

AGENDA



Thursday, August 28, 2008

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION****Item No. 5**

Subject: Authorize an increase in the maximum per project rebate amount for the water conservation institutional, commercial and industrial rebate program from the current maximum of \$40,000 to \$100,000.

Amount and Source of Funding: Funding in the amount of \$2,868,728 is available in the Fiscal Year 2007-2008 Operating Budget of the Austin Water Utility.

For More Information: Sonja Stefaniw, 974-3901; Denise Avery, 972-0104

Boards and Commission Action: Recommended by the Water Wastewater Commission and the Resource Management Commission. Review by Water Conservation Implementation Task Force August 25, 2008.

This request is to raise the maximum funding amount for the Water Conservation Institutional, Commercial, and Industrial rebate from the current maximum of \$40,000 to \$100,000. The rebate provides incentives to companies to install water saving equipment and is based on the cost of the equipment and the amount of water saved. The calculation for the amount of the rebate would continue to be \$1 per peak day gallon saved, or half of the amount of the cost of the equipment installed, whichever is less. The maximum rebate amount has not been raised since the program began in 1997. The result has been an erosion of the value of the rebate.

Furthermore, water conservation programs face increasing competition with other projects for customers' capital improvement budgets, most notably with Austin Energy's rebate program, which offers rebates of up to \$200,000 per location. Austin Water is now partnering with Austin Energy's Key Accounts program to promote both energy and water rebate programs to commercial customers. Key Account representatives report that companies tend to invest in energy savings measures rather than water savings measures because the rebate is higher. Thus, the current \$40,000 maximum has the potential of precluding projects which would save large amounts of water. By increasing the maximum water rebate amount, a more level playing field would be created between the two rebate programs and the increased rebate amounts would encourage increased total investments in both energy and water conservation projects.