



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

2/12/2019 Board Meeting

8-4

Subject

Authorize implementation of modifications to the Landscape Transformation Program; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

Executive Summary

Staff requests the Board authorize modifications to the current Landscape Transformation Program to increase needed long-term water savings as identified in the Integrated Water Resources Plan. 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 (sq. ft.); (2) a name change for clarity and marketing purposes; and (3) other changes to facilitate greater participation. Importantly, all existing program controls will remain in effect. The modifications proposed in this board letter will increase both the size and number of eligible commercial and residential Landscape Transformation projects and, therefore, are expected to provide the region with increased water savings.

Details

Background

Conservation and water use efficiency play a key role in achieving the long-term water supply reliability goals outlined in Metropolitan's Integrated Water Resources Plan. Metropolitan's regional conservation program provides financial incentives to encourage the installation of drought tolerant landscapes and water-saving fixtures and devices. Through these incentives, the region can make steady progress towards achieving the active conservation savings target of an additional 180 thousand acre-feet per year (TAF/year) identified in the 2015 IRP Update.

During the last drought, the most popular water efficiency program was the Turf Removal Program. Turf removal provides long-term benefits by focusing public attention on a necessary transition to more drought tolerant landscapes throughout Southern California. As the drought receded, the Board and member agencies supported the creation of a new program. Staff proposed the current Landscape Transformation Program, which the Board authorized in April 2018, to save water while creating more sustainable landscapes. The annual budget for this program is \$17 million. The Board also authorized an annual application limit of \$50 million to account for the fact that consumers often apply for incentives but don't follow through with their landscape projects.

Since the inception of the new Landscape Transformation Program in July 2018, activity to date remains at only 15-20 percent of the level needed to achieve planned long-term water savings. As of January 9, 2019, approximately \$2 million in applications have been received and participation is expected to remain low during the winter months. Further, because transformed landscapes likely provide water savings for decades, low initial participation today creates a lost opportunity to bolster long-term regional supplies and storage. As a result, staff proposes several changes to accelerate activity and more fully realize the water savings desired from 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. In addition, this item was brought before the Conservation and Local Resources Committee on January 8, 2019 for Board discussion and feedback.

Key input included:

- The name of the program does not clearly describe the program's function and does not spur the consumers to take direct action;
- The five plants per 100 sq. ft. requirement is difficult to implement and expensive to achieve;
- The \$1 per sq. ft. rebate is not high enough to incentivize most homeowners or commercial property owners to action, particularly when capped at 1,500 sq. ft. for residential properties and 10,000 sq. ft. 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 to keep on pace with savings needed to meet the IRP target for conservation. The proposed changes focus on spurring program activity and making the program requirements easier for applicants to implement, while still achieving the sustainability goals. All previously set program controls, such as the \$50 million annual application limit, required project elements, and pre and post inspections, will remain in place.

Proposed Changes

- Increase the rebate to \$2 per sq. ft.
- Increase the maximum square footage to 5,000 sq. ft. for residential projects and 50,000 sq. ft. for commercial projects, which will allow larger properties, such as schools and parks, to participate in the program.
- Change the plant requirement from five plants per 100 sq. ft. to three plants per 100 sq. ft. to allow for the utilization of larger plants and make the projects more affordable for participants.
- Remove the requirement that the front yard must be completed first or in conjunction with a backyard project.
- Adjust the name of the program to more directly spur consumer action (for example, back to the prior name of "Turf Removal Program"), while allowing local agencies flexibility to market the program as they see fit.

Supporting Information

Metropolitan's current Landscape Transformation Program incentive is \$1 per sq. ft. In order to encourage consumers to participate, 14 member and retail agencies—representing roughly half of the region's population—supplement Metropolitan's incentive by \$0.50 - \$3.00 per sq. ft. Agencies providing these additional incentives comprise 83 percent of the applications received to date compared to only 17 percent of the applications for areas without a supplemental incentive.

As another example, Southern Nevada Water Authority (SNWA) recently observed declining activity in turf removal. In response, SNWA increased their rebate from \$2 to \$3 per sq. ft. and the number of applications nearly doubled. To motivate public participation uniformly throughout Metropolitan's service area and to increase savings related to outdoor water use, staff recommends increasing the turf removal rebate to \$2 per sq. ft.

At the current square footage limit of 10,000 sq. ft., the majority of the commercial properties participating are small multi-family complexes and retail centers. An increase in the maximum area to 50,000 sq. ft. will further incentivize parks, schools, and mid-size commercial properties to participate.

Likewise, the residential maximum of 1,500 sq. ft. makes it difficult for participants to transform all of their property at once. Increasing the area to 5,000 sq. ft. 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 sq. ft.

Next Steps

If approved by the Board, staff will implement the proposed changes. Staff will monitor data from the program and report progress and results to the Board.

Policy

By Minute Item 51166, dated April 10, 2018, the Board authorized the proposed changes to the water efficiency program and the authority to use the Water Stewardship Fund for 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 an increase in the budget for conservation incentives and the implementation of Turf Removal Program modifications.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

CEQA determination not required.

Board Options

Option #1

- a. Authorize implementation of changes to the Landscape Transformation Program
- b. Increase the incentive to \$2 per sq. ft.

Fiscal Impact: None. The program will not exceed the already board-authorized \$50 million annual application limit.

Business Analysis: The proposed changes will increase the amount of square feet of turf removed and therefore increase long-term water savings in the region.

Option #2

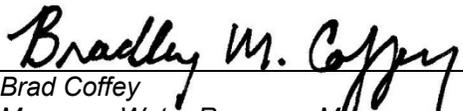
Take no action.

Fiscal Impact: None

Business Analysis: Staff would consider other initiatives to increase participation in the Landscape Transformation Program.

Staff Recommendation

Option #1


Brad Coffey
Manager, Water Resource Management

1/28/2019
Date


Jeffrey Knightlinger
General Manager

1/31/2019
Date

Ref# wrm12668096