

WATER CONSERVATION PROGRAM FUNDING

Transfer of Water Conservation Funds

Board of Public Utilities

June 6, 2016

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Turf Removal Funding Timeline

- **August 2014** – State Mandated 25% Water Consumption Reduction
- **December 2014** – RPU Increased Turf Removal Incentives to \$2 and \$3
- **December 2014** – RPU Increased Turf budget with Internal and MWD Funding
- **July 2015** – RPU Turf Removal Funding is Exhausted
- **September 22, 2015** – Council Approves \$1.5M Transfer from Water Fund Balance to Water Conservation & Reclamation
- **October/December 2015** – RPU Implements New Web-based Rebate Processing Tool to Handle Large Program Participation
- **December 2015** – RPU Re-opens Turf Removal Programs at a Reduced Incentive Level of \$1
- **December 2015/Present** – Commercial Turf Programs Fully Subscribed. Residential Program Slows Drastically from Previous FY
- **Present** – RPU Requests Budget Transfer from Residential WaterWise Back to Water Fund Balance

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Turf Removal Incentive Timeline

Pre 2014

**Pre-Drought
Incentive =**
\$.40/sq.ft.

Residential cap –
6,000 sq. ft.
Commercial cap –
25,000 sq. ft.



2014/15

**Drought
Response
Incentive =**
Residential - \$2.00
Commercial - \$3.00
No sq. ft. caps



2015/16

**Current
Incentive =**
\$1.00/sq. ft.
Residential cap –
3,000 sq. ft.
Commercial cap –
25,000 sq. ft.

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Turf Removal Incentive Timeline

Pre 2014

2014/15

2015/16

***FY 15/16 - \$0.60 OVER PRE-DROUGHT
INCENTIVE***

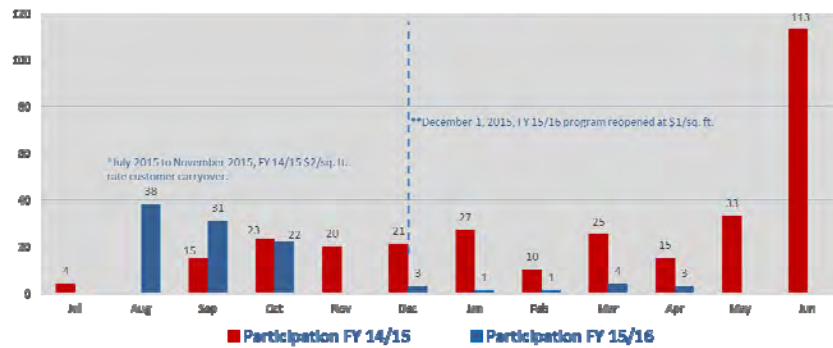
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Turf Removal Program

Residential Program Participation Comparison FY14/15 vs. FY 15/16



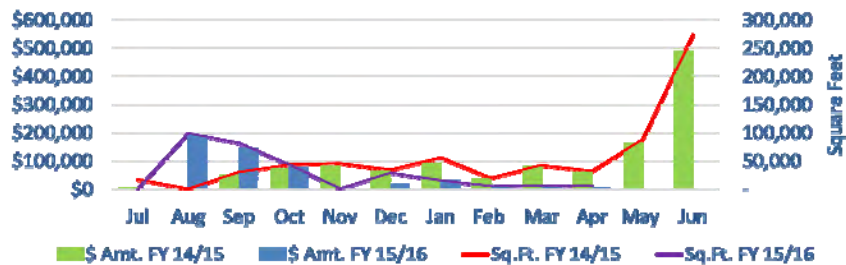
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Turf Removal Program

Residential Sq. Ft. and \$ Amount Comparison FY 14/15 vs. FY 15/16



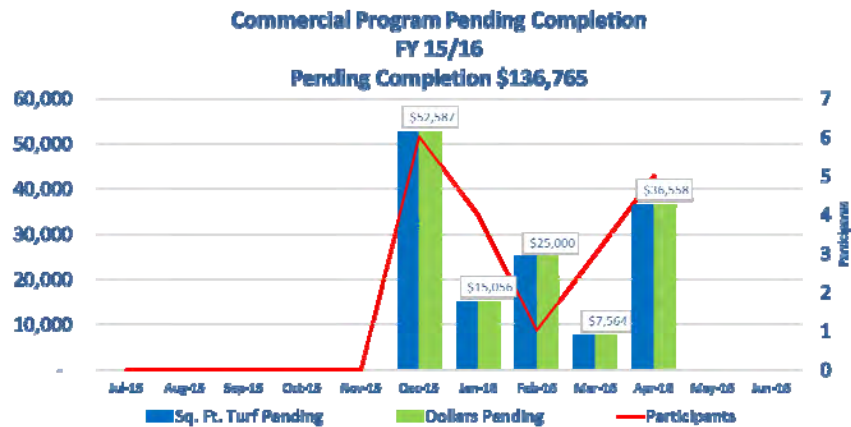
* July 2015 to November 2015, FY 14/15 \$2/sq.ft rate customer carryover. December 1, 2015, program reopened at \$1/sq.ft.

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Turf Removal Program



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Turf Removal Program

Residential Program's moderate participation may be attributed to:

- Opening program during a non-traditional planting season
- Lack of general media attention for drought and water conservation compared to last fiscal year
- Increased media attention regarding potential higher rainfall during a predicted El Nino event
- The cost of turf removal projects relative to the reduced rebate amount
- "Drought Fatigue"

Substantially reduced participation levels in Residential Rebate Program:

- Sustain program at current incentive level with Water Conservation Surcharge Funding

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Water Fund Balance

Implemented Emergency Drought regulations as issued by the Governor and California State Water Resources Board.

- **21% reduction in water use achieved**

Water revenues are down by 22% (\$14 million) compared to fiscal year 2013/14 due to drought conditions and conservation efforts.

- **Unprecedented water revenue loss**

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Recommendations

That the Board of Public Utilities:

1. Authorize a budget transfer of funds in the amount of \$750,000 from the Residential Waterwise Landscape Incentive Account 6220200-457011 to the 520 Water Fund Balance Account 0000520-298000.

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