



AGENDA REPORT

Meeting Date: September 1, 2015
Item Number: D-15
To: Honorable Mayor & City Council
From: Donielle Kahikina, Deputy Director of Public Works Services, *DJ*
Operational Support
Michelle Tse, Senior Management Analyst *mt*
Subject: REQUEST FOR APPROPRIATION OF \$661,037 TO FUND
FY15-16 CONSERVATION EDUCATION AND REBATE
PROGRAMS
Attachments: 1. Conservation Plan Implementation Schedule

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.

It is noted that this item was presented for the City Council's consideration at the September 1, 2015 Study Session.

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.

Meeting Date: September 1, 2015

The City's conservation program budget has been fully committed to fund both programs at this time.

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

Meeting Date: September 1, 2015

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>Incurring 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

Meeting Date: September 1, 2015

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.



Approved By
Don Rhoads



Approved By
George Chavez

Attachment 1

**CITY OF BEVERLY HILLS
WATER CONSERVATION IMPLEMENTATION PLAN**

	Winter 2016		Spring 2016			Summer 2015			Fall 2015			Winter 2015
	January	February	March	April	May	June	July	August	September	October	November	December
Direct Mailer												
Letter to residents												
Faucet hanger												
Clothes washer cling												
Universal removable sticker												
Tips/restrictions sheet												
Door Hanger												
Water Tracker Handout												
Internal City Employee Outreach												
Toolkit (Clings and/or removable sticker)												
Talking points												
Water Enforcer Outreach Package/Toolkit												
Rebates: Information Sheet												
Bucket Giveaway												
Talking points												
Other items: faucet hanger, cling, etc.												
Microsite												
Outdoor Tip Sheet												
Social Media Campaign												
E-blasts												
Quarterly Newsletter												
Business Outreach												
Promotion of BH2O logo in elevators												
Postcard for counters												
Cling for bathroom mirrors												
Signs for bathrooms and/or valet												
Chamber/business packet												
Water Advocates Program												
Toolkit												
Training												
Meetings												
Field work												
School Outreach Program												
Special programming												
Brochure												
Drought-tolerant Landscape and Irrigation Guide												
Brochure												
Media Relations												
Advertising												
Video												
Social Media												
Individual Consultations (Garden Guru)												
Media Relations												
Social Media												
Brochure												
Advertising												
Short Video												
Water Heroes Program												
Bill Inserts												
City Signage												
Street Banners												
Newspaper Ads												
Media Relations												
Event Outreach												

This is a typically wetter season with less demand for water. This timeframe includes the State's first deadline for meeting the mandate.

During this timeframe, days are longer and typically dryer with a higher demand for water. The water agency sends out penalty surcharge informational letter.

This is a good time to change landscaping and install water-wise plants. A possible El Niño affecting water supply is anticipated. Penalty surcharges will appear on Oct. bill.

See next section.