



Agenda Report

March 11, 2024

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AMEND CONTRACT WITH WATERSMART AND INCREASE THE MAXIMUM CONTRACT AMOUNT BY \$225,000 FOR AN AMOUNT NOT-TO-EXCEED \$1,366,504 TO CONTINUE OFFERING BEHAVIORAL WATER-EFFICIENCY AND CUSTOMER ENGAGEMENT PROGRAMS FOR THE WATER AND POWER DEPARTMENT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3) (Common Sense Exemption); and
2. Authorize the City Manager to extend Contract 30133 with Watersmart Software, LLC ("WaterSmart") by up to 36 months; and to increase the maximum contract amount of \$1,141,504 by \$225,000 for a new grand total of \$1,366,504, which includes annual service fees totaling \$205,000 and a contingency fee of \$20,000 in order to continue offering the WaterSmart home water reports and customer engagement programs.

EXECUTIVE SUMMARY:

Pasadena Water and Power ("PWP") has been providing home water reports ("HWRs") to PWP customers for eight years as a means to encourage water conservation. The HWRs are designed based on scientific research that shows feedback through normative comparisons, i.e., comparing a customer's water use to that of similar sized properties. These reports have been one of the most productive ways to encourage water conservation by motivating and reinforcing efficient behavior. The reports also provide targeted information about PWP's programs and services relevant to the customer.

The recommended contract amendment will ensure uninterrupted deliveries of the HWRs for up to three years while the City plans for and implements the Advanced Metering Infrastructure ("AMI") project.

BACKGROUND:

WaterSmart, acquired by VertexOne in 2020, uses a web-based system that encourages water efficiency through behavioral motivation. Their services include easy to read print and email HWRs, a robust customer web portal to educate customers on water use and provide guidance to achieve efficiency, and a utility dashboard for City staff with more than 40 reports accessible in over 10 modules. Water utilities like PWP are required to set and attain water conservation goals. State legislation under Assembly Bill 1668 and Senate Bill 606 mandate water conservation and establish urban water-use efficiency standards. WaterSmart is one of several programs in PWP's conservation portfolio to help meet those standards.

HWRs contain informative graphics that demonstrate how the resident's water use compares to a like grouping of "similar homes," which may take into account location, occupants, home size, and landscape area. HWRs contain historical data in the form of simple graphs and icons and provides water saving tips and promotional messaging prepared by PWP staff on ways to save water, participate in free "direct install" programs, and obtain rebates for water efficient devices and turf replacement. Customers subscribed to the WaterSmart program also receive leak alerts and high usage notifications, along with guidance on how to identify leaks.

The personalized analysis, messaging, and reports are enabled by the vendor's extensive customer-specific databases and analytic engines. The vendor's database receives regular data transfers from PWP's Customer Information System ("CIS") to capture new customers and water usage information.

WaterSmart's HWRs are delivered to approximately 26,000 residential customers, receiving hard copy mailings and digital copies four times annually. These reports generate annual water savings of approximately 230 acre-feet per year.

WaterSmart services also include utility dashboards and data extracts that enable City staff to perform additional analytics/customer engagement. For example, the WaterSmart utility dashboard has been particularly beneficial in addressing customer questions and complaints regarding water use, troubleshooting possible issues such as leaks, increasing participation in rebates, PWP's Spray-to-Drip Program, Greywater Program, and direct install programs, and announcing workshops.

Contract History

In April 2015, the City issued a Request for Proposals ("RFP") to provide a web-based software application for water efficiency. Three proposals were received and WaterSmart was selected as the best option for providing a web-based software application for residential water efficiency engagement in accordance with the City's specifications. On June 22, 2015, City Council authorized the City Manager to enter into a contract with WaterSmart for a three-year period. On December 17, 2018, City Council authorized a two-year extension of the contract, and on December 14, 2020, City Council authorized a three-year extension commencing on February 10, 2021, and

ending on February 9, 2024. The total authorized contract amount to date over the 8-year period totaled \$1,141,504, at an annual average cost of \$142,688.

Contract Amendment

WaterSmart has agreed to continue providing current services, ongoing software updates and upgrades, and HWRs delivery services below the current annual contract rate for up to three years. Starting in Year 2, the overall contract cost will decrease due to a change in WaterSmart’s pricing structure. This change in structure will allow PWP’s customers to continue to access the same services, but at a reduced cost to the utility. Additionally, PWP will be transitioning customers from paper HWRs to digital HWRs, saving on paper and mailing costs. Transitioning to digital reports also has a beneficial environmental impact.

Table 1 – Recommended Additional Not-To-Exceed Amount

Contract Years 1-3	WaterSmart
Software and Services, \$/Year (Year 1)	\$84,000
Software and Services, \$/Year (Year 2)	\$60,500
Software and Services, \$/Year (Year 3)	\$60,500
Total Base Services (3 years)	\$205,000
Contingency for Future Customization and Ad hoc Studies or As-Needed Services	\$20,000
Total Not-to-Exceed Amount	\$225,000

The contract extension will ensure uninterrupted deliveries of the HWRs and access to the software portal for both PWP staff and PWP customers, as PWP plans for implementation of AMI. Once AMI is implemented, staff anticipates conducting a new competitive selection process for a web-based software application for water efficiency that integrates with AMI.

COUNCIL POLICY CONSIDERATION:

The proposed contract extension is consistent with the City Council's Strategic Planning Goal to increase conservation and sustainability; the City's Climate Action Plan; the 2020 Urban Water Management Plan Update; and the 2020 Water System and Resources Plan. Behavioral science-based conservation programs comprise a significant segment of the PWP's water efficiency programs that directly contribute to overall conservation/sustainability efforts within the city.

ENVIRONMENTAL ANALYSIS:

The proposed action is the execution of an agreement for professional services intended to promote water conservation. This action has been determined to be exempt from environmental review pursuant to State CEQA Guidelines Section 15061(b)(3), the commonsense exemption (formerly the general rule) that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; such is the case for the proposed professional services agreement to provide water usage reports and tips to encourage conservation. There would be no direct physical changes in the environment. The proposed services would have a beneficial impact on the environment by reducing the use of water.

FISCAL IMPACT:

The maximum cost of this action will be \$225,000. Funding for this action will be addressed by the utilization of existing and future budgeted appropriations in the Water Operating Fund account number 49208170-827600. It is anticipated that about \$84,000 will be spent during the current fiscal year. The remainder of the costs will be spent over the next two fiscal years.

The anticipated impact to other operational programs or capital projects as a result of this action will be none.

Respectfully submitted,



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