



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 4, 2013

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Resolution Approving Water Wise Commercial Industrial Incentive Program

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Establishing Incentives and Approving Administrative Procedures for the Water Wise Commercial, Industrial, and Institutional Incentive Program.

DISCUSSION:

BACKGROUND

In December 2012, City Council authorized a contract with Maddaus Water Management to assist staff in developing the Water Wise Commercial, Industrial, and Institutional (CII) Incentive Program (Program). The Program consists of two parts: (i) offering CII customers on-site water use surveys, and (ii) custom incentives offered to targeted high-water-using CII customers that have received a water use survey.

Maddaus Water Management is assisting staff to develop and set-up the Program, conduct the initial water use surveys, and train City staff to conduct future water use surveys. The surveys determine potential methods and/or equipment that CII customers can employ to reduce their site's water consumption. The surveys are specific to the type of business being evaluated. A written report detailing specific on-site water efficiency opportunities will be prepared and presented to the CII customer. From May 7 to May 13, 2013, Maddaus Water Management and staff completed seven water use surveys.

PROJECT DESCRIPTION

Once the water use survey has been completed, City staff, with assistance from Maddaus Water Management, will analyze the recommended project cost-benefit ratio based on the Incentive Program Administrative Procedures (Administrative Procedures) to determine whether the site qualifies for a financial incentive. Incentives will be provided to help offset the cost of needed water conservation improvements. Examples of potential equipment that may qualify a CII customer for an incentive include commercial laundry retrofits, water efficient ice machines, and connectionless food steamers. In the Council Report of December 4, 2012, staff projected maximum incentive amounts per qualifying CII customer of \$5,000 per site but, upon further analysis and review of other similar programs in California, staff recommends increasing the maximum per site to \$15,000. The goal is for the CII customer to implement the suggested conservation methods and, as a result, reduce the site’s potable water consumption.

The staff-developed Administrative Procedures may be updated in the future as the methodology for calculating the incentives, such as City avoided cost of water, will change over time.

The Water Commission reviewed the Administrative Procedures on April 8, 2013 and recommended City Council approval.

SUSTAINABILITY IMPACT:

Over the Long Term Water Supply Plan (LTWSP) implementation period of 20 years, the Program is expected to identify 19 acre feet of CII conservation each year, for a compounded savings by 2030 of 323 acre feet per year and a cumulative savings of almost 3,000 AF over the period. The table below illustrates the compounding nature of the conservation.

Year	2015	2020	2025	2030	Cumulative Savings
Projected Water Savings (Acre Feet)	38	133	228	323	2,888
Avoided Water Cost	\$ 22,800	\$ 79,800	\$ 136,800	\$ 193,800	\$ 1,744,200

This is a significant element of City Council adopted LTWSP Water Conservation Program policy in meeting adopted water demand reduction targets by 2030.

FINANCIAL INFORMATION:

Estimated cost for the incentives to CII customers is projected to be \$57,000 per year. Incentives for customers are calculated based on the City’s avoided cost of water of \$600 per acre foot over the life of the improvement. A sample incentive payment calculation is included in Exhibit B to the Resolution. Funding for the Incentive Program was included in the Fiscal Year 2013 Water Budget.

PREPARED BY: Rebecca Bjork, Water Resources Manager/AJ/mh

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office