



# Utah Department of Natural Resources

## Water Resources

### Fixed-rate Smart Irrigation Controller Proposal

Utah is setting a national example for water conservation efforts by providing statewide rebates for water-efficient devices. During the 2020 General Legislative Session, intent language was added to the statewide rebate program to have rebates on smart irrigation controllers set at a fixed-rate rather than the program's current arrangements (50% up to \$150). The Utah Division of Water Resources is providing its plan and recommendation to the Utah Legislature for transitioning the smart irrigation controller program to a fixed-rate rebate of up to \$75 beginning November 1, 2020.

Through the appropriated funds, \$700,000 (starting July 1, 2020) ongoing with \$300,000 carryover, the Utah Division of Water Resources, in collaboration with conservancy districts throughout the state, has launched Utah Water Savers (UWS). UWS is the home of statewide water rebates that include rebates on smart irrigation controllers, toilets, and other programs available in local areas.

Water Resources staff recommends the fixed-rate rebate amount be up to \$75. This price incentivizes Utahns to participate in the program and to take ownership by doing their part to conserve Utah's most precious resource, water. The potential amount of water saved (approximately 9,000 gallons per device - a conservative estimate) illustrates that these water savings can assist in delaying water infrastructure and improvement projects. An implementation date of November 1, 2020 enables UWS program partners time to update the programming and modify the online forms. In addition, this is an effective time of year to modify the program as the irrigation season has ended and rebate applications have slowed. Water Resources staff has explored the most effective way to implement a fixed-rate smart irrigation controller program. Some of those findings are:

- Guest speaker Arthur Christianson, Senior Manager, Utility and Government Affairs for Home Depot, said through their surveys they found that people are more likely to participate in a rebate program that offers more than a \$60 for a rebate (EPA WaterSense Partner Webinar "Reaching out to Retailers"), The current average for rebate reimbursements is \$66.49.
- Research other rebates in other states (on city and county level) and found that \$75 is a competitive price point.
- Discussions with our program partners and information provided by Orbit, a Utah based smart irrigation controller company, the average lifespan of a smart-irrigation controller is approximately 5 years, which would potentially reduce the number of gallons used per house by 45,000 gallons (assuming 9,000 gallons saved each season) over the life of the controller.



## Utah Department of Natural Resources Water Resources

Smart irrigation controllers can help tailor watering schedules to actual site conditions by:

- Taking into account current and predicted weather data
- Delaying waterings when rain is forecasted
- Delaying waterings when it's windy
- Creating water schedules that reduce the number of waterings in the spring and fall
- Providing the appropriate amount of water the landscape needs

Overall, smart-irrigation controllers and new advanced technologies help to reduce water waste. \* Note: Outdoor watering accounts for more than 60% of total residential water use.

The most significant amount of water savings can come from outdoor watering.

Current requirements to apply for the statewide rebates:

- Irrigation controller must be WaterSense labeled
- Single Family Residence
- Proof of install
- Agree to terms and conditions

Background information:

In the 2017 Legislative General Session, the Utah Legislature and Governor Herbert approved \$750,000 for ongoing funding for water efficiency rebates and \$300,000 carryover. Budget cuts that occurred in June 2020 decreased the ongoing funds to \$700,000. This is a fiscally friendly initiative— meaning if people don't have to pay for the entire cost of the device, they're more likely to participate. It provides a way for everyone that wants to participate in the program the ability to afford to. Through incentivizing and encouraging Utahns to save its most precious resource, water, Utah's waterwise ethic will be enhanced by individuals choosing to be waterwise. Envision Utah's 2015 survey *Your Utah. Your Future.* found that 85% of Utahns want to reduce per capita water use. In general, human behavior is hard to change without reason, by offering statewide rebates, we've provided a reason for people to change behavior and help reduce Utah's water use.



## Utah Department of Natural Resources Water Resources

### Integrity of the Programs / Safeguards Against Abuse– Requirements & Process:

We pride ourselves in providing quality customer service and use every opportunity we have to communicate with applicants as a chance to educate them not only on the rebate program but also on the importance of water conservation and instilling a waterwise ethic. The following requirements and process are followed to protect the integrity of the program and safeguard against abuse:

- Each rebate application is reviewed to verify property ownership with its county recorder's office.
- A water provider account number and a copy of their water bill is reviewed to help ensure all rebates are going to Utah property owners.
- A receipt is required and verified against the rebate amount being requested.
- A photo of the installed device is required to demonstrate all smart controllers and toilets have been installed and are operational before a rebate is approved.
- Each device's serial number is reviewed so the same information cannot be used to generate multiple rebates.
- The system contains software that recognizes all images that are uploaded by applicants to ensure each picture we receive is unique to prevent abuse.
- We utilize a mailing address verification software application to scrutinize rebate addresses before checks are produced.
- If any issues are discovered during the application process, the conservation technicians will electronically return the application back to the applicant for resolution.
- Additional requirements are in place by the finance team to prevent abuse with the program. We have learned by trial and error to review for data that might cause issues in FINET and have worked out many bugs over time.
- The Division performs an extensive verification process to review for potential duplicates, anomalies, mis-entered information, etc.



## Utah Department of Natural Resources Water Resources

### Additional Questions Addressed:

1. Would there be a reduced number of devices per year (not just because the total amount is reduced by \$50,000)?

We do not anticipate the number of devices will be reduced because of the fixed-rate. We could potentially see more because there are smart timers that cost less than \$75 and with the rebate would cost the individual \$0.

- Is it possible that because the average cost per rebate would likely go up and the money could run out sooner?

We had this same question in mind with our recommendation. Based on the current year, a \$75 rebate would not run out of money, but a rebate for \$100 could. A \$100 fixed rate rebate would likely put us well over the \$700K after adding in administrative costs unless we saw a large drop in demand for the products

- If so, what are your projections?

At \$75.00 we anticipate using \$550,000 of the funds for rebates. Adding administrative expenses would bring the total program cost up near \$670,000

2. Is it possible that with the new program, the majority of the customers would be purchasing less-expensive models (up to \$75), so that there would be no cost to them?

Yes, that is a possibility.

- If that is the case, what features these less-expensive models do not have?

Less expensive models may have less capability but they still get the job done. Depending on the model, they may not have features like rain delay or wind shut-off while some just have fewer station capabilities (ie. like 12 stations versus 6 stations).

- Would that lead to reduced water savings?

If the less expensive devices are not able to adjust to current weather conditions it may reduce water savings but it really depends on the model and the functionality.



## Utah Department of Natural Resources Water Resources

- What are your anticipated projections?

We anticipate that sales and participation will remain fairly constant in the future compared with previous years in which case we would have sufficient funds to cover the increase in expense. By setting the fixed rebate at \$75 per smart controller we could absorb an increase in demand and still have sufficient funds for the program.

3. Any other differences anticipated?

Not right now but we can evaluate it as we go.

4. Are there additional matching funds from water conservancy districts or federal sources added to the program?

For the Utah Water Saver program, there are in-kind services that some water conservancy districts provide to support the overall program. In addition to Utah Water Savers, we have contracted with water districts to provide matching funds for rebate programs they were administering. These agreements were done with about a 50/50 match.

5. What are the pros and cons to implementing this change?

Pro: Potentially more consumer buy-in

Cons: Administrative one time cost from programming changes

Less likelihood to buy controllers with advanced technology and a greater number of zones