



STAFF REPORT

Meeting Date: September 1, 2015

To: Honorable Mayor & City Council

From: Donielle Kahikina, Deputy Director of Public Works Services, Operational Support
Michelle Tse, Senior Management Analyst *msf*
Lyn Dedmon, Senior Management Analyst *L.D.*

Subject: Water Conservation Education and Rebate Program Update

Attachments: 1. Program Implementation Schedule

INTRODUCTION

Given the Governor declared drought in April 2015 and State mandate for the City to reduce its water use by 32%, water conservation has been a key priority. The City has developed and implemented two programs during the last four months to promote water conservation. The first program is an education program ("education program"), which includes items such as print materials, promotional items, and conservation enforcement support. The second program is a rebate program ("rebate program") which refers to garden coaching and Metropolitan Water District's ("MWD") rebates.

The City's conservation program budget has been fully committed to fund both programs at this time. This report provides an update and recommendation to appropriate \$661,037 to further fund both of these programs through November 2015.

DISCUSSION

The FY15-16 conservation budget total is \$426,088, which includes both the non-staff operating and capital improvement program budgets. These funds have been used to support the following activities:

Education Programs

- Design work related to the garden handbook
- Program establishment for garden coaching
- Initial content development by public relations and marketing firm Cook + Schmid

Rebate Programs

- Turf removal rebates
- Commercial and residential water efficient device rebates
- Garden coaching

Education Program Update

In order to continue the momentum with the City's conservation efforts, staff recommends completing the following education efforts:

- Educational toolkit materials for residential and commercial water customers
- Water conservation street banners
- Educational program materials for schools
- Promotional items such as shower timers
- Conservation enforcement efforts
- Street banners
- Garden handbook printing
- Additional content development by marketing firm Cook + Schmid

The efforts described above were identified as next steps by the Conservation Task Force to complement existing efforts. The Conservation Task Force is made up of staff representatives from each department to coordinate citywide education efforts. Attachment 1 to this report shows the implementation schedule for these recommended efforts. The efforts are structured to address typical water usage patterns for each season. Staff estimates that an additional \$191,962 is needed to fund these education efforts through November 2015 to correspond with MWD's timeframe. To provide context, MWD will be evaluating its rebate program in November. As such, staff recommends aligning City's program efforts with MWD's November 2015 timeline.

Staff recognizes that there may be a need for additional funding to continue conservation programs beyond MWD's November timeline. Staff will continue to monitor the City's progress towards achieving the 32% mandated reduction and if needed, return to the City Council with a recommendation at a future meeting.

Rebate Program Update

The City's supplemental funding towards the MWD rebate programs has been fully committed at this time. Staff recommends additional funding for the City rebate program in the amount of \$469,075 to cover waitlisted and future rebate program applicants from July 2015 through November 2015. The November date is to coincide with the timeframe in which MWD has indicated that they will notify waitlisted applicants if funds become available. Unless directed otherwise, staff will bring forward options for the City Council to consider after MWD completes their assessment of the program in November.

FISCAL IMPACT

Table 1 summarizes various cost estimates for both the education and rebate programs, along with projected funding need for programs to last through November:

Table 1: Summary of Conservation Program Cost Estimates and Funding Need

Education Program (Operation Budget)	July - Nov Total
Programs/Materials Incurred	
Garden Coaching program establishment	\$ 10,000
Garden handbook development & print	\$ 20,000
Marketing services	\$ 47,538
<i>Incurred Expenses Subtotal</i>	\$ 77,538
Proposed Programs/Materials Projected	
Toolkit printing and mailings	\$ 54,000
Marketing services	\$ 2,462
Street banners	\$ 50,000
School program materials	\$ 10,000
Water enforcement hearing officer	\$ 50,000
Green Garden Group (G3) On-call services	\$ 10,000
Citation form printing	\$ 2,500
Garden handbook printing/distribution	\$ 8,000
Promotional items	\$ 5,000
<i>Education Program subtotal</i>	\$ 269,500
<i>Less FY15-16 Operation Budget</i>	\$ (77,538)
<i>Additional Operation Funds Needed</i>	\$ 191,962

Rebate Program (Capital Budget)	July - Nov Total
Garden coaching	\$ 34,125
Turf removal rebate program	\$ 245,000
Commercial device rebates	\$ 450,000
Residential device rebates	\$ 8,500
Water Tracker enhancements & tech support	\$ 80,000
<i>Rebate Program subtotal</i>	\$ 817,625
<i>Less FY15-16 Capital Budget</i>	\$ (348,550)
<i>Additional Capital Funds Needed</i>	\$ 469,075

Conservation Program Total	\$ 1,087,125
Total Additional Funding Needed	\$ 661,037

It is recommended that the City Council appropriate funding in the amount of \$661,037 from the Water Utility Fund Balance. The appropriation will impact the overall Water Fund. As part of the penalty surcharge framework analysis, however, it is noted that staff preliminarily identified \$1.76 million in costs should the City need to accelerate conservation program efforts to meet the State mandated reduction. A portion of the funds collected from the penalty surcharge assessments could be used to offset these program expenses. The penalty surcharge

assessments will appear starting on the October 2015 utility bill. Conservation program costs not covered by the penalty surcharges will need to be covered by the Water Utility Fund.

RECOMMENDATION

It is recommended that the City Council appropriate a total of \$661,037 to fund water conservation programs in FY15-16 with the following amounts:

- \$191,962 from the Water Utility Fund Balance to Water Conservation Program 80006007 to fund the FY15-16 conservation education program through November 2015; and
- \$469,075 from the Water Utility Fund Balance to the Conservation Capital Improvement Program 230 to further supplement the rebate program through November 2015.

If the City Council approves this recommendation, an appropriation is included on the September 1, 2015 Formal Session for the City Council's consideration.



Approved By
Don Rhoads



Approved By
George Chavez

Attachment 1

