

*City of Arts & Innovation*

# City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 22, 2015  
FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL  
SUBJECT: FUNDING FOR TURF REMOVAL PROGRAMS – \$1,500,000

## **ISSUE:**

The issue for City Council consideration is to approve the transfer of funds from the Water Fund Balance to Water Conservation Fund Balance so that Riverside Public Utilities (RPU) may continue to offer turf removal programs and fund public demonstration projects.

## **RECOMMENDATIONS:**

That the City Council:

1. Authorize a fund transfer in the amount of \$1,500,000 from the 520 Water Fund Balance Account No. 0000520-298000 to the Water Conservation Fund (521);
2. Authorize a supplemental appropriation in the amount of \$1,000,000 to the Residential Waterwise Landscape Incentive Account No. 6220200-457011 in the 521 Water Conservation Fund;
3. Authorize a supplemental appropriation in the amount of \$200,000 to the Commercial Waterwise Landscape Incentive Account No. 6220200-457024 in the 521 Water Conservation Fund; and
4. Authorize a supplemental appropriation in the amount of \$300,000 to the Commercial Landscape Demonstration Projects Account No. 6220200-457032 in the 521 Water Conservation Fund.

## **BOARD RECOMMENDATION:**

On August 7, 2015 the Board of Public Utilities with eight of nine members present, unanimously approved the transfer of funds from the Water Fund Balance to Water Conservation Fund Balance so that RPU may continue to offer turf removal programs and fund public demonstration projects.

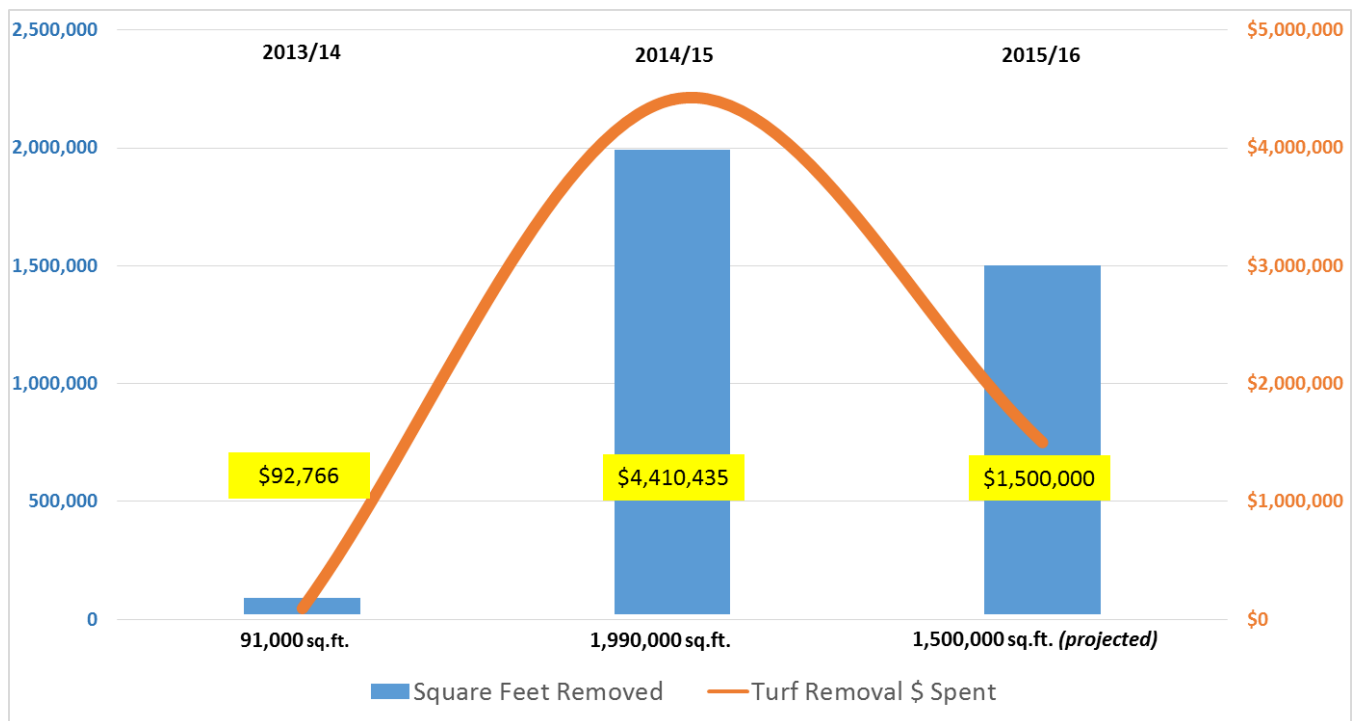
## **BACKGROUND:**

California is currently in the fourth year of a significant drought that has severely impacted California's water supply and its ability to meet all of the demands for water in the State. On April

1, 2015 Governor Brown issued Executive Order B-29-15 which directed the State Water Resources Control Board (SWRCB) to impose restrictions to achieve a statewide 25% reduction in potable urban water usage through February 28, 2016. These restrictions will require water suppliers to California's cities and towns to reduce usage as compared to the amount used in 2013.

In response to Governor Brown's executive order, the SWRCB adopted new regulations on May 6, 2015 that were aimed at achieving the mandated 25% reduction in water use Statewide. Each service provider was directed to reduce potable water use relative to its per capita water usage (GPCD) and to require those areas with high per capita use to achieve proportionally greater reductions than those with low use. Based on RPU's 2013 GPCD consumption data, RPU was directed to achieve a 28% reduction within its service territory. This directive requires an increase in conservation activities from both RPU and its customers.

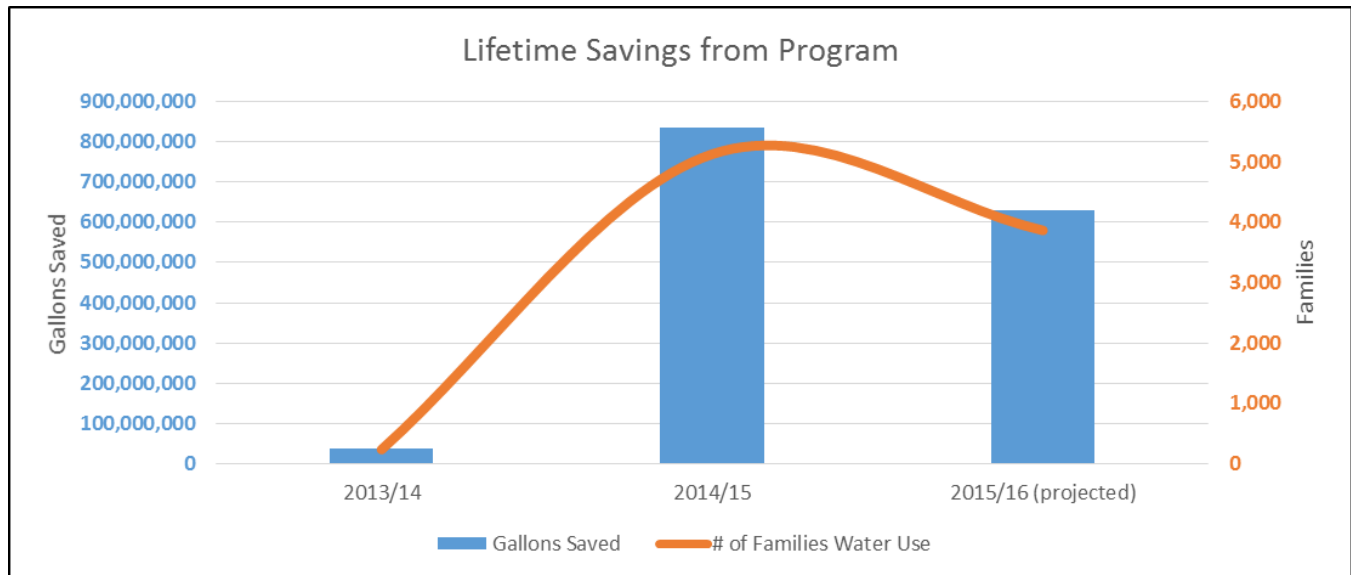
According to the California Department of Water Resources, 60% of residential water consumption is used to irrigate outdoor landscape. In order to create customer awareness, stimulate increased program participation and realize potential water savings, RPU increased incentive levels for both residential and commercial turf removal programs from \$0.40 to \$2.00 per square foot for residential and \$3.00 for commercial without limits on square footage in Fiscal Year 2014/15. The increased incentive levels produced nearly two million square feet of turf removal for commercial and residential customers. The residential program reported a 757% increase in participation within RPU's service territory. To achieve these results, RPU leveraged nearly \$3.2 million from Western Municipal Water District (WMWD) through Metropolitan Water District's (MWD) Member Agency Allocation Program. Additionally, RPU contributed approximately \$1.25 million to fund the turf removal programs.



MWD experienced overwhelming participation in its program by member agencies throughout Southern California. As a result, MWD increased its conservation funding from \$20 million up to \$350 million to cover the member agency's requests for turf removal funding. On May 12, 2015 MWD suspended their turf removal program. On June 24, 2015 MWD announced that they were no longer going to fund any turf rebates unless customers were willing to participate in the MWD

SoCalWaterSmart rebate program directly. As a result, RPU suspended its turf programs on July 1, 2015 and began directing all turf removal rebate customers to MWD's SoCalWaterSmart for program participation. The MWD funding was exhausted on July 9, 2015.

Turf removal rebates benefit the City of Riverside by encouraging RPU's customers to make changes to their landscape which result in long-term water savings and demand reduction. As a result, RPU intends to re-open the RPU turf removal programs but, at a reduced incentive. The new incentive is roughly equivalent to the cost of purchasing imported water.



For the Fiscal Year 2015/16 program year, RPU will offer \$1.00 per square foot for both residential and commercial customers with a residential cap of 3,000 square feet and a commercial cap of 25,000 square feet per site. Establishing a square footage cap per site will allow RPU to provide a rebate opportunity to a greater number of customers. With a budget transfer of \$1.5 million, staff expects to remove approximately 1.5 million square feet of turf, equating to 350 residential sites and 10 commercial sites.

<i><b>Residential Program</b></i>	<b>Pre 2014</b>	<b>2014/15</b>	<b>2015/16</b>	<i><b>Commercial Program</b></i>	<b>Pre 2014</b>	<b>2014/15</b>	<b>2015/16</b>
Incentive level	\$0.40	\$2.00	\$1.00	Incentive level	\$0.40	\$3.00	\$1.00
Square Footage Cap	6,000	none	3,000	Square Footage Cap	25,000	none	25,000
Maximum Rebate	\$2,400	unlimited	\$3,000	Maximum Rebate	\$10,000	unlimited	\$25,000

In an effort to elevate customer awareness, program participation and demonstrate best practices, RPU will identify and install Waterwise Landscape public demonstration projects within its service territory during Fiscal Year 2015/16. During the meeting on August 7, 2015, the Board of Public Utilities directed RPU to reallocate the \$150,000 originally proposed for Artificial Turf to the Commercial Landscape Demonstration Projects Account bringing the total budget up to \$300,000. The Board also directed staff to modify the program guidelines for the turf removal programs to prohibit application of the incentives to new development projects until the City adopts its revised landscape ordinance on or before December 1, 2015.

### **FISCAL IMPACT:**

Funding will come from RPU water reserves. The total fiscal impact will be \$1,500,000 from the 520 Water Fund Balance Account No. 0000520-298000 to the Water Conservation Fund (521) to

provide turf removal rebates for commercial, residential and commercial demonstration projects programs. The funding transfer will be allocated to the following accounts: \$1,000,000 to the Residential Waterwise Landscape Incentive (Account No. 6220200-457011); \$200,000 to the Commercial Waterwise Landscape (Account no. 6220200-457024); and \$300,000 to the Commercial Landscape Demonstration Projects (Account no. 6220200-457032).

Prepared by:	Girish Balachandran, Public Utilities General Manager
Certified as to availability of funds:	Brent A. Mason, Finance Director/Treasurer
Approved by:	John A. Russo, City Manager
Approved as to form:	Gary G. Geuss, City Attorney
Attachment:	Minutes to the August 7, 2015 Board Meeting