



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 28, 2023

FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL

SUBJECT: TREE POWER PROGRAM FISCAL YEAR 2022/23, INCREASE INCENTIVE FROM \$35 TO \$40 PER TREE, WITH PARKVIEW NURSERY, 4377 CHICAGO AVENUE; PARKVIEW NURSERY, 3841 JACKSON STREET; AND LOUIE'S NURSERY, 18550 VAN BUREN BOULEVARD, IN A COLLECTIVE AMOUNT OF \$460,000

ISSUES:

Approve an increase in the incentive for the Tree Power Program from \$35 to \$40 per tree for both the Tree Power Rebate Program and the Tree Power Program's Free Shade Tree Coupon campaign and authorize the issuance of purchase orders to qualified vendors to implement the Fiscal Year (FY) 2022/23 Tree Power Program Free Shade Tree Coupon campaign in a collective amount of \$460,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the FY 2022/23 Tree Power Program Free Shade Tree Coupon Campaign in the amount of \$460,000;
2. Approve an increase in the incentive for the Tree Power Program from \$35 to \$40 per tree for both the Tree Power Rebate Program and the Tree Power Program's Free Shade Tree Coupon campaign; and
3. Authorize the City Manager, or designee, to issue purchase orders and change orders to Parkview Nursery, 4377 Chicago Avenue; Parkview Nursery, 3841 Jackson Street; and Louie's Nursery, 18550 Van Buren Boulevard based on the variable product demand of each nursery for the Tree Power Program's Free Shade Tree Coupon campaign in a collective amount of \$460,000.

BOARD RECOMMENDATION:

This report is published on February 16, 2023, for the February 28, 2023, City Council meeting.

On February 27, 2023, the Board of Public Utilities will hear this item for consideration to recommend to City Council to approve the Tree Power Program for FY 2022/23, increase the incentive from \$35 to \$40 per tree for the Program, and authorize the issuance of purchase orders

to qualified vendors to implement the FY 2022/23 Tree Power Program Free Shade Tree Coupon campaign in a collective amount of \$460,000.

If the Board of Public Utilities approves to forward this to City Council, we respectfully request the City Council consider the item at the February 28, 2023, City Council meeting.

BACKGROUND:

Riverside Public Utilities (RPU) is required by state law to establish energy efficiency goals and administer energy efficiency programs funded through the state-mandated Public Benefits Charge. Since it was established over 20 years ago, the Tree Power Program has become a proven success and is responsible for over 260,000 trees being planted across the City. As a conservative estimate, each tree provides approximately 164 kilowatt hours (kWh) in energy savings over its expected life span, which contributes to RPU achieving its energy savings goals at minimal cost.

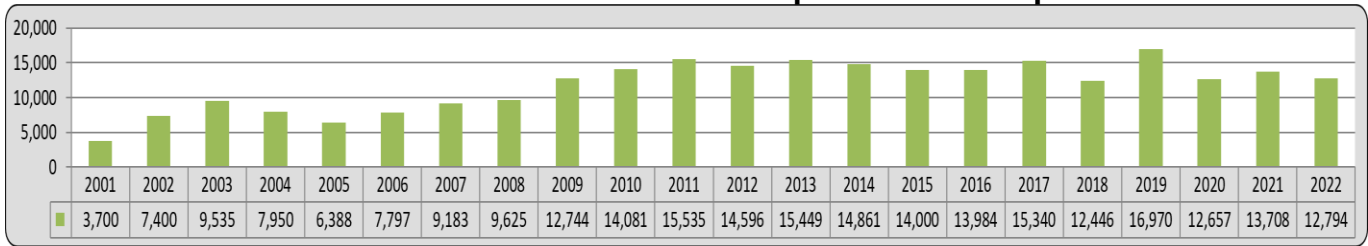
The Tree Power Program provides rebate incentives to RPU's electric customers who plant shade trees in locations adjacent to their homes or businesses to help conserve energy and save on summer cooling costs. While most trees are eligible for the program, due to the vulnerability of the City's citrus stock to Asian Citrus Psyllid and Huanglongbing (HLB), an agreement was made by RPU and the participating nurseries to remove any citrus trees from program participation. RPU customers can receive a maximum of six (6) free or rebated trees annually. A dual marketing approach is used for the program: the Tree Power Rebate Program and the Tree Power Free Shade Tree Coupon campaign.

The program allows RPU customers to participate by purchasing up to five (5) qualifying trees per year. Previously, each qualified tree purchased was eligible to receive up to a \$35 rebate, which is credited to the customer's RPU electric account. Customers must apply for the rebate after they have purchased the trees.

The Tree Power Free Shade Tree Coupon campaign was launched by RPU in 2001 and runs annually from March 1 to June 30. Each year, a coupon is printed on the back of the March utility bill. Customers redeem their coupon at a participating nursery for one free shade tree, previously valued at up to \$35, or an instant rebate of \$35 off a single, higher cost tree. The back of the bill strategy was created to ensure that a free tree coupon would reach all RPU electric customers, as well as raise awareness for the regular, ongoing Tree Power Rebate Program. Due to the increase in online billing customers, RPU has also implemented direct coupon mailing to those customers who are billed electronically. This process serves to ensure that only one coupon is received per household.

Since 2001, both participation and popularity of this program have grown. The original issuance of the coupon back in 2001 resulted in 3,700 planted trees and since then, participation numbers have increased and stabilized. To date, 215,703 trees have been planted by RPU customers participating in the Free Shade Tree coupon campaign. Additionally, 45,040 trees have been planted by customers who participated in the Rebate Program. In total, the Tree Power Program is responsible for 260,743 planted trees in the City of Riverside. The energy saved from the planted trees is enough to power approximately 6,000 average single-family homes for a year.

Tree Power Rebate and Free Shade Tree Coupon and Redemption Statistics



DISCUSSION:

Program Review

The Tree Power Program was evaluated by staff to ensure program effectiveness and to explore enhancements that could be made to RPU’s most popular program. Program evaluation includes metrics such as incentive level, resource cost, program marketing and program deployment. To conduct the evaluation for the Tree Power Program, staff researched similar free tree programs being offered by utilities such as Los Angeles Department of Water and Power (LADWP), City of Banning, Pasadena Water and Power and Roseville Electric Utility.

Agency	Incentive Level	Incentive Type
Pasadena Water and Power	\$30.00	Rebate
Riverside Public Utilities	\$35.00	Rebate and Coupon
Roseville Electric Utility	\$40.00	Rebate
City of Banning	\$50.00	Rebate
LADWP*	\$75.00	Consultation and tree delivery

Staff evaluated the resource cost of RPU’s Tree Power program by comparing it to other electric rebate programs offered by RPU.

2021 Reported Energy Savings and Resource Costs per Program		
Residential Program	kWh Saved	\$/kWh Saved
Tree Power	2,098,216	\$0.21
Weatherization	181,908	\$0.37
Pool Pump	36,979	\$0.51
Refrigerator	78,970	\$0.87
Wifi Thermostat	51,561	\$1.20

As shown in the table above, of RPU’s most popular residential electric rebate programs, the Tree Power program produces the largest kWh savings at moderate cost.

Increased Incentive

While creating the 2023 Tree Power program, participating nurseries spoke with staff regarding ongoing economic constraints, their cost for trees has increased to \$40 per 5-gallon tree. In response, staff initiated a program review, which included a resource cost of the program, and a financial analysis of the current program as it relates to inflation.

Staff determined that the \$35 incentive adopted in 2019 does not provide the same purchasing power for trees as in previous years. According to the U.S. Bureau of Labor Statistics’ Consumer Price Index calculator, the \$35 incentive adopted in 2019, has the same buying power as \$41.40 due to inflation.

To ensure that RPU electric customers can obtain high quality trees and still participate in the Tree Power program, staff is recommending that the incentive level is increased from \$35 per tree to \$40 per tree, to help offset the increased economic impact on participating businesses. If the new incentive level is approved, the resource cost of the Tree Power program, will increase from the present \$0.21 to \$0.24/ kWh saved.

2023 Free Shade Tree Coupon Campaign

In an effort to encourage RPU customers to adopt paperless billing and to better align the Tree Power Program with Earth Day, staff is proposing to move the back of bill coupon distribution from the March bill to the April bill. Those customers who are already on paperless billing will receive their free tree coupon via mail at the beginning of March. RPU will provide information in the February bill to encourage customers to sign up for paperless billing, and those customers who sign up for paperless billing in February and March will be mailed a coupon. At the suggestion of Board Chair Crohn a couple of years ago, information will continue to be provided at each nursery location and attached to each tree encouraging the use of mulch in planting and maintaining a healthy tree. Additionally, a local environmental nonprofit organization, Citizens United for Resources and the Environment (CURE) suggested that RPU expand the literature provided to recipients of this program to provide tree care tips including information about RPU’s Tree Care program which is being added this year.

Software Platform

Staff is presently reviewing options for procuring a software platform to automate the delivery of the program. This idea was introduced previously, however, circumstances required this to be temporarily paused. Staff have been in recent discussion with the City’s Information and Technology Department, the City’s Purchasing Division and the Arbor Day Foundation regarding the procurement of the software and expect to have an update on the program availability in late Summer 2023.

Nurseries

RPU works with all qualified nursery vendors located throughout the city that accept the free tree coupons. To be considered as a participating vendor, a nursery must have a location that permits retail sales. The current list of qualified vendors that have agreed to work with RPU on the program includes Parkview Nursery, 4377 Chicago Avenue; Parkview Nursery, 3841 Jackson Street; and Louie’s Nursery, 18550 Van Buren Boulevard.

Due to the amount of coupon redemptions at the three participating nurseries, the purchase orders issued to them vary in amounts and is based on the average number of coupons redeemed at each location over the last three years.

Nursery	3 Year Average Coupons	Estimated Program Year 2022/23		
		Coupons	Funding	Purchase Order
Louie's	1,856	2,250	\$ 90,000	\$ 90,000
Parkview Chicago	3,183	3,750	\$ 150,000	\$ 150,000
Parkview Jackson	4,596	5,500	\$ 220,000	\$ 220,000
Total	12,177	12,000	\$ 460,000	\$ 460,000

Participating nurseries will be paid based on actual coupons redeemed at a rate of \$40 per tree. The nurseries are responsible for any other costs associated with coupon redemption and program administration.

Purchasing Resolution No. 23914, Section 602(p) states that, “Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ... (p) When approved by the Manager, the City requires goods not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions deemed by the Manager to be in the best interest of the City and in doing so may utilize the Informal Procurement or Negotiated Procurement process”.

The Purchasing Manager concurs that the recommended action is in compliance with Purchasing Resolution No. 23914.

STRATEGIC PLAN ALIGNMENT:

The Tree Power Program aligns with **Strategic Priority 4 – Environmental Stewardship**, and **Goal 4.1** by helping to decrease Riverside’s carbon footprint, and **Goal 4.3** by implementing local and support regional proactive policies and inclusive decision-making processes to deliver environmental justice and ensure that all residents breath healthy and clean air with the goal of having zero days of unhealthy air quality per the South Coast Air Quality District’s Air Quality Index (AQI).

1. **Community Trust** – Sustaining this program benefits the City’s population by increasing the number of trees, and this helps to reduce electric consumption, improve carbon sequestration and community beautification.
2. **Equity** – The Tree Power Program is available to all RPU electric customers in the service territory. By planting the trees available from this program, not only do the program participants enjoy benefit, the whole community benefits from improvements to the City’s natural environment.
3. **Fiscal Responsibility** – The low cost of the program, coupled with the achieved energy savings proves that it is a fiscally prudent way of meeting energy efficiency goals reasonably.
4. **Innovation** – Although RPU has been offering the Tree Power Program for 20 years, RPU Staff are contacted on a regular basis by other municipalities for advice on establishing their own tree program. RPU is investigating ways of utilizing new technology to support the program in the future.
5. **Sustainability & Resiliency** – The Tree Power Program encourages a reduction in energy required for cooling during the summer. The program also promotes carbon sequestration and a reduction in the heat island effect, which supports sustainability and resiliency efforts.

FISCAL IMPACT:

The total fiscal impact of this action is \$460,000. Sufficient funds are budgeted and available in the Electric Public Benefits Programs Fund, Public Utilities Admin-Public Benefit, Shade Tree Cooling Program account number 6020100-456038.

Prepared by: Todd M. Corbin, Utilities General Manager
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial
Officer/City Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Presentation