



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JANUARY 14, 2019

ITEM NO: 14

SUBJECT: INCREASE INCENTIVE FOR FISCAL YEAR 2018-19 TREE POWER PROGRAM AND ISSUE PURCHASE ORDERS TO PARKVIEW NURSERY, 4377 CHICAGO AVENUE; PARKVIEW NURSERY, 3841 JACKSON STREET; AND LOUIE'S NURSERY, 18550 VAN BUREN BOULEVARD IN A COLLECTIVE AMOUNT OF \$485,000

ISSUES:

Approve an increase in the incentive for the Tree Power Program from \$25 to \$35 per tree for both the Tree Power Rebate Program and the Tree Power Program's Free Shade Tree Coupon Campaign and approve the issuance of purchase orders to qualified vendors to implement the Fiscal Year 2018-19 Tree Power Program Free Shade Tree Coupon Campaign in a collective amount for \$485,000.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve an increase in the incentive for the Tree Power Program from \$25 to \$35 per tree for both the Tree Power Rebate Program and the Tree Power Program's Free Shade Tree Coupon Campaign; and
2. Approve the issuance of purchase orders to Parkview Nursery, 4377 Chicago Avenue; Parkview Nursery, 3841 Jackson Street; and Louie's Nursery, 18550 Van Buren Boulevard and make changes to the purchase order amounts 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 \$485,000.

BACKGROUND:

The Riverside Public Utilities (RPU) Tree Power Program has been successfully operating for over 15 years and is responsible for over 200,000 trees being planted in the City of Riverside. This is an energy efficiency program which 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. The program has two components including the Tree Power Rebate Program and the Free Shade Tree Coupon Campaign, which together provide RPU customers the opportunity to receive a maximum of six trees annually.

RPU is required by state law to establish energy efficiency goals and administer energy efficiency programs funded through the state-mandated Public Benefits Charge. The Tree Power Program has consistently helped RPU achieve its energy savings goal for a minimal cost. During Fiscal Year 2017/18, The Tree Power Program represented approximately 2.5% of the Public Benefits program budget but accounted for over 10% of RPU's reported energy savings. RPU conservatively estimates an annual energy savings of 164 kilowatt hours (kWh) per tree.

The following table compares the cost effectiveness of the Tree Power Program to other Public Benefits programs.

2018 Reported Energy Savings and Resource Costs per Program		
Residential Program	kWh Saved	\$/kWh Saved
A/C Tune-Ups	147,815	\$0.06
LED BuyDown	240,727	\$0.13
Tree Power	2,294,196	\$0.15
WiFi Thermostats	93,811	\$0.23
Energy Star Appliances	183,698	\$1.08

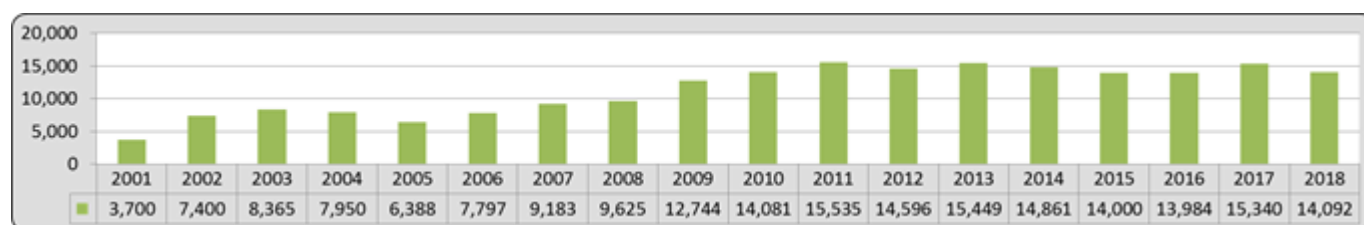
During fiscal year 2017/18, \$325,000 of the total \$450,000 Tree Power Program budget was distributed to RPU electric customers.

The Tree Power Rebate Program allows RPU customers to participate by purchasing up to five qualified trees per year. Each qualified tree purchased is eligible to receive a \$25 rebate, which is credited to the customer's RPU electric account. The Tree Power Rebate Program is promoted on the RPU website, RiversidePublicUtilities.com, as well as through brochures and rebate forms distributed during community meetings and at customer payment centers (see attached).

The 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 (see attached). Customers redeem their coupon at a participating nursery for one free shade tree, valued at up to \$25. 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.

Since 2001, both participation and popularity of this program have grown. The original issuance of the coupon resulted in 3,700 planted trees; last year's coupon yielded over 12,000 trees. To date, over 175,000 trees have been planted by RPU customers as a result of the Free Shade Tree Coupon Campaign. Additionally, over 27,500 trees have been planted by customers who elected to participate in the Tree Power Rebate Program. In total, the Tree Power Program is responsible for 205,090 planted trees in the City of Riverside. The energy saved from the planted trees is enough to power over 3,700 average single family homes for a year. Although not mandated, RPU attempts to inspect 10% of all residential rebate program participants to ensure energy savings are achieved.

Tree Power Rebate and Free Shade Tree Coupon and Redemption Statistics



DISCUSSION:

RPU has initiated a review and evaluation of RPU's energy and water efficiency programs and rebates to ensure RPU's ratepayers, RPU and the City are receiving maximum benefit from RPU's programs at the least possible cost.

As part of the overall portfolio 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 Anaheim Public Utilities, Los Angeles Department of Water and Power (LADWP), Sacramento Municipal Utility District (SMUD), Burbank Water and Power, City of Banning, Pasadena Water and Power Department, Glendale Water and Power and Roseville Electric Utility.

Incentive level Increase:

During the review, RPU's current incentive of \$25 per tree was identified as an area of possible improvement to ensure that RPU ratepayers are receiving maximum benefit participating in RPU's rebate programs. The current \$25 incentive level was established in 2001 during the initial development of the program. According to the Consumer Price Index released by The Bureau of Labor Statistics, \$25 in 2001 has the same buying power as just over \$35 in 2018.

An increase from the current \$25 per tree to \$35 per tree will also bring RPU's Tree Power Program back into alignment with its peer utilities and ensure that the program's participating nurseries will be able to continue providing high quality five gallon trees for the free tree coupon. The table below summarizes the incentive level being offered by peer utilities:

Agency	Incentive Level	Incentive Type
Anaheim Public Utilities*	\$20.00	Rebate
Riverside Public Utilities	\$25.00	Rebate and Coupon
Pasadena Water & Power	\$35.00	Rebate
Roseville Electric Utility	\$40.00	Rebate
City of Banning	\$50.00	Rebate
LADWP*	\$63.00	Free tree given at events

** Agencies offer more robust tree programs that include consultations and tree delivery*

The review conducted by staff also revealed several different tree disbursement strategies being utilized to facilitate tree programs offered by RPU's peer utilities. Utilities such as LADWP, Anaheim Public Utilities and Glendale Water & Power fund a customer consultation from an arborist to make a tree selection and to determine optimal tree placement. Free delivery of the preselected tree to the customer's home is also included in their programs. RPU staff will evaluate these additional customer resources during the overall program review to determine how the cost of the additional services effects the resource cost of the Tree Power Program.

2019 Free Shade Tree Coupon Campaign:

RPU works with several 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 includes: Parkview Nursery, 4377 Chicago Avenue; Parkview Nursery, 3841 Jackson Street; and Louie's Nursery, 18550 Van Buren Boulevard. Moon Valley Nurseries, located at 9501 Lincoln Avenue, will not participate in the 2019 Free Shade Tree Coupon Campaign due to the closure of this location.

Due to a significant variance in coupon redemption at the four participating nurseries, the purchase orders issued to this year's participating nurseries will vary in amount based on the last three years of program participation and are outlined in the following chart:

Nursery	3 Year Average		Estimated 2018/19		Fiscal Year 2018/19
	Coupons (\$25)	Funding	Coupons (\$35)	Funding	Purchase Order
Louie's	1,906	\$ 47,642	1,950	\$ 68,250	\$ 72,500
Parkview Chicago	5,966	\$ 149,142	7,000	\$ 245,000	\$ 250,000
Parkview Jackson	4,648	\$ 116,208	4,500	\$ 157,500	\$ 162,500
		\$ 312,992		\$ 470,750	\$ 485,000

Participating nurseries will be paid on the basis of actual coupons redeemed at a rate of \$35 per tree. The nurseries are responsible for any other costs associated with coupon redemption and program administration.

The Purchasing Manager concurs that the recommended action is in compliance with Resolution No. 23256.

2020 Tree Power Program Enhancements:

As part of RPU's overall program portfolio review, staff will continue to research industry best practices to increase Tree Power Program participation, maximize energy savings and improve program reporting. Other goals of the Tree Power Program review include supporting City initiatives such as strengthening partnerships that facilitate opportunities for improved quality of life for all Riverside residents.

In 2019, staff will communicate and engage with Riverside residents, businesses and other stakeholders in an effort to achieve program improvement by doing the following:

1. **Procure a web-based tool**, such as the Energy-Saving Trees Program developed by the Arbor Day Foundation. The Energy-Saving Trees Program platform allows customers to select a tree location on their property using an RPU branded web platform. Customers will have the ability to adjust the location of their tree within the web tool in order to maximize their energy savings. There are nearly 70 cities and utilities throughout the country using this tool, including SMUD, San Diego Gas & Electric and the City of Redding. The web tool has in-depth reporting functionality that was built in partnership with and validated by the U.S. Forestry Service.
2. **Engage community groups and individuals** to gain insights into ways that will allow the Tree Power Program to meet the goals of the greater Riverside community. Groups that will be approached include RPU customers, Riverside Corona Resources Conservation District, Inland Urban Forest Council, Victoria Avenue Forever, Grow Riverside, Riverside Food Systems Alliance and local nurseries. RPU will form a working group to leverage the knowledgebase and experience of these community members in an effort to enhance and maximize the benefits of the program.
3. **Review peer utilities** to determine how they implement their tree programs and their methodology for claiming energy savings as well as evaluation of industry best practices. Staff has already begun this process but will conduct a more detailed survey prior to recommending changes to the existing program.
4. **Consult other City departments** to better align the Tree Power Program with existing City sustainability goals and to help meet other legislatively mandated utility objectives, including carbon sequestration, greenhouse gas reduction, and the tree planting goals contained in the Green Action Plan and the Climate Action Plan.
5. **Propose program changes** to the RPU Tree Power Program that include the inputs from the stakeholder groups and other City departments for the 2020 program.

FISCAL IMPACT:

The total fiscal impact is \$485,000. Sufficient funds are available in the Public Benefits Residential Tree Power Program Account No. 6020100-456038.

Prepared by: Daniel E. Garcia, Utilities Assistant General Manager/Resources
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Aileen Ma, Interim Utilities Assistant General Manager/Finance & Administration

Attachments:

1. March 2018 Back of Bill Free Tree Coupon
2. Tree Power Rebate Form