

This presentation premiered at WaterSmart Innovations

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Performance-Based Contracts: Balancing Staff-Time, Water Savings & Your Sanity

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What do we mean by performance-based contract?

- Contract between Denver Water and customer (non-SFR), in which Denver Water pays the customer for actual water savings achieved as a result of the customer making water efficiency/conservation changes to their property.

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Irrigation Efficiency Program

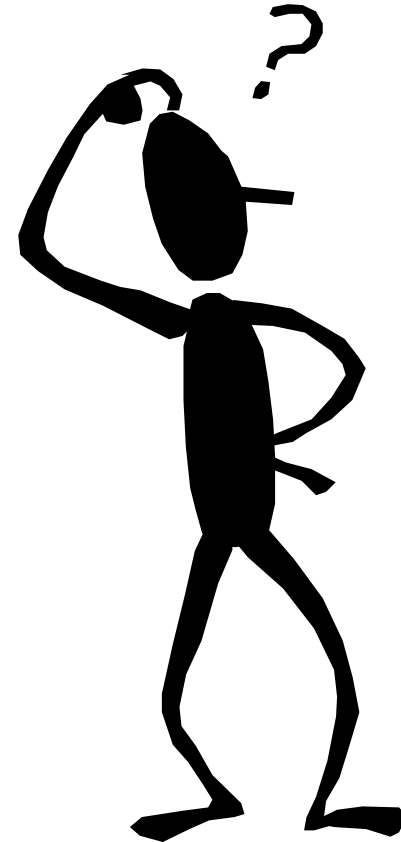
- Must receive irrigation audit first and have project approved prior to implementation. Project proposal should address issues identified in audit.
- For projects that go beyond scope of rebate program and involve major irrigation and/or landscape changes. Not eligible for associated product rebates if participating
- Minimum of 1 million gallons of expected annual savings
- Customer receives \$6K per acre foot of water saved (\$18.50/1000 gallons), not to exceed 50% of total project costs
- Payments are pro-rated over a 3 year contract term and are measured each year from historical use.

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Why do performance-based contracting?

- Holds customer accountable
- Paying for results
- Versatile
- Allows for long-term savings component



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Participant Example: Eaton Senior Residences



Cut outdoor water use by 75% in the first year following project completion

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Program Participation

- Currently have 60 active contracts
- 19 contracts have closed
- Participants include community associations, retail shopping centers, apartment complexes, industrial facilities, schools, etc.

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Irrigation Efficiency Program Impact (2007-2011)

- 166,509,861 Gallons = \$1,000,000



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How and why has the program changed over the past decade?



- Payment
 - Amount paid per acre foot
 - How many years pro-rated
 - Rebates and design cost assistance
 - Cap on payment
- Level of outreach and communication
 - Active vs. reactive
 - More/less frequent communication
- Types of projects allowed
 - Periods of being more or less restrictive and prescriptive
 - Relationship to rebate program

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Pros

- Flexible and customizable
- Large amount of savings
- Effective for big projects
- Incentivizes action
- Improved customer and green industry relationships

Cons

- Incredibly time-intensive for staff
- Frequently requires amendments for customer contacts, changes in project scope, etc
- Move slowly
- Difficult to budget

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Additional Considerations

- Meter reading/billing frequency
- Meter accuracy
- Customer types
- Weather
- Vandalism, leaks
- Communication
- Monitoring and evaluation
- Penalties
- Political environment

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BILLING DATE
The billing date is the date on which your bill is prepared and mailed.

Account Summary

Previous Balance	0.00
Current Charges	146.94
Total Amount Due	\$146.94

Amounts subject to change based on meter readings.

1234 MAIN ST
Water Charges

DATE: Residential Water
BILLING PERIOD: 4/1/2009 - 3/31/2009
DAYS: 31

METER NO.	CURRENT READ	PREVIOUS READ	x MULTIPLIER =	CONSUMPTION
123456	1,235	1,185	1000	20,000 Gal

DAYS
The number of days in the billing period for each bill.

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Lessons Learned

- Rate of participation increase
- Frequency of program changes
- Ease of communicating program complexities (audiences matter!)
- Standard operating procedures
- Amount of incentive



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QUESTIONS?

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