

Memorandum



CITY OF DALLAS

DATE February 7, 2012

TO Members of the Transportation and Environment Committee:
Linda Koop, Chair; Sheffie Kadane, Vice Chair; Delia Jasso, Pauline Medrano
Vonciel Jones Hill, Sandy Greyson

SUBJECT Water Conservation Industrial, Commercial, Institutional (ICI) Audit and Rebate Program Briefing

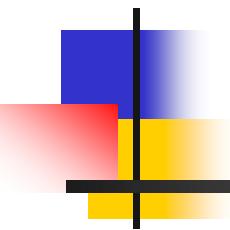
On Monday, February 13, 2012 you will be briefed on Water Conservation Industrial, Commercial and Institutional (ICI) Audit and Rebate Program. The briefing material is attached for your review.

If you have questions or need additional information, please let me know.

A handwritten signature of Forest E. Turner.

Forest E. Turner
Assistant City Manager

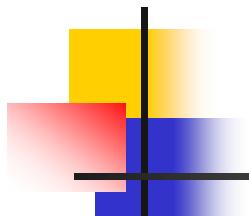
c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, Acting City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
A.C. Gonzales, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Stephanie Pegues-Cooper, Assistant to the City Manager
Jo M. Puckett, P.E., Director, Dallas Water Utilities



Water Conservation Industrial, Commercial, Institutional (ICI) Audit and Rebate Program

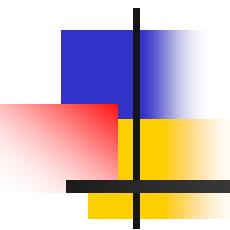
City of Dallas Water Utilities
February 13, 2012



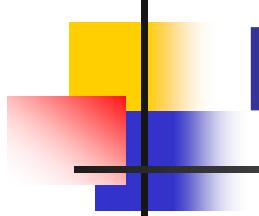


Briefing Purpose

- To provide background on implementation of additional programs for industrial, commercial and institutional customers
- Seek support of upcoming contract for ICI Water Audit Consultant and implementation of ICI Rebate Program

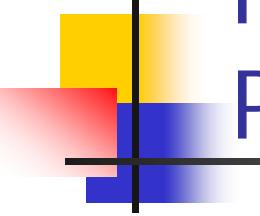


Phase I - ICI Program



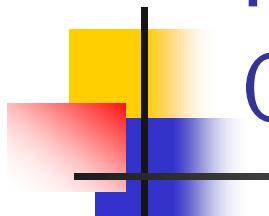
Background – Phase I

- As part of 2005 Water Conservation Five-Year Strategic Plan, Phase I of the ICI Program included:
 - A cooling tower audit program
 - Free irrigation system check-ups
 - Pre-rinse Spray Nozzle Initiative



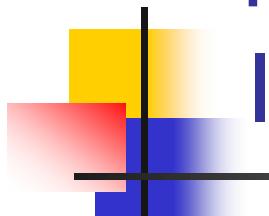
Phase I – ICI Cooling Tower Audit Program

- Program active from 2007-2008
- 60 Audits completed
- Costs for program was \$48,700
- Premise types surveyed:
 - 40 Office buildings
 - 6 Manufacturers
 - 5 Hotels
 - 4 Hospitals
 - 2 Apartment Complexes
- Audits resulted in recommendations that would save 261 million gallons (MG) annually



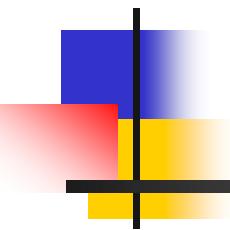
Phase I – ICI Free Irrigation System Check-ups

- Program launched in 2007
- 72 check-ups performed to date
- Irrigation check-ups have resulted in recommendations that would save over 12 MG annually



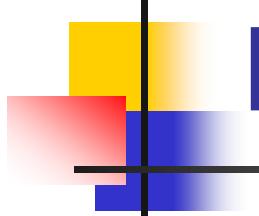
Phase I – ICI Pre-Rinse Spray Nozzle Incentive Program

- Federal Energy Policy Act of 2005 setting a standard maximum flow rate of 1.6 gallons of water per minute
- Dallas program active from 2007-2010
 - For a limited time, program offered free devices and installation to help businesses bring older devices up to federal standards
 - Over 5,600 nozzles replaced
 - Market saturated in 2010
- Estimated water savings 0.5 billion gallons (BG) annually



Phase II

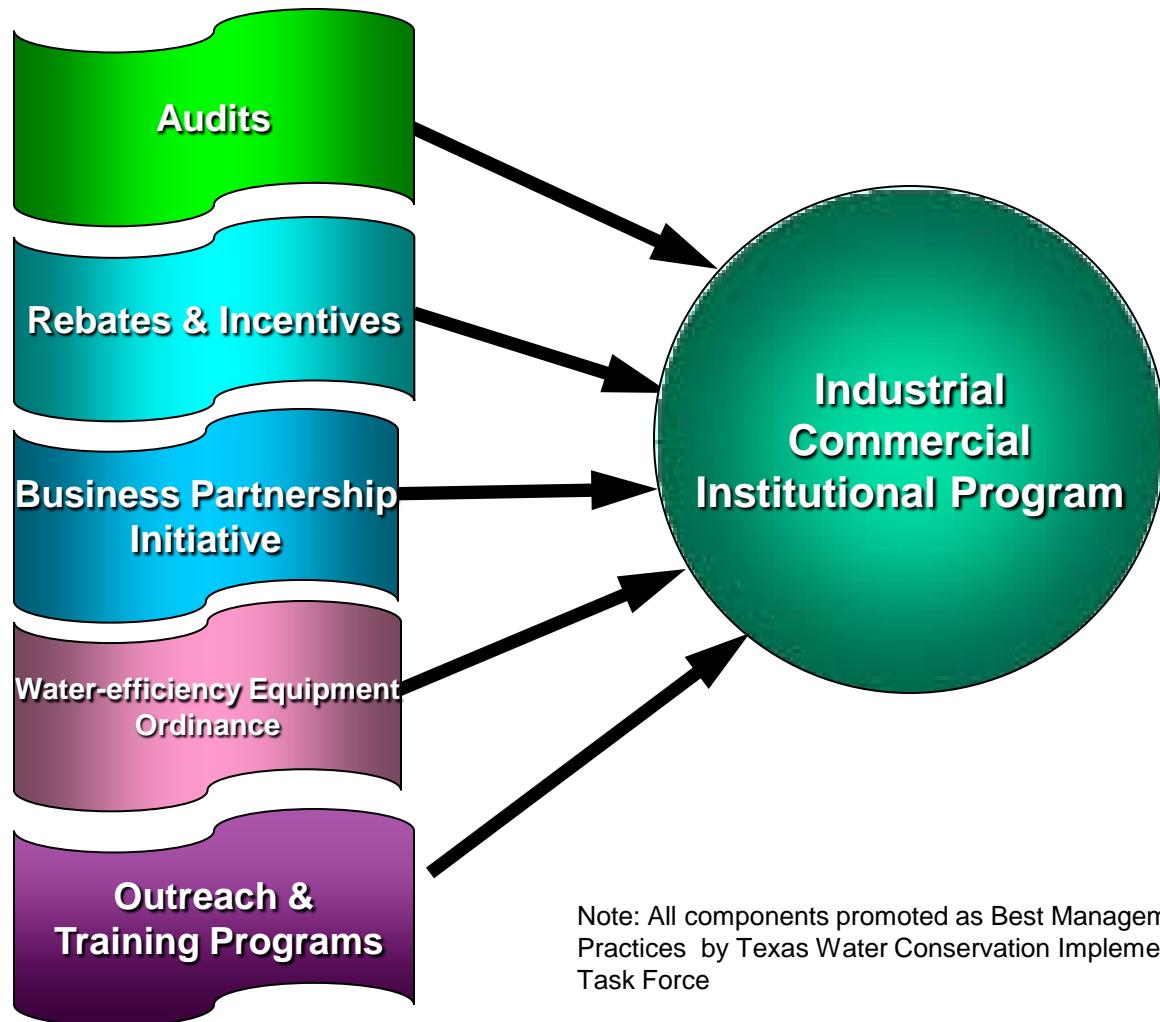
Continuing the Momentum



Background – Phase II

- As part of the 2010 Water Conservation Five-Year Strategic Plan Update's 14 strategies, Phase II of the ICI Program includes six strategies:
 - Ordinance changes for water-efficient standards
 - Hospitality program
 - Customer audit program
 - Training program
 - Business partnership/stakeholders
 - Rebate & incentive program

ICI Program Components

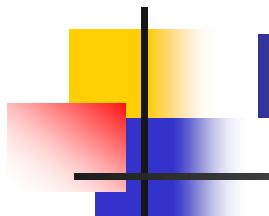


ICI Phase II Implementation

- Hospitality Program launched in FY2011
- Over 50 participants: hotels, motels and restaurants



Hospitality Program Recognition Event – Jan 2012

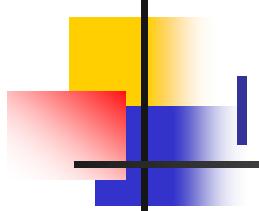


ICI Phase II Implementation

- ICI Strategies scheduled for FY2012
 - Customer Water Audit Program
 - Business Partnership Initiative
 - Financial Rebate & Incentive Program
 - Outreach & Training Program

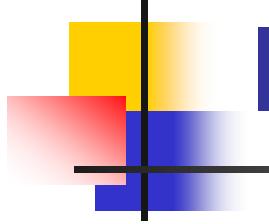


ICI Customer Water Audits



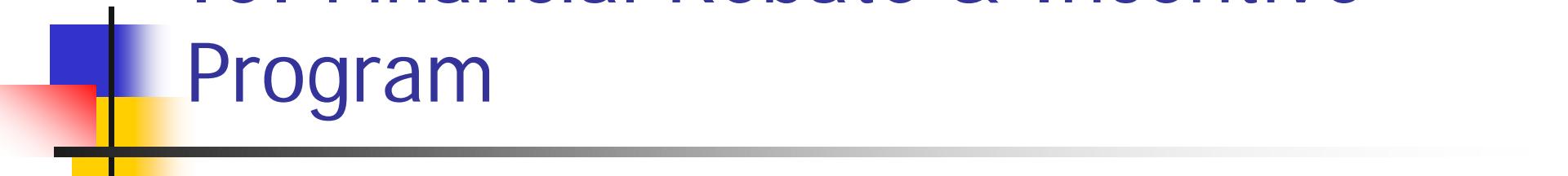
ICI Water Audits Program Approach

- Execute contract with Consultant to provide necessary expertise to perform comprehensive water use audits
- Consultant selected through competitive bidding process
- Focus on top 10% of ICI accounts
 - Responsible for 77% of total ICI water use
- Review all end-uses of water and help customers identify opportunities to increase efficiency
- Goal is to perform approximately 45 audits annually

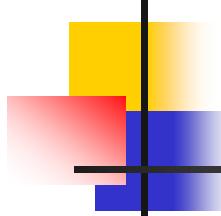


ICI Audit Program Deliverables

- Site visits
 - Focus on top user data to be provided by city staff
- Preparation of audit reports
 - Opportunities for reducing water use
 - Recommended action plan
 - Presentation of findings to customer
- Follow-up inspections of rebate installations

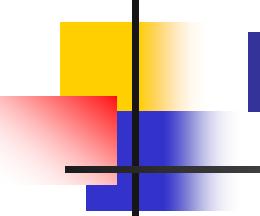


ICI Financial Rebate & Incentive Program



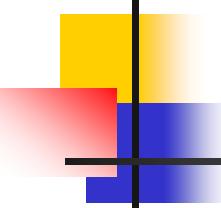
ICI Financial Rebate & Incentive Program Approach

- Will complement audit initiative and serve as incentive for customers to implement audit recommendations
- Will promote water efficiency equipment installation and upgrades such as
 - Cooling tower equipment upgrades
 - Reuse of high quality rinse water
 - Install water saving equipment in commercial laundry or car wash
- Initial focus on water savings identified from Phase I Cooling Tower Audits
- Proposed budget \$2 million annually
- Based on City of Austin Model



ICI Financial Rebates & Incentive Program Guidelines

- Project must be pre-approved by City before work commences
- Applicants must agree:
 - To have water audit provided by City
 - To report annual water savings for up to five years
- Equipment and project must remain in use at least 5 years or be replaced by a process or equipment that achieves equal or greater water savings



ICI Financial Rebates & Incentive Program Guidelines continued

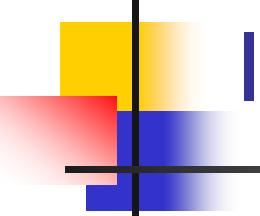
- One-time cash rebate not to exceed \$100,000 per project
 - The rebate available for each project will be the lesser of:
 - Half the purchase price of equipment up to \$100,000
 - \$1.00 per gallon per day saved up to 100,000 gallons
- Project requests greater than \$25,000 will require City Council approval
- Proposal must demonstrate a minimum water savings of 1 gallon per day
 - Example: A hotel that replaces 500 water wasting toilets with high efficiency models can expect to save 4,750 gallons per day or 1.7 MG per year

What We Get for Rebate Investment

- For every \$1 million of rebate invested we get 365 MG a year or enough water to serve over 3,700 new families per year



ICI Business Partnership Program

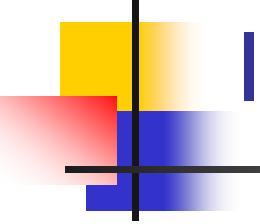


ICI Business Partnership Program

- Work with Economic Development on identifying new and existing rebate program candidates
 - Promote program through Business Expansion and Retention Program
- Stakeholder meetings with top ICI users to
 - Seek comment and input on planned programs
 - Identify what's working
 - Identify and address challenges in processes and ease of access



ICI Training Program

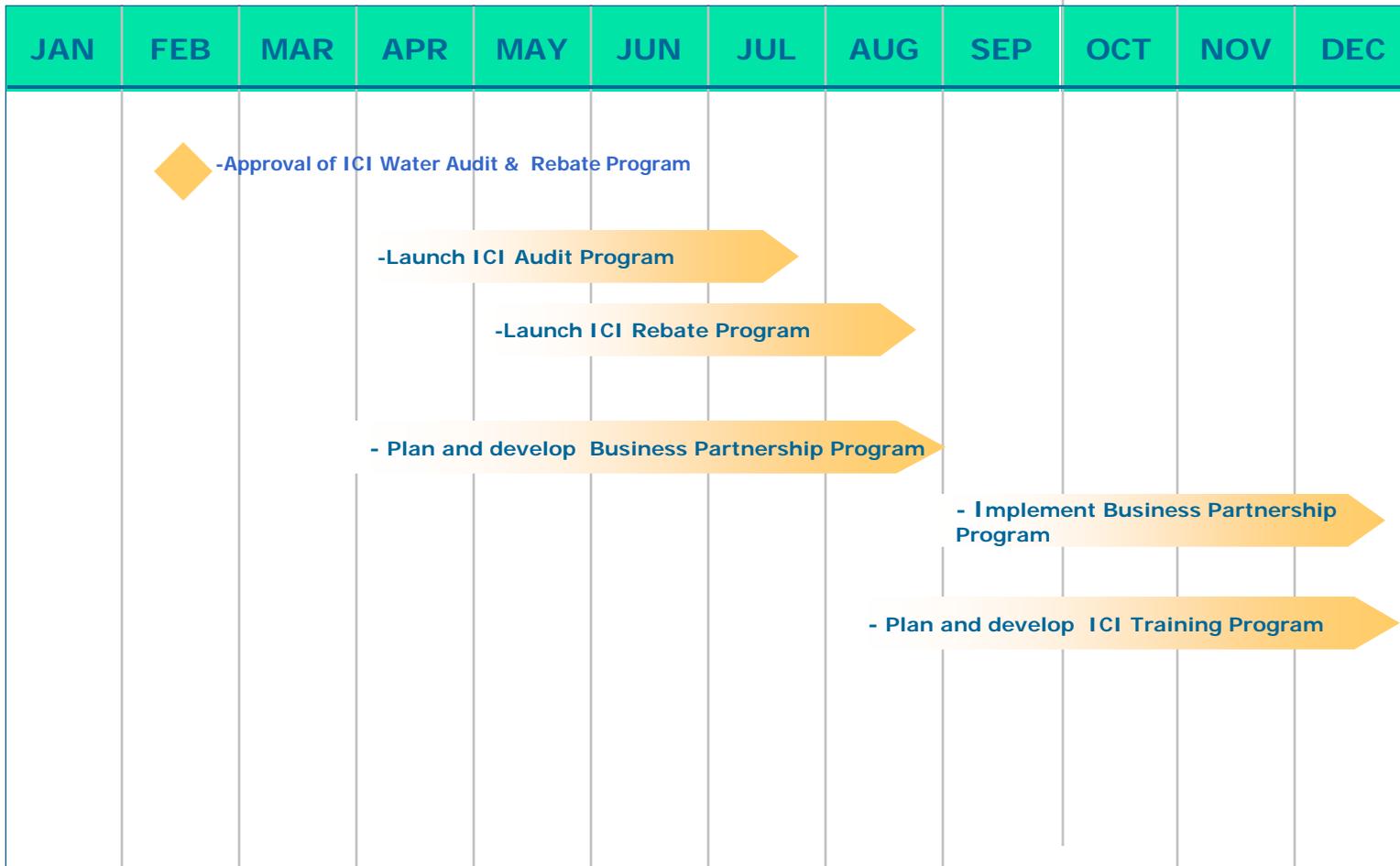


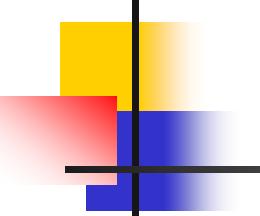
ICI Training Program

- Develop, lead and manage ongoing water efficiency training programs
- Program available to all ICI customers with focus on:
 - Facility managers of premise types that use the most water
 - Licensed irrigators
- Topics to include industrial cooling processes, irrigation management and leakage control
- Will work with local businesses, green building organizations and energy utilities to seek input on curriculum development
- Annual budget of \$25,000

ICI Program Phase II

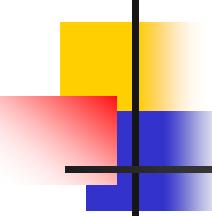
Planning/Development/Implementation FY 2011-2012





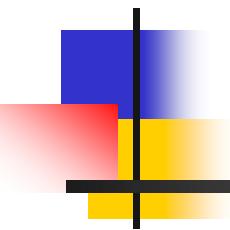
Looking Ahead - Phase III

- ICI Water-Efficient Equipment Rule
 - Ordinance requirements to expand minimum water efficiency standards for commercial equipment in new and newly-occupied ICI establishments
 - Collaborate with City's Building Inspection Office to verify installation of water efficiency measures prior to occupancy
- Rule is aligned with City's holistic approach to conserving water through
 - Green Building ordinances (including current building code requirements for efficient fixtures)
 - Lawn and landscape ordinance amendments
 - Water Conservation Strategic Plans
- No cost consideration
- Scheduled for FY 2014



Summary

- Phase I of ICI program launched during first Strategic Planning process in 2005
- 2010 Strategic Plan Update called for increased emphasis on ICI programming
- Top 10% of ICI customers use 77% of total ICI water consumption (35,000 accounts)
- Phase II of 2010 Plan Update launched in 2011
- Seek support of February 22, 2012 agenda item to award five year contract for \$742,309 to Alan Plummer Associates to perform ICI Water Audits and resolution to implement of ICI Rebate program



Appendix

City of Dallas Water Utilities

ICI Water Efficiency Rebates

Proposed Program Guidelines

Eligibility

All industrial, commercial, and institutional (ICI) water users served by the City of Dallas Water Utilities are eligible. Rebates will be issued to account holders, property owners, or utility account designees only. No minimum amount to apply.

Program Information

The City of Dallas Water Conservation Program offers up to \$100,000 in site-specific rebates to ICI customers towards the cost of new equipment and processes that conserve water at existing facilities. Some examples of eligible projects include:

Replacing single pass cooling with cooling tower water or air cooling

Reuse of high quality rinse water

Installing water saving equipment in commercial laundry or car wash

Plumbing fixture retrofits

Irrigation system upgrades

Program Requirements

All projects must be pre-approved before you purchase or install any equipment. The City will not approve retroactive projects.

Equipment and projects which receive funding must either:

Remain in use at least five (5) years, or

Be replaced by a process or equipment which achieves an equal or greater level of water savings, but the replacement equipment or process must be in place for the balance of the five year period. Rebate recipients will be subject to an annual post-inspection over the five year period.

Operation and maintenance measures are not eligible.

All water savings estimates must be documentable. The rebate will be based on the documented savings following project completion. (An example of documentation would be one to two months of meter readings, or data from time of operation charts for a specific piece of equipment for which water savings per unit of time have been quantified.) Water Conservation staff will make the final determination of water savings estimates. Proposals must demonstrate a minimum water savings of 1 gallon per day. Entities may apply for more than one project at a time, if the specific types of projects are different.

Rebate Amounts

The rebate available for each project* is the lesser of:

Half the cost of the purchase price of the equipment up to \$100,000, or

\$1.00 for each gallon per day saved up to 100,000 gallons for a maximum rebate of up to \$100,000

Available funding will be limited for each fiscal year. Projects will be selected based on water savings. Proposals over \$25,000 will require approval from the City Council.

*The rebate does not include the cost of the labor. Rebates over \$600 are considered taxable income