 square feet to allow for the utilization of larger plants.
- Remove the requirement that the front yard must be completed first or in conjunction with a backyard project.
- Consider changing the name of the program back to Turf Removal program to benefit from name recognition for the previous, highly successful program.

Supporting Information

Metropolitan's Landscape Transformation Program currently has an incentive of \$1 per square foot. In order to encourage customers to participate, many member and retail agencies are offering additional incentive funding above that amount. Those agencies that are providing additional incentives are experiencing much greater success than the ones that are not. Metropolitan has seen increases over 50 percent in program participation when an agency increased their incentive over the base rate of \$1 per square foot. To motivate public participation uniformly throughout Metropolitan's service area and to increase savings related to outdoor water use, it is recommended to increase the rebate to \$2 per square foot. Staff notes that Southern Nevada Water Authority (SNWA) also recently observed declining activity in turf removal. SNWA increased their rebate from \$2 per square foot to \$3 per square foot, and the number of applications has nearly doubled.

At the current square footage limit of 10,000 square feet, the majority of the commercial properties participating are small multi-family complexes and retail centers. An increase in the square footage maximum to 50,000 square feet will further incentivize parks, schools, and mid-size commercial properties to participate. Likewise, the residential maximum of 1,500 square feet makes it difficult for participants to transform all of their property at once. Increasing the maximum square feet to 5,000 for residential projects will motivate homeowners to complete transformation projects that include both the front and backyard areas. Data from the previous turf removal program shows that 96 percent of residential projects completed were less than 5,000 square feet.

Next Steps

Staff will continue to develop the proposed program modification with participation and input from the Board, member agencies, and current program participants. Staff will incorporate input and feedback received from Conservation and Local Resources Committee and plans to move to Water Planning and Stewardship Committee next month with an action letter seeking approval of program modifications. Staff will also monitor participation

levels in the device rebate program once the Disadvantaged Communities program is implemented and update the Board on device participation levels at that time.

Policy

By Minute Item 51166, dated April 10, 2018, the Board authorized the Landscape Transformation Program.

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 Integrated Water Resources Plan Update, as set forth in Agenda Item 8-3 board letter.

By Minute Item 50134, dated May 26, 2015, the Board authorized a budget increase and modifications to the turf removal program.

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.

Fiscal Impact

The budget for the 2019 and 2020 budget cycle is \$86 million, and these changes are intended to accelerate participation to achieve the budgeted amount. If needed, staff is authorized to draw up to an additional \$66 million from the Water Stewardship Fund for the Landscape Transformation Program



 Brad Coffey
 Manager, Water Resource Management

1/3/2019

Date



 Jeffrey Kightlinger
 General Manager

1/3/2019

Date