



# Town of Castle Rock

ATTACHMENT A

## Agenda Memorandum

**Agenda Date:** 3/6/2018

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**Item #:** **File #:** TMP 2018-140

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**To:** Honorable Mayor and Members of Town Council

**From:** Mark Marlowe, P.E., Director of Castle Rock Water

### **Resolution Approving the 2018 Conservation Rebate Incentive Program**

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#### **Executive Summary**

The purpose of this memorandum is to request Town Council approval of a resolution (see **Attachment A**) approving the 2018 Conservation Rebate Incentive program.

The core rebate program remains intact, with only two proposed changes for 2018. Due to low levels of participation, staff is recommending the rebate for rain sensors be discontinued. Staff is also recommending the expansion of the current SmartScape Renovation rebate to include non-residential properties, such as homeowner's associations and businesses. The proposed expansion of the program is a direct result of the success of the existing residential program. The existing residential SmartScape Renovation program has shown a three-year average reduction of 24 percent in water use for the program years of 2013, 2014 and 2015. The initial budget for 2018 would be \$100,000 for this new program. The non-residential program would be implemented under similar guidelines to the existing residential program with a minimum area of 1,500 square feet and a maximum rebate amount of \$10,000 per applicant.

The proposed rebates for 2018 are:

- SmartScape Renovation - \$1 per square foot of high water use plant material removed (minimum of 250 sq. ft., maximum rebate of \$1,500 for residential and minimum of 1,500 sq. ft., maximum rebate of \$10,000 for non-residential) replaced with a water efficient Coloradoscape.
- SMART Irrigation Controllers - 50 percent of the cost of the controller up to \$300 per controller; maximum of \$300 for residential; and \$1,500 for commercial or Homeowner Association (HOA) property owner.
- Rotary Nozzle Retrofit - Up to \$5 per nozzle (no maximum); maximum rebate of \$2,000 for non-residential customers.

#### **History of Past Town Council, Boards & Commissions, or Other Discussions**

On February 7, 2018, Castle Rock Water held an open house where the proposed rebate program was presented. All comments received were supportive.

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On February 21, 2018, the WUMP was presented and discussed at the Developer's Roundtable. No opposition was expressed.

On February 22, 2018, a presentation was made to the Planning Commission.

On February 28, 2018, the Castle Rock Water Commission approved the 2018 Conservation Rebate Incentive Program as presented.

### **Discussion**

The Water Conservation Master Plan (WCMP) was adopted in 2006 with an overall goal of achieving a water savings of 18% (165 to 135 gallons per capita per day) through various programs. The Castle Rock community, with the help of the Castle Rock Water team, has met, exceeded, and maintained this goal. In 2015, the Water Resources / Conservation Division of Castle Rock Water updated this document. The new Water Efficiency Master Plan (WEMP) received approval from the Colorado Water Conservation Board (CWCB) in February 2016. The new plan set a goal of an additional 18 percent (122 to 100 gallons per capita per day) water savings by 2055.

One way Castle Rock Water continues to work toward sustaining and building on the conservation goals outlined in the original WCMP and the new WEMP is by offering rebates to the community. The new plan calls for evaluating options to expand this program. Evaluation of potential changes to the program were conducted in 2017. Due to low interest from the community, staff is recommending the rain sensor rebate be discontinued. Staff is recommending the same level of funding for the 2018 rebate incentive program as in 2017, which is \$45,000.

In 2017, a pilot test program began with a partnership between Castle Rock Water, KB Homes, and Rachio. Rachio is the manufacturer of a new advanced flow monitoring device called the Poseidon. The purpose of the pilot program is to evaluate the effectiveness of the Poseidon flow monitoring device, and determine if an increased awareness of a customer's water use will result in any level of conservation. If the customer-driven pilot testing is successful, staff may add these units to the program. The estimated cost of installing these units is \$1,000 per installation. Staff would propose to include these units at the full cost of reimbursement since they are still in the pilot testing phase.

The program will continue to be funded by revenue from violations and Block 4 conservation surcharges. New for 2018, staff is recommending the expansion of the SmartScape Renovation program as a pilot program to include non-residential properties, such as homeowner's associations. This pilot program will be funded at \$100,000 from the Water Resources Enterprise dedicated solely to this non-residential program.

### **Budget Impact**

The 2018 program will continue to be funded from revenue generated during 2017 from watering restriction violations and a portion of funds from the Block 4 surcharge rate. The average revenues generated and estimated costs for the violations program are shown on **Attachment B**. The total proposed amount for 2018 is \$45,000 available for the conservation incentive program, including

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irrigation evaluations.

The total proposed amount allocated for the non-residential SmartScape Renovation pilot program is \$100,000. This amount is to be broken up into blocks not to exceed \$10,000 per applicant. A budget transfer will be necessary to fund this program. These funds will be transferred from 211-4375-443.78-04 (Newlin Gulch PL & LS) to 211-4330-443.81.10 (Conservation Rebates) all within the Water Resources Enterprise.

**Attachment C** summarizes the rebate activity for the previous three years, and sets the starting point for the current year program.

### **Staff Recommendation**

The Castle Rock Water staff recommends approval of the 2018 Conservation Rebate Incentive Program, to be effective March 7, 2018.

### **Proposed Motion**

*"I move to approve the Resolution as introduced by title."*

### **Attachments**

Attachment A:	Resolution
Exhibit 1:	2018 Rebates
Attachment B:	Funding Summary
Attachment C:	Funding by Category

**EXHIBIT 1**

2018 Conservation Rebate Incentive Program **\$45,000.00**

Smart Irrigation Controllers: 50% of the cost of the controller up to \$300 per controller; max of \$300 for residential; and \$1,500 for non-residential.

Rotary Nozzle Replacement: Up to \$5 per nozzle; \$2,000 maximum for non-residential customers.

SmartScape Renovation, Residential: \$1 per square foot of high water use plant material removed (minimum of 250 sq. ft.; maximum of 1,500 sq. ft.)

**\$100,000.00**

SmartScape Renovation, Non-Residential: \$1 per square foot of high water use plant material removed (minimum of 1,500 sq. ft.; maximum of 10,000 sq. ft.)

### Conservation Rebates/Expenses vs. Violation/ Surcharge Revenues

Expenditures				Revenues									Variances			
Conservation Rebates 211-4330-443-81-10				Water Surcharge 211-4330-351-50-00			Water Violations 211-4330-351-51-00			Total Revenues			Revenue-Expenditures			
Original Budget	Revised Budget	Actual	Bud-Act Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	
2011	60,000.00	60,000.00	69,390.44	9,390.44	49,000.00	53,263.06	4,263.06	31,000.00	7,900.00	(23,100.00)	80,000.00	61,163.06	(18,836.94)	20,000.00	(8,227.38)	(28,227.38)
2012	18,000.00	18,000.00	60,806.60	42,806.60	25,000.00	59,173.31	34,173.31	3,000.00	2,200.00	(800.00)	28,000.00	61,373.31	33,373.31	10,000.00	566.71	(9,433.29)
2013	30,000.00	35,000.00	28,159.80	(6,840.20)	50,000.00	52,891.51	2,891.51	-	19,550.00	19,550.00	50,000.00	72,441.51	22,441.51	15,000.00	44,281.71	29,281.71
2014	30,000.00	45,000.00	42,082.07	(2,917.93)	25,000.00	41,714.84	16,714.84	-	6,175.00	6,175.00	25,000.00	47,889.84	22,889.84	(20,000.00)	5,807.77	25,807.77
2015	45,000.00	45,000.00	23,902.78	(21,097.22)	50,000.00	43,780.06	(6,219.94)	7,000.00	4,575.00	(2,425.00)	57,000.00	48,355.06	(8,644.94)	12,000.00	24,452.28	12,452.28
2016	45,000.00	45,000.00	35,310.66	(9,689.34)	50,000.00	55,878.63	5,878.63	-	975.00	975.00	50,000.00	56,853.63	6,853.63	5,000.00	21,542.97	16,542.97
2017	45,000.00	45,000.00	44,310.33	(689.67)	45,000.00	77,898.62	32,898.62	5,500.00	11,475.00	5,975.00	50,500.00	89,373.62	38,873.62	5,500.00	45,063.29	39,563.29
<b>2011- 2017 Subtotal</b>	\$ 273,000.00	\$ 293,000.00	\$ 303,962.68	\$ 10,962.68	\$ 294,000.00	\$ 384,600.03	\$ 90,600.03	\$ 46,500.00	\$ 52,850.00	\$ 6,350.00	\$ 340,500.00	\$ 437,450.03	\$ 96,950.03	\$ 47,500.00	\$ 133,487.35	\$ 85,987.35
<b>2018 Budget</b>	\$ 45,000.00	\$ 45,000.00	-	\$ (45,000.00)	\$ -	\$ -	\$ -	\$ 5,500.00	\$ -	\$ (5,500.00)	\$ 5,500.00	\$ -	\$ (5,500.00)	\$ (39,500.00)	-	\$ 39,500.00
<b>2017 Water Surcharge Revenues Earned</b>	\$ 77,898.62	211-4330-351-50-00														
<b>2017 Water Violation Revenues Earned</b>	\$ 11,475.00	211-4330-351-51-00														
<b>2017 Total Revenues Earned</b>	<u>\$ 89,373.62</u>															
<b>Less 2017 Rebates Issued</b>	\$ 44,310.33	211-4330-443-81-10														
<b>Less 2017 Seasonal Water Violation Monitors</b>																
Salaries	\$ 45,957.51	211-4330-443-10-30	2018 Budget	\$ 48,772.00	211-4330-443-10-30											
	\$ 28,207.59															
	\$ 17,749.92															
<b>2017 Revenues in Excess of Costs</b>	<u>\$ 27,313.37</u>	(\$89,373.62-\$44,310.33-\$17,749.92)														
<b>2018 Rebate Budget \$45,000</b>																
This does not include the salaries from department wide staff who helped with the water restrictions and water violation issuances.																
Seasonal salaries not related to water monitoring (Linda's Salary outside of Seasonal Months and 75% of her Salary in June and 50% in July and Aug not for Water Monitoring)																
Water Monitoring Program Salaries (Net of seasonal salaries not related to water monitoring program specifically).																

Rebate and Customer Assistance Program Funding Summary by Year									
Category	2015		2016		2017		Average % of Prior Years	2018 (proposed)	
	Total \$	% of Total	Total \$	% of Total	Total \$	% of Total		\$ per Category	% of Total
SmartScape Renovation Rebate	\$14,649	63%	\$24,192	71%	\$31,681	72%	68%	\$30,600	21%
Rotary Nozzle Retrofit Rebate	\$1,538	7%	\$1,669	5%	\$960	2%	5%	\$2,300	2%
Rain Sensor Rebate, Residential	\$115	0%	\$93	0%	\$203	0%	0%	\$0	0%
Smart Irrigation Controller Rebate	\$4,523	19%	\$6,170	18%	\$7,408	17%	18%	\$8,100	6%
Irrigation Assessments	\$2,578	11%	\$2,088	6%	\$3,915	9%	9%	\$4,000	3%
Sub-total	\$23,403	100%	\$34,212	100%	\$44,167	100%	100%	\$45,000	
Non-Residential SmartScape Renovation Rebate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$100,000	
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$145,000	