

DATE ISSUED: August 2, 2000

REPORT NO. 00-160

ATTENTION: Natural Resources and Culture Committee  
Agenda of August 9, 2000

SUBJECT: Conversion of the Ultra-Low Flush Toilet (ULFT) Rebate Program to a  
Voucher Program

REFERENCE: Manager's Report No. 00-28, dated February 4, 2000

### SUMMARY

Issue: Shall the City convert the existing ULFT Rebate Program to the San Diego County Water Authority's (CWA) regional ULFT Voucher Program after the current ULFT Rebate Program contract expires on December 31, 2000?

Manager's Recommendation: Enter into an Agreement with the CWA to conduct a ULFT Voucher Program for the City after the current ULFT Rebate Program contract expires on December 31, 2000. Have City Water Department staff participate in the CWA's Request for Proposals (RFP) process to select a new ULFT Voucher Program vendor once the CWA's current contract expires.

Other Recommendations: Recommendations were put forth by committees as follows:

**Water Department Citizen's Advisory Board** - On January 5, 2000, the Water Department Citizen's Advisory Board approved a motion recommending the switch from the City's ULFT Rebate Program to the CWA ULFT Voucher Program.

**Competition Committee/Competition Advisory Panel** - On April 18, 2000, the Competition Committee/Competition Advisory Panel voted unanimously in favor of switching from the City's ULFT Rebate Program to the CWA ULFT Voucher Program.

**Competition/Select ULFT Subcommittee** - On April 7, 2000, and again on June 29, 2000, the Competition/Select ULFT Subcommittee voted in favor of switching from the City's ULFT Rebate Program to the CWA ULFT Voucher Program.

**Select Committee on Government Efficiency and Fiscal Reform** - On

July 11, 2000, the Select Committee met and approved a motion approving the Competition Committee/Competition Advisory Panel recommendations “contingent on the results of the upcoming County Water Authority’s Request for Proposals (RFP); if it demonstrates superior incentive (Voucher and/or Rebate) program, at a lower total cost than currently budgeted (\$18.01/fixture).”

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Fiscal Impact: The Competition/Select ULFT Subcommittee reviewed the costs for the two options and developed the following updated fiscal impacts based on replacing 15,400 fixtures. The City’s cost to issue 15,400 ULFT vouchers by joining the CWA are expected to be \$315,084 annually. This is equivalent to \$20.46 for each fixture and includes the City’s contract management expenses, incentives for the fixture, voucher processing, inspections, and recycling of old fixtures. Next year’s projected annual cost of the City’s share of the existing ULFT rebate program is \$412,720, which averages to \$26.80 per fixture and includes the City’s contract management expenses, incentives for the fixture, rebate processing, inspections, and recycling of old fixtures. Overall savings to the ratepayers for this specific activity is \$97,636.

## BACKGROUND AND TIME LINE

On February 9, 2000, the Natural Resources and Culture Committee (NR&C) reviewed Manager’s Report 00-28, and referred the issue to the Select Committee on Government Efficiency and Fiscal Reform (Select Committee).

On February 29, 2000, the Select Committee reviewed Manager’s Report 00-28, and referred the issue to the Competition Program and its Competition Committee/Competition Advisory Panel.

In March and April 2000, the Competition Committee/Competition Advisory Panel met and chose to develop a Competition/Select ULFT Subcommittee to review Manager’s Report 00-28. Water Department staff attended several sessions with this subcommittee containing members from both the Select Committee and the Competition Committee/Competition Advisory Panel. On April 7, 2000, the Competition/Select ULFT Subcommittee voted 3 to 1 recommending the switch to the CWA ULFT Voucher Program.

On April 18, 2000, the Competition Committee/Competition Advisory Panel voted unanimously in favor of recommending to the Select Committee that the Water Department switch to the CWA ULFT Voucher Program.

On April 25, 2000, the Competition Program Manager appeared before the Select Committee, to present the Competition/Select ULFT Subcommittee recommendations, however, the City’s current ULFT Rebate Program vendor petitioned the Select Committee via letter for an additional 30 days to present additional information to the Competition/Select ULFT Subcommittee. The Select Committee granted this request.

The Competition/Select ULFT Subcommittee scheduled separate meetings in May with both the City’s current ULFT Rebate Program vendor and the CWA’s ULFT Voucher Program vendor. The purpose of the two additional meetings was to present to the Subcommittee the benefits of

each methodology. The CWA's ULFT Voucher Program vendor met with the Subcommittee on May 16, 2000. The City's ULFT Rebate Program vendor met with the Subcommittee on June 29, 2000. After reviewing presentations from each vendor, the votes of the Competition/Select ULFT Subcommittee members remained the same, and the Subcommittee again voted in favor of switching from the City's ULFT Rebate Program to the CWA ULFT Voucher Program.

On July 11, 2000, the Select Committee met and approved the Competition/Select ULFT Subcommittee presentation recommendations along with a Select Committee motion, which reads:

*"Low Flush Toilets - BE IT RESOLVED: That the committee recommendations be accepted contingent on the results of the upcoming County Water Authority's REQUEST FOR PROPOSALS (RFP); if it demonstrates superior incentive (Voucher and/or Rebate) program, at a lower total cost than currently budgeted (\$18.01/fixture)."*

## DISCUSSION

This issue returns to the Natural Resources and Culture Committee after review by the Select Committee, the Competition Committee/Competition Advisory Panel and the Competition/Select ULFT Subcommittee. The Water Department has entered into discussions with the CWA, to determine if it would be viable for the CWA to have the City of San Diego participate in the CWA's RFP process, yet wait until proposals have been received before choosing to participate. The CWA in its response (attached) states:

*"In response to the potential of the City making the decision to join the Voucher Program following the evaluation of proposals, the Authority provides as much information as possible to potential responding consultants in the RFP process. According to the Authority's Purchasing Manager, respondents need to know the size of the project so valid proposals with realistic pricing can be submitted. If the true scope of the project was not known, some consultants might not be able to accurately determine their qualifications and would submit proposals that were not conducive to a larger program. Should the City later decide to join our program and the number of toilets doubled, a consultant chosen solely on cost to operate a program for 19,000 ULFTs might decide the expanded size of the program was beyond its capability and our program could be severely effected. It is also more cost-effective and saves staff time and Selection Committee time to receive one comprehensive proposal from bidders."*

## CONCLUSION

Based upon the recommendations of the various committees that reviewed both ULFT vouchers and ULFT rebates, the Water Department continues to support the transition to the CWA ULFT Voucher Program. The current ULFT Rebate Program contract expires on December 31, 2000. Converting at this time will allow transition issues to be carefully coordinated.

ALTERNATIVES

- 1) Direct the City Manager to implement the Select Committee motion, notwithstanding the CWA correspondence which indicates the CWA's preference to issue one RFP with a defined scope of work.
- 2) Continue with the current ULFT Rebate Program vendor for one additional year.
- 3) Direct the City Manager to develop and issue a new Request for Proposals (RFP) for a vendor to administer the City's current ULFT Rebate Program.
- 4) Direct the City Manager to issue ULFT rebates by using City staff, rather than consultant services.

Respectfully submitted,

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Larry Gardner .....Approved: Frank Belock  
Water Department Director.....Deputy City Manager

GARDNER/CDR

Attachment - Letter from the CWA dated July 25, 2000

Note: Attachment not available in electronic format. A copy is available for review in the Office of the City Clerk.